



MEMORANDUM

DATE: November 29, 2024
TO: Daniel Decker, Acting City Manager
FROM: Anita Fuller, Finance Director
SUBJECT: Finance & Budget Staff Report

STAFF REPORT

- Revenue and Expense review for August – October 2024
- Balance Sheet
- Three+One
- Questica
- FY24 Audit update
- Department staffing
- Property Taxes
- Collections
- Budget
- Internal Controls

Revenue and Expense Report – August to October 2024:

August 2024 impact on the fund balance is an increase of \$3,397,210. Which is typical due to property taxes being invoiced on 07/01/2024. The expected percentage is 17%.

September 2024 impact on the fund balance is an increase of \$2,431,532. The expected percentage is 25%.

October 2024 impact on the fund balance is an increase of \$2,298,663. The expected percentage is 33%.

- Gaming sales tax reports are less than expected at 7% with only one return received to date.
- Business license revenue will increase in December due to the new calendar year and is as expected.
- Real and personal property taxes are higher than expected at 105%. Penalty & Interest is as expected. Which causes the overall revenue to be 48%. The actual amount collected in August is 21% for real property and 62% for personal property. The actual amount collected in September is 21% for real property and 62% for personal property. The actual amount collected by the end of October is 47% for real property and 75% for personal property.
- The PILT is received earlier than expected and \$17,418 higher than expected and will require a budget revision.
- Shared Fisheries revenue was received at \$147,328 and will require a budget revision for a reduction of \$452,672.
- Other state revenues arrive later in the year.
- Ambulance fees are delayed and are at 11% of the budget.
- Lease & rental income is received at 11%, with the largest payout at the end of the FY.
- PERS Forfeiture fund has already exceeded expectation. Will review with budget revision.
- Business license revenue will increase in December due to the new calendar year.

- Other revenues are higher than expected in September but are as expected by October. Reconciliation of revenue from a recent court case judgement has begun for \$8,967. Judgement was not budgeted. Also, investment income is to be reviewed, and animal license fees are at 50%.

Special Revenues & Other Funds Revenue

- Dock revenue is 72% in October and Harbor revenues are at 52%, which is higher than expected and will be reviewed during the budget revision.
- Senior Center non-grant is reduced due to two office spaces not being rented. Starting in December the office space will be utilized by City of Dillingham for Records Retention Manager and IT Specialist. Will require budget revision.
- Library grants are delayed as expected.
- State of Alaska street refund is also expected at a later date.

Transfers

- All transfers are as expected, starting at 13% in August and ending at 27% in October.
- Landfill transfer is higher than expected due to funds spent on the incinerator repairs of \$287,237 and will require a budget revision. Starting at 36% in August and 59% in October.
- Ambulance transfer is impacted by the delay in received ambulance fees.
- Capital Projects are only at 7% due to the timing of project completion for later in the FY.
- Landfill Closure transfer was implemented in October and will follow a monthly transfer in the future.

General Fund Expenditures

- City Council expenses are at 3% due to lobbying contracts not finalized during this first quarter.
- Planning expenses are at 12% due to only using 1% of the contract/professional budget.
- Foreclosure costs are at 56%. The list of remaining properties is ready to be filed with the court.
- No Fire Department Donation funds have been spent.

Special Revenues & Other Funds Expenditures

- Water and Sewer expenditures are reduced by the October report due to open positions. The first position is filled in November.
- Landfill expenditures are at 56% due to incinerator repairs.
- No asset forfeiture funds have been spent.
- Had a final payout for the E911 duplication system of \$73,0551.60 in July that was not expected. This will require a budget revision.
- All other expenses are as expected at 13% in August and 30% by the end of October.

Grant and Bond Revenues/Expenditures

- The Lagoon Aeration project is in full motion and is expensed by the LGLR grant and the SRF Loan. Revenue is 99% for LGLR and 15% for the loan. Expenses are booked at 99% for LGLR and 54% for the loan. Review is in process for final payment based on completion of the project.
- SOA Department of Health grants are in process. Expenses are for sanitation improvements.
- BBEDC Internships have finished programs for the summer and training has been completed for the fire department. Revenues are reported and awaiting payment.

Capital Project Revenues/Expenditures

- Snagpoint erosion project has not started.
- Plans are being drafted for the new fire department building.

Balance Sheet:

The Balance Sheet as of October 31, 2024 is included, and will be presented at the F&B meeting. This report will assist in providing more comfort, clarity, and a better understanding of our goals with respect to the utilization of Three+One.

Three+One:

Evaluation has been started. Scheduling the next meeting in December. Will be preparing an investment policy that will be presented at the next F&B meeting that will eventually be incorporated in the Internal Controls document.

Questica:

Implementation in process. The final stage of cleanup is scheduled for completion in time for FY26 budget setup.

Audit Update:

FY24 Audit – Audit site work is finished. Financial statements are being drafted.

Department staffing:

IT Specialist – Job description has been finalized and advertised.

On-Call Tech III – Anthony Reynolds will return December 16, 2024 on an on-call basis to work on filing of assets, contract files and eventually assist with the development of finance operating and procedures.

Property Tax:

Real and personal property tax payment was due November 1, 2024. If the first half payment was made then the second half payment is due December 1, 2024.
Reviewing property tax disputes.

Personal property tax assessment returns have been mailed out 11/15/2024 with a deadline of February 1, 2025.

Assessors were in Dillingham at the end of November to prepare for the 2025 taxes.

Personal property tax has been sent to Code Committee for review 09/28/2023 and is ongoing.

Collections:

A foreclosure list has been filed with the courthouse. There are ten remaining properties on the current list, and it is ready to be posted with the courthouse.

Past due utility letters have been mailed out 11/26/2024 with a shutoff date after the 01/01/2025

Grants:

Grant reports completed in October:

- NSIP monthly reporting.
- State of Alaska Department of Health Sanitation improvements grant quarterly report.
- Snagpoint Designated Legislative Grant quarterly report.
- BBEDC Internships submitted (one resubmitted in November after corrections)

Reports completed in November:

- NTS quarterly report quarterly report.
- SOA Loan - Lagoon Aeration quarterly report.
- Harbor Float Replacement quarterly report.
- LGLR quarterly report.

- Jail Contract quarterly report.

Budget:

With audit completion the FY25 Budget revisions can begin in December starting with department heads. Will schedule F&B meeting dates in January to prepare the ordinance for the council. Will also start building the FY26-FY28 Budget with a target timeline of starting in April for F&B meetings.

Internal Controls:

In response to discoveries made during the FY24 audit a review of the Internal Controls document is being conducted by all Finance Department Staff. This review process will review Dillingham Municipal Code, practices and policies that govern anything done by Finance staff.

Topics under review include:

- Personnel regulations and what payroll manages.
- Management of funds collected by all departments, when and how they are to be reported to the Finance Department.
- How to manage citations not paid to the State of Alaska and how those funds are received by finance.
- How to Manage all forms of payments received by the city.
- Management of deposits to the bank and the reconciliation process with bank statements.
- How we extend credit at the landfill, harbor and dock.
- Review of Sales tax reports and when to report force file on tax reports. When to conduct sales tax audits.
- Billing of property taxes, what exemptions are allowable.
- Collection procedures and when to review the write off process.
- Budget Process and how it is managed.
- Information Technology and what is to be managed by Finance.

Other News:

Completed PERS audit information. Waiting for the final report.

Open enrollment for Medical, Vision and Dental is to be finalized in the first week of December.

Business license renewals were mailed out for 2025 business licenses.