

CITY OF DILLINGHAM, ALASKA

Basic Financial Statements,  
Required Supplementary Information,  
Supplementary Information, and Compliance Reports

Year Ended June 30, 2022

CITY OF DILLINGHAM, ALASKA

Basic Financial Statements,  
Required Supplementary Information,  
Supplementary Information, and Compliance Reports

Year Ended June 30, 2022

# CITY OF DILLINGHAM, ALASKA

## Table of Contents

		<u>Page</u>
<b>Independent Auditor's Report</b>		1-4
<b>Basic Financial Statements:</b>		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	5
Statement of Activities	B-1	6
Fund Financial Statements:		
Balance Sheet – Governmental Funds	C-1	7
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	C-2	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	D-1	9
Reconciliation of Governmental Funds Balance Sheet to Statement of Activities	D-2	10
Notes to Basic Financial Statements		11-40
<b>Required Supplementary Information:</b>		
Public Employees' Retirement System:		
Schedule of City's Proportionate Share of the Net Pension Liability	E-1	41
Schedule of City's Proportionate Share of the Net OPEB Liability (Asset)	E-2	42
Schedule of City's Contributions (Pension)	E-3	43
Schedule of City's Contributions (OPEB)	E-4	44
Schedule of Original and Final Budget to Actual		
General Fund	E-5	45
Local Government Lost Revenue Special Revenue Fund	E-6	46
Debt Service Fund	E-7	47
Notes to Required Supplementary Information		48-49
<b>Supplementary Information:</b>		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Where Applicable):		
General Fund	F-1	50-60
Local Government Lost Revenue Special Revenue Fund	F-2	61
Debt Service Fund	F-3	62
Planning Capital Project Fund	F-4	63

CITY OF DILLINGHAM, ALASKA

Table of Contents

		<u>Page</u>
<b>Supplementary Information, Continued:</b>		
Other Governmental Funds:		
Combining Balance Sheet	G-1	64-65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)	G-2	66-68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:		
Special Revenue Funds:		
Water and Sewer	H-1	69
Landfill	H-2	70
Dock	H-3	71
Boat Harbor	H-4	72
Enhanced E911 Service	H-5	73
Asset Forfeiture	H-6	74
Senior Citizen Center	H-7	75
Library	H-8	76
Local Support	H-9	77
Edward Byrne Memorial Justice Assistance Grant	H-10	78
Coronavirus Relief	H-11	79
Capital Project Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance:		
Ambulance Reserve	I-1	80
Equipment Replacement	I-2	81
School Bonds	I-3	82
Fire Hall Bond	I-4	83
Dock and Harbor	I-5	84
Wastewater System Improvement	I-6	85
Water Improvement	I-7	86
SOA Loans	I-8	87
Roads	I-9	88
Curyung Ice Machine	I-10	89
Mary Carlson Estate Permanent Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance	J-1	90
Schedule of Expenditures of Federal Awards	K-1	91
Notes to the Expenditures of Federal Awards		92
Schedule of State Financial Assistance	L-1	93
Notes to the Schedule of State Financial Assistance		94

# CITY OF DILLINGHAM, ALASKA

## Table of Contents

	<u>Page</u>
<b>Compliance Reports:</b>	
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>	95-96
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance as Required by <i>Uniform Guidance</i>	97-100
Federal Schedule of Findings and Questioned Costs	101-102
Report on Compliance for Each Major State Program and Report on Internal Control over Compliance as Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	103-105
State Schedule of Findings and Questioned Costs	106-107
Summary Schedule of Prior Audit Findings	108
Corrective Action Plan	109

## **Independent Auditor's Report**

The Honorable Mayor and City Council  
City of Dillingham  
Dillingham, Alaska

## **Report on the Audit of the Financial Statements**

### ***Opinions***

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dillingham, Alaska (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompany financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

As discussed in Note XVI to the financial statements, in 2022, the City implemented GASB Statement No. 87, *Leases*, which established standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement apply to financial statements of all state and local governments.

The new standard requires the City to recognize certain lease assets and liabilities for leases. It establishes a single model for lease accounting based on the underlying principle that leases are financings of the right to use an underlying asset for a period of time. Under this Statement, a lessee is required to recognize a liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the City's leasing activities. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Schedules of City's Proportionate Share of the Net Pension and OPEB Liabilities (Assets) and Contributions for the Public Employees's Retirement System, and Notes to Required Supplementary Information on pages 41-49, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 require 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 opinions on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, as listed in the table of contents, which includes the combining and individual major and nonmajor fund financial statements, schedule of expenditures of federal awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of state financial assistance and related notes as required by the *State of Alaska Audit Guide And Compliance Supplement* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, City of Dillingham's basic financial statements for the year ended June 30, 2021, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Dillingham, Alaska's basic financial statements as a whole. The individual fund financial statements and schedules for the year ended June 30, 2021, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the June 30, 2021 basic financial statements. The information was subjected to the audit procedures applied in the audit of those basic financial statements 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 GAAS. In our opinion, the 2021 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2024, on our consideration of the City'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 solely 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 effectiveness of the City's 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's internal control over financial reporting and compliance.



Anchorage, Alaska  
March 12, 2024

## CITY OF DILLINGHAM, ALASKA

## Statement of Net Position

June 30, 2022

	Primary Government	Component Unit
	Governmental Activities	Dillingham City School District
<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Current:		
Cash and investments	\$ 12,976,993	3,377,862
Receivables, net	3,081,060	1,177,777
Inventory	-	23,900
Prepaid items	73,622	-
Restricted cash and investments	391,236	-
Total current	<u>16,522,911</u>	<u>4,579,539</u>
Noncurrent:		
Net pension and OPEB asset	3,158,731	4,453,803
Land and construction in progress	6,566,844	-
Other capital assets, net of accumulated depreciation	44,091,989	211,029
Total noncurrent	<u>53,817,564</u>	<u>4,664,832</u>
Deferred outflows of resources:		
Pension and OPEB deferrals	<u>653,797</u>	<u>1,581,506</u>
Total assets and deferred outflows of resources	<u>\$ 70,994,272</u>	<u>10,825,877</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Liabilities:		
Current:		
Accounts payable	238,292	-
Accrued payroll and related liabilities	391,644	567,878
Accrued leave	179,135	-
Bonds and loans	1,121,310	-
Finance leases	129,190	-
Unearned revenue	2,587,791	395,810
Total current	<u>4,647,362</u>	<u>963,688</u>
Non-current:		
Net pension and OPEB liability	4,329,756	3,842,783
Bonds and loans	9,459,310	-
Finance leases	481,074	-
Landfill closure costs	783,670	-
Total non-current	<u>15,053,810</u>	<u>3,842,783</u>
Deferred inflows of resources:		
Pension and OPEB deferrals	3,433,103	5,099,093
Leases	25,097	-
	<u>3,458,200</u>	<u>5,099,093</u>
Total liabilities and deferred inflows of resources	<u>23,159,372</u>	<u>9,905,564</u>
Net position:		
Net investment in capital assets	39,467,949	211,029
Restricted	695,884	-
Unrestricted	7,671,067	709,284
Total net position	<u>\$ 47,834,900</u>	<u>920,313</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 70,994,272</u>	<u>10,825,877</u>

The notes to the financial statements are an integral part of this statement.

## CITY OF DILLINGHAM, ALASKA

## Statement of Activities

Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Total Governmental Activities	Dillingham City School District
Primary government:						
Governmental:						
General government	\$ 1,985,784	1,273,402	2,017,858	-	1,305,476	-
Public safety	2,775,134	65,899	1,185,581	-	(1,523,654)	-
Public works	1,375,892	-	(14,983)	-	(1,390,875)	-
Community services	257,622	-	118,771	-	(138,851)	-
Water and sewer	1,216,701	691,025	(5,202)	22,029	(508,849)	-
Landfill	649,890	292,606	14,662	-	(342,622)	-
Dock	722,504	531,880	(6,376)	-	(197,000)	-
Boat harbor	456,615	145,324	(3,170)	-	(314,461)	-
Senior citizen center	330,057	23,963	126,929	-	(179,165)	-
Education	1,814,743	-	-	-	(1,814,743)	-
Unallocated interest	297,690	-	-	-	(297,690)	-
Total governmental activities	\$ 11,882,632	3,024,099	3,434,070	22,029	(5,402,434)	-
Component Unit - school district - Education	\$ 14,171,516	6,871	4,634,487	-	-	(9,530,158)
General revenues:						
Taxes:						
Sales and other taxes				\$ 4,454,957	-	-
Real and personal property taxes				2,278,817	-	-
Gaming taxes				72,072	-	-
Payment in lieu of taxes				473,299	-	-
Contributions from primary government				-	-	1,300,000
Grants and entitlements not restricted to a specific purpose				991,130	-	6,262,507
Investment income				(15,754)	-	(61,112)
E-Rate				-	-	1,345,896
Insurance proceeds				339,269	-	-
Other				88,000	-	4,293
Total general revenues				8,681,790	-	8,851,584
Change in net position					3,279,356	(678,574)
Net position at beginning of year					44,555,544	1,598,887
Net position at end of year				\$	47,834,900	920,313

The notes to the financial statements are an integral part of this statement.

## CITY OF DILLINGHAM, ALASKA

## Balance Sheet - Governmental Funds

June 30, 2022

<u>Assets</u>	General Fund	Local Government Lost Revenue Special Revenue Fund	Planning Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 10,937,015	-	2,039,168	-	810	12,976,993
Receivables, net of allowance of uncollectible accounts:						
Sales taxes	571,927	-	-	-	-	571,927
Real and personal property taxes	285,914	-	-	-	-	285,914
Accounts	116,656	-	-	-	275,362	392,018
Grants and shared revenues	-	-	-	1,773,338	32,220	1,805,558
Leases	-	-	-	-	25,643	25,643
Prepaid items	73,622	-	-	-	-	73,622
Due from other funds	3,335,452	2,553,756	-	-	3,186,425	9,075,633
Restricted cash and investments	-	-	-	-	391,236	391,236
<b>Total assets</b>	<b>\$ 15,320,586</b>	<b>2,553,756</b>	<b>2,039,168</b>	<b>1,773,338</b>	<b>3,911,696</b>	<b>25,598,544</b>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 160,615	-	-	-	77,677	238,292
Accrued payroll and payroll liabilities	305,897	-	-	-	85,747	391,644
Due to other funds	5,740,181	-	1,451,072	1,773,338	111,042	9,075,633
Unearned revenue	-	2,553,756	-	-	34,035	2,587,791
<b>Total liabilities</b>	<b>6,206,693</b>	<b>2,553,756</b>	<b>1,451,072</b>	<b>1,773,338</b>	<b>308,501</b>	<b>12,293,360</b>
Deferred inflows of resources:						
Delinquent property tax and user fees	373,230	-	-	-	120,942	494,172
Leases	-	-	-	-	25,097	25,097
<b>Total deferred inflows of resources</b>	<b>373,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146,039</b>	<b>519,269</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>6,579,923</b>	<b>2,553,756</b>	<b>1,451,072</b>	<b>1,773,338</b>	<b>454,540</b>	<b>12,812,629</b>
Fund Balances:						
Nonspendable	73,622	-	-	-	-	73,622
Restricted	-	-	-	-	695,884	695,884
Committed	-	-	588,096	-	658,288	1,246,384
Assigned	-	-	-	-	2,182,918	2,182,918
Unassigned	8,667,041	-	-	-	(79,934)	8,587,107
<b>Total fund balances</b>	<b>8,740,663</b>	<b>-</b>	<b>588,096</b>	<b>-</b>	<b>3,457,156</b>	<b>12,785,915</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 15,320,586</b>	<b>2,553,756</b>	<b>2,039,168</b>	<b>1,773,338</b>	<b>3,911,696</b>	<b>25,598,544</b>

The notes to the financial statements are an integral part of this statement.

## CITY OF DILLINGHAM, ALASKA

Reconciliation of Governmental Funds Balance Sheet  
to Statement of Net Position

June 30, 2022

Total fund balances for governmental funds	\$	12,785,915
--	----	------------

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		1,704,398	
Buildings		25,762,651	
Improvements other than buildings		43,958,695	
Machinery and equipment		12,926,104	
Total capital assets		89,214,294	
Less accumulated depreciation		(38,555,461)	
Total capital assets, net of accumulated depreciation			50,658,833

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 and user receivables

		494,172
--	--	---------

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

Bonds and loans	\$	(9,445,096)	
Unamortized bond premium		(1,135,524)	
Capital leases		(610,264)	
Accrued leave		(179,135)	
Landfill closure costs		(783,670)	
Total long-term liabilities			(12,153,689)

Proportionate share of the collective net pension and OPEB liability:  
PERS

		(4,329,756)
--	--	-------------

Proportionate share of the collective net OPEB asset:  
PERS

		3,158,731
--	--	-----------

Deferred inflows and outflows of resources are the results  
of timing differences in the actuarial report.

Pension related assets in the current fiscal year are presented  
as deferred outflows of resources:

PERS		653,797
------	--	---------

Pension related liabilities in the current fiscal year are presented  
as deferred inflows of resources:

PERS		(3,433,103)
------	--	-------------

Total net position of governmental activities	\$	47,834,900
---	----	------------

The notes to the financial statements are an integral part of this statement.

## CITY OF DILLINGHAM, ALASKA

Statement of Revenues, Expenditures and Changes  
in Fund Balances - Governmental Funds

Year Ended June 30, 2022

	General Fund	Local Government Lost Revenue Special Revenue Fund	Planning Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Intergovernmental:						
Federal sources	\$ 473,299	232,565	-	-	1,121,300	1,827,164
State of Alaska	1,181,112	-	-	2,045,679	94,245	3,321,036
Local sources:						
Taxes	7,175,868	-	-	-	-	7,175,868
Local assistance	-	-	-	-	137,281	137,281
Charges for services	835,965	-	-	-	1,689,537	2,525,502
Licenses and permits	25,014	-	-	-	-	25,014
Fines and forfeitures	4,784	-	-	-	-	4,784
Lease and rental income	34,409	-	-	-	61,160	95,569
Asset forfeiture	-	-	-	-	1,815	1,815
Investment income	(35,672)	-	1,426	559	17,933	(15,754)
Other	54,603	-	-	-	31,582	86,185
Total revenues	<u>9,749,382</u>	<u>232,565</u>	<u>1,426</u>	<u>2,046,238</u>	<u>3,154,853</u>	<u>15,184,464</u>
Expenditures:						
Current:						
General government	1,931,644	-	-	-	-	1,931,644
Education - contribution to School District	1,300,405	-	-	-	-	1,300,405
Public safety	2,288,733	232,565	-	-	1,010,678	3,531,976
Public works	1,299,189	-	-	-	-	1,299,189
Community services	141,326	-	-	-	133,998	275,324
Water and sewer	-	-	-	-	546,668	546,668
Landfill	-	-	9,663	-	544,918	554,581
Dock	-	-	-	-	547,476	547,476
Boat harbor	-	-	-	-	261,754	261,754
Senior citizen center	-	-	-	-	338,548	338,548
Debt service:						
Principal	-	-	-	895,000	-	895,000
Interest	-	-	-	454,000	-	454,000
Capital outlay	-	-	-	-	205,736	205,736
Total expenditures	<u>6,961,297</u>	<u>232,565</u>	<u>9,663</u>	<u>1,349,000</u>	<u>3,589,776</u>	<u>12,142,301</u>
Excess (deficiency) of revenues over expenditures	<u>2,788,085</u>	<u>-</u>	<u>(8,237)</u>	<u>697,238</u>	<u>(434,923)</u>	<u>3,042,163</u>
Other financing sources (uses):						
Insurance proceeds	310	-	325,016	-	13,943	339,269
Transfers in	693,567	-	5,201	-	444,699	1,143,467
Transfers out	(429,779)	-	-	(643,496)	(70,192)	(1,143,467)
Net other financing sources (uses)	<u>264,098</u>	<u>-</u>	<u>330,217</u>	<u>(643,496)</u>	<u>388,450</u>	<u>339,269</u>
Net change in fund balances	3,052,183	-	321,980	53,742	(46,473)	3,381,432
Fund balances at beginning of year	<u>5,688,480</u>	<u>-</u>	<u>266,116</u>	<u>(53,742)</u>	<u>3,503,629</u>	<u>9,404,483</u>
Fund balances at end of year	<u>\$ 8,740,663</u>	<u>-</u>	<u>588,096</u>	<u>-</u>	<u>3,457,156</u>	<u>12,785,915</u>

The notes to the financial statements are an integral part of this statement.

## CITY OF DILLINGHAM, ALASKA

Reconciliation of Governmental Funds Balance Sheet  
to Statement of Activities

Year Ended June 30, 2022

Net change in fund balances - total governmental funds		\$	3,381,432
The change in net position reported for governmental activities in the Statement of Activities is different because:			
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.			
Change in unfunded pension liabilities and assets			3,872,702
Changes in deferred inflows and outflows of resources are the results of timing differences in the actuarial report and adjustments to reflect employer and non-employer contributions based on the measurement date of the liability.			
			(3,422,010)
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.			
Capital outlay	\$	1,018,493	
Depreciation expense		<u>(2,594,074)</u>	(1,575,581)
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 and dock receivable.			
			3,208
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.			
			(230,886)
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.			
Principal paid on bonds	\$	895,000	
Payments on capital leases		125,795	
Amortized bond premium		<u>156,310</u>	1,177,105
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of the decrease in accrued leave.			
			<u>73,386</u>
Change in net position of governmental activities	\$		<u><u>3,279,356</u></u>

The notes to the financial statements are an integral part of this statement.

# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements

June 30, 2022

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

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, Alaska (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.

#### B. 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 and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City does not presently have any business-type activities. 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) charges to customers who purchase, use or directly benefit from goods or services provided by a given function or department and 2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or department. 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.



**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

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

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

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

The City reports the following major governmental funds:

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

The *Local Government Lost Revenue Special Revenue Fund* accounts for the use of federal funds passed through from the State of Alaska's Department of Commerce, Community, and Economic Development to assist with the COVID-19 response and recovery.

The *Planning Capital Project Fund* accounts for capital grants associated with general planning projects.

The *Debt Service Fund* accounts for debt service payments on general obligation bonds and reimbursements received from the State of Alaska Department of Education and Early Development.

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.

## Notes to Basic Financial Statements, Continued

**D. 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 acquisition value at the date of the donation.

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

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

Buildings and improvements	15-75 years
Infrastructure	10-50 years
Machinery and equipment	5-40 years

**E. 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.

**F. Leases***Lessor*

The City is a lessor for non-cancellable leases and recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- a. The City uses its current borrowing rate as the discount rate for leases.
- b. The lease term includes the non-cancellable period of the lease; the term of the lease contract, including options to extend, must be more than 12 months. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Notes to Basic Financial Statements, Continued

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**G. 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 the first business day of November, and the 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.

**H. Prepaid Items**

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

**I. 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.

**J. Interfund Transactions**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the Fund Financial Statements and are eliminated in the preparation of the Government-Wide Financial Statements.

**K. 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).

Notes to Basic Financial Statements, Continued

**L. 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 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.

The City's Special Revenue Funds are used to account for public safety, community services, water and sewer, landfill, dock, boat harbor and the senior citizen center.

**M. Net Position**

Net position represents 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, grantor or laws or regulations of other governments.

Notes to Basic Financial Statements, Continued

**N. 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.

**O. 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.

**P. Pension and Other Post Employment Benefits (OPEB)**

For purposes of measuring the net pension and OPEB liabilities, assets, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

**Q. 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.

**II. 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, Edward Byrne Memorial Justice Assistance Grant, the Local Services, Asset Forfeiture and Dillingham Police Special Revenue Funds, 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 June 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.

# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

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.
6. Budgetary control is at the department level for the General Fund and at the fund level for Special Revenue Funds.

Excess of expenditures over appropriations were funded through operating transfers or available fund balance.

### III. CASH AND INVESTMENTS

City of Dillingham, Alaska 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 from/due to other funds."

#### A. *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, 2022.

Cash and cash equivalents	\$ 13,368,229	Cash and investments	\$ 12,976,993
Investments	-	Restricted cash and investments	391,236
	<u>\$ 13,368,229</u>		<u>\$ 13,368,229</u>

#### B. *Investment Policy*

The City's investment policy authorizes investments in:

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

# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

### C. 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 the U.S. government agencies are rated AAA by Moody's Investors Service and Municipal Bonds are rated AAA.

### D. Custodial Credit Risk

The City maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, the City maintains a collateralization agreement with a financial institution. At June 30, 2022 the City's cash deposits were fully insured.

For an investment, this is a risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments held by the City are protected by the Securities Investor Protection Corporation (SIPC) up to \$500,000 per customer per financial institution.

### E. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the balance sheet and Statement of Net Position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities.

## IV. RECEIVABLES, DEFERRED INFLOW OF RESOURCES AND UNEARNED REVENUES

	General Fund	Debt Service	Other Government Funds	Total
Sales Tax	\$ 571,927	-	-	571,927
Property Tax	441,970	-	-	441,970
Accounts	116,656	-	316,053	432,709
Grants	-	1,773,338	32,220	1,805,558
Leases	-	-	25,643	25,643
Total gross	1,130,553	1,773,338	373,916	3,277,807
Less allowance for uncollectibles	153,056	-	40,691	196,747
	\$ 974,497	1,773,338	333,225	3,081,060

## CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenues in connection with resources that have been received, but not yet earned. As the end of the current fiscal year, the components of referred inflows of resources and unearned revenues reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Unavailable property taxes	\$ 295,236	-	295,236
Unavailable accounts	198,936	-	198,936
Unearned revenue - grants	25,097	2,587,791	2,612,888
Total	\$ 519,269	2,587,791	3,107,060

**V. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 follows:

Governmental Activities	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land and land improvements	\$ 4,862,446	-	-	4,862,446
Construction in progress	2,348,548	791,929	(1,436,079)	1,704,398
Total assets not being depreciated	7,210,994	791,929	(1,436,079)	6,566,844
Capital assets being depreciated:				
Buildings	24,984,037	778,614	-	25,762,651
Improvements other than buildings	43,886,395	72,300	-	43,958,695
Machinery and equipment	12,114,375	811,729	-	12,926,104
Total capital assets being depreciated	80,984,807	1,662,643	-	82,647,450
Less accumulated depreciated for:				
Buildings	11,423,666	646,959	-	12,070,625
Improvements other than buildings	17,958,762	1,411,630	-	19,370,392
Machinery and equipment	6,578,959	535,485	-	7,114,444
Total accumulated depreciated	35,961,387	2,594,074	-	38,555,461
Total capital assets being depreciated, net	45,023,420	(931,431)	-	44,091,989
Governmental activity capital assets, net	\$ 52,234,414	(139,502)	(1,436,079)	50,658,833



CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

Depreciation expense was charged to the functions as follows:

General government	\$ 71,407
Public safety	316,996
Public works	109,735
Community services	3,323
Water and sewer	803,549
Landfill	201,627
Dock	333,321
Harbor	214,772
Senior citizen center	25,006
Education	<u>514,338</u>
Total depreciation expense	\$ <u>2,594,074</u>

**VI. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A schedule of interfund balances and transfers for the year ended June 30, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 1,773,338
General Fund	Planning Capital Project Fund	1,451,072
General Fund	Other Governmental Funds	111,042
Local Government Lost Revenue Relief Special Revenue Fund	General Fund	2,553,756
Other Governmental Funds	General Fund	<u>3,186,425</u>
Total		\$ <u>9,075,633</u>

Transfers In:				
	General Fund	Planning CPF	Other Governmental Funds	Total
Transfers out:				
General Fund	\$ -	5,201	424,578	429,779
Debt Service Fund	643,496	-	-	643,496
Other Governmental Funds	50,071	-	20,121	70,192
Total	\$ 693,567	5,201	444,699	<u>1,143,467</u>

## CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

**VII. LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
\$3,475,000 Series One & Two General Obligation School Installments of \$115,000 to \$265,000, plus interest at 5.0% through May 1, 2039	\$ 3,255,000	-	120,000	3,135,000	125,000
\$8,425,000 2016 Series Three & Four General Obligation School Bonds, due in annual installments of \$740,000 to \$1,035,000 plus Interest at 4.0% to 5.0% through December 1, 2027	6,290,000	-	775,000	5,515,000	810,000
\$367,000 283081 Landfill Clean Water Loan, annual installment payments begin 1 year after final disbursement, Interest 0.5% finance charge, 1% interest.	195,096	-	-	195,096	-
\$600,000 283091 Landfill Clean Water Loan, annual installment payments begin 1 year after final disbursement, Interest 0.5% finance charge, 1% interest.	600,000	-	-	600,000	30,000
Bond premium	1,291,834	-	156,310	1,135,524	156,310
Public safety vehicle lease (2019)	15,647	-	7,551	8,096	8,096
Dock crane lease	720,412	-	118,244	602,168	121,094
Accrued leave	252,521	179,135	252,521	179,135	179,135
Estimated landfill closure costs	552,784	230,886	-	783,670	-
Net pension and OPEB liabilities (asset)	5,043,727	-	3,872,702	1,171,025	-
Total Long-Term Debt	\$ 18,217,021	410,021	5,302,328	13,324,714	1,429,635

Other long-term liabilities such as accrued leave are generally liquidated by the General Fund and bond premiums are amortized over term of the bond.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

The annual requirements to amortize the general obligation bonds and loans outstanding at June 30, 2022 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 930,000	412,250	1,342,250
2024	975,000	364,750	1,339,750
2025	1,020,000	315,000	1,335,000
2026	1,085,000	262,750	1,347,750
2027-2031	2,840,000	678,375	3,518,375
2032-2036	1,045,000	350,750	1,395,750
2037-3039	755,000	76,750	831,750
Total	\$ 8,650,000	2,460,625	11,110,625

Year Ending June 30,	Clean Water Loan		
	Principal	Interest	Total
2023	\$ 30,000	12,107	42,107
2024	30,000	8,550	38,550
2025	30,000	8,100	38,100
2026	30,000	7,650	37,650
2027	30,000	7,200	37,200
2028-2032	150,000	29,250	179,250
2032-2036	150,000	18,000	168,000
2037-3039	150,000	6,750	156,750
Total	\$ 600,000	97,607	697,607

Series Three and Four's bond premium is amortized over the life of the bond. \$125,792 is amortized each year through December 1, 2027.

Series One and Two's bond premium is amortized over the life of the bond. \$30,518 is amortized each year through December 1, 2039.

In April 2019, the City obtained two Clean Water State Revolving Fund Loans one for \$367,000 and one for \$600,000 with a finance rate of 1.5% payable over 20 years starting one year after project construction ends. The combined balance of the notes payable at June 30, 2022 is \$795,096. The loan is secured by an irrevocable pledge of net operating revenues from the Water Department. Loan # 283081 is not yet in repayment and no debt service schedule is presented, however, repayment will commence after the completion of the project.

## VIII. FINANCE LEASES

The City has entered into lease agreements as lessee for financing the acquisition of a grader, a streets vehicle, a vehicle for animal control, six vehicles for general public safety and a dock crane. These lease agreements qualify as finance leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments.

# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

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, 2022:

<u>Year Ending June 30,</u>	<u>General Fund</u>
2023	141,874
2024	133,196
2025	133,196
2026	133,196
2027	133,196
Total minimum lease payments	674,658
Less interest portion	(64,394)
Present value of future minimum lease payments	610,264
Less current portion	(129,190)
Long-Term Portion	\$ <u>481,074</u>

## IX. OPERATING LEASES

Lease Receivable: The City has entered into agreements to lease property to third parties. The leases range in term from ten to twenty years. The City received approximately \$13,842 in lease payments for the year ended June 30, 2022. The lease receivable at June 30, 2022 and 2021 was \$25,643 and \$37,806, respectively. The City has deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. At June 30, 2022 and 2021 the deferred inflow of resources was \$25,097 and \$37,806, respectively.

*(The remainder of this page intentionally left blank.)*

## CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

**X. FUND BALANCES**

Fund balances at June 30, 2022, reported in the City's individual major funds and other governmental funds in the aggregate on the governmental funds balance sheet is subject to the following constraints:

	General Fund	Planning Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable - prepaid	\$ 73,622	-	-	73,622
Restricted:				
Enhanced 911 service	-	-	310,420	310,420
Asset forfeiture	-	-	26,080	26,080
Local support	-	-	2,293	2,293
Reward	-	-	400	400
Mary Carlson Estate	-	-	356,691	356,691
Total restricted	-	-	695,884	695,884
Committed:				
Roads	-	-	100,772	100,772
Planning	-	588,096	-	588,096
Equipment replacement	-	-	61,652	61,652
Fire hall	-	-	34,784	34,784
Ambulance reserve	-	-	289,036	289,036
Landfill	-	-	172,044	172,044
Total committed	-	588,096	658,288	1,246,384
Assigned:				
Water and sewer	-	-	890,544	890,544
Dock	-	-	1,282,112	1,282,112
Senior citizens center	-	-	10,193	10,193
Library	-	-	69	69
Total assigned	-	-	2,182,918	2,182,918
Unassigned	8,667,041	-	(79,934)	8,587,107
Total fund balances	8,740,663	588,096	3,457,156	12,785,915

The restricted funds in the Mary Carlson Permanent Fund are all expendable for repairs, maintenance, and improvements on the existing structure.

In the government-wide net investment in capital assets at June 30, 2022 is made up of the following:

Capital assets, net of accumulated depreciation	\$ 50,658,833
Less:	
Bonds and loans payable	9,445,096
Bond premiums	1,135,524
Capital leases	610,264
Net investment in capital assets	\$ 39,467,949

Notes to Basic Financial Statements, Continued

The Landfill, Boat Harbor, and School Bonds Special Revenue Funds have deficits of \$6,278, \$72,030, and \$1,626 respectively at year end. The deficits will be covered by a transfer from the General Fund in FY2022.

**XI. 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.

The current landfill has an estimated life of 50 years, with the installation of new more efficient incinerator equipment, resulting in the landfill lasting longer. Closure and post closure costs are estimated to be \$1,920,800, with \$783,670 reported as a liability based on engineering estimates of usage, as of June 30, 2022. There is currently \$172,044 set aside in the Landfill Capital Project Fund. The City will recognize the remaining estimated cost of closure and post closure care cost based on a 50-year life.

**XII. Employee Retirement Systems and Plans**

The City follows Governmental Accounting Standards Board (GASB) Codification P20, *Accounting for Pensions by State and Local Governmental Employees* and GASB Codification P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. GASB Codification P20 and GASB Codification P50 establish uniform standards for the measurement, recognition, and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

All full-time employees and certain permanent part-time employees of the City participate in the State of Alaska Public Employees' Retirement System (PERS). In addition to the pension plan, PERS also administers other post-employment benefit (OPEB) plans.

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee.

*Summary of Significant Accounting Policies.* The financial statements for PERS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

PERS acts as the common investment and administrative agencies for the following multiple-employer plans:

Plan Name	Type of Plan
Defined Benefit Pension Plan (DB)	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan (DC)	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB):	
Occupational Death and Disability Plan	Cost-sharing, Defined Benefit OPEB
Alaska Retiree Healthcare Trust Plan	Cost-sharing, Defined Benefit OPEB
Retiree Medical Plan	Cost-sharing, Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits (DC):	
Healthcare Reimbursement Arrangement Plan	Defined Contribution OPEB

**Other Postemployment Benefit Plans (OPEB)**

*Occupational Death and Disability Plan (ODD)*

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2022, the employer contribution rate is 0.31%.

Membership in the plan consisted of the following at June 30, 2021 (latest available report):

Membership	PERS
Active plan members	24,481
Participating employers	151

*Alaska Retiree Healthcare Trust Plan (ARHCT)*

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2021 (latest available information) employer contributions were 7.43% of annual payroll. Membership in the plan consisted of the following at June 30, 2021 (latest report available):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	36,704
Inactive plan members entitled to but not yet receiving benefits	5,112
Inactive plan members not entitled to benefits	10,366
Active plan members	10,066
Total plan membership	62,248

# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

### *Retiree Medical Plan (RMP)*

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2022, employer contributions were 1.07%. Membership in the plan consists of the following at June 30, 2021 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	67
Inactive plan members entitled to but not yet receiving benefits	2,082
Inactive plan members not entitled to benefits	16,249
Active plan members	24,481
Total plan membership	42,879

### *Healthcare Reimbursement Arrangement Plan*

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% of the average annual compensation of all employees in the plan. Membership in the plan consists of the following at June 30, 2021 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	113
Inactive plan members entitled to but not yet receiving benefits	2,082
Inactive plan members not entitled to benefits	16,249
Active plan members	24,481
Total plan membership	42,925

### **Investments**

The Board is the investment oversight authority of the system's investments. As the fiduciary, the Board has the statutory authority to invest the assets under the Prudent Investor Rule. Fiduciary responsibility for the Board's invested assets is pursuant to AS 37.10.210.390.

State of Alaska Department of Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the DC Participant-directed Pension plans under the Board's fiduciary responsibility.

### **Rate of Return**

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual weighted rate of return, net of investment expense, for the year ended June 30, 2021 (latest available report) for the DB Plan for PERS is 29.77%, for the ARHCT plan is 30.00%, for the ODD Plan is 29.55%, and for the RMP is 29.54%.



# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

For additional information on securities lending, interest rates, credit risks, foreign exchange, derivatives, fair value, and counterparty credit risks, see the separately issued report on the Invested Assets of the State of Alaska Retirement and Benefits Plans at:

<http://treasury.dor.alaska.gov/armb/Reports-and-Policies/Annual-Audited-Financial-Schedules.aspx>.

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS plan:

<b><u>Asset Class</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Broad Domestic Equity	6.63%
Global Equity (non-U.S.)	5.41%
Aggregate Bonds	0.76%
Opportunistic	4.39%
Real Assets	3.16%
Private Equity	9.29%
Cash Equivalents	0.13%

**Discount Rate:** The discount rate used to measure the total pension and OPEB liabilities and assets is 7.38%, which represents a decrease of 0.00% since the prior measurement period. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.18% as of June 30, 2021.

**Employer and Other Contribution Rates.** There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

**Employer Effective Rate:** This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to the salary floor, and other termination costs as described below. This rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined benefit plan.

# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

**ARM Board Adopted Rate:** This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

**On-behalf Contribution Rate:** This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

**GASB Rate:** This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses a 7.38% discount rate.

Employer Contribution rates for the year ended June 30, 2022 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	15.54%	21.27%	8.11%
OPEB	6.46%	8.84%	0%
Total PERS contribution rates	22.00%	30.11%	8.11%

**Termination Costs:** If the City decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular City function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The City must pay to have a termination study completed. The purpose of the study is to calculate the City's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The City must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For fiscal year 2022, the past service rate for PERS is 18.31%.

**Actuarial Assumptions:** The total pension and OPEB liabilities on June 30, 2021 (latest available) were determined by an actuarial valuation as of June 30, 2019 which was rolled forward to the measurement date June 30, 2021. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

Investment return / discount rate	7.38% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 2.5% per year Productivity – 0.25% per year
Payroll growth	2.75% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 2.5% annually.
Mortality (Pre-termination)	Based upon 2013-2017 actual mortality experience, 100% (male and female) of RP-2014 healthy annuitant table with MP-2017 generational improvement.
Mortality (Post-termination)	Mortality rates based upon the 2013-2017 actual experience. 91% of male and 96% of female rates of RP-2014 health annuitant table with MP-2017 generational improvement.
Total turnover	Based upon the 2013-2017 actual withdrawal experience.
Disability	Incidence rates based on 2013-2017 actual experience. Post-disability mortality in accordance with the RP-2014 disability table with MP-2017 generational improvement. Disabilities are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for others.
Retirement	Retirement rates based upon the 2013-2017 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date.
Marriage and age difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drugs: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%.

# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

As a result of the latest experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes related to the ARHCT plan have been made since the prior valuation:

1. Per capita claims costs were updated to reflect recent experience.
2. Normal cost for administrative expenses were updated to reflect recent experience.
3. Healthcare cost trends were updated to reflect the repeal of the Cadillac Tax.

The changes of assumptions from the latest experience study created substantial deferred outflows of resources attributable to the City, as well as an OPEB benefit recognized by the City for the State's proportionate share of OPEB plan expense attributable to the City. In some instances the reduction of revenues and expenses reported for the State's proportionate share of OPEB plan expense attributable to the City creates a net negative Pension/OPEB expense (net pension/OPEB benefit) which results in negative operating grants and contributions for certain functions reported on the Statement of Activities.

### **Alaska Public Employee Retirement System (PERS) – Defined Benefit Plan (DB)**

*Plan Description.* The City participates in the Alaska Public Employees' Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. PERS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The Plan was established and is administered by the State of Alaska, Department of Administration. The Public Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at: <http://doa.alaska.gov/drb/pers>.

*Pension Benefits.* All tier employee benefits vest with five years of credited service. There are three tiers of employees based on entry date. Tier I employees enrolled prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For Tier II and III employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. All tier employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

The PERS defined benefit is closed to new hires enrolled on or after July 1, 2006. New hires after this date participate in the PERS defined contribution plan (DC) described later in these notes.

Currently, there are 150 employers participating in PERS defined benefit plan and 151 participating in PERS defined contribution and OPEB plans.

The DB Plan's membership consisted of the following at June 30, 2021 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	36,704
Inactive plan members entitled to but not receiving benefits	5,112
Inactive members not entitled to benefits	10,366
Active plan members	<u>10,066</u>
Total DB plan membership	<u>62,248</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for peace officers/firefighters members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

The percentage multipliers for peace officers/firefighters are 2% for the first ten years of service and 2.5% for all service over 10 years. The percentage multipliers for all other participants are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

Post-employment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986, but before July 1, 2006, and who have not reached age 60 may elect to pay for major medical benefits.

*Post Retirement Pension Adjustments.* Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least 65 or on PERS disability; or
- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who first entered the PERS before July 1, 1986, if the CPI increases and the financial condition of the fund will permit an increase. In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

*Funding Policy.* In April 2008, the Alaska Legislature passed 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 paid to participants of the PERS Tier IV defined contribution plan (DC) described later in these footnotes. The State legislature capped the rate at 22%, with the State contributing an on-behalf payment for the difference between the actuarial contribution and the cap.

*Salary Floor.* During the 25<sup>th</sup> legislation session, Senate Bill 125 passed, which established a June 30, 2008 salary floor under AS 39.35.255(a)(2). The salary floor is the total base salaries paid by an employer to active employees of the system as of the fiscal year ending June 30, 2008. The statute requires the Division of Retirement and Benefits (Division) to collect employer contributions at a minimum based on FY 2008 base salaries.

*Employee Contribution Rate.* The City's PERS active members are required to contribute 6.75%.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

Employer contributions for the year ended June 30, 2022, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>356,315</u>	<u>78,766</u>	<u>435,081</u>

**Public Employees Retirement Plans**

For the year ended June 30, 2022, the State of Alaska contributed \$227,884 (100% pension cost) on-behalf of the City, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements, the on-behalf contribution has been adjusted as of the measurement date June 30, 2021 to a total of (\$137,069), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

*Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB:* At June 30, 2022, the City reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the City. The amount recognized by the City as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the City were as follows:

Defined Benefit:		Pension
City's proportionate share of the net pension liability	\$	<u>4,329,756</u>
State's proportionate share of the net pension liability		<u>586,840</u>
Total	\$	<u>4,916,596</u>
		OPEB
City's proportionate share of the ARHCT OPEB liability (asset)	\$	<u>(3,039,370)</u>
State's proportionate share of the ARHCT OPEB liability (asset)		<u>(397,478)</u>
Total	\$	<u>(3,436,848)</u>
City's proportionate share of the ODD OPEB liability (asset)	\$	<u>(76,204)</u>
City's proportionate share of the RMP OPEB liability (asset)	\$	<u>(43,157)</u>
Total City's share of net pension and OPEB liabilities and assets	\$	<u>1,171,025</u>

The net pension and OPEB liabilities and assets were measured as of June 30, 2021, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities and assets were determined by an actuarial valuation as of that date. The City's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2023 through FY2039, as determined by projections based on the June 30, 2021 valuation.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

The City's proportionate share and changes in the pension and OPEB liabilities and assets were as follows:

	June 30, 2020 Measurement	June 30, 2021 Measurement	Change
Pension	0.0933%	0.1180%	0.0248%
OPEB:			
ARHCT	0.0932%	0.1185%	0.0253%
ODD	0.1861%	0.1729%	(0.0132%)
RMP	0.1723%	0.1608%	(0.0116%)

Based on the measurement date of June 30, 2021, the City recognized pension and OPEB expense (benefit) of \$1,080,349 and (\$1,229,396), respectively, for the year ended June 30, 2022. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	(19,182)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(1,707,428)
Changes in proportion and differences between City contributions and proportionate share of contributions	196,017	-
City contributions subsequent to the measurement date	356,315	-
Total	\$ 552,332	(1,726,610)

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(31,918)
Changes of assumptions	-	(114,859)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,422,262)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(32,467)
City contributions subsequent to the measurement date	48,731	-
Total	\$ 48,731	(1,601,506)

## CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(20,815)
Changes of assumptions	-	(579)
Net difference between projected and actual earnings on OPEB plan investments	-	(12,219)
Changes in proportion and differences between City contributions and proportionate share of contributions	6,076	(1,218)
City contributions subsequent to the measurement date	8,241	-
Total	\$ <u>14,317</u>	<u>(34,831)</u>

  

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,209	(2,053)
Changes of assumptions	13,414	(25,648)
Net difference between projected and actual earnings on OPEB plan investments	-	(38,810)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(3,845)
City contributions subsequent to the measurement date	21,794	-
Total	\$ <u>38,417</u>	<u>(70,156)</u>

\$356,315 and \$78,766 are reported as deferred outflows of resources related to pension and OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the plan year ended June 30, 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Plan Year Ended June 30,		Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2022	\$	(219,949)	(512,436)	(5,739)	(11,260)
2023		(391,105)	(327,542)	(5,732)	(11,277)
2024		(423,067)	(351,712)	(5,860)	(11,667)
2025		(496,472)	(409,816)	(6,268)	(12,897)
2026		-	-	(2,855)	(2,079)
Thereafter		-	-	(2,301)	(4,353)
Total	\$	<u>(1,530,593)</u>	<u>(1,601,506)</u>	<u>(28,755)</u>	<u>(53,533)</u>



# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, Continued

For the year ended June 30, 2022, the City recognized \$1,073,300 and (\$50,028) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

*Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate:* The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.38%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

	<b>1% Decrease (6.38%)</b>	<b>Current Rate (7.38%)</b>	<b>1% Increase (8.38%)</b>
Net pension liability (asset)	\$ 6,412,971	4,239,756	2,579,587
Net OPEB ARHCT liability (asset)	\$ (1,987,702)	(3,039,370)	(3,912,701)
Net OPEB ODD liability (asset)	\$ (72,969)	(76,204)	(78,780)
Net OPEB RMP liability	\$ 28,167	(43,157)	(97,029)

*Sensitivity of the City's proportionate share of the Net OPEB liability and assets to changes in the healthcare cost trend rates.* The following present the City's proportionate share of the net OPEB liability (asset), as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Net OPEB ARHCT liability (asset)	\$ (4,014,936)	(3,039,370)	(1,862,116)
Net OPEB ODD liability (asset)	N/A	(76,204)	N/A
Net OPEB RMP liability (asset)	\$ (104,740)	(43,157)	40,754

### Alaska Public Employee Retirement System (PERS) – Defined Contribution Plan (DC)

*Plan Description and Funding Requirements.* Cities and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.07% for the retiree medical plan (DB), 0.31% and 0.68% (peace officers) for occupational and death and disability benefits (DB) and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Notes to Basic Financial Statements, Continued

Members become vested in employers' contributions as follows:

- 2 years of service – 25%
- 3 years of service – 50%
- 4 years of service – 75%
- 5 years of service – 100%

The City contributed \$176,358 for the year ended June 30, 2022, which included forfeitures of \$41,742 which have been applied as employer contributions.

**XIII. 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 up to legal limits. No contributions are made by the City. 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.

**XIV. 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 members' 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, 2022.

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.

**XV. 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.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

**XVI. CHANGE IN ACCOUNTING PRINCIPLE**

In 2022, the City implemented GASB Statement No. 87, *Leases*, which established standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement apply to financial statements of all state and local governments.

The new standard requires the City to recognize certain lease assets and liabilities for leases. It establishes a single model for lease accounting based on the underlying principle that leases are financings of the right to use an underlying asset for a period of time. Under this Statement, a lessee is required to recognize a liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the City's leasing activities.

As a result of adopting this new accounting pronouncement, there were no changes in beginning of year net position or fund balance. The City recognized the following amounts in financial statements with regard to leases as of June 30, 2021:

Statement of Net Position	<u>Governmental Activities</u>
Lease receivable	\$37,806
Deferred inflow of resources	37,806
Balance Sheet – Governmental Funds	
Lease receivable	\$ 37,806
Deferred inflow of resources	37,806

**XVII. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 12, 2024, the date which the financial statements were available for issue, and one subsequent event was identified that was necessary to disclose for proper presentation of the financial statements as follows: Alaska Department of Environmental Conservation alleged nine violations of the City's Alaska Pollutant Discharge Elimination permit for the Dillingham Lagoon, however, we are unable to forecast the potential outcome, including the amount or likelihood of any fine.

**XVIII. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates covering several topics as follows:

- GASB 94 *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 96 *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 99 *Omnibus 2022*. Multiple effective dates.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

- GASB 100 *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. Effective for fiscal years beginning after June 15, 2023. Multiple effective dates.
- GASB 101 *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

Statement 94 is not expected to have any significant impact on the financial statements of City of Dillingham.

GASB Statement No. 96 will improve financial reporting by establishing a definition for Subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

GASB Statement No. 99 will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

Effective Date: The requirements of this Statement are effective as follows:

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

GASB Statement No. 101 unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

# **REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF DILLINGHAM, ALASKA

## Schedule of City's Proportionate Share of the Net Pension Liability

## Public Employees' Retirement System (PERS)

June 30, 2022

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0605%	\$ 2,822,639	\$ 2,767,785	\$ 5,590,424	\$ 5,590,424	50%	62.37%
2016	0.0992%	\$ 4,808,667	\$ 1,289,971	\$ 6,098,638	\$ 3,784,496	127%	63.96%
2017	0.1039%	\$ 5,808,346	\$ 734,198	\$ 6,542,544	\$ 3,933,622	148%	59.55%
2018	0.0947%	\$ 4,893,666	\$ 1,824,011	\$ 6,717,677	\$ 4,060,508	121%	63.37%
2019	0.0981%	\$ 4,874,641	\$ 1,413,866	\$ 6,288,507	\$ 2,762,441	176%	65.19%
2020	0.0840%	\$ 4,599,123	\$ 1,826,842	\$ 6,425,965	\$ 3,101,332	148%	63.42%
2021	0.0933%	\$ 5,504,093	\$ 2,274,380	\$ 7,778,473	\$ 3,068,295	179%	61.61%
2022	0.0780%	\$ 4,329,756	\$ 586,840	\$ 4,916,596	\$ 3,088,891	140%	74.46%

See accompanying notes to Required Supplementary Information.

## CITY OF DILLINGHAM, ALASKA

## Schedule of City's Proportionate Share of the Net OPEB Liability (Asset)

## Public Employees' Retirement System (PERS)

June 30, 2022

Year	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>							
2018	0.0947%	\$ 799,564	\$ 297,822	\$ 1,097,386	\$ 4,060,508	19.69%	89.68%
2019	0.0981%	\$ 1,007,001	\$ 291,991	\$ 1,298,992	\$ 2,762,441	36.45%	88.12%
2020	0.0839%	\$ 124,464	\$ 49,429	\$ 173,893	\$ 3,101,332	4.01%	98.13%
2021	0.0932%	\$ (421,859)	\$ (175,380)	\$ (597,239)	\$ 3,068,295	-13.75%	106.15%
2022	0.0782%	\$ (3,039,370)	\$ (397,478)	\$ (3,436,848)	\$ 3,088,891	-98.40%	135.54%
<b>Occupational Death and Disability (ODD):</b>							
2018	0.2058%	\$ (29,197)	\$ -	\$ (29,197)	\$ 4,060,508	-0.72%	212.97%
2019	0.1899%	\$ (36,879)	\$ -	\$ (36,879)	\$ 2,762,441	-1.34%	270.62%
2020	0.2043%	\$ (49,522)	\$ -	\$ (49,522)	\$ 3,101,332	-1.60%	297.43%
2021	0.1861%	\$ (50,731)	\$ -	\$ (50,731)	\$ 3,068,295	-1.65%	283.80%
2022	0.0677%	\$ (76,204)	\$ -	\$ (76,204)	\$ 3,088,891	-2.47%	374.22%
<b>Retiree Medical Plan (RMP):</b>							
2018	0.2058%	\$ 10,731	\$ -	\$ 10,731	\$ 837,105	1.28%	93.98%
2019	0.1899%	\$ 24,162	\$ -	\$ 24,162	\$ 868,768	2.78%	88.71%
2020	0.1832%	\$ 43,820	\$ -	\$ 43,820	\$ 868,768	5.04%	83.17%
2021	0.1723%	\$ 12,224	\$ -	\$ 12,224	\$ 900,041	1.36%	92.23%
2022	0.0799%	\$ (43,157)	\$ -	\$ (43,157)	\$ 910,923	-4.74%	115.10%

See accompanying notes to Required Supplementary Information.



CITY OF DILLINGHAM, ALASKA  
Schedule of City's Contributions (Pensions)  
Public Employees' Retirement System (PERS)  
June 30, 2022

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 240,625	\$ (240,625)	\$ -	\$ 3,784,496	6.36%
2016	\$ 253,526	\$ (253,526)	\$ -	\$ 3,933,622	6.45%
2017	\$ 286,868	\$ (286,868)	\$ -	\$ 4,060,508	7.06%
2018	\$ 308,901	\$ (308,901)	\$ -	\$ 2,762,441	11.18%
2019	\$ 338,963	\$ (339,298)	\$ (335)	\$ 3,101,332	10.93%
2020	\$ 313,126	\$ (313,063)	\$ 63	\$ 3,068,295	10.21%
2021	\$ 385,056	\$ (388,562)	\$ (3,506)	\$ 3,088,891	12.47%
2022	\$ 359,193	\$ (356,315)	\$ 2,878	\$ 2,779,268	12.92%

*See accompanying notes to Required Supplementary Information.*

## CITY OF DILLINGHAM, ALASKA

## Schedule of City's Contributions (OPEB)

## Public Employees' Retirement System (PERS)

June 30, 2022

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>					
2018	\$ 88,064	\$ (88,064)	\$ -	\$ 2,762,441	3.19% DB
2019	\$ 122,031	\$ (122,031)	\$ -	\$ 3,101,332	3.93% DB
2020	\$ 125,049	\$ (125,049)	\$ -	\$ 3,068,295	4.08% DB
2021	\$ 55,014	\$ (55,014)	\$ -	\$ 3,088,891	1.78% DB
2022	\$ 48,731	\$ (48,731)	\$ -	\$ 2,779,268	1.75% DB
<b>Occupational Death and Disability (ODD):</b>					
2018	\$ 4,474	\$ (4,474)	\$ -	\$ 2,762,441	0.16% DB
2019	\$ 8,340	\$ (8,340)	\$ -	\$ 3,101,332	0.27% DB
2020	\$ 8,160	\$ (8,160)	\$ -	\$ 3,068,295	0.27% DB
2021	\$ 5,739	\$ (5,739)	\$ -	\$ 3,088,891	0.19% DB
2022	\$ 8,241	\$ (8,241)	\$ -	\$ 2,779,268	0.30% DB
<b>Retiree Medical Plan (RMP):</b>					
2018	\$ 22,136	\$ (22,136)	\$ -	\$ 868,768	2.55% DC
2019	\$ 21,495	\$ (21,495)	\$ -	\$ 868,768	2.47% DC
2020	\$ 30,744	\$ (30,744)	\$ -	\$ 900,041	3.42% DC
2021	\$ 29,840	\$ (29,840)	\$ -	\$ 910,923	3.28% DC
2022	\$ 21,794	\$ (21,794)	\$ -	\$ 801,627	2.72% DC

See accompanying notes to Required Supplementary Information.

## CITY OF DILLINGHAM, ALASKA

## General Fund

## Schedule of Original and Final Budget to Actual

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental:				
Federal sources	\$ 460,000	460,000	473,299	13,299
State of Alaska	960,059	958,059	1,181,112	223,053
Bristol Bay Housing Authority	-	2,000	-	(2,000)
Local sources:				
Taxes	6,451,285	6,434,921	7,175,868	740,947
Charges for services	909,242	871,392	835,965	(35,427)
Licenses and permits	22,950	22,950	25,014	2,064
Fines and forfeitures	15,000	15,000	4,784	(10,216)
Lease and rental income	48,000	48,000	34,409	(13,591)
Investment income	10,000	10,000	(35,672)	(45,672)
Other	-	37,850	54,603	16,753
Total Revenues	<u>8,876,536</u>	<u>8,860,172</u>	<u>9,749,382</u>	<u>889,210</u>
Expenditures:				
Current:				
General government	2,251,702	2,212,802	1,931,644	281,158
Education	1,300,000	1,300,000	1,300,405	(405)
Public safety	3,310,564	3,375,388	2,288,733	1,086,655
Public works	1,742,109	1,767,349	1,299,189	468,160
Community services	155,802	156,602	141,326	15,276
Total expenditures	<u>8,760,177</u>	<u>8,812,141</u>	<u>6,961,297</u>	<u>1,850,844</u>
Excess of revenues over expenditures	<u>116,359</u>	<u>48,031</u>	<u>2,788,085</u>	<u>2,740,054</u>
Other financing sources (uses):				
Insurance proceeds	-	-	310	310
Transfers in	55,468	55,468	693,567	638,099
Transfers out	<u>(2,200,418)</u>	<u>(2,200,418)</u>	<u>(429,779)</u>	<u>1,770,639</u>
Net other financing sources (uses):	<u>(2,144,950)</u>	<u>(2,144,950)</u>	<u>264,098</u>	<u>2,409,048</u>
Net change in fund balance	\$ <u>(2,028,591)</u>	<u>(2,096,919)</u>	3,052,183	<u>5,149,102</u>
Fund balance at beginning of year			<u>5,688,480</u>	
Fund balance at end of year			\$ <u>8,740,663</u>	

See accompanying notes to required supplementary information.

## CITY OF DILLINGHAM, ALASKA

## Local Government Lost Revenue Special Revenue Fund

## Schedule of Original and Final Budget to Actual

Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental:			
Federal sources	\$ 2,786,321	232,565	-2,553,756
Expenditures:			
Current:			
Public safety	2,786,321	232,565	2,553,756
Excess of revenues over expenditures	\$ -	-	-
Fund balance at beginning of year		-	
Fund balance at end of year		\$ -	

See accompanying notes to required supplementary information.

## CITY OF DILLINGHAM, ALASKA

## Debt Service Fund

## Schedule of Original and Final Budget to Actual

Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental:			
State of Alaska	\$ -	2,045,679	2,045,679
Investment income	30,000	559	(29,441)
Total Revenues	<u>30,000</u>	<u>2,046,238</u>	<u>2,016,238</u>
Expenditures:			
Current:			
Debt Service:			
Principal	942,400	895,000	47,400
Interest	454,000	454,000	-
Total expenditures	<u>1,396,400</u>	<u>1,349,000</u>	<u>47,400</u>
Excess of revenues over expenditures	<u>(1,366,400)</u>	<u>697,238</u>	<u>2,063,638</u>
Other financing sources (uses):			
Transfers in	1,366,400	-	(1,366,400)
Transfers out	-	(643,496)	(643,496)
Net other financing sources (uses)	<u>1,366,400</u>	<u>(643,496)</u>	<u>(2,009,896)</u>
Net change in fund balance	\$ <u>-</u>	53,742	<u>53,742</u>
Fund balance at beginning of year		<u>(53,742)</u>	
Fund balance at end of year		\$ <u>-</u>	

See accompanying notes to required supplementary information.

CITY OF DILLINGHAM, ALASKA

Notes to Required Supplementary Information

June 30, 2022

**1. General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance**

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating 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.
6. Budgetary control is at the department level for the General Fund and at the fund level for Special Revenue Funds.

**Excess of Expenditures over Appropriations**

The Council approves operating budgets and appropriations of direct costs at the function level for all funds. For the year ended June 30, 2022, the following expenditure exceed the appropriations in the fund:

General Fund:	
Education	\$ <u>405</u>

**2. Public Employees' Retirement System**

**Schedule of City's Proportionate Share of Net Pension and OPEB Liability (Asset)**

The table is presented based on the Plan measurement date which is one year prior to fiscal year end for all years presented.

**Changes in Methods Since the Prior Valuation – June 30, 2020 to June 30, 2021:**

There were no changes in actuarial methods since the prior valuation.

CITY OF DILLINGHAM, ALASKA

Notes to Required Supplementary Information, Continued

**Changes in Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021:**

- Pension - Healthcare claim costs are updated annually. Retired member contributions were updated to reflect the 5% decrease from CY20 to CY21. The amounts included in the normal cost for administrative expenses were changed from \$7,223,000 to \$7,625,000 for pension, and from \$4,934,000 to \$5,531,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.
- OPEB ODD and RMP- Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$1,000 to \$16,000 for occupational death and disability, and from \$20,000 to \$24,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

**Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021:**

There were no changes in benefit provisions since the prior valuation.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the City will present only those years for which information is available.

**Schedule of City Contributions (Pension) and (OPEB)**

The table valuation date is June 30, 2020 which was rolled forward to June 30, 2021. Actuarially determined contribution rates are calculated as of June 30<sup>th</sup>, two years prior to the fiscal year in which contributions are reported.

## **SUPPLEMENTARY INFORMATION**



## CITY OF DILLINGHAM, ALASKA

## General Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal government:				
Payment in lieu of taxes	\$ 460,000	473,299	13,299	484,326
State of Alaska:				
Revenue sharing	75,700	87,078	11,378	78,307
Raw fish tax	475,000	772,264	297,264	474,820
Shared fisheries business tax	9,000	23,430	14,430	9,056
Electric and telephone co-op tax	65,000	81,672	16,672	69,128
PERS relief	298,359	189,982	(108,377)	214,416
Liquor licenses	4,000	-	(4,000)	-
Motor vehicle tax	30,000	26,386	(3,614)	30,400
Marijuana license	1,000	300	(700)	-
Total State of Alaska	958,059	1,181,112	223,053	876,127
Bristol Bay Housing Authority - payment in lieu of taxes	2,000	-	(2,000)	1,142
Local sources:				
Taxes:				
Sales taxes	3,000,000	3,801,546	801,546	3,309,926
Alcohol sales taxes	260,000	238,771	(21,229)	267,024
Transient lodging sales taxes	85,000	105,383	20,383	78,805
Real property taxes	2,090,565	2,080,762	(9,803)	2,044,472
Personal property taxes	479,356	489,875	10,519	520,115
Penalty and interest on property taxes	65,000	78,202	13,202	69,022
Penalty and interest on sales taxes	20,000	16,771	(3,229)	15,409
Gaming taxes	65,000	72,072	7,072	62,390
Tobacco tax	370,000	289,378	(80,622)	359,421
Marijuana tax	-	3,108	3,108	-
Total taxes	\$ 6,434,921	7,175,868	740,947	6,726,584

(continued)

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Revenues, continued:				
Local sources, continued:				
Charges for services:				
Contract revenue	\$ 583,367	598,511	15,144	578,371
Commissary	2,500	1,510	(990)	1,670
Court deposits	8,000	2,611	(5,389)	19,539
Fines and fees	-	1,102	1,102	309
Administrative overhead charges	220,625	210,660	(9,965)	217,470
Document copies	150	-	(150)	-
Platting and mapping fees	500	215	(285)	120
Ambulance fees	55,000	17,024	(37,976)	18,832
Other	1,250	4,332	3,082	9,241
Total charges for services	871,392	835,965	(35,427)	845,552
Licenses and permits:				
Animal licenses	1,200	1,070	(130)	1,605
Business licenses	20,500	20,775	275	20,800
Land use permits	800	1,619	819	465
Tobacco license	450	1,450	1,000	400
Marijuana license	-	100	100	1,100
Total licenses and permits	22,950	25,014	2,064	24,370
Fines and forfeitures:				
Title 47 fines	15,000	4,784	(10,216)	1,410
Lease and rental income	48,000	34,409	(13,591)	46,079
Investment income	10,000	(35,672)	(45,672)	7,439
Other revenues:				
DMV commission revenue	25,000	25,332	332	26,643
Equipment sales	1,000	-	(1,000)	-
Property sales	-	-	-	(584)
Donations and contributions	1,850	159	(1,691)	3,716
Miscellaneous	10,000	29,112	19,112	2,555
Total other revenues	37,850	54,603	16,753	32,330
Total revenues	\$ 8,860,172	9,749,382	889,210	9,045,359

(continued)

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Expenditures:				
General government:				
City council:				
Lobbying	\$ 30,000	28,002	1,998	24,000
Annexation project	-	-	-	1,171
Subscriptions and memberships	5,730	5,056	674	5,094
Travel	5,000	-	5,000	-
Training	500	111	389	873
Food	500	340	160	24
Supplies	100	74	26	-
Minor tools and equipment	500	372	128	2,340
Advertising	2,500	1,217	1,283	-
Contributions	500	-	500	-
Total city council	45,330	35,172	10,158	33,502
City clerk:				
Salaries	78,063	74,442	3,621	70,061
Overtime	-	-	-	338
Employee benefits	44,868	42,528	2,340	44,948
Contract labor	40,000	1,975	38,025	-
Subscriptions and memberships	487	507	(20)	495
Travel	2,310	1,621	689	-
Training	1,650	1,505	145	1,095
Supplies	350	204	146	200
Elections	5,000	10,219	(5,219)	3,825
Codification	2,500	1,301	1,199	1,393
Total city clerk	175,228	134,302	40,926	122,355
City administration:				
Salaries	201,258	208,261	(7,003)	178,949
Overtime	3,866	2,877	989	4,230
Employee benefits	130,714	104,823	25,891	81,399
Recruiting	16,220	7,171	9,049	5,128
Contract labor	105,371	69,215	36,156	9,426
Advertising	2,000	2,998	(998)	1,728
Travel	9,140	6,029	3,111	1,138
Subscriptions and memberships	1,181	2,132	(951)	-
Supplies	1,000	534	466	11,782
Training	1,000	3,744	(2,744)	140
Short-term lease	18,000	19,545	(1,545)	9,000
Electricity	2,880	1,396	1,484	634
Heating fuel	4,500	4,553	(53)	1,279
Janitorial	150	200	(50)	100
Minor tools and equipment	-	8,999	(8,999)	641
Other	15,000	16,701	(1,701)	-
Total city administration	\$ 512,280	459,178	53,102	305,574

(continued)

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued				
Finance:				
Salaries	\$ 375,895	361,673	14,222	360,899
Overtime	2,858	7,000	(4,142)	1,356
Employee benefits	232,755	224,782	7,973	220,785
Recruiting	40	20	20	-
Appraisal	20,000	12,746	7,254	55,606
Contract labor	105,000	136,464	(31,464)	44,244
Advertising	500	-	500	-
Subscriptions and memberships	5,750	4,495	1,255	95
Travel	1,200	975	225	-
Training	6,000	300	5,700	126
Bank charges	1,000	5,027	(4,027)	-
Supplies	4,000	5,570	(1,570)	3,913
Computer software	-	-	-	1,908
Minor tools and equipment	3,500	1,105	2,395	330
Total finance	758,498	760,157	(1,659)	689,262
Legal	60,000	47,336	12,664	46,040
Insurance:				
General liability	75,500	60,760	14,740	70,200
Property	143,500	139,903	3,597	147,352
Automobile	38,000	37,424	576	41,757
Claim deductibles	5,000	-	5,000	-
Total insurance	262,000	238,087	23,913	259,309
Nondepartmental:				
Contract labor	2,000	2,499	(499)	2,075
Accounting services and audit	88,000	48,580	39,420	66,809
Advertising	600	-	600	-
Supplies	9,500	3,911	5,589	4,679
Postage	10,000	4,609	5,391	10,044
Food	500	498	2	-
Insurance	-	-	-	1,719
Computer support services	-	818	(818)	9,828
Equipment maintenance	8,200	5,903	2,297	5,600
Leased equipment	-	3,120	(3,120)	3,120
Major equipment	-	-	-	16,119
Total nondepartmental	\$ 118,800	69,938	48,862	119,993

(continued)

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
Planning:				
Salaries	\$ 91,692	90,403	1,289	76,991
Employee benefits	72,869	65,565	7,304	64,098
Contract labor	77,000	7,235	69,765	26,029
Advertising	1,000	1,516	(516)	445
Subscriptions and memberships	300	844	(544)	238
Travel	3,700	10	3,690	81
Training	1,905	-	1,905	1,766
Recording fees	200	20	180	43
Supplies	1,000	204	796	562
Short-term lease	18,000	16,500	1,500	18,000
Electricity	3,000	1,403	1,597	1,299
Heating Fuel	4,000	3,254	746	196
Gas, oil and grease	-	-	-	1,959
Total planning	<u>274,666</u>	<u>186,954</u>	<u>87,712</u>	<u>191,707</u>
Foreclosed property:				
Foreclosure costs	2,000	-	2,000	180
Legal	4,000	520	3,480	693
Total foreclosed property	<u>6,000</u>	<u>520</u>	<u>5,480</u>	<u>873</u>
Total general government	<u>2,212,802</u>	<u>1,931,644</u>	<u>281,158</u>	<u>1,768,615</u>
Education:				
Contribution to school district	<u>1,300,000</u>	<u>1,300,405</u>	<u>(405)</u>	<u>1,300,000</u>
Public safety:				
Police dispatch:				
Salaries	269,265	89,543	179,722	174,049
Overtime	48,983	49,062	(79)	41,896
Employee benefits	233,480	202,094	31,386	165,714
Telephone	560	558	2	558
Supplies	1,000	276	724	136
Uniforms	600	-	600	-
Minor tools and equipment	800	348	452	4,049
Other expenditures	-	-	-	28,526
Total police dispatch	<u>\$ 554,688</u>	<u>341,881</u>	<u>212,807</u>	<u>414,928</u>

(continued)

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Police department:				
Salaries	\$ 474,634	59,474	415,160	259,530
Overtime	68,197	75,502	(7,305)	71,703
Employee benefits	371,789	289,050	82,739	282,362
Recruiting	23,000	57,174	(34,174)	1,000
Contractual	300	-	300	-
Travel and training	51,000	43,590	7,410	(1,887)
Supplies	1,400	395	1,005	344
Uniforms	2,000	1,715	285	1,080
Vehicle lease	34,866	18,604	16,262	34,865
Investigations	8,000	-	8,000	-
Minor tools and equipment	9,000	7,356	1,644	12,875
Major equipment	-	-	-	4,332
Equipment maintenance	500	48	452	-
Total police department	1,044,686	552,908	491,778	666,204
Jail:				
Salaries	328,441	256,904	71,537	258,133
Overtime	38,266	76,714	(38,448)	52,605
Employee benefits	265,998	201,852	64,146	234,052
Insurance	16,385	13,194	3,191	16,246
Subscriptions and memberships	100	-	100	-
Travel	7,000	1,982	5,018	-
Supplies	7,500	4,994	2,506	4,320
Uniforms	1,600	196	1,404	235
Food	18,000	15,235	2,765	12,835
Minor tools and equipment	3,000	459	2,541	1,771
Electricity	12,000	13,134	(1,134)	13,304
Heating fuel	10,000	10,991	(991)	10,214
Water and sewer	4,600	4,268	332	4,656
Refuse collection	1,650	1,408	242	1,088
Equipment maintenance	500	-	500	-
Required inspections	400	400	-	400
Total jail	715,440	601,731	113,709	609,859
Emergency operations center:				
Salaries	20,208	994	19,214	40,085
Overtime	2,585	-	2,585	186
Employee benefits	1,814	78	1,736	3,198
Legal	5,000	2,148	2,852	11,342
Advertising	6,000	10,968	(4,968)	4,437
Training	-	-	-	140
Telephone	1,200	-	1,200	-
Supplies	10,300	-	10,300	432
Minor tools and equipment	5,000	-	5,000	-
Total emergency operations center	\$ 52,107	14,188	37,919	59,820

(continued)

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Department of motor vehicles:				
Salaries	\$ 29,869	13,415	16,454	31,660
Overtime salaries	484	-	484	85
Employee benefits	24,584	25,979	(1,395)	21,578
Subscriptions and memberships	50	80	(30)	90
Minor tools and equipment	810	77	733	485
Total department of motor vehicles	55,797	39,551	16,246	53,898
Fire department:				
Salaries	158,061	99,360	58,701	51,391
Overtime	25,723	826	24,897	2,159
Employee benefits	92,810	54,790	38,020	61,253
Contractual	-	32	(32)	-
Insurance	1,033	826	207	1,003
Advertising	630	-	630	-
Subscriptions and memberships	420	217	203	150
Travel	3,000	-	3,000	-
Training	6,000	2,320	3,680	66
Office supplies	1,000	547	453	465
Supplies	-	24	(24)	48
Postage	150	160	(10)	150
EMS and fire supplies	6,000	6,583	(583)	3,047
Personal protective equipment	13,200	-	13,200	9,918
Public education	600	535	65	-
Ambulance billing	6,600	4,804	1,796	2,200
Minor tools and equipment	4,300	5,134	(834)	172
Fire department equipment replacement	6,600	6,559	41	-
Vehicle maintenance	-	1,268	(1,268)	-
Electricity	7,200	7,927	(727)	9,599
Heating fuel	18,200	22,754	(4,554)	22,116
Water and sewer	9,400	8,535	865	9,311
Refuse	1,600	768	832	928
Computer software	2,600	217	2,383	835
Required inspections	2,100	1,815	285	624
Sample testing	150	-	150	-
Member recognition	3,500	4,290	(790)	303
Airport lease	-	-	-	875
Total fire department	\$ 370,877	230,291	140,586	176,613

(continued)

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

Years Ended June 30,

		2022		2021
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Salaries	\$ 58,650	58,728	(78)	57,953
Overtime	2,154	2,232	(78)	2,314
Employee benefits	39,436	38,759	677	37,477
Subscriptions and memberships	400	-	400	-
Supplies	600	1,708	(1,108)	697
Postage freight	450	543	(93)	181
Food items	300	-	300	-
Uniforms	250	-	250	-
Minor tools and equipment	600	350	250	299
Electricity	3,500	4,101	(601)	4,784
Heating fuel	3,600	3,439	161	3,625
Water and sewer	3,200	2,845	355	2,845
Total animal control	113,140	112,705	435	110,175
Information technology:				
Contractual professional	5,040	4,700	340	10,257
Telephone	32,300	30,017	2,283	29,630
Internet	21,300	23,494	(2,194)	22,314
Computer hardware	68,200	15,351	52,849	10,664
Computer software	42,053	47,082	(5,029)	31,225
Computer support services	97,116	80,532	16,584	50,071
Total information technology	266,009	201,176	64,833	154,161
Administration:				
Salaries	78,246	79,038	(792)	48,116
Employee benefits	53,113	58,303	(5,190)	49,911
Contractual professional	15,000	-	15,000	-
Advertising	250	190	60	275
Insurance	16,385	13,194	3,191	15,795
Subscriptions and memberships	350	-	350	240
Court processing	800	165	635	1,209
Supplies	1,500	1,145	355	2,017
Postage	1,500	961	539	-
Uniforms	250	-	250	-
Equipment maintenance	1,000	1,880	(880)	-
Minor tools and equipment	6,000	5,298	702	106
Electricity	12,000	13,134	(1,134)	13,304
Water and sewer	4,600	4,268	332	4,656
Heating fuel	10,000	15,318	(5,318)	10,225
Refuse collection	1,650	1,408	242	1,088
Total administration	202,644	194,302	8,342	146,942
Total public safety	3,375,388	2,288,733	1,086,655	2,392,600

(continued)



## CITY OF DILLINGHAM, ALASKA

## General Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works:				
Administration:				
Salaries	\$ 187,765	60,783	126,982	116,246
Overtime	9,214	86	9,128	762
Employee benefits	170,909	45,227	125,682	59,336
Contract labor	5,000	-	5,000	1,849
Advertising	800	124	676	459
Recruiting	10,200	-	10,200	-
Subscriptions and memberships	-	-	-	50
Travel	1,200	-	1,200	-
Supplies	1,200	810	390	630
Minor tools and equipment	-	-	-	60
Computer software	5,506	6,359	(853)	5,781
Equipment maintenance	7,500	420	7,080	420
Total administration	<u>399,294</u>	<u>113,809</u>	<u>285,485</u>	<u>185,593</u>
Building and grounds maintenance:				
Salaries	98,754	55,966	42,788	85,578
Overtime	5,403	8,501	(3,098)	4,186
Employee benefits	83,472	51,168	32,304	66,678
Contractual	3,000	-	3,000	-
Subscriptions and memberships	-	-	-	50
Travel	2,000	-	2,000	2,227
Training	1,000	-	1,000	139
Supplies	3,200	264	2,936	2,189
Safety equipment	2,000	-	2,000	969
Minor tools and equipment	2,200	6,727	(4,527)	3,010
Electricity	12,000	12,324	(324)	11,062
Heating fuel	22,000	35,649	(13,649)	24,175
Water and sewer	2,000	1,803	197	1,943
Refuse collection	2,688	-	2,688	3,024
Janitorial	41,000	43,616	(2,616)	35,000
Building repairs	31,500	41,039	(9,539)	15,393
Vehicle maintenance	-	994	(994)	47
Total building and grounds maintenance	<u>\$ 312,217</u>	<u>258,051</u>	<u>54,166</u>	<u>255,670</u>

(continued)

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works, continued:				
Shop maintenance:				
Salaries	\$ 27,994	25,618	2,376	65,180
Overtime	11,259	5,574	5,685	15,562
Employee benefits	75,924	69,714	6,210	106,539
Supplies	5,500	16,137	-10,637	5,868
Gas, oil and grease	80,000	99,131	-19,131	104,123
Used oil management	18,000	12,484	5,516	52
Minor tools and equipment	10,000	16,359	-6,359	8,327
Safety equipment	1,700	1,894	-194	1,903
Major equipment	22,000	9,900	12,100	560
Electricity	14,500	17,217	-2,717	12,347
Heating fuel	24,000	43,273	-19,273	27,196
Refuse collection	2,688	3,136	-448	1,984
Building repairs	-	3,975	(3,975)	-
Vehicle maintenance	85,000	70,993	14,007	97,422
Required inspections	600	-	600	780
Equipment maintenance	200,000	142,164	57,836	45,333
Total shop maintenance	579,165	537,569	41,596	493,176
Streets:				
Salaries	130,454	114,787	15,667	93,224
Overtime	18,218	16,337	1,881	14,928
Employee benefits	94,435	102,695	(8,260)	69,434
Contractual	20,000	5,000	15,000	4,150
Insurance	14,832	11,943	2,889	16,848
Travel	3,000	-	3,000	250
Training	3,000	-	3,000	-
Supplies	1,500	619	881	491
Gas, oil and grease	-	-	-	116
Salt and calcium	25,000	35,229	(10,229)	(707)
Street signs	4,000	-	4,000	110
Road maintenance	20,000	10,024	9,976	-
Gravel and sand	58,700	59,718	(1,018)	158,031
Minor tools and equipment	3,034	5,277	(2,243)	817
Safety equipment	1,500	459	1,041	770
Electricity	26,000	27,672	(1,672)	27,705
Major equipment	53,000	-	53,000	1,481
Total streets	476,673	389,760	86,913	387,648
Total public works	\$ 1,767,349	1,299,189	468,160	1,322,087

(continued)

## CITY OF DILLINGHAM, ALASKA

## General Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Community services:				
Library:				
Salaries	\$ 103,299	91,874	11,425	75,737
Overtime	-	87	(87)	171
Employee benefits	32,113	30,305	1,808	16,408
Subscriptions and memberships	2,000	1,681	319	1,795
Supplies	450	470	(20)	265
Postage	250	177	73	158
Audio visual	500	-	500	497
Books	500	-	500	482
Periodicals	500	-	500	481
Collection preservation	500	11	489	782
Summer reading program	500	498	2	317
Minor tools and equipment	500	132	368	296
Internet	1,440	1,169	271	1,500
Electricity	4,000	3,642	358	3,554
Heating fuel	3,500	6,015	(2,515)	3,991
Water and sewer	1,950	1,781	169	1,943
Refuse collection	500	330	170	240
Software	1,300	-	1,300	771
Equipment maintenance	2,000	2,460	(460)	2,460
Total library	155,802	140,632	15,170	111,848
Meeting hall:				
Electricity	800	694	106	768
Total community services	156,602	141,326	15,276	112,616
Total expenditures	8,812,141	6,961,297	1,850,844	6,895,918
Excess of revenues over expenditures	48,031	2,788,085	2,740,054	2,149,441
Other financing sources (uses):				
Insurance proceeds	-	310	310	-
Transfers in	55,468	693,567	638,099	42,794
Transfers out	(2,200,418)	(429,779)	1,770,639	(2,059,735)
Net other financing sources (uses)	(2,144,950)	264,098	2,409,048	(2,016,941)
Net change in fund balance	\$ (2,096,919)	3,052,183	5,149,102	132,500
Fund balance, beginning of year		5,688,480		5,555,980
Fund balance at end of year		\$ 8,740,663		5,688,480

## CITY OF DILLINGHAM, ALASKA

## Local Government Lost Revenue Special Revenue Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal sources	\$ 2,786,321	232,565	(2,553,756)	-
Expenditures:				
Public safety:				
Major equipment	2,786,321	232,565	2,553,756	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	-	-	-

## CITY OF DILLINGHAM, ALASKA

## Debt Service Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State of Alaska	\$ -	2,045,679	2,045,679	-
Investment income	30,000	559	(29,441)	-
Total revenues	<u>30,000</u>	<u>2,046,238</u>	<u>2,016,238</u>	<u>-</u>
Expenditures:				
Debt service:				
Principal	942,400	895,000	47,400	855,000
Interest	454,000	454,000	-	490,050
Total expenditures	<u>1,396,400</u>	<u>1,349,000</u>	<u>47,400</u>	<u>1,345,050</u>
Excess (deficiency) of revenues over expenditures	<u>(1,366,400)</u>	<u>697,238</u>	<u>2,063,638</u>	<u>(1,345,050)</u>
Other financing sources (uses):				
Transfers in	1,366,400	-	(1,366,400)	1,291,308
Transfers out	-	(643,496)	(643,496)	-
Net other financing sources (uses)	<u>1,366,400</u>	<u>(643,496)</u>	<u>(2,009,896)</u>	<u>1,291,308</u>
Net change in fund balance	\$ <u>-</u>	<u>53,742</u>	<u>53,742</u>	<u>(53,742)</u>
Fund balance (deficit) at beginning of year		<u>(53,742)</u>		<u>-</u>
Fund balance (deficit) at end of year		\$ <u>-</u>		<u>(53,742)</u>

## CITY OF DILLINGHAM, ALASKA

## Planning Capital Project Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues - local sources -		
Investment income	\$ <u>1,426</u>	<u>1,579</u>
Expenditures - Landfill:		
Salaries	3,947	-
Overtime	-	1,261
Employee benefits	1,615	1,175
Professional services	4,101	386,547
Total expenditures	<u>9,663</u>	<u>388,983</u>
Excess (deficiency) of revenues over expenditures	<u>(8,237)</u>	<u>(387,404)</u>
Other financing sources:		
Insurance proceeds	325,016	2,436
Transfers in	5,201	386,547
Total other financing sources	<u>330,217</u>	<u>388,983</u>
Net change in fund balance	321,980	1,579
Fund balance at beginning of year	<u>266,116</u>	<u>264,537</u>
Fund balance at end of year	\$ <u><u>588,096</u></u>	<u><u>266,116</u></u>

## CITY OF DILLINGHAM, ALASKA

Other Governmental Funds  
Combining Balance Sheet

June 30, 2022

Special Revenue Funds											
	Water and Sewer	Landfill	Dock	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Library	Local Support	Dillingham Police Department Reward	Southern Region EMS Minigrant
<u>Assets</u>											
Cash and investments	\$ -	100	-	200	-	-	510	-	-	-	-
Receivables:											
Accounts	219,435	15,218	60,287	22,530	7,936	-	642	-	-	-	-
Grants	-	-	-	-	-	-	-	3,585	6,779	-	-
Leases	-	-	-	7,106	-	-	18,537	-	-	-	-
Allowance for uncollectible accounts	(44,825)	(371)	-	(5,490)	-	-	-	-	-	-	-
Due from other funds	854,782	-	1,277,803	-	302,484	26,080	58,703	3,645	-	400	360
Restricted cash	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,029,392</u>	<u>14,947</u>	<u>1,338,090</u>	<u>24,346</u>	<u>310,420</u>	<u>26,080</u>	<u>78,392</u>	<u>7,230</u>	<u>6,779</u>	<u>400</u>	<u>360</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>											
<u>(Deficits)</u>											
Liabilities:											
Accounts payable	\$ 27,570	4,850	10,525	13,311	-	-	15,065	2,233	-	-	-
Accrued payroll and related liabilities	4,689	5,963	32,596	30,520	-	-	8,011	-	3,968	-	-
Due to other funds	-	8,461	-	44,279	-	-	-	-	518	-	-
Unearned revenue	-	1,748	-	-	-	-	26,999	4,928	-	-	360
Total liabilities	<u>32,259</u>	<u>21,022</u>	<u>43,121</u>	<u>88,110</u>	<u>-</u>	<u>-</u>	<u>50,075</u>	<u>7,161</u>	<u>4,486</u>	<u>-</u>	<u>360</u>
Deferred inflows of resources:											
Delinquent property tax and user fees	106,589	203	12,857	1,293	-	-	-	-	-	-	-
Leases	-	-	-	6,973	-	-	18,124	-	-	-	-
Total deferred inflows of resources	<u>106,589</u>	<u>203</u>	<u>12,857</u>	<u>8,266</u>	<u>-</u>	<u>-</u>	<u>18,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances(deficits):											
Restricted	-	-	-	-	310,420	26,080	-	-	2,293	400	-
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	890,544	-	1,282,112	-	-	-	10,193	69	-	-	-
Unassigned (deficits)	-	(6,278)	-	(72,030)	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>890,544</u>	<u>(6,278)</u>	<u>1,282,112</u>	<u>(72,030)</u>	<u>310,420</u>	<u>26,080</u>	<u>10,193</u>	<u>69</u>	<u>2,293</u>	<u>400</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 1,029,392</u>	<u>14,947</u>	<u>1,338,090</u>	<u>24,346</u>	<u>310,420</u>	<u>26,080</u>	<u>78,392</u>	<u>7,230</u>	<u>6,779</u>	<u>400</u>	<u>360</u>

(continued)

## CITY OF DILLINGHAM, ALASKA

## Other Governmental Funds

## Combining Balance Sheet, continued

	Capital Project Funds									Mary Carlson Estate Permanent Fund	Total Other Governmental Funds
	Ambulance Reserve	Equipment Replacement	School Bonds	Fire Hall Bond	Landfill	Wastewater System Improvement	SOA Loans	Curyung Ice Machine	Roads		
<u>Assets</u>											
Cash and investments	\$ -	-	-	-	-	-	-	-	-	-	810
Receivables:											
Accounts	-	-	-	-	-	-	-	-	-	-	326,048
Grants	-	-	-	-	-	6,183	15,323	350	-	-	32,220
Leases	-	-	-	-	-	-	-	-	-	-	25,643
Allowance for uncollectible accounts	-	-	-	-	-	-	-	-	-	-	(50,686)
Due from other funds	292,916	61,652	-	34,784	172,044	-	-	-	100,772	-	3,186,425
Restricted cash	-	-	-	-	-	-	-	-	-	391,236	391,236
Total assets	<u>\$ 292,916</u>	<u>61,652</u>	<u>-</u>	<u>34,784</u>	<u>172,044</u>	<u>6,183</u>	<u>15,323</u>	<u>350</u>	<u>100,772</u>	<u>391,236</u>	<u>3,911,696</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</u>											
Liabilities:											
Accounts payable	\$ 3,880	-	-	-	-	-	-	190	-	53	77,677
Accrued payroll and related liabilities	-	-	-	-	-	-	-	-	-	-	85,747
Due to other funds	-	-	1,626	-	-	6,183	15,323	160	-	34,492	111,042
Unearned revenue	-	-	-	-	-	-	-	-	-	-	34,035
Total liabilities	<u>3,880</u>	<u>-</u>	<u>1,626</u>	<u>-</u>	<u>-</u>	<u>6,183</u>	<u>15,323</u>	<u>350</u>	<u>-</u>	<u>34,545</u>	<u>308,501</u>
Deferred inflows of resources:											
Delinquent property tax and user fees	-	-	-	-	-	-	-	-	-	-	120,942
Leases	-	-	-	-	-	-	-	-	-	-	25,097
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,039</u>
Fund balances (deficits):											
Restricted	-	-	-	-	-	-	-	-	-	356,691	695,884
Committed	289,036	61,652	-	34,784	172,044	-	-	-	100,772	-	658,288
Assigned	-	-	-	-	-	-	-	-	-	-	2,182,918
Unassigned (deficits)	-	-	(1,626)	-	-	-	-	-	-	-	(79,934)
Total fund balances (deficits)	<u>289,036</u>	<u>61,652</u>	<u>(1,626)</u>	<u>34,784</u>	<u>172,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,772</u>	<u>356,691</u>	<u>3,457,156</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 292,916</u>	<u>61,652</u>	<u>-</u>	<u>34,784</u>	<u>172,044</u>	<u>6,183</u>	<u>15,323</u>	<u>350</u>	<u>100,772</u>	<u>391,236</u>	<u>3,911,696</u>



## CITY OF DILLINGHAM, ALASKA

## Other Governmental Funds

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

Year Ended June 30, 2022

	Special Revenue Funds							
	Water and Sewer	Landfill	Dock	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Library
Revenues:								
Intergovernmental:								
Federal sources	\$ -	-	-	-	-	-	99,130	8,579
State of Alaska	9,417	11,737	11,544	5,739	-	-	42,787	13,021
Local sources:								
Local assistance	-	-	-	-	-	-	-	64,991
Charges for services	673,000	292,606	531,880	108,127	65,899	-	-	-
Lease income	-	-	-	37,197	-	-	23,963	-
Asset forfeiture	-	-	-	-	-	1,815	-	-
Investment income	-	-	17,933	-	-	-	-	-
Other	1,565	6,032	9,911	1,471	-	-	6,844	-
Total revenues	<u>683,982</u>	<u>310,375</u>	<u>571,268</u>	<u>152,534</u>	<u>65,899</u>	<u>1,815</u>	<u>172,724</u>	<u>86,591</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	-	3,497	-	-
Community services	-	-	-	-	-	-	-	86,592
Water and sewer	546,668	-	-	-	-	-	-	-
Landfill	-	524,897	-	-	-	-	-	-
Dock	-	-	547,476	-	-	-	-	-
Boat harbor	-	-	-	261,754	-	-	-	-
Senior citizen center	-	-	-	-	-	-	338,548	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>546,668</u>	<u>524,897</u>	<u>547,476</u>	<u>261,754</u>	<u>-</u>	<u>3,497</u>	<u>338,548</u>	<u>86,592</u>
Excess (deficiency) of revenues over expenditures	<u>137,314</u>	<u>(214,522)</u>	<u>23,792</u>	<u>(109,220)</u>	<u>65,899</u>	<u>(1,682)</u>	<u>(165,824)</u>	<u>(1)</u>
Other financing sources (uses):								
Insurance proceeds	-	-	-	-	-	-	-	-
Transfers in	-	209,013	-	20,121	-	-	166,679	-
Transfers out	-	-	(20,121)	-	(50,071)	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>209,013</u>	<u>(20,121)</u>	<u>20,121</u>	<u>(50,071)</u>	<u>-</u>	<u>166,679</u>	<u>-</u>
Net change in fund balances	137,314	(5,509)	3,671	(89,099)	15,828	(1,682)	855	(1)
Fund balances (deficits) at beginning of year	<u>753,230</u>	<u>(769)</u>	<u>1,278,441</u>	<u>17,069</u>	<u>294,592</u>	<u>27,762</u>	<u>9,338</u>	<u>70</u>
Fund balances (deficits) at end of year	<u>\$ 890,544</u>	<u>(6,278)</u>	<u>1,282,112</u>	<u>(72,030)</u>	<u>310,420</u>	<u>26,080</u>	<u>10,193</u>	<u>69</u>

(continued)

## CITY OF DILLINGHAM, ALASKA

## Other Governmental Funds

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), continued

	Special Revenue Funds				Capital Project Funds			
	Dillingham	Edward Byrne						
	Local Support	Police Department Reward	Memorial JAG	Coronavirus Relief	Ambulance Reserve	Equipment Replacement	School Bonds	Fire Hall Bond
Revenues:								
Intergovernmental:								
Federal sources	\$ -	-	1,856	1,005,325	-	-	-	-
State of Alaska	-	-	-	-	-	-	-	-
Local sources:								
Local assistance	56,671	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Lease income	-	-	-	-	-	-	-	-
Asset forfeiture	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	<u>56,671</u>	<u>-</u>	<u>1,856</u>	<u>1,005,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Current:								
Public safety	-	-	1,856	1,005,325	-	-	-	-
Community services	35,527	-	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-
Landfill	20,021	-	-	-	-	-	-	-
Dock	-	-	-	-	-	-	-	-
Boat harbor	-	-	-	-	-	-	-	-
Senior citizen center	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	13,039	61,127	-	85,757
Total expenditures	<u>55,548</u>	<u>-</u>	<u>1,856</u>	<u>1,005,325</u>	<u>13,039</u>	<u>61,127</u>	<u>-</u>	<u>85,757</u>
Excess (deficiency) of revenues over expenditures	<u>1,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,039)</u>	<u>(61,127)</u>	<u>-</u>	<u>(85,757)</u>
Other financing sources (uses):								
Insurance proceeds	-	-	-	-	-	13,943	-	-
Transfers in	-	-	-	-	1,702	47,184	-	-
Transfers out	-	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,702</u>	<u>61,127</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,123	-	-	-	(11,337)	-	-	(85,757)
Fund balances (deficits) at beginning of year	<u>1,170</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>300,373</u>	<u>61,652</u>	<u>(1,626)</u>	<u>120,541</u>
Fund balances (deficits) at end of year	<u>\$ 2,293</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>289,036</u>	<u>61,652</u>	<u>(1,626)</u>	<u>34,784</u>

(continued)

## CITY OF DILLINGHAM, ALASKA

## Other Governmental Funds

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), continued

	Capital Project Funds						Mary Carlson Estate Permanent Fund	Total Other Governmental Funds
	Dock and Harbor	Landfill	Wastewater System Improvement	SOA Loans	Curyung Ice Machine	Roads		
Revenues:								
Intergovernmental:								
Federal sources	\$ -	-	6,410	-	-	-	-	1,121,300
State of Alaska	-	-	-	-	-	-	-	94,245
Local sources:								
Local assistance	-	-	-	15,619	-	-	-	137,281
Charges for services	-	-	18,025	-	-	-	-	1,689,537
Lease income	-	-	-	-	-	-	-	61,160
Asset forfeiture	-	-	-	-	-	-	-	1,815
Investment income	-	-	-	-	-	-	-	17,933
Other	3,284	-	-	-	2,475	-	-	31,582
Total revenues	<u>3,284</u>	<u>-</u>	<u>24,435</u>	<u>15,619</u>	<u>2,475</u>	<u>-</u>	<u>-</u>	<u>3,154,853</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	-	-	-	1,010,678
Community services	-	-	-	-	-	-	11,879	133,998
Water and sewer	-	-	-	-	-	-	-	546,668
Landfill	-	-	-	-	-	-	-	544,918
Dock	-	-	-	-	-	-	-	547,476
Boat harbor	-	-	-	-	-	-	-	261,754
Senior citizen center	-	-	-	-	-	-	-	338,548
Capital outlay	3,284	-	24,435	15,619	2,475	-	-	205,736
Total expenditures	<u>3,284</u>	<u>-</u>	<u>24,435</u>	<u>15,619</u>	<u>2,475</u>	<u>-</u>	<u>11,879</u>	<u>3,589,776</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,879)</u>	<u>(434,923)</u>
Other financing sources (uses):								
Insurance proceeds	-	-	-	-	-	-	-	13,943
Transfers in	-	-	-	-	-	-	-	444,699
Transfers out	-	-	-	-	-	-	-	(70,192)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,450</u>
Net change in fund balances	-	-	-	-	-	-	(11,879)	(46,473)
Fund balances (deficits) at beginning of year	-	172,044	-	-	-	100,772	368,570	3,503,629
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>172,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,772</u>	<u>356,691</u>	<u>3,457,156</u>

**Non-Major  
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 and Boat Harbor* - these funds account for the activities of the City's dock and 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 various grants and activities of the Senior Citizen Center.

*Library* – this fund accounts for the various grants and operating activities of the Public Library.

*Local Support* – this fund accounts for the use of local grants received for various community projects.

*Edward Byrne Memorial Justice Assistant Grant* - this fund accounts for the use of a state grant received from the Alaska Department of Public Safety.

*Coronavirus Relief* – this fund accounts for federal funds passed through the State of Alaska.

## CITY OF DILLINGHAM, ALASKA

## Water and Sewer Special Revenue Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 15,248	9,417	(5,831)	11,499
Local sources:				
Charges for services:				
Water sales	225,600	225,416	(184)	206,922
Sewer fees	456,500	447,584	(8,916)	420,424
Total charges for services	682,100	673,000	(9,100)	627,346
Other	-	1,565	1,565	28,622
Total revenues	697,348	683,982	(13,366)	667,467
Expenditures:				
Water:				
Salaries	55,597	47,567	8,030	51,772
Overtime	10,054	15,278	(5,224)	15,481
Employee benefits	39,922	35,634	4,288	38,600
Project manager	-	-	-	32,710
Professional services	1,800	3,394	(1,594)	-
Insurance	6,732	5,657	1,075	5,215
Travel and training	-	470	(470)	-
Supplies	6,000	402	5,598	853
Gas, oil and grease	2,400	1,457	943	1,988
Chemicals	15,000	-	15,000	487
Minor tools and equipment	7,200	18,002	(10,802)	4,318
Major equipment	30,000	16,775	13,225	-
Utilities and telephone	40,750	58,936	(18,186)	45,214
Memberships	500	50	450	398
Building and equipment repairs	6,700	6,754	(54)	11,986
Sample testing and inspections	7,300	3,519	3,781	4,737
Administrative overhead	23,000	21,479	1,521	21,642
Total water	252,955	235,374	17,581	235,401
Sewer:				
Salaries	55,597	45,930	9,667	50,865
Overtime	10,054	11,681	(1,627)	14,916
Employee benefits	41,422	32,642	8,780	37,993
Contract labor	2,000	72,300	(70,300)	-
Insurance	4,077	3,519	558	3,159
Membership	-	-	-	50
Permits	1,300	-	1,300	1,280
Supplies	2,000	389	1,611	1,655
Chemicals	3,500	-	3,500	2,046
Gas, oil and grease	3,000	1,421	1,579	42
Minor tools and equipment	7,000	1,212	5,788	2,471
Major equipment	30,000	16,227	13,773	-
Engineering/construction	-	3,429	(3,429)	-
Utilities and telephone	85,250	90,882	(5,632)	92,800
Advertising	-	240	(240)	-
Building and equipment repairs	8,000	1,674	6,326	2,762
Sample testing and inspections	12,000	-	12,000	400
Administrative overhead	26,000	27,914	(1,914)	21,177
Other	-	1,834	(1,834)	-
Total sewer	291,200	311,294	(20,094)	231,616
Total expenditures	544,155	546,668	(2,513)	467,017
Excess of revenues over expenditures	153,193	137,314	(15,879)	200,450
Other financing sources - transfers in	19,731	-	(19,731)	-
Net change in fund balance	\$ 172,924	137,314	(35,610)	200,450
Fund balance at beginning of year		753,230		552,780
Fund balance at end of year		\$ 890,544		753,230

## CITY OF DILLINGHAM, ALASKA

## Landfill Special Revenue Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 20,429	11,737	(8,692)	14,190
Local sources:				
Charges for services - landfill fees	270,000	292,606	22,606	295,162
Other local revenue	5,000	6,032	1,032	172
Total revenues	<u>295,429</u>	<u>310,375</u>	<u>14,946</u>	<u>309,524</u>
Expenditures:				
Landfill:				
Salaries	157,809	152,757	5,052	159,348
Overtime	11,475	9,680	1,795	11,359
Employee benefits	119,695	85,630	34,065	116,994
Contractual	10,000	2,925	7,075	-
Insurance	9,142	7,519	1,623	7,082
Advertising	500	41	459	369
Training and travel	6,525	-	6,525	-
Permits	6,750	4,750	2,000	-
Supplies	11,000	8,320	2,680	9,998
Gravel	57,000	31,250	25,750	30,000
Gas, oil and grease	58,000	19,950	38,050	44,226
Minor tools and equipment	7,500	4,177	3,323	6,696
Major equipment	102,500	65,600	36,900	-
Utilities and telephone	23,500	7,806	15,694	8,876
Building and equipment repairs	72,000	36,966	35,034	16,624
Sample testing and inspections	40,000	40,447	(447)	5,535
Administrative overhead	58,400	46,897	11,503	64,981
Landfill closure costs	25,000	-	25,000	19,213
Other	-	182	(182)	-
Total expenditures	<u>776,796</u>	<u>524,897</u>	<u>251,899</u>	<u>501,301</u>
Excess (deficiency) of revenues over expenditures	(481,367)	(214,522)	266,845	(191,777)
Other financing sources - transfers in	<u>481,367</u>	<u>209,013</u>	<u>(272,354)</u>	<u>205,289</u>
Net change in fund balance	\$ <u>-</u>	(5,509)	<u>(5,509)</u>	13,512
Fund balance (deficit) at beginning of year		<u>(769)</u>		<u>(14,281)</u>
Fund balance (deficit) at end of year		\$ <u><u>(6,278)</u></u>		<u><u>(769)</u></u>

## CITY OF DILLINGHAM, ALASKA

## Dock Special Revenue Fund

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

Years Ended June 30,		2022		2021
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 20,042	11,544	(8,498)	13,085
Local sources:				
Charges for services:				
Wharfage and handling	500,000	379,114	(120,886)	400,880
Docking	70,000	56,081	(13,919)	62,242
Labor income	6,000	2,602	(3,398)	4,583
Equipment rental	30,000	15,268	(14,732)	31,063
Fuel flowage fees	100,000	78,815	(21,185)	149,581
Total charges for services	<u>706,000</u>	<u>531,880</u>	<u>(174,120)</u>	<u>648,349</u>
Investment income	3,000	17,933	14,933	2,106
Other	6,000	9,911	3,911	4,222
Total revenues	<u>735,042</u>	<u>571,268</u>	<u>(163,774)</u>	<u>667,762</u>
Expenditures:				
Dock:				
Salaries	138,237	125,212	13,025	116,424
Overtime	34,897	41,767	(6,870)	37,488
Employee benefits	149,202	102,346	46,856	105,826
Insurance	31,789	30,415	1,374	28,123
Travel and training	2,635	1,257	1,378	206
Supplies	1,500	-	1,500	336
Gas, oil and grease	15,000	14,453	547	9,405
Minor tools and equipment	2,000	-	2,000	12
Major equipment	45,000	1,721	43,279	-
Leased equipment	133,196	133,196	-	133,196
Utilities and telephone	23,450	18,817	4,633	20,853
Building and equipment repairs	22,500	15,224	7,276	28,413
Dock repairs and maintenance	12,000	-	12,000	39
Inspections	2,000	3,297	(1,297)	1,560
Administrative overhead	59,900	59,771	129	58,070
Total expenditures	<u>673,306</u>	<u>547,476</u>	<u>125,830</u>	<u>539,951</u>
Excess of revenues over expenditures	61,736	23,792	(37,944)	127,811
Other financing sources (uses):				
Transfers out	<u>(61,736)</u>	<u>(20,121)</u>	<u>41,615</u>	<u>(67,427)</u>
Net change in fund balance	\$ <u>-</u>	<u>3,671</u>	<u>3,671</u>	60,384
Fund balance at beginning of year		<u>1,278,441</u>		<u>1,218,057</u>
Fund balance at end of year		\$ <u>1,282,112</u>		<u>1,278,441</u>

## CITY OF DILLINGHAM, ALASKA

## Boat Harbor Special Revenue Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 8,980	5,739	(3,241)	5,313
Local sources:				
Charges for services - boat harbor fees	131,500	108,127	(23,373)	123,815
Lease and rental income	30,000	37,197	7,197	38,634
Other	100	1,471	1,371	17
Total revenues	<u>170,580</u>	<u>152,534</u>	<u>(18,046)</u>	<u>167,779</u>
Expenditures:				
Boat harbor:				
Salaries	74,317	83,259	(8,942)	51,358
Overtime	6,822	-	6,822	6,783
Employee benefits	62,411	46,120	16,291	39,603
Advertising	-	346	(346)	-
Memberships	200	-	200	150
Supplies	5,200	3,151	2,049	3,808
Gas, oil and grease	1,200	19,697	(18,497)	776
Minor tools and equipment	1,000	896	104	2,439
Major equipment	-	-	-	13,798
Utilities and telephone	63,172	65,981	(2,809)	77,722
Janitorial services	4,800	-	4,800	-
Building and equipment repairs	13,700	16,549	(2,849)	13,153
Inspections	1,700	-	1,700	780
Administrative overhead	21,000	25,755	(4,755)	21,023
Total expenditures	<u>255,522</u>	<u>261,754</u>	<u>(6,232)</u>	<u>231,393</u>
Excess (deficiency) of revenues over expenditures	(84,942)	(109,220)	(24,278)	(63,614)
Other financing sources - transfers in	<u>84,942</u>	<u>20,121</u>	<u>(64,821)</u>	<u>67,427</u>
Net change in fund balance	\$ <u>-</u>	<u>(89,099)</u>	<u>(89,099)</u>	3,813
Fund balance at beginning of year		<u>17,069</u>		<u>13,256</u>
Fund balance at end of year		\$ <u>(72,030)</u>		<u>17,069</u>



## CITY OF DILLINGHAM, ALASKA

## Enhanced 911 Service Special Revenue Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Revenues - local sources:				
Charges for services:				
E911 revenue	\$ 65,000	65,899	899	68,577
Expenditures	-	-	-	-
Excess of revenues over expenditures	65,000	65,899	899	68,577
Other financing (uses) - transfers out	(55,468)	(50,071)	5,397	(42,794)
Net change in fund balance	\$ 9,532	15,828	6,296	25,783
Fund balance at beginning of year		294,592		268,809
Fund balance at end of year		\$ 310,420		294,592

## CITY OF DILLINGHAM, ALASKA

## Asset Forfeiture Special Revenue Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues - local sources:		
Asset forfeiture	\$ 1,815	-
Investment Income	-	29
Total revenues	<u>1,815</u>	<u>29</u>
Expenditures - public safety:		
Minor tools/ equipment	596	-
Other	2,901	-
Total expenditures	<u>3,497</u>	<u>-</u>
Excess of revenues over expenditures	(1,682)	29
Fund balance at beginning of year	<u>27,762</u>	<u>27,733</u>
Fund balance at end of year	\$ <u><u>26,080</u></u>	<u><u>27,762</u></u>

## CITY OF DILLINGHAM, ALASKA

## Senior Citizen Center Special Revenue Fund

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

Years Ended June 30,

		2022		2021
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal sources	\$ 93,750	99,130	5,380	104,078
State of Alaska	31,250	34,617	3,367	42,496
State PERS relief	14,696	8,170	(6,526)	10,333
Local sources:				
Lease and rental income	30,800	23,963	(6,837)	14,816
Other	15,000	6,844	(8,156)	2,369
Total revenues	<u>185,496</u>	<u>172,724</u>	<u>(12,772)</u>	<u>174,092</u>
Expenditures:				
Senior citizen center:				
Nutrition, transportation, and support services:				
Salaries	62,000	62,000	-	60,000
Employee benefits	40,000	40,000	-	40,000
Insurance	6,000	6,000	-	6,000
Food	13,107	10,896	2,211	15,425
Minor tools and equipment	4,000	5,016	(1,016)	10,704
Supplies	2,347	1,065	1,282	2,338
Fuel	6,000	6,000	-	1,000
Utilities and telephone	6,000	6,000	-	10,107
Total nutrition, transportation, and support services	<u>139,454</u>	<u>136,977</u>	<u>2,477</u>	<u>145,574</u>
Operations:				
Salaries	66,186	58,062	8,124	59,815
Employee benefits	39,661	32,711	6,950	34,522
Food	12,893	5,500	7,393	10,083
Minor tools and equipment	600	210	390	12
Sample testing and inspections	2,000	-	2,000	490
Insurance	16,671	12,295	4,376	14,378
Postage	200	-	200	180
Supplies	1,700	2,075	(375)	512
Fuel	11,000	23,074	(12,074)	3,291
Building and equipment repairs	3,700	10,935	(7,235)	2,825
Utilities and telephone	26,240	23,843	2,397	32,994
Travel and training	800	95	705	190
Other	32,080	32,771	(691)	30,343
Total operations	<u>213,731</u>	<u>201,571</u>	<u>12,160</u>	<u>189,635</u>
Total expenditures	<u>353,185</u>	<u>338,548</u>	<u>14,637</u>	<u>335,209</u>
Excess (deficiency) of revenues over expenditures	(167,689)	(165,824)	1,865	(161,117)
Other financing sources - transfers in	<u>167,689</u>	<u>166,679</u>	<u>(1,010)</u>	<u>159,356</u>
Net change in fund balance	\$ <u>-</u>	<u>855</u>	<u>855</u>	<u>(1,761)</u>
Fund balance at beginning of year		<u>9,338</u>		<u>11,099</u>
Fund balance at end of year		<u>\$ 10,193</u>		<u>9,338</u>

## CITY OF DILLINGHAM, ALASKA

## Library Special Revenue Fund

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal	\$ 73,379	8,579	(64,800)	8,509
State of Alaska	-	13,021	13,021	7,429
Local sources:				
Local assistance	17,000	64,991	47,991	69,550
Total revenues	<u>90,379</u>	<u>86,591</u>	<u>(3,788)</u>	<u>85,488</u>
Expenditures:				
Community services:				
Community services	18,500	4,759	13,741	-
Travel and training	9,250	-	9,250	-
Audio visual	3,000	2,162	838	10,571
Utilities and telephone	65,052	67,024	(1,972)	69,978
Summer reading program	9,077	8,386	691	565
Books	5,500	4,261	1,239	3,500
Total expenditures	<u>110,379</u>	<u>86,592</u>	<u>23,787</u>	<u>84,614</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(20,000)</u>	(1)	<u>19,999</u>	874
Fund balance (deficit) at beginning of year		<u>70</u>		<u>(804)</u>
Fund balance at end of year		\$ <u>69</u>		<u>70</u>

## CITY OF DILLINGHAM, ALASKA

## Local Support Special Revenue Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues:		
Local sources:		
Local assistance	\$ <u>56,671</u>	<u>24,501</u>
Expenditures:		
Community services:		
Salaries	25,746	14,754
Overtime	1,049	-
Employee benefits	2,732	1,221
Contributions	<u>6,000</u>	<u>-</u>
Total community services	<u>35,527</u>	<u>15,975</u>
Landfill:		
Training	<u>20,021</u>	<u>8,526</u>
Total expenditures	<u>55,548</u>	<u>24,501</u>
Excess of revenues over expenditures	1,123	-
Fund balance at beginning of year	<u>1,170</u>	<u>1,170</u>
Fund balance at end of year	\$ <u><u>2,293</u></u>	<u><u>1,170</u></u>

## CITY OF DILLINGHAM, ALASKA

## Edward Byrne Memorial Justice Assistant Grant Special Revenue Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues:		
Intergovernmental:		
Federal sources	\$ <u>1,856</u>	<u>6,049</u>
Expenditures:		
Public safety:		
Travel	<u>1,856</u>	<u>6,049</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

## CITY OF DILLINGHAM, ALASKA

## Coronavirus Relief Special Revenue Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

Years Ended June 30,		2022			2021
		Budget	Actual	Variance	Actual
Revenues:					
Intergovernmental:					
Federal sources	\$	757,627	1,005,325	247,698	2,371,651
Expenditures:					
Public safety:					
Salaries		-	342,086	(342,086)	524,494
Overtime		-	183,645	(183,645)	8,342
Employee benefits		-	-	-	49,173
Legal		-	-	-	35,859
Professional services		-	2,367	(2,367)	153,053
Insurance		-	-	-	399
Advertising		-	-	-	4,567
Training		-	-	-	219
Supplies		-	-	-	46,078
Minor tools and equipment		-	-	-	7,725
Elections		-	-	-	2,832
Contributions		-	-	-	1,191,868
Major equipment		472,784	474,839	(2,055)	262,674
Building rent		-	-	-	34,357
Utilities		-	2,388	(2,388)	13,820
Refuse		-	-	-	10,214
Building maintenance		-	-	-	267
Computer hardware		-	-	-	23,322
Computer support		-	-	-	2,388
Total expenditures		472,784	1,005,325	(532,541)	2,371,651
Excess of revenues over expenditures		284,843	-	(284,843)	-
Fund balance at beginning of year		-	-	-	-
Fund balance at end of year	\$	-	-	(284,843)	-

**Non-Major  
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:

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

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

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

*Fire Hall Bond* – this fund accounts for the use of bond generated funds for renovation the Lake Road Fire Hall.

*Dock and Harbor* – these funds account for various projects involving the dock and harbor facilities.

*Wastewater System Improvement* – this fund accounts for capital grants associated with wastewater system improvements.

*Water Improvement* – this fund accounts for the capital grants associated with water improvements.

*SOA Loans* – this fund is used for two projects funded by clean water loans which includes the cleanup for landfill and water and sewer.

*Roads* – this fund accounts for the capital expenditures related to roads projects.

*Curyung Ice Machine* – this fund accounts for a capital grant for the purchase of an ice machine.



## CITY OF DILLINGHAM, ALASKA

## Ambulance Reserve Capital Project Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures:		
Capital outlay:		
Volunteer stipend	13,039	-
Equipment	<u>-</u>	<u>261,715</u>
Total expenditures	<u>13,039</u>	<u>261,715</u>
Excess (deficiency) of revenues over expenditures	(13,039)	(261,715)
Other financing sources:		
Transfers in	<u>1,702</u>	<u>17,235</u>
Net change in fund balance	(11,337)	(244,480)
Fund balance at beginning of year	<u>300,373</u>	<u>544,853</u>
Fund balance at end of year	\$ <u><u>289,036</u></u>	<u><u>300,373</u></u>

## CITY OF DILLINGHAM, ALASKA

## Equipment Replacement Capital Project Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures - capital outlay - equipment	<u>61,127</u>	<u>18,244</u>
Excess (deficiency) of revenues over expenditures	(61,127)	(18,244)
Other financing sources:		
Insurance proceeds	13,943	11,569
Transfers in	<u>47,184</u>	<u>-</u>
Net other financing sources	<u>61,127</u>	<u>11,569</u>
Net change in fund balance	-	(6,675)
Fund balance at beginning of year	<u>61,652</u>	<u>68,327</u>
Fund balance at end of year	\$ <u><u>61,652</u></u>	<u><u>61,652</u></u>

## CITY OF DILLINGHAM, ALASKA

## School Bonds Capital Project Fund

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

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	-	-
Fund balance (deficit) at beginning of year	<u>(1,626)</u>	<u>(1,626)</u>
Fund balance (deficit) at end of year	\$ <u><u>(1,626)</u></u>	<u><u>(1,626)</u></u>

## CITY OF DILLINGHAM, ALASKA

## Fire Hall Bond Capital Project Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures - capital outlay:		
Salaries	1,023	10,398
Employee benefits	118	1,319
Professional services	<u>84,616</u>	<u>655,067</u>
Total expenditures	<u>85,757</u>	<u>666,784</u>
Excess (deficiency) of revenues over expenditures	(85,757)	(666,784)
Fund balance at beginning of year	<u>120,541</u>	<u>787,325</u>
Fund balance at end of year	\$ <u><u>34,784</u></u>	<u><u>120,541</u></u>

## CITY OF DILLINGHAM, ALASKA

## Dock and Harbor Capital Project Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2021</u>	<u>2020</u>
Revenues:		
Local sources - other	\$ <u>3,284</u>	<u>4,689</u>
Expenditures - capital outlay:		
Repairs and maintenance	2,426	4,689
Supplies and materials	522	-
Equipment	<u>336</u>	<u>-</u>
Total expenditures	<u>3,284</u>	<u>4,689</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

## CITY OF DILLINGHAM, ALASKA

## Wastewater System Improvement Capital Project Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues:		
Intergovernmental:		
Federal sources - passed through ANTHC	\$ 6,410	11,457
Charges for services	<u>18,025</u>	<u>-</u>
	<u>24,435</u>	<u>11,457</u>
Expenditures - capital outlay:		
Professional services	6,160	11,457
Advertising	250	-
Other	<u>18,025</u>	<u>-</u>
Total expenditures	<u>24,435</u>	<u>11,457</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>

## CITY OF DILLINGHAM, ALASKA

## Water Improvement Capital Project Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues:		
Intergovernmental:		
State of Alaska	\$ <u>-</u>	<u>693,200</u>
Expenditures - capital outlay - professional services	<u>-</u>	<u>693,200</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

## CITY OF DILLINGHAM, ALASKA

## SOA Loans Capital Project Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues:		
Intergovernmental:		
Local sources:		
Second cycle	\$ <u>15,619</u>	<u>512,846</u>
Expenditures:		
Capital outlay:		
Professional services	-	421,894
Sample testing and inspection	15,619	90,952
Other	-	759,423
Total expenditures	<u>15,619</u>	<u>1,272,269</u>
Excess (deficiency) of revenues over expenditures	-	(759,423)
Other financing sources:		
Proceeds of issuance of debt	<u>-</u>	<u>759,423</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>



## CITY OF DILLINGHAM, ALASKA

## Roads Capital Project Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures - capital outlay:		
Professional services	<u>-</u>	<u>2,977,877</u>
Total expenditures	<u>-</u>	<u>2,977,877</u>
Excess (deficiency) of revenues over expenditures	-	(2,977,877)
Fund balance at beginning of year	<u>100,772</u>	<u>3,078,649</u>
Fund balance at end of year	\$ <u><u>100,772</u></u>	<u><u>100,772</u></u>

## CITY OF DILLINGHAM, ALASKA

## Curyung Ice Machine Capital Project Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues - local sources - other	\$ <u>2,475</u>	<u>-</u>
Expenditures - capital outlay - utilities	<u>2,475</u>	<u>-</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

**Non-Major  
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

## Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2022</u>	<u>2021</u>
Revenues:		
Local sources:		
Investment income	\$ <u>-</u>	<u>3,095</u>
Expenditures:		
Community services:		
Utilities	642	642
Administrative overhead	9,843	234
Insurance	<u>1,394</u>	<u>1,604</u>
Total expenditures	<u>11,879</u>	<u>2,480</u>
Excess (deficiency) of revenues over expenditures	(11,879)	615
Fund balance at beginning of year	<u>368,570</u>	<u>367,955</u>
Fund balance at end of year	\$ <u><u>356,691</u></u>	<u><u>368,570</u></u>

## CITY OF DILLINGHAM, ALASKA

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Grant Title	Federal Assistance Listing Number	Federal Grantor/Pass Through Number	Grant Amount	Federal Share of Expenditures
U.S. Department of the Interior:				
Direct:				
Payment in Lieu of Taxes	15.226	None	\$ 473,299	473,299
U.S. Department of Treasury:				
Passed through the State of Alaska, Department of Commerce, Community, and Economic Development:				
COVID-19 Coronavirus Relief Fund	21.019	20-CRF-052	3,404,481	472,784
COVID-19 Coronavirus Local Fiscal Recovery Fund	21.027	AK0031	569,685	532,541
COVID-19 Local Government Lost Revenue	21.027	22-LGLR-07	2,786,321	232,565
Total ALN 21.027			3,356,006	765,106
Total U.S. Department of Treasury			6,760,487	1,237,890
U.S. Department of Health and Human Services:				
Passed through the State of Alaska, Department of Health				
Aging Cluster:				
Nutritional, Transportation and Support Services	93.044	607-309-22008	29,810	23,894
Nutritional, Transportation and Support Services	93.045	607-309-22008	93,862	75,236
Total Aging Cluster			123,672	99,130
Institute of Museum and Library Services:				
Passed through the Curung Tribal Council:				
IMLS Native American Library Services Program				
Basic Library Services Grant FY20	45.311	NAB-246444-025-20	10,000	2,365
Basic Library Services Grant FY21	45.311	NAB-250211-025-21	10,000	4,086
Total ALN 45.311			20,000	6,451
Passed through the State of Alaska Department of Education and Early Development:				
Grants to States ARPA	45.310	EASY22-052	6,000	2,128
Total Institute of Museum and Library Services			26,000	8,579
U.S. Department of Environmental Protection Agency:				
Passed through Alaska Native Health Consortium:				
Sanitation Facility Improvements	66.458	AN 15-N3E	634,483	6,410
U.S. Department of Justice:				
Passed through the State of Alaska, Department of Public Safety:				
Justice Assistance Grant (JAG)	16.738	21-19JAG-04	23,700	1,856
Total federal financial assistance			\$ 8,041,641	1,827,164

See accompanying notes to the Schedule.

## CITY OF DILLINGHAM, ALASKA

### Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

#### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City of Dillingham, Alaska under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of City of Dillingham, Alaska, it is not intended to and does not present the basic financial statements of City of Dillingham, Alaska.

#### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. City of Dillingham, Alaska has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform guidance.

#### **3. Pass Through Awards**

No amounts were passed through to Subrecipients.

#### **4. Component Unit**

The City of Dillingham, Alaska's basic financial statements include \$4,531,674 of federal funds expended for the Dillingham City School District, a component unit of the City of Dillingham, Alaska. These monies are excluded from this Schedule. These monies were subjected to Uniform Guidance audit procedures and separate reports on compliance and internal control dated October 28, 2022 for the Dillingham City School District.

CITY OF DILLINGHAM, ALASKA  
Schedule of State Financial Assistance  
Year Ended June 30, 2022

	<u>Grant Number</u>	<u>Total Award</u>	<u>State Share of Expenditures</u>
State of Alaska Department of Education and Early Development:			
Direct Programs:			
Public Library Assistance	PLA22-Dilli	\$ 7,000	7,000
Interlibrary Cooperation Grant Award	ILC22-028	7,077	6,021
* Debt Retirement Program	None	<u>2,045,679</u>	<u>2,045,679</u>
Total Department of Education and Early Development		<u>2,059,756</u>	<u>2,058,700</u>
State of Alaska Department of Health and Social Services:			
Direct Programs:			
Nutrition, Transportation and Support Services	607-309-22008	<u>43,187</u>	<u>34,617</u>
Total State Financial Assistance		<u>\$ 2,102,943</u>	<u>2,093,317</u>
Reconciliation to State of Alaska Revenues, Exhibit D-1:			
Expenditures from above schedule			2,093,317
State pers relief			236,589
State revenue sharing			87,078
State of Alaska tax			904,052
Total State of Alaska revenue, exhibit D-1			<u>\$ 3,321,036</u>

See accompanying notes to the Schedule.

## CITY OF DILLINGHAM, ALASKA

### Notes to Schedule of State Financial Assistance

Year Ended June 30, 2022

#### **Note 1. Basis of Presentation**

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of City of Dillingham, Alaska under programs of the State of Alaska for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City of Dillingham, Alaska, it is not intended to and does not present the basic financial statements of City of Dillingham, Alaska.

#### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

#### **Note 3. Subrecipients**

No state funds were passed through to Subrecipients.

#### **Note 4. Major Programs**

\* denotes a major program for compliance audit purposes.

#### **Note 5. Component Unit**

The City of Dillingham, Alaska basic financial statements include \$6,471,945 of State of Alaska funds expended for the Dillingham City School District, a component unit of the City of Dillingham, Alaska. These monies are excluded from this Schedule. These monies were subjected to State of Alaska single audit procedures and separate reports on compliance and internal control dated October 28, 2022 for the Dillingham City School District.



# **COMPLIANCE REPORTS**

**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**

**Independent Auditor's Report**

Honorable Mayor and City Council  
City of Dillingham, Alaska  
Dillingham, Alaska

We have audited, 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 (Government Auditing Standards), the financial statements of the governmental activities, the 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, 2022, and the related notes to the financial statements, which collectively comprise City of Dillingham, Alaska's basic financial statements, and have issued our report thereon dated March 12, 2024.

**Report on Internal Control over Financial Reporting**

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

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 a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Dillingham, Alaska'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 financial statements. 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.

### **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 City of Dillingham, Alaska's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Dillingham, Alaska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Altman, Rogers & Co.*

Anchorage, Alaska  
March 12, 2024

**Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance**

**Independent Auditor's Report**

Honorable Mayor and City Council  
City of Dillingham, Alaska  
Dillingham, Alaska

**Report on Compliance for Each Major Federal Program**

***Qualified Opinion***

We have audited City of Dillingham, Alaska's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have direct and material effect on each of the City of Dillingham, Alaska's major federal programs for the year ended June 30, 2022. City of Dillingham, Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

City of Dillingham, Alaska's basic financial statements include operations of its component unit, Dillingham City School District, which received \$4,531,674 in federal awards, which is not included in the schedule of expenditures of federal awards during the year ended June 30, 2022. 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 Uniform Guidance.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, City of Dillingham, Alaska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Qualified Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Dillingham, Alaska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Dillingham, Alaska's compliance with the compliance requirements referred to above.

*Matter Giving Rise to Qualified Opinion*

As described in the accompanying federal schedule of findings and questioned costs, City of Dillingham, Alaska did not comply with requirements regarding Assistance Listing No. 21.019 Coronavirus Relief Fund and 21.027 Coronavirus State and Local Fiscal Recovery Funds as described in finding number 2022-001 for Reporting.

Compliance with such requirements is necessary, in our opinion, for City of Dillingham, Alaska to comply with the requirements applicable to that program.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Dillingham, Alaska's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Dillingham, Alaska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Dillingham, Alaska's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Dillingham, Alaska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Dillingham, Alaska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Dillingham, Alaska's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

Government Auditing Standards requires the auditor to perform limited procedures on City of Dillingham, Alaska's response to the noncompliance finding identified in our compliance audit described in the accompanying federal schedule of findings and questioned costs. City of Dillingham, Alaska's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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. We consider the deficiency in internal control over compliance described in the accompanying federal schedule of findings and questioned costs as item 2022-001 to be a material weakness.

*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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on City of Dillingham, Alaska's response to the internal control over compliance finding identified in our audit described in the accompanying federal schedule of findings and questioned costs. City of Dillingham, Alaska's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Honorable Mayor and City Council  
City of Dillingham, Alaska

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Altman, Rogers & Co.*

Anchorage, Alaska  
March 12, 2024

## Federal Schedule of Findings and Question Costs

Year Ended June 30, 2022

**Section I – Summary of Auditor's Results**Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report

\_\_\_\_ Yes X No

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_ Yes X No

Significant deficiency(ies) identified?

\_\_\_\_ Yes X None reported

Noncompliance material to financial statements noted?

\_\_\_\_ Yes X No

Federal Awards

Internal control over major programs (2 CFR 200.516 (a)(1)):

Material weakness(es) identified

X Yes \_\_\_\_ No

Significant deficiency(ies) identified?

\_\_\_\_ Yes X None reported

Any material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))?

X Yes \_\_\_\_ No

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

Qualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR 200.516(a)(3) or (4)?

\_\_\_\_ Yes X No

Identification of major programs:

Assistance Listing Number(s)/Cluster

21.019

21.027

Name of Federal Program or Cluster

Coronavirus Relief Fund

Coronavirus State and Local Fiscal Recovery Funds

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

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_ Yes X No



CITY OF DILLINGHAM, ALASKA

Federal Schedule of Findings and Question Costs, Continued

**Section II - Financial Statement Findings**

The City of Dillingham did not have any findings related to the financial statements.

**Section III - Federal Award Findings and Questioned Costs**

<b><u>Finding 2022-001:</u></b>	<b><u>Late Reporting and Noncompliance with Reporting Requirements:</u></b>
<b>Federal Agency:</b>	<b>U.S. Department of Treasury</b>
<b>Pass through agency:</b>	<b>State of Alaska Department of Commerce Community and Economic Development</b>
<b>Federal Programs:</b>	<b>Coronavirus Relief Fund ALN 21.019, Coronavirus State and Local Fiscal Recovery Funds ALN 21.027</b>
<b>Grant Numbers:</b>	<b>20-CFR-052, 22-LGLR-07, AK0031</b>
<b>Award Period:</b>	<b>2022</b>
<b>Type of Finding:</b>	<b>Material Weakness/Material Noncompliance</b>
<b>Condition:</b>	The City did not adhere to the Uniform Guidance requirement of submitting the reporting package within the earlier of 30 days after receipt of the audit report, or nine months plus any extensions after the end of the audit period, (i.e. the FAC Report was not submitted timely.) This is a repeat finding and appears to be a systemic problem.
<b>Criteria:</b>	The Uniform Guidance requires that the reporting package be submitted within the earlier of nine months plus any extensions after year end or 30 days after the report issuance in accordance with the provisions of 2 CFR part 200, subpart F, section 200.512.
<b>Context:</b>	The FAC report was not submitted within the required time period.
<b>Cause:</b>	Due to staff turnover the City was unable to have their annual audit completed with the required timeframe, and subsequently were also late in submission of the FAC Report.
<b>Effect:</b>	The City is not in compliance with Uniform Guidance requirements.
<b>Questioned Costs:</b>	None.
<b>Recommendation:</b>	The City needs to work on getting financial information more timely (i.e. submit the reporting package with the guidelines of Uniform Guidance).
<b>Management Response:</b>	Management concurs with this finding. See Corrective Action Plan.

**Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance as Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits**

**Independent Auditor's Report**

Honorable Mayor and City Council  
City of Dillingham, Alaska  
Dillingham, Alaska

***Qualified Opinion***

We have audited City of Dillingham, Alaska's compliance with the types of compliance requirements identified as subject to audit in the State of Alaska Audit Guide and Compliance Supplement that could have direct and material effect on the City of Dillingham, Alaska's major state program for the year ended June 30, 2022. City of Dillingham, Alaska's major state programs are identified on the Schedule of State Financial Assistance.

City of Dillingham, Alaska's basic financial statements include operations of its component unit, Dillingham City School District, which received \$6,471,945 in state awards, which is not included in the Schedule of State Financial Assistance during the year ended June 30, 2022. Our audit, described below, did not include the operations of Dillingham City School District because it was subjected to a separate audit in accordance with the State of Alaska Audit Guide and Compliance Supplement.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, City of Dillingham, Alaska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2022.

***Basis for Qualified Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of State of Alaska Audit Guide. Our responsibilities under those standards and the State of Alaska are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Dillingham, Alaska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for the major state program. Our audit does not provide a legal determination of City of Dillingham, Alaska's compliance with the compliance requirements referred to above.

*Matter Giving Rise to Qualified Opinion*

As described in the accompanying schedule of findings and questioned costs, City of Dillingham, Alaska did not comply with requirements regarding the Debt Retirement Program as described in finding number 2022-002 for the deadline for state single audit. Compliance with such requirements is necessary, in our opinion, for City of Dillingham, Alaska to comply with the requirements applicable to that program.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Dillingham, Alaska's state programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Dillingham, Alaska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the State of Alaska Audit Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Dillingham, Alaska's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the State of Alaska Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Dillingham, Alaska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Dillingham, Alaska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness of City of Dillingham, Alaska's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Other Matters**

Government Auditing Standards requires the auditor to perform limited procedures on City of Dillingham, Alaska's response to the noncompliance finding identified in our compliance audit described in the accompanying state schedule of findings and questioned costs. City of Dillingham, Alaska's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance 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 a 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. We consider the deficiency in internal control over compliance described in the accompanying state schedule of findings and questioned costs as item 2022-002 to be a material weakness.

*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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on City of Dillingham, Alaska's response to the internal control over compliance finding identified in our audit described in the accompanying state schedule of findings and questioned costs. City of Dillingham, Alaska's response was not subjected to the other 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. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska  
March 12, 2024

CITY OF DILLINGHAM, ALASKA

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

**Section I – Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified?

       Yes   X   None reported

Material weakness(es) identified?

       Yes   X   No

Noncompliance material to financial statements noted?

       Yes   X   No

State Awards

Internal control over major programs:

Significant deficiency(ies) identified?

       Yes   X   None reported

Material weakness(es) identified?

  X   Yes        No

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

Qualified

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

\$ 750,000

Auditee qualified as low-risk auditee?

       Yes   X   No

**Section II – Financial Statement Findings**

The City did not have any findings related to the financial statements.

CITY OF DILLINGHAM, ALASKA

State Schedule of Findings and Questioned Costs, Continued

**Section III – State Award Findings**

**Finding 2022-002**

**Deadline for State Single Audit**

<b>Type of finding:</b>	Material weakness/material noncompliance
<b>State Agency:</b>	State of Alaska Department of Education and Early Development
<b>Grant Name:</b>	Debt Retirement Program
<b>Grant Numbers:</b>	None
<b>Award Year:</b>	2022
<b>Criteria:</b>	2 AAC 45.010(b) states an entity that expends a cumulative total of \$750,000 or more shall submit an audit report for the audit period by the earlier of 30 days after the entity receives its audit report for the audit period; or nine months after the end of the audit period, or a later date agreed upon in writing and advance of the date in this section.
<b>Condition:</b>	Due to staff turnover, the City was unable to have their annual audit completed within the required timeframe.
<b>Questioned Costs:</b>	None.
<b>Context:</b>	The City is not in compliance with 2 AAC and did not have the books adjusted until after the deadline.
<b>Effect:</b>	The City is not in compliance with 2 AAC 45.010(b)(1) .
<b>Cause:</b>	The City did not have controls in place to ensure timely reporting.
<b>Repeat Finding:</b>	This is a repeat finding 2021-002.
<b>Recommendation:</b>	The City needs to adjust the accounting records timely, and submit the reporting package within the guidelines as outlined in the State of Alaska single audit regulations.
<b>Management's Response:</b>	Management concurs with the finding. See Corrective Action Plan.



## Summary Schedule of Prior Audit Findings

June 30, 2022

### **Federal Award Findings**

#### **Finding 2021-001**

#### **Late Reporting and Noncompliance with Reporting Requirements**

**Type of Finding:**

Material weakness/material noncompliance.

**Condition:**

The City did not adhere to the Uniform Guidance requirement of submitting the reporting package within the earlier of 30 days after receipt of the audit report, or nine months plus any extensions after the end of the audit period, (i.e. the FAC Report was not submitted timely.)

**Status:**

This finding is repeated as Finding 2022-001.

### **State Award Findings**

#### **Finding 2021-002**

#### **Deadline for State Single Audit**

**Type of Finding:**

Material weakness/material noncompliance.

**Condition:**

Due to staff turnover and COVID-19 impacts, the City was unable to have their annual audit completed within the required timeframe.

**Status:**

This finding is repeated as Finding 2022-002.



## Corrective Action Plan

June 30, 2022

### **Federal Award Findings**

#### **Finding 2022-001**

#### **Late Reporting and Noncompliance with Reporting Requirements**

**Name of Contact Person:** Anita Fuller, Finance Director

**Corrective Action Plan:** FY23 Audit onsite work has been completed and is still pending review. FY24 Audit has been scheduled in two part. Testwork is scheduled for the week of September 30, 2024. With the final review in November. Upper-level staffing positions have been filled which will allow for work to be fulfilled in-house.

**Proposed Completion Date:** Immediately

### **State Award Findings**

#### **Finding 2022-002**

#### **Deadline for State Single Audit**

**Name of Contact Person:** Anita Fuller, Finance Director

**Corrective Action Plan:** FY23 Audit onsite work has been completed and is still pending review. FY24 Audit has been scheduled in two part. Testwork is scheduled for the week of September 30, 2024. With the final review in November. Upper-level staffing positions have been filled which will allow for work to be fulfilled in-house.

**Proposed Completion Date:** Immediately