

Mayor
Alice Ruby

Acting Manager
Jack Savo Jr



Dillingham City Council
Triston Chaney
Jean Barrett
Steven Carriere
Curt Armstrong
Kaleb Westfall
Kevin McCambly

MEMORANDUM

Date: 03/22/2026

To: Jack Savo, City Manager

From: Anita Foran, Finance Director

Subject: Finance & Budget Report 03/26/2026

Council Considerations/Recommendations:

Review of DMC 4.16 definition of physical presence for a business license has been sent to code committee.

Review of Sales Tax DMC 4.20.050 T. Definition of tax cap has been sent to code committee.

Past council question: What is the recommended reserve amount for the City of Dillingham? It is recommended to have 3 months of revenue to cover operational expenses. The recommended amount is an estimated \$3,500,000.00 and will cover payroll costs and basic operations for three months. This is based on a review of the last three years.

What is meant by supplement payrolls? The Department of Labor requires an employee to receive payment 3 days after the last day of employment. Supplement payrolls can be a result of this requirement or can be a correction if/when an error occurs that requires the employee to have further pay.

Department Accomplishment and Opportunities:

Cash Vest (Three+One) has been awarded a 90 score to investment improvements made by the City of Dillingham. Investments have improved and has returned better than expected. The mechanism is in place for future improvements that can be recognized as early as May.

282 business licenses have been received, processed and sent out as of 02/28/2026

Audit Update:

FY25 Audit –Auditors have scheduled the final report to be drafted by the end of April. No determinations have been made at this time.

Department staffing:

Assistant Finance Director – Revenue Cycling Manager position is advertised to be filled.

Property Tax:

2026 assessment notices were delivered before March 15, 2026. Appeals have a deadline of April 15, 2026.

Collections:

2018-2022 Foreclosure (3DI-24-00061CI) one-year redemption period has closed. There are 4 remaining properties on this list.

2020-2024 Foreclosure (3DI-25-00062CI) properties have until July 24, 2026, before the redemption period is closed. There are 17 remaining properties on this list.

2025 Foreclosure list is in final review. Collections letters will go out April 2, 2026.

Grants:

Grant Updates

- NTS grant for Sr Center continuation application has been started for \$56,000.
- Library E-Rate for internet services is being renewed for the best rate.
- IMLS (Library) grant has been applied for an additional year for \$10,000.
- PLA (Library) grant has been applied for an additional year for \$7,000.
- Jail contract from State of Alaska application is in process for FY27.

Budget:

FY26 Budget amendment 2 is in process.

FY27-FY29 creation has begun with staff and management.

Internal Controls:

- Review of the document is on hold during budget review.

Other News:

- Landfill credit card payment capabilities are up and running.
- APRA insurance renewal process has begun for general liabilities.

- Janitorial RFP has been posted.

Upcoming Calendar Items:

- 15th of each month utility payments due; on the last day of month utility bills are sent.
- Property tax assessment returns have been mailed as 03/15/2026. Appeals to the assessed values are due by 04/15/2026.

Revenue and Expense Report – February 2026:

- Target percentage for February activity is 67%. Explanations provided in this report are for those items below 47% and above 87%. These are unaudited items and will have adjustments as the audit work is completed.
- Fund balance is a decrease of \$1,770,009.
- General fund revenue is a healthy 70%.
- Gaming Sales tax returns are higher than expected and can be added to the budget revision.
- Sales tax penalties and interest are at 42%, review of reporting done in March will increase that percentage.
- Payments of property tax are recorded at 103% & 105%. Actual amount received is 95% for real property and 82% for personal property.
- Property tax penalty and interest reflect penalties assessed to the unpaid 2025 taxes.
- Community Sharing and PILT have been received in full for the year.
- Lease and Rental income will be low until the end of the fiscal year when an annual lease payment is received from one of the vendors.
- Administrative overhead is reduced in all areas due to reduced spending in special revenue funds.
- PERS Forfeiture funds have returned higher than expected.
- All other payments currently are as expected based on the receiving history of the revenue.

Special Revenues & Other Funds Revenue

- Dock Revenue is 35% and will not rise much until May when the main barges arrive.

- Harbor revenue is at 40% and will not rise much until April when Harbor fees are received.
- Senior Center grant is delayed until the remaining deliverables are received.
- Library grants are at 29% due to delay in receiving the Curyung funds for the IMLS grant received in March and due to method chosen to record the E-Rate grant.
- Bond Reimbursement from the State is expected at the end of March.
- The investments for the Mary Carlson Estate have returned less than expected.
- These delays are impacting on the 43% revenue for this section.

Transfers

- Transfers to the landfill have been reduced due to reduced spending that is expected to happen in the final quarter.
- Equipment replacement of \$2,805 reflects expenses for the K-9 unit requested in FY25 but received in FY26. The \$111,000 budget is for the annual payment for the grader loan. The grader is expected to arrive in the summer of 2026.
- Debt Service payments have been paid out as expected.
- Transfer for the school bond now reflects the State reimbursement expected to arrive in March.
- Transfers from Dock to Harbor have not happened due to Dock revenue being less than expenditures.
- Transfers from Wastewater to Water have been made to balance the account.

General Fund Expenditures

- City council expenditures are low due to reduced spending for a lobbyist.
- Foreclosure expenditures will increase as the foreclosure process continues.
- K-9 Unit and the Fire Department donation have not had any expenditure.
- Shop & streets expenditures are low due to an open staff position.
- Repairs to Grandma's house are reflected in January. The purpose of the building is still in debate.
- General fund expenditures are at 58% as expected.

Special Revenues & Other Funds Expenditures

- Water and Wastewater are low due to the not having purchased major equipment. Purchases are pending the budget revision.

- Dock expenditures are low due to normal timing of operation. Maintenance expenditures have not been utilized at this time.
- Asset forfeiture funds have not been spent. No expenditure has been planned at this time.
- Library grant expenditures
- Ambulance reserve fund expenditures are low due to a refund in an expense from FY25.
- Debt services expenses are on time as expected.
- Equipment replacement expenditures reflect K-9 expenditures that arrived late.
- Average expenditures are at 57%.

Grant and Bond Revenues/Expenditures

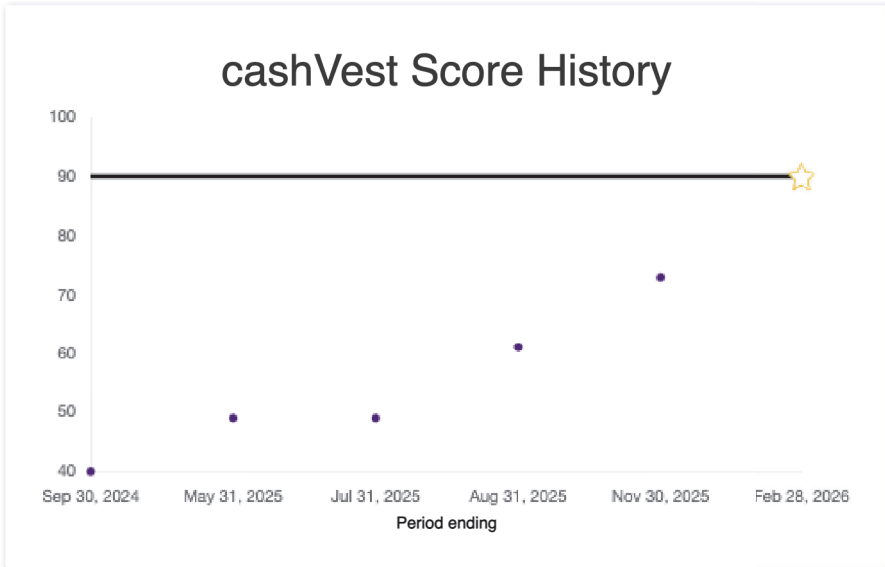
- EPA Landfill grant and the Snagpoint erosion grant. No expenses at this time.
- Remaining grants are in the beginning stages of the projects.


Capital Project Revenues/Expenditures

- None at this time.

Scorecard

The City's cashVest score increased to 90 during this period, driven by an increase in the % of funds providing value and Fixed Income holdings aligning more closely with Stress Test results, thanks to investments at Piper Sandler and Concourse Financial Group. The City also saw a slight decrease in the Cash Flow optimization component score, recognizing that the ECR offered by Wells Fargo has continued to decline precipitously, leaving 24% of total balances earning just 0.60% in service charge offset credits. To fully align with Stress test results, the City can increase fixed income by atleast \$1.94 million. As of 2/28/26, the City held \$2 million in liquid balances in its Piper Sandler and Concourse Financial Groups Accounts, which, if invested in Fixed Income or Mutual Funds, would serve to increase the Liquidity Proficiency component to a perfect score. A review of Wells Fargo banking services is warranted, particularly an exploration of implementing a Sweep account to automate balance management and sweep funds to a high-yielding account to optimize value for balances in the General Fund x3096. The cashVest score is comprised of the five components below. Recommendations to help increase the score for each element are provided in the accompanying commentary. As each component score increases, the City will ensure that all balances are secure, provide value, and maintain data-supported liquidity levels at all times.





90

cashVest Score

\$42,626	Period Interest
\$255,929	Last 12 months
\$617,089	Cumulative Interest

% of Funds Providing Value

<p>★★★★★</p> <p style="color: green; font-weight: bold; font-size: 1.2em;">+12</p> <p style="color: green; font-weight: bold;">↑ Up this period</p>	<p>Summary</p> <p>All City balances provide value, up from 94.68% last period. 76% of balances provide value through direct interest earnings, while 24% of balances provide value by offsetting fees at Wells Fargo.</p>	<p>Drivers for Your Score</p> <p>A significant contributing factor for this increase in score is that all balances were providing value at Wells Fargo, as no excess credit was being accumulated. For the period, \$2.15 million was held in the General fund x3096.</p>
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Liquidity Proficiency



+6

↑ Up this period

Summary

Stress-test modeling confirmed a Total Strategic Liquidity of \$6.375 million, including a \$2.25 million Cushion. City balances for the period are included below: Period Average As of 2/28/26 FI: \$2.2 million \$2.2 million HY: \$4.5 million \$4.6 million LY: \$2.2 million \$1.6 million

Drivers for Your Score

Updated Stress Test results indicate that at least \$4.125 million could be invested in fixed income. Additionally, \$2.25 million can be allocated to either short-term fixed income or HY Liquid accounts, depending on whether the City is in a high or low cash period. This supports investing an additional \$1.94 million to align with Strategic Liquidity levels 1-5. As of 2/28/26, the City holds \$2 million in liquid balances in its investment accounts.

Short-term forecasts indicate City balances will range between \$6.1 million and \$8.5 million over the next 6 months. At its lowest cash point, City balances are forecast to dip into the Cushion by \$200,000, supporting maintaining the Cushion in High Yield Liquid balances over the next 6 months.

Warnick Rate Indicator®



0

Unchanged from prior period

Summary

On a cash basis, the City's effective yield on interest-bearing funds was 2.54% during this period. Adjusting to include only interest earned during this period, the yield was 3.76%, down 79 bps from 4.55% last period. By comparison, the 30-day US Treasury averaged 3.74% for the period, down 41 bps from 4.15% last period. While the decrease in yield outpaced the decrease in the treasury benchmark, the City's performance still outperformed the treasury benchmark - enough to earn a perfect Warnick Rate Score.

Drivers for Your Score

Fixed Income holdings earned between 3.50% and 5.05% this period, with an average yield of 3.95%. By comparison, High Yield Liquid balances earned an average yield of 3.80% for the period. High-Yield and Fixed Income balances combined to account for 76% of City Balances for the period. The remaining 24% of the City's balances in Low-Yield Liquid earned no interest, and just 0.45% in net ECR value offsetting fees at Wells Fargo.

If the City's balances at x3096 had been swept into a Wells Fargo sweep account (currently yielding 3.54%), the City could have realized an additional \$18,776.88 in interest during this period - compared to just \$3,156.23 earned via ECR.

Cash Flow Optimization



-1

↓ Down this period

Summary

The City maintains a streamlined account structure, with all operating activity managed through a single bank, Wells Fargo, and high-yield liquid holdings at Piper Sandler, Concourse, and AMLIP. The City's primary opportunity to increase its score in this category is to address the low value earned at Wells Fargo. With the ECR continuing its decline, the City should consider implementing a sweep service through Wells Fargo to automate balance transfers from x3096 to and from a sweep account where balances can earn high-yield liquid balances.

Drivers for Your Score

The City's ECR with Wells Fargo was reduced from 0.80% to 0.60% in December. This lower ECR resulted in small deficits in December and February. This ECR is below market value and highlights the importance of allocating balances to higher-yielding accounts or fixed-income options. A Sweep account would automate this balance management.

The City disbursed 412 ACHs and only 155 checks during the period, resulting in a ratio of 2.7 : 1. Although this is a great ratio, there is still room for further transition payments from check to electronic. An ideal ratio is 4:1. Checks are the #1 source of bank fraud and can add an additional \$1 per check in ancillary costs.



0

Unchanged from
prior period

Summary

The City adopted a comprehensive new investment policy on September 4, 2025. This policy provides all the necessary tools to follow recommendations supported in this report, as well as guidance for the security and safeguarding of City balances.

Drivers for Your Score

Current invested balances are held in liquid Money Market Mutual Funds and two small CDs. The newly updated policy includes a wide range of investment options, including bank products such as CDs, Municipal pools like AMLIP, Mutual Funds for both stocks and bonds, and investment-grade fixed income securities. This provides an excellent framework to grow fixed income balances to align with Strategic Liquidity levels.

Best practice supports regular reviews of the investment policy on an annual basis to ensure all interested parties understand the policy and to make any necessary changes.

Strategic Liquidity

\$6,375,000

Total Strategic Liquidity

	LEVEL 5 \$125,000	LEVEL 4 \$250,000	LEVEL 3 \$550,000	LEVEL 2 \$1.2M	LEVEL 1 \$2M	Cushion \$2.25M	Working Capital [?] \$2,673,550	Total \$9,048,550
Duration	24-30 months	18-24 months	12-18 months	6-12 months	1-6 months	Up to 30 days	Daily	Varies
Benchmark Rates [*]	3.38%	3.43%	3.48%	3.60%	3.67%	3.74%	3.74%	3.68%
Benchmark Values	\$4,225	\$8,575	\$19,140	\$43,200	\$73,400	\$84,150	\$99,991	\$332,681

* Treasury Yield Curve Rates as of 2/27/2026

Investment vs Strategic Liquidity Levels

