

**CITY OF DILLINGHAM, ALASKA**

Basic Financial Statements, Supplementary  
Information, and Single Audit Reports

Year Ended June 30, 2011

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# CITY OF DILLINGHAM, ALASKA

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**FINANCIAL SECTION**

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## 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, 2011 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, 2011, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund and Dock Special Revenue 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 November 23, 2011, 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 conducted 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, 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  
November 23, 2011

**BASIC FINANCIAL STATEMENTS**

**CITY OF DILLINGHAM, ALASKA**

Statement of Net Assets

June 30, 2011

Exhibit A-1

	<u>Primary Government</u>	<u>Component Unit</u>
<u>Assets</u>	<u>Governmental Activities</u>	<u>Dillingham City School District</u>
Cash and investments	\$ 5,218,147	2,670,910
Receivables, net	2,076,795	387,171
Prepaid items	11,161	178,748
Inventory	-	15,505
Restricted cash and investments	1,271,673	-
Bond issuance cost	244,978	-
Land and construction in progress	17,984,065	-
Other capital assets, net of accumulated depreciation	<u>27,940,234</u>	<u>397,877</u>
 Total assets	 \$ <u>54,747,053</u>	 <u>3,650,211</u>
 <u>Liabilities</u>		
Accounts payable	319,829	155,563
Accrued payroll and related liabilities	180,778	136,631
Due to student groups	-	209,431
Unearned revenue	71,802	94,267
Noncurrent liabilities:		
Due within one year:		
Accrued leave	144,412	-
Bonds	545,000	-
Landfill closure costs	4,000	-
Due in more than one year:		
Bonds	13,075,000	-
Unamortized bond premium	293,832	-
Landfill closure costs	45,000	-
Total liabilities	<u>14,679,653</u>	<u>595,892</u>
 <u>Net Assets</u>		
Invested in capital assets, net of related debt	32,966,522	397,877
Restricted for museum and literary purposes	407,132	-
Unrestricted	<u>6,693,746</u>	<u>2,656,442</u>
Total net assets	<u>40,067,400</u>	<u>3,054,319</u>
 Total liabilities and net assets	 \$ <u>54,747,053</u>	 <u>3,650,211</u>

See accompanying notes to basic financial statements.

## CITY OF DILLINGHAM, ALASKA

Statement of Activities  
Year Ended June 30, 2011

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	\$ 1,606,434	509,299	-	-	(1,097,135)	
Public safety	2,279,787	565,589	12,823	-	(1,701,375)	
Public works	1,082,095	-	15,504	952,627	(113,964)	
Community services	279,303	3,442	19,269	-	(256,592)	
Water and sewer	644,645	380,842	-	2,822,247	2,558,444	
Landfill	504,865	130,011	-	20,031	(354,823)	
Dock	802,118	726,941	-	1,261,680	1,186,503	
Boat harbor	270,404	130,617	-	-	(139,787)	
Senior citizen center	462,060	-	148,451	-	(313,609)	
Education	1,418,553	-	824,286	58,377	(535,890)	
Interest on long-term debt	640,555	-	-	-	(640,555)	
Total governmental activities	\$ <u>9,990,819</u>	<u>2,446,741</u>	<u>1,020,333</u>	<u>5,114,962</u>	<u>(1,408,783)</u>	
Component unit - school district - education	\$ <u>11,327,690</u>	<u>97,273</u>	<u>3,637,445</u>	<u>52,474</u>		<u>(7,540,498)</u>
General revenues:						
Taxes:						
Sales taxes				\$ 3,062,868	-	
Real and personal property taxes				1,871,971	-	
Gaming taxes				46,439	-	
Payment in lieu of taxes				407,511	-	
Contributions from primary government				-	1,200,000	
Grants and entitlements not restricted to a specific purpose				781,245	6,436,138	
Investment income				94,106	1,344	
Other				164,661	467,203	
Total general revenues				<u>6,428,801</u>	<u>8,104,685</u>	
Change in net assets				5,020,018	564,187	
Net assets at beginning of year				<u>35,047,382</u>	<u>2,490,132</u>	
Net assets at end of year				\$ <u>40,067,400</u>	<u>3,054,319</u>	

See accompanying notes to basic financial statements.

## CITY OF DILLINGHAM, ALASKA

## Governmental Funds

## Balance Sheet

June 30, 2011

Assets	Major Funds					Total Govern- mental Funds
	General	Dock Special Revenue Fund	Water and Sewer Capital Project	School Bonds Capital Project	Nonmajor Funds	
Cash and investments	\$ 2,610,670	1,351,470	-	-	1,256,007	5,218,147
Receivables, net of allowance for uncollectible accounts:						
Sales taxes	438,045	-	-	-	-	438,045
Real and personal property tax	313,239	-	-	-	-	313,239
Accounts	29,756	250,505	-	-	97,009	377,270
Grants and shared revenues	89,015	-	624,266	-	234,960	948,241
Due from other funds	1,036,250	-	-	-	-	1,036,250
Prepaid items	11,161	-	-	-	-	11,161
Restricted cash and investments	-	-	-	1,225,473	46,200	1,271,673
<b>Total assets</b>	<b>\$ 4,528,136</b>	<b>1,601,975</b>	<b>624,266</b>	<b>1,225,473</b>	<b>1,634,176</b>	<b>9,614,026</b>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	123,821	9,404	146,451	6,377	33,776	319,829
Accrued payroll and related liabilities	140,130	12,384	-	-	28,264	180,778
Due to other funds	-	-	536,208	263,041	237,001	1,036,250
Deferred revenue	370,309	-	-	-	14,732	385,041
<b>Total liabilities</b>	<b>634,260</b>	<b>21,788</b>	<b>682,659</b>	<b>269,418</b>	<b>313,773</b>	<b>1,921,898</b>
Fund balances:						
Nonspendable	11,161	-	-	-	-	11,161
Restricted	-	-	-	956,055	574,984	1,531,039
Committed	-	-	-	-	701,734	701,734
Assigned	137,493	1,580,187	-	-	70,644	1,788,324
Unassigned (deficits)	3,745,222	-	(58,393)	-	(26,959)	3,659,870
<b>Total fund balances</b>	<b>3,893,876</b>	<b>1,580,187</b>	<b>(58,393)</b>	<b>956,055</b>	<b>1,320,403</b>	<b>7,692,128</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,528,136</b>	<b>1,601,975</b>	<b>624,266</b>	<b>1,225,473</b>	<b>1,634,176</b>	<b>9,614,026</b>

See accompanying notes to basic financial statements.

**CITY OF DILLINGHAM, ALASKA**  
 Reconciliation of Governmental Funds Balance Sheet  
 to Statement of Net Assets  
 June 30, 2011

Total fund balances for governmental funds \$ 7,692,128

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		13,121,619	
Buildings		18,182,664	
Improvements other than buildings		20,411,760	
Machinery and equipment		<u>6,153,845</u>	
Total capital assets		62,732,334	
Less accumulated depreciation		<u>(16,808,035)</u>	
Total capital assets, net of accumulated depreciation			45,924,299

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. 244,978

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. 313,239

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		(13,620,000)	
Unamortized bond premium		(293,832)	
Accrued leave		(144,412)	
Landfill closure costs		<u>(49,000)</u>	
Total long-term liabilities			<u>(14,107,244)</u>

Total net assets of governmental activities \$ 40,067,400

See accompanying notes to basic financial statements.

## CITY OF DILLINGHAM, ALASKA

## Governmental Funds

## Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

Year Ended June 30, 2011

	Major Funds					Total Governmental Funds
	General	Dock Special Revenue Funds	Water and Sewer Capital Project	School Bonds Capital Project	Nonmajor Funds	
Revenues:						
Taxes	\$ 5,372,697	-	-	-	-	5,372,697
State of Alaska	1,262,510	10,077	384,939	-	1,346,296	3,003,822
Federal government	39,417	-	2,234,668	-	1,129,796	3,403,881
Charges for services	492,032	673,380	-	-	663,334	1,828,746
Licenses and permits	20,623	-	-	-	-	20,623
Penalties and interest	-	4,998	-	-	11,281	16,279
Fines and forfeitures	11,745	-	-	-	-	11,745
Lease and rental income	9,131	44,672	-	-	10,647	64,450
Investment income	29,329	1,733	-	18,699	6,151	55,912
Other	48,905	3,891	202,640	-	961,154	1,216,590
Total revenues	<u>7,286,389</u>	<u>738,751</u>	<u>2,822,247</u>	<u>18,699</u>	<u>4,128,659</u>	<u>14,994,745</u>
Expenditures:						
Current:						
General government	1,600,639	-	-	-	-	1,600,639
Public safety	2,160,342	-	-	-	19,464	2,179,806
Public works	1,036,881	-	-	-	-	1,036,881
Community services	253,630	-	-	-	14,016	267,646
Water and sewer	-	-	-	-	474,812	474,812
Landfill	-	-	-	-	357,604	357,604
Dock	-	455,943	-	-	-	455,943
Boat harbor	-	-	-	-	205,064	205,064
Senior citizen center	-	-	-	-	438,858	438,858
Education - contribution to School District	1,300,000	-	-	-	-	1,300,000
Debt service:						
Principal	-	-	-	-	520,000	520,000
Interest	-	-	-	-	657,840	657,840
Capital outlay	-	-	2,972,382	3,354,157	2,460,170	8,786,709
Total expenditures	<u>6,351,492</u>	<u>455,943</u>	<u>2,972,382</u>	<u>3,354,157</u>	<u>5,147,828</u>	<u>18,281,802</u>
Excess of revenues over (under) expenditures	934,897	282,808	(150,135)	(3,335,458)	(1,019,169)	(3,287,057)
Other financing sources (uses):						
Transfers in	-	-	-	-	878,197	878,197
Transfers out	(851,998)	-	-	(18,699)	(7,500)	(878,197)
Net other financing sources (uses)	<u>(851,998)</u>	<u>-</u>	<u>-</u>	<u>(18,699)</u>	<u>870,697</u>	<u>-</u>
Net change in fund balances	82,899	282,808	(150,135)	(3,354,157)	(148,472)	(3,287,057)
Fund balances at beginning of year	<u>3,810,977</u>	<u>1,297,379</u>	<u>91,742</u>	<u>4,310,212</u>	<u>1,468,875</u>	<u>10,979,185</u>
Fund balances (deficit) at end of year	\$ <u>3,893,876</u>	<u>1,580,187</u>	<u>(58,393)</u>	<u>956,055</u>	<u>1,320,403</u>	<u>7,692,128</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, 2011

Net change in fund balances - total governmental funds \$ (3,287,057)

The change in net assets reported for governmental activities in the Statement of Activities is different because:

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 (\$8,808,821) exceeded depreciation (\$1,028,032) in the current period. 7,780,789

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. 16,092

The change in the estimated future landfill closure costs does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds. (15,000)

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.

Principal paid on bonds	\$ 520,000	
Amortized bond premium	17,285	
Amortized bond issuance costs	<u>(14,411)</u>	
		522,874

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 decrease in accrued leave. 2,320

Change in net assets of governmental activities \$ 5,020,018

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, 2011

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:				
Taxes	\$ 5,309,037	5,303,287	5,372,697	69,410
State of Alaska	1,217,730	1,217,730	1,262,510	44,780
Federal government	37,381	37,381	39,417	2,036
Charges for services	417,312	417,312	492,032	74,720
Licenses and permits	16,100	16,100	20,623	4,523
Fines and forfeitures	90,900	14,650	11,745	(2,905)
Lease and rental income	52,558	8,000	9,131	1,131
Investment income	84,500	84,500	29,329	(55,171)
Other	5,000	24,308	48,905	24,597
Total revenues	<u>7,230,518</u>	<u>7,123,268</u>	<u>7,286,389</u>	<u>163,121</u>
Expenditures:				
General government	1,577,084	1,616,094	1,600,639	15,455
Public safety	2,142,825	2,252,970	2,160,342	92,628
Public works	1,124,421	1,046,476	1,036,881	9,595
Community services	156,368	253,868	253,630	238
Education	1,300,000	1,300,000	1,300,000	-
Total expenditures	<u>6,300,698</u>	<u>6,469,408</u>	<u>6,351,492</u>	<u>117,916</u>
Excess of revenues over expenditures	929,820	653,860	934,897	281,037
Other financing sources (uses):				
Transfers in	-	45,000	-	(45,000)
Transfers out	(889,962)	(914,962)	(851,998)	62,964
Net other financing sources (uses)	<u>(889,962)</u>	<u>(869,962)</u>	<u>(851,998)</u>	<u>17,964</u>
Net change in fund balance	\$ <u>39,858</u>	<u>(216,102)</u>	82,899	<u>299,001</u>
Fund balances at July 1, 2010			<u>3,810,977</u>	
Fund balances at June 30, 2011			\$ <u>3,893,876</u>	

See accompanying notes to basic financial statements.

**CITY OF DILLINGHAM, ALASKA**  
 Dock Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2011

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Charges for services:			
Wharfage and handling	\$ 435,000	507,098	72,098
Docking	75,000	97,223	22,223
Labor income	5,000	3,383	(1,617)
Fuel flowage fees	-	65,676	65,676
Total charges for services	<u>515,000</u>	<u>673,380</u>	<u>158,380</u>
Penalties and interest	500	4,998	4,498
Investment income	35,000	1,733	(33,267)
Lease and rental income	35,000	44,672	9,672
State PERS relief	7,451	10,077	2,626
Other	7,500	3,891	(3,609)
Total revenues	<u>600,451</u>	<u>738,751</u>	<u>138,300</u>
Expenditures:			
Salaries	100,106	111,515	(11,409)
Overtime salaries	20,000	28,947	(8,947)
Employee benefits	85,609	101,328	(15,719)
Contract labor	2,000	2,000	-
Utilities and telephone	16,700	15,311	1,389
Supplies	3,900	3,667	233
Gas, oil and grease	14,000	17,714	(3,714)
Insurance	29,391	39,991	(10,600)
Administrative overhead	72,263	98,464	(26,201)
Building and equipment repairs	14,500	24,791	(10,291)
Dock repair	2,500	11,837	(9,337)
Inspections	1,500	378	1,122
Gravel	1,000	-	1,000
Total expenditures	<u>363,469</u>	<u>455,943</u>	<u>(92,474)</u>
Net change in fund balance	\$ <u>236,982</u>	282,808	<u>45,826</u>
Fund balance at beginning of year		<u>1,297,379</u>	
Fund balance at end of year	\$	<u>1,580,187</u>	

See accompanying notes to basic financial statements.

# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements

June 30, 2011

### (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.

## 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

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.

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 *Dock Special Revenue Fund* accounts for the operations of the City's docks.

The *Water and Sewer Capital Project Fund* accounts for various improvement projects to the water and sewer system.

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.

# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, continued

### Summary of Significant Accounting Policies, continued

#### 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.

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	10-50 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.

#### Prepaid Items

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

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

#### **Summary of Significant Accounting Policies, continued**

##### 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.

##### 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 Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance* - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council—the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

#### **Summary of Significant Accounting Policies, continued**

##### Fund Balances, continued

*Assigned fund balance* - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

##### Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding borrowings, if any, used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

##### 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 Asset Forfeiture 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, 2011.

Bank deposits	\$ 870,594	Cash and investments	\$ 5,218,147
Investments	<u>5,619,226</u>	Restricted cash and investments	<u>1,271,673</u>
	<u>\$ 6,489,820</u>		<u>\$ 6,489,820</u>

**CITY OF DILLINGHAM, ALASKA**

Notes to Basic Financial Statements, continued

**Cash and Investments, continued**

*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.
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 investment maturities in general investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Money market	\$ 2,708,933	2,708,933	-
U.S. government agencies	1,272,664	608,548	664,116
Certificates of deposit	1,135,889	940,573	195,316
Pooled investments	<u>501,740</u>	<u>501,740</u>	-
Total	<u>\$ 5,619,226</u>	<u>4,759,794</u>	<u>859,432</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.

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

#### **Cash and Investments, continued**

##### *Credit Risk, continued*

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.

(4) **Capital Assets**

Capital asset activity for the year ended June 30, 2011 follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b><u>Governmental activities</u></b>				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 4,862,446	-	-	4,862,446
Construction in progress	<u>15,637,563</u>	<u>8,638,559</u>	<u>11,154,503</u>	<u>13,121,619</u>
Total assets not being depreciated	<u>20,500,009</u>	<u>8,638,559</u>	<u>11,154,503</u>	<u>17,984,065</u>
<i>Capital assets being depreciated:</i>				
Buildings	8,468,163	9,714,501	-	18,182,664
Improvements other than buildings	18,971,758	1,440,002	-	20,411,760
Machinery and equipment	<u>6,107,798</u>	<u>170,262</u>	<u>(124,215)</u>	<u>6,153,845</u>
Total assets being depreciated	<u>33,547,719</u>	<u>11,324,765</u>	<u>(124,215)</u>	<u>44,748,269</u>
Less accumulated depreciation for:				
Buildings	4,851,883	212,137	-	5,064,020
Improvements other than buildings	7,484,597	552,348	-	8,036,945
Machinery and equipment	<u>3,567,738</u>	<u>263,547</u>	<u>(124,215)</u>	<u>3,707,070</u>
Total accumulated depreciation	<u>15,904,218</u>	<u>1,028,032</u>	<u>(124,215)</u>	<u>16,808,035</u>
Total capital assets being depreciated, net	<u>17,643,501</u>	<u>10,296,733</u>	<u>-</u>	<u>27,940,234</u>
Governmental activity capital assets, net	<u>\$ 38,143,510</u>	<u>18,935,292</u>	<u>11,154,503</u>	<u>45,924,299</u>

**CITY OF DILLINGHAM, ALASKA**

Notes to Basic Financial Statements, continued

**Capital Assets, continued**

Depreciation expense was charged to the functions as follows:

General government	\$ 48,180
Public safety	86,433
Public works	41,901
Community services	10,770
Water and sewer	169,422
Boat harbor	65,336
Dock	344,793
Senior citizen center	22,408
Landfill	134,647
Education	<u>104,142</u>
Total depreciation expense	<u>\$ 1,028,032</u>

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

A schedule of interfund balances and transfers for the year ended June 30, 2011, follows:

***Due from other funds:***

Due to the General Fund from:

Water and Sewer Capital Project Fund for advances to cover capital costs	\$ 536,208
School Bonds Capital Project Fund for advances to cover capital costs	263,041
Nonmajor governmental funds for advances to cover operating and capital costs	<u>237,001</u>
Total amount due from other funds	<u>\$ 1,036,250</u>

**CITY OF DILLINGHAM, ALASKA**

Notes to Basic Financial Statements, continued

**Interfund Receivables, Payables, and Transfers, continued**

**Transfers:**

From General Fund to:	
Debt Service Fund for debt service	\$ 234,855
Nonmajor governmental funds to cover operating costs	563,675
Nonmajor governmental funds for reserve for capital projects	<u>53,468</u>
Total transfers from General Fund	851,998
From School Bonds Capital Project Fund to Debt Service Fund for debt service	<u>18,699</u>
From nonmajor governmental fund to other nonmajor governmental funds for capital costs	<u>7,500</u>
Total transfers to other funds	\$ <u>878,197</u>

(6) **Long-Term 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, 2011:

	Balance July 1, <u>2010</u>	<u>Additions</u>	<u>Retired</u>	Balance June 30, <u>2011</u>	Due Within <u>One Year</u>
\$15,105,000 2008 Series One General Obligation School Bonds, due in annual install- ments of \$520,000 to \$1,120,000, plus interest at 4.0% to 5.0% through April 1, 2028	\$ 14,140,000	-	520,000	13,620,000	545,000
Accrued leave (net)	146,732	151,539	153,859	144,412	144,412
Estimated landfill closure costs	<u>34,000</u>	<u>15,000</u>	-	49,000	4,000
Total long-term debt	14,320,732	<u>166,539</u>	<u>673,859</u>	13,813,412	<u>693,412</u>
Add unamortized bond premium	<u>311,117</u>			<u>293,832</u>	
	\$ <u>14,631,849</u>			<u>14,107,244</u>	

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

**CITY OF DILLINGHAM, ALASKA**

Notes to Basic Financial Statements, continued

**Long-Term Debt, continued**

The annual requirements to amortize the general obligation bonds outstanding at June 30, 2011 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
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	630,000	546,090	1,176,090
2016	665,000	514,590	1,179,590
2017-2021	3,765,000	2,115,350	5,880,350
2022-2026	4,655,000	1,231,353	5,886,353
2027-2028	<u>2,190,000</u>	<u>165,500</u>	<u>2,355,500</u>
	<u>\$ 13,620,000</u>	<u>6,385,403</u>	<u>20,005,403</u>

(7) **Fund Balances**

The City has implemented the provisions of GASB Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions for the year ended June 30, 2011. Fund balances, reported in the City's individual major funds and nonmajor funds in the aggregate on the governmental funds balance sheet is subject to the following constraints:

	General Fund	Dock Special Revenue	Water and Sewer Capital Project	School Bonds Capital Project	Nonmajor Funds	Totals
Nonspendable – prepaid items	\$ <u>11,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,161</u>
Restricted:						
Museum and literary	-	-	-	-	407,132	407,132
School construction	-	-	-	956,055	-	956,055
Enhanced 911 service	-	-	-	-	130,632	130,632
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,220</u>	<u>37,220</u>
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>956,055</u>	<u>574,984</u>	<u>1,531,039</u>
Committed:						
Equipment replacement	-	-	-	-	76,704	76,704
Ambulance reserve	-	-	-	-	452,955	452,955
Landfill	-	-	-	-	172,044	172,044
Senior Center	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>31</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>701,734</u>	<u>701,734</u>

**CITY OF DILLINGHAM, ALASKA**

Notes to Basic Financial Statements, continued

**Fund Balance, continued**

	General <u>Fund</u>	Dock Special <u>Revenue</u>	Water and Sewer Capital <u>Project</u>	School Bonds Capital <u>Project</u>	Nonmajor <u>Funds</u>	<u>Totals</u>
Assigned:						
Water and sewer	\$ -	-	-	-	70,644	70,644
Dock	-	1,580,187	-	-	-	1,580,187
Subsequent year's expenditures	<u>137,493</u>	-	-	-	-	<u>137,493</u>
Total assigned	<u>137,493</u>	<u>1,580,187</u>	<u>-</u>	<u>-</u>	<u>70,644</u>	<u>1,788,324</u>
Unassigned (deficits)	<u>3,745,222</u>	<u>-</u>	<u>(58,393)</u>	<u>-</u>	<u>(26,959)</u>	<u>3,659,870</u>
Total fund balances	\$ <u>3,893,876</u>	<u>1,580,187</u>	<u>(58,393)</u>	<u>956,055</u>	<u>1,320,403</u>	<u>7,692,128</u>

(8) **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 at an estimated cost of \$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. The \$49,000 (an increase of \$15,000) reported as landfill closure costs payable at June 30, 2011 represents the cumulative amount reported to date based on the expected usage. The City will recognize the remaining estimated cost of closure and post closure care of \$101,000 as the remaining expected usage is filled. These amounts are based on what it will cost to perform all closure and post closure care in 2011. Actual costs may be higher due to inflation changes in technology or changes in regulations.

(9) **Defined Benefit Pension Plan**

The City participates in the Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. 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.

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

#### **Defined Benefit Pension Plan, continued**

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

#### **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 no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers. The cost-sharing plan requires a uniform employer contribution rate of 22% of active member wages, subject to a wage floor. 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 are 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.

#### **Funding Policy**

Regular employees are required to contribute 6.75% of their annual covered salary (2.41% for pension and 4.34% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (2.68% for pension and 4.82% 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 assets to pay both pension and postemployment healthcare benefits when due.

Under current legislation, the employer contribution rate is statutorily capped at 22%, however, the State of Alaska contributes any amount over 22% such that the total contribution equals the Alaska Retirement Management Board adopted rate, generally consistent with the actuarially determined 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 2011 were determined as part of the June 30, 2008 actuarial valuation and are as follows:

	Contractual Rate	ARM Board Adopted Rate	GASB 45* Rate
Pension	7.85%	9.98%	13.49%
Postemployment healthcare	<u>14.15%</u>	<u>17.98%</u>	<u>55.87%</u>
Total contribution rate	<u>22.00%</u>	<u>27.96%</u>	<u>69.36%</u>

\* This rate uses a 4.5% OPEB discount rate and disregards all future Medicare Part D payments.

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 8.25% (2.29 percentage points higher than the 5.96% required rate) of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the City has recorded the State on-behalf contribution in the amount of \$187,410 as revenue and expenditures. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

**CITY OF DILLINGHAM, ALASKA**

Notes to Basic Financial Statements, continued

**Defined Benefit Pension Plan, continued**

**Annual Pension and Postemployment Healthcare Cost, continued**

<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>
2011	\$ 144,527	\$ 260,518	\$ 405,045	\$ 405,045	100%
2010	152,529	258,700	411,229	411,229	100%
2009	122,644	272,983	395,627	395,627	100%

(10) **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 Tier IV</u>	<u>Police/Fire Tier IV</u>
Individual account	5.00%	5.00%
Health reimbursement arrangement (HRA) *	3.00	3.00
Retiree medical plan	0.56	0.48
Occupational death and disability benefits	<u>0.31</u>	<u>1.18</u>
	<u>8.87 %</u>	<u>9.66%</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, 2011 were \$115,553 and \$97,561, respectively.

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

(11) **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.

(12) **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.

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, 2011. 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.

(13) **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, 2011 was \$844,654. 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.

(14) **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.

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**SUPPLEMENTARY INFORMATION**

**CITY OF DILLINGHAM, ALASKA**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2011

	Special Revenue Funds										Capital Project Funds						Mary Carlson Estate Permanent Fund	Total Nonmajor Funds	
	Water and Sewer	Landfill	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Home-land Security	Debt Service Fund	Dock and Harbor	Equip-ment Replacement	Ambulance Reserve	Landfill	Road and Street	Senior Center					
<b>Assets</b>																			
Cash and investments	\$ 53,129	100	50	130,632	37,532	501	-	-	-	76,704	452,955	55,993	-	31	448,380	1,256,007			
Receivables:																			
Accounts	60,351	24,280	64,795	-	-	3,338	-	-	-	-	-	-	-	-	-	-	-	152,764	
Grants	-	-	-	-	-	6,681	-	8,245	2,783	-	-	69,851	147,400	-	-	-	-	234,960	
Allowance for uncollectible accounts	(27,349)	(8,000)	(20,000)	-	-	(406)	-	-	-	-	-	-	-	-	-	-	-	(55,755)	
Restricted cash	-	-	-	-	-	-	-	-	-	-	46,200	-	-	-	-	-	-	46,200	
<b>Total assets</b>	<b>\$ 86,131</b>	<b>16,380</b>	<b>44,845</b>	<b>130,632</b>	<b>37,532</b>	<b>10,114</b>	<b>-</b>	<b>8,245</b>	<b>2,783</b>	<b>76,704</b>	<b>452,955</b>	<b>172,044</b>	<b>147,400</b>	<b>31</b>	<b>448,380</b>	<b>1,634,176</b>			
<b>Liabilities and Fund Balances</b>																			
<b>Liabilities:</b>																			
Accounts payable	10,843	4,842	14,043	-	312	3,610	-	-	-	-	-	-	-	-	-	-	-	126	33,776
Accrued payroll and related liabilities	4,644	9,143	8,206	-	-	6,271	-	-	-	-	-	-	-	-	-	-	-	-	28,264
Due to other funds	-	2,395	22,596	-	-	233	8,573	8,245	6,437	-	-	-	147,400	-	41,122	-	-	41,122	237,001
Deferred revenue	-	-	-	-	-	-	-	-	14,732	-	-	-	-	-	-	-	-	-	14,732
<b>Total liabilities</b>	<b>15,487</b>	<b>16,380</b>	<b>44,845</b>	<b>-</b>	<b>312</b>	<b>10,114</b>	<b>8,573</b>	<b>8,245</b>	<b>21,169</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,400</b>	<b>-</b>	<b>41,248</b>	<b>-</b>	<b>-</b>	<b>41,248</b>	<b>313,773</b>
<b>Fund balances:</b>																			
Restricted	-	-	-	130,632	37,220	-	-	-	-	-	-	-	-	-	407,132	574,984	-	-	574,984
Committed	-	-	-	-	-	-	-	-	-	76,704	452,955	172,044	-	31	-	701,734	-	-	701,734
Assigned	70,644	-	-	-	-	-	(8,573)	-	(18,386)	-	-	-	-	-	-	70,644	-	-	70,644
Unassigned (deficit)	-	-	-	-	-	-	(8,573)	-	(18,386)	-	-	-	-	-	-	(26,959)	-	-	(26,959)
<b>Total fund balances (deficits)</b>	<b>70,644</b>	<b>-</b>	<b>-</b>	<b>130,632</b>	<b>37,220</b>	<b>-</b>	<b>(8,573)</b>	<b>-</b>	<b>(18,386)</b>	<b>76,704</b>	<b>452,955</b>	<b>172,044</b>	<b>-</b>	<b>31</b>	<b>407,132</b>	<b>1,320,403</b>	<b>-</b>	<b>-</b>	<b>1,320,403</b>
<b>Total liabilities and fund balances</b>	<b>\$ 86,131</b>	<b>16,380</b>	<b>44,845</b>	<b>130,632</b>	<b>37,532</b>	<b>10,114</b>	<b>-</b>	<b>8,245</b>	<b>2,783</b>	<b>76,704</b>	<b>452,955</b>	<b>172,044</b>	<b>147,400</b>	<b>31</b>	<b>448,380</b>	<b>1,634,176</b>			

CITY OF DILLINGHAM, ALASKA

Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
 Year Ended June 30, 2011

	Special Revenue Funds										Capital Project Funds						Mary Carlson Estate Permanent Fund	Total Nonmajor Funds	
	Water and Sewer	Landfill	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Homeland Security	Debt Service Fund	Dock and Harbor	School Repairs	Equipment Replacement	Ambulance Reserve	Landfill	Road and Street	Senior Center				
Revenues:																			
State of Alaska	\$ 5,902	7,749	2,480	-	-	45,886	-	824,286	381,554	58,377	-	20,031	-	-	31	-	-	1,346,296	
Federal government	-	-	-	-	-	102,534	-	-	862,444	-	-	-	-	-	-	164,818	-	1,129,796	
Charges for services	361,644	130,011	126,178	45,501	-	-	-	-	-	-	-	-	-	-	-	-	-	663,334	
Penalties and interest	9,746	-	1,535	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,281	
Lease and rental income	-	-	-	-	-	10,647	-	-	-	-	-	-	-	-	-	-	-	10,647	
Investment income	-	-	-	445	-	-	-	-	-	-	-	-	-	-	-	713	-	6,151	
Other	9,452	-	2,904	-	-	15,756	-	100,000	17,682	-	27,551	-	-	-	-	787,809	4,989	961,154	
Total revenues	386,744	137,760	133,097	45,946	4	174,823	-	924,286	1,261,680	58,377	27,551	20,744	-	952,627	31	4,989	4,128,659		
Expenditures:																			
Public safety	-	-	-	-	19,464	-	-	-	-	-	-	-	-	-	-	-	-	19,464	
Community services	-	-	-	7,469	-	-	-	-	-	-	-	-	-	-	-	-	6,547	14,016	
Water and sewer	474,812	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	474,812	
Landfill	-	357,604	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	357,604	
Boat harbor	-	-	205,064	-	-	-	-	-	-	-	-	-	-	-	-	-	-	205,064	
Senior citizen center	-	-	-	-	-	438,858	-	-	-	-	-	-	-	-	-	-	-	438,858	
Debt service	-	-	-	-	-	-	1,177,840	-	-	-	-	-	-	-	-	-	-	1,177,840	
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,460,170	
Total expenditures	474,812	357,604	205,064	7,469	19,464	438,858	-	1,177,840	1,256,761	58,377	170,261	22,144	952,627	31	4,989	6,547	5,147,828		
Excess of revenues over (under) expenditures	(88,068)	(219,844)	(71,967)	38,477	(19,460)	(264,035)	-	(253,554)	4,919	-	(142,710)	(1,400)	-	-	31	(1,558)	(1,019,169)		
Other financing sources (uses):																			
Transfers in	-	227,344	71,967	-	-	264,364	-	253,554	-	-	-	7,500	-	-	-	-	-	878,197	
Transfers out	-	(7,500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,500)	
Net other financing sources (uses)	-	219,844	71,967	-	-	264,364	-	253,554	-	-	-	7,500	-	-	-	-	-	870,697	
Net change in fund balance	(88,068)	-	-	38,477	(19,460)	329	-	-	4,919	-	(142,710)	6,100	-	-	31	(1,558)	(148,472)		
Fund balances (deficits) at beginning of year	158,712	-	-	92,155	56,680	(329)	(8,573)	-	(23,305)	-	219,414	399,487	165,944	-	-	408,690	1,468,875		
Fund balances (deficits) at end of year	\$ 70,644	-	-	130,632	37,220	-	(8,573)	-	(18,386)	-	76,704	452,955	172,044	-	31	407,132	1,320,403		

## **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, 2011  
 (With Comparative Amounts for 2010)

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Cash and investments	\$ 2,610,670	2,134,162
Receivables:		
Sales taxes	438,045	409,336
Real property taxes, penalties and interest	313,239	297,147
Personal property taxes, penalties and interest	299,874	273,710
Allowance for uncollectible personal property taxes	(299,874)	(273,710)
Accounts	29,756	144,563
Allowance for uncollectible accounts	-	(136,990)
Grants and shared revenues	89,015	80,641
Due from other funds	1,036,250	1,707,130
Prepaid items	<u>11,161</u>	<u>13,136</u>
 Total assets	 \$ <u><u>4,528,136</u></u>	 <u><u>4,649,125</u></u>
 <u>Liabilities and Fund Balance</u>  		
Liabilities:		
Accounts payable	123,821	393,246
Accrued payroll and related liabilities	140,130	97,009
Deferred revenue:		
Property taxes	313,239	297,147
Other	<u>57,070</u>	<u>50,746</u>
Total liabilities	<u>634,260</u>	<u>838,148</u>
 Fund balance:		
Nonspendable - prepaid items	11,161	13,136
Assigned for subsequent year's expenditures	137,493	91,639
Unassigned	<u>3,745,222</u>	<u>3,706,202</u>
Total fund balance	<u>3,893,876</u>	<u>3,810,977</u>
 Total liabilities and fund balance	 \$ <u><u>4,528,136</u></u>	 <u><u>4,649,125</u></u>

## CITY OF DILLINGHAM, ALASKA

## General Fund

## Schedule of Revenues, Expenditures and Changes

## in Fund Balance - Budget and Actual

Year Ended June 30, 2011

(With Comparative Amounts for 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Taxes:				
Sales taxes	\$ 2,500,000	2,749,183	249,183	2,483,948
Alcohol sales taxes	250,000	246,528	(3,472)	219,300
Transient lodging sales taxes	60,000	63,388	3,388	67,495
Real property taxes	1,496,896	1,425,378	(71,518)	1,426,238
Personal property taxes	427,495	383,517	(43,978)	406,345
Penalty and interest on property taxes	42,450	46,984	4,534	28,244
Penalty and interest on sales taxes	30,000	3,769	(26,231)	8,839
Gaming taxes	85,000	46,439	(38,561)	80,240
Payment in lieu of taxes	411,446	407,511	(3,935)	411,446
Small claim cost	500	-	(500)	-
Total taxes	<u>5,303,787</u>	<u>5,372,697</u>	<u>68,910</u>	<u>5,132,095</u>
State of Alaska:				
Jail contract revenue	428,000	428,963	963	428,963
Revenue sharing	210,762	209,543	(1,219)	215,730
Raw fish tax	238,589	238,589	-	187,259
Shared fisheries business tax	40,358	40,358	-	33,524
Electric and telephone co-op tax	66,000	76,127	10,127	75,300
Motor vehicle tax	25,000	27,647	2,647	20,028
PERS relief	125,571	151,433	25,862	106,308
DMV commission revenue	40,000	42,688	2,688	40,439
Jail capital grant	-	5,521	5,521	8,573
Training assistant grant	-	-	-	2,000
Liquor licenses	4,600	7,100	2,500	1,500
Library grants	8,850	8,367	(483)	6,350
Trooper dispatch	20,000	20,000	-	20,000
Fema EQP	10,000	-	(10,000)	-
Other	-	6,174	6,174	-
Total State of Alaska	<u>1,217,730</u>	<u>1,262,510</u>	<u>44,780</u>	<u>1,145,974</u>
Federal government:				
Emergency management planning grant	12,500	2,603	(9,897)	8,350
Volunteer fire assistance	8,881	6,100	(2,781)	1,094
Public safety grants	9,000	4,116	(4,884)	3,703
Library grants	7,000	10,902	3,902	6,011
Heating fuel grant	-	-	-	70,532
Planning grants	-	-	-	331
Energy efficiency grant	-	15,504	15,504	-
Other	-	192	192	-
Total federal government	<u>37,381</u>	<u>39,417</u>	<u>2,036</u>	<u>90,021</u>

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues, continued:				
Charges for services:				
Administrative overhead charges	\$ 365,962	411,724	45,762	345,121
Document copies	400	85	(315)	106
Platting and mapping fees	950	443	(507)	766
Ambulance fees	50,000	79,780	29,780	26,802
Total charges for services	<u>417,312</u>	<u>492,032</u>	<u>74,720</u>	<u>372,795</u>
Licenses and permits:				
Dog licenses	3,000	3,042	42	1,537
Business licenses	12,800	16,550	3,750	11,800
Land use permits	300	875	575	950
Other	-	156	156	-
Total licenses and permits	<u>16,100</u>	<u>20,623</u>	<u>4,523</u>	<u>14,287</u>
Fines and forfeitures:				
Title 47 fines	6,000	8,303	2,303	19,284
Library fines and donations	8,650	3,442	(5,208)	2,903
Total fines and forfeitures	<u>14,650</u>	<u>11,745</u>	<u>(2,905)</u>	<u>22,187</u>
Lease and rental income	<u>8,000</u>	<u>9,131</u>	<u>1,131</u>	<u>9,201</u>
Investment income	<u>84,500</u>	<u>29,329</u>	<u>(55,171)</u>	<u>43,471</u>
Other revenues:				
Other library grants/donation	5,000	8,000	3,000	7,530
Other	19,308	40,905	21,597	19,991
Total other revenues	<u>24,308</u>	<u>48,905</u>	<u>24,597</u>	<u>27,521</u>
Total revenues	<u>7,123,768</u>	<u>7,286,389</u>	<u>162,621</u>	<u>6,857,552</u>
Expenditures:				
General government:				
City council:				
Council contributions	10,500	10,594	(94)	16,614
Travel	9,000	11,301	(2,301)	3,036
Subscriptions and memberships	4,500	4,439	61	2,943

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

	2011		Variance Positive (Negative)	2010
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
General government, continued:				
City council, continued:				
Supplies	\$ 500	730	(230)	186
Telephone	250	150	100	-
Contract labor	68,500	40,226	28,274	64,599
Training	500	350	150	691
Minor tools and equipment	4,426	4,226	200	-
Lobbying	-	-	-	20,250
Annexation project	56,800	52,090	4,710	-
Major equipment	774	-	774	-
Advertising	200	683	(483)	-
Total city council	<u>155,950</u>	<u>124,789</u>	<u>31,161</u>	<u>108,319</u>
City administration:				
Salaries	158,601	161,051	(2,450)	144,254
Overtime salaries	6,000	6,402	(402)	5,320
Employee benefits	57,066	51,413	5,653	74,960
Travel	26,500	28,310	(1,810)	3,992
Subscriptions and memberships	850	748	102	1,062
Supplies	3,500	2,380	1,120	3,824
Contract labor	-	-	-	2,857
Special project manager	10,000	16,783	(6,783)	33,969
Training	-	-	-	1,085
Minor tools and equipment	4,000	3,825	175	4,935
Major equipment	4,000	3,919	81	3,159
Advertising	1,500	1,494	6	807
Recruitment	-	7,383	(7,383)	-
Total city administration	<u>272,017</u>	<u>283,708</u>	<u>(11,691)</u>	<u>280,224</u>
City clerk:				
Salaries	54,278	51,002	3,276	44,695
Overtime salaries	1,500	841	659	-
Employee benefits	25,708	26,646	(938)	20,598
Advertising	7,500	4,353	3,147	7,827
Travel	2,500	1,232	1,268	1,871
Subscriptions and memberships	450	80	370	265
Supplies	850	1,708	(858)	1,354
Training	650	-	650	635
Contract labor	5,000	3,117	1,883	2,668
Minor tools and equipment	3,000	678	2,322	416
Elections	3,500	2,468	1,032	1,550

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

	2011		Variance Positive (Negative)	2010
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
General government, continued:				
City clerk, continued:				
Appraisal	\$ 15,000	16,000	(1,000)	12,000
Codification	1,500	1,293	207	993
Title search	500	-	500	-
Foreclosure	3,000	2,871	129	300
Total city clerk	<u>124,936</u>	<u>112,289</u>	<u>12,647</u>	<u>95,172</u>
Finance:				
Salaries	313,955	313,330	625	281,802
Overtime salaries	13,000	8,930	4,070	5,306
Employee benefits	192,082	198,455	(6,373)	188,388
Advertising	1,300	1,497	(197)	796
Travel	7,000	6,739	261	3,102
Subscriptions and memberships	2,250	1,477	773	1,457
Bank charges	500	309	191	2,730
Supplies	2,500	4,120	(1,620)	3,454
Cash over/under	100	(2)	102	(120)
Contract labor	-	2,000	(2,000)	-
Collection agency and lien processing fees	-	-	-	688
Training	1,000	755	245	1,786
Alaska FICA administrative program	200	137	63	134
Minor tools and equipment	6,000	3,805	2,195	4,432
Total finance	<u>539,887</u>	<u>541,552</u>	<u>(1,665)</u>	<u>493,955</u>
Legal	<u>30,000</u>	<u>53,784</u>	<u>(23,784)</u>	<u>39,396</u>
Insurance:				
General liability	62,286	63,418	(1,132)	62,723
Property	25,832	25,832	-	30,241
Automobile	16,882	17,828	(946)	20,237
Total insurance	<u>105,000</u>	<u>107,078</u>	<u>(2,078)</u>	<u>113,201</u>
Nondepartmental:				
Advertising	750	1,460	(710)	642
Office supplies	6,500	6,176	324	7,721
Food items	3,000	3,534	(534)	2,822
Postage	8,500	9,926	(1,426)	9,805

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

	2011		Variance Positive (Negative)	2010
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
General government, continued:				
Nondepartmental, continued:				
Computer supplies	\$ 2,000	1,615	385	4,405
Computer software	35,750	34,586	1,164	1,760
Computer hardware	10,000	10,851	(851)	8,210
Computer support services	38,975	38,166	809	34,175
Telephone	12,000	13,315	(1,315)	17,674
Engineering	4,200	-	4,200	239
Accounting services and audit	35,000	33,925	1,075	33,485
Gas, oil and grease	750	1,757	(1,007)	821
Minor tools and equipment	1,500	606	894	740
Vehicle repairs	2,750	2,030	720	563
Copier repair and maintenance	8,000	7,611	389	9,802
Credit card processing fees	45,000	43,140	1,860	31,321
Interest on loan	20,006	21,173	(1,167)	-
Contract labor	-	2,800	(2,800)	-
Miscellaneous	-	-	-	222
Total nondepartmental	<u>234,681</u>	<u>232,671</u>	<u>2,010</u>	<u>164,407</u>
Planning:				
Salaries	59,018	59,268	(250)	55,926
Employee benefits	28,145	29,202	(1,057)	26,522
Advertising	2,000	910	1,090	2,059
Travel	3,775	3,785	(10)	3,209
Subscriptions and memberships	1,285	860	425	1,161
Recording fees	100	33	67	549
Supplies	2,250	862	1,388	2,141
Contract labor	18,200	16,222	1,978	10,346
Training	3,000	768	2,232	1,454
Neighborhood initiative	5,000	4,546	454	5,375
Minor tools and equipment	3,350	2,959	391	1,127
Total planning	<u>126,123</u>	<u>119,415</u>	<u>6,708</u>	<u>109,869</u>
Foreclosed property:				
Salaries	300	281	19	-
Employee benefits	300	253	47	-
Supplies	100	216	(116)	-
Utilities	4,000	4,532	(532)	-
Contract labor	20,000	17,944	2,056	-
Building repairs	2,800	2,127	673	-
Total foreclosed property	<u>27,500</u>	<u>25,353</u>	<u>2,147</u>	<u>-</u>
Total general government	<u>1,616,094</u>	<u>1,600,639</u>	<u>15,455</u>	<u>1,404,543</u>

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

	2011		Variance Positive (Negative)	2010
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public safety:				
Police dispatch:				
Salaries	\$ 173,065	177,906	(4,841)	171,266
Overtime salaries	42,000	38,405	3,595	43,916
Employee benefits	111,561	125,340	(13,779)	125,913
Advertising	500	138	362	598
Travel	1,000	776	224	1,615
Subscriptions and memberships	100	-	100	-
Supplies	4,500	3,572	928	1,364
Postage	400	400	-	-
Telephone	9,400	9,188	212	8,528
Electricity	2,500	2,457	43	2,783
Water and sewer	250	274	(24)	274
Refuse collection	400	375	25	363
Heating fuel	3,500	2,987	513	2,552
Computer support services	14,200	14,213	(13)	4,289
APSIN contract	850	822	28	550
Uniforms	1,500	1,170	330	6
Contract labor	-	1,231	(1,231)	-
Training	2,200	275	1,925	740
Minor tools and equipment	3,500	5,113	(1,613)	2,957
Major equipment	5,500	-	5,500	3,000
Building repairs	2,000	4,115	(2,115)	9,282
Equipment repairs	600	299	301	683
Recruiting	-	193	(193)	-
Total police dispatch	<u>379,526</u>	<u>389,249</u>	<u>(9,723)</u>	<u>380,679</u>
Police department:				
Salaries	385,939	379,440	6,499	353,628
Overtime salaries	56,500	57,346	(846)	67,187
Employee benefits	242,888	244,878	(1,990)	215,937
Recruiting	24,000	20,384	3,616	19,475
Advertising	3,500	1,754	1,746	2,299
Travel	7,000	5,694	1,306	13,184
Subscriptions and memberships	700	610	90	225
Supplies	5,500	4,115	1,385	3,239
Postage	1,000	800	200	-
Computer support services	5,000	-	5,000	880

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Expenditures, continued:				
Public safety, continued:				
Police department, continued:				
Telephone	\$ 7,000	7,244	(244)	5,408
Electricity	3,500	3,402	98	3,883
Water and sewer	400	382	18	382
Refuse collection	550	644	(94)	507
Heating fuel	5,100	5,860	(760)	3,561
Investigations	8,000	5,760	2,240	1,023
Film development	300	-	300	39
Uniforms	5,500	8,531	(3,031)	2,786
Contract labor and towing	3,000	3,590	(590)	-
Training	7,000	2,469	4,531	3,230
Gas, oil and grease	17,060	7,213	9,847	19,360
Minor tools and equipment	5,000	2,166	2,834	6,848
Major equipment	9,000	-	9,000	6,121
Vehicle maintenance	30,000	31,814	(1,814)	26,975
Building repairs	3,500	2,701	799	11,017
Required inspections	500	3,106	(2,606)	489
Equipment repairs	2,500	633	1,867	4,549
Insurance	18,376	18,375	1	17,230
Total police department	858,313	818,911	39,402	789,462
Jail:				
Salaries	222,763	227,383	(4,620)	198,544
Overtime salaries	22,000	20,545	1,455	26,453
Employee benefits	136,945	163,297	(26,352)	115,930
Recruiting	-	-	-	145
Advertising	200	-	200	243
Travel	2,900	2,149	751	-
Subscriptions and memberships	250	-	250	-
Supplies	3,000	2,586	414	1,220
Postage	300	300	-	-
Telephone	2,700	2,385	315	1,798
Electricity	12,500	13,636	(1,136)	15,219
Water and sewer	1,400	1,497	(97)	1,497
Refuse collection	1,800	1,929	(129)	1,985



## CITY OF DILLINGHAM, ALASKA

## General Fund

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

	2011		Variance Positive (Negative)	2010
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public safety, continued:				
Jail, continued:				
Heating fuel	\$ 16,600	16,332	268	13,953
Uniforms	2,500	2,008	492	2,030
Contract labor	-	1,623	(1,623)	-
Training	1,100	95	1,005	-
Gas, oil and grease	300	119	181	130
Janitorial	800	400	400	966
Food	30,000	41,960	(11,960)	31,406
Minor tools and equipment	12,500	11,495	1,005	3,124
Major equipment	5,511	10	5,501	3,000
Vehicle maintenance	700	697	3	-
Building repairs	2,500	8,647	(6,147)	6,883
Required inspections	1,200	709	491	1,753
Equipment repairs	1,000	348	652	1,163
Insurance	7,948	7,875	73	8,330
Total jail	<u>489,417</u>	<u>528,025</u>	<u>(38,608)</u>	<u>435,772</u>
Department of motor vehicles:				
Salaries	46,860	46,851	9	45,936
Employee benefits	23,475	24,564	(1,089)	22,994
Supplies	1,300	891	409	-
Postage	200	(58)	258	(183)
Telephone	600	631	(31)	603
Electricity	700	487	213	560
Water and sewer	500	55	445	55
Refuse collection	125	76	49	73
Heating fuel	750	602	148	515
APSIN contract	600	595	5	513
Contract labor	-	457	(457)	-
Minor tools and equipment	1,000	82	918	1,800
Building repairs	1,000	517	483	-
Required inspections	100	-	100	-
Equipment repairs	600	227	373	217
Total department of motor vehicles	<u>77,810</u>	<u>75,977</u>	<u>1,833</u>	<u>73,083</u>

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

	2011		Variance Positive (Negative)	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public safety, continued:				
Fire department:				
Salaries	\$ 70,812	59,246	11,566	53,061
Overtime salaries	4,500	613	3,887	440
Employee benefits	64,717	38,332	26,385	34,823
Worker's comp - volunteers	6,000	-	6,000	-
Advertising	400	359	41	670
Travel	10,000	6,092	3,908	8,008
Subscriptions and memberships	600	67	533	349
Supplies	3,600	3,794	(194)	1,607
Postage	1,300	306	994	1,172
Computer supplies and software	1,000	1,450	(450)	6,837
Telephone	5,500	4,097	1,403	4,509
Electricity	6,000	5,444	556	5,864
Water and sewer	1,060	1,010	50	1,010
Refuse collection	100	-	100	-
Heating fuel	20,000	17,151	2,849	20,008
EMS and fire supplies	9,000	10,150	(1,150)	2,699
Public education	500	376	124	41
Member recognition	5,500	7,947	(2,447)	4,102
Ambulance billing	5,000	7,492	(2,492)	-
Training	11,000	3,459	7,541	4,976
Gas, oil and grease	7,500	4,410	3,090	6,094
Janitorial	500	84	416	330
Sample testing	600	255	345	496
Medical tests	1,000	390	610	142
Minor tools and equipment	24,670	15,372	9,298	26,985
Fire department airport lease	600	879	(279)	550
Vehicle repairs	10,000	9,846	154	10,422
Building repairs	10,000	12,279	(2,279)	1,126
Required inspections	3,500	3,240	260	683
Equipment repairs	2,500	1,235	1,265	4,839
Total fire department	<u>287,459</u>	<u>215,375</u>	<u>72,084</u>	<u>201,843</u>

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

	2011		Variance Positive (Negative)	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Salaries	\$ 34,171	35,026	(855)	27,672
Overtime salaries	4,000	4,142	(142)	1,643
Employee benefits	24,374	22,836	1,538	12,756
Travel	5,500	3,399	2,101	-
Supplies	6,500	3,016	3,484	1,126
Telephone	300	26	274	-
Electricity	2,000	525	1,475	-
Heating fuel	1,200	628	572	-
Refuse collection	400	456	(56)	576
Uniforms	400	-	400	612
Contract services	1,500	1,109	391	1,895
Animal shelter expenditures	57,000	43,766	13,234	13,887
Training	-	-	-	255
Gas, oil and grease	3,000	2,767	233	436
Minor tools and equipment	3,100	1,271	1,829	1,288
Major equipment	13,000	11,478	1,522	-
Vehicle repairs	2,500	2,120	380	3,723
Building repairs	1,000	240	760	-
Equipment repairs	500	-	500	371
Total animal control	<u>160,445</u>	<u>132,805</u>	<u>27,640</u>	<u>66,240</u>
Total public safety	<u>2,252,970</u>	<u>2,160,342</u>	<u>92,628</u>	<u>1,947,079</u>
Public works:				
Administration:				
Salaries	68,221	68,536	(315)	66,387
Employee benefits	35,223	52,310	(17,087)	26,969
Advertising	-	1,359	(1,359)	754
Travel	1,200	-	1,200	826
Subscriptions and memberships	300	(10)	310	110
Supplies	1,500	1,627	(127)	2,560
Telephone	2,000	865	1,135	2,720
Training	-	125	(125)	-
Gas, oil and grease	3,500	2,082	1,418	3,233
Minor tools and equipment	1,000	1,072	(72)	3,773
Vehicle repairs	750	2,576	(1,826)	2,405
Total administration	<u>113,694</u>	<u>130,542</u>	<u>(16,848)</u>	<u>109,737</u>

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

	2011		Variance Positive (Negative)	2010
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public works, continued:				
Building and grounds maintenance:				
Salaries	\$ 81,890	63,987	17,903	76,174
Overtime salaries	6,500	5,220	1,280	3,092
Employee benefits	60,575	61,527	(952)	57,530
Travel	1,000	604	396	214
Supplies	5,000	6,658	(1,658)	2,326
Telephone	1,500	1,560	(60)	1,649
Electricity	9,500	9,624	(124)	13,229
Water and sewer	2,000	2,141	(141)	2,141
Refuse collection	350	300	50	300
Heating fuel	35,000	30,085	4,915	43,985
Contract labor	7,000	1,500	5,500	-
Janitorial	15,000	14,805	195	16,209
Training	1,500	20	1,480	775
Gas, oil and grease	3,000	3,243	(243)	4,380
Minor tools and equipment	3,600	3,518	82	4,949
Vehicle maintenance	4,500	12,013	(7,513)	5,056
Building repairs	8,000	1,027	6,973	10,417
Roof repairs	-	342	(342)	4,560
Equipment repairs	1,900	1,023	877	2,962
Energy efficiency grant expenditures	-	15,504	(15,504)	-
Used oil supplies	2,500	2,244	256	-
Required inspections	500	-	500	-
Total building and grounds maintenance	<u>250,815</u>	<u>236,945</u>	<u>13,870</u>	<u>249,948</u>
Shop maintenance:				
Salaries	106,561	112,525	(5,964)	115,246
Allocated to other funds	(112,000)	(159,533)	47,533	(155,047)
Overtime salaries	33,000	37,280	(4,280)	10,749
Employee benefits	88,862	91,298	(2,436)	88,087
Travel	1,500	-	1,500	-
Supplies	11,000	11,589	(589)	11,809
Telephone	3,650	3,525	125	1,987
Electricity	17,250	17,065	185	16,302
Refuse collection	2,600	2,640	(40)	2,496
Heating fuel	11,500	11,423	77	14,420
Training	2,400	-	2,400	2,420
Gas, oil and grease	4,000	3,623	377	8,348

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

	2011		Variance Positive (Negative)	2010
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public works, continued:				
Shop maintenance, continued:				
Minor tools and equipment	\$ 6,400	7,641	(1,241)	8,325
Vehicle repairs	1,000	2,458	(1,458)	1,470
Used oil management	9,000	9,983	(983)	-
Building repairs	4,500	4,640	(140)	2,820
Shop maintenance	-	-	-	85
Required inspections	1,300	1,100	200	411
Equipment repairs	3,900	3,544	356	1,799
Total shop maintenance	<u>196,423</u>	<u>160,801</u>	<u>35,622</u>	<u>131,727</u>
Streets:				
Salaries	93,136	95,872	(2,736)	112,045
Overtime salaries	20,000	17,806	2,194	14,139
Employee benefits	79,008	87,095	(8,087)	88,365
Travel	2,000	-	2,000	-
Supplies	4,500	3,253	1,247	3,118
Telephone	200	27	173	50
Electricity	19,000	20,414	(1,414)	18,410
Salt and calcium	32,102	28,373	3,729	33,701
Street signs	2,000	1,910	90	2,626
Road maintenance	43,500	48,421	(4,921)	30,249
Training	-	1,350	(1,350)	-
Gas, oil and grease	36,000	46,209	(10,209)	46,577
Gravel	-	-	-	40,690
Minor tools and equipment	2,200	2,349	(149)	1,040
Major equipment	3,000	-	3,000	-
Vehicle repairs	19,000	18,353	647	19,759
Equipment repairs	129,898	137,161	(7,263)	154,367
Street sweeper lease	-	-	-	40,123
Total streets	<u>485,544</u>	<u>508,593</u>	<u>(23,049)</u>	<u>605,259</u>
Total public works	<u>1,046,476</u>	<u>1,036,881</u>	<u>9,595</u>	<u>1,096,671</u>
Community services:				
Library:				
Salaries	57,245	60,511	(3,266)	48,900
Overtime salaries	-	925	(925)	197
Employee benefits	39,023	35,123	3,900	29,321

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

	2011		Variance Positive (Negative)	2010
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Community services, continued:				
Library, continued:				
Advertising	\$ 300	409	(109)	200
Travel	3,000	3,745	(745)	1,604
Subscriptions and memberships	300	195	105	-
Supplies	2,000	2,138	(138)	818
Postage	500	729	(229)	272
Software	1,600	1,654	(54)	1,781
Telephone and internet	1,400	373	1,027	3,984
Internet library	6,500	1,861	4,639	-
Electricity	4,000	3,086	914	3,971
Water and sewer	1,500	1,457	43	1,457
Refuse collection	300	300	-	300
Heating fuel	7,500	5,175	2,325	6,099
Audio visual	3,500	3,986	(486)	1,687
Books	8,000	8,032	(32)	5,359
Periodicals	750	76	674	533
Collection preservation	950	713	237	529
Contract labor	6,000	10,985	(4,985)	8,377
Training	350	-	350	308
Minor tools and equipment	8,200	1,342	6,858	5,803
Building repairs	2,500	2,305	195	270
Required inspections	200	485	(285)	-
Equipment repairs	750	-	750	-
Total library	<u>156,368</u>	<u>145,605</u>	<u>10,763</u>	<u>121,770</u>
Community development:				
Museum	92,500	87,000	5,500	5,833
Pass-through grant to SAFE	-	20,000	(20,000)	-
Miscellaneous	5,000	1,025	3,975	-
Total community development	<u>97,500</u>	<u>108,025</u>	<u>(10,525)</u>	<u>5,833</u>
Total community services	<u>253,868</u>	<u>253,630</u>	<u>238</u>	<u>127,603</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>6,469,408</u>	<u>6,351,492</u>	<u>117,916</u>	<u>5,875,896</u>

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

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Excess of revenues over expenditures	\$ 654,360	934,897	280,537	981,656
Other financing sources (uses):				
Transfers in	45,000	-	(45,000)	1,000
Transfers out	<u>(914,962)</u>	<u>(851,998)</u>	<u>62,964</u>	<u>(873,300)</u>
Net other financing sources (uses)	<u>(869,962)</u>	<u>(851,998)</u>	<u>17,964</u>	<u>(872,300)</u>
Net change in fund balance	\$ <u>(215,602)</u>	82,899	<u>298,501</u>	109,356
Fund balance at beginning of year		<u>3,810,977</u>		<u>3,701,621</u>
Fund balance at end of year		\$ <u>3,893,876</u>		<u>3,810,977</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.



**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, 2011  
 (With Comparative Amounts for 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Revenues:</b>				
Charges for services:				
Water sales	\$ 147,200	142,065	(5,135)	142,333
Sewer fees	225,200	219,579	(5,621)	220,294
Total charges for services	372,400	361,644	(10,756)	362,627
Penalties and interest	7,210	9,746	2,536	5,485
Investment income	900	-	(900)	2,600
Lease and rental income	3,000	-	(3,000)	-
Federal government	-	-	-	1,203
State PERS relief	4,830	5,902	1,072	5,700
Other	9,459	9,452	(7)	870
Total revenues	397,799	386,744	(11,055)	378,485
<b>Expenditures:</b>				
Water:				
Salaries	43,723	46,509	(2,786)	39,306
Overtime salaries	14,500	12,189	2,311	12,371
Employee benefits	32,452	30,970	1,482	36,794
Contract labor	1,000	1,320	(320)	13,426
Advertising	200	200	-	163
Supplies	6,000	5,678	322	10,041
Gas, oil and grease	12,000	13,395	(1,395)	4,160
Utilities and telephone	13,500	14,791	(1,291)	16,285
Travel and training	1,300	1,156	144	2,839
Administrative overhead	34,044	40,734	(6,690)	36,622
Building and equipment repairs	5,977	5,804	173	9,691
Insurance	5,141	5,076	65	4,604
Major equipment	4,000	3,465	535	-
Minor tools and equipment	5,000	4,281	719	8,132
Sample testing and inspections	7,626	4,802	2,824	2,264
Total water	186,463	190,370	(3,907)	196,698

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

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Expenditures, continued:				
Sewer:				
Salaries	\$ 39,723	45,874	(6,151)	36,837
Overtime salaries	13,500	13,708	(208)	8,789
Employee benefits	32,452	32,572	(120)	32,171
Travel and training	1,241	1,240	1	6,391
Contract labor	17,500	22,331	(4,831)	815
Advertising	187	187	-	47
Supplies	6,500	4,749	1,751	11,414
Gas, oil and grease	9,600	10,693	(1,093)	4,007
Utilities and telephone	35,900	39,880	(3,980)	50,233
Administrative overhead	45,187	56,025	(10,838)	44,777
Building and equipment repairs	17,000	19,848	(2,848)	23,671
Insurance	2,362	2,362	-	2,832
Sample testing and inspections	15,750	15,159	591	8,201
Major equipment	11,037	9,755	1,282	10,548
Minor tools and equipment	1,659	10,059	(8,400)	3,459
Total sewer	249,598	284,442	(34,844)	244,192
Total expenditures	436,061	474,812	(38,751)	440,890
Net change in fund balance	\$ <u>(38,262)</u>	(88,068)	<u>(49,806)</u>	(62,405)
Fund balance at beginning of year		158,712		221,117
Fund balance at end of year	\$	70,644		158,712

**CITY OF DILLINGHAM, ALASKA**  
 Landfill Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2011  
 (With Comparative Amounts for 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Landfill fees	\$ 175,000	130,011	(44,989)	156,784
State PERS relief	5,793	7,749	1,956	2,376
Total revenues	180,793	137,760	(43,033)	159,160
Expenditures:				
Salaries	98,526	105,475	(6,949)	97,742
Overtime salaries	10,000	10,591	(591)	6,949
Employee benefits	63,138	56,652	6,486	60,742
Utilities and telephone	12,800	12,278	522	11,014
Supplies	3,000	6,270	(3,270)	6,308
Gas, oil and grease	26,000	16,997	9,003	31,174
Insurance	6,774	6,774	-	8,120
Sample testing and inspections	13,600	10,351	3,249	7,028
Administrative overhead	62,390	75,660	(13,270)	66,313
Building and equipment repairs	37,900	51,988	(14,088)	48,849
Minor tools and equipment	1,000	2,161	(1,161)	2,213
In-kind landfill fees	5,000	-	5,000	4,305
Advertising	250	280	(30)	23
Training and travel	1,000	2,127	(1,127)	-
Total expenditures	341,378	357,604	(16,226)	350,780
Excess of revenues over (under) expenditures	(160,585)	(219,844)	(59,259)	(191,620)
Other financing sources (uses):				
Transfers in	143,085	227,344	84,259	168,717
Transfers out	(7,500)	(7,500)	-	(7,500)
Net other financing sources (uses)	135,585	219,844	84,259	161,217
Net change in fund balance	\$ (25,000)	-	25,000	(30,403)
Fund balance at beginning of year		-		30,403
Fund balance at end of year	\$ -	-		-

**CITY OF DILLINGHAM, ALASKA**  
 Dock Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2011  
 (With Comparative Amounts for 2010)

	2011		Variance Positive (Negative)	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Charges for services:				
Wharfage and handling	\$ 435,000	507,098	72,098	441,400
Docking	75,000	97,223	22,223	84,930
Labor income	5,000	3,383	(1,617)	3,925
Fuel flowage fees	-	65,676	65,676	53,800
Total charges for services	<u>515,000</u>	<u>673,380</u>	<u>158,380</u>	<u>584,055</u>
Penalties and interest	500	4,998	4,498	1,226
Investment income	35,000	1,733	(33,267)	12,387
Lease and rental income	35,000	44,672	9,672	37,290
State PERS relief	7,451	10,077	2,626	6,270
Other	7,500	3,891	(3,609)	15,327
Total revenues	<u>600,451</u>	<u>738,751</u>	<u>138,300</u>	<u>656,555</u>
Expenditures:				
Salaries	100,106	111,515	(11,409)	103,437
Overtime salaries	20,000	28,947	(8,947)	24,677
Employee benefits	85,609	101,328	(15,719)	102,761
Contract labor	2,000	2,000	-	-
Utilities and telephone	16,700	15,311	1,389	19,819
Supplies	3,900	3,667	233	2,976
Gas, oil and grease	14,000	17,714	(3,714)	21,893
Insurance	29,391	39,991	(10,600)	21,806
Administrative overhead	72,263	98,464	(26,201)	75,062
Minor tools and equipment	-	-	-	3,714
Building and equipment repairs	14,500	24,791	(10,291)	31,819
Dock repair	2,500	11,837	(9,337)	2,548
Inspections	1,500	378	1,122	-
Travel	-	-	-	2,189
Gravel	1,000	-	1,000	-
Total expenditures	<u>363,469</u>	<u>455,943</u>	<u>(92,474)</u>	<u>412,701</u>
Net change in fund balance	\$ <u>236,982</u>	282,808	<u>45,826</u>	243,854
Fund balance at beginning of year		<u>1,297,379</u>		<u>1,053,525</u>
Fund balance at end of year	\$	<u>1,580,187</u>		<u>1,297,379</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, 2011  
 (With Comparative Amounts for 2010)

	2011		Variance Positive (Negative)	2010
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>				
Charges for services - boat harbor fees	\$ 80,000	126,178	46,178	102,958
Penalties and interest	200	1,535	1,335	42
Bathhouse revenue	5,000	1,629	(3,371)	1,204
State PERS relief	3,038	2,480	(558)	1,495
Federal	20,000	-	(20,000)	-
Other	6,500	1,275	(5,225)	9,912
Total revenues	<u>114,738</u>	<u>133,097</u>	<u>18,359</u>	<u>115,611</u>
<b>Expenditures:</b>				
Salaries	37,805	37,135	670	42,561
Overtime salaries	5,000	7,358	(2,358)	4,615
Employee benefits	25,873	24,386	1,487	22,061
Travel	2,500	3,228	(728)	2,690
Advertising	400	396	4	490
Supplies	4,000	3,987	13	3,874
Gas, oil and grease	3,000	2,296	704	4,371
Utilities and telephone	43,900	41,436	2,464	35,124
Contract labor	1,500	380	1,120	2,816
Training	1,000	30	970	874
Administrative overhead	42,928	45,907	(2,979)	37,206
Minor tools and equipment	5,000	9,195	(4,195)	6,419
Building and equipment repairs	12,000	14,569	(2,569)	11,883
Insurance	19,615	7,714	11,901	4,212
Miscellaneous	2,625	1,482	1,143	3,477
Inspections	1,050	849	201	26
Ice machine	15,000	4,716	10,284	12,090
Total expenditures	<u>223,196</u>	<u>205,064</u>	<u>18,132</u>	<u>194,789</u>
Excess of revenues over (under) expenditures	(108,458)	(71,967)	36,491	(79,178)
Other financing sources - transfers in	<u>108,458</u>	<u>71,967</u>	<u>(36,491)</u>	<u>101,393</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>	22,215
Fund balance (deficit) at beginning of year		-		<u>(22,215)</u>
Fund balance at end of year	\$	<u>-</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, 2011  
 (With Comparative Amounts for 2010)

	<u>2011</u>		Variance Positive (Negative)	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
E911 revenue	\$ 65,000	45,501	(19,499)	15,149
State of Alaska	59,171	-	(59,171)	-
Investment income	829	445	(384)	906
Total revenues	<u>125,000</u>	<u>45,946</u>	<u>(79,054)</u>	<u>16,055</u>
Expenditures - major equipment	<u>125,000</u>	<u>7,469</u>	<u>117,531</u>	<u>-</u>
Excess of revenues over expenditures	-	38,477	38,477	16,055
Other financing uses - transfers out	<u>(45,000)</u>	<u>-</u>	<u>45,000</u>	<u>(1,000)</u>
Net change in fund balance	\$ <u>(45,000)</u>	38,477	<u>83,477</u>	<u>15,055</u>
Fund balance at beginning of year		<u>92,155</u>		<u>77,100</u>
Fund balance at end of year	\$	<u>130,632</u>		<u>92,155</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, 2011  
 (With Comparative Amounts for 2010)

	<u>2011</u>		Variance Positive (Negative)	<u>2010</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues - investment income	\$ -	4	4	820
Expenditures:				
Minor tools and equipment	-	19,464	(19,464)	3,970
Major equipment	-	-	-	9,936
Total expenditures	<u>-</u>	<u>19,464</u>	<u>(19,464)</u>	<u>13,906</u>
Net change in fund balance	\$ <u>-</u>	(19,460)	<u>(19,460)</u>	(13,086)
Fund balance at beginning of year		<u>56,680</u>		<u>69,766</u>
Fund balance at end of year		\$ <u><u>37,220</u></u>		<u><u>56,680</u></u>

## CITY OF DILLINGHAM, ALASKA

Senior Citizen Center Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance (Deficit) - Budget and Actual  
 Year Ended June 30, 2011  
 (With Comparative Amounts for 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
<b>Revenues:</b>				
Lease and rental income	\$ 15,000	10,647	(4,353)	11,822
Investment income	-	-	-	2,483
State of Alaska:				
State PERS relief	7,605	9,769	2,164	7,373
Nutrition, transportation and support services	35,620	36,117	497	34,756
Federal government:				
Nutrition, transportation and support services	101,380	98,916	(2,464)	98,913
USDA	4,000	3,198	(802)	5,520
Senior employment	-	420	420	-
Other	18,400	15,756	(2,644)	20,074
Total revenues	<u>182,005</u>	<u>174,823</u>	<u>(7,182)</u>	<u>180,941</u>
<b>Expenditures:</b>				
Games and activities:				
Utilities	10,170	4,786	5,384	6,291
Supplies	500	-	500	6
Minor tools and equipment	500	-	500	-
Building and equipment repairs	1,900	-	1,900	-
Inspections	500	324	176	-
Total games and activities	<u>13,570</u>	<u>5,110</u>	<u>8,460</u>	<u>6,297</u>
Potato House:				
Utilities and telephone	5,650	2,767	2,883	4,232
Building and minor tools and equipment	-	1,512	(1,512)	58
Insurance	360	360	-	431
Inspections	100	339	(239)	55
Total Potato House	<u>6,110</u>	<u>4,978</u>	<u>1,132</u>	<u>4,776</u>
Nutrition, transportation, and support services:				
Salaries	115,500	116,632	(1,132)	113,736
Overtime salaries	-	66	(66)	-
Employee benefits	77,205	72,632	4,573	86,612
Utilities and telephone	52,500	39,359	13,141	47,840
Supplies	51,200	24,430	26,770	59,496
Insurance	7,961	6,961	1,000	9,543
Building and equipment repairs	14,200	16,776	(2,576)	17,087
Other	2,000	579	1,421	-
Total nutrition, transportation, and support services	<u>320,566</u>	<u>277,435</u>	<u>43,131</u>	<u>334,314</u>



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

	2011		Variance Positive (Negative)	2010
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Senior center - operations:				
Salaries	\$ 20,920	21,203	(283)	35,232
Overtime salaries	-	22	(22)	-
Employee benefits	18,750	18,760	(10)	20,982
Advertising	-	1,935	(1,935)	304
Supplies	-	932	(932)	1,302
Travel	1,000	1,835	(835)	2,569
Administrative overhead	99,706	93,509	6,197	84,768
Training	1,200	175	1,025	234
Building and equipment repairs	250	12,964	(12,714)	-
Total senior center - operations	<u>141,826</u>	<u>151,335</u>	<u>(9,509)</u>	<u>145,391</u>
Total expenditures	<u>482,072</u>	<u>438,858</u>	<u>43,214</u>	<u>490,778</u>
Excess of revenues over (under) expenditures	(300,067)	(264,035)	36,032	(309,837)
Other financing sources - transfers in	<u>300,067</u>	<u>264,364</u>	<u>(35,703)</u>	<u>282,824</u>
Net change in fund balance	\$ <u>-</u>	329	<u>329</u>	(27,013)
Fund balance (deficit) at beginning of year		<u>(329)</u>		<u>26,684</u>
Fund balance (deficit) at end of year	\$	<u>-</u>		<u>(329)</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, 2011  
 (With Comparative Amounts for 2010)

	2011		Variance Positive (Negative)	2010
	Budget	Actual		Actual
Revenues:				
Contribution from school district	\$ 100,000	100,000	-	100,000
State of Alaska	<u>824,488</u>	<u>824,286</u>	<u>(202)</u>	<u>824,109</u>
Total revenues	<u>924,488</u>	<u>924,286</u>	<u>(202)</u>	<u>924,109</u>
Expenditures:				
Principal	520,000	520,000	-	495,000
Interest	<u>657,840</u>	<u>657,840</u>	<u>-</u>	<u>682,590</u>
Total expenditures	<u>1,177,840</u>	<u>1,177,840</u>	<u>-</u>	<u>1,177,590</u>
Excess of revenues over (under) expenditures	(253,352)	(253,554)	(202)	(253,481)
Other financing sources - transfers in	<u>253,352</u>	<u>253,554</u>	<u>202</u>	<u>253,270</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>	(211)
Fund balance at beginning of year		<u>-</u>		<u>211</u>
Fund balance at end of year	\$	<u>-</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.

Road and Street – this fund accounts for the construction of the new road and streets.

Road and Street – this fund accounts for the construction of the new road and streets.

Senior Center - this fund accounts for the construction in the senior center

**CITY OF DILLINGHAM, ALASKA**  
 Dock and Harbor Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Deficit  
 Year Ended June 30, 2011  
 (With Comparative Amounts for 2010)

	<u>2011</u>	<u>2010</u>
Revenues:		
State of Alaska	\$ 381,554	203,183
Federal government	862,444	240,530
Other	<u>17,682</u>	<u>215,968</u>
Total revenues	<u>1,261,680</u>	<u>659,681</u>
Expenditures:		
Boat harbor ramps	-	429,160
North bulkhead	1,239,772	59,672
Other projects	<u>16,989</u>	<u>172,876</u>
Total expenditures	<u>1,256,761</u>	<u>661,708</u>
Net change in fund deficit	4,919	(2,027)
Deficit at beginning of year	<u>(23,305)</u>	<u>(21,278)</u>
Deficit at end of year	\$ <u><u>(18,386)</u></u>	<u><u>(23,305)</u></u>

**CITY OF DILLINGHAM, ALASKA**  
 Water and Sewer Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)  
 Year Ended June 30, 2011  
 (With Comparative Amounts for 2010)

	<u>2011</u>	<u>2010</u>
Revenues:		
State of Alaska	\$ 384,939	314,940
Federal government	2,234,668	1,443,707
Other	<u>202,640</u>	<u>47,360</u>
Total revenues	<u>2,822,247</u>	<u>1,806,007</u>
Expenditures:		
Well and other system improvements	1,747,930	1,527,633
Standpipe	<u>1,224,452</u>	<u>292,940</u>
Total expenditures	<u>2,972,382</u>	<u>1,820,573</u>
Net change in fund balance	(150,135)	(14,566)
Fund balance at beginning of year	<u>91,742</u>	<u>106,308</u>
Fund balance (deficit) at end of year	\$ <u><u>(58,393)</u></u>	<u><u>91,742</u></u>

**CITY OF DILLINGHAM, ALASKA**  
 School Bonds Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended June 30, 2011  
 (With Comparative Amounts for 2010)

	<u>2011</u>	<u>2010</u>
Revenues - investment income	\$ 18,699	6,816
Expenditures - school building projects	<u>3,354,157</u>	<u>7,326,502</u>
Excess of revenues over (under) expenditures	(3,335,458)	(7,319,686)
Other financing uses - transfers out	<u>(18,699)</u>	<u>(6,816)</u>
Net change in fund balance	(3,354,157)	(7,326,502)
Fund balance at beginning of year	<u>4,310,212</u>	<u>11,636,714</u>
Fund balance at end of year	\$ <u><u>956,055</u></u>	<u><u>4,310,212</u></u>

**CITY OF DILLINGHAM, ALASKA**  
 School Repairs Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended June 30, 2011  
 (With Comparative Amounts for 2010)

	<u>2011</u>	<u>2010</u>
Revenues - State of Alaska	\$ 58,377	12,822
Expenditures - school fire alarm sprinkler system	<u>58,377</u>	<u>12,822</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, 2011  
 (With Comparative Amounts for 2010)

	<u>2011</u>	<u>2010</u>
Revenues:		
Investment income	\$ -	2,396
Equipment sales	27,551	34,099
Total revenues	<u>27,551</u>	<u>36,495</u>
Expenditures - capital outlay	<u>170,261</u>	<u>-</u>
Excess of revenues over (under) expenditures	(142,710)	36,495
Other financing sources - transfers in	<u>-</u>	<u>50,000</u>
Net change in fund balance	(142,710)	86,495
Fund balance at beginning of year	<u>219,414</u>	<u>132,919</u>
Fund balance at end of year	\$ <u><u>76,704</u></u>	<u><u>219,414</u></u>

**CITY OF DILLINGHAM, ALASKA**  
 Ambulance Reserve Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended June 30, 2011  
 (With Comparative Amounts for 2010)

	<u>2011</u>	<u>2010</u>
Revenues - investment income	\$ -	4,232
Other financing sources - transfers in	<u>53,468</u>	<u>23,912</u>
Net change in fund balance	53,468	28,144
Fund balance at beginning of year	<u>399,487</u>	<u>371,343</u>
Fund balance at end of year	\$ <u><u>452,955</u></u>	<u><u>399,487</u></u>

**CITY OF DILLINGHAM, ALASKA**  
 Landfill Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended June 30, 2011  
 (With Comparative Amounts for 2010)

	<u>2011</u>	<u>2010</u>
Revenues:		
State of Alaska	\$ 20,031	5,034
Investment income	713	1,862
Total revenues	<u>20,744</u>	<u>6,896</u>
Expenditures - new landfill	<u>22,144</u>	<u>6,817</u>
Excess of revenues over (under) expenditures	(1,400)	79
Other financing sources - transfers in	<u>7,500</u>	<u>7,500</u>
Net change in fund balance	6,100	7,579
Fund balance at beginning of year	<u>165,944</u>	<u>158,365</u>
Fund balance at end of year	\$ <u><u>172,044</u></u>	<u><u>165,944</u></u>

**CITY OF DILLINGHAM, ALASKA**  
 Road and Street Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended June 30, 2011

	<u>2011</u>
Revenues:	
Federal government	\$ 164,818
Other	<u>787,809</u>
Total revenues	<u>952,627</u>
Expenditures - construction	<u>952,627</u>
Net change in fund balance	-
Fund balance at beginning of year	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>

**CITY OF DILLINGHAM, ALASKA**  
Senior Center Capital Project Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Year Ended June 30, 2011

	<u>2011</u>
Revenues - other	\$ 31
Expenditures	<u>-</u>
Net change in fund balance	31
Fund balance at beginning of year	<u>-</u>
Fund balance at end of year	\$ <u><u>31</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, 2011  
 (With Comparative Amounts for 2010)

	<u>2011</u>	<u>2010</u>
Revenues - investment income	\$ <u>4,989</u>	<u>5,712</u>
Expenditures - community services:		
Utilities	5,047	5,564
Building repairs	686	4,810
Insurance	<u>814</u>	<u>976</u>
Total expenditures	<u>6,547</u>	<u>11,350</u>
Net change in fund balance	(1,558)	(5,638)
Fund balance at beginning of year	<u>408,690</u>	<u>414,328</u>
Fund balance at end of year	\$ <u><u>407,132</u></u>	<u><u>408,690</u></u>

**CITY OF DILLINGHAM, ALASKA**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2011

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	July 1, 2010 Receivable (Deferred)	Federal Share of Expend- itures	Federal Receipts	June 30, 2011 Receivable (Deferred)
<b>DENALI COMMISSION</b>							
Tower Road Construction	01260-00	90.100	\$ 925,000	-	164,818	164,818	-
<b>DEPARTMENT OF AGRICULTURE</b>							
Passed through State of Alaska Department of Natural Resources:							
Volunteer Fire Assistance	2010	10.664	8,881	(7,787)	6,100	-	(1,687)
Volunteer Fire Assistance	2011	10.664	8,982	-	-	8,982	(8,982)
Total CFDA 10.664				<u>(7,787)</u>	<u>6,100</u>	<u>8,982</u>	<u>(10,669)</u>
Passed through State of Alaska Department of Environmental Conservation:							
Water System Improvement (75% Federal)	28304	10.760	360,700	18,037	-	662	17,375
USDA Rural Utilities Service Water Project Grant	06 010 920033674	10.760	773,150	<u>103,553</u>	<u>669,597</u>	<u>773,150</u>	-
Total CFDA 10.760				<u>121,590</u>	<u>669,597</u>	<u>773,812</u>	<u>17,375</u>
Total Department of Agriculture				<u>113,803</u>	<u>675,697</u>	<u>782,794</u>	<u>6,706</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>							
Passed through State of Alaska Department of Environmental Conservation:							
Water System Improvement (75% Federal)	28305	66.202	3,407,250	490,348	1,154,818	1,227,149	418,017
* Capitalization Grants for Drinking Water State Revolving Funds - ARRA	283041	66.468	250,000	-	250,000	250,000	-
Total Environmental Protection Agency				<u>490,348</u>	<u>1,404,818</u>	<u>1,477,149</u>	<u>418,017</u>
<b>DEPARTMENT OF COMMERCE</b>							
* Crane and Bulkhead - ARRA	07-79-73308	11.307	1,000,000	<u>24,448</u>	<u>862,444</u>	<u>884,110</u>	<u>2,782</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Passed through State of Alaska Department of Health and Social Services:							
Nutrition, Transportation and Support Services (75% Federal)	607-10-106	93.045	98,916	4,945	-	4,945	-
Nutrition, Transportation and Support Services (75% Federal)	607-11-106	93.045	98,916	-	98,916	93,971	4,945
Nutrition Services Incentive Program	2011	93.053	2,544	-	2,544	2,378	166
Nutrition Services Incentive Program	2010	93.053	5,143	820	-	820	-
Total Aging Cluster				<u>5,765</u>	<u>101,460</u>	<u>102,114</u>	<u>5,111</u>
Passed through Alaska Native Tribal Health Consortium -							
Water Treatment Plant	AN-05-NA7	93.210	665,000	<u>413,738</u>	<u>185,254</u>	<u>593,555</u>	<u>5,437</u>
Total Department of Health and Human Services				<u>419,503</u>	<u>286,714</u>	<u>695,669</u>	<u>10,548</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>							
Passed through State of Alaska Department of Military and Veteran Affairs -							
Emergency Management Performance Grant	10EMPG-GR35581	97.042	2,603	-	2,603	1,345	1,258
<b>DEPARTMENT OF THE INTERIOR</b>							
Passed through State of Alaska Department of Commerce, Community and Economic Development:							
*Payment in Lieu of Taxes	-	15.226	407,511	-	407,511	407,511	-



**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, 2010 Receivable (Deferred)</u>	<u>Federal Share of Expend- itures</u>	<u>Federal Receipts</u>	<u>June 30, 2011 Receivable (Deferred)</u>
<b>DEPARTMENT OF TRANSPORTATION</b>							
Passed through State of Alaska Department of Transportation and Public Facilities:							
ASTEP Seatbelt Enforcement	402PT 10-06-09	20.600	\$ 3,359	1,163	-	1,163	-
ASTEP DUI Enforcement	154AL 10-01-01	20.600	5,917	226	-	226	-
Total Department of Transportation				<u>1,389</u>	<u>-</u>	<u>1,389</u>	<u>-</u>
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>							
Passed through Curyung Tribal Council:							
IMLS Library Grant	NG-05-09-0077-09	45.311	6,000	3,033	2,967	6,000	-
IMLS Library Grant	NG-05-10-0210-10	45.311	7,000	-	6,935	-	6,935
Total CFDA 45.311				<u>3,033</u>	<u>9,902</u>	<u>6,000</u>	<u>6,935</u>
Passed through State of Alaska Department of Education and Early Development:							
Continuing Education Grant	CED-11-728-178	45.310	1,000	-	1,000	-	1,000
Small Libraries Institute for Management	2010 SLIM	45.310	462	462	-	462	-
Interlibrary Cooperative Grant	ILC-11-728-178	45.310	3,000	-	-	3,000	(3,000)
Total CFDA 45.310				<u>462</u>	<u>1,000</u>	<u>3,462</u>	<u>(2,000)</u>
Total Institute of Museum and Library Services				<u>3,495</u>	<u>10,902</u>	<u>9,462</u>	<u>4,935</u>
<b>DEPARTMENT OF ENERGY</b>							
Passed through Alaska Energy Authority - Alaska Small City Energy							
	-	81.128	193,400	-	15,504	15,504	-
<b>DEPARTMENT OF JUSTICE</b>							
Bulletproof Vest Partnership							
	-	16.607	5,413	-	3,695	-	3,695
Total Federal Financial Assistance			\$	<u>1,052,986</u>	<u>3,834,706</u>	<u>4,439,751</u>	<u>447,941</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, 2011

Name of Award	Grant Number	Total Grant Award	July 1, 2010 Receivable	State Share of Expenditures	State Receipts	June 30, 2011 Receivable
<b>DEPARTMENT OF ADMINISTRATION</b>						
* State PERS Relief	N/A	\$ 187,410	-	187,410	187,410	-
<b>DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT</b>						
Public Library Assistance	PLA 11-728-18	6,350	-	6,300	6,300	-
Debt Service - School Bonds FY10	N/A	824,409	8,241	-	8,241	-
* Debt Service - School Bonds FY11	N/A	824,488	-	824,488	816,243	8,245
Total Department of Education and Early Development			8,241	830,788	830,784	8,245
<b>DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT</b>						
* Revenue Sharing	N/A	209,543	-	209,543	209,543	-
Shared Fisheries Business Tax	N/A	33,524	-	40,358	40,358	-
Dillingham School Emergency Fire and Safety Upgrade	09-RR-025	58,377	-	58,377	58,377	-
* City Shoreline Emergency Bank Stabilization	09-DC-449	1,500,000	12,484	381,554	394,038	-
Total Department of Commerce, Community and Economic Development			12,484	689,832	702,316	-
<b>DEPARTMENT OF REVENUE</b>						
* Fisheries Business Tax	N/A	187,259	-	238,589	238,589	-
* Electric and Telephone Co-op Tax	N/A	76,127	-	76,127	-	76,127
Liquor Licenses	N/A	4,000	2,500	7,100	9,600	-
Total Department of Revenue			2,500	321,816	248,189	76,127
<b>DEPARTMENT OF ENVIRONMENTAL CONSERVATION</b>						
Landfill Project Phase III	28303	1,672,825	49,820	20,031	-	69,851
Water System Improvements (25% State)	28304	120,250	6,013	-	221	5,792
* Water System Improvements (25% State)	28305	1,135,750	163,449	384,939	409,050	139,338
Total Department of Environmental Conservation			219,282	404,970	409,271	214,981
<b>DEPARTMENT OF HEALTH AND SOCIAL SERVICES</b>						
Nutrition, Transportation and Support Services (25% State)	607-10-106	34,756	1,739	-	1,739	-
Nutrition, Transportation and Support Services (25% State)	607-11-106	34,756	-	34,756	33,016	1,740
Nutrition Training	N/A	671	-	671	671	-
State Health Insurance Assistance Program	N/A	691	-	691	691	-
Total Department of Health and Social Services			1,739	36,118	36,117	1,740
<b>DEPARTMENT OF CORRECTIONS</b>						
Local Community Jail Program FY2009 Capital Project	N/A	18,887	(10,304)	-	-	(10,304)
Local Community Jail Program FY2011 Capital Project	N/A	5,521	-	5,521	5,521	-
Municipal Corrections Training	Mar-11	3,383	-	3,383	3,383	-
Total Department of Corrections			(10,304)	8,904	8,904	(10,304)
<b>ALASKA STATE LIBRARY</b>						
Passed through the Association for Rural and Small Libraries - Travel Grant Agreement	Oct-10	1,500	-	1,500	1,500	-
Total State Financial Assistance		\$	233,942	2,481,338	2,424,491	290,789

\* 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 City of Dillingham, as of and for the year ended June 30, 2011, which collectively comprise City of Dillingham's basic financial statements and have issued our report thereon dated November 23, 2011. Our report includes a reference to 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. Other auditors audited the financial statements of the Dillingham City School District, as described in our report on City of Dillingham's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of City of Dillingham is responsible for establishing and maintaining effective 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we considered to be a material weakness.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider item 11-01 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Honorable Mayor and City Council  
City of Dillingham, Alaska

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*.

City of Dillingham's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit City of Dillingham's response and, accordingly, we express no opinion on it.

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  
November 23, 2011

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 City of Dillingham's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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.

City of Dillingham's basic financial statements include the operations of its component unit, 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, 2011. Our audit, described below, did not include the operations of 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Honorable Mayor and City Council  
City of Dillingham, Alaska

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, others within the entity, 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  
November 23, 2011

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on 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 could have a direct and material effect on each of its major state programs for the year ended June 30, 2011. City of Dillingham's major state programs are identified in the accompanying Schedule of State Financial Assistance. Compliance with the requirements of 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.

City of Dillingham's basic financial statements include the operations of its component unit, 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, 2011. Our audit, described below, did not include the operations of 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 compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2011.



Honorable Mayor and City Council  
City of Dillingham, Alaska

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, others within the entity, 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  
November 23, 2011

**CITY OF DILLINGHAM, ALASKA**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                      X   yes           no
- Significant deficiency(ies) identified?                   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?                   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>
Department of Commerce	11.307	Economic Adjustment Assistance Systems for Rural Communities – ARRA
Environmental Protection Agency	66.468	Capitalization Grants for Drinking Water State Revolving Funds – ARRA
Department of Interior	15.226	Payment in Lieu of Taxes

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

  X   yes           no

**CITY OF DILLINGHAM, ALASKA**

Schedule of Findings and Questioned Costs, continued

**Summary of Auditor's Results, continued**

**State Financial Assistance**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported

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 Finding**

**Finding 11-01    Bank Reconciliations – Material Weakness**

Criteria:            Internal controls should be established to provide assurance that misstatements in financial information will be detected and corrected through personnel performing their normal job functions.

Condition:        All of the bank reconciliations for the FY2011 year were prepared from late September to mid-October of 2011 by the Finance Director. Although the Finance Director prepared the bank reconciliations by working closely with the newly promoted Assistant Finance Director, neither the Finance Director nor the Assistant Finance Director signed the forms indicating who prepared or reviewed the reconciliations.

Context:            As mentioned previously, all bank reconciliations for the entire fiscal year were prepared in the first three to four months following the end of FY2011.

Effect:             Material errors could occur and remain undetected for an extended time period.

Cause:             The Finance Director position at the City was vacant from September 2010 to mid-January 2011. This turnover in managerial staff presented a void in an area of critical oversight.

Recommendation: The City should make the bank reconciliation process a high priority. Additional support and/or oversight should be attained in order to assure that bank reconciliations are completed in a timely manner.

Views of Responsible

Officials:            See Corrective Action Plan

**CITY OF DILLINGHAM, ALASKA**

Schedule of Findings and Questioned Costs, continued

**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, 2011

**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, 2011

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**Finding 11-01**

**Corrective Action Plan:**

**Bank Reconciliations – Material Weakness**

The City's Finance Director will assign the bank reconciliations to appropriate staff and the reconciliations will be done on a monthly basis within 30 days of the end of the bank statement period and signed by the staff preparing the reconciliation. The City Finance Director will then review and sign the reconciliation forms indicating that reconciliations have been prepared and reviewed in a timely manner.