

**CITY OF DILLINGHAM, ALASKA**

Basic Financial Statements, Supplementary  
Information, and Single Audit Reports

Year Ended June 30, 2012

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# CITY OF DILLINGHAM, ALASKA

## Table of Contents

	<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION</b>		
<b><u>Independent Auditor's Report</u></b>		1-2
<b><u>Basic Financial Statements</u></b>		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	4
Statement of Activities	A-2	5
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	6
Reconciliation of Governmental Funds		
Balance Sheet to Statement of Net Assets	B-2	7
Statement of Revenues, Expenditures and Changes in		
Fund Balances (Deficit)	B-3	8
Reconciliation of Change in Fund Balances of		
Governmental Funds to Statement of Activities	B-4	9
Statement of Revenues, Expenditures and Changes		
in Fund Balance – Budget and Actual:		
General Fund	C-1	10
Dock Special Revenue Fund	C-2	11
Notes to Basic Financial Statements		12-28
<b><u>Supplementary Information</u></b>		
Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	D-1	30-31
Combining Statement of Revenues, Expenditures and		
Changes in Fund Balances (Deficits)	D-2	32-33
General Fund:		
Balance Sheet	E-1	36
Schedule of Revenues, Expenditures and Changes in		
Fund Balance - Budget and Actual	E-2	37-50

# CITY OF DILLINGHAM, ALASKA

## Table of Contents, continued

	<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION, continued</b>		
<b><u>Supplementary Information, continued</u></b>		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Special Revenue Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual:		
Water and Sewer	F-1	52-53
Landfill	F-2	54
Dock	F-3	55
Boat Harbor	F-4	56
Enhanced 911 Service	F-5	57
Asset Forfeiture	F-6	58
Senior Citizen Center	F-7	59-60
Homeland Security	F-8	61
Debt Service Fund –		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	G-1	63
Capital Project Funds:		
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit):		
Dock and Harbor	H-1	66
Water and Sewer	H-2	67
School Bonds	H-3	68
Equipment Replacement	H-4	69
Ambulance Reserve	H-5	70
Landfill	H-6	71
Road and Street	H-7	72
Senior Center	H-8	73
Mary Carlson Estate Permanent Fund –		
Statement of Revenues, Expenditures and Changes in Fund Balance	I-1	76
Schedule of Expenditures of Federal Awards	J-1	78-79
Schedule of State Financial Assistance	J-2	80

# CITY OF DILLINGHAM, ALASKA

## Table of Contents, continued

	<u>Page</u>
<b>SINGLE AUDIT SECTION</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	82-83
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	84-85
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	86-87
Schedule of Findings and Questioned Costs	88-89
Summary Schedule of Prior Audit Findings	90
Corrective Action Plan	91

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## **FINANCIAL SECTION**

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## Independent Auditor's Report

Honorable Mayor and City Council  
City of Dillingham, Alaska

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dillingham, Alaska, as of and for the year ended June 30, 2012 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Dillingham City School District, a component unit of the reporting entity. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dillingham City School District, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dillingham, Alaska, as of June 30, 2012, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund and Dock Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2013, on our consideration of City of Dillingham's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and City Council  
City of Dillingham, Alaska

Management has omitted 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 opinion on the basic financial statements is not affected by this missing information.

Our audit for the year ended June 30, 2012 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dillingham's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules for the year ended June 30, 2012 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the Schedule of State Financial Assistance is required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Such information 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole for the year ended June 30, 2012.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the basic financial statements of City of Dillingham for the year ended June 30, 2011 (not presented herein) and have issued our report dated November 23, 2011, which contained unqualified opinions on the respective financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2011 are presented for purposes of additional analysis and are not a required part of the 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 June 30, 2011 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 individual fund financials statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2011.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
January 4, 2013

## **BASIC FINANCIAL STATEMENTS**

## CITY OF DILLINGHAM, ALASKA

## Statement of Net Assets

June 30, 2012

	<u>Primary Government</u>	<u>Component Unit</u>
<u>Assets</u>	<u>Governmental Activities</u>	<u>Dillingham City School District</u>
Cash and investments	\$ 4,709,615	2,465,570
Receivables, net	1,539,545	309,064
Prepaid items	-	303,718
Restricted cash and investments	439,720	22,146
Bond issuance cost	230,567	-
Land and construction in progress	21,418,752	-
Other capital assets, net of accumulated depreciation	<u>27,139,519</u>	<u>350,140</u>
Total assets	<u>\$ 55,477,718</u>	<u>3,450,638</u>
<u>Liabilities</u>		
Accounts payable	471,539	283,550
Accrued payroll and related liabilities	81,875	-
Due to student groups	-	134,479
Unearned revenue	33,731	235,059
Noncurrent liabilities:		
Due within one year:		
Accrued leave	163,051	-
Bonds	570,000	-
Capital leases	74,639	-
Landfill closure costs	4,000	-
Due in more than one year:		
Bonds	12,505,000	-
Unamortized bond premium	276,549	-
Capital leases	256,035	-
Landfill closure costs	<u>60,000</u>	<u>-</u>
Total liabilities	<u>14,496,419</u>	<u>653,088</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	35,269,568	350,140
Restricted:		
Museum and literary services	397,385	-
Enhanced 911	25,145	-
Asset forfeitures	9,035	-
Unrestricted	<u>5,280,166</u>	<u>2,447,410</u>
Total net assets	<u>40,981,299</u>	<u>2,797,550</u>
Total liabilities and net assets	<u>\$ 55,477,718</u>	<u>3,450,638</u>

See accompanying notes to basic financial statements.

## CITY OF DILLINGHAM, ALASKA

Statement of Activities  
Year Ended June 30, 2012

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government Total Governmental Activities	Component Unit Dillingham City School District
Primary government:						
Governmental:						
General government	\$ 1,723,707	414,919	97,239	-	(1,211,549)	
Public safety	2,990,645	607,376	246,727	-	(2,136,542)	
Public works	1,414,284	-	68,327	1,145,833	(200,124)	
Community services	349,618	3,771	17,631	-	(328,216)	
Water and sewer	615,730	378,648	13,931	276,755	53,604	
Landfill	554,581	136,240	12,202	-	(406,139)	
Dock	717,211	522,623	15,171	716,055	536,638	
Boat harbor	243,307	114,258	6,040	-	(123,009)	
Senior citizen center	1,191,875	398,076	169,511	-	(624,288)	
Education	1,691,289	-	823,591	-	(867,698)	
Interest on long-term debt	614,557	-	-	-	(614,557)	
Total governmental activities	\$ <u>12,106,804</u>	<u>2,575,911</u>	<u>1,470,370</u>	<u>2,138,643</u>	<u>(5,921,880)</u>	
Component unit - school district - education	\$ <u>12,288,013</u>	<u>72,192</u>	<u>3,549,428</u>	<u>6,905</u>		<u>(8,659,488)</u>
General revenues:						
Taxes:						
Sales taxes				\$ 3,009,744	-	
Real and personal property taxes				1,991,506	-	
Gaming taxes				103,508	-	
Payment in lieu of taxes				421,879	-	
Contributions from primary government				-	1,250,000	
Grants and entitlements not restricted to a specific purpose				889,962	7,132,538	
Investment income				44,170	147	
Other				375,010	20,034	
Total general revenues				<u>6,835,779</u>	<u>8,402,719</u>	
Change in net assets					913,899	(256,769)
Net assets at beginning of year					<u>40,067,400</u>	<u>3,054,319</u>
Net assets at end of year				\$	<u>40,981,299</u>	<u>2,797,550</u>

See accompanying notes to basic financial statements.

## CITY OF DILLINGHAM, ALASKA

## Governmental Funds

## Balance Sheet

June 30, 2012

<u>Assets</u>	<u>Major Funds</u>				<u>Total Govern- mental Funds</u>
	<u>General</u>	<u>Dock Special Revenue Fund</u>	<u>Water and Sewer Capital Project</u>	<u>Nonmajor Funds</u>	
Cash and investments	\$ 2,583,855	997,472	-	1,128,288	4,709,615
Receivables, net of allowance for uncollectible accounts:					
Sales taxes	379,510	-	-	-	379,510
Real and personal property taxes	280,070	-	-	-	280,070
Accounts	35,723	210,295	-	123,687	369,705
Grants and shared revenues	174,785	-	168,088	161,851	504,724
Other receivables	5,536	-	-	-	5,536
Due from other funds	409,109	-	-	-	409,109
Restricted cash and investments	-	-	-	439,720	439,720
 Total assets	 \$ <u>3,868,588</u>	 <u>1,207,767</u>	 <u>168,088</u>	 <u>1,853,546</u>	 <u>7,097,989</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	183,048	22,915	156,203	109,373	471,539
Accrued payroll and related liabilities	57,516	5,805	3,735	14,819	81,875
Due to other funds	-	-	226,538	182,571	409,109
Deferred revenue	255,539	-	-	675	256,214
Total liabilities	<u>496,103</u>	<u>28,720</u>	<u>386,476</u>	<u>307,438</u>	<u>1,218,737</u>
Fund balances:					
Restricted	-	-	-	825,085	825,085
Committed	-	-	-	727,938	727,938
Assigned	-	1,179,047	-	20,044	1,199,091
Unassigned (deficits)	3,372,485	-	(218,388)	(26,959)	3,127,138
Total fund balances	<u>3,372,485</u>	<u>1,179,047</u>	<u>(218,388)</u>	<u>1,546,108</u>	<u>5,879,252</u>
 Total liabilities and fund balances	 \$ <u>3,868,588</u>	 <u>1,207,767</u>	 <u>168,088</u>	 <u>1,853,546</u>	 <u>7,097,989</u>

See accompanying notes to basic financial statements.

**CITY OF DILLINGHAM, ALASKA**  
 Reconciliation of Governmental Funds Balance Sheet  
 to Statement of Net Assets  
 June 30, 2012

Total fund balances for governmental funds	\$	5,879,252
Total net assets reported for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:		
Land	\$	4,862,446
Construction in progress		16,556,306
Buildings		18,124,287
Improvements other than buildings		20,411,760
Machinery and equipment		<u>6,881,745</u>
Total capital assets		66,836,544
Less accumulated depreciation		<u>(18,278,273)</u>
Total capital assets, net of accumulated depreciation		48,558,271
Governmental funds report the effect of bond issuance costs when debt is first issued whereas these amounts are deferred and amortized in the Statement of Net Assets.		
		230,567
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. This is the amount of delinquent real property taxes receivable.		
		222,483
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
General obligation bonds		(13,075,000)
Unamortized bond premium		(276,549)
Capital leases		(330,674)
Accrued leave		(163,051)
Landfill closure costs		<u>(64,000)</u>
Total long-term liabilities		<u>(13,909,274)</u>
Total net assets of governmental activities	\$	<u><u>40,981,299</u></u>

See accompanying notes to basic financial statements.

**CITY OF DILLINGHAM, ALASKA**  
 Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)  
 Year Ended June 30, 2012

	Major Funds				Total Governmental Funds
	General	Dock Special Revenue Funds	Water and Sewer Capital Project	Nonmajor Funds	
Revenues:					
Taxes	\$ 5,195,514	-	-	-	5,195,514
State of Alaska	1,729,353	15,171	275,872	1,604,446	3,624,842
Federal government	459,670	-	883	948,124	1,408,677
Charges for services	341,847	499,318	-	684,595	1,525,760
Licenses and permits	20,361	-	-	-	20,361
Fines and forfeitures	16,933	-	-	-	16,933
Lease and rental income	34,595	22,375	-	7,008	63,978
Investment income	35,712	-	-	1,450	37,162
Other	441,119	930	-	922,060	1,364,109
Total revenues	8,275,104	537,794	276,755	4,167,683	13,257,336
Expenditures:					
Current:					
General government	2,026,192	-	-	-	2,026,192
Public safety	2,836,945	-	-	113,177	2,950,122
Public works	1,387,108	-	-	-	1,387,108
Community services	163,043	-	-	176,244	339,287
Water and sewer	-	-	-	445,928	445,928
Landfill	-	-	-	427,262	427,262
Dock	-	938,934	-	-	938,934
Boat harbor	-	-	-	222,894	222,894
Senior citizen center	-	-	-	824,784	824,784
Education - contribution to School District	1,350,000	-	-	-	1,350,000
Debt service:					
Principal	-	-	-	545,000	545,000
Interest	-	-	-	631,840	631,840
Capital outlay	-	-	436,750	2,939,559	3,376,309
Total expenditures	7,763,288	938,934	436,750	6,326,688	15,465,660
Excess of revenues over (under) expenditures	511,816	(401,140)	(159,995)	(2,159,005)	(2,208,324)
Other financing sources (uses):					
Proceeds from issuance of capital lease	-	-	-	395,448	395,448
Transfers in	-	-	-	1,033,238	1,033,238
Transfers out	(1,033,207)	-	-	(31)	(1,033,238)
Net other financing sources (uses)	(1,033,207)	-	-	1,428,655	-
Net change in fund balances	(521,391)	(401,140)	(159,995)	(730,350)	(1,812,876)
Fund balances (deficit) at beginning of year	3,893,876	1,580,187	(58,393)	2,276,458	7,692,128
Fund balances (deficit) at end of year	\$ 3,372,485	1,179,047	(218,388)	1,546,108	5,879,252

See accompanying notes to basic financial statements.



**CITY OF DILLINGHAM, ALASKA**  
 Reconciliation of Change in Fund Balances of Governmental Funds  
 to Statement of Activities  
 Year Ended June 30, 2012

Net change in fund balances - total governmental funds		\$ (1,812,876)
<p>The change in net assets reported for governmental activities in the Statement of Activities is different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$4,412,587 exceeded depreciation \$1,632,738 and loss on disposal \$145,877 in the current period.</p>		2,633,972
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the increase in delinquent real property taxes receivable.</p>		(90,756)
<p>The change in the estimated future landfill closure costs does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.</p>		(15,000)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Principal paid on bonds	\$ 545,000	
Capital leases issued	(395,448)	
Payments on capital leases	64,774	
Amortized bond premium	17,283	
Amortized bond issuance costs	<u>(14,411)</u>	
		217,198
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of the decrease in accrued leave.</p>		<u>(18,639)</u>
Change in net assets of governmental activities		\$ <u><u>913,899</u></u>

See accompanying notes to basic financial statements.

**CITY OF DILLINGHAM, ALASKA**  
 General Fund  
 Statement of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
<b>Revenues:</b>				
Taxes	\$ 5,309,037	4,951,715	5,195,514	243,799
State of Alaska	1,565,845	1,565,845	1,729,353	163,508
Federal government	449,379	449,379	459,670	10,291
Charges for services	360,819	360,819	341,847	(18,972)
Licenses and permits	20,656	20,656	20,361	(295)
Fines and forfeitures	90,900	22,000	16,933	(5,067)
Lease and rental income	52,558	39,000	34,595	(4,405)
Investment income	25,000	25,000	35,712	10,712
Other	5,000	408,920	441,119	32,199
Total revenues	<u>7,879,194</u>	<u>7,843,334</u>	<u>8,275,104</u>	<u>431,770</u>
<b>Expenditures:</b>				
General government	1,577,084	1,901,575	2,026,192	(124,617)
Public safety	2,142,825	2,476,992	2,836,945	(359,953)
Public works	1,124,421	1,307,415	1,387,108	(79,693)
Community services	156,368	170,757	163,043	7,714
Education	<u>1,300,000</u>	<u>1,350,000</u>	<u>1,350,000</u>	-
Total expenditures	<u>6,300,698</u>	<u>7,206,739</u>	<u>7,763,288</u>	<u>(556,549)</u>
Excess of revenues over expenditures	1,578,496	636,595	511,816	(124,779)
Other financing uses - transfers out	<u>(889,962)</u>	<u>(964,045)</u>	<u>(1,033,207)</u>	<u>(69,162)</u>
Net change in fund balance	\$ <u>688,534</u>	<u>(327,450)</u>	(521,391)	<u>(193,941)</u>
Fund balances at July 1, 2011			<u>3,893,876</u>	
Fund balances at June 30, 2012		\$	<u>3,372,485</u>	

See accompanying notes to basic financial statements.

**CITY OF DILLINGHAM, ALASKA**  
 Dock Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance with <u>Budget</u>
Revenues:			
Charges for services:			
Wharfage and handling	\$ 500,000	433,852	(66,148)
Docking	80,000	34,989	(45,011)
Labor income	4,500	2,408	(2,092)
Fuel flowage fees	-	28,069	28,069
Total charges for services	584,500	499,318	(85,182)
Penalties and interest	3,000	-	(3,000)
Investment income	11,000	-	(11,000)
Lease and rental income	45,000	22,375	(22,625)
State PERS relief	7,459	15,171	7,712
Other	30,000	930	(29,070)
Total revenues	680,959	537,794	(143,165)
Expenditures:			
Salaries	125,151	105,549	19,602
Overtime salaries	25,000	22,100	2,900
Employee benefits	88,791	119,868	(31,077)
Contract labor	2,000	-	2,000
Utilities and telephone	19,500	20,514	(1,014)
Supplies	1,500	2,937	(1,437)
Gas, oil and grease	14,000	8,522	5,478
Insurance	15,987	38,879	(22,892)
Administrative overhead	53,000	62,621	(9,621)
Major equipment - forklift	-	529,306	(529,306)
Building and equipment repairs	20,500	23,772	(3,272)
Dock repair	2,500	4,093	(1,593)
Inspections	1,500	728	772
Advertising	-	45	(45)
Total expenditures	369,429	938,934	(569,505)
Net change in fund balance	\$ 311,530	(401,140)	(712,670)
Fund balance at beginning of year		1,580,187	
Fund balance at end of year	\$	1,179,047	

See accompanying notes to basic financial statements.

# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements

June 30, 2012

(1) **Summary of Significant Accounting Policies**

**Reporting Entity**

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

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

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

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

**Government-Wide and Fund Financial Statements**

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

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

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

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, continued

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

#### Capital Assets

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

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

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

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

#### Long-Term Debt

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

#### Central Treasury

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

#### Property Taxes

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

#### Prepaid Items

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

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

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

##### Grants and Other Intergovernmental Revenues

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

##### Interfund Transactions

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

##### Compensated Absences

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

##### Fund Balances

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

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

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

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

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

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

##### Fund Balances, continued

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

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

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

##### Net assets

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

##### Encumbrances

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

##### Deferred Grant Revenue

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

##### Pension Plan

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

##### Comparative Data

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



# CITY OF DILLINGHAM, ALASKA

## Notes to Basic Financial Statements, continued

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

#### **Budgetary Information**

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

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

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

### (3) **Cash and Investments**

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

#### **Reconciliation of Deposit and Investment Balances**

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of June 30, 2012.

Bank deposits	\$ 196,427	Cash and investments	\$ 4,709,615
Investments	<u>4,952,908</u>	Restricted cash and investments	<u>439,720</u>
	\$ <u>5,149,335</u>		\$ <u>5,149,335</u>

**CITY OF DILLINGHAM, ALASKA**

Notes to Basic Financial Statements, continued

**Cash and Investments, continued**

*Investment Policy*

The City’s investment policy authorizes investments in:

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

*Interest Rate Risk*

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

The City’s investment maturities in general investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Money market	\$ 986,665	494,090	492,575
U.S. government agencies	1,494,350	254,694	1,239,656
Certificates of deposit	2,170,100	1,428,781	741,319
Pooled investments	<u>301,793</u>	<u>301,793</u>	<u>-</u>
Total	<u>\$ 4,952,908</u>	<u>2,479,358</u>	<u>2,473,550</u>

*Credit Risk*

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

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

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

##### *Credit Risk, continued*

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

#### (4) **Capital Assets**

Capital asset activity for the year ended June 30, 2012 follows:

	Balance July 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2012</u>
<b><u>Governmental activities</u></b>				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 4,862,446	-	-	4,862,446
Construction in progress	<u>13,121,619</u>	<u>3,434,687</u>	-	<u>16,556,306</u>
Total assets not being depreciated	<u>17,984,065</u>	<u>3,434,687</u>	<u>-</u>	<u>21,418,752</u>
<i>Capital assets being depreciated:</i>				
Buildings	18,182,664	-	(58,377)	18,124,287
Improvements other than buildings	20,411,760	-	-	20,411,760
Machinery and equipment	<u>6,153,845</u>	<u>977,900</u>	<u>(250,000)</u>	<u>6,881,745</u>
Total assets being depreciated	<u>44,748,269</u>	<u>977,900</u>	<u>(308,377)</u>	<u>45,417,792</u>
Less accumulated depreciation for:				
Buildings	5,064,020	493,252	-	5,557,272
Improvements other than buildings	8,036,945	835,007	-	8,871,952
Machinery and equipment	<u>3,707,070</u>	<u>304,479</u>	<u>(162,500)</u>	<u>3,849,049</u>
Total accumulated depreciation	<u>16,808,035</u>	<u>1,632,738</u>	<u>(162,500)</u>	<u>18,278,273</u>
Total capital assets being depreciated, net	<u>27,940,234</u>	<u>(654,838)</u>	<u>(145,877)</u>	<u>27,139,519</u>
Governmental activity capital assets, net	\$ <u>45,924,299</u>	<u>2,779,849</u>	<u>(145,877)</u>	<u>48,558,271</u>

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

#### **Capital Assets, continued**

Depreciation expense was charged to the functions as follows:

General government	\$ 78,857
Public safety	90,417
Public works	40,759
Community services	7,730
Water and sewer	168,919
Boat harbor	111,630
Dock	361,416
Senior citizen center	19,784
Landfill	367,970
Education	<u>385,256</u>
Total depreciation expense	\$ <u>1,632,738</u>

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

A schedule of interfund balances and transfers for the year ended June 30, 2012, follows:

##### ***Due from other funds:***

Due to the General Fund from:

Water and Sewer Capital Project Fund for  
advances to cover capital costs \$ 226,538

Nonmajor governmental funds for advances to  
cover operating and capital costs 182,571

Total amount due from other funds \$ 409,109

##### ***Transfers:***

From General Fund to:

Nonmajor governmental fund for debt service \$ 253,249

Nonmajor governmental funds to cover operating costs 634,055

Nonmajor governmental funds for capital projects 145,903

Total transfers from General Fund 1,033,207

From nonmajor governmental fund to other nonmajor  
governmental fund to close fund 31

Total transfers \$ 1,033,238

#### (6) **Long-Term Debt**

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

**CITY OF DILLINGHAM, ALASKA**

Notes to Basic Financial Statements, continued

**Long-Term Debt, continued**

The following is a summary of long-term debt transactions for the year ended June 30, 2012:

	Balance July 1, <u>2011</u>	<u>Additions</u>	<u>Retired</u>	Balance June 30, <u>2012</u>	Due Within <u>One Year</u>
\$15,105,000 2008 Series One General Obligation School Bonds, due in annual install- ments of \$570,000 to \$1,120,000, plus interest at 4.0% to 5.0% through April 1, 2028	\$ 13,620,000	-	545,000	13,075,000	570,000
Grader capital lease	-	338,282	51,908	286,374	64,554
Animal control vehicle lease	-	24,000	5,346	18,654	4,283
Public safety vehicle lease	-	33,166	7,520	25,646	5,802
Accrued leave (net)	144,412	137,553	118,914	163,051	163,051
Estimated landfill closure costs	<u>49,000</u>	<u>15,000</u>	<u>-</u>	<u>64,000</u>	<u>4,000</u>
Total long-term debt	13,813,412	<u>548,001</u>	<u>728,688</u>	13,632,725	<u>811,690</u>
 Add unamortized bond premium	 <u>293,832</u>			 <u>276,549</u>	
	\$ <u>14,107,244</u>			<u>13,909,274</u>	

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

The annual requirements to amortize the general obligation bonds outstanding at June 30, 2012 are as follows:

Year Ending <u>June 30,</u>	General Obligation Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 570,000	604,590	1,174,590
2014	600,000	576,090	1,176,090
2015	630,000	546,090	1,176,090
2016	665,000	514,590	1,179,590
2017	695,000	481,340	1,176,340
2018-2022	3,920,000	1,960,763	5,880,763
2023-2027	4,875,000	1,014,100	5,889,100
2028	<u>1,120,000</u>	<u>56,000</u>	<u>1,176,000</u>
	\$ <u>13,075,000</u>	<u>5,753,563</u>	<u>18,828,563</u>

**CITY OF DILLINGHAM, ALASKA**

Notes to Basic Financial Statements, continued

(7) **Capital Leases**

The City has entered into lease agreements as lessee for financing the acquisition of a grader, a vehicle for animal control, and a vehicle for public safety. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. The following is a summary of the assets acquired with the capital leases that have an outstanding balance as of June 30, 2012:

	<u>Grader</u>	<u>Public Safety</u>	<u>Animal Control</u>	<u>Total</u>
Machinery and equipment	\$ 338,282	33,166	24,000	395,448
Less accumulated depreciation	<u>(33,828)</u>	<u>(6,633)</u>	<u>(4,800)</u>	<u>(45,261)</u>
Carrying value	<u>\$ 304,454</u>	<u>26,533</u>	<u>19,200</u>	<u>350,187</u>

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, 2012:

<u>Year Ending</u> <u>June 30,</u>	<u>General Fund</u>
2013	87,443
2014	87,443
2015	87,443
2016	87,443
2017	<u>12,429</u>
Total minimum lease payments	362,201
Less interest portion	<u>31,527</u>
Present value of future minimum lease payments	330,674
Less current portion	<u>74,639</u>
Long-term portion	<u>\$ 256,035</u>

**CITY OF DILLINGHAM, ALASKA**

Notes to Basic Financial Statements, continued

(8) **Fund Balances and Net Assets**

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

	<u>General Fund</u>	<u>Dock Special Revenue</u>	<u>Water and Sewer Capital Project</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Restricted:					
Museum and literary	\$ -	-	-	397,385	397,385
School construction	-	-	-	393,520	393,520
Enhanced 911 service	-	-	-	25,145	25,145
Public safety	-	-	-	9,035	9,035
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>825,085</u>	<u>825,085</u>
Committed:					
Equipment replacement	-	-	-	57,036	57,036
Ambulance reserve	-	-	-	498,858	498,858
Landfill	-	-	-	172,044	172,044
Senior Center	-	-	-	-	-
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>727,938</u>	<u>727,938</u>
Assigned:					
Water and sewer	-	-	-	20,044	20,044
Dock	-	1,179,047	-	-	1,179,047
Subsequent year's expenditures	-	-	-	-	-
Total assigned	<u>-</u>	<u>1,179,047</u>	<u>-</u>	<u>20,044</u>	<u>1,199,091</u>
Unassigned (deficits)	<u>3,372,485</u>	<u>-</u>	<u>(218,388)</u>	<u>(26,959)</u>	<u>3,127,138</u>
Total fund balances	<u>\$ 3,372,485</u>	<u>1,179,047</u>	<u>(218,388)</u>	<u>1,546,108</u>	<u>5,879,252</u>

Net assets invested in capital, net of related debt is made up of the following:

Capital assets, net of accumulated depreciation	\$ 48,558,271
Less:	
Bonds payable	13,075,000
Unamortized premium	276,549
Capital leases	330,674
Unspent bond proceeds	<u>(393,520)</u>
	<u>\$ 35,269,568</u>

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

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

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

Landfill cell one is essentially closed. The only task left to complete to close this cell is to hydroseed at an estimated cost of \$4,000. The City began using cell two in FY 2009. The cell has an estimated life of 10 years and the estimated closing cost for cell two is \$150,000. The \$64,000 (an increase of \$15,000) reported as landfill closure costs payable at June 30, 2012 represents the cumulative amount reported to date based on the expected usage. The City will recognize the remaining estimated cost of closure and post closure care of \$86,000 as the remaining expected usage is filled. These amounts are based on what it will cost to perform all closure and post closure care in 2012. Actual costs may be higher due to inflation changes in technology or changes in regulations.

(10) **Defined Benefit Pension Plan**

The City participates in the Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The plan was established and is administered by the State of Alaska Department of Administration to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

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

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

**Conversion to Cost Sharing**

In April 2008, the Alaska Legislature passed Senate Bill (SB) 125 which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers. The cost-sharing plan requires a uniform employer contribution rate of 22% of active member wages, subject to a wage floor.



## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

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

Legislation provides for State contributions in the event that the annually calculated and board adopted rate, which includes a provision to pay down the past-service liability, exceeds 22%. Any such additional contributions are recognized by each employer as an on-behalf payment.

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

#### **Funding Policy**

Regular employees are required to contribute 6.75% of their annual covered salary (3.04% for pension and 3.71% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.38% for pension and 4.12% for healthcare).

The funding policy provides for periodic employer contributions based on actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay both pension and postemployment healthcare benefits when due.

Under current legislation, the employer contribution rate is statutorily capped at 22%. However, the State of Alaska contributes any amount over 22% such that the total contribution equals the Alaska Retirement Management Board adopted rate which is generally consistent with the actuarially determined rate.

The City's contribution rates for the year ended June 30, 2012 were determined as part of the June 30, 2009 actuarial valuation and are as follows:

	<u>Contractual Rate</u>	<u>ARM Board Adopted Rate</u>	<u>GASB 435* Rate</u>
Pension	9.92%	15.10%	23.10%
Postemployment healthcare	<u>12.08%</u>	<u>18.39%</u>	<u>32.74%</u>
Total contribution rate	<u>22.00%</u>	<u>33.49%</u>	<u>55.84%</u>

\* This rate uses an 8.25% pension discount rate and a 7.43% healthcare discount rate and disregards all future Medicare Part D payments.

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

**CITY OF DILLINGHAM, ALASKA**

Notes to Basic Financial Statements, continued

**Defined Benefit Pension Plan, continued**

**Funding Policy, continued**

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

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

**Annual Pension and Postemployment Healthcare Cost**

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 11.49% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the City has recorded the State on-behalf payment in the amount of \$341,073 as revenue and expense/expenditures in these financial statements. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Annual OPEB Cost</u>	<u>Total Benefit Cost (TBC)</u>	<u>City Contributions</u>	<u>% of TBC Contributed</u>
2012	\$ 216,774	\$ 263,975	\$ 480,749	\$ 480,749	100%
2011	144,527	260,518	405,045	405,045	100%
2010	152,529	258,700	411,229	411,229	100%

(11) **Defined Contribution Pension Plan**

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

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

#### **Defined Contribution Pension Plan, continued**

	<u>Others</u> <u>Tier IV</u>	<u>Police/Fire</u> <u>Tier IV</u>
Individual account	5.00%	5.00%
Health reimbursement arrangement (HRA) *	3.00	3.00
Retiree medical plan	0.51	0.51
Occupational death and disability benefits	<u>0.20</u>	<u>0.97</u>
	<u>8.71</u> %	<u>9.48</u> %

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

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contribution for the year ended June 30, 2012 were \$164,104 and \$142,688, respectively.

#### (12) **Deferred Compensation Plan**

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

#### (13) **Risk Management**

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

The City participates in the Alaska Municipal League Joint Insurance Association (AML/JIA) which provides insurance coverage for property and contents damage, torts, general and automobile liability, and workers' compensation. The AML/JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2012.

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

## CITY OF DILLINGHAM, ALASKA

### Notes to Basic Financial Statements, continued

(14) **Conduit Debt**

On May 19, 2005, the City Council authorized the issuance of nonrecourse revenue refunding bonds in a principal amount not to exceed \$1,300,000 to refinance previously issued nonrecourse revenue bonds on behalf of Bristol Bay Native Association. The outstanding balance at June 30, 2012 was \$838,489. These bonds do not constitute a general obligation debt or pledge of the full faith and credit of the City. Accordingly, the bonds and related assets are not reflected in the accompanying financial statements.

(15) **Contingent Liabilities and Commitments**

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

(16) **New Accounting Pronouncements**

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Of the numerous statements, the following are expected to have some effect on the City's financial reporting. Actual impacts have yet to be determined.

*GASB 61 – The Financial Reporting Entity* – Effective for year end June 30, 2013 – This statement will require a review of all entities reported as component units.

*GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* – Effective for year end June 30, 2013 – This statement will result in a change to the government's presentation of proprietary fund statements and government-wide statements from a traditional "Balance Sheet" format to a new "Statement of Net Position" format which will segregate deferred inflows and deferred outflows from assets and liabilities respectively.

*GASB 65 – Items Previously Reported as Assets and Liabilities* – Effective for year end June 30, 2014 – This statement is a companion to GASB Statement 63 and establishes accounts to be reclassified as deferred inflows and outflows. In addition, certain items previously reported as assets or liabilities will be moved to the income statement. For example, debt issuance costs will no longer be capitalized and amortized but will be expensed as incurred, and certain regulatory assets and liabilities will be reclassified to deferred inflows and outflows.

*GASB 68 – Accounting and Financial Reporting for Pensions* – Effective for year end June 30, 2015 – This statement will require all governments that participate in defined benefit pension plans to report any "net pension liability" (as newly defined). An additional GASB statement provides guidance for the Plan reporting with a one year earlier implementation.

**SUPPLEMENTARY INFORMATION**

**CITY OF DILLINGHAM, ALASKA**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 June 30, 2012

	Special Revenue Funds							
	Water and Sewer	Landfill	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Home-land Security	Debt Service Fund
Cash and investments	\$ 9,315	100	50	30,591	9,035	-	-	-
Receivables:								
Accounts	62,161	18,937	48,756	-	-	40,927	-	-
Grants	-	-	-	-	-	33,726	63,519	8,245
Allowance for uncollectible accounts	(27,349)	(8,000)	(11,339)	-	-	(406)	-	-
Restricted cash	-	-	-	-	-	-	-	-
Total assets	\$ 44,127	11,037	37,467	30,591	9,035	74,247	63,519	8,245
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	20,159	5,515	12,944	5,446	-	4,015	-	-
Accrued payroll and related liabilities	3,924	4,521	3,192	-	-	3,182	-	-
Due to other funds	-	1,001	21,331	-	-	67,050	72,092	8,245
Deferred revenue	-	-	-	-	-	-	-	-
Total liabilities	24,083	11,037	37,467	5,446	-	74,247	72,092	8,245
Fund balances:								
Restricted	-	-	-	25,145	9,035	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	20,044	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	(8,573)	-
Total fund balances (deficits)	20,044	-	-	25,145	9,035	-	(8,573)	-
Total liabilities and fund balances	\$ 44,127	11,037	37,467	30,591	9,035	74,247	63,519	8,245

**CITY OF DILLINGHAM, ALASKA**  
 Nonmajor Governmental Funds  
 Combining Balance Sheet, continued  
 June 30, 2012

<u>Assets</u>	<u>Capital Project Funds</u>						<u>Mary Carlson Estate Permanent Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Dock and Harbor</u>	<u>School Bonds</u>	<u>Equipment Replacement</u>	<u>Ambulance Reserve</u>	<u>Landfill</u>	<u>Road and Street</u>		
Cash and investments	-	-	57,036	498,858	125,844	-	397,459	1,128,288
Receivables:								
Accounts	-	-	-	-	-	-	-	170,781
Grants	54,460	-	-	-	-	1,901	-	161,851
Allowance for uncollectible accounts	-	-	-	-	-	-	-	(47,094)
Restricted cash	-	393,520	-	-	46,200	-	-	439,720
Total assets	<u>\$ 54,460</u>	<u>393,520</u>	<u>57,036</u>	<u>498,858</u>	<u>172,044</u>	<u>1,901</u>	<u>397,459</u>	<u>1,853,546</u>
	<u>Liabilities and Fund Balances</u>							
Liabilities:								
Accounts payable	61,220	-	-	-	-	-	74	109,373
Accrued payroll and related liabilities	-	-	-	-	-	-	-	14,819
Due to other funds	10,951	-	-	-	-	1,901	-	182,571
Deferred revenue	675	-	-	-	-	-	-	675
Total liabilities	<u>72,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,901</u>	<u>74</u>	<u>307,438</u>
Fund balances:								
Restricted	-	393,520	-	-	-	-	397,385	825,085
Committed	-	-	57,036	498,858	172,044	-	-	727,938
Assigned	-	-	-	-	-	-	-	20,044
Unassigned (deficit)	(18,386)	-	-	-	-	-	-	(26,959)
Total fund balances (deficits)	<u>(18,386)</u>	<u>393,520</u>	<u>57,036</u>	<u>498,858</u>	<u>172,044</u>	<u>-</u>	<u>397,385</u>	<u>1,546,108</u>
Total liabilities and fund balances	<u>\$ 54,460</u>	<u>393,520</u>	<u>57,036</u>	<u>498,858</u>	<u>172,044</u>	<u>1,901</u>	<u>397,459</u>	<u>1,853,546</u>

**CITY OF DILLINGHAM, ALASKA**

Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
 Year Ended June 30, 2012

	Special Revenue Funds							Debt Service Fund
	Water and Sewer	Landfill	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Homeland Security	
Revenues:								
State of Alaska	\$ 13,931	12,202	6,041	-	-	51,682	-	823,591
Federal government	-	-	-	-	-	102,950	84,992	-
Charges for services	378,648	136,240	110,127	59,580	-	-	-	-
Lease and rental income	-	-	-	-	-	7,008	-	-
Investment income	-	-	-	-	-	-	-	-
Other	2,749	-	4,131	-	-	410,473	-	100,000
Total revenues	<u>395,328</u>	<u>148,442</u>	<u>120,299</u>	<u>59,580</u>	<u>-</u>	<u>572,113</u>	<u>84,992</u>	<u>923,591</u>
Expenditures:								
Public safety	-	-	-	-	28,185	-	84,992	-
Community services	-	-	-	165,067	-	-	-	-
Water and sewer	445,928	-	-	-	-	-	-	-
Landfill	-	427,262	-	-	-	-	-	-
Boat harbor	-	-	222,894	-	-	-	-	-
Senior citizen center	-	-	-	-	-	824,784	-	-
Debt service	-	-	-	-	-	-	-	1,176,840
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>445,928</u>	<u>427,262</u>	<u>222,894</u>	<u>165,067</u>	<u>28,185</u>	<u>824,784</u>	<u>84,992</u>	<u>1,176,840</u>
Excess of revenues over (under) expenditures	(50,600)	(278,820)	(102,595)	(105,487)	(28,185)	(252,671)	-	(253,249)
Other financing sources (uses):								
Proceeds from issuance of capital leases	-	-	-	-	-	-	-	-
Transfers in	-	278,820	102,595	-	-	252,671	-	253,249
Transfers out	-	-	-	-	-	-	-	-
Net other financing sources (uses)	-	278,820	102,595	-	-	252,671	-	253,249
Net change in fund balance	(50,600)	-	-	(105,487)	(28,185)	-	-	-
Fund balances (deficits) at beginning of year	70,644	-	-	130,632	37,220	-	(8,573)	-
Fund balances (deficits) at end of year	<u>\$ 20,044</u>	<u>-</u>	<u>-</u>	<u>25,145</u>	<u>9,035</u>	<u>-</u>	<u>(8,573)</u>	<u>-</u>



**CITY OF DILLINGHAM, ALASKA**

Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), continued  
 Year Ended June 30, 2012

	Capital Project Funds										Total Nonmajor Funds
	Dock and Harbor	School Bonds	Equipment Replacement	Ambulance Reserve	Landfill	Road and Street	Senior Center	Mary Carlson Estate Permanent Fund			
Revenues:											
State of Alaska	\$ 696,999	-	-	-	-	-	-	-	-	-	1,604,446
Federal government	-	-	-	-	-	760,182	-	-	-	-	948,124
Charges for services	-	-	-	-	-	-	-	-	-	-	684,595
Lease and rental income	-	-	-	-	-	-	-	-	-	-	7,008
Investment income	-	20	-	-	-	-	-	-	1,430	-	1,450
Other	19,056	-	-	-	-	385,651	-	-	-	-	922,060
Total revenues	<u>716,055</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,145,833</u>	<u>-</u>	<u>-</u>	<u>1,430</u>	<u>-</u>	<u>4,167,683</u>
Expenditures:											
Public safety	-	-	-	-	-	-	-	-	-	-	113,177
Community services	-	-	-	-	-	-	-	-	11,177	-	176,244
Water and sewer	-	-	-	-	-	-	-	-	-	-	445,928
Landfill	-	-	-	-	-	-	-	-	-	-	427,262
Boat harbor	-	-	-	-	-	-	-	-	-	-	222,894
Senior citizen center	-	-	-	-	-	-	-	-	-	-	824,784
Debt service	-	-	-	-	-	-	-	-	-	-	1,176,840
Capital outlay	716,055	562,555	515,116	-	-	1,145,833	-	-	-	-	2,939,559
Total expenditures	<u>716,055</u>	<u>562,555</u>	<u>515,116</u>	<u>-</u>	<u>-</u>	<u>1,145,833</u>	<u>-</u>	<u>-</u>	<u>11,177</u>	<u>-</u>	<u>6,326,688</u>
Excess of revenues over (under) expenditures	-	(562,535)	(515,116)	-	-	-	-	-	(9,747)	-	(2,159,005)
Other financing sources (uses):											
Proceeds from issuance of capital leases	-	-	395,448	-	-	-	-	-	-	-	395,448
Transfers in	-	-	100,000	45,903	-	-	-	-	-	-	1,033,238
Transfers out	-	-	-	-	-	-	(31)	-	-	-	(31)
Net other financing sources (uses)	-	-	495,448	45,903	-	-	(31)	-	-	-	1,428,655
Net change in fund balance	-	(562,535)	(19,668)	45,903	-	-	(31)	-	(9,747)	-	(730,350)
Fund balances (deficits) at beginning of year	(18,386)	956,055	76,704	452,955	172,044	-	31	407,132	-	-	2,276,458
Fund balances (deficits) at end of year	<u>\$ (18,386)</u>	<u>393,520</u>	<u>57,036</u>	<u>498,858</u>	<u>172,044</u>	<u>-</u>	<u>-</u>	<u>397,385</u>	<u>-</u>	<u>-</u>	<u>1,546,108</u>

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## **General Fund**

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

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

**CITY OF DILLINGHAM, ALASKA**  
 General Fund  
 Balance Sheet  
 June 30, 2012  
 (With Comparative Amounts for 2011)

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash and investments	\$ 2,583,855	2,610,670
Receivables:		
Sales taxes	379,510	438,045
Real property taxes, penalties and interest	222,483	313,239
Personal property taxes, penalties and interest	168,312	299,874
Allowance for uncollectible personal property taxes	(110,725)	(299,874)
Ambulance accounts	65,077	29,756
Allowance for uncollectible accounts	(29,354)	-
Grants and shared revenues	174,785	89,015
Other	5,536	-
Due from other funds	409,109	1,036,250
Prepaid items	<u>-</u>	<u>11,161</u>
 Total assets	 \$ <u>3,868,588</u>	 <u>4,528,136</u>
 <u>Liabilities and Fund Balance</u>  		
Liabilities:		
Accounts payable	183,048	123,821
Accrued payroll and related liabilities	57,516	140,130
Deferred revenue:		
Property taxes	222,483	313,239
Other	<u>33,056</u>	<u>57,070</u>
Total liabilities	<u>496,103</u>	<u>634,260</u>
 Fund balance:		
Nonspendable - prepaid items	-	11,161
Assigned for subsequent year's expenditures	-	137,493
Unassigned	<u>3,372,485</u>	<u>3,745,222</u>
Total fund balance	<u>3,372,485</u>	<u>3,893,876</u>
 Total liabilities and fund balance	 \$ <u>3,868,588</u>	 <u>4,528,136</u>

**CITY OF DILLINGHAM, ALASKA**  
 General Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Taxes:				
Sales taxes	\$ 2,550,000	2,555,633	5,633	2,749,183
Alcohol sales taxes	250,000	247,219	(2,781)	246,528
Transient lodging sales taxes	95,000	102,317	7,317	63,388
Nushagak raw fish tax	-	79,523	79,523	-
Real property taxes	1,455,000	1,554,387	99,387	1,425,378
Personal property taxes	476,715	484,505	7,790	383,517
Penalty and interest on property taxes	50,000	43,370	(6,630)	46,984
Penalty and interest on sales taxes	10,000	25,052	15,052	3,769
Gaming taxes	65,000	103,508	38,508	46,439
Total taxes	4,951,715	5,195,514	243,799	4,965,186
State of Alaska:				
Jail contract revenue	460,725	480,417	19,692	428,963
Revenue sharing	282,614	282,381	(233)	209,543
Raw fish tax	446,588	446,588	-	238,589
Shared fisheries business tax	40,000	48,256	8,256	40,358
Electric and telephone co-op tax	80,000	76,532	(3,468)	76,127
Motor vehicle tax	25,000	26,361	1,361	27,647
PERS relief	127,011	278,850	151,839	151,433
DMV commission revenue	43,000	45,972	2,972	42,688
Jail capital grant	-	10,304	10,304	5,521
Training assistant grant	-	-	-	-
Liquor licenses	7,000	1,500	(5,500)	7,100
Library grants	8,500	7,791	(709)	8,367
Trooper dispatch	25,000	20,000	(5,000)	20,000
FEMA equipment	16,407	-	(16,407)	-
Other	4,000	4,401	401	6,174
Total State of Alaska	1,565,845	1,729,353	163,508	1,262,510
Federal government:				
Emergency management planning grant	4,500	2,646	(1,854)	2,603
Volunteer fire assistance	8,000	10,903	2,903	6,100
Public safety grants	8,000	1,245	(6,755)	4,116
Library grants	7,000	9,840	2,840	10,902
Payment in lieu of taxes	421,879	421,879	-	407,511
Energy efficiency grant	-	13,157	13,157	15,504
Other	-	-	-	192
Total federal government	449,379	459,670	10,291	446,928

## CITY OF DILLINGHAM, ALASKA

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

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues, continued:				
Charges for services:				
Administrative overhead charges	\$ 309,419	288,962	(20,457)	411,724
Document copies	400	13	(387)	85
Platting and mapping fees	1,000	784	(216)	443
Ambulance fees	50,000	52,088	2,088	79,780
Total charges for services	<u>360,819</u>	<u>341,847</u>	<u>(18,972)</u>	<u>492,032</u>
Licenses and permits:				
Dog licenses	3,000	2,129	(871)	3,042
Business licenses	16,800	17,482	682	16,550
Land use permits	700	750	50	875
Other	156	-	(156)	156
Total licenses and permits	<u>20,656</u>	<u>20,361</u>	<u>(295)</u>	<u>20,623</u>
Fines and forfeitures:				
Title 47 fines	20,000	13,162	(6,838)	8,303
Library fines and donations	2,000	3,771	1,771	3,442
Total fines and forfeitures	<u>22,000</u>	<u>16,933</u>	<u>(5,067)</u>	<u>11,745</u>
Lease and rental income	<u>39,000</u>	<u>34,595</u>	<u>(4,405)</u>	<u>9,131</u>
Investment income	<u>25,000</u>	<u>35,712</u>	<u>10,712</u>	<u>29,329</u>
Other revenues:				
Other library grants/donation	10,000	8,000	(2,000)	8,000
Equipment sales	27,000	55,518	28,518	-
Property sales	338,000	335,909	(2,091)	-
Insurance claim	-	29,506	29,506	-
Other	33,920	12,186	(21,734)	40,905
Total other revenues	<u>408,920</u>	<u>441,119</u>	<u>32,199</u>	<u>48,905</u>
Total revenues	<u>7,843,334</u>	<u>8,275,104</u>	<u>431,770</u>	<u>7,286,389</u>
Expenditures:				
General government:				
City council:				
Council contributions	10,000	10,123	(123)	10,594
Travel	10,000	4,429	5,571	11,301
Subscriptions and memberships	4,500	7,289	(2,789)	4,439

## CITY OF DILLINGHAM, ALASKA

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

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Expenditures, continued:				
General government, continued:				
City council, continued:				
Supplies	\$ 500	2,853	(2,353)	730
Telephone	150	43	107	150
Contract labor	7,500	3,005	4,495	40,226
Training	1,200	1,045	155	350
Minor tools and equipment	250	749	(499)	4,226
Lobbying	35,000	4,617	30,383	-
Annexation project	40,000	19,268	20,732	52,090
Advertising	-	5,814	(5,814)	683
Total city council	109,100	59,235	49,865	124,789
City administration:				
Salaries	161,754	209,788	(48,034)	161,051
Overtime salaries	3,000	3,194	(194)	6,402
Employee benefits	103,647	148,147	(44,500)	51,413
Travel	4,500	8,561	(4,061)	28,310
Subscriptions and memberships	500	25	475	748
Supplies	2,000	2,773	(773)	2,380
Contract labor	-	105	(105)	-
Special project manager	18,000	22,595	(4,595)	16,783
Training	1,000	390	610	-
Minor tools and equipment	1,000	3,141	(2,141)	3,825
Major equipment	2,500	305	2,195	3,919
Advertising	500	700	(200)	1,494
Recruitment	7,500	9,759	(2,259)	7,383
Total city administration	305,901	409,483	(103,582)	283,708
City clerk:				
Salaries	63,887	65,823	(1,936)	51,002
Overtime salaries	-	-	-	841
Employee benefits	32,802	36,837	(4,035)	26,646
Advertising	3,750	1,142	2,608	4,353
Travel	2,500	2,708	(208)	1,232
Subscriptions and memberships	450	210	240	80
Supplies	600	808	(208)	1,708
Training	650	574	76	-
Contract labor	-	88	(88)	3,117
Minor tools and equipment	500	11	489	678
Elections	3,500	8,246	(4,746)	2,468

## CITY OF DILLINGHAM, ALASKA

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

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Expenditures, continued:				
General government, continued:				
City clerk, continued:				
Appraisal	\$ -	-	-	16,000
Codification	1,500	3,408	(1,908)	1,293
Foreclosure	3,000	972	2,028	2,871
Total city clerk	113,139	120,827	(7,688)	112,289
Finance:				
Salaries	278,938	276,874	2,064	313,330
Overtime salaries	9,000	8,960	40	8,930
Employee benefits	233,285	235,361	(2,076)	198,455
Advertising	2,101	2,101	-	1,497
Travel	6,000	5,630	370	6,739
Subscriptions and memberships	560	514	46	1,477
Bank charges	1,100	888	212	309
Supplies	6,500	7,601	(1,101)	4,120
Cash over/under	100	119	(19)	(2)
Contract labor	4,000	1,838	2,162	2,000
Collection agency and lien processing fees	-	25	(25)	-
Training	2,500	2,691	(191)	755
Alaska FICA administrative program	200	138	62	137
Major tools and equipment	6,140	6,089	51	-
Appraisal	14,000	13,000	1,000	-
Minor tools and equipment	7,700	6,774	926	3,805
Total finance	572,124	568,603	3,521	541,552
Legal	200,000	252,615	(52,615)	53,784
Insurance:				
General liability	46,735	46,975	(240)	63,418
Property	19,969	30,777	(10,808)	25,832
Automobile	20,195	18,874	1,321	17,828
Total insurance	86,899	96,626	(9,727)	107,078
Nondepartmental:				
Advertising	500	799	(299)	1,460
Office supplies	6,500	10,483	(3,983)	6,176
Food items	3,000	2,538	462	3,534
Postage	8,500	8,519	(19)	9,926
Computer supplies	2,000	2,534	(534)	1,615
Computer software	35,000	37,440	(2,440)	34,586
Computer hardware	15,000	17,816	(2,816)	10,851
Computer support services	35,000	56,987	(21,987)	38,166



## CITY OF DILLINGHAM, ALASKA

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

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Expenditures, continued:				
General government, continued:				
Nondepartmental, continued:				
Telephone	\$ 15,000	25,726	(10,726)	13,315
Accounting services and audit	35,875	41,611	(5,736)	33,925
Gas, oil and grease	750	1,580	(830)	1,757
Minor tools and equipment	-	1,364	(1,364)	606
Vehicle repairs	-	5,986	(5,986)	2,030
Copier repair and maintenance	8,000	3,406	4,594	7,611
Credit card processing fees	45,000	46,094	(1,094)	43,140
Interest on loan	-	-	-	21,173
Contract labor	10,000	4,230	5,770	2,800
Miscellaneous	-	2,847	(2,847)	-
Total nondepartmental	220,125	269,960	(49,835)	232,671
Planning:				
Salaries	61,939	62,923	(984)	59,268
Employee benefits	32,188	35,632	(3,444)	29,202
Advertising	2,000	1,816	184	910
Travel	3,775	3,073	702	3,785
Subscriptions and memberships	1,285	630	655	860
Recording fees	100	159	(59)	33
Supplies	2,500	2,103	397	862
Contract labor	30,000	18,442	11,558	16,222
Telephone	-	213	(213)	-
Training	2,000	919	1,081	768
Neighborhood initiative	5,000	4,084	916	4,546
Minor tools and equipment	3,500	4,129	(629)	2,959
Total planning	144,287	134,123	10,164	119,415
Foreclosed property:				
Salaries	-	96	(96)	-
Overtime salaries	-	374	(374)	281
Employee benefits	-	139	(139)	253
Advertising	1,000	940	60	-
Supplies	250	321	(71)	216
Third party payments	62,253	62,252	1	-
Utilities	12,200	4,848	7,352	4,532
Contract labor	73,297	43,911	29,386	17,944
Sample testing	-	1,138	(1,138)	-
Building repairs	1,000	701	299	2,127
Total foreclosed property	150,000	114,720	35,280	25,353
Total general government	1,901,575	2,026,192	(124,617)	1,600,639

## CITY OF DILLINGHAM, ALASKA

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

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Expenditures, continued:				
Public safety:				
Police dispatch:				
Salaries	\$ 205,301	233,956	(28,655)	177,906
Overtime salaries	40,000	48,634	(8,634)	38,405
Employee benefits	143,853	189,209	(45,356)	125,340
Advertising	500	52	448	138
Travel	5,776	5,030	746	776
Subscriptions and memberships	134	214	(80)	-
Supplies	8,983	7,295	1,688	3,572
Postage	400	615	(215)	400
Telephone	9,000	7,248	1,752	9,188
Electricity	3,000	2,687	313	2,457
Water and sewer	300	281	19	274
Refuse collection	400	369	31	375
Heating fuel	5,000	3,305	1,695	2,987
Computer software	-	3,455	(3,455)	-
Computer support services	21,000	13,212	7,788	14,213
APSIM contract	1,500	1,417	83	822
Uniforms	1,500	1,213	287	1,170
Contract labor	-	5,066	(5,066)	1,231
Training	3,200	354	2,846	275
Minor tools and equipment	515	5,682	(5,167)	5,113
Major equipment	-	-	-	-
Building repairs	1,000	5,203	(4,203)	4,115
Equipment repairs	-	-	-	299
Recruiting	191	191	-	193
Total police dispatch	451,553	534,688	(83,135)	389,249
Police department:				
Salaries	434,960	423,525	11,435	379,440
Overtime salaries	54,000	102,372	(48,372)	57,346
Employee benefits	336,765	336,308	457	244,878
Recruiting	20,000	12,887	7,113	20,384
Advertising	1,500	581	919	1,754
Travel	13,613	16,836	(3,223)	5,694
Subscriptions and memberships	1,000	396	604	610
Supplies	5,722	5,177	545	4,115
Postage	1,000	569	431	800

## CITY OF DILLINGHAM, ALASKA

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

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Expenditures, continued:				
Public safety, continued:				
Police department, continued:				
Telephone	\$ 7,000	9,564	(2,564)	7,244
Electricity	4,500	3,748	752	3,402
Water and sewer	400	393	7	382
Refuse collection	550	515	35	644
Heating fuel	5,600	4,611	989	5,860
Investigations	2,513	246	2,267	5,760
Film development	100	-	100	-
Uniforms	9,700	7,173	2,527	8,531
Contract labor and towing	1,000	5,311	(4,311)	3,590
Training	2,500	2,751	(251)	2,469
Gas, oil and grease	20,000	32,601	(12,601)	7,213
Food	140	1,183	(1,043)	-
Minor tools and equipment	17,500	41,666	(24,166)	2,166
Major equipment	5,500	-	5,500	-
Vehicle maintenance	17,500	34,245	(16,745)	31,814
Building repairs	2,000	92,644	(90,644)	2,701
Required inspections	500	569	(69)	3,106
Equipment repairs	2,200	2,159	41	633
Insurance	18,527	22,082	(3,555)	18,375
Total police department	986,290	1,160,112	(173,822)	818,911
Jail:				
Salaries	237,558	252,029	(14,471)	227,383
Overtime salaries	20,000	30,523	(10,523)	20,545
Employee benefits	182,200	196,883	(14,683)	163,297
Advertising	200	-	200	-
Travel	1,744	1,744	-	2,149
Subscriptions and memberships	250	784	(534)	-
Supplies	3,000	3,399	(399)	2,586
Postage	300	27	273	300
Telephone	1,700	3,442	(1,742)	2,385
Electricity	14,000	14,690	(690)	13,636
Water and sewer	1,500	1,539	(39)	1,497
Refuse collection	1,800	2,018	(218)	1,929

## CITY OF DILLINGHAM, ALASKA

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

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Expenditures, continued:				
Public safety, continued:				
Jail, continued:				
Heating fuel	\$ 20,000	17,734	2,266	16,332
Uniforms	1,500	977	523	2,008
Contract labor	-	6,677	(6,677)	1,623
Training	300	212	88	95
Gas, oil and grease	300	43	257	119
Janitorial	800	1,049	(249)	400
Food	30,000	37,306	(7,306)	41,960
Minor tools and equipment	4,500	6,171	(1,671)	11,495
Major equipment	100	13,951	(13,851)	10
Vehicle maintenance	1,000	627	373	697
Building repairs	7,500	11,118	(3,618)	8,647
Required inspections	1,200	617	583	709
Equipment repairs	1,000	316	684	348
Insurance	9,655	9,655	-	7,875
Total jail	542,107	613,531	(71,424)	528,025
Department of motor vehicles:				
Salaries	53,040	53,398	(358)	46,851
Overtime salaries	-	459	(459)	-
Employee benefits	28,975	31,902	(2,927)	24,564
Supplies	1,000	1,025	(25)	891
Postage	-	49	(49)	(58)
Telephone	600	656	(56)	631
Electricity	700	542	158	487
Water and sewer	500	57	443	55
Refuse collection	125	74	51	76
Heating fuel	1,500	666	834	602
APSIN contract	550	-	550	595
Contract labor	-	1,880	(1,880)	457
Minor tools and equipment	1,500	1,631	(131)	82
Building repairs	1,500	1,616	(116)	517
Required inspections	100	-	100	-
Equipment repairs	500	-	500	227
Total department of motor vehicles	90,590	93,955	(3,365)	75,977

## CITY OF DILLINGHAM, ALASKA

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

	2012		Variance Positive (Negative)	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public safety, continued:				
Fire department:				
Salaries	\$ 82,066	99,658	(17,592)	59,246
Overtime salaries	4,500	365	4,135	613
Employee benefits	59,520	73,320	(13,800)	38,332
Insurance	-	450	(450)	-
Advertising	400	22	378	359
Travel	10,000	3,452	6,548	6,092
Subscriptions and memberships	500	325	175	67
Supplies	3,600	2,600	1,000	3,794
Postage	1,300	162	1,138	306
Computer supplies and software	1,500	110	1,390	1,450
Telephone	5,500	5,378	122	4,097
Electricity	6,000	5,871	129	5,444
Water and sewer	1,060	1,038	22	1,010
Heating fuel	25,000	27,230	(2,230)	17,151
EMS and fire supplies	9,000	13,910	(4,910)	10,150
Public education	500	425	75	376
Member recognition	5,500	6,325	(825)	7,947
Ambulance billing	5,000	7,207	(2,207)	7,492
Training	11,000	2,105	8,895	3,459
Gas, oil and grease	7,000	4,278	2,722	4,410
Janitorial	500	1,259	(759)	84
Sample testing	600	293	307	255
Medical tests	1,000	-	1,000	390
Minor tools and equipment	19,000	21,778	(2,778)	15,372
Fire department airport lease	600	550	50	879
Vehicle repairs	10,000	13,191	(3,191)	9,846
Building repairs	10,000	6,213	3,787	12,279
Required inspections	1,500	339	1,161	3,240
Equipment replacement	5,500	5,346	154	-
Equipment repairs	2,500	1,349	1,151	1,235
Total fire department	<u>290,146</u>	<u>304,549</u>	<u>(14,403)</u>	<u>215,375</u>

## CITY OF DILLINGHAM, ALASKA

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

	2012			2011
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Salaries	\$ 43,280	42,630	650	35,026
Overtime salaries	4,000	1,218	2,782	4,142
Employee benefits	26,726	29,111	(2,385)	22,836
Travel	5,500	5,198	302	3,399
Supplies	4,000	2,197	1,803	3,016
Telephone	-	849	(849)	26
Electricity	-	2,543	(2,543)	525
Heating fuel	-	-	-	628
Refuse collection	800	1,176	(376)	456
Uniforms	500	345	155	-
Contract services	1,500	3,435	(1,935)	1,109
Animal shelter expenditures	20,500	27,393	(6,893)	43,766
Training	2,000	1,050	950	-
Gas, oil and grease	3,000	990	2,010	2,767
Minor tools and equipment	1,000	1,104	(104)	1,271
Major equipment	-	-	-	11,478
Vehicle repairs	2,500	3,550	(1,050)	2,120
Building repairs	1,000	6,440	(5,440)	240
Insurance	-	881	(881)	-
Total animal control	<u>116,306</u>	<u>130,110</u>	<u>(13,804)</u>	<u>132,805</u>
Total public safety	<u>2,476,992</u>	<u>2,836,945</u>	<u>(359,953)</u>	<u>2,160,342</u>
Public works:				
Administration:				
Salaries	71,857	74,659	(2,802)	68,536
Overtime salaries	-	1,541	(1,541)	-
Employee benefits	50,786	48,829	1,957	52,310
Advertising	-	1,328	(1,328)	1,359
Travel	1,500	606	894	-
Subscriptions and memberships	300	300	-	(10)
Supplies	1,500	3,234	(1,734)	1,627
Telephone	2,000	756	1,244	865
Contract labor	-	8,159	(8,159)	-
Training	-	40	(40)	125
Gas, oil and grease	3,000	5,879	(2,879)	2,082
Minor tools and equipment	-	-	-	1,072
Vehicle repairs	<u>3,000</u>	<u>736</u>	<u>2,264</u>	<u>2,576</u>
Total administration	<u>133,943</u>	<u>146,067</u>	<u>(12,124)</u>	<u>130,542</u>

## CITY OF DILLINGHAM, ALASKA

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

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Expenditures, continued:				
Public works, continued:				
Building and grounds maintenance:				
Salaries	\$ 92,217	111,828	(19,611)	63,987
Overtime salaries	5,000	15,512	(10,512)	5,220
Employee benefits	101,241	86,980	14,261	61,527
Travel	1,000	1,000	-	604
Supplies	5,000	5,967	(967)	6,658
Telephone	1,500	1,873	(373)	1,560
Electricity	14,000	9,747	4,253	9,624
Water and sewer	2,500	2,217	283	2,141
Refuse collection	400	300	100	300
Heating fuel	35,000	42,879	(7,879)	30,085
Contract labor	7,000	20	6,980	1,500
Janitorial	17,000	13,862	3,138	14,805
Training	1,500	1,235	265	20
Gas, oil and grease	3,500	7,499	(3,999)	3,243
Minor tools and equipment	4,000	7,049	(3,049)	3,518
Vehicle maintenance	1,500	6,615	(5,115)	12,013
Building repairs	64,000	60,902	3,098	1,369
Equipment repairs	2,000	2,233	(233)	1,023
Energy efficiency grant expenditures	-	5,714	(5,714)	15,504
Used oil supplies	-	-	-	2,244
Total building and grounds maintenance	358,358	383,432	(25,074)	236,945
Shop maintenance:				
Salaries	176,371	149,797	26,574	112,525
Allocated to other funds	(112,000)	(144,392)	32,392	(159,533)
Overtime salaries	25,000	22,670	2,330	37,280
Employee benefits	134,018	126,931	7,087	91,298
Travel	2,500	219	2,281	-
Supplies	11,000	12,646	(1,646)	11,589
Telephone	2,500	3,843	(1,343)	3,525
Electricity	18,000	17,348	652	17,065
Refuse collection	2,600	2,736	(136)	2,640
Heating fuel	15,000	18,092	(3,092)	11,423
Training	-	1,950	(1,950)	-
Gas, oil and grease	3,000	3,395	(395)	3,623

## CITY OF DILLINGHAM, ALASKA

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

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public works, continued:				
Shop maintenance, continued:				
Minor tools and equipment	\$ 8,000	6,869	1,131	7,641
Major equipment	-	7,326	(7,326)	-
Sample testing	-	611	(611)	-
Vehicle repairs	1,500	1,900	(400)	2,458
Used oil management	8,000	3,530	4,470	9,983
Building repairs	2,500	20,008	(17,508)	4,640
Required inspections	500	711	(211)	1,100
Equipment repairs	3,200	2,227	973	3,544
Total shop maintenance	<u>301,689</u>	<u>258,417</u>	<u>43,272</u>	<u>160,801</u>
Streets:				
Salaries	81,889	127,319	(45,430)	95,872
Overtime salaries	15,000	26,129	(11,129)	17,806
Employee benefits	68,036	117,890	(49,854)	87,095
Supplies	4,000	3,400	600	3,253
Electricity	15,000	21,664	(6,664)	20,414
Salt and calcium	35,000	24,376	10,624	28,373
Street signs	3,000	2,397	603	1,910
Road maintenance	40,000	38,784	1,216	48,421
Training	-	-	-	1,350
Gas, oil and grease	40,000	65,696	(25,696)	46,209
Gravel	20,000	-	20,000	-
Minor tools and equipment	1,500	984	516	2,376
Vehicle repairs	20,000	26,361	(6,361)	18,353
Equipment repairs	150,000	101,295	48,705	137,161
Grader lease	20,000	42,897	(22,897)	-
Total streets	<u>513,425</u>	<u>599,192</u>	<u>(85,767)</u>	<u>508,593</u>
Total public works	<u>1,307,415</u>	<u>1,387,108</u>	<u>(79,693)</u>	<u>1,036,881</u>
Community services:				
Library:				
Salaries	65,207	66,565	(1,358)	60,511
Overtime salaries	350	543	(193)	925
Employee benefits	35,995	32,276	3,719	35,123



## CITY OF DILLINGHAM, ALASKA

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

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Expenditures, continued:				
Community services, continued:				
Library, continued:				
Advertising	\$ 300	344	(44)	409
Travel	3,656	3,956	(300)	3,745
Subscriptions and memberships	300	375	(75)	195
Supplies	2,000	2,001	(1)	2,138
Postage	550	372	178	729
Software	1,600	1,511	89	1,654
Telephone and internet	689	577	112	373
Internet library	2,000	1,276	724	1,861
Electricity	4,000	3,676	324	3,086
Water and sewer	1,500	1,515	(15)	1,457
Refuse collection	300	300	-	300
Heating fuel	7,000	8,084	(1,084)	5,175
Audio visual	3,500	3,207	293	3,986
Books	8,000	7,946	54	8,032
Periodicals	750	567	183	76
Summer reading program	2,500	943	1,557	-
Collection preservation	1,000	1,012	(12)	713
Contract labor	6,000	5,469	531	10,985
Training	350	272	78	-
Minor tools and equipment	6,000	4,803	1,197	1,342
Building repairs	2,500	1,481	1,019	2,305
Required inspections	55	55	-	485
Equipment repairs	750	561	189	-
Total library	156,852	149,687	7,165	145,605
Community development:				
Museum	4,000	1,557	2,443	87,000
Pass-through grant to SAFE	-	-	-	20,000
Miscellaneous	-	-	-	1,025
Total community development	4,000	1,557	2,443	108,025
Bingo/meeting hall:				
Telephone	400	403	(3)	-
Electricity	660	747	(87)	-
Water and sewer	1,420	1,475	(55)	-
Refuse collection	1,350	1,416	(66)	-
Heating fuel	1,000	-	1,000	-
Building repairs	-	499	(499)	-
Total bingo/meeting hall	4,830	4,540	290	-

## CITY OF DILLINGHAM, ALASKA

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

	<u>2012</u>		Variance	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	Positive (Negative)	<u>Actual</u>
Expenditures, continued:				
Community services, continued:				
Potato house:				
Telephone	\$ -	37	(37)	-
Electricity	1,500	1,524	(24)	-
Heating fuel	2,500	3,532	(1,032)	-
Building repairs	640	1,676	(1,036)	-
Insurance	435	435	-	-
Required inspections	-	55	(55)	-
Total potato house	<u>5,075</u>	<u>7,259</u>	<u>(2,184)</u>	<u>-</u>
Total community services	<u>170,757</u>	<u>163,043</u>	<u>7,754</u>	<u>253,630</u>
Education - contribution to School District	<u>1,350,000</u>	<u>1,350,000</u>	<u>-</u>	<u>1,300,000</u>
Total expenditures	<u>7,206,739</u>	<u>7,763,288</u>	<u>(556,509)</u>	<u>6,351,492</u>
Excess of revenues over expenditures	640,562	511,816	(106,693)	934,897
Other financing uses - transfers out	<u>(964,045)</u>	<u>(1,033,207)</u>	<u>(189,163)</u>	<u>(851,998)</u>
Net change in fund balance	\$ <u>(323,483)</u>	(521,391)	<u>(295,855)</u>	82,899
Fund balance at beginning of year		<u>3,893,876</u>		<u>3,810,977</u>
Fund balance at end of year	\$	<u>3,372,485</u>		<u>3,893,876</u>

## **Special Revenue Funds**

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

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

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

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

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

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

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

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

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

**CITY OF DILLINGHAM, ALASKA**  
 Water and Sewer Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Charges for services:				
Water sales	\$ 162,074	163,769	1,695	142,065
Sewer fees	<u>225,200</u>	<u>214,879</u>	<u>(10,321)</u>	<u>219,579</u>
Total charges for services	<u>387,274</u>	<u>378,648</u>	<u>(8,626)</u>	<u>361,644</u>
Investment income	1,000	-	(1,000)	-
State PERS relief	6,170	13,931	7,761	5,902
Other	<u>10,000</u>	<u>2,749</u>	<u>(7,251)</u>	<u>19,198</u>
Total revenues	<u>404,444</u>	<u>395,328</u>	<u>(9,116)</u>	<u>25,100</u>
Expenditures:				
Water:				
Salaries	51,756	39,833	11,923	46,509
Overtime salaries	-	12,705	(12,705)	12,189
Employee benefits	41,914	38,583	3,331	30,970
Contract labor	10,000	6,840	3,160	1,320
Advertising	-	-	-	200
Supplies	10,000	7,876	2,124	5,678
Gas, oil and grease	2,000	5,723	(3,723)	13,395
Utilities and telephone	17,800	29,102	(11,302)	14,791
Travel and training	5,000	1,811	3,189	1,156
Administrative overhead	33,900	26,751	7,149	40,734
Building and equipment repairs	7,500	3,633	3,867	5,804
Insurance	2,958	3,006	(48)	5,076
Major equipment	10,000	506	9,494	3,465
Minor tools and equipment	5,000	2,559	2,441	4,281
Sample testing and inspections	<u>2,500</u>	<u>1,132</u>	<u>1,368</u>	<u>4,802</u>
Total water	<u>200,328</u>	<u>180,060</u>	<u>20,268</u>	<u>190,370</u>

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

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Sewer:				
Salaries	\$ 51,756	48,000	3,756	45,874
Overtime salaries	12,000	21,532	(9,532)	13,708
Employee benefits	41,913	48,688	(6,775)	32,572
Travel and training	3,500	3,557	(57)	1,240
Contract labor	10,000	6,290	3,710	22,331
Advertising	-	-	-	187
Supplies	4,000	4,545	(545)	4,749
Chemicals	5,000	3,490	1,510	6,057
Gas, oil and grease	5,000	2,976	2,024	10,693
Utilities and telephone	43,700	49,239	(5,539)	39,880
Administrative overhead	43,800	39,811	3,989	56,025
Building and equipment repairs	11,500	18,415	(6,915)	19,848
Insurance	3,286	3,645	(359)	2,362
Sample testing and inspections	8,350	8,861	(511)	9,102
Major equipment	10,000	1,527	8,473	9,755
Minor tools and equipment	3,500	5,292	(1,792)	10,059
Total sewer	<u>257,305</u>	<u>265,868</u>	<u>(8,563)</u>	<u>284,442</u>
Total expenditures	<u>457,633</u>	<u>445,928</u>	<u>11,705</u>	<u>474,812</u>
Excess of revenues over (under) expenditures	(53,189)	(50,600)	(2,589)	(449,712)
Other financing sources - transfers in	<u>57,339</u>	<u>-</u>	<u>(57,339)</u>	<u>-</u>
Net change in fund balance	\$ <u>4,150</u>	(50,600)	<u>(54,750)</u>	(88,068)
Fund balance at beginning of year		<u>70,644</u>		<u>158,712</u>
Fund balance at end of year	\$	<u>20,044</u>		<u>70,644</u>

**CITY OF DILLINGHAM, ALASKA**  
 Landfill Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Landfill fees	\$ 175,000	136,240	(38,760)	130,011
State PERS relief	5,607	12,202	6,595	7,749
Total revenues	<u>180,607</u>	<u>148,442</u>	<u>(32,165)</u>	<u>137,760</u>
Expenditures:				
Salaries	94,075	104,986	(10,911)	105,475
Overtime salaries	7,500	19,738	(12,238)	10,591
Employee benefits	69,950	76,967	(7,017)	56,652
Utilities and telephone	13,000	18,488	(5,488)	12,278
Supplies	2,000	3,594	(1,594)	6,270
Gas, oil and grease	26,000	25,963	37	16,997
Insurance	4,911	4,911	-	6,774
Sample testing and inspections	15,000	53,553	(38,553)	10,351
Administrative overhead	65,557	62,183	3,374	75,660
Building and equipment repairs	38,000	53,548	(15,548)	51,988
Minor tools and equipment	1,000	2,431	(1,431)	2,161
Advertising	-	-	-	280
Training and travel	-	900	(900)	2,127
Total expenditures	<u>336,993</u>	<u>427,262</u>	<u>(90,269)</u>	<u>357,604</u>
Excess of revenues over (under) expenditures	(156,386)	(278,820)	(122,434)	(219,844)
Other financing sources (uses):				
Transfers in	163,886	278,820	114,934	227,344
Transfers out	(7,500)	-	7,500	(7,500)
Net other financing sources (uses)	<u>156,386</u>	<u>278,820</u>	<u>122,434</u>	<u>219,844</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>	-
Fund balance at beginning of year		-		-
Fund balance at end of year	\$ <u>-</u>	<u>-</u>		<u>-</u>

**CITY OF DILLINGHAM, ALASKA**  
 Dock Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>		Variance Positive (Negative)	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Charges for services:				
Wharfage and handling	\$ 500,000	433,852	(66,148)	507,098
Docking	80,000	34,989	(45,011)	97,223
Labor income	4,500	2,408	(2,092)	3,383
Fuel flowage fees	-	28,069	28,069	65,676
Total charges for services	<u>584,500</u>	<u>499,318</u>	<u>(85,182)</u>	<u>673,380</u>
Penalties and interest	3,000	-	(3,000)	4,998
Investment income	11,000	-	(11,000)	1,733
Lease and rental income	45,000	22,375	(22,625)	44,672
State PERS relief	7,459	15,171	7,712	10,077
Other	30,000	930	(29,070)	3,891
Total revenues	<u>680,959</u>	<u>537,794</u>	<u>(143,165)</u>	<u>738,751</u>
Expenditures:				
Salaries	125,151	105,549	19,602	111,515
Overtime salaries	25,000	22,100	2,900	28,947
Employee benefits	88,791	119,868	(31,077)	101,328
Contract labor	2,000	-	2,000	2,000
Utilities and telephone	19,500	20,514	(1,014)	15,311
Supplies	1,500	2,937	(1,437)	3,667
Gas, oil and grease	14,000	8,522	5,478	17,714
Insurance	15,987	38,879	(22,892)	39,991
Administrative overhead	53,000	62,621	(9,621)	98,464
Major equipment - forklift	-	529,306	(529,306)	-
Building and equipment repairs	20,500	23,772	(3,272)	24,791
Dock repair	2,500	4,093	(1,593)	11,837
Inspections	1,500	728	772	378
Advertising	-	45	(45)	-
Total expenditures	<u>369,429</u>	<u>938,934</u>	<u>(569,505)</u>	<u>455,943</u>
Net change in fund balance	\$ <u>311,530</u>	(401,140)	<u>(712,670)</u>	282,808
Fund balance at beginning of year		<u>1,580,187</u>		<u>1,297,379</u>
Fund balance at end of year	\$	<u>1,179,047</u>		<u>1,580,187</u>

**CITY OF DILLINGHAM, ALASKA**  
 Boat Harbor Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
<b>Revenues:</b>				
Charges for services - boat harbor fees	\$ 111,000	110,127	(873)	126,178
Penalties and interest	-	-	-	1,535
Licenses and permits	-	40	40	-
Bathhouse revenue	2,000	1,175	(825)	1,629
State PERS relief	2,982	6,041	3,059	2,480
Other	5,500	2,916	(2,584)	1,275
Total revenues	121,482	120,299	(1,183)	133,097
<b>Expenditures:</b>				
Salaries	50,038	54,455	(4,417)	37,135
Overtime salaries	5,000	6,870	(1,870)	7,358
Employee benefits	34,978	37,773	(2,795)	24,386
Travel	4,000	2,346	1,654	3,228
Advertising	400	-	400	396
Supplies	4,000	6,461	(2,461)	3,987
Gas, oil and grease	3,000	1,937	1,063	2,296
Utilities and telephone	39,700	43,153	(3,453)	41,436
Contract labor	1,500	1,500	-	380
Training	2,500	375	2,125	30
Administrative overhead	33,800	33,920	(120)	45,907
Minor tools and equipment	-	4,350	(4,350)	9,195
Building and equipment repairs	14,000	9,861	4,139	14,569
Insurance	3,078	7,486	(4,408)	7,714
Miscellaneous	3,300	1,259	2,041	1,482
Inspections	1,750	1,019	731	849
Ice machine	5,000	4,954	46	4,716
Janitorial services	5,500	5,175	325	-
Total expenditures	211,544	222,894	(11,350)	205,064
Excess of revenues over (under) expenditures	(90,062)	(102,595)	(12,533)	(71,967)
Other financing sources - transfers in	101,062	102,595	1,533	71,967
Net change in fund balance	\$ <u>11,000</u>	-	<u>(11,000)</u>	-
Fund balance at beginning of year		-		-
Fund balance at end of year	\$	-		-



**CITY OF DILLINGHAM, ALASKA**  
 Enhanced 911 Service Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>		Variance	<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	Positive (Negative)	<u>Actual</u>
Revenues:				
E911 revenue	\$ 65,000	59,580	(5,420)	45,501
Investment income	650	-	(650)	445
Total revenues	<u>65,650</u>	<u>59,580</u>	<u>(6,070)</u>	<u>45,946</u>
 Expenditures - major equipment	 <u>-</u>	 <u>165,067</u>	 <u>(165,067)</u>	 <u>7,469</u>
 Net change in fund balance	 \$ <u>65,650</u>	 (105,487)	 <u>(171,137)</u>	 38,477
 Fund balance at beginning of year		 <u>130,632</u>		 <u>92,155</u>
 Fund balance at end of year	 \$	 <u>25,145</u>		 <u>130,632</u>

**CITY OF DILLINGHAM, ALASKA**  
 Asset Forfeiture Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>			<u>2011</u>
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
<b>Revenues:</b>				
Investment income	\$ 250	-	(250)	4
Other	9,750	-	(9,750)	-
Total revenues	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>4</u>
<b>Expenditures:</b>				
Travel	-	3,428	(3,428)	-
Training	-	12,702	(12,702)	-
Uniforms	-	117	(117)	-
Minor tools and equipment	-	11,938	(11,938)	19,464
Total expenditures	<u>-</u>	<u>28,185</u>	<u>(28,185)</u>	<u>19,464</u>
Net change in fund balance	\$ <u>10,000</u>	(28,185)	<u>(38,185)</u>	(19,460)
Fund balance at beginning of year		<u>37,220</u>		<u>56,680</u>
Fund balance at end of year	\$	<u>9,035</u>		<u>37,220</u>

**CITY OF DILLINGHAM, ALASKA**  
 Senior Citizen Center Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance (Deficit) - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012		Variance Positive (Negative)	2011
	Budget	Actual		Actual
Revenues:				
Lease and rental income	\$ 3,500	7,008	3,508	10,647
State of Alaska:				
State PERS relief	7,664	14,879	7,215	9,769
Nutrition, transportation and support services	35,620	36,803	1,183	36,117
Federal government:				
Nutrition, transportation and support services	101,380	98,916	(2,464)	98,916
USDA	4,000	4,034	34	3,198
Senior employment	-	-	-	420
Insurance claim	387,969	398,076	10,107	-
Other	15,650	12,397	(3,253)	15,756
Total revenues	555,783	572,113	16,330	174,823
Expenditures:				
Games and activities:				
Utilities	-	-	-	4,786
Inspections	-	-	-	324
Total games and activities	-	-	-	5,110
Potato House:				
Utilities and telephone	-	-	-	2,767
Building and minor tools and equipment	-	-	-	1,512
Insurance	-	-	-	360
Inspections	-	-	-	339
Total Potato House	-	-	-	4,978
Nutrition, transportation, and support services:				
Salaries	112,938	119,374	(6,436)	116,632
Overtime salaries	-	42	(42)	66
Employee benefits	108,414	109,745	(1,331)	72,632
Utilities and telephone	46,800	39,397	7,403	39,359
Supplies	39,400	38,254	1,146	24,430
Insurance	6,340	6,340	-	6,961
Building and equipment repairs	16,300	12,072	4,228	16,776
Gas, oil, and grease	9,500	9,096	404	-
Other	2,000	245	1,755	579
Total nutrition, transportation, and support services	341,692	334,565	7,127	277,435

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

	2012		Variance Positive (Negative)	2011
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Senior center - operations:				
Salaries	\$ 16,584	11,372	5,212	21,203
Overtime salaries	-	-	-	22
Employee benefits	21,182	10,942	10,240	18,760
Advertising	400	-	400	1,935
Supplies	1,450	-	1,450	932
Travel	1,000	704	296	1,835
Administrative overhead	77,662	62,040	15,622	93,509
Training	1,200	66	1,134	175
Building and equipment repairs	388,219	405,095	(16,876)	12,964
Total senior center - operations	<u>507,697</u>	<u>490,219</u>	<u>17,478</u>	<u>151,335</u>
Total expenditures	<u>849,389</u>	<u>824,784</u>	<u>24,605</u>	<u>438,858</u>
Excess of revenues over (under) expenditures	(293,606)	(252,671)	40,935	(264,035)
Other financing sources - transfers in	<u>282,436</u>	<u>252,671</u>	<u>(29,765)</u>	<u>264,364</u>
Net change in fund balance	\$ <u>(11,170)</u>	-	<u>11,170</u>	329
Fund balance at beginning of year		<u>-</u>		<u>(329)</u>
Fund balance at end of year	\$	<u><u>-</u></u>		<u><u>-</u></u>

**CITY OF DILLINGHAM, ALASKA**  
 Homeland Security Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 Deficit  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Revenues - federal government	\$ <u>84,992</u>	<u>-</u>
Expenditures:		
Contract labor	533	-
Minor tools and equipment	10,088	-
Major equipment	59,171	-
Drug enforcement equipment	<u>15,200</u>	<u>-</u>
Total expenditures	<u>84,992</u>	<u>-</u>
Net change in fund balance	-	-
Deficit at beginning of year	<u>(8,573)</u>	<u>(8,573)</u>
Deficit at end of year	\$ <u><u>(8,573)</u></u>	<u><u>(8,573)</u></u>

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### **Debt Service Fund**

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

**CITY OF DILLINGHAM, ALASKA**  
 Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	2012			2011
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Contribution from school district	\$ 100,000	100,000	-	100,000
State of Alaska	824,488	823,591	(897)	824,286
Total revenues	<u>924,488</u>	<u>923,591</u>	<u>(897)</u>	<u>924,286</u>
Expenditures:				
Principal	520,000	545,000	(25,000)	520,000
Interest	657,840	631,840	26,000	657,840
Total expenditures	<u>1,177,840</u>	<u>1,176,840</u>	<u>1,000</u>	<u>1,177,840</u>
Excess of revenues over (under) expenditures	(253,352)	(253,249)	103	(253,554)
Other financing sources - transfers in	<u>253,352</u>	<u>253,249</u>	<u>(103)</u>	<u>253,554</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>	-
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year	\$	<u>-</u>		<u>-</u>



## **Capital Project Funds**

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

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

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

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

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

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

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

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

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

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

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

**CITY OF DILLINGHAM, ALASKA**  
 Dock and Harbor Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Deficit  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Revenues:		
State of Alaska	\$ 696,999	381,554
Federal government	-	862,444
Other	<u>19,056</u>	<u>17,682</u>
Total revenues	<u>716,055</u>	<u>1,261,680</u>
Expenditures:		
North bulkhead	702,050	1,239,772
Other projects	<u>14,005</u>	<u>16,989</u>
Total expenditures	<u>716,055</u>	<u>1,256,761</u>
Net change in fund deficit	-	4,919
Deficit at beginning of year	<u>(18,386)</u>	<u>(23,305)</u>
Deficit at end of year	\$ <u><u>(18,386)</u></u>	<u><u>(18,386)</u></u>

**CITY OF DILLINGHAM, ALASKA**  
 Water and Sewer Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Deficit  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Revenues:		
State of Alaska	\$ 275,872	384,939
Federal government	883	2,234,668
Other	<u>-</u>	<u>202,640</u>
Total revenues	<u>276,755</u>	<u>2,822,247</u>
Expenditures:		
Well and other system improvements	436,750	1,747,930
Standpipe	<u>-</u>	<u>1,224,452</u>
Total expenditures	<u>436,750</u>	<u>2,972,382</u>
Net change in fund balance	(159,995)	(150,135)
Deficit at beginning of year	<u>(58,393)</u>	<u>91,742</u>
Deficit at end of year	\$ <u><u>(218,388)</u></u>	<u><u>(58,393)</u></u>

**CITY OF DILLINGHAM, ALASKA**  
 School Bonds Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Revenues - investment income	\$ 20	18,699
Expenditures - school building projects	<u>562,555</u>	<u>3,354,157</u>
Excess of revenues over (under) expenditures	(562,535)	(3,335,458)
Other financing uses - transfers out	<u>-</u>	<u>(18,699)</u>
Net change in fund balance	(562,535)	(3,354,157)
Fund balance at beginning of year	<u>956,055</u>	<u>4,310,212</u>
Fund balance at end of year	\$ <u><u>393,520</u></u>	<u><u>956,055</u></u>

**CITY OF DILLINGHAM, ALASKA**  
**Equipment Replacement Capital Projects Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Year Ended June 30, 2012**  
**(With Comparative Amounts for 2011)**

	<u>2012</u>	<u>2011</u>
Revenues - equipment sales	\$ <u>-</u>	<u>27,551</u>
Expenditures:		
Major equipment:		
Grader	338,282	-
Animal control vehicle	24,000	-
Public safety vehicle	33,167	-
The department vehicle	22,803	-
Other capital outlay	59,139	170,261
Capital lease payments	<u>37,725</u>	<u>-</u>
Total expenditures	<u>515,116</u>	<u>170,261</u>
Excess of revenues over (under) expenditures	(515,116)	(142,710)
Other financing sources:		
Proceeds from issuance of capital leases	395,448	-
Transfers in	<u>100,000</u>	<u>-</u>
Total other financing sources	<u>495,448</u>	<u>-</u>
Net change in fund balance	(19,668)	(142,710)
Fund balance at beginning of year	<u>76,704</u>	<u>219,414</u>
Fund balance at end of year	\$ <u><u>57,036</u></u>	<u><u>76,704</u></u>

**CITY OF DILLINGHAM, ALASKA**  
Ambulance Reserve Capital Project Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Year Ended June 30, 2012  
(With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Other financing sources - transfers in	\$ 45,903	53,468
Fund balance at beginning of year	<u>452,955</u>	<u>399,487</u>
Fund balance at end of year	<u>\$ 498,858</u>	<u>452,955</u>

**CITY OF DILLINGHAM, ALASKA**  
 Landfill Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Revenues:		
State of Alaska	\$ -	20,031
Investment income	-	713
Total revenues	<u>-</u>	<u>20,744</u>
Expenditures - new landfill	<u>-</u>	<u>22,144</u>
Excess of revenues over (under) expenditures	-	(1,400)
Other financing sources - transfers in	<u>-</u>	<u>7,500</u>
Net change in fund balance	-	6,100
Fund balance at beginning of year	<u>172,044</u>	<u>165,944</u>
Fund balance at end of year	\$ <u><u>172,044</u></u>	<u><u>172,044</u></u>

**CITY OF DILLINGHAM, ALASKA**  
 Road and Street Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Revenues:		
Federal government	\$ 760,182	164,818
Other	<u>385,651</u>	<u>787,809</u>
Total revenues	<u>1,145,833</u>	<u>952,627</u>
 Expenditures - construction	 <u>1,145,833</u>	 <u>952,627</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**  
 Senior Center Capital Project Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Revenues - other	\$ -	31
Expenditures	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>31</u>
Other financing uses - transfers out	<u>(31)</u>	<u>-</u>
Net change in fund balance	(31)	31
Fund balance at beginning of year	<u>31</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>31</u></u>

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### **Permanent Fund**

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

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

**CITY OF DILLINGHAM, ALASKA**  
 Mary Carlson Estate Permanent Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Year Ended June 30, 2012  
 (With Comparative Amounts for 2011)

	<u>2012</u>	<u>2011</u>
Revenues - investment income	\$ <u>1,430</u>	<u>4,989</u>
Expenditures - community services:		
Utilities	8,224	5,047
Building repairs	2,248	686
Insurance	<u>705</u>	<u>814</u>
Total expenditures	<u>11,177</u>	<u>6,547</u>
Net change in fund balance	(9,747)	(1,558)
Fund balance at beginning of year	<u>407,132</u>	<u>408,690</u>
Fund balance at end of year	\$ <u><u>397,385</u></u>	<u><u>407,132</u></u>

**STATE AND FEDERAL FINANCIAL ASSISTANCE**

**CITY OF DILLINGHAM, ALASKA**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2012

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	July 1, 2011 Receivable (Deferred)	Federal Share of Expend- itures	Federal Receipts	June 30, 2012 Receivable (Deferred)
<b>DENALI COMMISSION</b>							
Tower Road Construction	01260-00	90.100	\$ 925,000	-	760,182	758,331	1,851
<b>DEPARTMENT OF AGRICULTURE</b>							
Passed through State of Alaska Department of Natural Resources:							
Volunteer Fire Assistance	2010	10.664	8,881	(1,687)	1,687	-	-
Volunteer Fire Assistance	2011	10.664	8,982	(8,982)	8,982	-	-
Total CFDA 10.664				(10,669)	10,669	-	-
Passed through State of Alaska Department of Environmental Conservation:							
Water System Improvement (75% Federal)	28304	10.760	360,700	17,375	-	17,375	-
Total Department of Agriculture				6,706	10,669	17,375	-
<b>ENVIRONMENTAL PROTECTION AGENCY</b>							
Passed through State of Alaska Department of Environmental Conservation:							
Water System Improvement (75% Federal)	28305	66.202	3,407,250	418,017	-	322,427	95,590
<b>DEPARTMENT OF COMMERCE</b>							
* Crane and Bulkhead - ARRA	07-79-73308	11.307	1,000,000	2,782	-	-	2,782
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Passed through State of Alaska Department of Health and Social Services:							
Nutrition, Transportation and Support Services (75% Federal)	607-11-106	93.045	98,916	4,945	-	4,945	-
Nutrition, Transportation and Support Services (75% Federal)	60-12-106	93.045	98,916	-	98,916	74,680	24,236
Nutrition Services Incentive Program	2011	93.053	2,544	166	-	166	-
Nutrition Services Incentive Program	2012	93.053	4,034	-	4,034	3,557	477
Total Aging Cluster				5,111	102,950	83,348	24,713
Passed through Alaska Native Tribal Health Consortium -							
Water Treatment Plant	AN-05-NA7	93.210	665,000	5,437	-	-	5,437
Total Department of Health and Human Services				10,548	102,950	83,348	30,150
<b>DEPARTMENT OF HOMELAND SECURITY</b>							
Passed through State of Alaska Department of Military and Veteran Affairs -							
Emergency Management Performance Grant	10EMPG-GR35581	97.042	2,603	1,258	-	1,258	-
Emergency Management Performance Grant	11EMPG-GR35581	97.042	2,646	-	2,646	1,945	701
Total Department of Homeland Security				1,258	2,646	3,203	701
<b>DEPARTMENT OF THE INTERIOR</b>							
Passed through State of Alaska Department of Commerce, Community and Economic Development:							
*Payment in Lieu of Taxes	-	15.226	421,879	-	421,879	421,879	-

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

<u>Federal Grant Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Total Grant Award</u>	<u>July 1, 2011 Receivable (Deferred)</u>	<u>Federal Share of Expend- itures</u>	<u>Federal Receipts</u>	<u>June 30, 2012 Receivable (Deferred)</u>
<b>DEPARTMENT OF TRANSPORTATION</b>							
Passed through State of Alaska Department of Transportation and Public Facilities:							
ASTEP DUI Enforcement	154AL 11-01-01	20.600	\$ 1,245	-	1,245	1,245	-
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>							
Passed through Curyung Tribal Council:							
IMLS Library Grant	NG-05-11-0210-11	45.311	7,000	-	4,871	-	4,871
IMLS Library Grant	NG-05-10-0210-10	45.311	7,000	6,935	65	7,000	-
Total CFDA 45.311				6,935	4,936	7,000	4,871
Passed through State of Alaska Department of Education and Early Development:							
Continuing Education Grant	CED-11-728-178	45.310	1,000	1,000	-	1,000	-
Continuing Education Grant	CED-12-728-178	45.310	1,000	-	1,000	1,000	-
Continuing Education Grant	CED-12-728-153	45.310	904	-	904	904	-
Interlibrary Cooperative Grant	ILC-11-728-178	45.310	3,000	(3,000)	3,000	-	-
Total CFDA 45.310				(2,000)	4,904	2,904	-
Total Institute of Museum and Library Services				4,935	9,840	9,904	4,871
<b>DEPARTMENT OF ENERGY</b>							
Passed through Alaska Energy Authority -							
Alaska Small City Energy	7510012	81.128	104,800	-	13,157	-	13,157
<b>DEPARTMENT OF JUSTICE</b>							
Bulletproof Vest Partnership	-	16.607	5,413	3,695	-	-	3,695
Justice Assistance Grant	2011-DJ-BX-2808	16.738	10,664	-	10,621	10,621	-
MJTF Participating Agency Grant	JAG 12-023B	16.738	15,200	-	15,200	10,852	4,348
E911 Grant	2010-SB-B9-0045	16.738	59,171	-	59,171	-	59,171
Total CFDA 16.738				-	84,992	21,473	63,519
Total Department of Justice				3,695	84,992	21,473	67,214
Total Federal Financial Assistance			\$	447,941	1,407,560	1,639,185	216,316

Basis of Presentation

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

**CITY OF DILLINGHAM, ALASKA**  
 Schedule of State Financial Assistance  
 Year Ended June 30, 2012

<u>Name of Award</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>July 1, 2011 Receivable</u>	<u>State Share of Expenditures</u>	<u>State Receipts</u>	<u>June 30, 2012 Receivable</u>
<b>DEPARTMENT OF ADMINISTRATION</b>						
* State PERS Relief	N/A	\$ 341,073	-	341,073	341,073	-
<b>DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT</b>						
Public Library Assistance	PLA 12-728-18	6,500	-	6,500	6,500	-
* Debt Service - School Bonds FY 11	N/A	823,591	8,245	823,591	831,836	-
OWL Training		1,291	-	1,291	1,291	-
Total Department of Education and Early Development			8,245	831,382	839,627	-
<b>DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT</b>						
* Snag Point Sewer Line Emergency Relocation	12-DC-343	1,800,000	-	275,872	134,826	141,046
Shared Fisheries Business Tax	N/A	48,256	-	48,256	48,256	-
* Revenue Sharing	N/A	282,381	-	282,381	282,381	-
* City Shoreline Emergency Bank Stabilization	09-DC-449	1,500,000	-	696,999	642,539	54,460
Total Department of Commerce, Community and Economic Development			-	1,303,508	1,108,002	195,506
<b>DEPARTMENT OF REVENUE</b>						
* Fisheries Business Tax	N/A	446,588	-	446,588	446,588	-
* Electric and Telephone Co-op Tax	N/A	76,532	-	76,532	76,532	-
Liquor Licenses	N/A	1,500	-	1,500	1,500	-
Total Department of Revenue			76,127	524,620	524,620	-
<b>DEPARTMENT OF ENVIRONMENTAL CONSERVATION</b>						
Landfill Project Phase III	28303	1,672,825	69,851	-	69,851	-
Water System Improvements (25% State)	28304	120,250	24,050	-	24,050	-
Total Department of Environmental Conservation			214,981	-	93,901	-
<b>DEPARTMENT OF HEALTH AND SOCIAL SERVICES</b>						
Nutrition, Transportation and Support Services (25% State)	607-12-106	36,803	-	36,803	27,621	9,182
<b>DEPARTMENT OF CORRECTIONS</b>						
Local Community Jail Program FY2009 Capital Project	N/A	18,887	(10,304)	10,304	-	-
Total State Financial Assistance		\$	289,049	3,047,690	2,934,844	204,688

\* Major program

**Basis of Presentation**

The accompanying Schedule of State Financial Assistance includes the grant activity of City of Dillingham and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.



**SINGLE AUDIT SECTION**

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

Honorable Mayor and City Council  
City of Dillingham, Alaska

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Dillingham, as of and for the year ended June 30, 2012, which collectively comprise City of Dillingham's basic financial statements and have issued our report thereon dated January 4, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Dillingham City School District, as described in our report on City of Dillingham's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider item 12-01 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Honorable Mayor and City Council  
City of Dillingham, Alaska

Compliance and Other Matters

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

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

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

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
January 4, 2013

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Honorable Mayor and City Council  
City of Dillingham, Alaska

Compliance

We have audited City of Dillingham's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. City of Dillingham's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Dillingham's management. Our responsibility is to express an opinion on City of Dillingham's compliance based on our audit.

City of Dillingham's basic financial statements include the operations of its component unit, Dillingham City School District, which received \$1,718,635 in federal awards which are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2012. Our audit, described below, did not include the operations of Dillingham City School District because it was subjected to a separate audit in accordance with OMB Circular A-133.

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

In our opinion, City of Dillingham complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Honorable Mayor and City Council  
City of Dillingham, Alaska

Internal Control Over Compliance

Management of City of Dillingham is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Dillingham's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Dillingham's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
January 4, 2013

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and City Council  
City of Dillingham, Alaska

Compliance

We have audited City of Dillingham's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012. City of Dillingham's major state programs are identified in the accompanying Schedule of State Financial Assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of City of Dillingham's management. Our responsibility is to express an opinion on City of Dillingham's compliance based on our audit.

City of Dillingham's basic financial statements include the operations of its component unit, Dillingham City School District, which received \$8,096,993 in state awards which are not included in the Schedule of State Financial Assistance for the year ended June 30, 2012. Our audit, described below, did not include the operations of Dillingham City School District because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

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

In our opinion, City of Dillingham complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2012.

Honorable Mayor and City Council  
City of Dillingham, Alaska

### Internal Control Over Compliance

Management of City of Dillingham is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered City of Dillingham's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Dillingham's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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

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

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
January 4, 2013

**CITY OF DILLINGHAM, ALASKA**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

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

**Financial Statements**

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

**Federal Financial Assistance**

Internal control over major programs:

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

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes  no

Identification of major programs:

<u>Agency</u>	<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Denali Commission	90.100	Tower Road Project

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

\$300,000

Auditee qualified as low-risk auditee?

yes  no

**State Financial Assistance**

Internal control over major programs:

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

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

Unqualified

Dollar threshold used to distinguish a state major program?

\$75,000



## CITY OF DILLINGHAM, ALASKA

### Schedule of Findings and Questioned Costs, continued

#### **II. Financial Statement Finding**

##### **Finding 12-01      General Ledger Reconciliation- Material Weakness**

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

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

Context:            The goal of the general ledger reconciliation process is to produce accurate financial statements for review by management in order to assist in the decision-making process.

Effect:             Individual accounts were misstated, leading to net income being misstated.

Cause:              Not all general ledger accounts were being reconciled.

Recommendation: City staff must closely review the activity in the General Ledger. Information should be reviewed for completeness, and accuracy.

Views of Responsible Officials: See Corrective action plan.

#### **III. Federal Award Findings and Questioned Costs**

None noted.

#### **IV. State Award Findings and Questioned Costs**

None noted.

**CITY OF DILLINGHAM, ALASKA**

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2012

**Financial Statements**

**Finding 11-01: Bank Reconciliation - Material Weakness**

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

Status: Was resolved in fiscal year 2012.

**Federal**

There were no prior year audit findings.

**State of Alaska**

There were no prior year audit findings.

**CITY OF DILLINGHAM, ALASKA**

Corrective Action Plan

Year Ended June 30, 2012

Auditee Contact Information:

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

**Finding 12-01**

**Corrective Action Plan:**

**GL Reconciliation – Material Weakness**

The City's Finance Director will allocate balance sheet accounts to the applicable staff based on duties in the Finance Department for preparation of reconciliation schedules. On a monthly basis the Finance Director will review and approve the schedules in a manner similar to the procedures used for balancing the cash accounts.