

Mayor
Alice Ruby

Acting Manager
Daniel Decker



Dillingham City Council
Bertram Luckhurst
Michael Bennett
Steven Carriere
Curt Armstrong
Kaleb Westfall
Kevin McCambly

MEMORANDUM

Date: 08/13/2025

To: Jack Savo, Acting City Manager

From: Anita Foran, Finance Director

Subject: Finance & Budget Report 08/18/2025

Council Considerations/Recommendations:

- Consideration is needed on how to fund the Harbor fund deficit. Dock FY25 balance is not large enough to contribute the Harbor. Will either go in a fund balance deficit or need general fund transfer to balance the fund.

Department Accomplishment and Opportunities:

Questica:

Final stages of implementation. Working with AccuFund and LMJ for final implementation.

Audit Update:

FY25 Audit – Testwork scheduled for the week of October 13, 2025. Final week scheduled for the week of December 1, 2025.

Department staffing:

Training is ongoing.

Property Tax:

Taxes staff is working with taxpayers and the assessors to address some outstanding concerns. Much progress has been made over the last few months. Work is being done now that will assist with the CY2026 tax roll.

Collections:

Foreclosure 2020-2024 has been filed and approved by the court. Period of redemption has begun for twenty properties.

Past due utility collections is ongoing.

Grants:

NTS Grant FY26-FY28 was applied for and awarded at \$44,486.

All 4th quarter reports were finalized in July and August.

Budget:

FY26 Budget is implemented. With the finalization of Questica to be completed by end of August, will be able to begin budget revisions in September. Senior Center budget will need reviewed first to better align wages to match the job description.

FY27-FY28 creation will begin in conjunction with the FY26 budget revision.

Internal Controls:

- Review of the document has started.
- Payables review is first to be reviewed in full detail.

Other News:

- Appraiser Contract renew or bidding process will begin based on council direction.
- Auditor contract renew or bidding process will begin based on council direction.
- To support administration will assist with the review of all leases. First lease to be worked on is the GCI lease.

Upcoming Calendar Items:

- 15th of each month utility payments due; last day of month utility bills sent.
- November 1, 2025 Real Property and Personal Property tax payments are due. If the first half is paid by November 1, 2025 then the second half payment can be made on December 1, 2025. If at least the first half payment is not made by November 1, 2025 then a penalty is applied to the remaining balance of all taxes due.

Revenue and Expense Report – April through June 2025:

- Target percentage for June at 100%. Explanations are for those items above 120% or below 85%. These are unaudited items and will have adjustments as the audit work is completed.
- Fund balance is a decrease of \$3,459,085. Budget was for a decrease of 4,933,400.
- Remote sales tax reporting is at 139% and will continue to increase as the final reports are received.
- Gaming sales tax reports remain at 16%. With closure of Nushagak Classic and decrease in gaming revenues, do not expect this category to recover.

- Sales Tax penalty & interest is at 48%. Although this is below budget, this is a good sign that sales tax reports are being received timely. A review is ongoing and letters will be sent to those with sales tax reports missing.
- Real and personal property taxes are higher than expected at 103%. Penalty & Interest is high at 122%. Staff have completed the fix for the AccuFund error that elevated penalties and interest. The personal property tax is in the final stages. Any revenues collected in error have been applied to 2025 taxes or refunds are being issued to the customer.
- Telephone state tax is generally recorded during the audit process.
- Raw Fish tax was only 34% of the expected budgeted amount. Subject to audit reconciliation entry
- Shared Fisheries revenue was received at \$147,328 at a reduced amount of \$452,672.
- The PILT is \$17,418 higher than expected.
- Community Sharing revenue, subject to audit reconciliation entry.
- Jail Contract for FY2024 late payments received at \$231,663.51. FY25 payments received were 588,583.80. Expecting another payment of \$182,806.32 after the 4th quarter report is approved.
- DMV (Motor Vehicle Tax) fees are at 71%, subject to audit reconciliation entry.
- Ambulance fees are low at 61% and are subject to audit reconciliation entry.
- PERS Forfeiture fund exceeded expectations all year.
- Other Revenue is an increase of 27% due to increase in Alcohol sales tax, Patrol K-9 Grant of \$12,223.77, State MOA of \$23,200, increase in investment income of \$22,938, patrol fines increase of \$2,165 and receipt of litigation payment of \$32,297.

Special Revenues & Other Funds Revenue

- Water & Wastewater revenue budget was not met due to utility connection review having not been started.
- Asset Forfeiture investment revenue was higher than expected.
- Public Safety reward is newly added to reflect that this will maintain a fund balance. No expected revenue is planned.
- Senior Center non-grant is reduced due to two office spaces not being rented.
- Library grant revenue is less based on the OWL grant not being needed. No expenses so net difference is zero.
- SOA Bond Investments have had a higher return than expected at 122% and will require a budget revision.
- SOA had a payment that impacted the refund received in FY24 for the amount of \$22,882.
- Ambulance rental not expected to continue into FY25, contract has ended.

Transfers

- Water revenue has exceeded expenses. No transfer needed.
- Senior Center revenue has decreased which required an increase in transfer. Subject to audit reconciliation.

- Ambulance reserve is reduced due to reduction in ambulance fees received to date.
- Equipment replacement is at 118% due to an increase in the cost of shipping for new vehicles. Full expenditure is based on budget expectations and timing of the barge and will require budget revision.
- Capital projects: See Capital Fund Expenditures.
- Harbor transfers are reduced due to the Dock revenue being too low. There is a current deficit of Harbor \$80,759 (see fund balance support). Council Decision is needed to see if a transfer from the general fund will be done or if we allow the fund balance to go into a negative.

General Fund Expenditures

- City Council expenses are at 60% due to lobbying contracts going into effect January 2025 and travel expenses reduced.
- Administration expenses are reduced due to the Deputy CM position open most of the year and Grant writing position not filled.
- Legal expenses have exceeded budget due to several open cases and consultations of legal experts needed.
- Planning expenses are at 52% largely due to only using 18% of the contract/professional budget.
- Foreclosure budget was exceeded with the completion of one action and the start of a second foreclosure action. This brings the foreclosure process current.
- Patrol budget was reduced due to open positions at different points of the year. Overtime was increased due to shortages, but not at the same rate.
- Animal Control is at 70% as a result of reduced wages and benefits by not hiring a kennel technician.
- K-9 Unit was started.
- Fire Department Donation funds have only been spent at 27%. This is a balance created when the fire department checking account was absorbed by the city.
- Buildings & Grounds maintenance expense is at 66% which is impacting the budget to be at 71%. This is subject to audit reconciliation entry
- The shop budget is reduced due to open positions in the fiscal year and the subsequent reduced cost of equipment repairs.
- The streets budget is impacted by reduced due to open positions in the the fiscal year
- Grandma's House repairs were stopped due to discussions on what should be done with the building.
- Dillingham City School District payments have been made in full for the entire year.

Special Revenues & Other Funds Expenditures

- Water and Sewer expenditures are reduced due to contractual professional, chemicals and major equipment not being spent.

- Harbor expenses reduced due to equipment maintenance and Bulkhead\Ramp materials being reduced.
- 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.
- Ambulance Reserve Funds are reduced due to volunteer stipends paid out every 6 months.
- Equipment replacement was higher due to shipping costs.

Grant and Bond Revenues/Expenditures

- The Lagoon Aeration project is completed, and payment of invoices are finalized which includes LGLR and SRF Loan. SRF Loan payments are pending closeout of loan. Several reports have been submitted, but approval has not been granted. This is subject to an audit reconciliation entry.
- SOA Department of Health grants closed out. Full grant is not expended.
- BBEDC invoicing is in FY26 and is subject to audit reconciliation entry.
- Remaining grants will be started in FY26.

Capital Project Revenues/Expenditures

- Snagpoint erosion project has not started due to no response to the RFP. A new RFP is being drafted. This has delayed the \$356,694 budgeted line item and will be moved to FY26.
- Architect work approved for the fire hall were added after budget was final \$27,000.
- The Lagoon Aeration expenses increased from \$12,000 budget to \$101,006 per change order approved by council.

Fund Balance Report:

- Report covers audited FY2016 through FY2024. FY2025 is unaudited and subject to many reconciliation entries.
- Fund balance has reduced as expected based on budget and the ability of staff to work on deferred maintenance and finish projects like the lagoon aeration.
- All fund balances that are negative will be reviewed for accuracy and reconciliation to remove the negative will be done in most cases.
- Fund balances will be reconciled and zeroed for the streets project and the firehall project.

Three+One Report:

- The cash\Vest report that we received gave the city a score of 49. This is not uncommon for municipalities that have started this program. Scores will improve once we are able to begin our investments in a tiered system to support liquidity.

Plans are in place to begin a sweep account with our bank that will increase the rate of return on the funds invested with our checking account.

- Establish an investment policy that provides guidance to investments and what can be done to allow administration (manager and treasurer) to manage the investments in a quick and responsible manner. (See New Business)