

CITY OF DILLINGHAM, ALASKA

Basic Financial Statements, Supplementary
Information, and Single Audit Reports

Year Ended June 30, 2009

CITY OF DILLINGHAM, ALASKA

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditor's Report		1-2
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	4
Statement of Activities	A-2	5
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	6
Reconciliation of Governmental Funds		
Balance Sheet to Statement of Net Assets	B-2	7
Statement of Revenues, Expenditures and Changes in		
Fund Balances	B-3	8
Reconciliation of Change in Fund Balances of		
Governmental Funds to Statement of Activities	B-4	9
Statements of Revenues, Expenditures and Changes in		
Fund Balance – Budget and Actual:		
General Fund	C-1	10
Senior Citizen Center Special Revenue Fund	C-2	11
Notes to Basic Financial Statements		12-26
Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	D-1	28
Combining Statement of Revenues, Expenditures and		
Changes in Fund Balances (Deficits)	D-2	29
General Fund:		
Balance Sheet	E-1	31
Schedule of Revenues, Expenditures and Changes in		
Fund Balance - Budget and Actual	E-2	32-44

CITY OF DILLINGHAM, ALASKA

Table of Contents, continued

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information, continued		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Special Revenue Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual:		
Water and Sewer	F-1	46-47
Landfill	F-2	48
Dock	F-3	49
Boat Harbor	F-4	50
Enhanced 911 Service	F-5	51
Asset Forfeiture	F-6	52
Senior Citizen Center	F-7	54-55
Homeland Security	F-8	56
Debt Service Fund –		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	G-1	58
Capital Project Funds:		
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit):		
Dock and Harbor	H-1	60
Water and Sewer	H-2	61
School Bonds	H-3	62
School Repairs	H-4	63
Equipment Replacement	H-5	64
Ambulance Reserve	H-6	65
Landfill	H-7	66
Mary Carlson Estate Permanent Fund:		
Statement of Revenues, Expenditures and Changes in Fund Balance	I-1	68
Schedule of Expenditures of Federal Awards	J-1	70-71
Schedule of State Financial Assistance	K-1	72

CITY OF DILLINGHAM, ALASKA

Table of Contents, continued

	<u>Page</u>
SINGLE AUDIT SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	74-75
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	76-77
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	78-79
Schedule of Findings and Questioned Costs	80-81
Summary Schedule of Prior Audit Findings	82
Corrective Action Plan	83

Independent Auditor's Report

Honorable Mayor and City Council
City of Dillingham, Alaska

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dillingham, Alaska, as of and for the year ended June 30, 2009 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Dillingham City School District, a component unit of the reporting entity. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dillingham City School District, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dillingham, Alaska, as of June 30, 2009, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General Fund, Senior Citizen Center Special Revenue Fund, and School Bonds Capital Project Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009, on our consideration of City of Dillingham's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and City Council
City of Dillingham, Alaska

The City of Dillingham has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be a part of, the basic financial statements.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Dillingham's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the Schedule of State Financial Assistance is required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mikunda, Cottrell & Co.

Anchorage, Alaska
December 18, 2009

FINANCIAL SECTION

CITY OF DILLINGHAM, ALASKA

Statement of Net Assets

June 30, 2009

	<u>Primary Government</u>	<u>Component Unit</u>
<u>Assets</u>	<u>Governmental Activities</u>	<u>Dillingham City School District</u>
Cash and investments	\$ 5,330,723	2,516,901
Receivables, net	1,246,550	580,269
Inventory	-	25,997
Prepaid items	5,777	4,267
Restricted cash and investments	13,246,280	-
Bond issuance cost	273,800	-
Land and construction in progress	10,671,348	-
Other capital assets, net of accumulated depreciation	<u>17,919,257</u>	<u>281,826</u>
Total assets	\$ <u>48,693,735</u>	<u>3,409,260</u>
<u>Liabilities</u>		
Accounts payable	1,364,053	183,990
Accrued payroll and related liabilities	158,857	207,229
Due to student groups	-	124,630
Unearned revenue	76,678	82,077
Noncurrent liabilities:		
Due within one year:		
Accrued leave	176,070	-
Capital leases payable	39,368	-
Bonds	495,000	-
Landfill closure costs	4,000	-
Due in more than one year:		
Bonds	14,140,000	-
Unamortized bond premium	328,402	-
Landfill closure costs	<u>15,000</u>	-
Total liabilities	<u>16,797,428</u>	<u>597,926</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	24,936,672	281,826
Restricted for museum and literary purposes	414,328	-
Unrestricted	<u>6,545,307</u>	<u>2,529,508</u>
Total net assets	<u>31,896,307</u>	<u>2,811,334</u>
Total liabilities and net assets	\$ <u>48,693,735</u>	<u>3,409,260</u>

See accompanying notes to basic financial statements.

CITY OF DILLINGHAM, ALASKA

Statement of Activities

Year Ended June 30, 2009

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government Total Governmental Activities	Component Unit Dillingham City School District
Primary government:						
Governmental:						
General government	\$ 1,512,821	401,879	-	-	(1,110,942)	
Public safety	2,046,474	473,653	383,193	-	(1,189,628)	
Public works	1,103,537	-	2,471	-	(1,101,066)	
Community services	124,373	8,380	10,372	-	(105,621)	
Water and sewer	535,997	384,803	1,513	281,127	131,446	
Landfill	458,298	152,804	-	287,636	(17,858)	
Dock	777,456	512,552	-	327,202	62,298	
Boat harbor	329,084	89,651	-	-	(239,433)	
Senior citizen center	522,937	31,388	138,209	-	(353,340)	
Education	1,498,460	-	-	261,247	(1,237,213)	
Interest on long-term debt	664,049	-	-	-	(664,049)	
Total governmental activities	\$ <u>9,573,486</u>	<u>2,055,110</u>	<u>535,758</u>	<u>1,157,212</u>	<u>(5,825,406)</u>	
Component unit - school district - education	\$ <u>11,388,545</u>	<u>124,411</u>	<u>3,788,362</u>	<u>43,618</u>		<u>(7,432,154)</u>
General revenues:						
Taxes:						
Sales taxes				\$ 2,879,743	-	
Real and personal property taxes				1,905,309	-	
Payment in lieu of taxes				409,714	-	
Contributions from primary government				-	1,200,000	
Grants and entitlements not restricted to a specific purpose				1,595,516	5,717,876	
Investment income				455,245	11,564	
Other				126,990	284,108	
Special item - NPO write off				231,163	648,399	
Total general revenues				<u>7,603,680</u>	<u>7,861,947</u>	
Change in net assets				1,778,274	429,793	
Net assets at beginning of year				<u>30,118,033</u>	<u>2,381,541</u>	
Net assets at end of year				\$ <u>31,896,307</u>	<u>2,811,334</u>	

See accompanying notes to basic financial statements.

CITY OF DILLINGHAM, ALASKA
 Governmental Funds
 Balance Sheet
 June 30, 2009

<u>Assets</u>	<u>Major Funds</u>					Total Govern- mental Funds
	<u>General</u>	<u>Senior Citizen Center Special Revenue</u>	<u>School Bonds Capital Project</u>	<u>Nonmajor Funds</u>	<u>Funds</u>	
Cash and investments	\$ 2,634,431	403,385	-	2,292,907	5,330,723	
Receivables:						
Sales taxes	399,359	-	-	-	399,359	
Property taxes	488,675	-	-	-	488,675	
Accounts	281,745	300	-	307,253	589,298	
Grants and shared revenues	82,164	6,681	-	185,364	274,209	
Allowance for uncollectible accounts	(464,379)	(406)	-	(40,206)	(504,991)	
Due from other funds	796,523	-	-	-	796,523	
Prepaid items	5,777	-	-	-	5,777	
Restricted cash and investments	-	-	13,215,080	31,200	13,246,280	
Total assets	\$ 4,224,295	409,960	13,215,080	2,776,518	20,625,853	
 <u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	78,077	8,760	1,203,413	73,803	1,364,053	
Accrued payroll and related liabilities	95,088	7,905	-	55,864	158,857	
Due to other funds	-	366,611	374,953	54,959	796,523	
Deferred revenue	349,509	-	-	-	349,509	
Total liabilities	522,674	383,276	1,578,366	184,626	2,668,942	
Fund balances:						
Reserved:						
Prepaid items	5,777	-	-	-	5,777	
Museum and literary purposes	-	-	-	414,328	414,328	
Capital projects	-	-	11,636,714	-	11,636,714	
Unreserved, reported in:						
General Fund	3,695,844	-	-	-	3,695,844	
Special revenue funds	-	26,684	-	1,429,696	1,456,380	
Capital project funds	-	-	-	747,657	747,657	
Debt service funds	-	-	-	211	211	
Total fund balances	3,701,621	26,684	11,636,714	2,591,892	17,956,911	
Total liabilities and fund balances	\$ 4,224,295	409,960	13,215,080	2,776,518	20,625,853	

See accompanying notes to basic financial statements.

CITY OF DILLINGHAM, ALASKA
 Reconciliation of Governmental Funds Balance Sheet
 to Statement of Net Assets
 June 30, 2009

Total fund balances for governmental funds \$ 17,956,911

Total net assets reported for governmental activities in the
 Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. These
 assets, net of accumulated depreciation, consist of:

Land	\$	4,862,446	
Construction in progress		5,808,902	
Buildings		8,468,163	
Improvements other than buildings		18,230,726	
Machinery and equipment		<u>6,273,793</u>	
Total capital assets		43,644,030	
Less accumulated depreciation		<u>(15,053,425)</u>	
Total capital assets, net of accumulated depreciation			28,590,605

Governmental funds report the effect of bond issuance costs when
 debt is first issued whereas these amounts are deferred and amortized
 in the Statement of Net Assets. 273,800

Other long-term assets are not available to pay for current period
 expenditures and therefore are deferred in the funds. This is the
 amount of delinquent real property taxes receivable. 272,831

Long-term liabilities are not due and payable in the current period
 and therefore are not reported as fund liabilities. These liabilities
 consist of:

General obligation bonds		(14,635,000)	
Unamortized bond premium		(328,402)	
Accrued leave		(176,070)	
Capital leases payable		(39,368)	
Landfill closure costs		<u>(19,000)</u>	
Total long-term liabilities			<u>(15,197,840)</u>

Total net assets of governmental activities \$ 31,896,307

See accompanying notes to basic financial statements.

CITY OF DILLINGHAM, ALASKA
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 2009

	Major Funds				Total Governmental Funds
	General	Senior Citizen Center Special Revenue	School Bonds Capital Project	Nonmajor Funds	
Revenues:					
Taxes	\$ 5,193,538	-	-	-	5,193,538
State of Alaska	1,239,292	50,868	-	1,411,312	2,701,472
Federal government	21,761	104,791	-	606,949	733,501
Charges for services	341,493	-	-	1,091,870	1,433,363
Games and raffles	-	-	-	-	-
Licenses and permits	15,457	-	-	-	15,457
Penalties and interest	-	-	-	7,558	7,558
Fines and forfeitures	14,490	-	-	-	14,490
Lease and rental income	9,426	13,253	-	33,174	55,853
Investment income	41,522	9,153	322,889	81,681	455,245
Other	26,990	18,135	-	463,767	508,892
Total revenues	<u>6,903,969</u>	<u>196,200</u>	<u>322,889</u>	<u>3,696,311</u>	<u>11,119,369</u>
Expenditures:					
Current:					
General government	1,588,770	-	-	-	1,588,770
Public safety	1,862,748	-	-	386,655	2,249,403
Public works	1,028,645	-	-	-	1,028,645
Community services	102,957	-	-	4,894	107,851
Water and sewer	-	-	-	371,217	371,217
Landfill	-	-	-	328,313	328,313
Dock	-	-	-	433,676	433,676
Boat harbor	-	-	-	225,396	225,396
Senior citizen center	-	493,499	-	-	493,499
Education - contribution to School District	1,300,000	-	-	-	1,300,000
Debt service:					
Principal	46,629	-	-	470,000	516,629
Interest	2,702	-	-	678,631	681,333
Capital outlay	-	-	3,595,565	1,195,320	4,790,885
Total expenditures	<u>5,932,451</u>	<u>493,499</u>	<u>3,595,565</u>	<u>4,094,102</u>	<u>14,115,617</u>
Excess of revenues over (under) expenditures	971,518	(297,299)	(3,272,676)	(397,791)	(2,996,248)
Other financing sources (uses):					
Transfers in	-	323,983	-	666,425	990,408
Transfers out	(745,408)	-	(245,000)	-	(990,408)
Net other financing sources (uses)	<u>(745,408)</u>	<u>323,983</u>	<u>(245,000)</u>	<u>666,425</u>	<u>-</u>
Net change in fund balances	226,110	26,684	(3,517,676)	268,634	(2,996,248)
Fund balances at beginning of year	<u>3,475,511</u>	<u>-</u>	<u>15,154,390</u>	<u>2,323,258</u>	<u>20,953,159</u>
Fund balances at end of year	\$ <u>3,701,621</u>	<u>26,684</u>	<u>11,636,714</u>	<u>2,591,892</u>	<u>17,956,911</u>

See accompanying notes to basic financial statements.

CITY OF DILLINGHAM, ALASKA

Reconciliation of Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended June 30, 2009

Net change in fund balances - total governmental funds		\$ (2,996,248)
<p>The change in net assets reported for governmental activities in the Statement of Activities is different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$5,052,331) exceeded depreciation (\$1,033,564) in the current period.</p>		
	4,018,767	
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the increase in delinquent real property taxes receivable.</p>		
	1,228	
<p>The change in the estimated future landfill closure costs does not require the use of current financial resources and therefore is not reported against expenditures in governmental funds.</p>		
	12,200	
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Principal paid on capital leases	\$ 46,629	
Principal paid on bonds	470,000	
Amortized bond premium	17,284	
Amortized bond issuance costs	<u>(14,411)</u>	
		519,502
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of the (increase) decrease in:</p>		
Accrued leave	(8,338)	
Net pension/OPEB obligation	<u>231,163</u>	
		<u>222,825</u>
Change in net assets of governmental activities		\$ <u><u>1,778,274</u></u>

See accompanying notes to basic financial statements.

CITY OF DILLINGHAM, ALASKA

General Fund

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 4,826,500	5,205,500	5,193,538	(11,962)
State of Alaska	987,150	998,550	1,239,292	240,742
Federal government	10,800	11,990	21,761	9,771
Charges for services	398,850	398,750	341,493	(57,257)
Licenses and permits	17,100	17,600	15,457	(2,143)
Fines and forfeitures	5,500	9,000	14,490	5,490
Lease and rental income	2,840	2,840	9,426	6,586
Investment income	100,000	100,000	41,522	(58,478)
Other	12,700	24,600	26,990	2,390
Total revenues	<u>6,361,440</u>	<u>6,768,830</u>	<u>6,903,969</u>	<u>135,139</u>
Expenditures:				
General government	1,437,040	1,497,530	1,597,706	(100,176)
Public safety	2,170,915	2,104,515	1,862,748	241,767
Public works	1,023,260	1,084,061	1,069,040	15,021
Community services	126,700	123,000	102,957	20,043
Education	1,300,000	1,300,000	1,300,000	-
Total expenditures	<u>6,057,915</u>	<u>6,109,106</u>	<u>5,932,451</u>	<u>176,655</u>
Excess of revenues over expenditures	303,525	659,724	971,518	311,794
Other financing uses - transfers out	<u>(682,212)</u>	<u>(753,443)</u>	<u>(745,408)</u>	<u>8,035</u>
Net change in fund balance	\$ <u>(378,687)</u>	<u>(93,719)</u>	226,110	<u>319,829</u>
Fund balances at July 1, 2008			<u>3,475,511</u>	
Fund balances at June 30, 2009		\$	<u>3,701,621</u>	

See accompanying notes to basic financial statements.

CITY OF DILLINGHAM, ALASKA
 Senior Citizen Center Special Revenue Fund
 Statement of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2009

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Lease and rental income	13,000	13,253	253
Investment income	15,300	9,153	(6,147)
Federal government	104,054	104,791	737
State of Alaska	33,418	50,868	17,450
Other	13,700	18,135	4,435
Total revenues	<u>179,472</u>	<u>196,200</u>	<u>16,728</u>
Expenditures:			
Games and activities	15,700	11,927	3,773
Potato House	14,640	8,703	5,937
Nutrition, transportation, and support services	369,700	367,806	1,894
Senior center - operations	111,750	105,063	6,687
Total expenditures	<u>511,790</u>	<u>493,499</u>	<u>18,291</u>
Excess of revenues over (under) expenditures	(332,318)	(297,299)	35,019
Other financing sources - transfers in	<u>332,318</u>	<u>323,983</u>	<u>(8,335)</u>
Net change in fund balance	\$ <u>-</u>	26,684	<u>26,684</u>
Fund balance at beginning of year		<u>-</u>	
Fund balance at end of year	\$	<u>26,684</u>	

See accompanying notes to basic financial statements.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Reporting Entity

The City of Dillingham, Alaska (the City) was incorporated in 1972 as a first class city and operates under a Council – Manager form of government. The City provides a variety of services including water, sewer, dock and port facilities, landfill, police and fire protection, street maintenance, services for senior citizens and general administrative services.

As required by generally accepted accounting principles, these financial statements present City of Dillingham (the primary government) and its component unit, Dillingham City School District. The School District is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

The component unit column in the basic financial statements includes the financial data of the School District. It is discretely presented in a separate column to emphasize that it is legally separate from the City. Dillingham City School District is responsible for elementary and secondary education within the City. The members of the School Board are elected by the voters; however, the School District is fiscally dependent upon the City because the City Council approves the total annual budget of the School District, levies the necessary taxes, and approves the issuance of bonds for school projects.

Complete financial statements of the component unit can be obtained from the administrative office of the Dillingham City School District at P.O. Box 170, Dillingham, Alaska, 99576-0170.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the City.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Summary of Significant Accounting Policies, continued

Measurement Focus, Basis of Accounting and Basis of Presentation, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days after year end. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

Property taxes, sales taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when received by the government.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Senior Citizen Center Special Revenue Fund* accounts for the activities of the Senior Center.

The *School Bonds Capital Project Fund* accounts for use of bond generated funds for the various repairs and replacements at the School District facilities.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. In addition, general revenues include all taxes, investment income, and State of Alaska entitlement revenues.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Summary of Significant Accounting Policies, continued

Capital Assets, continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Property, plant, and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	15-75 years
Infrastructure	3-50 years
Machinery and equipment	5-40 years

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. In the fund financial statements, governmental fund types recognize principal and interest payments made during the current period. The face amount of the debt issued plus any bond premium, are reported as other financing sources.

Central Treasury

A central treasury is used to account for cash from most funds of the City to maximize interest income. Investments are stated at fair value. Investment earnings are allocated among the funds based on their respective cash balances. The School District maintains separate cash accounts.

Property Taxes

Property taxes are levied as of July 1 on property values assessed as of January 1. The tax levy is payable in two installments due on October 30, and first business day of December. The taxes are considered past due after the respective tax billing due date at which time the applicable property is subject to lien and penalties and interest are assessed on the total tax liability.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in, first-out (FIFO) method. The cost of governmental fund type inventories are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Grants and Other Intergovernmental Revenues

In applying the measurable and available concepts to grants and intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are considered "earned"; therefore, revenues are recognized based upon expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Summary of Significant Accounting Policies, continued

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

Compensated Absences

The City allows employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured (e.g. the employee has terminated employment).

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. However, it is the City's policy to cancel any outstanding purchase orders at June 30, and issue new ones in the new fiscal year.

Deferred Grant Revenue

Amounts received from grantor agencies, which are restricted as to use and have not been expended for the intended use are shown as deferred revenue.

Pension Plan

Substantially all employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska.

Comparative Data

Comparative data for the prior year have been presented in some of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. In addition, certain amounts from the prior year have been reclassified to conform with the current year's presentation.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

(2) **Stewardship, Compliance and Accountability**

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the Homeland Security Special Revenue Fund, Permanent Fund, and capital project funds, which adopt project-length budgets. All annual appropriations lapse at the fiscal year-end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Budgeted amounts are as originally adopted or as amended by the City Council through ordinances.

(3) **Cash and Investments**

The City of Dillingham utilizes a central bank account that is available for use by all funds. Each fund's portion of the account is displayed on the balance sheet as "cash and investments" or included in "due to other funds."

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of June 30, 2009.

Bank deposits	\$ 1,626,070	Cash and investments	\$ 5,330,723
Investments	<u>16,950,933</u>	Restricted cash and investments	<u>13,246,280</u>
	<u>\$ 18,577,003</u>		<u>\$ 18,577,003</u>

Investment Policy

The City's investment policy authorizes investments in:

1. Obligations of, or obligations insured or guaranteed by the United States or an agency or instrumentality of the United States.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Cash and Investments, continued

Reconciliation of Deposit and Investment Balances, continued

Investment Policy, continued

2. Certificates of deposit, repurchase agreements, bankers acceptances and other similar obligations of a bank domiciled in the United States that has an outstanding debt rated at least "A" or its equivalent, by a nationally recognized rating service.
3. General obligations of a municipality within the United States, if the obligations are rated at least "A" by at least two nationally recognized rating services.
4. Mutual funds that consist of similar investments as listed above.
5. Money market and other cash equivalent investments (such as the Alaska Municipal League Investment Pool), with a maturity date of one year or less after date of investment, and that are of similar quality to the investments listed above.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The City's investments all have maturity dates of less than one year and are comprised of the following:

<u>Investment Type</u>	<u>Fair Value</u>
Money market	\$ 7,381,798
U.S. government agencies	7,452,922
Certificates of deposit	1,615,188
Pooled investments	<u>501,025</u>
Total	<u>\$ 16,950,933</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All of the investments in U.S. government agencies are rated AAA by Moody's Investors Service

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool and is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The share value of investments in the AMLIP is approximately equal to fair value.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

(4) **Capital Assets**

Capital asset activity for the year ended June 30, 2009 follows:

	Balance July 1, <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2009</u>
<u>Governmental activities</u>				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 4,862,446	-	-	4,862,446
Construction in progress	<u>1,155,978</u>	<u>4,652,924</u>	-	<u>5,808,902</u>
Total assets not being depreciated	<u>6,018,424</u>	<u>4,652,924</u>	-	<u>10,671,348</u>
 <i>Capital assets being depreciated:</i>				
Buildings	8,468,163	-	-	8,468,163
Improvements other than buildings	18,214,008	16,718	-	18,230,726
Machinery and equipment	<u>5,891,104</u>	<u>382,689</u>	-	<u>6,273,793</u>
Total assets being depreciated	<u>32,573,275</u>	<u>399,407</u>	-	<u>32,972,682</u>
 Less accumulated depreciation for:				
Buildings	4,426,398	210,929	-	4,637,327
Improvements other than buildings	6,389,189	541,254	-	6,930,443
Machinery and equipment	<u>3,204,274</u>	<u>281,381</u>	-	<u>3,485,655</u>
Total accumulated depreciation	<u>14,019,861</u>	<u>1,033,564</u>	-	<u>15,053,425</u>
Total capital assets being depreciated, net	<u>18,553,414</u>	<u>(634,157)</u>	-	<u>17,919,257</u>
 Governmental activity capital assets, net	 <u>\$ 24,571,838</u>	 <u>4,018,767</u>	 -	 <u>28,590,605</u>

Depreciation expense was charged to the functions as follows:

General government	\$ 48,406
Public safety	98,952
Public works	46,450
Community services	13,504
Water and sewer	163,303
Boat harbor	46,142
Dock	345,181
Senior citizen center	25,770
Landfill	142,923
Education	<u>102,933</u>
 Total depreciation expense	 \$ <u>1,033,564</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

(5) **Interfund Receivables, Payables, and Transfers**

A schedule of interfund balances and transfers for the year ended June 30, 2009, follows:

Due from other funds:

Due to the General Fund from:

Senior Citizen Center Special Revenue Fund for advances to cover operating costs	\$ 366,611
--	------------

School Bonds Capital Project Fund for advances to cover capital costs	374,953
---	---------

Nonmajor governmental funds for advances to cover operating and capital costs	<u>54,959</u>
---	---------------

Total amount due from other funds	\$ <u>796,523</u>
-----------------------------------	-------------------

Transfers:

From General Fund to:

Senior Citizen Center Special Revenue Fund for operating costs	\$ 323,983
--	------------

Nonmajor governmental funds to cover operating costs	310,425
--	---------

Nonmajor governmental funds for capital costs	<u>111,000</u>
---	----------------

Total transfers from General Fund	745,408
-----------------------------------	---------

From School Bonds Capital Project Fund to nonmajor governmental funds for debt service	<u>245,000</u>
--	----------------

Total transfers to other funds	\$ <u>990,408</u>
--------------------------------	-------------------

(6) **Long-Term Debt**

Issuance of New Debt

In 2008, the City issued \$15,105,000 in 2008 Series One General Obligation School Bonds for the purpose of major renovation of school facilities. The bonds were issued at a premium of \$345,686.

The following is a summary of long-term debt transactions for the year ended June 30, 2009:

	Balance July 1, <u>2008</u>	<u>Additions</u>	<u>Retired</u>	Balance June 30, <u>2009</u>	Due Within <u>One Year</u>
\$15,105,000 2008 Series One School Bonds, due in annual installments of \$495,000 to \$1,120,000, plus interest at 4.0% to 5.0% through April 1, 2028	\$ <u>15,105,000</u>	-	<u>470,000</u>	<u>14,635,000</u>	<u>495,000</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Long-Term Debt, continued

	Balance July 1, <u>2008</u>	<u>Additions</u>	<u>Retired</u>	Balance June 30, <u>2009</u>	Due Within <u>One Year</u>
Capital leases:					
\$181,500 street sweeper lease, due in monthly installments of \$3,355 including interest at 4.15% through 2010	\$ 77,139	-	37,771	39,368	39,368
\$120,487 front-end loader lease, due in monthly installments of \$2,234 including interest at 4.28% through 2009	<u>8,858</u>	-	<u>8,858</u>	-	-
Total capital leases payable	<u>85,997</u>	-	<u>46,629</u>	<u>39,368</u>	<u>39,368</u>
Accrued leave (net)	167,732	155,167	146,829	176,070	176,070
Net pension/OPEB obligation	231,163	-	231,163	-	-
Estimated landfill closure costs	<u>31,200</u>	<u>15,000</u>	<u>27,200</u>	<u>19,000</u>	<u>4,000</u>
Total long-term debt	\$ <u>15,621,092</u>	<u>170,167</u>	<u>921,821</u>	14,869,438	<u>714,438</u>
Add unamortized bond premium				<u>328,402</u>	
				\$ <u>15,197,840</u>	

Other long-term liabilities such as accrued leave are generally liquidated by the General Fund.

The annual requirements to amortize the general obligation bonds and capital leases outstanding at June 30, 2009 are as follows:

Year Ending <u>June 30,</u>	General Obligation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 495,000	682,590	1,177,590
2011	520,000	657,840	1,177,840
2012	545,000	631,840	1,176,840
2013	570,000	604,590	1,174,590
2014	600,000	576,090	1,176,090
2015-2019	3,465,000	2,450,100	5,915,100
2020-2024	4,260,000	1,621,763	5,881,763
2025-2028	<u>4,180,000</u>	<u>531,020</u>	<u>4,711,020</u>
	\$ <u>14,635,000</u>	<u>7,755,833</u>	<u>22,390,833</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Long-Term Debt, continued

Annual debt service requirements to maturity for the Street Sweeper capital lease follow:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ <u>39,368</u>	<u>891</u>	<u>40,259</u>

(7) **Landfill Closure and Post-Closure Liability**

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform monitoring after closure. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, accounting principles generally accepted in the United States of America require that the City record a portion of these closure and post-closure care costs as an operating expenditure in each period based on landfill capacity used during that period.

Landfill cell one is essentially closed, the only thing left to do to close this cell is to hydroseed. The estimated cost is \$4,000. The City began using cell two in FY 2009. The cell has an estimated life of 10 years and the estimated closing cost for cell two is \$150,000.

(8) **Defined Benefit Pension Plan**

The City participates in the Public Employees' Retirement System (PERS). PERS was originally established as an agent multiple employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008. The plan was established and is administered by the State of Alaska Department of Administration to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. The report is available at the following address:

Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, Alaska 99811-0203

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Defined Benefit Pension Plan, continued

Conversion to Cost Sharing

In April 2008 the Alaska Legislature passed Senate Bill (SB) 125 which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits will no longer track individual employer assets and liabilities. Rather, all plan costs and past service liabilities will be shared among all participating employers. The cost-sharing plan will require a uniform employer contribution rate of 22% or less of active member wages, subject to a wage floor. In addition, the legislation provides for State contributions in the event that the annually calculated and board adopted rate, which includes a provision to pay down the past-service liability, exceeds 22%. Any such additional contributions will be recognized by each employer as an on-behalf payment.

In addition, in fiscal year 2008, the State of Alaska passed legislation (SB 123) which requires that the employer contribution be calculated on all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

As a result of the conversion to cost-sharing, the City will not be obligated to pay or to continue amortizing any prior recorded Net Pension/OPEB obligation. Accordingly, the City has written off its June 30, 2008 net pension/OPEB obligation and has recognized a special item (gain) in the amount of \$231,163 in these financial statements.

Funding Policy

Regular employees are required to contribute 6.75% of their annual covered salary (2.09% for pension and 4.66% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (2.32% for pension and 5.18% for healthcare). The funding policy provides for periodic employer contributions based on actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay both pension and postemployment healthcare benefits when due.

Under the recently adopted cost sharing arrangement, the employer contribution rate is statutorily capped at 22%, although State legislation currently provides that the State of Alaska will contribute any amount over 22% such that the total contribution equals the Alaska Retirement Management Board adopted rate. This rate will be consistent with the actuarially determined rate, but not the same as the Governmental Accounting Standards Board (GASB) Statement 45 accounting rate.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Defined Benefit Pension Plan, continued

Funding Policy, continued

The City's contribution rates for 2009 were determined as part of the June 30, 2006 actuarial valuation and are as follows:

	<u>Contractual Rate</u>	ARM Board <u>Adopted Rate</u>	GASB 45* <u>Rate</u>
Pension	6.82%	10.91%	8.47%
Postemployment healthcare	<u>15.18%</u>	<u>24.31%</u>	<u>37.25%</u>
Total contribution rate	<u>22.00%</u>	<u>35.22%</u>	<u>45.72%</u>

*Using the 4.5% OPEB discount rate and disregarding future Medicare Part D payments.

The significant actuarial information and assumptions used in the most recent valuation of the plan follow:

<u>Valuation Date</u>	June 30, 2008
<u>Actuarial Cost Method</u>	Entry age normal Level percentage of pay for pension Level dollar for healthcare
<u>Amortization Method</u>	Level dollar, closed
<u>Equivalent Single Amortization Period</u>	20 years
<u>Asset Valuation Method</u>	5-year smoothed market
<u>Investment Rate of Return</u>	8.25% pension, 4.5% healthcare
<u>Salary Scale</u>	<i>Peace Officers/Firefighters</i> Merit: 2.5% per year for first 6 years, 0.5% thereafter Productivity: 0.5% per year <i>Others</i> Merit: 5.5% per year grading down to 1.5% after 5 years, for more than 6 years of service, 1.0% grading down to 0% Productivity: 0.5% per year
<u>Payroll Growth</u>	4.0%
<u>Inflation</u>	3.5%
<u>Health Cost Trend</u>	Medical: 8.0% in FY09 trending downward by variable amounts to 5.9% in FY15, 5.8% through FY25, 5.7% through FY50, and 5.1% through FY100 Prescription Drugs: 10.8% in FY09 trending downward by variable amounts to 5.9% in FY15, 5.8% through FY25, 5.7% through FY50 and 5.1% through FY100

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Defined Benefit Pension Plan, continued

Funding Policy, continued

The State of Alaska Public Employees' Retirement System retiree healthcare benefits are partially funded. The PERS plan uses the percentage of ARC methodology in the development of the investment rate of return.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial values of assets.

Projected benefits for financial reporting purposes do not incorporate any potential effects of legal or contractual funding limitations.

Annual Pension and Postemployment Healthcare Cost

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.22% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the City has recorded the State contribution in the amount of \$282,628 as a PERS on-behalf payment. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here. Only one year of information is available at this time.

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Annual OPEB Cost</u>	<u>Total Benefit Cost (TBC)</u>	<u>City Contri- butions</u>	<u>% of TBC Contributed</u>
2009	\$ 122,644	\$ 272,983	\$ 395,627	\$ 395,627	100%

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

(9) **Defined Contribution Pension Plan**

The State of Alaska Legislature approved Senate Bill 141 to create the Public Employees' Retirement System (PERS) Tier IV for employees hired after July 1, 2006 or for employees converting from the PERS Tier I, II or III defined benefit plans. The plan is administered by the State of Alaska, Department of Administration, and benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. Employees are required to contribute 8.0% of their annual covered salary and the City is required to make the following contributions:

	<u>Others</u> <u>Tier IV</u>	<u>Police/Fire</u> <u>Tier IV</u>
Individual account	5.00%	5.00%
Health reimbursement arrangement (HRA) *	3.00	3.00
Retiree medical plan	0.99	0.99
Occupational death and disability benefits	<u>0.58</u>	<u>1.33</u>
	<u>9.57 %</u>	<u>10.32%</u>

*Health Reimbursement Arrangement – AS 39.30.370 requires that the employer contribute “an amount equal to three percent of the average employer’s average annual employee compensation.” For actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contribution for the year ended June 30, 2009 were \$78,931 and \$64,602, respectively.

(10) **Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and income of the plan must be held in trust for the exclusive benefit of participants and their beneficiaries.

(11) **Risk Management**

The City faces a considerable number of risks of loss, including: (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Risk Management, continued

The City participates in the Alaska Municipal League Joint Insurance Association (AML/JIA) which provides insurance coverage for property and contents damage, torts, general and automobile liability, and workers' compensation. The AML/JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2009. The City has no coverage for potential losses from environmental damages. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

(12) **Conduit Debt**

On May 19, 2005, the City Council authorized the issuance of nonrecourse revenue refunding bonds in a principal amount not to exceed \$1,300,000 to refinance previously issued nonrecourse revenue bonds on behalf of Bristol Bay Native Association. The outstanding balance at June 30, 2009 was \$924,804. These bonds do not constitute a general obligation debt or pledge of the full faith and credit of the City. Accordingly, the bonds and related assets are not reflected in the accompanying financial statements.

(13) **Contingent Liabilities and Commitments**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be nominal.

In the normal course of its activities, the City is involved in various claims and pending litigation.

SUPPLEMENTARY INFORMATION

CITY OF DILLINGHAM, ALASKA
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2009

	Special Revenue Funds					Capital Project Funds					Mary Carlson Estate Permanent Fund	Total Nonmajor Funds		
	Water and Sewer	Landfill	Dock Harbor	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Debt Service Fund	Dock and Harbor	Water and Sewer	Equip-ment Replace-ment			Ambulance Reserve	Landfill
<u>Assets</u>														
Cash and investments Receivables:	\$ 225,070	29,020	890,880	50	77,100	69,766	-	-	-	132,919	371,343	82,379	414,380	2,292,907
Accounts Grants	57,408	15,983	199,188	34,674	-	-	-	-	-	-	-	-	-	307,253
Allowance for uncollectible accounts	1,513	-	-	-	-	-	8,038	8,190	122,837	-	-	44,786	-	185,364
Restricted cash	(27,349)	(661)	(2,578)	(9,618)	-	-	-	-	-	-	-	-	-	(40,206)
	-	-	-	-	-	-	-	-	-	-	-	31,200	-	31,200
Total assets	\$ 256,642	44,342	1,087,490	25,106	77,100	69,766	8,038	8,190	122,837	132,919	371,343	158,365	414,380	2,776,518
<u>Liabilities and Fund Balances</u>														
<u>Liabilities:</u>														
Accounts payable	15,041	5,963	13,821	21,415	-	-	-	4,281	13,230	-	-	-	-	73,803
Accrued payroll and related liabilities	20,484	7,976	20,144	7,260	-	-	-	-	-	-	-	-	-	55,864
Due to other funds	-	-	-	18,646	-	-	7,827	25,187	3,299	-	-	-	-	54,959
Total liabilities	35,525	13,939	33,965	47,321	-	-	7,827	29,468	16,529	-	-	-	52	184,626
<u>Fund balances:</u>														
Reserved for museum and literary purposes	-	-	-	-	-	-	-	-	-	-	-	-	414,328	414,328
Unreserved:														
Designated:														
Capital projects	-	-	-	-	-	-	-	-	-	132,919	371,343	158,365	-	662,627
Subsequent year's expenditures	-	-	-	-	20,000	-	-	-	37,705	-	-	-	-	57,705
Undesignated	221,117	30,403	1,053,525	(22,215)	57,100	69,766	211	(21,278)	68,603	-	-	-	-	1,457,232
Total fund balances (deficits)	221,117	30,403	1,053,525	(22,215)	77,100	69,766	211	(21,278)	106,308	132,919	371,343	158,365	414,328	2,591,892
Total liabilities and fund balances	\$ 256,642	44,342	1,087,490	25,106	77,100	69,766	8,038	8,190	122,837	132,919	371,343	158,365	414,380	2,776,518

CITY OF DILLINGHAM, ALASKA

Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
 Year Ended June 30, 2009

	Special Revenue Funds							Capital Project Funds							Mary Carlson Estate Permanent Fund	Total Nonmajor Funds
	Water and Sewer	Landfill	Dock	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Homeland Security	Debt Service Fund	Dock and Harbor	Water and Sewer	School Repairs	Equip-ment Replacement	Ambulance Reserve	Landfill		
Revenues:																
State of Alaska	\$ 6,985	5,622	14,332	3,395	-	-	-	803,842	-	28,253	261,247	-	-	287,636	-	1,411,312
Federal government	1,513	-	-	-	-	-	-	-	112,204	125,307	-	-	-	-	-	606,949
Charges for services	371,450	152,804	473,530	80,092	13,994	27,425	340,500	-	-	-	-	-	-	-	-	1,091,870
Games and raffles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Penalties and interest	7,028	-	366	164	-	-	-	-	-	-	-	-	-	-	-	7,558
Lease and rental income	-	-	33,174	-	-	-	-	-	-	-	-	-	-	-	-	33,174
Investment income	7,467	-	33,202	-	2,427	2,295	-	-	-	-	-	-	-	-	-	81,681
Other	6,325	-	5,482	9,395	-	-	-	100,000	214,998	127,567	-	2,854	11,069	1,118	21,249	463,767
Total revenues	400,768	158,426	560,086	93,046	16,421	29,720	340,500	903,842	327,202	281,127	261,247	2,854	11,069	288,754	21,249	3,696,311
Expenditures:																
Public safety	-	-	-	-	-	46,155	340,500	-	-	-	-	-	-	-	-	386,655
Community services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,894	4,894
Water and sewer	371,217	-	-	-	-	-	-	-	-	-	-	-	-	-	-	371,217
Landfill	-	328,313	-	-	-	-	-	-	-	-	-	-	-	-	-	328,313
Dock	-	-	433,676	-	-	-	-	-	-	-	-	-	-	-	-	433,676
Boat harbor	-	-	-	225,396	-	-	-	-	-	-	-	-	-	-	-	225,396
Debt service	-	-	-	-	-	-	-	1,148,631	348,480	174,819	261,247	-	-	410,774	-	1,148,631
Capital outlay	-	-	-	-	-	-	-	-	348,480	174,819	261,247	-	-	410,774	-	1,195,320
Total expenditures	371,217	328,313	433,676	225,396	-	46,155	340,500	1,148,631	348,480	174,819	261,247	-	-	410,774	4,894	4,094,102
Excess of revenues over (under) expenditures	29,551	(169,887)	126,410	(132,350)	16,421	(16,435)	-	(244,789)	(21,278)	106,308	-	2,854	11,069	(122,020)	16,355	(397,791)
Other financing sources - Transfers in	-	200,290	-	110,135	-	-	-	245,000	-	-	-	55,000	56,000	-	-	666,425
Net change in fund balances	29,551	30,403	126,410	(22,215)	16,421	(16,435)	-	211	(21,278)	106,308	-	57,854	67,069	(122,020)	16,355	268,634
Fund balances at beginning of year	191,566	-	927,115	-	60,679	86,201	-	-	-	-	-	75,065	304,274	280,385	397,973	2,323,258
Fund balances (deficits) at end of year	\$ 221,117	30,403	1,053,525	(22,215)	77,100	69,766	-	211	(21,278)	106,308	-	132,919	371,343	158,365	414,328	2,591,892

General Fund

The General Fund is established to account for the revenues and expenditures necessary to carry out basic governmental activities of the City such as administrative services, police and fire protection, street maintenance, planning, library, museum and other community services, etc.

General Fund revenues come from a variety of sources such as the State of Alaska, property and sales taxes, interest, etc. General Fund expenditures are made primarily for current day-to-day operating purposes.

CITY OF DILLINGHAM, ALASKA
 General Fund
 Balance Sheet
 June 30, 2009
 (With Comparative Amounts for 2008)

<u>Assets</u>	<u>2009</u>	<u>2008</u>
Cash and investments	\$ 2,634,431	3,103,368
Receivables:		
Sales taxes	399,359	432,776
Property taxes, penalties and interest	488,675	470,174
Accounts	281,745	293,290
Grants	82,164	28,863
Allowance for uncollectible accounts	(464,379)	(361,349)
Due from other funds	796,523	-
Prepaid items	<u>5,777</u>	<u>13,917</u>
 Total assets	 \$ <u>4,224,295</u>	 <u>3,981,039</u>
 <u>Liabilities and Fund Balance</u> 		
Liabilities:		
Accounts payable	78,077	73,453
Accrued payroll and related liabilities	95,088	102,872
Deferred revenue	<u>349,509</u>	<u>329,203</u>
Total liabilities	<u>522,674</u>	<u>505,528</u>
 Fund balance:		
Reserved for prepaid items	5,777	13,917
Unreserved:		
Designated for subsequent year's expenditures	292,025	378,687
Undesignated	<u>3,403,819</u>	<u>3,082,907</u>
Total fund balance	<u>3,701,621</u>	<u>3,475,511</u>
 Total liabilities and fund balance	 \$ <u>4,224,295</u>	 <u>3,981,039</u>

CITY OF DILLINGHAM, ALASKA
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With Comparative Amounts for 2008)

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes:				
Sales taxes	\$ 2,472,000	2,464,159	(7,841)	2,357,636
Alcohol sales taxes	234,000	266,799	32,799	210,757
Transient lodging sales tax	58,000	59,156	1,156	53,740
Real property taxes	1,473,000	1,457,723	(15,277)	1,291,832
Personal property taxes	418,000	395,179	(22,821)	420,400
Penalty and interest on property taxes	30,000	51,179	21,179	49,376
Foreclosure costs	500	-	(500)	552
Penalty and interest on sales taxes	22,000	15,694	(6,306)	49,555
Gaming taxes	87,000	72,111	(14,889)	120,632
Payment in lieu of taxes	409,000	409,714	714	263,920
Small claim costs	2,000	1,824	(176)	-
Total taxes	<u>5,205,500</u>	<u>5,193,538</u>	<u>(11,962)</u>	<u>4,818,400</u>
State of Alaska:				
Jail contract revenue	428,000	428,963	963	428,963
Revenue sharing	220,000	219,942	(58)	-
Raw fish tax	176,000	176,261	261	183,743
Shared fisheries business tax	27,600	35,515	7,915	27,705
Electric and telephone co-op tax	66,000	72,727	6,727	66,144
Energy assistance grant	-	-	-	187,607
Motor vehicle tax	28,000	18,663	(9,337)	32,020
PERS relief	-	234,845	234,845	45,468
DMV commission revenue	42,000	41,426	(574)	39,905
Liquor licenses	4,600	4,600	-	4,600
Library grant	6,350	6,350	-	6,350
Total State of Alaska	<u>998,550</u>	<u>1,239,292</u>	<u>240,742</u>	<u>1,022,505</u>
Federal government:				
Emergency management planning grant	4,800	6,914	2,114	10,412
Volunteer fire assistance	-	5,850	5,850	2,000
Public safety grants	1,000	2,504	1,504	9,815
Library grants	5,000	4,022	(978)	6,000
FEMA grants	1,190	1,189	(1)	-
Planning grants	-	1,282	1,282	-
Total federal government	<u>11,990</u>	<u>21,761</u>	<u>9,771</u>	<u>28,227</u>

CITY OF DILLINGHAM, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues, continued:				
Charges for services:				
Administrative overhead charges	\$ 340,600	317,697	(22,903)	343,478
Document copies	550	367	(183)	542
Platting and mapping fees	600	550	(50)	1,488
Emergency 911	1,000	-	(1,000)	1,004
Ambulance fees	56,000	22,879	(33,121)	73,836
Total charges for services	<u>398,750</u>	<u>341,493</u>	<u>(57,257)</u>	<u>420,348</u>
Licenses and permits:				
Dog licenses	3,000	1,707	(1,293)	2,961
Business licenses	14,100	13,225	(875)	16,200
Land use permits	500	525	25	225
Total licenses and permits	<u>17,600</u>	<u>15,457</u>	<u>(2,143)</u>	<u>19,386</u>
Fines and forfeitures:				
Title 47 fines	6,000	6,110	110	2,360
Library fines and donations	3,000	3,380	380	3,378
Library co-op	-	5,000	5,000	-
Total fines and forfeitures	<u>9,000</u>	<u>14,490</u>	<u>5,490</u>	<u>5,738</u>
Lease and rental income	<u>2,840</u>	<u>9,426</u>	<u>6,586</u>	<u>2,755</u>
Investment income	<u>100,000</u>	<u>41,522</u>	<u>(58,478)</u>	<u>147,613</u>
Other revenues:				
Other library grants/donation	8,100	25	(8,075)	6,235
Equipment sales	-	3,200	3,200	-
Other	16,500	23,765	7,265	17,028
Total other revenues	<u>24,600</u>	<u>26,990</u>	<u>2,390</u>	<u>23,263</u>
Total revenues	<u>6,768,830</u>	<u>6,903,969</u>	<u>135,139</u>	<u>6,488,235</u>

CITY OF DILLINGHAM, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures:				
General government:				
City council:				
Council contributions	\$ 7,225	6,819	406	1,764
Travel	5,850	5,779	71	1,943
Subscriptions and memberships	4,025	5,183	(1,158)	4,493
Supplies	527	313	214	722
Telephone	350	123	227	214
Contract labor	10,175	7,404	2,771	3,310
Bond consultant	-	-	-	9,894
Bond promotion	-	-	-	2,095
Training	-	-	-	255
Minor tools and equipment	73	145	(72)	212
Lobbying	20,000	20,000	-	20,000
Total city council	<u>48,225</u>	<u>45,766</u>	<u>2,459</u>	<u>44,902</u>
City administration:				
Salaries	143,400	141,898	1,502	147,777
Overtime salaries	4,100	4,294	(194)	202
Employee benefits	70,950	69,356	1,594	77,093
Travel	4,600	2,920	1,680	2,484
Subscriptions and memberships	500	695	(195)	702
Contract labor	40,000	40,295	(295)	913
Supplies	4,000	2,577	1,423	5,047
Training	100	925	(825)	549
Minor tools and equipment	3,000	2,243	757	2,619
Major equipment	20,700	10,162	10,538	-
Advertising	2,500	2,501	(1)	-
Special project manager	52,500	18,614	33,886	-
Total city administration	<u>346,350</u>	<u>296,480</u>	<u>49,870</u>	<u>237,386</u>
City clerk:				
Salaries	58,100	56,136	1,964	55,586
Overtime salaries	500	-	500	-
Employee benefits	25,200	24,347	853	33,535
Advertising	4,000	1,362	2,638	5,570
Travel	3,000	1,555	1,445	2,707
Subscriptions and memberships	450	230	220	468
Supplies	2,500	1,680	820	3,073
Training	600	148	452	410

CITY OF DILLINGHAM, ALASKA
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
General government, continued:				
City clerk, continued:				
Contract labor	\$ 6,575	2,500	4,075	41,573
Minor tools and equipment	1,000	881	119	2,775
Elections	4,300	3,538	762	3,909
Appraisal	13,500	14,017	(517)	21,149
Codification	5,000	4,069	931	250
Title search	4,000	-	4,000	20
Foreclosure	7,200	-	7,200	5,395
Total city clerk	<u>135,925</u>	<u>110,463</u>	<u>25,462</u>	<u>176,420</u>
Finance:				
Salaries	290,300	289,502	798	283,201
Overtime salaries	3,600	3,883	(283)	844
Employee benefits	194,950	182,192	12,758	195,891
Advertising	1,050	1,188	(138)	-
Travel	6,550	10,300	(3,750)	5,472
Subscriptions and memberships	1,500	1,302	198	1,707
Bank charges	2,000	2,030	(30)	1,320
Supplies	3,500	3,533	(33)	2,179
Cash over/under	50	98	(48)	(58)
Recruitment	2,950	-	2,950	-
Collection agency and lien processing fees	4,000	3,495	505	686
Training	1,400	953	447	1,764
Alaska FICA administrative program	130	128	2	126
Minor tools and equipment	6,600	7,024	(424)	3,792
Total finance	<u>518,580</u>	<u>505,628</u>	<u>12,952</u>	<u>496,924</u>
Legal	<u>45,000</u>	<u>34,736</u>	<u>10,264</u>	<u>32,709</u>
Insurance:				
General liability	67,500	66,827	673	60,375
Property	25,700	24,969	731	23,484
Automobile	18,800	18,729	71	17,321
Total insurance	<u>112,000</u>	<u>110,525</u>	<u>1,475</u>	<u>101,180</u>

CITY OF DILLINGHAM, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009			2008
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Expenditures, continued:				
General government, continued:				
Nondepartmental:				
Advertising	\$ 1,500	2,146	(646)	1,958
Office supplies	4,000	5,784	(1,784)	1,982
Food items	300	423	(123)	199
Postage	12,000	10,160	1,840	9,503
Computer supplies	6,000	1,582	4,418	5,479
Computer software	6,000	3,385	2,615	922
Computer hardware	2,500	900	1,600	51
Computer support services	17,500	13,884	3,616	15,886
Telephone	15,000	16,470	(1,470)	14,800
Other	-	-	-	850
Sales tax audits	-	-	-	10,000
Engineering	5,000	155	4,845	150
Technology plan	10,000	7,292	2,708	-
Accounting services and audit	31,000	31,297	(297)	26,298
Gas, oil and grease	500	809	(309)	659
Minor tools and equipment	500	548	(48)	-
Vehicle repairs	1,000	754	246	753
Copier repair and maintenance	5,000	9,188	(4,188)	5,213
Case loader lease	9,000	8,936	64	26,810
Credit card processing fees	42,000	42,049	(49)	30,516
Employee benefits - State PERS	-	234,845	(234,845)	-
Website development	2,500	1,869	631	-
Pulltab audit	10,000	9,834	166	-
Total nondepartmental	<u>181,300</u>	<u>402,310</u>	<u>(221,010)</u>	<u>152,029</u>
Planning:				
Salaries	53,500	52,854	646	50,051
Employee benefits	25,100	24,277	823	23,323
Advertising	1,000	1,493	(493)	700
Travel	3,528	3,942	(414)	1,751
Subscriptions and memberships	1,100	1,444	(344)	738
Recording fees	260	63	197	52
Supplies	1,000	969	31	1,368
Contract labor	15,000	3,850	11,150	16,748

CITY OF DILLINGHAM, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
General government, continued:				
Planning, continued:				
Training	\$ 1,662	940	722	3,508
Neighborhood initiative	5,000	-	5,000	4,561
Minor tools and equipment	3,000	1,966	1,034	2,926
Total planning	<u>110,150</u>	<u>91,798</u>	<u>18,352</u>	<u>105,726</u>
Total general government	<u>1,497,530</u>	<u>1,597,706</u>	<u>(100,176)</u>	<u>1,347,276</u>
Public safety:				
Police dispatch:				
Salaries	164,000	171,445	(7,445)	156,341
Overtime salaries	51,400	44,270	7,130	51,850
Employee benefits	127,900	114,537	13,363	103,288
Advertising	400	391	9	1,608
Travel	3,500	2,683	817	1,025
Subscriptions and memberships	100	-	100	-
Supplies	2,500	2,364	136	2,708
Postage	375	410	(35)	300
Telephone	7,131	6,822	309	8,032
Electricity	3,500	2,740	760	2,757
Water and sewer	300	274	26	274
Refuse collection	500	363	137	343
Heating fuel	4,500	4,731	(231)	2,670
Computer support services	5,500	3,884	1,616	2,326
APSIN contract	550	1,063	(513)	532
Uniforms	1,000	(300)	1,300	397
Training	4,000	255	3,745	199
Minor tools and equipment	3,000	1,482	1,518	1,056
Building repairs	2,000	800	1,200	1,185
Equipment repairs	1,500	606	894	1,562
Major equipment	5,000	-	5,000	-
Total police dispatch	<u>388,656</u>	<u>358,820</u>	<u>29,836</u>	<u>338,453</u>
Police department:				
Salaries	332,600	300,294	32,306	326,167
Overtime salaries	89,400	74,669	14,731	58,758
Employee benefits	232,500	197,417	35,083	238,950

CITY OF DILLINGHAM, ALASKA
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public safety, continued:				
Police department, continued:				
Recruiting	\$ 2,500	4,352	(1,852)	765
Advertising	1,000	969	31	2,497
Travel	7,500	9,929	(2,429)	3,979
Subscriptions and memberships	400	327	73	200
Supplies	5,000	2,007	2,993	4,074
Postage	1,000	1,000	-	812
Computer support services	1,000	359	641	40
Telephone	4,369	6,194	(1,825)	6,021
Electricity	4,500	3,823	677	3,849
Water and sewer	400	382	18	382
Refuse collection	550	507	43	479
Heating fuel	4,500	6,600	(2,100)	3,726
Investigations	10,000	5,353	4,647	2,857
Film development	500	-	500	-
Uniforms	4,000	2,979	1,021	2,796
Contract labor and towing	1,000	2,208	(1,208)	760
Training	10,000	655	9,345	3,945
Gas, oil and grease	25,000	17,766	7,234	22,739
Minor tools and equipment	5,000	2,783	2,217	5,973
Major equipment	2,200	-	2,200	45,340
Vehicle maintenance	12,300	10,648	1,652	18,956
Building repairs	5,000	1,286	3,714	282
Equipment repairs	2,500	474	2,026	1,807
Insurance	16,500	16,271	229	18,958
Total police department	<u>781,219</u>	<u>669,252</u>	<u>111,967</u>	<u>775,112</u>
Jail:				
Salaries	219,400	211,409	7,991	185,673
Overtime salaries	45,300	35,168	10,132	28,221
Employee benefits	142,800	131,241	11,559	120,202
Recruiting	400	164	236	-
Advertising	200	158	42	162
Subscriptions and memberships	250	-	250	204
Supplies	6,500	1,518	4,982	7,423

CITY OF DILLINGHAM, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Expenditures, continued:				
Public safety, continued:				
Jail, continued:				
Postage	\$ 500	300	200	400
Telephone	1,300	1,645	(345)	1,190
Electricity	17,000	14,984	2,016	15,051
Water and sewer	1,500	1,497	3	1,497
Refuse collection	2,200	1,985	215	1,877
Heating fuel	23,500	25,867	(2,367)	14,601
Uniforms	1,685	1,313	372	-
Training	1,500	1,375	125	-
Gas, oil and grease	300	217	83	196
Janitorial	750	1,485	(735)	612
Food	30,000	23,464	6,536	27,754
Minor tools and equipment	3,000	3,734	(734)	3,364
Vehicle maintenance	500	112	388	265
Building repairs	3,315	2,391	924	1,678
Required inspections	1,000	3,021	(2,021)	972
Equipment repairs	1,400	762	638	1,205
Insurance	10,000	9,720	280	8,430
Travel	2,600	3,024	(424)	-
Total jail	<u>516,900</u>	<u>476,554</u>	<u>40,346</u>	<u>420,977</u>
Department of motor vehicles:				
Salaries	46,400	45,415	985	44,412
Employee benefits	22,900	22,077	823	21,549
Supplies	300	280	20	241
Postage	-	(232)	232	(244)
Telephone	550	512	38	552
Electricity	600	553	47	551
Water and sewer	60	55	5	55
Refuse collection	100	73	27	69
Heating fuel	800	954	(154)	538
AP SIN contract	550	-	550	532
Minor tools and equipment	500	25	475	50
Building repairs	200	-	200	-
Required inspections	30	-	30	-
Equipment repairs	200	-	200	100
Total department of motor vehicles	<u>73,190</u>	<u>69,712</u>	<u>3,478</u>	<u>68,405</u>

CITY OF DILLINGHAM, ALASKA
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public safety, continued:				
Fire department:				
Salaries	\$ 55,130	46,431	8,699	69,035
Overtime salaries	500	-	500	-
Employee benefits	37,400	25,788	11,612	40,090
Worker's comp - volunteers	6,000	-	6,000	4,320
Advertising	100	-	100	-
Travel	6,000	2,188	3,812	6,085
Subscriptions and memberships	550	978	(428)	511
Supplies	3,400	3,400	-	3,013
Postage	1,000	629	371	1,112
Computer supplies and software	1,150	1,105	45	351
Telephone	4,000	4,109	(109)	4,276
Electricity	6,500	5,351	1,149	5,785
Water and sewer	1,050	1,010	40	1,010
Heating fuel	25,500	21,275	4,225	18,206
EMS and fire supplies	8,000	7,027	973	8,265
Public education	200	200	-	115
Emergency management	-	(365)	365	-
Member recognition	5,000	3,499	1,501	4,366
Training	3,700	3,420	280	6,415
Gas, oil and grease	3,550	4,797	(1,247)	2,642
Janitorial	8,000	6,977	1,023	317
Sample testing	600	425	175	440
Medical tests	400	363	37	619
Minor tools and equipment	800	12	788	5,226
Fire department airport lease	21,000	19,283	1,717	292
Vehicle repairs	35,000	26,725	8,275	5,918
Building repairs	550	529	21	748
Required inspections	10,000	7,950	2,050	995
Insurance	8,000	4,212	3,788	-
Major equipment	4,820	2,227	2,593	-
Equipment repairs	1,500	1,535	(35)	2,269
Volunteer fire equipment grant	-	6,773	(6,773)	2,299
Total fire department	<u>259,400</u>	<u>207,853</u>	<u>51,547</u>	<u>194,720</u>

CITY OF DILLINGHAM, ALASKA
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Salaries	\$ 33,600	33,525	75	28,838
Overtime salaries	6,100	4,364	1,736	4,582
Employee benefits	21,100	20,511	589	18,974
Travel	2,200	1,813	387	2,846
Supplies	600	243	357	925
Refuse collection	1,050	1,104	(54)	-
Uniforms	700	509	191	370
Contract services	1,000	-	1,000	970
Animal shelter expenditures	10,000	9,416	584	3,995
Training	1,100	600	500	1,020
Gas, oil and grease	3,000	4,065	(1,065)	2,750
Minor tools and equipment	700	455	245	683
Vehicle repairs	3,500	3,478	22	3,401
Equipment repairs	500	474	26	-
Total animal control	85,150	80,557	4,593	69,354
Total public safety	2,104,515	1,862,748	241,767	1,867,021
Public works:				
Administration:				
Salaries	35,579	36,123	(544)	63,681
Overtime salaries	-	-	-	799
Employee benefits	17,307	14,100	3,207	37,163
Recruiting	-	-	-	4,532
Advertising	953	1,380	(427)	1,183
Travel	1,674	2,106	(432)	593
Supplies	1,700	1,816	(116)	1,514
Training	-	-	-	399
Telephone	2,500	2,613	(113)	2,743
Gas, oil and grease	2,000	3,978	(1,978)	1,972
Minor tools and equipment	1,698	2,401	(703)	654
Vehicle repairs	315	609	(294)	652
Subscriptions and memberships	216	216	-	-
Total administration	63,942	65,342	(1,400)	115,885

CITY OF DILLINGHAM, ALASKA
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public works, continued:				
Building and grounds maintenance:				
Salaries	\$ 67,200	62,718	4,482	65,581
Overtime salaries	4,500	5,266	(766)	857
Employee benefits	51,929	43,617	8,312	45,289
Travel	500	-	500	-
Supplies	5,000	6,877	(1,877)	5,715
Telephone	2,000	1,326	674	1,867
Electricity	14,000	12,715	1,285	13,080
Water and sewer	2,200	2,141	59	2,141
Refuse collection	300	300	-	260
Heating fuel	49,100	54,472	(5,372)	32,233
Contract labor	500	-	500	-
Janitorial	15,000	14,025	975	12,079
Training	500	-	500	75
Gas, oil and grease	4,000	4,967	(967)	4,356
Minor tools and equipment	2,000	937	1,063	3,400
Vehicle maintenance	3,300	4,372	(1,072)	2,592
Building repairs	7,700	8,845	(1,145)	5,778
Used oil supplies	2,000	320	1,680	511
Equipment repairs	1,300	4,349	(3,049)	335
Required inspections	500	113	387	-
Total building and grounds maintenance	<u>233,529</u>	<u>227,360</u>	<u>6,169</u>	<u>196,149</u>
Shop maintenance:				
Salaries	99,700	99,376	324	97,174
Overtime salaries	22,100	14,102	7,998	6,908
Employee benefits	86,200	90,898	(4,698)	69,596
Allocated to other funds	(119,500)	(109,123)	(10,377)	(88,595)
Supplies	9,200	9,003	197	10,801
Training	800	625	175	-
Telephone	2,000	2,237	(237)	1,999
Refuse collection	2,500	2,544	(44)	2,502
Heating fuel	41,300	36,639	4,661	25,812
Gas, oil and grease	3,600	4,209	(609)	1,985
Minor tools and equipment	10,000	9,745	255	14,118
Vehicle repairs	31	596	(565)	-
Building repairs	1,316	1,471	(155)	614
Required inspections	1,200	1,303	(103)	730

CITY OF DILLINGHAM, ALASKA
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public works, continued:				
Shop maintenance, continued:				
Equipment repairs	\$ 491	586	(95)	1,332
Electricity	16,500	19,937	(3,437)	-
Total shop maintenance	<u>177,438</u>	<u>184,148</u>	<u>(6,710)</u>	<u>144,976</u>
Streets:				
Salaries	104,600	97,921	6,679	87,573
Overtime salaries	13,600	13,239	361	10,908
Employee benefits	93,400	84,813	8,587	74,971
Supplies	2,987	7,577	(4,590)	3,112
Electricity	20,000	18,834	1,166	17,348
Salt and calcium	14,515	15,151	(636)	15,662
Street signs	1,732	1,732	-	501
Road maintenance	33,660	33,331	329	22,423
Gas, oil and grease	56,000	47,455	8,545	51,488
Gravel	-	-	-	814
Minor tools and equipment	1,000	1,378	(378)	524
Vehicle repairs	12,282	14,223	(1,941)	16,419
Street sweeper lease	40,260	40,395	(135)	40,259
Equipment repairs	193,016	194,041	(1,025)	50,998
Major equipment	22,100	22,100	-	-
Total streets	<u>609,152</u>	<u>592,190</u>	<u>16,962</u>	<u>393,000</u>
Total public works	<u>1,084,061</u>	<u>1,069,040</u>	<u>15,021</u>	<u>850,010</u>
Community services:				
Library:				
Salaries	46,400	41,901	4,499	41,602
Overtime salaries	-	-	-	640
Employee benefits	29,400	20,584	8,816	24,658
Advertising	273	309	(36)	61
Travel	1,000	1,678	(678)	-
Subscriptions and memberships	100	85	15	-
Supplies	1,805	2,040	(235)	2,191
Postage	122	263	(141)	607
Software	1,500	781	719	856
Telephone and internet	2,800	3,444	(644)	1,479
Electricity	4,000	4,054	(54)	3,547

CITY OF DILLINGHAM, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Community services, continued:				
Library, continued:				
Water and sewer	\$ 1,500	1,457	43	1,457
Refuse collection	350	300	50	260
Heating fuel	10,000	10,282	(282)	5,558
Audio visual	2,500	571	1,929	2,908
Books	6,800	3,695	3,105	7,916
Periodicals	611	611	-	586
Required inspections	100	56	44	-
Collection preservation	1,597	1,852	(255)	552
Contract labor	7,100	5,828	1,272	7,597
Minor tools and equipment	1,689	1,666	23	1,672
Training	500	255	245	-
Building repairs	753	245	508	258
Equipment repairs	100	-	100	-
Total library	<u>121,000</u>	<u>101,957</u>	<u>19,043</u>	<u>104,405</u>
Community development:				
Senior center	-	-	-	10,000
Museum	1,000	1,000	-	1,000
Health center	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total community development	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>	<u>12,000</u>
Total community services	<u>123,000</u>	<u>102,957</u>	<u>20,043</u>	<u>116,405</u>
Education - contribution to School District	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>
Total expenditures	<u>6,109,106</u>	<u>5,932,451</u>	<u>176,655</u>	<u>5,480,712</u>
Excess of revenues over expenditures	659,724	971,518	311,794	1,007,523
Other financing uses - transfers out	<u>(753,443)</u>	<u>(745,408)</u>	<u>8,035</u>	<u>(845,730)</u>
Net change in fund balance	\$ <u>(93,719)</u>	226,110	<u>319,829</u>	161,793
Fund balance at beginning of year		<u>3,475,511</u>		<u>3,313,718</u>
Fund balance at end of year	\$	<u>3,701,621</u>		<u>3,475,511</u>

Special Revenue Funds

A Special Revenue Fund is established to finance particular activities and is created from receipts of designated revenues that are restricted for expenditures for specified purposes. The City of Dillingham's Special Revenue Funds are as follows:

Water and Sewer – this fund accounts for the operations of the water and sewer system.

Landfill – this fund accounts for the operations of the City's landfill.

Dock – this fund accounts for the operations of the City's docks.

Boat Harbor – this fund accounts for the activities of the City's small boat harbor.

Enhanced 911 Service – this fund accounts for activities of the 911 services.

Asset Forfeiture – this fund accounts for the use of funds from asset forfeitures.

Senior Citizen Center – this fund accounts for the activities of the Senior Citizen Center.

Homeland Security – this fund accounts for the activities related to homeland security grants.

CITY OF DILLINGHAM, ALASKA
 Water and Sewer Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With Comparative Amounts for 2008)

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Charges for services:				
Water sales	\$ 147,150	143,722	(3,428)	150,276
Sewer fees	231,150	227,728	(3,422)	230,700
Total charges for services	378,300	371,450	(6,850)	380,976
Penalties and interest	6,000	7,028	1,028	1,150
Investment income	2,000	7,467	5,467	1,649
Lease and rental income	3,000	-	(3,000)	6,025
Federal government	-	1,513	1,513	-
State PERS relief	-	6,985	6,985	1,556
Other	6,000	6,325	325	5,912
Total revenues	395,300	400,768	5,468	397,268
Expenditures:				
Water:				
Salaries	29,725	28,794	931	31,973
Overtime salaries	12,500	12,238	262	4,637
Employee benefits	23,100	25,549	(2,449)	22,006
Contract labor	1,156	1,156	-	160
Advertising	-	680	(680)	255
Supplies	12,500	11,784	716	11,810
Gas, oil and grease	3,000	4,493	(1,493)	2,907
Utilities and telephone	30,000	24,811	5,189	29,321
Travel and training	1,369	2,306	(937)	1,816
Administrative overhead	30,600	30,431	169	32,925
Building and equipment repairs	16,000	7,832	8,168	9,329
Insurance	5,000	4,625	375	4,705
Minor tools and equipment	2,000	9,284	(7,284)	6,855
Sample testing and inspections	1,200	3,812	(2,612)	1,530
Total water	168,150	167,795	355	160,229

CITY OF DILLINGHAM, ALASKA
 Water and Sewer Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Expenditures, continued:				
Sewer:				
Salaries	\$ 27,596	26,896	700	34,899
Overtime salaries	14,200	11,842	2,358	5,502
Employee benefits	18,200	24,941	(6,741)	24,953
Travel and training	1,677	2,658	(981)	-
Contract labor	1,905	4,947	(3,042)	-
Advertising	-	105	(105)	255
Supplies	6,500	9,032	(2,532)	5,534
Gas, oil and grease	3,500	5,183	(1,683)	2,908
Utilities and telephone	54,200	48,582	5,618	48,045
Administrative overhead	37,000	34,791	2,209	39,329
Building and equipment repairs	18,784	17,526	1,258	18,086
Insurance	3,000	2,630	370	2,709
Sample testing and inspections	7,700	7,714	(14)	8,585
Major equipment	5,688	5,688	-	-
Minor tools and equipment	500	887	(387)	481
Total sewer	200,450	203,422	(2,972)	191,286
Total expenditures	368,600	371,217	(2,617)	351,515
Excess of revenues over expenditures	26,700	29,551	2,851	45,753
Other financing sources (uses):				
Transfers in	-	-	-	111,607
Transfers out	-	-	-	(34,678)
Net other financing sources (uses)	-	-	-	76,929
Net change in fund balance	\$ <u>26,700</u>	29,551	<u>2,851</u>	122,682
Fund balance at beginning of year		191,566		68,884
Fund balance at end of year	\$	<u>221,117</u>		<u>191,566</u>

CITY OF DILLINGHAM, ALASKA
 Landfill Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With Comparative Amounts for 2008)

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Landfill fees	\$ 145,000	152,804	7,804	123,383
State PERS relief	-	5,622	5,622	2,168
Total revenues	145,000	158,426	13,426	125,551
Expenditures:				
Salaries	89,000	90,682	(1,682)	82,957
Overtime salaries	9,400	6,929	2,471	5,902
Employee benefits	68,100	75,847	(7,747)	58,931
Utilities and telephone	19,150	16,605	2,545	11,483
Supplies	2,464	2,802	(338)	3,777
Gas, oil and grease	27,400	30,382	(2,982)	18,802
Insurance	9,160	9,154	6	7,286
Sample testing and inspections	17,500	11,872	5,628	10,211
Recycled batteries	2,340	-	2,340	3,178
Administrative overhead	59,700	59,443	257	57,299
Building and equipment repairs	15,500	20,786	(5,286)	17,121
Minor tools and equipment	1,000	922	78	1,078
Landfill closure cost	7,500	-	7,500	-
In-kind landfill fees	-	2,810	(2,810)	1,185
Advertising	36	79	(43)	62
Total expenditures	328,250	328,313	(63)	279,272
Excess of revenues over (under) expenditures	(183,250)	(169,887)	13,363	(153,721)
Other financing sources - transfers in	183,250	200,290	17,040	153,721
Net change in fund balance	\$ -	30,403	30,403	-
Fund balance at beginning of year		-		-
Fund balance at end of year	\$	30,403		-

CITY OF DILLINGHAM, ALASKA
 Dock Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With Comparative Amounts for 2008)

	<u>2009</u>		Variance Positive (Negative)	<u>2008</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Charges for services:				
Wharfage and handling	\$ 415,000	402,605	(12,395)	400,606
Docking	80,000	67,424	(12,576)	59,757
Labor income	<u>5,000</u>	<u>3,501</u>	<u>(1,499)</u>	<u>6,331</u>
Total charges for services	500,000	473,530	(26,470)	466,694
	-			
Penalties and interest	500	366	(134)	1,840
Investment income	10,000	33,202	23,202	12,009
Lease and rental income	38,000	33,174	(4,826)	32,367
State PERS relief	-	14,332	14,332	2,090
Other	<u>5,000</u>	<u>5,482</u>	<u>482</u>	<u>13,958</u>
Total revenues	<u>553,500</u>	<u>560,086</u>	<u>6,586</u>	<u>528,958</u>
Expenditures:				
Salaries	100,700	101,644	(944)	77,852
Overtime salaries	21,900	31,109	(9,209)	18,054
Employee benefits	92,600	111,464	(18,864)	71,741
Advertising	-	-	-	558
Contract labor	2,000	1,200	800	1,661
Utilities and telephone	17,500	14,598	2,902	12,042
Supplies	2,089	1,687	402	3,279
Gas, oil and grease	15,000	27,411	(12,411)	12,162
Insurance	36,500	45,731	(9,231)	36,474
Administrative overhead	80,700	71,318	9,382	68,797
Major equipment	16,718	16,718	-	-
Minor tools and equipment	1,000	2,194	(1,194)	919
Building and equipment repairs	25,010	6,197	18,813	27,781
Dock repair	2,985	1,498	1,487	6,822
Inspections	698	895	(197)	730
Travel	-	12	(12)	-
Gravel	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
Total expenditures	<u>416,900</u>	<u>433,676</u>	<u>(16,776)</u>	<u>338,872</u>
Excess of revenues over expenditures	136,600	126,410	(10,190)	190,086
Other financing uses - transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,872)</u>
Net change in fund balance	\$ <u>136,600</u>	126,410	<u>(10,190)</u>	186,214
Fund balance at beginning of year		<u>927,115</u>		<u>740,901</u>
Fund balance at end of year	\$	<u>1,053,525</u>		<u>927,115</u>

CITY OF DILLINGHAM, ALASKA
 Boat Harbor Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance (Deficit) - Budget and Actual
 Year Ended June 30, 2009
 (With Comparative Amounts for 2008)

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Charges for services - boat harbor fees	\$ 90,000	80,092	(9,908)	90,535
Penalties and interest	100	164	64	349
Bathhouse revenue	2,100	1,593	(507)	1,892
State PERS relief	-	3,395	3,395	1,138
Other	8,100	7,802	(298)	6,174
Total revenues	<u>100,300</u>	<u>93,046</u>	<u>(7,254)</u>	<u>100,088</u>
Expenditures:				
Salaries	40,900	41,975	(1,075)	65,630
Overtime salaries	5,158	5,696	(538)	8,245
Employee benefits	28,100	27,212	888	40,440
Travel	2,000	2,562	(562)	155
Advertising	200	587	(387)	558
Supplies	3,600	2,897	703	6,922
Gas, oil and grease	3,000	3,098	(98)	2,377
Utilities and telephone	37,817	35,201	2,616	30,833
Contract labor	-	-	-	8,442
Training	200	85	115	20
Administrative overhead	42,600	36,608	5,992	50,667
Minor tools and equipment	6,000	5,132	868	3,880
Building and equipment repairs	18,577	18,448	129	14,912
Insurance	26,000	38,873	(12,873)	25,680
Miscellaneous	5,993	5,901	92	5,375
Inspections	1,030	1,107	(77)	119
Ice machine	1,000	14	986	7,915
Total expenditures	<u>222,175</u>	<u>225,396</u>	<u>(3,221)</u>	<u>272,170</u>
Excess of revenues over (under) expenditures	(121,875)	(132,350)	(10,475)	(172,082)
Other financing sources - transfers in	<u>121,875</u>	<u>110,135</u>	<u>(11,740)</u>	<u>172,082</u>
Net change in fund balance	\$ <u>-</u>	<u>(22,215)</u>	<u>(22,215)</u>	-
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance (deficit) at end of year	\$ <u>(22,215)</u>			<u>-</u>

CITY OF DILLINGHAM, ALASKA
Enhanced 911 Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With Comparative Amounts for 2008)

	<u>2009</u>		<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
			Variance Positive (Negative)
Revenues:			
E911 revenue	\$ 16,000	13,994	(2,006)
Investment income	-	2,427	2,427
Total revenues	<u>16,000</u>	<u>16,421</u>	<u>421</u>
Expenditures - major equipment	<u>74,046</u>	<u>-</u>	<u>74,046</u>
Excess of revenues over (under) expenditures	(58,046)	16,421	74,467
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	<u>(960)</u>	<u>-</u>	<u>960</u>
Net other financing sources (uses)	<u>(960)</u>	<u>-</u>	<u>960</u>
Net change in fund balance	\$ <u>(59,006)</u>	16,421	<u>75,427</u>
Fund balance at beginning of year		<u>60,679</u>	<u>-</u>
Fund balance at end of year	\$ <u>77,100</u>		<u>60,679</u>

CITY OF DILLINGHAM, ALASKA
 Asset Forfeiture Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With Comparative Amounts for 2008)

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Federal government	\$ 13,500	27,425	13,925	29,057
Investment income	-	2,295	2,295	179
Other	-	-	-	6,613
Total revenues	13,500	29,720	16,220	35,849
Expenditures:				
Travel	-	2,918	(2,918)	-
Minor tools and equipment	10,500	10,082	418	5,963
Major equipment	32,500	32,303	197	-
Vehicle maintenance	1,000	852	148	25
Total expenditures	44,000	46,155	(2,155)	5,988
Excess of revenues over (under) expenditures	(30,500)	(16,435)	14,065	29,861
Other financing sources - transfers in	-	-	-	56,340
Net change in fund balance	\$ (30,500)	(16,435)	14,065	86,201
Fund balance at beginning of year		86,201		-
Fund balance at end of year	\$	69,766		86,201

(This page left blank intentionally)

CITY OF DILLINGHAM, ALASKA
 Senior Citizen Center Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With Comparative Amounts for 2008)

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Games and raffles - gross receipts - pulltabs	\$ -	-	-	427,798
Prizes, awards and other payouts	-	-	-	(384,980)
Net games and raffles	-	-	-	42,818
Lease and rental income	13,000	13,253	253	4,222
Investment income	15,300	9,153	(6,147)	27,321
State of Alaska:				
State PERS relief	-	17,450	17,450	4,365
Nutrition, transportation and support services	33,418	33,418	-	-
Federal government:				
Nutrition, transportation and support services	100,254	100,254	-	153,608
USDA	3,800	4,537	737	3,746
Other	13,700	18,135	4,435	32,420
Total revenues	<u>179,472</u>	<u>196,200</u>	<u>16,728</u>	<u>268,500</u>
Expenditures:				
Games and activities:				
Utilities	10,200	10,195	5	7,163
Supplies	1,000	-	1,000	248
Minor tools and equipment	1,000	96	904	136
Building and equipment repairs	2,500	1,600	900	590
Inspections	1,000	36	964	-
Total games and activities	<u>15,700</u>	<u>11,927</u>	<u>3,773</u>	<u>8,137</u>
Potato House:				
Salaries	-	-	-	37,438
Employee benefits	4,000	-	4,000	25,232
Fees, permits and taxes	-	-	-	4,816
Advertising	-	-	-	108
Professional services	-	-	-	11,176
Utilities and telephone	8,037	6,525	1,512	6,040
Supplies	-	-	-	13,128
Concessions	-	-	-	452
Building and minor tools and equipment	500	174	326	656
Insurance	2,000	1,846	154	2,666
Inspections	103	158	(55)	-
Total Potato House	<u>14,640</u>	<u>8,703</u>	<u>5,937</u>	<u>101,712</u>

CITY OF DILLINGHAM, ALASKA
 Senior Citizen Center Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual, continued

	2009		Variance Positive (Negative)	2008
	Budget	Actual		Actual
Expenditures, continued:				
Nutrition, transportation, and support services:				
Salaries	\$ 118,600	114,161	4,439	109,786
Overtime salaries	100	43	57	26
Employee benefits	95,600	111,398	(15,798)	74,414
Advertising	-	-	-	81
Utilities and telephone	52,100	53,031	(931)	38,471
Supplies	60,100	49,880	10,220	60,287
Insurance	10,500	10,101	399	8,659
Administrative overhead	21,900	20,868	1,032	19,601
Building and equipment repairs	10,800	8,324	2,476	9,450
Total nutrition, transportation, and support services	<u>369,700</u>	<u>367,806</u>	<u>1,894</u>	<u>320,775</u>
Senior center - operations:				
Salaries	20,800	19,519	1,281	40,486
Overtime salaries	50	15	35	9
Employee benefits	21,600	21,388	212	29,369
Travel	1,500	-	1,500	790
Administrative overhead	66,300	63,171	3,129	74,859
Training	1,500	250	1,250	299
Building and equipment repairs	-	720	(720)	2,500
Total senior center - operations	<u>111,750</u>	<u>105,063</u>	<u>6,687</u>	<u>148,312</u>
Total expenditures	<u>511,790</u>	<u>493,499</u>	<u>18,291</u>	<u>578,936</u>
Excess of revenues over (under) expenditures	(332,318)	(297,299)	35,019	(310,436)
Other financing sources - transfers in	<u>332,318</u>	<u>323,983</u>	<u>(8,335)</u>	<u>287,441</u>
Net change in fund balance	<u>\$ -</u>	<u>26,684</u>	<u>26,684</u>	<u>(22,995)</u>
Fund balance at beginning of year		<u>-</u>		<u>22,995</u>
Fund balance at end of year	<u>\$ -</u>	<u>26,684</u>		<u>-</u>

CITY OF DILLINGHAM, ALASKA
 Homeland Security Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance
 Year Ended June 30, 2009
 (With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
Revenues - federal government	\$ <u>340,500</u>	<u>24,329</u>
Expenditures - public safety:		
Salaries	-	2,592
Employee benefits	-	224
Pre-disaster mitigation planning and training	-	5,208
Communication equipment	-	18,749
FEMA tanker grant	313,500	-
SHSP equipment	<u>27,000</u>	<u>-</u>
Total expenditures	<u>340,500</u>	<u>26,773</u>
Excess of revenues over (under) expenditures	-	(2,444)
Other financing sources - transfers in	<u>-</u>	<u>2,444</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

Debt Service Fund

The Debt Service Fund accounts for the accumulation of monies for payments of the General Obligation School Bonds. Servicing of this debt requires various annual and semi-annual payments of principal and interest. Financing is provided by the State of Alaska debt reimbursement program, and transfers, determined annually by budget, from the General Fund.

CITY OF DILLINGHAM, ALASKA

Debt Service Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

Year Ended June 30, 2009

(With Comparative Amounts for 2008)

	2009		Variance Positive (Negative)	2008
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Contribution from school district	\$ 100,000	100,000	-	-
State of Alaska	<u>804,000</u>	<u>803,842</u>	<u>(158)</u>	<u>-</u>
Total revenues	<u>904,000</u>	<u>903,842</u>	<u>(158)</u>	<u>-</u>
Expenditures:				
Principal	470,000	470,000	-	-
Interest	<u>679,000</u>	<u>678,631</u>	<u>369</u>	<u>-</u>
Total expenditures	<u>1,149,000</u>	<u>1,148,631</u>	<u>369</u>	<u>-</u>
Excess of revenues over (under) expenditures	(245,000)	(244,789)	211	-
Other financing sources - transfers in	<u>245,000</u>	<u>245,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	211	<u>211</u>	-
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		\$ <u>211</u>		<u>-</u>

Capital Project Funds

Capital Project Funds are used to account for the acquisition and construction of major capital facilities. These funds evolved from the need for special accounting for grants and contributions for the acquisition or construction of capital assets.

Capital Project Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain capital related purpose are used only for that purpose and further enables them to report to granting agencies that their requirements regarding the use of the proceeds were satisfied. The City's Capital Project Funds are as follows:

Dock and Harbor – this fund accounts for various projects involving the dock and harbor facilities.

Water and Sewer – this fund accounts for various improvement projects to the water and sewer system.

School Bonds – this fund accounts for use of bond generated funds for the various repairs and replacements at the School District facilities.

School Repairs – this fund accounts for various repairs and replacements at the School District facilities.

Equipment Replacement – this fund is used to accumulate funds to purchase capital assets.

Ambulance Reserve – this fund is used to accumulate funds to purchase a new ambulance.

Landfill – this fund accounts for the construction of the new landfill and closure of the existing landfill.

CITY OF DILLINGHAM, ALASKA
Dock and Harbor Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
Year Ended June 30, 2009
(With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
Revenues:		
Federal government	\$ 112,204	(5,362)
Other	214,998	75,509
Total revenues	<u>327,202</u>	<u>70,147</u>
Expenditures:		
All-tides dock	9,900	(4,000)
Boat harbor ramps	311,260	5,019
Wood River boat launch land	27,320	73,000
Total expenditures	<u>348,480</u>	<u>74,019</u>
Excess of revenues over (under) expenditures	(21,278)	(3,872)
Other financing sources - transfers in	<u>-</u>	<u>3,872</u>
Net change in fund balance	(21,278)	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year	\$ <u><u>(21,278)</u></u>	<u><u>-</u></u>

CITY OF DILLINGHAM, ALASKA
 Water and Sewer Capital Project Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended June 30, 2009
 (With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
Revenues:		
State of Alaska	\$ 28,253	24,461
Federal government	125,307	73,383
Other	<u>127,567</u>	<u>17,993</u>
Total revenues	<u>281,127</u>	<u>115,837</u>
Expenditures:		
Water treatment plant	53,601	(76,684)
Standpipe	<u>121,218</u>	<u>115,593</u>
Total expenditures	<u>174,819</u>	<u>38,909</u>
Excess of revenues over expenditures	106,308	76,928
Other financing sources (uses):		
Transfers in	-	34,678
Transfers out	<u>-</u>	<u>(111,606)</u>
Net other financing sources (uses)	<u>-</u>	<u>(76,928)</u>
Net change in fund balance	106,308	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>106,308</u></u>	<u><u>-</u></u>

CITY OF DILLINGHAM, ALASKA
School Bonds Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2009
(With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
Revenues:		
Investment income	\$ 322,889	66,626
Other	-	325
Total revenues	<u>322,889</u>	<u>66,951</u>
Expenditures:		
Bond issuance costs	8,455	288,211
School building projects	<u>3,587,110</u>	<u>75,036</u>
Total expenditures	<u>3,595,565</u>	<u>363,247</u>
Excess of revenues over (under) expenditures	(3,272,676)	(296,296)
Other financing sources (uses):		
Bond issuance - par value	-	15,105,000
Premium on bond issuance	-	345,686
Transfers out	<u>(245,000)</u>	<u>-</u>
Net other financing sources (uses)	<u>(245,000)</u>	<u>15,450,686</u>
Net change in fund balance	(3,517,676)	15,154,390
Fund balance at beginning of year	<u>15,154,390</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>11,636,714</u></u>	<u><u>15,154,390</u></u>

CITY OF DILLINGHAM, ALASKA
School Repairs Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2009
(With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
Revenues - State of Alaska	\$ <u>261,247</u>	<u>367,816</u>
Expenditures:		
School repairs	-	41,885
School fire alarm sprinkler system	<u>261,247</u>	<u>325,931</u>
Total expenditures	<u>261,247</u>	<u>367,816</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

CITY OF DILLINGHAM, ALASKA
Equipment Replacement Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2009
(With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
Revenues - investment income	\$ <u>2,854</u>	<u>382</u>
Other financing sources - transfers in	<u>55,000</u>	<u>55,000</u>
Net change in fund balance	57,854	55,382
Fund balance at beginning of year	<u>75,065</u>	<u>19,683</u>
Fund balance at end of year	\$ <u><u>132,919</u></u>	<u><u>75,065</u></u>

CITY OF DILLINGHAM, ALASKA
 Ambulance Reserve Capital Project Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended June 30, 2009
 (With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
Revenues - investment income	\$ <u>11,069</u>	<u>3,693</u>
Other financing sources - transfers in	<u>56,000</u>	<u>72,523</u>
Net change in fund balance	67,069	76,216
Fund balance at beginning of year	<u>304,274</u>	<u>228,058</u>
Fund balance at end of year	\$ <u><u>371,343</u></u>	<u><u>304,274</u></u>

CITY OF DILLINGHAM, ALASKA
Landfill Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2009
(With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
Revenues:		
State of Alaska	\$ 287,636	198,390
Investment income	<u>1,118</u>	<u>4,457</u>
Total revenues	<u>288,754</u>	<u>202,847</u>
Expenditures:		
New landfill	410,774	216,507
Landfill closure costs	<u>-</u>	<u>66,909</u>
Total expenditures	<u>410,774</u>	<u>283,416</u>
Net change in fund balance	(122,020)	(80,569)
Fund balance at beginning of year	<u>280,385</u>	<u>360,954</u>
Fund balance at end of year	\$ <u><u>158,365</u></u>	<u><u>280,385</u></u>

Permanent Fund

Permanent funds are legally restricted to the extent that only earnings and not principal may be used for purposes that support the City's programs.

Mary Carlson Estate Permanent Fund – this fund was established to account for assets bequeathed by Mary Carlson to be used for museum and literary purposes.

CITY OF DILLINGHAM, ALASKA
 Mary Carlson Estate Permanent Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended June 30, 2009
 (With Comparative Amounts for 2008)

	<u>2009</u>	<u>2008</u>
Revenues - investment income	\$ <u>21,249</u>	<u>24,912</u>
Expenditures - community services:		
Utilities	4,207	3,355
Building repairs	-	2,189
Insurance	687	675
Miscellaneous expense	-	<u>1,488</u>
Total expenditures	<u>4,894</u>	<u>7,707</u>
Net change in fund balance	16,355	17,205
Fund balance at beginning of year	<u>397,973</u>	<u>380,768</u>
Fund balance at end of year	\$ <u><u>414,328</u></u>	<u><u>397,973</u></u>

(This page left blank intentionally)

CITY OF DILLINGHAM, ALASKA
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2009

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	July 1, 2008 Receivable (Deferred)	Federal Share of Expend- itures	Federal Receipts	June 30, 2009 Receivable (Deferred)
DENALI COMMISSION							
Dillingham Small Boat Harbor Ramps	290-07	90.100	\$ 350,000	2,324	112,204	114,046	482
DEPARTMENT OF AGRICULTURE							
Passed through State of Alaska Department of Natural Resources - Volunteer Fire Assistance	2009	10.664	5,850	-	5,850	5,850	-
Passed through State of Alaska Department of Environmental Conservation - Water System Improvement (75% Federal)	28304	10.760	360,700	(7,325)	23,472	3,622	12,525
USDA Rural Utilities Service Water Project Grant	06 010 920033674	10.760	773,150	-	18,404	-	18,404
Total Department of Agriculture				(7,325)	47,726	9,472	30,929
ENVIRONMENTAL PROTECTION AGENCY							
Passed through State of Alaska Department of Environmental Conservation:							
RUBA Program	8728122	66.202	1,513	-	1,513	-	1,513
Water System Improvement (75% Federal)	28305	66.202	1,157,250	60,686	61,287	62,788	59,185
Total Environmental Protection Agency				60,686	62,800	62,788	60,698
DEPARTMENT OF COMMERCE							
All Tides Dock	07-79-05381	11.307	3,000,000	116,765	-	116,765	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed through State of Alaska Department of Health and Social Services:							
Nutrition, Transportation and Support Services (75% Federal)	607-09-106	93.044	31,254	-	31,254	29,692	1,562
Nutrition, Transportation and Support Services (75% Federal)	607-09-106	93.045	69,000	-	69,000	65,551	3,449
Nutrition, Transportation and Support Services (85% Federal)	607-08-108	93.044	53,473	2,674	-	2,674	-
Nutrition, Transportation and Support Services (85% Federal)	607-08-108	93.045	77,094	3,856	-	3,856	-
Nutrition Service Incentive Program	2009	93.053	4,537	-	4,537	4,537	-
Passed through Alaska Native Tribal Health Consortium - Water Treatment Plant	AN-05-NA7	93.210	665,000	43,864	22,145	57,190	8,819
Total Department of Health and Human Services				50,394	126,936	163,500	13,830
DEPARTMENT OF HOMELAND SECURITY							
Passed through State of Alaska Department of Military and Veteran Affairs:							
2008 State Homeland Security Program	2008-GE-T8-0005	97.067	27,000	-	27,000	27,000	-
Emergency Management Performance Grant	2009-E9-E9-0036	97.042	12,500	-	3,826	2,003	1,823
Emergency Management Performance Grant	08EMPG-GR35569	97.042	8,693	5,605	3,088	8,693	-
Passed through State of Alaska Department of Commerce, Community and Economic Development:							
Floodplain Management	-	97.023	1,189	-	1,189	1,189	-
Assistance to Firefighters Grant Program - Vehicle Acquisition Program	EMW-2007-FV-03766	97.044	313,500	-	313,500	313,500	-
Total Department of Homeland Security				5,605	348,603	352,385	1,823
DEPARTMENT OF THE INTERIOR							
Passed through State of Alaska Department of Commerce, Community and Economic Development:							
Refuge Revenue Sharing Act	-	15.226	352	-	352	352	-
Payment in Lieu of Taxes	-	15.226	409,362	-	409,362	409,362	-
Total Department of the Interior				-	409,714	409,714	-

CITY OF DILLINGHAM, ALASKA
 Schedule of Expenditures of Federal Awards, continued

<u>Federal Grant Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>		<u>Total Grant Award</u>	<u>July 1, 2008 Receivable (Deferred)</u>	<u>Federal Share of Expend- itures</u>	<u>Federal Receipts</u>	<u>June 30, 2009 Receivable (Deferred)</u>
DEPARTMENT OF JUSTICE								
Edward Byrne Justice Assistance Grant	2005-DJ-BX-0769	16.738	\$	13,641	13,641	-	13,641	-
Asset Forfeiture	-	16.900		13,910	-	13,910	13,910	-
Total Department of Justice					<u>13,641</u>	<u>13,910</u>	<u>27,551</u>	<u>-</u>
DEPARTMENT OF TRANSPORTATION								
Passed through State of Alaska Department of Transportation and Public Facilities:								
Safe Routes to Schools	LU-20-09-007	20.205		5,000	-	1,282	-	1,282
ASTEP Seatbelt Enforcement	402OP-08-04-03	20.600		4,947	772	-	772	-
ASTEP Seatbelt Enforcement	402PT09-06-03	20.600		3,951	-	1,936	-	1,936
ASTEP DUI Enforcement	154AL09-01-01	20.607		8,891	-	568	194	374
ASTEP DUI Enforcement	154AL08-00-01	20.607		12,593	845	-	845	-
Impaired Driving Equipment	154AL 08-00-07	20.607		13,515	-	13,515	13,515	-
Total Department of Transportation					<u>1,617</u>	<u>17,301</u>	<u>15,326</u>	<u>3,592</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES								
Passed through Curyung Tribal Council -								
IMLS Library Grant	NG-05-07-0141-07	45.311		6,000	6,000	-	6,000	-
IMLS Library Grant	NG-05-08-0112-08	45.311		6,000	-	4,022	-	4,022
Passed through State of Alaska Department of Education - Continuing Education Grant								
Education - Continuing Education Grant	CED-09-728-158	45.310		1,000	-	1,000	1,000	-
Total Institute of Museum and Library Services					<u>6,000</u>	<u>5,022</u>	<u>7,000</u>	<u>4,022</u>
Total Federal Financial Assistance				\$	<u>249,707</u>	<u>1,144,216</u>	<u>1,278,547</u>	<u>115,376</u>

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of City of Dillingham and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

CITY OF DILLINGHAM, ALASKA
 Schedule of State Financial Assistance
 Year Ended June 30, 2009

<u>Name of Award</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>July 1, 2008 Receivable</u>	<u>State Share of Expenditures</u>	<u>State Receipts</u>	<u>June 30, 2009 Receivable</u>
DEPARTMENT OF ADMINISTRATION						
* State PERS Relief	N/A	\$ 282,628	-	282,628	282,628	-
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT						
Public Library Assistance	PLA-09-726-18	6,350	-	6,350	6,350	-
* Debt Service - School Bonds	N/A	803,842	-	803,842	795,804	8,038
Total Department of Education and Early Development			-	810,192	802,154	8,038
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT						
* Revenue sharing	N/A	219,942	-	219,942	219,942	-
Shared Fisheries Business Tax	N/A	35,515	-	35,515	35,515	-
* Dillingham School Emergency Fire Alarm Sprinkler System	08-DC-258	600,000	126,049	261,247	387,296	-
Total Department of Commerce, Community and Economic Development			126,049	516,704	642,753	-
DEPARTMENT OF REVENUE						
* Fisheries Business Tax	N/A	176,261	-	176,261	176,261	-
Electric and Telephone Co-op Tax	N/A	72,727	66,144	72,727	66,144	72,727
Liquor Licenses	N/A	7,100	2,500	4,600	7,100	-
Total Department of Revenue			68,644	253,588	249,505	72,727
DEPARTMENT OF ENVIRONMENTAL CONSERVATION						
* Landfill Project Phase III	28303	1,672,825	49,028	287,636	291,878	44,786
Water System Improvements Phase I (25% State)	28304	120,300	(2,442)	7,824	1,207	4,175
Water System Improvements Phase I (25% State)	28305	385,750	20,229	20,429	20,929	19,729
Total Department of Environmental Conservation			66,815	315,889	314,014	68,690
DEPARTMENT OF HEALTH AND SOCIAL SERVICES						
Nutrition, Transportation and Support Services (25% State)	607-09-106	33,418	-	33,418	31,748	1,670
Nutrition, Transportation and Support Services (15% State)	607-08-108	23,042	1,153	-	1,153	-
Total Department of Health and Social Services			1,153	33,418	32,901	1,670
DEPARTMENT OF CORRECTIONS						
Department of Corrections - Freezer	N/A	18,887	-	-	18,877	(18,877)
Total State Financial Assistance		\$	262,661	2,212,419	2,342,832	132,248

* Major program

Basis of Presentation

The accompanying Schedule of State Financial Assistance includes the grant activity of City of Dillingham and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Honorable Mayor and City Council
City of Dillingham, Alaska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dillingham, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of Dillingham School District, a component unit of the reporting entity. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dillingham City School District, is based on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Dillingham's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dillingham's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Dillingham's internal control over financial reporting

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Honorable Mayor and City Council
City of Dillingham, Alaska

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Dillingham's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of City of Dillingham's management, Honorable Mayor and City Council, others within the entity, federal and state awarding agencies, and, if applicable, pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Mikunda, Cottrell & Co.

Anchorage, Alaska
December 18, 2009

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Honorable Mayor and City Council
City of Dillingham, Alaska

Compliance

We have audited the compliance of City of Dillingham with the types of compliance requirements described in OMB Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. City of Dillingham's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Dillingham's management. Our responsibility is to express an opinion on City of Dillingham's compliance based on our audit.

The City of Dillingham's basic financial statements include the operations of its component unit, the Dillingham City School District, which received federal awards which are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2009. Our audit, described below, did not include the operations of the Dillingham City School District because it was subjected to a separate audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Dillingham's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Dillingham's compliance with those requirements.

In our opinion, City of Dillingham complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Honorable Mayor and City Council
City of Dillingham, Alaska

Internal Control Over Compliance

The management of City of Dillingham is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Dillingham's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Dillingham's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of City of Dillingham's management, Honorable Mayor and City Council, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Mikunda, Cottrell & Co.

Anchorage, Alaska
December 18, 2009

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and City Council
City of Dillingham, Alaska

Compliance

We have audited the compliance of City of Dillingham with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that are applicable to each of its major state programs for the year ended June 30, 2009. City of Dillingham's major state programs are identified in the accompanying Schedule of State Financial Assistance. Compliance with laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of City of Dillingham's management. Our responsibility is to express an opinion on City of Dillingham's compliance based on our audit.

The City of Dillingham's basic financial statements include the operations of its component unit, the Dillingham City School District, which received state awards which are not included in the Schedule of State Financial Assistance for the year ended June 30, 2009. Our audit, described below, did not include the operations of the Dillingham City School District because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about City of Dillingham's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Dillingham's compliance with those requirements.

In our opinion, City of Dillingham complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2009.

Honorable Mayor and City Council
City of Dillingham, Alaska

Internal Control Over Compliance

The management of City of Dillingham is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered City of Dillingham's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Dillingham's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of City of Dillingham's management, Honorable Mayor and City Council, and the State of Alaska, and is not intended to be and should not be used by anyone other than these specified parties.

Mikunda, Cottrell & Co.

Anchorage, Alaska
December 18, 2009

CITY OF DILLINGHAM, ALASKA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditor's report issued on compliance for major programs? Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<u>Agency</u>	<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
FEMA	97.044	Assistance to Firefighters Vehicle Acquisition Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____ no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

CITY OF DILLINGHAM, ALASKA

Schedule of Findings and Questioned Costs, continued

Summary of Auditor's Results, continued

State Financial Assistance, continued

Type of auditor's report issued on compliance for major programs?	Unqualified
---	-------------

Dollar threshold used to distinguish a state major program?	\$75,000
---	----------

II. Financial Statement Findings

None noted.

III. Federal Award Findings and Questioned Costs

None noted.

IV. State Award Findings and Questioned Costs

None noted.

CITY OF DILLINGHAM, ALASKA

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2009

Federal

There were no prior year audit findings.

State of Alaska

There were no prior year audit findings.

CITY OF DILLINGHAM, ALASKA

Corrective Action Plan

Year Ended June 30, 2009

There are no current year findings; therefore, no corrective action plan is required.