



City of Dillingham, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information, and Single Audit Reports
Year Ended June 30, 2013

City of Dillingham, Alaska

Basic Financial Statements,
Required Supplementary Information,
Supplementary Information,
and Single Audit Reports
Year Ended June 30, 2013

City of Dillingham, Alaska

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditor's Report		1-4
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	6
Statement of Activities	A-2	7
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	8
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	B-2	9
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	B-3	10
Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities	B-4	11
Notes to Basic Financial Statements		12-28
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
General Fund	C-1	30
Dock Special Revenue Fund	C-2	31
Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	D-1	34-35
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)	D-2	36-37
General Fund:		
Balance Sheet	E-1	39
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	E-2	40-54

City of Dillingham, Alaska

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information, continued		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Special Revenue Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual:		
Water and Sewer	F-1	56-57
Landfill	F-2	58
Dock	F-3	59
Boat Harbor	F-4	60
Enhanced 911 Service	F-5	61
Asset Forfeiture	F-6	62
Senior Citizen Center	F-7	63-64
Homeland Security	F-8	65
Library	F-9	66
Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-1	68
Capital Project Funds: Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit):		
Dock and Harbor	H-1	70
Water and Sewer	H-2	71
School Bonds	H-3	72
Ambulance Reserve	H-4	73
Capital Project Planning	H-5	74
WasteWater Treatment Plant	H-6	75
Library Roof	H-7	76
Water System Improvements	H-8	77
Mary Carlson Estate Permanent Fund - Statement of Revenues, Expenditures and Changes in Fund Balance	I-1	79
Schedule of Expenditures of Federal Awards	J-1	81
Schedule of State Financial Assistance	J-2	82

City of Dillingham, Alaska

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
SINGLE AUDIT SECTION		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		84-85
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133		86-87
Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>		88-90
Schedule of Findings and Questioned Costs		91-95
Summary Schedule of Prior Audit Findings		96
Corrective Action Plan		97

FINANCIAL SECTION



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and City Council
City of Dillingham

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Dillingham, Alaska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Dillingham City School District, is based solely 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

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 City of Dillingham, Alaska, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Correction of Error

As discussed in Note 8 to the financial statements, in 2013, the City discovered that certain capital assets, acquired in prior years, had not been reflected in the statement of net position. Opening net position has been restated to correct this error. Our opinion is not modified with respect to this matter.

New Accounting Pronouncements

As discussed in Note 1 to the financial statements, in 2013, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and the provisions of GASB Statement number 65, *Items Previously Reported as Assets and Liabilities*. These provisions have been retrospectively applied to all periods presented in these financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 30 - 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit for the year ended June 30, 2013 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Dillingham's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents for the year ended June 30, 2013 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*. The Schedule of State Financial Assistance is required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2013 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2013.

City of Dillingham's basic financial statements for the year ended June 30, 2012 (not presented herein), were audited by other auditors whose report thereon dated January 4, 2013, expressed unmodified opinions on the respective financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. The report of the other auditors dated January 4, 2013, stated that the combining and individual fund financial statements and schedules for the year ended June 30, 2012 were subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2014, 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* in considering City of Dillingham's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska

March 19, 2014

Basic Financial Statements

City of Dillingham, Alaska

Statement of Net Position

	Primary Government	Component Unit
	Governmental Activities	Dillingham City School District
<i>June 30, 2013</i>		
Asset		
Cash and investments	\$ 5,047,886	\$ 2,306,753
Prepaid items	61,826	-
Receivables, net	2,044,864	463,209
Restricted cash and investments	159,884	-
Inventory	-	30,464
Land and construction in progress	23,514,824	-
Other capital assets, net of accumulated depreciation	25,513,957	448,488
Total Assets	\$ 56,343,241	\$ 3,248,914
Liabilities		
Accounts payable	\$ 210,355	\$ -
Accrued payroll and related liabilities	124,403	124,691
Due to student groups	-	100,378
Unearned revenue	45,025	144,398
Noncurrent liabilities:		
Due within one year:		
Accrued leave	166,931	-
Bonds	600,000	-
Capital leases	77,835	-
Landfill closure costs	4,000	-
Due in more than one year:		
Bonds	11,905,000	-
Unamortized bond premium	259,265	-
Capital leases	178,200	-
Landfill closure costs	75,000	-
Total liabilities	13,646,014	369,467
Net Position		
Net investment in capital assets	36,120,577	448,488
Restricted:		
Museum and literary services	389,699	-
Enhanced 911	7,751	-
Asset forfeitures	9,035	-
Unrestricted	6,170,165	2,430,959
Total net position	42,697,227	2,879,447
Total Liabilities and Net Position	\$ 56,343,241	\$ 3,248,914

See accompanying notes to basic financial statements.

City of Dillingham, Alaska

Statement of Activities

Year Ended June 30, 2013	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary	Component
					Governmental Total Governmental Activities	Unit Dillingham City School District
Primary government:						
Governmental:						
General government	\$ 1,718,123	\$ 579,912	\$ 92,649	\$ 6,474	\$ (1,039,088)	
Public safety	2,505,506	597,787	177,235	-	(1,730,484)	
Public works	1,196,705	-	70,110	-	(1,126,595)	
Community services	231,125	-	-	-	(231,125)	
Water and sewer	1,152,581	402,117	6,161	1,770,899	1,026,596	
Landfill	760,835	131,640	13,419	-	(615,776)	
Dock	883,166	462,277	21,179	100,393	(299,317)	
Boat harbor	279,056	115,137	7,177	-	(156,742)	
Senior citizen center	476,223	12,204	158,588	-	(305,431)	
Education	1,685,257	-	822,009	-	(863,248)	
Interest on long-term debt	587,306	-	-	-	(587,306)	
Total Governmental Activities	\$ 11,475,883	\$ 2,301,074	\$ 1,368,527	\$ 1,877,766	(5,928,516)	
Component Unit - school district - education	\$ 13,802,794	\$ 88,787	\$ 4,605,816	\$ -		\$ (9,108,191)
General revenues:						
Taxes:						
Sales taxes					4,012,740	-
Real and personal property taxes					2,125,259	-
Gaming taxes					79,532	-
Payment in lieu of taxes					432,893	-
Contributions from primary government					-	1,300,000
Grants and entitlements not restricted to a specific purpose					771,982	7,485,282
Investment income					21,295	168
Other					99,282	404,638
Total general revenues					7,542,983	9,190,088
Change in net position					1,614,467	81,897
Net Position at beginning of year, restated					41,082,760	2,797,550
Net Position at end of year					\$ 42,697,227	\$ 2,879,447

See accompanying notes to basic financial statements.

City of Dillingham, Alaska

Governmental Funds

Balance Sheet

	Major Funds						Total Govern- mental Funds
	General	Dock Special Revenue Fund	Dock and Harbor Capital Project	Wastewater Treatment Plant Capital Project	Water and Sewer Capital Project	Nonmajor Funds	
<i>June 30, 2013</i>							
Assets							
Cash and investments	\$ 2,955,646	\$ 892,883	\$ -	\$ -	\$ -	\$ 1,199,357	\$ 5,047,886
Prepaid items	61,826	-	-	-	-	-	61,826
Receivables, net of allowance for uncollectible accounts:							
Sales taxes	488,016	-	-	-	-	6,887	494,903
Real and personal property taxes	342,340	-	-	-	-	-	342,340
Nushagak fish tax	443,900	-	-	-	-	-	443,900
Accounts	30,262	217,078	-	-	-	111,124	358,464
Grants and shared revenues	18,493	-	20,812	250,602	68,508	46,842	405,257
Due from other funds	546,159	-	-	-	-	-	546,159
Restricted cash and investments	-	-	-	-	-	159,884	159,884
Total Assets	\$ 4,886,642	\$ 1,109,961	\$ 20,812	\$ 250,602	\$ 68,508	\$ 1,524,094	\$ 7,860,619
Liabilities, Deferred Inflows, and Fund Balances							
Liabilities:							
Accounts payable	\$ 66,061	\$ -	\$ -	\$ 25,803	\$ 76,285	\$ 42,206	\$ 210,355
Accrued payroll and related liabilities	108,925	5,020	-	-	-	10,458	124,403
Due to other funds	-	-	166,970	224,799	7,362	147,028	546,159
Unearned revenue	-	-	9,311	-	-	35,714	45,025
Total liabilities	174,986	5,020	176,281	250,602	83,647	235,406	925,942
Deferred Inflows - delinquent property taxes	266,636	-	-	-	-	-	266,636
Fund balances:							
Nonspendable	61,826	-	-	-	-	-	61,826
Restricted	-	-	-	-	-	520,169	520,169
Committed	-	-	-	-	-	816,123	816,123
Assigned	-	1,104,941	-	-	-	20,150	1,125,091
Unassigned (deficits)	4,383,194	-	(155,469)	-	(15,139)	(67,754)	4,144,832
Total fund balances	4,445,020	1,104,941	(155,469)	-	(15,139)	1,288,688	6,668,041
Total Liabilities and Fund Balances	\$ 4,886,642	\$ 1,109,961	\$ 20,812	\$ 250,602	\$ 68,508	\$ 1,524,094	\$ 7,860,619

See accompanying notes to basic financial statements.

City of Dillingham, Alaska

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

June 30, 2013

Total fund balances for governmental funds		\$ 6,668,041
Total net position reported for governmental activities in the Statement of Net Position 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 and land improvements	\$ 4,862,446	
Construction in progress	18,652,378	
Buildings	18,076,161	
Improvements other than buildings	20,411,760	
Machinery and equipment	6,835,069	
Total capital assets	68,837,814	
Less accumulated depreciation	(19,809,033)	
Total capital assets, net of accumulated depreciation		49,028,781
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.		
		266,636
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	(12,505,000)	
Unamortized bond premium	(259,265)	
Capital leases	(256,035)	
Accrued leave	(166,931)	
Landfill closure costs	(79,000)	
Total long-term liabilities	(13,266,231)	
Total net position of governmental activities		\$ 42,697,227

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, 2013	Major Funds						Total Governmental Funds
	General	Dock Special Revenue Funds	Dock and Harbor Capital Project	Wastewater Treatment Plant Capital Project	Water and Sewer Capital Project	Nonmajor Funds	
Revenues:							
Taxes	\$ 6,203,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,203,660
State of Alaska	1,632,859	21,179	94,973	\$ 292,135	1,462,485	936,786	4,440,417
Federal government	429,642	-	-	-	-	126,554	556,196
Charges for services	437,390	461,527	-	-	-	705,115	1,604,032
Licenses and permits	18,384	-	-	-	-	-	18,384
Fines and forfeitures	6,332	-	-	-	-	-	6,332
Lease and rental income	31,700	-	-	-	-	12,204	43,904
Investment income	21,234	-	-	-	-	61	21,295
Other	65,716	750	5,420	-	-	80,091	151,977
Total revenues	8,846,917	483,456	100,393	292,135	1,462,485	1,860,811	13,046,197
Expenditures:							
Current:							
General government	1,780,959	-	-	-	-	-	1,780,959
Public safety	2,320,529	-	-	-	-	87,657	2,408,186
Public works	1,262,542	-	-	-	-	-	1,262,542
Community services	129,856	-	-	-	-	89,740	219,596
Water and sewer	-	-	-	-	-	443,554	443,554
Landfill	-	-	-	-	-	362,295	362,295
Dock	-	483,225	-	-	-	-	483,225
Boat harbor	-	-	-	-	-	196,651	196,651
Senior citizen center	-	-	-	-	-	459,346	459,346
Education - contribution to School District	1,300,000	-	-	-	-	-	1,300,000
Debt service:							
Principal	-	-	-	-	-	570,000	570,000
Interest	-	-	-	-	-	604,590	604,590
Capital outlay	-	-	100,393	292,135	1,462,485	311,451	2,166,464
Total expenditures	6,793,886	483,225	100,393	292,135	1,462,485	3,125,284	12,257,408
Excess of revenues over (under) expenditures	2,053,031	231	-	-	-	(1,264,473)	788,789
Other financing sources (uses):							
Transfers in	-	-	-	-	137,083	1,054,833	1,191,916
Transfers out	(980,496)	(74,337)	(137,083)	-	-	-	(1,191,916)
Net other financing sources (uses)	(980,496)	(74,337)	(137,083)	-	137,083	1,054,833	-
Net change in fund balances	1,072,535	(74,106)	(137,083)	-	137,083	(209,640)	788,789
Fund Balances (Deficit) at beginning of year	3,372,485	1,179,047	(18,386)	-	(152,222)	1,498,328	5,879,252
Fund Balances (Deficit) at end of year	\$ 4,445,020	\$ 1,104,941	\$ (155,469)	\$ -	\$ (15,139)	\$ 1,288,688	\$ 6,668,041

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, 2013

Net change in fund balances - total governmental funds		\$ 788,789
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$2,371,137) exceeded depreciation (\$2,144,756) and loss on disposal (\$87,899) in the current period.</p>		
	138,482	
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the increase in delinquent real property taxes receivable.</p>		
	44,153	
<p>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.</p>		
	(15,000)	
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Principal paid on bonds	\$ 570,000	
Payments on capital leases	74,639	
Amortized bond premium	17,284	
	661,923	
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of the increase in accrued leave.</p>		
	(3,880)	
Change in net position of governmental activities		\$ 1,614,467

See accompanying notes to basic financial statements.

City of Dillingham, Alaska

Notes to Basic Financial Statements

June 30, 2013

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 position and the statement of activities) report information on all of the activities of the City.

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

City of Dillingham, Alaska

Notes to Basic Financial Statements

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 *Dock and Harbor Capital Project Fund* account for various improvement projects at the Dock and Harbor.

The *Wastewater Treatment Plant Capital Project Fund* account for various improvement projects at the City's wastewater treatment facility.

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

Capital Assets

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

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:

City of Dillingham, Alaska

Notes to Basic Financial Statements

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 position. 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.

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.

City of Dillingham, Alaska

Notes to Basic Financial Statements

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 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.

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 Position

Net position represent the difference between assets and liabilities. Net investment in capital assets, 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 position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

City of Dillingham, Alaska
Notes to Basic Financial Statements

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.

Unearned 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 unearned 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.

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 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.

City of Dillingham, Alaska

Notes to Basic Financial Statements

Change in Accounting Principle

The City has adopted newly issued GASB pronouncements 63 and 65, resulting in a change in presentation of the government-wide and fund level financial statements. The new pronouncements require reporting two new categories of accounts. Certain items previously reported as assets are now categorized as deferred outflows of resources. A deferred outflow represents the consumption of the government's net position or fund balance that is applicable to a future reporting period. Other items previously categorized as liabilities are now categorized as deferred inflows of resources. A deferred inflow represents the acquisition of net position or fund balance that is applicable to a future reporting period. For example, revenues that have been earned but are not yet available in the governmental funds are now reported as deferred inflows. In the government-wide financial statements, the residual net of all of the accounts is now called net position (See Note 8).

The new pronouncements require, among other things, that debt issuance costs be recognized as an expense in the year incurred, rather than capitalizing and amortizing these costs over the life of the debt. Retroactive restatement of net position is required in the year of adoption.

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, 2013.

Bank deposits	\$ 226,003	Cash and investments	\$ 5,047,886
Investments	4,981,767	Restricted cash and investments	159,884
	\$ 5,207,770		\$ 5,207,770

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.

City of Dillingham, Alaska

Notes to Basic Financial Statements

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:

<i>Investment Type</i>	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Money market	\$ 848,694	\$ 848,694	\$ -
U.S. government agencies	1,853,263	1,602,505	250,758
Certificates of deposit	1,727,966	1,483,662	244,304
Pooled investments	551,844	551,844	-
Total	\$ 4,981,767	\$ 4,486,705	\$ 495,062

Credit Risk

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

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

The remainder of this page left blank intentionally.

City of Dillingham, Alaska

Notes to Basic Financial Statements

4. Capital Assets

Capital asset activity for the year ended June 30, 2013 follows:

<i>Governmental Activities</i>	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 4,862,446	\$ -	\$ -	\$ 4,862,446
Construction in progress	16,556,306	2,195,585	99,513	18,652,378
Total assets not being depreciated	21,418,752	2,195,585	99,513	23,514,824
<i>Capital assets being depreciated:</i>				
Buildings	18,124,287	6,474	54,600	18,076,161
Improvements other than buildings	20,411,760	-	-	20,411,760
Machinery and equipment	7,380,662	268,591	814,184	6,835,069
Total capital assets being depreciated	45,916,709	275,065	868,784	45,322,990
Less accumulated depreciation for:				
Buildings	5,557,272	492,103	10,920	6,038,455
Improvements other than buildings	8,871,952	1,326,249	-	10,198,201
Machinery and equipment	4,015,938	326,404	769,965	3,572,377
Total accumulated depreciation	18,445,162	2,144,756	780,885	19,809,033
Total capital assets being depreciated, net	27,471,547	(1,869,691)	87,899	25,513,957
Governmental Activity Capital Assets, net	\$ 48,890,299	\$ 325,894	\$ 187,412	\$ 49,028,781

Depreciation expense was charged to the functions as follows:

Year Ended June 30, 2013

General government	\$ 43,879
Public safety	84,805
Public works	90,382
Community services	7,730
Water and sewer	749,320
Boat harbor	103,184
Dock	298,468
Senior citizen center	19,784
Landfill	361,947
Education	385,257
Total Depreciation Expense	\$ 2,144,756

City of Dillingham, Alaska

Notes to Basic Financial Statements

5. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2013, follows:

Due From Other Funds

Due to the General Fund from:

Water and Sewer Capital Project Fund for advances to cover capital costs	\$	7,362
Dock and Harbor Capital Project Fund for advances to cover capital costs		166,970
Wastewater Treatment Plant Capital Project Fund for advances to cover capital costs		224,799
Nonmajor governmental funds for advances to cover operating and capital costs		133,229

Total Due To/From Other Funds	\$	532,360
--------------------------------------	-----------	----------------

Transfers

From General Fund to:

Nonmajor governmental fund for debt service	\$	352,581
Nonmajor governmental funds to cover operating costs of special revenue funds		535,204
Nonmajor governmental funds for capital projects		92,711

Total transfers from General Fund		980,496
-----------------------------------	--	---------

From Dock Special Revenue Fund to other nonmajor governmental fund to cover deficit

		74,337
--	--	--------

From Dock and Harbor Capital Project Fund to Water and Sewer Capital Project Fund to correct for grant revenue receipted into the wrong fund

		137,083
--	--	---------

Total Transfers	\$	1,191,916
------------------------	-----------	------------------

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 remainder of this page left blank intentionally.

City of Dillingham, Alaska

Notes to Basic Financial Statements

The following is a summary of long-term debt transactions for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
\$15,105,000 2008 Series One General Obligation School Bonds, due in annual installments of \$600,000 to \$1,120,000, plus interest at 4.0% to 5.0% through April 1, 2028	\$ 13,075,000	\$ -	\$ 570,000	\$ 12,505,000	\$ 600,000
Grader capital lease	286,374	-	64,554	221,820	67,117
Animal control vehicle lease	18,654	-	4,283	14,371	4,527
Public safety vehicle lease	25,646	-	5,802	19,844	6,191
Accrued leave (net)	163,051	198,108	194,228	166,931	166,931
Estimated landfill closure costs	64,000	15,000	-	79,000	4,000
Total Long-Term Debt	\$ 13,632,725	\$ 213,108	\$ 838,867	\$ 13,006,966	\$ 848,766

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

The annual requirements to amortize the general obligation bonds outstanding at June 30, 2013 are as follows:

<i>Year Ending June 30,</i>	General Obligation Bonds		
	Principal	Interest	Total
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	695,000	481,340	1,176,340
2018	725,000	453,540	1,178,540
2019-2023	4,085,000	1,796,788	5,881,788
2024-2028	5,105,000	780,535	5,885,535
	\$ 12,505,000	\$ 5,148,973	\$ 17,653,973

7. Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of a grader, a vehicle for animal control, and a vehicle for public safety. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. The following is a summary of the assets acquired with the capital leases that have an outstanding balance as of June 30, 2013:

City of Dillingham, Alaska

Notes to Basic Financial Statements

	Grader	Animal Control	Public Safety	Total
Machinery and equipment	\$ 338,282	\$ 24,000	\$ 33,166	\$ 395,448
Less accumulated depreciation	(67,656)	(9,600)	(13,266)	(90,522)
Carrying Value	\$ 270,626	\$ 14,400	\$ 19,900	\$ 304,926

The following is a schedule of future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2013:

<i>Year Ending June 30,</i>	General Fund
2014	\$ 87,443
2015	87,443
2016	87,443
2017	12,429
Total minimum lease payments	274,758
Less interest portion	18,723
Present value of future minimum lease payments	256,035
Less current portion	77,835
Long-Term Portion	\$ 178,200

8. Restatement, Net Position, and Fund Balances

As reported in Note 1, the City adopted the provisions of GASB Statements 63 and 65 in fiscal year 2013. The effect of this adoption requires a retroactive restatement of all prior years presented. Opening net position has been reduced by \$230,567 for the removal of unamortized bond issue costs.

In addition, in 2013, the City discovered that certain capital assets had been inadvertently omitted from the capital assets inventory listing. At June 30, 2013, these assets have a net book value of \$332,028. To correct for this error, management has recorded a prior period adjustment to increase opening net position.

The overall restatement of opening net position was as follows:

Net Position, June 30, 2012 as originally presented	\$ 40,981,299
Cumulative effect of adoption of GASB 63/65	(230,567)
Prior period adjustment, capital asset additions	332,028
Net Position, June 30, 2012, as restated	\$ 41,082,760

City of Dillingham, Alaska

Notes to Basic Financial Statements

Fund balances at June 30, 2013, 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	Dock and Harbor Capital Project	Nonmajor Funds	Totals
Nonspendable - prepaid	\$ 61,826	\$ -	\$ -	\$ -	\$ -	61,826
Restricted:						
Museum and literary (Mary Carlson)	-	-	-	-	389,699	389,699
School construction	-	-	-	-	113,684	113,684
Enhanced 911 service	-	-	-	-	7,751	7,751
Asset forfeiture	-	-	-	-	9,035	9,035
Total restricted	-	-	-	-	520,169	520,169
Committed:						
Equipment replacement	-	-	-	-	57,036	57,036
Ambulance reserve	-	-	-	-	564,593	564,593
Capital project planning	-	-	-	-	20,000	20,000
Landfill gasification	-	-	-	-	2,450	2,450
Landfill closure	-	-	-	-	172,044	172,044
Total committed	-	-	-	-	816,123	816,123
Assigned:						
Water and sewer	-	-	-	-	20,150	20,150
Dock	-	1,104,941	-	-	-	1,104,941
Total assigned	-	1,104,941	-	-	20,150	1,125,091
Unassigned (deficits)	4,383,194	-	(15,139)	(155,469)	(67,754)	4,144,832
Total Fund Balances	\$ 4,445,020	\$ 1,104,941	\$ (15,139)	\$ (155,469)	\$ 1,288,688	\$ 6,668,041

Net investment in capital assets at June 30, 2013 is made up of the following:

Capital assets, net of accumulated depreciation	\$ 49,028,781
Less:	
Bonds payable	12,505,000
Bond premium	259,265
Capital leases	256,035
Unspent bond proceeds	(112,096)
Net investment in capital assets	\$ 36,120,577

City of Dillingham, Alaska

Notes to Basic Financial Statements

9. 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 was closed and hydroseeded and fenced off in 2008. The City began using cell two in FY 2009. The cell has an estimated life of approximately 8 more years and the estimated closing cost for cell two is \$150,000. The \$79,000 (an increase of \$15,000) reported as landfill closure costs payable at June 30, 2013 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 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 2013. Actual costs may be higher due to inflation changes in technology or changes in regulations.

10. 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.

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

PERS Conversion to Cost Sharing

In April 2008, the Alaska Legislature passed legislation 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.

That same year, the State of Alaska passed additional legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

City of Dillingham, Alaska

Notes to Basic Financial Statements

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (2.97% for pension and 3.78% for healthcare).

Employer and Other Contribution Rates

There are three contribution rates associated with the pension and healthcare contributions and related liabilities:

Contractual Rate: This is the required funding rate for participating employers. The contractual PERS rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. PERS contributions are calculated against all participating PERS payroll, including those wages attributable to employees in the defined contribution plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined to calculate annual funding requirements of the Plan, without regard to the statutory rate caps. There are no constraints or restrictions on the actuarial cost method or other assumptions used in this valuation, other than those established and agreed to by the ARM Board.

Current legislation provides that the State of Alaska will contribute the difference between the ARM Board adopted rate and the contractual (statutory) rate. These additional contributions are recognized by each employer as an on-behalf payment and are reflected as revenue and expense/expenditures within the financial statements.

GASB 43 Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For FY13, the rate uses an 8.00% pension discount rate and a 6.88% healthcare discount rate. Additionally, the GASB 43 rate disregards all future Medicare Part D payments.

The GASB 43 rate differs significantly from the ARM Board adopted rate as a direct result of differences in the actuarial valuation methodology and assumptions.

Contribution rates for the year ended June 30, 2013 were determined as part of the June 30, 2010 actuarial valuation and are as follows:

	Contractual Rate	ARM Board Adopted Rate	GASB 43 Rate
Pension	9.67%	15.75%	24.95%
Postemployment healthcare	12.33%	20.09%	39.93%
Total Contribution Rate	22.00%	35.84%	64.88%

City of Dillingham, Alaska

Notes to Basic Financial Statements

Annual Pension and Postemployment Healthcare Cost - PERS

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 13.84% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the City has recorded the State on-behalf payment in the amount of \$388,726 as revenue and expenditures in these financial statements. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

<i>Year Ended June 30,</i>	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	City Contri- butions	% of TBC Contributed
2013	\$ 213,762	\$ 235,035	\$ 448,797	\$448,797	100%
2012	216,774	263,975	480,749	480,749	100%
2011	144,527	260,518	405,045	405,045	100%

11. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a Defined Contribution Retirement Plan. The Plan is administered by the State of Alaska, Department of Administration. 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.

Employee Contribution Rates

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rates

The City is required to contribute the following amounts based on covered salary:

<i>June 30, 2013</i>	Other Tier IV	Police/Fire Tier IV
Individual account	5.00%	5.00%
Retiree medical plan	0.48%	0.48%
Occupational death and disability benefits	0.14%	0.99%
	5.62%	6.47%

City of Dillingham, Alaska

Notes to Basic Financial Statements

In addition, the employer must contribute to the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2012, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,848 per year for each full-time employee and \$1.18 per hour for each part-time employee.

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, 2013 were \$159,843 and \$135,812, respectively.

12. 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.

13. 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, 2013.

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

14. 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, 2013 was \$610,370. 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.

City of Dillingham, Alaska

Notes to Basic Financial Statements

15. 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.

16. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 68 will result in the biggest reporting change. Actual impacts have not yet been determined:

GASB 66 - Technical Corrections - 2012 - Effective for year-end June 30, 2014 - This statement contains certain technical corrections to prior GASB statements on the topics of Risk Financing, Operating Leases, Loan Purchases, and Servicing Fees.

GASB 67 - Financial Reporting for Pension Plans - Effective for year-end June 30, 2014 - This statement contains certain technical corrections to prior GASB statements on the topic of improving financial reporting by state and local governmental pension plans.

GASB 68 - Accounting and Financial Reporting for Pensions - Effective for year-end June 30, 2015 - This statement changes the reporting and disclosure requirements for governments that participate in pension plans. This statement modifies the participating employer side reporting in connection with the Plan reporting at GASB 67.

GASB 69 - Government Combinations and Disposals of Government Operations - Effective for year-end June 30, 2015 - This statement contains certain disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and effects of these transactions.

GASB 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees - Effective for year-end June 30, 2014 - This statement contains reporting requirements when a government financially guarantees the obligations of another government, non-profit, or private entity without receiving equal value in exchange.

GASB 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - Effective for year-end June 30, 2015 - This statement is a companion to GASB Statement 68 and clarifies treatment of contributions made by a contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Required Supplementary Information

City of Dillingham, Alaska

General Fund

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

<i>Year Ended June 30, 2013</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	\$ 5,730,250	\$ 5,638,657	\$ 6,203,660	\$ 565,003
State of Alaska	1,424,689	1,458,905	1,632,859	173,954
Federal government	441,642	429,392	429,642	250
Charges for services	329,723	430,023	437,390	7,367
Licenses and permits	86,600	59,000	18,384	(40,616)
Fines and forfeitures	-	15,000	6,332	(8,668)
Lease and rental income	59,400	42,071	31,700	(10,371)
Investment income	40,000	50,000	21,234	(28,766)
Other	92,010	82,135	65,716	(16,419)
Total revenues	8,204,314	8,205,183	8,846,917	641,734
Expenditures:				
General government	1,703,843	1,770,877	1,780,959	(10,082)
Public safety	2,617,623	2,474,635	2,320,529	154,106
Public works	1,437,492	1,422,124	1,262,542	159,582
Community services	211,676	160,898	129,856	31,042
Education	1,300,000	1,300,000	1,300,000	-
Total expenditures	7,270,634	7,128,534	6,793,886	334,648
Excess of revenues over expenditures	933,680	1,076,649	2,053,031	976,382
Other financing uses - transfers out	(1,033,383)	(932,902)	(980,496)	(47,594)
Net change in fund balance	<u>\$ (99,703)</u>	<u>\$ 143,747</u>	1,072,535	<u>\$ 928,788</u>
Fund Balance at beginning of year			<u>3,372,485</u>	
Fund Balance at end of year			<u>\$ 4,445,020</u>	

City of Dillingham, Alaska
Dock Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2013</i>	Original and Final Budget	Actual	Variance with Budget
Revenues:			
Charges for services:			
Wharfage and handling	\$ 500,000	\$ 314,338	\$ (185,662)
Docking	80,000	59,309	(20,691)
Labor income	4,500	1,999	(2,501)
Equipment rental	45,000	54,487	9,487
Fuel flowage fees	30,000	31,394	1,394
Total charges for services	659,500	461,527	(197,973)
Penalties and interest	2,000	-	(2,000)
Investment income	11,000	-	(11,000)
State PERS relief	-	21,179	21,179
Other	37,103	750	(36,353)
Total revenues	709,603	483,456	(226,147)
Expenditures:			
Salaries	136,194	132,530	3,664
Overtime salaries	25,000	26,469	(1,469)
Employee benefits	102,114	130,584	(28,470)
Contract labor	2,000	-	2,000
Insurance	26,000	26,000	-
Travel and training	2,500	2,288	212
Supplies	11,500	2,683	8,817
Gas, oil and grese	20,000	22,266	(2,266)
Minor tools and equipment	3,000	1,457	1,543
Major equipment - forklift	4,000	4,735	(735)
Utilities and telephone	20,700	23,552	(2,852)
Building and equipment repairs	12,000	11,221	779
Dock repair	2,500	9,386	(6,886)
Inspections	1,000	656	344
Administrative overhead	71,721	89,398	(17,677)
Total expenditures	440,229	483,225	(42,996)
Excess of revenues over expenditures	269,374	231	(269,143)
Other financing uses - transfers out	-	(74,337)	(74,337)
Net change in fund balance	<u>\$ 269,374</u>	<u>(74,106)</u>	<u>\$ (343,480)</u>
Fund Balance at beginning of year		<u>1,179,047</u>	
Fund Balance at end of year		<u>\$ 1,104,941</u>	

This page intentionally left blank.

Supplementary Information

City of Dillingham, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2013</i>	Special Revenue Funds							Debt Service Fund
	Water and Sewer	Landfill	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Library	
Assets								
Cash and investments	\$ -	\$ 100	\$ 50	\$ 12,626	\$ 9,035	\$ 500	\$ -	\$ -
Receivables:								
Accounts	87,108	29,233	41,471	-	-	-	-	-
Grants	-	-	6,312	-	-	18,854	7,142	8,229
Sales tax	-	-	6,887	-	-	-	-	-
Allowance for uncollectible accounts	(27,349)	(8,000)	(11,339)	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-
Total Assets	\$ 59,759	\$ 21,333	\$ 43,381	\$ 12,626	\$ 9,035	\$ 19,354	\$ 7,142	\$ 8,229
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 11,711	\$ 7,241	\$ 12,091	\$ 4,875	\$ -	\$ 3,265	\$ -	\$ -
Accrued payroll and related liabilities	1,747	3,553	2,868	-	-	2,290	-	-
Due to other funds	26,151	8,089	28,422	-	-	13,799	3,468	8,229
Unearned revenue	-	-	-	-	-	-	3,674	-
Total liabilities	39,609	18,883	43,381	4,875	-	19,354	7,142	8,229
Fund balances:								
Restricted	-	-	-	7,751	9,035	-	-	-
Committed	-	2,450	-	-	-	-	-	-
Assigned	20,150	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances (deficits)	20,150	2,450	-	7,751	9,035	-	-	-
Total Liabilities and Fund Balances	\$ 59,759	\$ 21,333	\$ 43,381	\$ 12,626	\$ 9,035	\$ 19,354	\$ 7,142	\$ 8,229

City of Dillingham, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet, continued

<i>June 30, 2013</i>	Capital Project Funds								Mary Carlson Estate Permanent Fund	Total Nonmajor Funds
	School Bonds	Equipment Replacement	Ambulance Reserve	Landfill Closure	Road and Street	Capital Project Planning	Library Roof	Water System Improvements Phase II		
Assets										
Cash and investments	\$ -	\$ 57,036	\$ 564,593	\$ 125,844	\$ -	\$ 20,000	\$ -	\$ -	\$ 409,573	\$ 1,199,357
Receivables:										
Accounts	-	-	-	-	-	-	-	-	-	157,812
Grants	-	-	-	-	1,852	-	4,453	-	-	46,842
Sales tax	-	-	-	-	-	-	-	-	-	6,887
Allowance for uncollectible accounts	-	-	-	-	-	-	-	-	-	(46,688)
Restricted cash	113,684	-	-	46,200	-	-	-	-	-	159,884
Total Assets	\$ 113,684	\$ 57,036	\$ 564,593	\$ 172,044	\$ 1,852	\$ 20,000	\$ 4,453	\$ -	\$ 409,573	\$ 1,524,094
Liabilities and Fund Balances										
Liabilities:										
Accounts payable	\$ 1,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83	\$ 1,277	\$ 75	\$ 42,206
Accrued payroll and related liabilities	-	-	-	-	-	-	-	-	-	10,458
Due to other funds	-	-	-	-	1,852	-	4,370	32,849	19,799	147,028
Unearned revenue	-	-	-	-	-	-	-	32,040	-	35,714
Total liabilities	1,588	-	-	-	1,852	-	4,453	66,166	19,874	235,406
Fund balances:										
Restricted	113,684	-	-	-	-	-	-	-	389,699	520,169
Committed	-	57,036	564,593	172,044	-	20,000	-	-	-	816,123
Assigned	-	-	-	-	-	-	-	-	-	20,150
Unassigned (deficit)	(1,588)	-	-	-	-	-	-	(66,166)	-	(67,754)
Total fund balances (deficits)	112,096	57,036	564,593	172,044	-	20,000	-	(66,166)	389,699	1,288,688
Total Liabilities and Fund Balances	\$ 113,684	\$ 57,036	\$ 564,593	\$ 172,044	\$ 1,852	\$ 20,000	\$ 4,453	\$ -	\$ 409,573	\$ 1,524,094

City of Dillingham, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Year Ended June 30, 2013	Special Revenue Funds								Debt Service Fund
	Water and Sewer	Landfill	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Homeland Security	Library	
Revenues:									
State of Alaska	\$ 6,161	\$ 13,419	\$ 7,177	\$ -	\$ -	\$ 64,140	\$ -	\$ 13,336	\$ 822,009
Federal government	-	-	-	-	-	94,448	-	19,897	-
Charges for services	402,117	131,640	101,095	70,263	-	-	-	-	-
Lease and rental income	-	-	-	-	-	12,204	-	-	-
Investment income (loss)	-	-	-	-	-	-	-	-	-
Other	-	-	14,042	-	-	16,991	-	49,058	-
Total revenues	408,278	145,059	122,314	70,263	-	187,783	-	82,291	822,009
Expenditures:									
Public safety	-	-	-	87,657	-	-	-	-	-
Community services	-	-	-	-	-	-	-	82,291	-
Water and sewer	443,554	-	-	-	-	-	-	-	-
Landfill	-	362,295	-	-	-	-	-	-	-
Boat harbor	-	-	196,651	-	-	-	-	-	-
Senior citizen center	-	-	-	-	-	459,346	-	-	-
Debt service	-	-	-	-	-	-	-	-	1,174,590
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	443,554	362,295	196,651	87,657	-	459,346	-	82,291	1,174,590
Excess of revenues over (under) expenditures	(35,276)	(217,236)	(74,337)	(17,394)	-	(271,563)	-	-	(352,581)
Other financing sources - transfers in	35,382	219,686	74,337	-	-	271,563	8,573	-	352,581
Net change in fund balances	106	2,450	-	(17,394)	-	-	8,573	-	-
Fund Balances (Deficits) at beginning of year	20,044	-	-	25,145	9,035	-	(8,573)	-	-
Fund Balances (Deficits) at end of year	\$ 20,150	\$ 2,450	\$ -	\$ 7,751	\$ 9,035	\$ -	\$ -	\$ -	\$ -

City of Dillingham, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), continued

Year Ended June 30, 2013	Capital Project Funds							Mary Carlson Estate Permanent Fund	Total Nonmajor Funds
	School Bonds	Equipment Replacement	Ambulance Reserve	Landfill Closure	Capital Project Planning	Library Roof	Water System Improvements Phase II		
Revenues:									
State of Alaska	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,474	\$ 4,070	\$ -	\$ 936,786
Federal government	-	-	-	-	-	-	12,209	-	126,554
Charges for services	-	-	-	-	-	-	-	-	705,115
Lease and rental income	-	-	-	-	-	-	-	-	12,204
Investment income (loss)	298	-	-	-	-	-	-	(237)	61
Other	-	-	-	-	-	-	-	-	80,091
Total revenues	298	-	-	-	-	6,474	16,279	(237)	1,860,811
Expenditures:									
Public safety	-	-	-	-	-	-	-	-	87,657
Community services	-	-	-	-	-	-	-	7,449	89,740
Water and sewer	-	-	-	-	-	-	-	-	443,554
Landfill	-	-	-	-	-	-	-	-	362,295
Boat harbor	-	-	-	-	-	-	-	-	196,651
Senior citizen center	-	-	-	-	-	-	-	-	459,346
Debt service	-	-	-	-	-	-	-	-	1,174,590
Capital outlay	281,722	-	-	-	-	6,474	23,255	-	311,451
Total expenditures	281,722	-	-	-	-	6,474	23,255	7,449	3,125,284
Excess of revenues over (under) expenditures	(281,424)	-	-	-	-	-	(6,976)	(7,686)	(1,264,473)
Other financing sources - transfers in	-	-	65,735	-	20,000	-	6,976	-	1,054,833
Net change in fund balances	(281,424)	-	65,735	-	20,000	-	-	(7,686)	(209,640)
Fund Balances (Deficits) at beginning of year	393,520	57,036	498,858	172,044	-	-	(66,166)	397,385	1,498,328
Fund Balances (Deficits) at end of year	\$ 112,096	\$ 57,036	\$ 564,593	\$ 172,044	\$ 20,000	\$ -	\$ (66,166)	\$ 389,699	\$ 1,288,688

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

<i>June 30,</i>	2013	2012
Assets		
Cash and investments	\$ 2,955,646	\$ 2,583,855
Prepaid items	61,826	-
Receivables:		
Sales taxes	488,016	379,510
Real property taxes, penalties and interest	266,636	222,483
Personal property taxes, penalties and interest	186,429	168,312
Allowance for uncollectible personal property taxes	(110,725)	(110,725)
Nushagak fish tax	443,900	-
Ambulance accounts	47,044	65,077
Allowance for uncollectible accounts	(16,782)	(29,354)
Grants and shared revenues	18,493	174,785
Other	-	5,536
Due from other funds	546,159	409,109
Total Assets	\$ 4,886,642	\$ 3,868,588
Liabilities, Deferred Inflows, and Fund Balance		
Liabilities:		
Accounts payable	\$ 66,061	\$ 183,048
Accrued payroll and related liabilities	108,925	57,516
Unearned revenue	-	33,056
Total liabilities	174,986	273,620
Deferred inflows - delinquent property taxes	266,636	222,483
Fund balance:		
Nonspendable - prepaid items	61,826	-
Unassigned	4,383,194	3,372,485
Total fund balance	4,445,020	3,372,485
Total Liabilities, Deferred Inflows and Fund Balance	\$ 4,886,642	\$ 3,868,588

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Taxes:				
Sales taxes	\$ 2,720,000	\$ 2,713,102	\$ (6,898)	\$ 2,555,633
Alcohol sales taxes	285,000	346,744	61,744	247,219
Transient lodging sales taxes	105,000	84,771	(20,229)	102,317
Nushagak raw fish tax	400,920	848,910	447,990	79,523
Real property taxes	1,466,000	1,479,252	13,252	1,554,387
Payment in lieu of taxes - BBHA	5,737	3,251	(2,486)	-
Personal property taxes	500,000	521,464	21,464	484,505
Penalty and interest on property taxes	55,000	80,390	25,390	43,370
Penalty and interest on sales taxes	11,000	19,213	8,213	25,052
Motor vehicle tax	25,000	27,031	2,031	26,361
Gaming taxes	65,000	79,532	14,532	103,508
Total taxes	5,638,657	6,203,660	565,003	5,221,875
State of Alaska:				
Jail contract revenue	480,417	480,417	-	480,417
Revenue sharing	298,970	300,237	1,267	282,381
Raw fish tax	339,410	339,410	-	446,588
Shared fisheries business tax	32,206	32,207	1	48,256
Electric and telephone co-op tax	75,000	73,328	(1,672)	76,532
PERS relief	165,302	321,501	156,199	278,850
DMV commission revenue	43,000	40,466	(2,534)	45,972
Jail capital grant	-	-	-	10,304
Seasonal patrol officer grant	-	18,493	18,493	-
Liquor licenses	4,600	6,800	2,200	1,500
Library grants	-	-	-	7,791
Trooper dispatch	20,000	20,000	-	20,000
Other	-	-	-	4,401
Total State of Alaska	1,458,905	1,632,859	173,954	1,702,992
Federal government:				
Emergency management planning grant	-	-	-	2,646
Volunteer fire assistance	-	-	-	10,903
Public safety grants	-	-	-	1,245
Library grants	-	-	-	9,840
Payment in lieu of taxes	429,392	429,642	250	421,879
Energy efficiency grant	-	-	-	13,157
Total federal government	429,392	429,642	250	459,670

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Revenues, continued:				
Charges for services:				
Contract revenue	\$ 8,000	\$ 8,000	\$ -	\$ -
Commisarry	4,000	4,348	348	-
Court deposits	2,000	3,613	1,613	-
Fines and fees	4,000	4,348	348	-
Insurance proceeds	-	23,635	23,635	-
Administrative overhead charges	364,723	356,504	(8,219)	288,962
Document copies	100	149	49	13
Platting and mapping fees	600	931	331	784
Ambulance fees	45,000	34,988	(10,012)	52,088
Other	1,600	874	(726)	-
Total charges for services	430,023	437,390	7,367	341,847
Licenses and permits:				
Animal licenses	3,000	2,174	(826)	2,129
Business licenses	55,000	14,950	(40,050)	17,482
Land use permits	1,000	1,260	260	750
Total licenses and permits	59,000	18,384	(40,616)	20,361
Fines and forfeitures:				
Title 47 fines	15,000	6,332	(8,668)	13,162
Library fines and donations	-	-	-	3,771
Total fines and forfeitures	15,000	6,332	(8,668)	16,933
Lease and rental income	42,071	31,700	(10,371)	34,595
Investment income	50,000	21,234	(28,766)	35,712
Other revenues:				
Other library grants/donation	-	-	-	8,000
Equipment sales	50,000	3,012	(46,988)	55,518
Property sales	-	-	-	335,909
Insurance claim	23,635	-	(23,635)	29,506
Other	8,500	62,704	54,204	12,186
Total other revenues	82,135	65,716	(16,419)	441,119
Total revenues	8,205,183	8,846,917	641,734	8,275,104
Expenditures:				
General government:				
City council:				
Lobbying	40,000	25,144	14,856	4,617
Annexation project	-	-	-	19,268
Contract labor	7,500	7,639	(139)	3,005
Council contributions	40,000	15,050	24,950	10,123
Subscriptions and memberships	4,500	2,965	1,535	7,289

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
City council, continued:				
Telephone	\$ 150	\$ 176	\$ (26)	\$ 43
Travel	12,000	4,963	7,037	4,429
Training	1,200	2,118	(918)	1,045
Supplies	1,300	1,999	(699)	2,853
Minor tools and equipment	300	65	235	749
Advertising	1,850	5,271	(3,421)	5,814
Total city council	108,800	65,390	43,410	59,235
City clerk:				
Salaries	65,150	64,533	617	209,788
Overtime salaries	-	-	-	3,194
Employee benefits	40,769	47,620	(6,851)	148,147
Advertising	-	-	-	700
Subscriptions and memberships	200	185	15	25
Travel	2,500	730	1,770	8,561
Training	650	300	350	390
Supplies	600	624	(24)	2,773
Contract labor	-	-	-	105
Special project manager	-	-	-	22,595
Elections	3,100	5,059	(1,959)	-
Codification	1,500	2,627	(1,127)	3,408
Foreclosure	3,000	1,405	1,595	972
Minor tools and equipment	300	-	300	3,141
Major equipment	10,000	9,976	24	305
Total city clerk	127,769	133,059	(5,290)	404,104
City administration:				
Salaries	171,738	165,523	6,215	65,823
Overtime salaries	3,000	936	2,064	-
Employee benefits	113,607	98,571	15,036	36,837
Recruitment	-	-	-	9,759
Advertising	600	-	600	1,142
Travel	4,500	7,002	(2,502)	2,708
Subscriptions and memberships	500	200	300	210
Supplies	2,000	2,926	(926)	808
Training	500	-	500	574
Contract labor	-	210	(210)	88
Minor tools and equipment	1,000	2,279	(1,279)	11
Elections	-	-	-	8,246

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
City administration, continued:				
Project manager	\$ 14,000	\$ 6,955	\$ 7,045	\$ -
Recruiting	8,000	4,075	3,925	-
Total city clerk	319,445	288,677	30,768	126,206
Finance:				
Salaries	313,857	316,441	(2,584)	276,874
Overtime salaries	4,000	7,603	(3,603)	8,960
Employee benefits	219,259	239,526	(20,267)	235,361
Alaska FICA administrative program	150	-	150	138
Recruiting	-	-	-	2,101
Appraisal	24,000	24,085	(85)	13,000
Contract labor	-	-	-	1,838
Advertising	-	224	(224)	-
Subscriptions and memberships	300	486	(186)	514
Travel	6,000	4,069	1,931	5,630
Training	2,500	3,713	(1,213)	2,691
Bank charges	500	3,947	(3,447)	888
Cash over/under	100	(73)	173	119
Collection agency and lien processing fees	-	-	-	25
Supplies	5,000	7,615	(2,615)	7,601
Minor tools and equipment	2,500	2,312	188	6,774
Major tools and equipment	2,500	-	2,500	6,089
Total finance	580,666	609,948	(29,282)	568,603
Legal	135,000	139,440	(4,440)	252,615
Insurance:				
General liability	38,303	38,303	-	46,975
Property	21,472	21,472	-	30,777
Automobile	19,569	19,569	-	18,874
Claims deductibles	13,157	13,157	-	-
Total insurance	92,501	92,501	-	96,626
Nondepartmental:				
Contract labor	20,000	12,572	7,428	4,230
Accounting services and audit	41,000	41,279	(279)	41,611
Advertising	800	494	306	799
Credit card processing fees	45,000	53,761	(8,761)	46,094
Office supplies	6,500	4,258	2,242	10,483
Postage	8,000	8,730	(730)	8,519

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
Nondepartmental, continued:				
Telephone	\$ 15,000	\$ 25,025	\$ (10,025)	\$ 25,726
Food items	3,000	3,156	(156)	2,538
Gas, oil and grease	800	393	407	1,580
Minor tools and equipment	-	122	(122)	1,364
Vehicle repairs	1,500	1,605	(105)	5,986
Copier repair and maintenance	-	-	-	3,406
Janitor	-	1,275	(1,275)	-
Computer hardware	15,000	4,089	10,911	17,816
Computer software	52,000	77,402	(25,402)	37,440
Computer supplies	2,000	-	2,000	2,534
Computer support services	50,000	29,626	20,374	56,987
Equipment maintenance	4,000	2,273	1,727	-
Non-reimbursed grant costs	-	50,385	(50,385)	2,847
Total nondepartmental	264,600	316,445	(51,845)	224,119
Planning:				
Salaries	62,779	62,775	4	62,923
Employee benefits	31,529	37,484	(5,955)	35,632
Contract labor	30,000	22,922	7,078	18,442
Advertising	2,000	1,720	280	1,816
Subscriptions and memberships	1,045	1,298	(253)	630
Travel	3,500	2,839	661	3,073
Training	1,800	142	1,658	919
Recording fees	100	229	(129)	159
Supplies	3,843	2,094	1,749	2,103
Telephone	-	325	(325)	213
Neighborhood initiative	5,000	2,928	2,072	4,084
Minor tools and equipment	500	1,776	(1,276)	4,129
Total planning	142,096	136,532	5,564	134,123
Foreclosed property:				
Legal	-	(1,033)	1,033	-
Salaries	-	-	-	96
Overtime salaries	-	-	-	374
Employee benefits	-	-	-	139
Advertising	-	-	-	940
Supplies	-	-	-	321
Third party payments	-	-	-	62,252
Utilities	-	-	-	4,848
Contract labor	-	-	-	43,911

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
Foreclosed property, continued:				
Sample testing	\$ -	\$ -	\$ -	\$ 1,138
Building repairs	-	-	-	701
Total foreclosed property	-	(1,033)	1,033	114,720
Total general government	1,770,877	1,780,959	(10,082)	1,980,351
Education -				
contribution to school district	1,300,000	1,300,000	-	1,350,000
Public safety:				
Police dispatch:				
Salaries	215,155	227,600	(12,445)	233,956
Overtime salaries	40,000	25,707	14,293	48,634
Employee benefits	145,074	185,809	(40,735)	189,209
Recruiting	-	-	-	191
Contract labor	-	-	-	5,066
Advertising	-	-	-	52
Subscriptions and memberships	-	-	-	214
Travel	2,500	2,422	78	5,030
Training	500	299	201	354
Supplies	6,000	4,729	1,271	7,295
Postage	-	-	-	615
Telephone	-	-	-	7,248
Electricity	-	-	-	2,687
Water and sewer	-	-	-	281
Refuse collection	-	-	-	369
Heating fuel	-	-	-	3,305
Computer software	-	-	-	3,455
Computer support services	-	-	-	13,212
APSIN contract	-	-	-	1,417
Uniforms	500	399	101	1,213
Minor tools and equipment	5,500	3,346	2,154	5,682
Building repairs	-	-	-	5,203
Total police dispatch	415,229	450,311	(35,082)	534,688
Police department:				
Salaries	248,634	247,924	710	423,525
Overtime salaries	33,000	50,591	(17,591)	102,372
Employee benefits	145,746	196,134	(50,388)	336,308
Recruiting	10,000	10,709	(709)	12,887

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Police department, continued:				
Contract labor and towing	\$ 2,500	\$ 272	\$ 2,228	\$ 5,311
Insurance	18,949	18,949	-	22,082
Subscriptions and memberships	-	-	-	396
Travel	7,500	6,400	1,100	16,836
Training	3,500	760	2,740	2,751
Supplies	5,000	4,980	20	5,177
Postage	-	-	-	569
Uniforms	5,000	2,198	2,802	7,173
Investigations	-	-	-	246
Gas, oil and grease	20,000	23,578	(3,578)	32,601
Food	-	-	-	1,183
Minor tools and equipment	17,500	4,768	12,732	41,666
Major equipment	5,000	2,494	2,506	581
Vehicle maintenance	17,500	12,579	4,921	34,245
Building repairs	1,000	701	299	92,644
Required inspections	500	20	480	569
Equipment repairs	2,200	539	1,661	2,159
Telephone	-	-	-	9,564
Electricity	-	-	-	3,748
Water and sewer	-	-	-	393
Refuse collection	-	-	-	515
Heating fuel	-	-	-	4,611
Total police department	543,529	583,596	(40,067)	1,160,112
Jail:				
Salaries	257,001	249,851	7,150	252,029
Overtime salaries	20,000	31,234	(11,234)	30,523
Employee benefits	167,703	186,531	(18,828)	196,883
Recruiting	2,500	-	2,500	-
Contract labor	-	-	-	6,677
Insurance	9,160	9,160	-	9,655
Subscriptions and memberships	300	-	300	784
Travel	2,500	1,509	991	1,744
Training	500	-	500	212
Supplies	7,000	4,885	2,115	3,399
Postage	-	-	-	27
Uniforms	1,000	885	115	977

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Jail, continued:				
Gas, oil and grease	\$ 1,000	\$ 67	\$ 933	\$ 43
Food	30,000	29,605	395	37,306
Minor tools and equipment	3,000	2,984	16	6,171
Major equipment	11,500	2,339	9,161	13,951
Telephone	-	-	-	3,442
Electricity	14,000	12,115	1,885	14,690
Heating fuel	10,000	16,060	(6,060)	17,734
Water and sewer	1,500	1,372	128	1,539
Refuse collection	1,800	1,826	(26)	2,018
Janitorial	800	7,809	(7,009)	1,049
Building repairs	8,000	3	7,997	11,118
Vehicle maintenance	1,000	16	984	627
Equipment repairs	400	-	400	316
Required inspections	1,200	1,273	(73)	617
Total jail	551,864	559,524	(7,660)	613,531
Department of motor vehicles:				
Salaries	53,040	52,125	915	53,398
Overtime salaries	-	-	-	459
Employee benefits	29,159	32,504	(3,345)	31,902
Supplies	1,000	483	517	1,025
Postage	-	-	-	49
Telephone	-	-	-	656
Electricity	-	-	-	542
Water and sewer	-	-	-	57
Refuse collection	-	-	-	74
Heating fuel	-	-	-	666
Contract labor	-	-	-	1,880
Minor tools and equipment	1,000	129	871	1,631
Building repairs	1,500	-	1,500	1,616
Total department of motor vehicles	85,699	85,241	458	93,955
Fire department:				
Salaries	91,379	56,597	34,782	99,658
Overtime salaries	4,500	1,465	3,035	365
Employee benefits	57,147	46,651	10,496	73,320
Insurance	450	450	-	450
Advertising	400	620	(220)	22
Subscriptions and memberships	500	1,039	(539)	325
Travel	8,000	4,327	3,673	3,452
Training	3,000	5,045	(2,045)	2,105

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Fire department, continued:				
Supplies	\$ 3,000	\$ 1,479	\$ 1,521	\$ 2,600
Postage	500	165	335	162
EMS and fire supplies	9,000	20,486	(11,486)	13,910
Public education	500	188	312	425
Ambulance billing	7,000	5,975	1,025	7,207
Gas, oil and grease	7,000	2,269	4,731	4,278
Minor tools and equipment	21,500	7,884	13,616	21,778
Major equipment	11,000	7,173	3,827	-
Janitorial	500	45	455	1,259
Building repairs	5,000	1,573	3,427	6,213
Computer supplies and software	-	-	-	110
Vehicle repairs	10,000	4,718	5,282	13,191
Fire department equipment replacement	5,500	4,519	981	5,346
Telephone	6,100	5,681	419	5,378
Electricity	6,050	4,971	1,079	5,871
Heating fuel	25,000	24,999	1	27,230
Water and sewer	1,060	1,010	50	1,038
Required inspections	1,500	1,157	343	339
Sample testing	400	215	185	293
Medical tests	500	397	103	-
Member recognition	5,500	4,644	856	6,325
Airport lease	550	550	-	550
Equipment repairs	2,000	1,029	971	1,349
Total fire department	294,536	217,321	77,215	304,549
Animal control:				
Salaries	43,571	46,054	(2,483)	42,630
Overtime salaries	2,000	2,182	(182)	1,218
Employee benefits	25,552	31,426	(5,874)	29,111
Contract services	-	-	-	3,435
Subscriptions and memberships	-	756	(756)	-
Travel	3,000	136	2,864	5,198
Training	1,600	-	1,600	1,050
Supplies	2,000	2,368	(368)	2,197
Food items	2,500	576	1,924	-
Gas, oil and grease	1,000	2,506	(1,506)	990
Uniforms	400	152	248	345
Minor tools and equipment	1,000	1,383	(383)	1,104
Major equipment	1,000	370	630	-
Leased equipment	5,347	5,346	1	-

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Animal control, continued:				
Telephone	\$ 600	\$ 549	\$ 51	\$ 849
Electricity	2,400	2,492	(92)	2,543
Heating fuel	6,000	4,513	1,487	-
Refuse collection	1,100	1,248	(148)	1,176
Building rent	30,000	29,200	800	27,393
Vehicle repairs	1,000	390	610	3,550
Building repairs	-	-	-	6,440
Insurance	-	-	-	881
Total animal control	130,070	131,647	(1,577)	130,110
K-9:				
Salaries	50,171	39,139	11,032	-
Overtime salaries	10,000	15,343	(5,343)	-
Employee benefits	29,548	24,783	4,765	-
Contract services	500	364	136	-
Travel	1,500	73	1,427	-
Supplies	1,000	439	561	-
Food items	1,000	637	363	-
Total K-9	93,719	80,778	12,941	-
Information technology:				
Minor tools and equipment	6,500	8,224	(1,724)	-
Computer software	-	598	(598)	-
Computer support services	20,000	5,070	14,930	-
Total information technology	26,500	13,892	12,608	-
Administration:				
Salaries	72,472	55,581	16,891	-
Employee benefits	62,668	38,776	23,892	-
Advertising	500	-	500	-
Subscriptions and memberships	500	300	200	-
Travel	2,500	2,920	(420)	-
Training	1,000	-	1,000	-
Court processing	-	115	(115)	-
Supplies	1,500	630	870	-
Postage	1,800	1,240	560	-
Gas, oil and grease	2,000	236	1,764	-
Major equipment	7,000	-	7,000	-
Vehicle lease	7,710	7,520	190	-
Telephone	15,000	16,168	(1,168)	-
Electricity	8,200	4,577	3,623	-
Water and sewer	1,200	711	489	-

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Administration, continued:				
Heating fuel	\$ 10,000	\$ 8,692	\$ 1,308	\$ -
Refuse collection	1,075	766	309	-
Building repairs	1,500	209	1,291	-
Vehicle repairs	1,000	380	620	-
Total administration	197,625	138,821	58,804	-
Investigations WAANT:				
Salaries	68,949	30,084	38,865	-
Overtime salaries	15,000	7,244	7,756	-
Employee benefits	44,015	21,210	22,805	-
Memberships	200	-	200	-
Travel	3,000	546	2,454	-
Training	4,000	-	4,000	-
Supplies	200	200	-	-
Uniforms	500	114	386	-
Total investigations WAANT	135,864	59,398	76,466	-
Total public safety	2,474,635	2,320,529	154,106	2,836,945
Public works:				
Administration:				
Salaries	122,833	94,850	27,983	74,659
Overtime salaries	-	523	(523)	1,541
Employee benefits	82,563	73,378	9,185	48,829
Contract labor	-	-	-	8,159
Advertising	1,500	107	1,393	1,328
Subscriptions and memberships	300	-	300	300
Travel	1,500	269	1,231	606
Training	400	-	400	40
Supplies	2,000	2,313	(313)	3,234
Gas, oil and grease	3,000	2,635	365	5,879
Telephone	1,200	1,436	(236)	756
Minor tools and equipment	300	146	154	-
Major equipment	500	-	500	-
Building repairs	1,000	124	876	-
Vehicle repairs	-	-	-	736
Total administration	217,096	175,781	41,315	146,067
Building and grounds maintenance:				
Salaries	107,365	103,584	3,781	111,828
Overtime salaries	10,000	13,619	(3,619)	15,512

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works, continued:				
Building and grounds maintenance, continued:				
Employee benefits	\$ 79,941	\$ 90,481	\$ (10,540)	\$ 86,980
Contract labor	12,000	55	11,945	20
Travel	1,000	-	1,000	1,000
Training	1,500	586	914	1,235
Supplies	5,000	2,561	2,439	5,967
Gas, oil and grease	3,500	5,199	(1,699)	7,499
Safety equipment	2,000	904	1,096	-
Minor tools and equipment	5,000	4,885	115	7,049
Telephone	1,500	2,086	(586)	1,873
Electricity	12,000	9,237	2,763	9,747
Heating fuel	35,000	36,414	(1,414)	42,879
Water and sewer	2,400	2,141	259	2,217
Refuse collection	400	175	225	300
Janitorial	30,000	24,915	5,085	13,862
Building repairs	64,000	38,450	25,550	60,902
Vehicle maintenance	2,000	3,035	(1,035)	6,615
Equipment repairs	2,000	84	1,916	2,233
Energy efficiency grant expenditures	-	-	-	5,714
Required inspections	-	880	(880)	-
Total building and grounds maintenance	376,606	339,291	37,315	383,432
Shop maintenance:				
Salaries	179,200	82,680	96,520	149,797
Allocated to other funds	(175,000)	(91,624)	(83,376)	(144,392)
Overtime salaries	25,000	1,085	23,915	22,670
Employee benefits	135,551	67,992	67,559	126,931
Travel	2,500	-	2,500	219
Training	2,000	-	2,000	1,950
Supplies	11,000	7,407	3,593	12,646
Gas, oil and grease	3,000	13,218	(10,218)	3,395
Used oil management	1,000	272	728	3,530
Minor tools and equipment	8,000	7,888	112	6,869
Safety equipment	1,000	69	931	-
Major equipment	-	-	-	7,326
Telephone	2,500	3,237	(737)	3,843
Electricity	18,000	14,728	3,272	17,348
Heating fuel	12,000	36,070	(24,070)	18,092
Refuse collection	2,600	2,640	(40)	2,736
Sample testing	-	-	-	611

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works, continued:				
Shop maintenance, continued:				
Building repairs	\$ 4,600	\$ 9,173	\$ (4,573)	\$ 20,008
Vehicle repairs	10,000	2,161	7,839	1,900
Required inspections	1,200	606	594	711
Equipment repairs	3,000	2,346	654	2,227
Total shop maintenance	247,151	159,948	87,203	258,417
Streets:				
Salaries	98,172	115,523	(17,351)	127,319
Overtime salaries	15,000	22,352	(7,352)	26,129
Employee benefits	64,194	103,606	(39,412)	117,890
Insurance	9,655	9,655	-	-
Travel	750	-	750	-
Training	1,500	678	822	-
Supplies	4,000	1,583	2,417	3,400
Gas, oil and grease	50,000	55,598	(5,598)	65,696
Salt and calcium	35,000	42,711	(7,711)	24,376
Street signs	1,000	841	159	2,397
Road maintenance	45,000	19,979	25,021	38,784
Professional fees	10,000	-	10,000	-
Gravel	30,000	25,700	4,300	-
Minor tools and equipment	2,000	692	1,308	984
Safety equipment	3,000	2,848	152	-
Telephone	1,000	-	1,000	-
Electricity	16,000	20,170	(4,170)	21,664
Vehicle repairs	20,000	22,495	(2,495)	26,361
Equipment repairs	100,000	62,300	37,700	101,295
Grader lease	75,000	80,791	(5,791)	42,897
Total streets	581,271	587,522	(6,251)	599,192
Total public works	1,422,124	1,262,542	159,582	1,387,108
Community services:				
Library:				
Salaries	67,321	65,105	2,216	66,565
Overtime salaries	-	212	(212)	543
Employee benefits	29,189	30,328	(1,139)	32,276
Contract labor	-	-	-	5,469
Subscriptions and memberships	600	669	(69)	375
Advertising	200	-	200	344
Travel	950	-	950	3,956

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Community services, continued:				
Library, continued:				
Training	\$ 50	\$ 23	\$ 27	\$ 272
Supplies	3,500	2,405	1,095	2,001
Postage	450	187	263	372
Software	1,600	599	1,001	1,511
Audio visual	1,500	654	846	3,207
Books	200	507	(307)	7,946
Periodicals	750	465	285	567
Summer reading program	-	303	(303)	943
Collection preservation	1,500	1,360	140	1,012
Minor tools and equipment	2,500	3,429	(929)	4,803
Telephone	1,708	65	1,643	577
Internet	-	-	-	1,276
Electricity	3,100	3,011	89	3,676
Water and sewer	1,500	1,582	(82)	1,515
Refuse collection	300	300	-	300
Janitorial	6,000	5,940	60	-
Heating fuel	8,000	7,218	782	8,084
Building repairs	1,500	980	520	1,481
Required inspections	200	-	200	55
Equipment repairs	600	545	55	561
Total library	133,218	125,887	7,331	149,687
Meeting hall:				
Telephone	400	353	47	403
Electricity	660	424	236	747
Water and sewer	1,420	1,419	1	1,475
Refuse collection	1,200	1,416	(216)	1,416
Building repairs	-	-	-	499
Total meeting hall	3,680	3,612	68	4,540
Potato house:				
Telephone	-	-	-	37
Electricity	-	-	-	1,524
Heating fuel	-	-	-	3,532
Building repairs	-	-	-	1,676
Insurance	-	-	-	435
Required inspections	-	-	-	55
Total potato house	-	-	-	7,259

City of Dillingham, Alaska

General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Community services, continued:				
Community development:				
Museum	\$ 24,000	\$ -	\$ 24,000	\$ 1,557
Parks and recreation	-	357	(357)	-
Total community development	24,000	357	23,643	1,557
Total community services	160,898	129,856	31,042	163,043
Total expenditures	7,128,534	6,793,886	334,648	7,717,447
Excess of revenues over expenditures	1,076,649	2,053,031	976,382	511,816
Other financing uses - transfers out	(932,902)	(980,496)	(47,594)	(1,033,207)
Net change in fund balance	<u>\$ 143,747</u>	<u>1,072,535</u>	<u>\$ 928,788</u>	<u>(521,391)</u>
Fund Balance at beginning of year		<u>3,372,485</u>		<u>3,893,876</u>
Fund Balance at end of year		<u>\$ 4,445,020</u>		<u>\$ 3,372,485</u>

Special Revenue Funds

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

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

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

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

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

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

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

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

Homeland Security - this fund accounts for the use of grants received from the Department of Homeland Security.

Library - this fund accounts for the various grants and operating activities of the Public Library

City of Dillingham, Alaska
Water and Sewer Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Charges for services:				
Water sales	\$ 173,074	\$ 161,089	\$ (11,985)	\$ 163,769
Sewer fees	235,700	241,028	5,328	214,879
Total charges for services	408,774	402,117	(6,657)	378,648
State PERS relief	7,294	6,161	(1,133)	13,931
Other	-	-	-	2,749
Total revenues	416,068	408,278	(7,790)	395,328
Expenditures:				
Water:				
Salaries	61,189	37,598	23,591	39,833
Overtime salaries	10,000	10,007	(7)	12,705
Employee benefits	42,303	35,924	6,379	38,583
Contract labor	8,000	(2,484)	10,484	6,840
Insurance	3,859	3,859	-	3,006
Travel and training	4,000	2,687	1,313	1,811
Supplies	8,500	8,217	283	7,876
Gas, oil and grease	2,000	2,823	(823)	5,723
Minor tools and equipment	6,000	4,129	1,871	2,559
Major equipment	-	-	-	506
Utilities and telephone	22,000	27,489	(5,489)	29,102
Building and equipment repairs	14,500	11,152	3,348	3,633
Sample testing and inspections	2,500	1,098	1,402	1,132
Administrative overhead	37,830	27,267	10,563	26,751
Total water	222,681	169,766	52,915	180,060

City of Dillingham, Alaska

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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Sewer:				
Salaries	\$ 61,189	\$ 44,825	\$ 16,364	\$ 48,000
Overtime salaries	15,000	19,998	(4,998)	21,532
Employee benefits	40,454	51,916	(11,462)	48,688
Contract labor	8,000	1,522	6,478	6,290
Insurance	2,270	2,270	-	3,645
Travel and training	3,500	1,798	1,702	3,557
Supplies	8,500	1,885	6,615	4,545
Chemicals	-	-	-	3,490
Gas, oil and grease	4,000	4,724	(724)	2,976
Minor tools and equipment	6,000	1,167	4,833	5,292
Major equipment	-	-	-	1,527
Utilities and telephone	42,000	43,453	(1,453)	49,239
Building and equipment repairs	17,000	37,658	(20,658)	18,415
Sample testing and inspections	8,100	16,922	(8,822)	8,861
Administrative overhead	43,478	45,650	(2,172)	39,811
Total sewer	259,491	273,788	(14,297)	265,868
Total expenditures	482,172	443,554	38,618	445,928
Excess of revenues over (under) expenditures	(66,104)	(35,276)	(30,828)	(50,600)
Other financing sources - transfers in	57,218	35,382	(21,836)	-
Net change in fund balance	<u>\$ (8,886)</u>	106	<u>\$ 8,992</u>	(50,600)
Fund Balance at beginning of year		<u>20,044</u>		<u>70,644</u>
Fund Balance at end of year		<u>\$ 20,150</u>		<u>\$ 20,044</u>

City of Dillingham, Alaska
Landfill Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Landfill fees	\$ 150,000	\$ 131,640	\$ (18,360)	\$ 136,240
State PERS relief	6,071	13,419	7,348	12,202
Total revenues	156,071	145,059	(11,012)	148,442
Expenditures:				
Salaries	94,360	96,759	(2,399)	104,986
Overtime salaries	7,500	17,163	(9,663)	19,738
Payroll taxes	-	4,483	(4,483)	-
Employee benefits	60,977	67,657	(6,680)	76,967
Contractual	20,000	-	20,000	-
Insurance	4,911	4,911	-	4,911
Advertising	-	312	(312)	-
Training and travel	3,500	3,467	33	900
Supplies	4,500	1,917	2,583	3,594
Gas, oil and grease	20,000	26,344	(6,344)	25,963
Minor tools and equipment	3,000	1,425	1,575	2,431
Major equipment	-	12,046	(12,046)	-
Utilities and telephone	14,500	16,623	(2,123)	18,488
Building and equipment repairs	43,600	33,180	10,420	53,548
Sample testing and inspections	22,000	17,862	4,138	53,553
Administrative overhead	56,550	58,146	(1,596)	62,183
Landfill closure costs	7,500	-	7,500	-
Total expenditures	362,898	362,295	603	427,262
Excess of revenues over (under) expenditures	(206,827)	(217,236)	(10,409)	(278,820)
Other financing sources- transfers in	206,827	219,686	12,859	278,820
Net change in fund balance	<u>\$ -</u>	2,450	<u>\$ 2,450</u>	-
Fund Balance at beginning of year		<u>-</u>		<u>-</u>
Fund Balance at end of year		<u>\$ 2,450</u>		<u>\$ -</u>

City of Dillingham, Alaska
Dock Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Charges for services:				
Wharfage and handling	\$ 500,000	\$ 314,338	\$ (185,662)	\$ 433,852
Docking	80,000	59,309	(20,691)	34,989
Labor income	4,500	1,999	(2,501)	2,408
Equipment rental	45,000	54,487	9,487	-
Fuel flowage fees	30,000	31,394	1,394	28,069
Total charges for services	659,500	461,527	(197,973)	499,318
Penalties and interest	2,000	-	(2,000)	-
Investment income	11,000	-	(11,000)	-
Lease and rental income	-	-	-	22,375
State PERS relief	-	21,179	21,179	15,171
Other	37,103	750	(36,353)	930
Total revenues	709,603	483,456	(226,147)	537,794
Expenditures:				
Salaries	136,194	132,530	3,664	105,549
Overtime salaries	25,000	26,469	(1,469)	22,100
Employee benefits	102,114	130,584	(28,470)	119,868
Contract labor	2,000	-	(288)	-
Insurance	26,000	26,000	-	38,879
Advertising	-	-	-	45
Travel and training	2,500	2,288	212	-
Supplies	11,500	2,683	8,817	2,937
Gas, oil and grease	20,000	22,266	(2,266)	8,522
Minor tools and equipment	3,000	1,457	-	-
Major equipment - forklift	4,000	4,735	(735)	529,306
Utilities and telephone	20,700	23,552	(2,852)	20,514
Building and equipment repairs	12,000	11,221	779	23,772
Dock repair	2,500	9,386	(6,886)	4,093
Inspections	1,000	656	344	728
Administrative overhead	71,721	89,398	(17,677)	62,621
Total expenditures	440,229	483,225	(46,827)	938,934
Excess of revenues over (under) expenditures	269,374	231	(269,143)	(401,140)
Other financing uses - transfers out	-	(74,337)	(74,337)	-
Net change in fund balance	<u>\$ 269,374</u>	(74,106)	<u>\$ (343,480)</u>	(401,140)
Fund Balance at beginning of year		<u>1,179,047</u>		<u>1,580,187</u>
Fund Balance at end of year		<u>\$ 1,104,941</u>		<u>\$ 1,179,047</u>

City of Dillingham, Alaska
Boat Harbor Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Charges for services - boat harbor fees	\$ 146,000	\$ 101,095	\$ (44,905)	\$ 110,127
Licenses and permits	-	-	-	40
Lease lots	18,000	7,703	(10,297)	-
State PERS relief	-	7,177	7,177	6,041
Other	11,426	6,339	(5,087)	4,091
Total revenues	175,426	122,314	(53,112)	120,299
Expenditures:				
Salaries	45,986	51,016	(5,030)	54,455
Overtime salaries	6,000	8,369	(2,369)	6,870
Employee benefits	28,053	36,904	(8,851)	37,773
Contract labor	1,500	675	825	1,500
Insurance	2,956	2,956	-	7,486
Advertising	400	624	(224)	-
Travel	-	-	-	2,346
Training	2,500	370	2,130	375
Supplies	4,300	3,414	886	6,461
Miscellaneous	10,800	3,872	6,928	1,259
Gas, oil and grease	4,500	2,125	2,375	1,937
Minor tools and equipment	7,000	6,202	798	4,350
Utilities and telephone	40,200	34,814	5,386	43,153
Janitorial services	5,500	4,980	520	5,175
Building and equipment repairs	10,000	9,188	812	9,861
Inspections	1,250	615	635	1,019
Ice machine	-	-	-	4,954
Administrative overhead	40,599	30,527	10,072	33,920
Total expenditures	211,544	196,651	14,893	222,894
Excess of revenues over (under) expenditures	(36,118)	(74,337)	(38,219)	(102,595)
Other financing sources - transfers in	-	74,337	74,337	102,595
Net change in fund balance	<u>\$ (36,118)</u>	-	<u>\$ 36,118</u>	-
Fund Balance at beginning of year		-		-
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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues - E911 revenue	\$ 74,650	\$ 70,263	\$ (4,387)	\$ 59,580
Expenditures - public safety - major equipment	-	87,657	(87,657)	165,067
Net change in fund balance	<u>\$ 74,650</u>	(17,394)	<u>\$ (92,044)</u>	(105,487)
Fund Balance at beginning of year		<u>25,145</u>		<u>130,632</u>
Fund Balance at end of year		<u>\$ 7,751</u>		<u>\$ 25,145</u>

City of Dillingham, Alaska
Asset Forfeiture Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues - investment income	\$ 800	\$ -	\$ (800)	\$ -
Expenditures - public safety:				
Travel	-	-	-	3,428
Training	-	-	-	12,702
Uniforms	-	-	-	117
Minor tools and equipment	-	-	-	11,938
Total expenditures	-	-	-	28,185
Net change in fund balance	<u>\$ 800</u>	-	<u>\$ (800)</u>	(28,185)
Fund Balance at beginning of year		<u>9,035</u>		<u>37,220</u>
Fund Balance at end of year		<u>\$ 9,035</u>		<u>\$ 9,035</u>

City of Dillingham, Alaska
Senior Citizen Center Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance (Deficit) - Budget and Actual

<i>Year Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Lease and rental income	\$ 17,000	\$ 12,204	\$ (4,796)	\$ 7,008
State of Alaska:				
State PERS relief	7,664	19,290	11,626	14,879
Nutrition, transportation and support services	48,850	44,850	(4,000)	36,803
Federal government:				
Nutrition, transportation and support services	89,250	94,448	5,198	98,916
USDA	-	-	-	4,034
Insurance claim	-	-	-	398,076
Other	18,041	16,991	(1,050)	12,397
Total revenues	180,805	187,783	6,978	572,113
Expenditures:				
Nutrition, transportation, and support services:				
Salaries	58,600	58,600	-	119,374
Overtime salaries	-	-	-	42
Employee benefits	47,850	47,850	-	109,745
Insurance	2,000	2,000	-	6,340
Supplies	15,300	15,998	(698)	38,254
Gas, oil, and grease	2,500	3,000	(500)	9,096
Utilities and telephone	505	505	-	39,397
Building and equipment repairs	1,000	1,000	-	12,072
Professional fees and services	10,345	10,345	-	-
Other	-	-	-	245
Total nutrition, transportation, and support services	138,100	139,298	(1,198)	334,565

City of Dillingham, Alaska

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

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Senior center - operations:				
Salaries	\$ 80,513	\$ 76,078	\$ 4,435	\$ 11,372
Employee benefits	76,377	75,914	463	10,942
Insurance	3,000	7,060	(4,060)	-
Travel	1,000	-	1,000	704
Training	1,200	175	1,025	66
Supplies	27,800	26,600	1,200	-
Gas, oil, and grease	7,000	5,712	1,288	-
Building and equipment repairs	3,200	10,866	(7,666)	405,095
Utilities	41,995	37,766	4,229	-
Miscellaneous	250	3,318	(3,068)	-
Administrative overhead	77,875	76,559	1,316	62,040
Total senior center - operations	320,210	320,048	162	428,179
Total expenditures	458,310	459,346	(1,036)	824,784
Excess of revenues over (under) expenditures	(277,505)	(271,563)	5,942	(252,671)
Other financing sources - transfers in	277,505	271,563	(5,942)	252,671
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance at beginning of year		<u>-</u>		<u>-</u>
Fund Balance at end of year		<u>\$ -</u>		<u>\$ -</u>

City of Dillingham, Alaska
Homeland Security Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance (Deficit)

<i>Years Ended June 30,</i>	2013	2012
Revenues - federal government	\$ -	\$ 84,992
Expenditures:		
Contract labor	-	533
Minor tools and equipment	-	10,088
Major equipment	-	59,171
Drug enforcement equipment	-	15,200
Total expenditures	-	84,992
Excess of revenues over expenditures	-	-
Other financing sources - transfers in	8,573	-
Net change in fund balance	8,573	-
Deficit at beginning of year	(8,573)	(8,573)
Fund Balance (Deficit) at end of year	\$ -	\$ (8,573)

City of Dillingham, Alaska
Library Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Years Ended June 30, 2013</i>	Budget	Actual	Variance
Revenues:			
Federal government	\$ -	\$ 19,897	\$ 19,897
State of Alaska	14,500	13,336	(1,164)
Other	54,500	49,058	(5,442)
Total revenues	69,000	82,291	13,291
Expenditures:			
Salaries	-	6,504	(6,504)
Overtime salaries	-	55	(55)
Employee benefits	-	547	(547)
Travel	1,700	3,026	(1,326)
Training	300	303	(3)
Audio visual	2,000	2,489	(489)
Internet	53,792	54,250	(458)
Summer reading program	2,500	1,616	884
Books	7,800	7,364	436
Equipment	-	4,978	(4,978)
Miscellaneous	200	1,159	(959)
Total expenditures	68,292	82,291	(13,999)
Net change in fund balance	<u>\$ 708</u>	-	<u>\$ (708)</u>
Fund Balance at beginning of year		<u>-</u>	
Fund Balance at end of year		<u>\$ -</u>	

Debt Service Fund

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

City of Dillingham, Alaska
Debt Service Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2013			2012
	Budget	Actual	Variance	Actual
Revenues:				
Contribution from school district	\$ -	\$ -	\$ -	\$ 100,000
State of Alaska	824,488	822,009	(2,479)	823,591
Total revenues	824,488	822,009	(2,479)	923,591
Expenditures:				
Principal	570,000	570,000	-	545,000
Interest	607,840	604,590	3,250	631,840
Total expenditures	1,177,840	1,174,590	3,250	1,176,840
Excess of revenues over (under) expenditures	(353,352)	(352,581)	771	(253,249)
Other financing sources - transfers in	353,352	352,581	(771)	253,249
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance at beginning of year		<u>-</u>		<u>-</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.

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 Closure - 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.

Capital Project Planning -

Wastewater Treatment Plant - this fund accounts for the construction and upgrades of the Wastewater Treatment Plan

Library Roof - this fund accounts for library roof repairs

Water System Improvements - this fund accounts for capital grants associated with Water System Improvements

City of Dillingham, Alaska
Dock and Harbor Capital Project Fund
Statement of Revenues, Expenditures and Changes in Deficit

<i>Years Ended June 30,</i>	2013	2012
Revenues:		
State of Alaska	\$ 94,973	\$ 696,999
Other	5,420	19,056
Total revenues	100,393	716,055
Expenditures - capital outlay:		
North bulkhead	94,973	702,050
Other projects	5,420	14,005
Total expenditures	100,393	716,055
Excess of revenues over expenditures	-	-
Other financing uses - transfers out	(137,083)	-
Net change in fund deficit	(137,083)	-
Deficit at beginning of year	(18,386)	(18,386)
Deficit at end of year	\$ (155,469)	\$ (18,386)

City of Dillingham, Alaska

Water and Sewer Capital Project Fund

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

<i>Years Ended June 30,</i>	2013	2012
Revenues:		
State of Alaska	\$ 1,462,485	\$ 275,872
Federal government	-	883
Total revenues	1,462,485	276,755
Expenditures - capital outlay - force main	1,462,485	436,750
Excess of revenues under expenditures	-	(159,995)
Other financing sources - transfers in	137,083	-
Net change in fund balance	137,083	(159,995)
Fund Balance (Deficit) at beginning of year	(152,222)	7,773
Deficit at end of year	\$ (15,139)	\$ (152,222)

City of Dillingham, Alaska

School Bonds Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	2013	2012
Revenues - investment income	\$ 298	\$ 20
Expenditures - capital outlay - school building projects	281,722	562,555
Net change in fund balance	(281,424)	(562,535)
Fund Balance at beginning of year	393,520	956,055
Fund Balance at end of year	\$ 112,096	\$ 393,520

City of Dillingham, Alaska

Ambulance Reserve Capital Project Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	2013	2012
Other financing sources - transfers in	\$ 65,735	\$ 45,903
Fund Balance at beginning of year	498,858	452,955
Fund Balance at end of year	\$ 564,593	\$ 498,858

City of Dillingham, Alaska

**Capital Project Planning Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance**

Year Ended June 30, 2013

Other financing sources - transfers in	\$ 20,000
Fund Balance at beginning of year	-
Fund Balance at end of year	\$ 20,000

City of Dillingham, Alaska

Wastewater Treatment Plant Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2013

Revenues - State of Alaska	\$	292,135
Expenditures - capital outlay - waste water treatment plant		292,135
Net change in fund balance		-
Fund Balance at beginning of year		-
Fund Balance at end of year	\$	-

City of Dillingham, Alaska
Library Roof Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2013

Revenues - State of Alaska	\$ 6,474
Expenditures - capital outlay - library	6,474
Net change in fund balance	-
Fund Balance at beginning of year	-
Fund Balance at end of year	\$ -

City of Dillingham, Alaska

Water System Improvements Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Deficit

Year Ended June 30, 2013

Revenues:	
State of Alaska	\$ 4,070
Federal	12,209
Total revenues	16,279
Expenditures - capital outlay -	
well and other system improvements	23,255
Excess of revenues under expenditures	(6,976)
Other financing sources - transfers in	6,976
Net change in fund balance	-
Deficit at beginning of year	(66,166)
Deficit at end of year	\$ (66,166)

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

<i>Years Ended June 30,</i>	2013	2012
Revenues - investment income (loss)	\$ (237)	\$ 1,430
Expenditures:		
Utilities	5,378	6,519
Administrative overhead	1,241	1,705
Building repairs	-	2,248
Insurance	830	705
Total expenditures	7,449	11,177
Net change in fund balance	(7,686)	(9,747)
Fund Balance at beginning of year	397,385	407,132
Fund Balance at end of year	\$ 389,699	\$ 397,385

State and Federal Financial Assistance

City of Dillingham, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	Federal Share of Expend- itures
ENVIRONMENTAL PROTECTION AGENCY				
Passed through State of Alaska Department of Environmental Conservation:				
Water System Improvement (75% Federal)	28305	66.202	\$ 3,407,250	\$ 12,209
DEPARTMENT OF COMMERCE				
Passed through State of Alaska Department of Education and Early Development:				
Alaska OWL Project - FY13 IT Aide Award (ARRA)	OWL-13-728-01	11.557	7,280	7,106
Alaska OWL Project - AWE Early Literacy Hardware & Software	OWL-13-728-02	11.557	2,978	2,978
Total CFDA 11.557				<u>10,084</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through State of Alaska Department of Health and Social Services:				
Nutrition, Transportation and Support Services (75% Federal)	607-13-108	93.044	36,250	36,250
Nutrition, Transportation and Support Services (75% Federal)	607-13-108	93.045	53,000	53,000
Nutrition Services Incentive Program	607-PA-112	93.053	5,198	5,198
Total Aging Cluster				<u>94,448</u>
DEPARTMENT OF THE INTERIOR				
Passed through State of Alaska Department of Commerce, Community and Economic Development:				
Payment in Lieu of Taxes	-	15.226	429,642	429,642
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed through Curyung Tribal Council:				
IMLS Library Grant	NG-05-11-0214-11	45.311	7,000	2,129
IMLS Library Grant	NG-05-12-0214-12	45.311	7,000	6,684
Total CFDA 45.311				<u>8,813</u>
Passed through State of Alaska Department of Education and Early Development -				
Continuing Education Grant	CED-13-728-158	45.310	1,000	1,000
Total Expenditures of Federal Awards				<u>\$ 556,196</u>

Notes:**1. 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*.

2. Unearned Revenue by CFDA

Library	11.557	\$ 174
Water System Improvements	66.202	32,040
Total federal		<u>32,214</u>
Other funds		12,811
Total Unearned Revenue		<u>\$ 45,025</u>

City of Dillingham, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2013

of Award	Grant Number	Total Grant Award	State Share of Expenditures
DEPARTMENT OF ADMINISTRATION			
* State PERS Relief	N/A	\$ 388,726	<u>\$ 388,726</u>
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT			
Public Library Assistance	PLA 12-728-18	6,500	6,500
* Debt Service - School Bonds	N/A	822,009	822,009
Alaska OWL Project	FY13	5,192	5,192
OWL Training	FY13	1,644	1,644
Total Department of Education and Early Development			<u>835,345</u>
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT			
* Snag Point Sewer Line Emergency Relocation	12-DC-343	1,800,000	1,462,485
* Wastewater Treatment Plant Upgrades	13-DC-516	292,135	292,135
Shared Fisheries Business Tax	N/A	32,207	32,207
* Revenue Sharing	N/A	300,237	300,237
Dillingham Library and Museum Building Roof Repairs	13-DC-317	250,900	6,474
* City Shoreline Emergency Bank Stabilization	09-DC-449	1,500,000	246,787
Total Department of Commerce, Community and Economic Development			<u>2,340,325</u>
DEPARTMENT OF REVENUE			
* Fisheries Business Tax	N/A	339,410	339,410
Electric and Telephone Co-op Tax	N/A	73,328	73,328
Liquor Licenses	N/A	6,800	6,800
Total Department of Revenue			<u>419,538</u>
DEPARTMENT OF ENVIRONMENTAL CONSERVATION			
Water System Improvements (25% State)	28305	1,135,750	<u>4,070</u>
DEPARTMENT OF HEALTH AND SOCIAL SERVICES			
Nutrition, Transportation and Support Services (25% State)	607-13-108	44,850	<u>44,850</u>
Total State Financial Assistance			<u>\$ 4,032,854</u>

* 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 the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Single Audit Section



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

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, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Dillingham, Alaska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Dillingham's basic financial statements and have issued our report thereon dated March 19, 2014. Our report includes a reference to other auditors who audited the financial statements of 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

In planning and performing our audit of the financial statements, we considered City of Dillingham's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Dillingham's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Dillingham's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-001 and 2013-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Dillingham's financial statements are free from 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 Findings

City of Dillingham's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Dillingham's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
March 19, 2014



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

Honorable Mayor and City Council
City of Dillingham, Alaska

Report on Compliance for Each Major Federal Program

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 the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

City of Dillingham's basic financial statements include the operations of its component unit, Dillingham City School District, which received \$1,843,027 in federal awards which is not included in the schedule during the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Dillingham's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Dillingham's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Dillingham complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of City of Dillingham is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Dillingham's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the City'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
March 19, 2014



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and City Council
City of Dillingham, Alaska

Report on Compliance for Each Major State Program

We have audited City of Dillingham's compliance 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 the City's major state programs for the year ended June 30, 2013. City of Dillingham's major state programs are identified in the accompanying Schedule of State Financial Assistance.

City of Dillingham's basic financial statements include the operations of its component unit, Dillingham School District, which received \$9,511,686 in state awards which is not included in the schedule during the year ended June 30, 2013. Our audit, described below, did not include the operations of Dillingham 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*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Dillingham's major state programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major state program. However, our audit does not provide a legal determination of City of Dillingham's compliance.

Opinion on Each Major State Program

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, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and which is described in the accompanying schedule of findings and questioned costs as item 2013-003. Our opinion on each major state program is not modified with respect to this matter.

City of Dillingham's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Dillingham's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of City of Dillingham is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Dillingham's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with *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 the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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. *A significant deficiency in internal control over compliance* is

a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-002 to be a material weakness.

City of Dillingham's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Dillingham's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
March 19, 2014

City of Dillingham, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u>

Noncompliance material to financial statements noted? yes X no

Federal Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)

Type of auditor's report issued on compliance for major programs: Unmodified

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:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
15.226	Payment in Lieu of Taxes	Department of the Interior

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

Auditee qualified as low-risk auditee? yes X no

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)

Type of auditor's report issued on compliance for major programs: Unmodified

Dollar threshold used to distinguish a State major program: \$ 75,000

City of Dillingham, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2013-001 **Year End General Ledger Reconciliation
Material Weakness**

Criteria: Section A1.08 of Government Auditing Standards states that "management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported." Internal controls over financial reporting, should allow management to prevent, or detect and correct misstatements on a timely basis.

Condition: There were significant adjustments made to the general ledger at the City during the course of the audit, which resulted in a significant change in net income. Adjustments were made to revenue, capital assets, and accounts payable.

Context: The City did not perform all yearend balance sheet and revenue account reconciliations to the trial balance during the fiscal year 2013.

Effect: Many balance sheet and revenue accounts required adjustment at year end.

Cause: This City did not perform all necessary general ledger account reconciliations at year end for audit purposes.

Recommendation: City staff must closely review the activity in the general ledger. Information should be reviewed for completeness, and accuracy all year.

*Views of Responsible
Officials and Planned
Corrective Actions:*

See Corrective action plan.

Finding 2013-002 **Grant Reconciliations/Grants Management
Material Weakness**

Criteria: Timely and accurate reconciliations of grant accounts is an important step in the monthly, quarterly and annual financial close and reporting process. These reconciliations help ensure accurate grant balances which in turn helps ensure accurate financial statements.

Condition: There were significant adjustments made to many grants during the course of the audit, which resulted in a significant change in net income. Adjustments were made to revenue, accounts receivable, unearned revenue, expenditures, and accounts payable.

City of Dillingham, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Finding 2013-002 Grant Reconciliations/Grants Management, continued
Material Weakness

Context: Several grants required material adjustments. In some cases, the City caught the reporting errors, however, many of these errors dated back to prior years.

Effect: Grant funds were misreported.

Cause: Grants were not fully reconciled. Errors from the prior year were caused by duplicate requests for the same invoice and/or invoices applied to one grant when they were actually benefiting a different grant or project.

Recommendation: We suggest that management establish controls to properly reconcile the grant activity and ensure that this agrees to the general ledger. Care should be taken up front to accurately match invoices to projects. It is much easier to report it correctly the first time, than to correct it later.

*Views of Responsible
Officials and Planned*

Corrective Actions: See Corrective action plan.

Section III - Federal Award Findings and Questioned Costs

None noted.

Section IV - State Award Findings and Questioned Costs
--

Finding 2013-002 Grant Reconciliations/Grants Management
Material Weakness in Internal Control Over Compliance - Reporting

Department of Commerce, Community, and Economic Development
12-DC-343 Snag Point Sewer Line Relocation
13-DC-516 Wastewater Treatment Plant
09-DC-449 City Shoreline Emergency Bank Stabilization

See Financial Statement Finding 2013-003, above

Questioned Costs: None noted

Finding 2013-003 Internal Equipment Use Overtime Rates
Other Matters

Department of Commerce, Community, and Economic Development
09-DC-449 City Shoreline Emergency Bank Stabilization

City of Dillingham, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Finding 2013-003

Internal Equipment Use Overtime Rates, continued Other Matters

- Criteria:* The "frequently asked questions" to the State of Alaska Audit Guide and Compliance Supplement defines questioned costs as reported expenditures that may not be allowable because they are specifically disallowed, are ineligible based on eligibility criteria, are undocumented, unapproved, or unreasonable. Unreasonable costs are defined as "Costs incurred that may not reflect the actions of prudent person, or the assignment of an unreasonably high valuation."
- Condition:* The City has established an internal rental rate for heavy equipment. The rate structure includes a straight time rate and an overtime rate. The rate applied is tied to the payroll status of the person operating the equipment. When the individual is on an overtime status (e.g. over 8 hours per day or over 40 hours per week), then equipment is also charged at the overtime rate.
- Questioned Costs:* \$6,956 (This is the amount of the difference between the actual amount charged to the grant, including both straight time and overtime, versus the same number of hours recalculated at the straight time rate only.)
- Context:* The City adopted the current equipment rate structure through a formal Council review and approval process on the recommendation of the public works department. The concept of a straight time rate and an overtime rate might make sense in certain circumstances; For example, if the equipment was used for 12 hours straight, the last 4 hours might run hotter than the first 8. However, on application of the rule, the overtime rate is not applied to the equipment use; rather it is tied to the person operating the equipment. As another example, the equipment use charge on a Saturday costs 89% higher than the same equipment use charge on a Monday, without regard to when the equipment was used previously, solely based on the status of the employee who is on overtime on Saturday. The grant is also paying the overtime wage-rate for the Saturday work. Because this rate structure is unique, we called the granting agency directly to ask for clarification. After speaking with 3 different individuals, it became clear that there is no definitive guideline in this area.
- Effect:* Some charges to the grant may be unreasonable based on the overvaluation of the rate applied.
- Cause:* Because the rate structure was formally adopted by the City Council, and because the granting agency paid the rates requested, the City was unaware that there was any problem with this rate structure and contends that the rates are reasonable (see the corrective action plan).
- Recommendation:* The City should review its rate structure and seek formal guidelines from the granting agency to ensure that the rates charged are approved and/or considered reasonable.

City of Dillingham, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2013

Finding 2013-003 Internal Equipment Use Overtime Rates, continued
Other Matters

*Views of Responsible
Officials and Planned*

Corrective Actions: See Corrective action plan.

City of Dillingham, Alaska

Summary Schedule of Prior Audit Findings Year Ended June 30, 2013

Financial Statement Findings

Finding 12-01

General Ledger Reconciliation- Material Weakness

Condition:

There were significant adjustments made to the general ledger at the City during the course of the audit, which resulted in a significant change in net income. Adjustments were made to revenue, capital leases, and accounts payable. Many of these adjustments had to do with the conversion from cash to accrual.

Status:

This finding continues and is reported as item 2013-001.

Federal Award Findings and Questioned Costs

There were no prior year federal award findings.

State Award Findings and Questioned Costs

There were no prior year state award findings.

City of Dillingham, Alaska

Corrective Action Plan Year Ended June 30, 2013

Management Contact Information:

Carol Shade, Finance Director
Phone: (907)842-5211
Email: finance@dillinghamak.us

Financial Statement Findings

Finding 2013-001

Year End General Ledger Reconciliation

Planned Corrective Actions:

The City of Dillingham is adding a position in the Finance Department to enable the Finance Director to equitably allocate job duties among the staff. This addition of staff will allow the Finance Director to delegate the balancing of the general ledger reconciliations among several staff instead of depending on the Finance Director to do all the reconciliations in addition to the other duties that are inherent to that position.

On a monthly basis the Finance Director will review and approve the reconciliations to ensure they are being done correctly and timely.

Anticipated

Completion Date:

In process.

Finding 2013-002

Grant Reconciliations/Grants Management

Planned Corrective Actions:

The revenues, expenses, and balance sheet accounts of the grant funds will be reconciled similar to the other general ledger balance sheet accounts. The Grants are going to be divided among staff members to allow for adequate time to prepare the reconciliations during the reimbursement and reporting process. One staff member will be responsible for the capital grants and another staff member will be responsible for the recurring grants that some of the departments get to offset operations.

Anticipated

Completion Date:

In process.

Finding 2013-003

Internal Equipment Use Overtime Rates

Planned Corrective Actions:

The staff at the City have been preparing reports to the granting agency and requesting reimbursement for equipment lease/use since 2012. We prepared our reports and reimbursement requests with the best information we had and thought we were following the proscribed process per the equipment lease resolution and information from the granting agency. To date we have not been denied reimbursements for the equipment lease so we disagree with this finding as we do not think there has been clear guidance on this policy. It is our belief that if we had reported and requested reimbursement for costs that were unreasonable that the granting agency would either deny the costs or asks us to resubmit in a different manner. This was never done, therefore we believe we have followed procedure.

Anticipated

Completion Date:

In process.