



MEMORANDUM

DATE: February 02, 2024
TO: City Manager
FROM: Anita Fuller, Finance Director
SUBJECT: Finance & Budget Staff Report

STAFF REPORT

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

Revenue and Expense Report – October 2023:

Information provided for percentages below 13% and above 53%. Current actuals recognize a net increase to fund balance by \$4,341,024.

- Transient Lodging – Pending FY23 audit adjustment. FY24 revenue is in normal range.
- Business License renewal notices are sent out in November. Renewal applications are arriving in December.
- Real and personal property taxes are recorded as revenue at 101% for real and 102% for personal. Actual collections in October is at 50% of real property and 65% of personal property which is historically normal. First half payments due 11/01/2023.
- Shared Fisheries 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.
- Ambulance fees will recover in November 2023.
- Lease and Rental receives a large payment at end of FY.
- PERS Forfeiture fund has not been utilized at this time.
- Other Revenues is mainly impacted by investments are already at \$50,305 which is at 252% of original budget.

Special Revenues & Other Funds 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 received November.
- Debt Services revenue is as expected based on when payments are made.
- 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 each area.
- 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.
- Foreclosure approved January council meeting. Expenditures will be seen in February.
- 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 will increase in November.

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. School bond payment is in November.
- Equipment replacement is in process and will be expensed after items are barged.

Grant and Bond Revenues/Expenditures

- All pending projects.

Capital Project Revenues/Expenditures

- Some projects have begun and will possibly be expensed in 2nd quarter.

Revenue and Expense Report – November 2023

Information provided for percentages below 22% and above 62%. Current actuals recognize a net increase to fund balance by \$3,365,877.

- Remote Sales tax is delayed by 2 months before revenue is entered.
 - Transient Lodging – Pending FY23 audit adjustment. FY24 revenue is in normal range.
 - Business License renewal notices are sent out in November. Renewal applications are arriving in December.
 - Real and personal property taxes are recorded as revenue at 101% for real and 102% for personal. Actual collections in October is at 65% of real property and 69% of personal property which is historically normal. Second half payments due 12/01/2023. Mail delays experienced.
 - Property tax penalty & Interest first half assessed 11/2/2023.
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- Shared Fisheries 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.
 - Lease and Rental receives a large payment at end of FY.
 - PERS Forfeiture fund has not been utilized at this time.
 - Other Revenues is mainly impacted by investments are already at \$63,500 which is at 317% of original budget. Equipment Sales from Mayor's sale at \$24,985 which is at 250% of budget.

Special Revenues & Other Funds Revenue

- Dock Invoices are caught up for the year at 90% of budget which is the bulk for the FY.
- 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, full payment received, budget revision required.
- Debt Services revenue is as expected based on when payments are made.
- Carlson Estate investments have returned higher than expected.
- Ambulance rental was not expected, budget revision required.

Transfers

- Expenditures are still low at this point for landfill, senior center, equipment replacement, capital projects and loans.
- Debt Services School Bond transfer is high pending state reimbursement.
- Harbor transfer to Ice Machine low due to machine inoperable.

General Fund Expenditures

- Administration expenses are low due to new positions not implemented at this time.
- Foreclosure approved January council meeting. Expenditures will be seen in February.
- 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 will increase in November.

Special Revenues & Other Funds Expenditures

- Asset Forfeiture has no expenditures which is expected.
- Senior Center (non-grant) is low due to wages and benefits are reduced.
- 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. School bond payment is as expected.
- Equipment replacement is in process and will be expensed after items are barged.

Grant and Bond Revenues/Expenditures

- All projects are pending.

Capital Project Revenues/Expenditures

Some projects have begun and will possibly be expensed in 2nd quarter.

Balance Sheet:

Will be presented with January 2024 reporting

Three+One:

Implentation has been discussed. Will proceed with FY23 audit work completed.

Audit Update:

FY22 Audit – Auditors arrived 11/27/2023 for final work. All pending items have been responded to. Auditors did have some questions in January, which as of this report have been answered. Auditors are in their first draft as of date of report. Report is in first draft.

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 two outstanding items at this time. FY23 audit completion is pending FY22 completion.

Department staffing:

Account Tech II – Position filled 01/08/2024.

Property Tax

Penalties assessed on remaining taxes not penalized in November.

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

271 licenses have been processed as of this report.

Collections

Ongoing.

Grants

Eleven grant reports completed in January.

Budget

FY24 Budget revision review will be presented at 02/05/2024 and 02/12/2024 F&B Meetings.

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.
