



MEMORANDUM

DATE: February 28, 2024
TO: City Manager
FROM: Anita Fuller, Finance Director
SUBJECT: Finance & Budget Staff Report

STAFF REPORT

- Revenue and Expense review for December 2023 & January 2024
- Balance Sheet
- Three+One
- FY22 & FY23 Audit update
- Department staffing
- Property Tax
- Business License
- Collections
- Budget

Revenue and Expense Report – December 2023:

Information provided for percentages below 30% and above 70%. Current actuals recognize a net increase to fund balance by \$3,017,614.

- Remote sales tax is low in December but improves in January.
- Transient Lodging – FY24 revenue is exceeding expectations will ask for budget revision.
- Gaming sales tax remains low, possible budget revision.
- Business License renewal notices are sent out in November. Renewal applications arrive in December as expected.
- Real and personal property taxes are recorded as revenue at 101% for real and 102% for personal. Actual collections in December are at 80% of real property and 78% of personal property which is historically normal. Second half payment was due 12/01/2023.
- Final penalty assessed 12/02/2023. Exceeded expectation, budget revision required.
- Raw Fish Tax annual payment received 10% below expected amount to be adjusted with mid-year budget revision.
- PILT has come in well above expected at 114% to be adjusted with the mid-year budget revision.
- Jail contract signed 01/30/2024. No revenues received to date.
- Lease and Rental receives a large payment at end of FY.
- PERS Forfeiture fund has not been utilized at this time. Will require mid-year budget revision.
- Other Revenues is mainly impacted by investments are already at \$83,919 which is at 420% of original budget. Require a budget revision.

Special Revenues & Other Funds Revenue

- Dock revenue invoices are completed for year, but meet expectations based on historical billing.
- Harbor revenue
- Asset Forfeiture fund revenue is based on interest. Fund balance is low and will require a budget revision as interest will continue to be reduced.
- Senior Center grant reporting is completed, payment for ARPA funds have been received in full. Budget revision will be required.
- Library grants increase in January.
- Carlson Estate investments have returned higher than expected.
- Equipment replacement and Ambulance rental revenue will require budget revisions
- Ambulance rental was not expected, budget revision required.

Transfers

- Expenditures are still low at this point due to low expenses in most areas.
- SRF Loans have been invoiced to reflect full expenses required, budget revision required.
- School bond reimbursement from State is received in January and reduces transfer required.
- Dock expenses exceed revenue, no transfers to the Harbor currently.

General Fund Expenditures

- Administration expenses are low due to new positions not implemented at this time.
- Legal Fees have increased, will require a budget revision.
- Foreclosure approved January council meeting. Expenditures will be seen in March.
- Fire Department Donation subclass has not been expensed at this point.
- Public Works Administration expenses are low due to staffing vacancies.
- Grandma's House is a new subdepartment and requires budget revisions.
- Transfers to other funds continue to be lower than expected.

Special Revenues & Other Funds Expenditures

- Asset Forfeiture has no expenditures which is expected.
- Senior Center non-grant revenue is lower than expected and may require budget revision.
- Ambulance Reserve Fund is budgeted for volunteer stipends processed in December and paid in January.
- Debt services expenditures for loans are in December 2023 and February 2024 and now shows true value. School bond payment is as expected.
- Equipment replacement is in process and will be expensed after items are barged.

Grant and Bond Revenues/Expenditures

- Training grants have been recognized.

Capital Project Revenues/Expenditures

- Some projects have in the planning process.

Revenue and Expense Report – January 2024

Information provided for percentages below 38% and above 78%. Current actuals recognize a net increase to fund balance by \$3,581,839.

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- Transient Lodging – FY24 revenue is exceeding expectations will ask for budget revision.
 - Gaming sales tax remains low, possible budget revision.
 - Business License renewal notices are sent out in November. Renewal applications arrive in December as expected.
 - Sales tax reviews have been very complete and are generating more sales tax penalties and interest.
 - Real and personal property taxes are recorded as revenue at 101% for real and 102% for personal. Actual collections in December are at 92% of real property and 83% of personal property which is historically normal. Second half payment was due 12/01/2023.
 - Final penalty assessed 12/02/2023. Exceeded expectation, budget revision required.
 - Raw Fish Tax annual payment received 10% below expected amount to be adjusted with mid-year budget revision.
 - PILT has come in well above expected at 114% to be adjusted with the mid-year budget revision.
 - Jail contract signed 01/30/2024. No revenues received to date.
 - Lease and Rental receives a large payment at end of FY.
 - PERS Forfeiture fund has not been utilized at this time. Will require mid-year budget revision.
 - Other Revenues is mainly impacted by investments are already at \$105,268 which is at 526% of original budget. Require a budget revision.

Special Revenues & Other Funds Revenue

- Landfill revenue is exceeding expectations.
- Dock revenue invoices are completed in December for 2023 summer, but meet expectations based on historical billing.
- Asset Forfeiture fund revenue is based on interest. Fund balance is low and will require a budget revision as interest will continue to be reduced.
- Senior Center grant reporting is completed, payment for ARPA funds have been received in full. Budget revision will be required.
- Carlson Estate investments have returned higher than expected.
- Equipment replacement and Ambulance rental revenue will require budget revisions
- Ambulance rental was not expected, budget revision required.

Transfers

- Expenditures are still low at this point due to low expenses in most areas.
- SRF Loans have been invoiced to reflect full expenses required, budget revision required.
- School bond reimbursement from State is received in January and reduces transfer required.
- Dock expenses exceed revenue, no transfers to the Harbor currently.

General Fund Expenditures

- Administration expenses are low due to new positions not implemented at this time.
- Legal Fees have increased, will require a budget revision.
- Foreclosure approved January council meeting. Expenditures will be seen in March.
- Fire Department Donation subclass has not been expensed at this point.
- Public Works Administration expenses are low due to staffing vacancies.
- Grandma's House is a new subdepartment and requires budget revisions.
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Special Revenues & Other Funds Expenditures

- Asset Forfeiture has no expenditures which is expected.
- Ambulance Reserve Fund is budgeted for volunteer stipends processed in December and paid in January.
- Debt services expenditures for loans are in December 2023 and February 2024 and now shows true value. School bond payment is as expected.
- Equipment replacement is in process and will be expensed after items are barged.

Grant and Bond Revenues/Expenditures

- Training grants have been recognized.

Capital Project Revenues/Expenditures

- Some projects are still in the planning process.

Balance Sheet:

Of the \$11,450,554 cash balance, there is a timeline for \$1,925,388, LGLR funds to be spent by the end of 2024 for designated projects. Investments are yielding a nice return. Due To From accounts are further detailed in this report from the last report presented. Decrease in receivables is due to the collection of property taxes.

Three+One:

Implementation has begun and view only access is being obtained.

Audit Update:

FY22 Audit – Report has been presented to Finance for opinions and responses have been made. Presentation to council is scheduled for March 14, 2023, council meeting.

FY23 Audit – Auditors arrived for 01/08/2024 to conduct testwork and compliance which is completed as of date of report. Auditors arrived on 01/29/2024 for the rest of the work. There are a few outstanding items currently. FY23 audit completion is pending FY22 completion.

FY24 Audit – Scheduled for September 30, 2024, and second week in November 2024, pending council approval of contract.

Department staffing:

Account Tech III – Payroll/Payables position resignation received, and internal hire has been made. Training will begin 02/26/2024.

Account Tech III – Taxes position has been filled with an internal hire and training will begin 02/26/2024.

Account Tech II – Receivables position is advertised.

Account Tech I – Cashier resignation has been received and position is advertised.

Property Tax

Review of personal property tax has started with F&B Committee 09/25/2023 and is ongoing.

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

Business License

302 licenses have been processed as of January 31, 2024

Collections

Ongoing.

Grants

NTS grant report completed in February.

Budget

FY24 Budget revision review is part of current meeting.

Wages: City of Dillingham continues to struggle with filling positions. Wages, although not the only factor, is top of the list. The City Manager proposal in the September council meeting was to increase each level by 12%. Using the most recent payroll, a 12% increase would increase one payroll's wage by \$15,014 and benefits by \$3,923 for a total of \$18,937. If this impacts 75% of the FY24 budget an increase of \$369,269 would be recognized.

Other News:

None at this time.
