

CITY OF DILLINGHAM, ALASKA

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

Year Ended June 30, 2019

CITY OF DILLINGHAM, ALASKA

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

Year Ended June 30, 2019

CITY OF DILLINGHAM, ALASKA

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dillingham, Alaska as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the City of Dillingham, Alaska's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dillingham, Alaska, as of June 30, 2019, and the respective changes in financial position and, the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Public Employees' Retirement system Schedules on pages 38-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dillingham, Alaska's basic financial statements. The information listed in the table of contents as "Additional Supplementary Information," which includes the combining statements and schedules, individual major and non-major funds budget to actual schedules (where applicable), schedules of revenues, expenditures and changes in fund balance and the schedule of state financial assistance and related notes are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of State Financial Assistance is presented as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and is also not a required part of the basic financial statements.

Honorable Mayor and City Council
City of Dillingham, Alaska

The Additional Supplementary Information listed above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 Additional Supplementary Information listed above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Dillingham, Alaska basic financial statements for the year ended June 30, 2018 (not presented herein) and have issued our reported dated October 25, 2019, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dillingham, Alaska's basic financial statements as a whole. The combining statements and schedules, individual major and non-major funds budget to actual schedules and the schedule of revenues, expenditures and changes in fund balance for the year ended June 30, 2018, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2018 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the June 30, 2018 combining statements and schedules, individual major and non-major funds budget to actuals are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2020, on our consideration of the City of Dillingham, Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Dillingham, Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dillingham, Alaska's internal control over financial reporting and compliance.



Anchorage, Alaska
March 6, 2020

CITY OF DILLINGHAM, ALASKA

Statement of Net Position

June 30, 2019

	Primary Government	Component Unit
	Governmental Activities	Dillingham City School District
<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Current:		
Cash and investments	\$ 10,678,316	3,400,956
Receivables, net	1,347,733	330,653
Restricted cash and investments	392,707	-
Inventory	-	16,062
Prepaid items	13,008	149,270
Total current	<u>12,431,764</u>	<u>3,896,941</u>
Noncurrent:		
Land and construction in progress	6,507,413	1,148,417
Other capital assets, net of accumulated depreciation	42,929,178	(911,425)
Total noncurrent	<u>49,436,591</u>	<u>236,992</u>
Deferred outflows of resources:		
Pension and OPEB deferrals	841,391	779,865
Total deferred outflow	<u>841,391</u>	<u>779,865</u>
Total assets and deferred outflows of resources	<u>62,709,746</u>	<u>4,913,798</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Liabilities:		
Current:		
Accounts payable	186,370	238,790
Accrued payroll and related liabilities	186,307	-
Due to student groups	-	193,015
Unearned revenue	32,520	43,884
Total current	<u>405,197</u>	<u>475,689</u>
Non-current:		
Due within one year:		
Accrued leave	185,524	-
Bonds	971,310	-
Capital leases	158,314	-
Due in more than one year:		
Net pension and OPEB liability	5,868,925	6,189,817
Bonds	11,848,144	-
Capital leases	749,938	-
Landfill closure costs	431,282	-
Total non-current	<u>20,213,437</u>	<u>6,189,817</u>
Deferred inflows of resources - pension and OPEB deferrals	487,177	616,286
Total liabilities and deferred inflows of resources	<u>21,105,811</u>	<u>7,281,792</u>
Net position:		
Net investment in capital assets	35,708,885	236,992
Restricted	614,062	-
Unrestricted	5,280,988	(2,604,986)
Total net position	<u>\$ 41,603,935</u>	<u>(2,367,994)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 62,709,746</u>	<u>4,913,798</u>

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

CITY OF DILLINGHAM, ALASKA

Statement of Activities

Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Government Total	Unit Dillingham City School District
Primary government:						
Governmental:						
General government	\$ 1,407,031	915,728	20,908	279,250	(191,145)	-
Public safety	2,610,551	70,099	50,235	55,044	(2,435,173)	-
Public works	1,156,448	-	21,954	-	(1,134,494)	-
Community services	235,694	-	144,468	-	(91,226)	-
Water and sewer	1,222,457	632,824	41,342	147,239	(401,052)	-
Landfill	1,004,610	236,624	15,470	2,498	(750,018)	-
Dock	877,720	926,497	26,972	-	75,749	-
Boat harbor	436,495	165,674	4,483	-	(266,338)	-
Senior citizen center	362,446	25,820	153,036	-	(183,590)	-
Education	1,863,924	-	-	744,231	(1,119,693)	-
Unallocated interest	252,658	-	-	-	(252,658)	-
Total governmental activities	\$ 11,430,034	2,973,266	478,868	1,228,262	(6,749,638)	-
Component Unit - school district - Education	\$ 10,367,425	22,661	2,857,207	-	-	(7,487,557)
General revenues:						
Taxes:						
Sales and other taxes				\$ 3,909,435	-	-
Real and personal property taxes				2,590,316	-	-
Gaming taxes				93,170	-	-
Payment in lieu of taxes				460,827	-	-
Contributions from primary government				-	-	1,300,000
Grants and entitlements not restricted to a specific purpose				674,088	-	7,269,058
Investment income				118,339	-	195
E-Rate				-	-	800,995
Other				51,032	-	21,594
Total general revenues				7,897,207	-	9,391,842
Change in net position				1,147,569	-	1,904,285
Net position at beginning of year, as originally stated				40,368,919	-	(4,272,279)
Prior period adjustment				87,447	-	-
Net position at beginning of year, as restated				40,456,366	-	-
Net position at end of year				\$ 41,603,935	-	(2,367,994)

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

CITY OF DILLINGHAM, ALASKA

Balance Sheet - Governmental Funds

June 30, 2019

<u>Assets</u>	<u>General Fund</u>	<u>Roads Capital Project Fund</u>	<u>Planning Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and investments	\$ 10,677,606	-	-	710	10,678,316
Receivables, net of allowance of uncollectible accounts:					
Sales taxes	647,431	-	-	-	647,431
Real and personal property taxes	307,626	-	-	-	307,626
Accounts	11,338	-	-	338,903	350,241
Grants and shared revenues	-	-	-	42,435	42,435
Prepaid items	13,008	-	-	-	13,008
Due from other funds	107,304	3,241,537	356,686	3,283,829	6,989,356
Restricted cash and investments	-	-	-	392,707	392,707
Total assets	\$ 11,764,313	3,241,537	356,686	4,058,584	19,421,120
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 34,011	1,243	50,761	100,355	186,370
Accrued payroll and payroll liabilities	133,399	-	495	52,413	186,307
Due to other funds	6,882,052	-	-	107,304	6,989,356
Unearned revenue	-	-	-	32,520	32,520
Total liabilities	<u>7,049,462</u>	<u>1,243</u>	<u>51,256</u>	<u>292,592</u>	<u>7,394,553</u>
Deferred inflows of resources - delinquent property taxes and user fees	<u>387,554</u>	<u>-</u>	<u>-</u>	<u>130,562</u>	<u>518,116</u>
Total liabilities and deferred inflows of resources	<u>7,437,016</u>	<u>1,243</u>	<u>51,256</u>	<u>423,154</u>	<u>7,912,669</u>
Fund Balances:					
Nonspendable	13,008	-	-	-	13,008
Restricted	-	-	-	614,062	614,062
Committed	-	3,240,294	305,430	1,545,122	5,090,846
Assigned	-	-	-	1,483,008	1,483,008
Unassigned	4,314,289	-	-	(6,762)	4,307,527
Total fund balances	<u>4,327,297</u>	<u>3,240,294</u>	<u>305,430</u>	<u>3,635,430</u>	<u>11,508,451</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>11,764,313</u>	<u>3,241,537</u>	<u>356,686</u>	<u>4,058,584</u>	<u>19,421,120</u>

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

CITY OF DILLINGHAM, ALASKA

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

June 30, 2019

Total fund balances for governmental funds		\$	11,508,451
Total net position reported for governmental activities in the Statement of Net Position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:			
Land and land improvements	\$	4,862,446	
Construction in progress		1,644,967	
Buildings		24,984,037	
Improvements other than buildings		37,422,029	
Machinery and equipment		11,834,657	
Total capital assets		<u>80,748,136</u>	
Less accumulated depreciation		<u>(31,311,545)</u>	
Total capital assets, net of accumulated depreciation			49,436,591
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. This is the amount of delinquent real property taxes and user receivables			
			518,116
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	\$	(11,215,000)	
Unamortized bond premium		(1,604,454)	
Capital leases		(908,252)	
Accrued leave		(185,524)	
Landfill closure costs		<u>(431,282)</u>	
Total long-term liabilities			(14,344,512)
Proportionate share of the collective net pension liability:			
PERS			(5,868,925)
Deferred inflows and outflows of resources are the results of timing differences in the actuarial report.			
Pension related assets in the current fiscal year are presented as deferred outflows of resources:			
PERS			841,391
Pension related liabilities in the current fiscal year are presented as deferred inflows of resources:			
PERS			<u>(487,177)</u>
Total net position of governmental activities		\$	<u>41,603,935</u>

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

CITY OF DILLINGHAM, ALASKA

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

Year Ended June 30, 2019

	General Fund	Roads Capital Project Fund	Planning Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental:					
Federal sources	\$ 460,827	-	-	108,347	569,174
State of Alaska	858,758	-	-	1,035,040	1,893,798
Bristol Bay Housing Authority	-	-	-	-	-
Local sources:					
Taxes	6,592,921	-	-	-	6,592,921
Local assistance	-	-	-	124,995	124,995
Charges for services	840,679	-	-	2,007,972	2,848,651
Licenses and permits	25,079	-	-	-	25,079
Fines and forfeitures	13,160	-	-	-	13,160
Lease and rental income	36,810	-	-	49,565	86,375
Investment income	85,145	-	-	33,194	118,339
Other	51,698	-	-	54,966	106,664
Total revenues	<u>8,965,077</u>	<u>-</u>	<u>-</u>	<u>3,414,079</u>	<u>12,379,156</u>
Expenditures:					
Current:					
General government	1,395,555	-	-	-	1,395,555
Public safety	2,662,696	-	-	10,376	2,673,072
Public works	1,087,341	-	-	-	1,087,341
Community services	112,659	-	-	139,023	251,682
Water and sewer	-	-	-	433,917	433,917
Landfill	-	-	-	737,341	737,341
Dock	-	-	-	559,217	559,217
Boat harbor	-	-	-	242,782	242,782
Senior citizen center	-	-	-	337,437	337,437
Education - contribution to School District	1,300,000	-	-	-	1,300,000
Debt service:					
Principal	-	-	-	685,000	685,000
Interest	-	-	-	378,450	378,450
Capital outlay	-	18,204	1,328,626	220,788	1,567,618
Total expenditures	<u>6,558,251</u>	<u>18,204</u>	<u>1,328,626</u>	<u>3,744,331</u>	<u>11,649,412</u>
Excess (deficiency) of revenues over expenditures	<u>2,406,826</u>	<u>(18,204)</u>	<u>(1,328,626)</u>	<u>(330,252)</u>	<u>729,744</u>
Other financing sources (uses):					
Bond proceeds	-	3,258,498	-	814,624	4,073,122
Insurance proceeds	-	-	279,250	86,294	365,544
Transfers in	53,419	-	1,325,921	1,036,724	2,416,064
Transfers out	<u>(2,296,795)</u>	<u>-</u>	<u>-</u>	<u>(119,269)</u>	<u>(2,416,064)</u>
Net other financing sources (uses)	<u>(2,243,376)</u>	<u>3,258,498</u>	<u>1,605,171</u>	<u>1,818,373</u>	<u>4,438,666</u>
Net change in fund balances	<u>163,450</u>	<u>3,240,294</u>	<u>276,545</u>	<u>1,488,121</u>	<u>5,168,410</u>
Fund balances at beginning of year, as originally restated	4,076,400	-	-	2,176,194	6,252,594
Prior period adjustment	<u>87,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,447</u>
Fund balances at beginning of year, as restated	<u>4,163,847</u>	<u>-</u>	<u>28,885</u>	<u>2,147,309</u>	<u>6,340,041</u>
Fund balances at end of year	<u>\$ 4,327,297</u>	<u>3,240,294</u>	<u>305,430</u>	<u>3,635,430</u>	<u>11,508,451</u>

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

CITY OF DILLINGHAM, ALASKA

Reconciliation of Governmental Funds Balance Sheet
to Statement of Activities

Year Ended June 30, 2019

Net change in fund balances - total governmental funds		\$	5,168,410
The change in net position reported for governmental activities in the Statement of Activities is different because:			
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Change in unfunded pension liabilities			(194,161)
Changes in deferred inflows and outflows of resources are the results of timing differences in the actuarial report and adjustments to reflect employer and non-employer contributions based on the measurement date of the liability.			
			489,391
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	\$	1,726,914	
Depreciation expense		<u>(2,402,424)</u>	(675,510)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of activities, a gain or loss is reported for each disposal. The net affect of transactions involving capital assets is to decrease net position.			
			(250,000)
Governmental funds only report the impairment losses of assets to the extent insurance proceeds are received. In the Statement of activities, a gain or loss is for impairment of assets. The net affect of transactions involving capital assets is to decrease net position.			
Impairment loss			(214,803)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the increase in delinquent real property taxes and dock receivable.			
			(666)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.			
Issuance of long-term bond	\$	(4,073,122)	
Principal paid on bonds		685,000	
Acquisition of capital leases		(37,940)	
Payments on capital leases		139,569	
Amortized bond premium		<u>125,792</u>	(3,160,701)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of the decrease in accrued leave.			
			<u>(14,391)</u>
Change in net position of governmental activities		\$	<u>1,147,569</u>

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

CITY OF DILLINGHAM, ALASKA

General Fund

Statement of Original and Final Budget to Actual Amounts

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental:				
Federal sources	\$ 450,000	450,000	460,827	10,827
State of Alaska	688,486	793,891	858,758	64,867
Bristol Bay Housing Authority	-	2,000	-	(2,000)
Local sources:				
Taxes	5,810,000	5,865,000	6,592,921	727,921
Charges for services	850,249	879,649	840,679	(38,970)
Licenses and permits	-	18,600	25,079	6,479
Fines and forfeitures	-	16,000	13,160	(2,840)
Lease and rental income	45,000	45,000	36,810	(8,190)
Investment income	10,000	40,000	85,145	45,145
Other	94,100	50,600	51,698	1,098
Total revenues	<u>7,947,835</u>	<u>8,160,740</u>	<u>8,965,077</u>	<u>804,337</u>
Expenditures:				
Current:				
General government	1,563,072	1,551,072	1,395,555	155,517
Public safety	2,728,884	2,765,884	2,662,696	103,188
Public works	1,282,414	1,146,414	1,087,341	59,073
Community services	115,512	115,512	112,659	2,853
Education	1,300,000	1,300,000	1,300,000	-
Total expenditures	<u>6,989,882</u>	<u>6,878,882</u>	<u>6,558,251</u>	<u>320,631</u>
Excess of revenues over expenditures	<u>957,953</u>	<u>1,281,858</u>	<u>2,406,826</u>	<u>1,124,968</u>
Other financing sources (uses):				
Transfers in	55,139	55,139	53,419	(1,720)
Transfers out	<u>(1,153,631)</u>	<u>(1,153,631)</u>	<u>(2,296,795)</u>	<u>(1,143,164)</u>
Total net other financing (uses)	<u>(1,098,492)</u>	<u>(1,098,492)</u>	<u>(2,243,376)</u>	<u>(1,144,884)</u>
Net change in fund balance	\$ <u>(140,539)</u>	<u>183,366</u>	<u>163,450</u>	<u>(19,916)</u>
Fund balance at beginning of year, as originally stated			4,076,400	
Prior period adjustment			<u>87,447</u>	
Fund balance at beginning of year, as restated			<u>4,163,847</u>	
Fund balance at end of year			\$ <u><u>4,327,297</u></u>	

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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, Alaska (the primary government) and its component unit, Dillingham City School District. The School District is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

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

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

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City does not presently have any business-type activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods or services provided by a given function or department and 2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or department. Other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

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

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

The City reports the following major governmental funds:

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

The *Roads Capital Project Fund* accounts for the capital grants association with projects to improve roads that was funded by Series One & Two 2019 Bond.

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

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.

D. Capital Assets

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

Notes to Basic Financial Statements, continued

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

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

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

E. Long-Term Debt

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

F. Property Taxes

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

G. Prepaid Items

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

H. 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.

I. Interfund Transactions

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

J. 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).

K. Fund Balances

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

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

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

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

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

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

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

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

L. Net Position

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

M. 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.

N. Unearned Grant Revenue

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

O. Pension and Other Post Employment Benefits (OPEB)

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

P. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

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

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

Excess of expenditures over appropriation were as follows:

Special Revenue Funds:	
Landfill	\$ 59,573
Boat harbor	\$ 58,029
Senior citizens	\$ 21,149
Library	\$ 5,347

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

III. CASH AND INVESTMENTS

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

A. Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the City’s deposit and investment balances to the financial statements as of June 30, 2019.

Cash and cash equivalents	\$ 11,071,023	Cash and investments	\$ 10,678,316
Investments	-	Restricted cash and investments	392,707
	\$ 11,071,023		\$ 11,071,023

B. *Investment Policy*

The City's investment policy authorizes investments in:

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

C. *Credit Risk*

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

Custodial Credit Risk

The City maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, the City maintains a collateralization agreement with a financial institution. At June 30, 2019 the City's cash deposits were fully insured.

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

D. *Fair Value of Financial Instruments*

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

IV. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 follows:

Governmental Activities	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land and land improvements	\$ 4,862,446	-	-	4,862,446
Construction in progress	6,983,451	1,617,081	6,955,565	1,644,967
Total assets not being depreciated	<u>11,845,897</u>	<u>1,617,081</u>	<u>6,955,565</u>	<u>6,507,413</u>
Capital assets being depreciated:				
Buildings	24,914,559	69,478	-	24,984,037
Improvements other than buildings	32,974,469	4,805,565	358,005	37,422,029
Machinery and equipment	9,894,302	1,940,355	-	11,834,657
Total capital assets being depreciated	<u>67,783,330</u>	<u>6,815,398</u>	<u>358,005</u>	<u>74,240,723</u>
Less accumulated depreciated for:				
Buildings	9,376,823	685,553	-	10,062,376
Improvements other than buildings	14,598,908	1,149,131	143,202	15,604,837
Machinery and equipment	5,076,592	567,740	-	5,644,332
Total accumulated depreciated	<u>29,052,323</u>	<u>2,402,424</u>	<u>143,202</u>	<u>31,311,545</u>
Total capital assets being depreciated, net	<u>38,731,007</u>	<u>4,412,974</u>	<u>214,803</u>	<u>42,929,178</u>
Governmental activity capital assets, net	<u>\$ 50,576,904</u>	<u>6,030,055</u>	<u>7,170,368</u>	<u>49,436,591</u>

Depreciation expense was charged to the functions as follows:

General government	\$ 72,160
Public safety	136,580
Public works	147,933
Community services	6,533
Water and sewer	698,977
Landfill	196,002
Dock	327,615
Harbor	227,690
Senior citizen center	25,009
Education	<u>563,925</u>
Total depreciation expense	<u>\$ 2,402,424</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

V. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A schedule of interfund balances and transfers for the year ended June 30, 2019 is as follows:

Receivable Fund	Payable Fund	Amount
Roads Capital Project Fund	General Fund	\$ 3,241,537
Planning Capital Project Fund	General Fund	356,686
Other Governmental Funds	General Fund	3,283,829
General Fund	Other Governmental Funds	107,304
Total		\$ <u>6,989,356</u>

	Transfers in			Total
	General Fund	Planning CPF	Other Governmental Funds	
Transfers out:				
General Fund	\$ -	1,325,921	1,036,724	2,362,645
Planning CPF	-	-	-	-
Other Governmental Funds	53,419	-	-	53,419
Total	\$ <u>53,419</u>	<u>1,325,921</u>	<u>1,036,724</u>	<u>2,416,064</u>

VI. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
\$3,475,000 Series One & Two General Obligation School Installments of \$105,000 to \$265,000, plus interest at 5.0% through May 1, 2039	\$ -	3,475,000	-	3,475,000	105,000
\$8,425,000 2016 Series Three & Four General Obligation School Bonds, due in annual installments of \$685,000 to \$1,035,000 plus Interest at 4.0% to 5.0% through December 1, 2027	8,425,000	-	685,000	7,740,000	710,000
Bond premium	1,132,124	598,122	125,792	1,604,454	156,310
Public safety vehicle lease (2015)	6,781	-	6,781	-	-
Public safety vehicle lease (2017)	44,392	-	14,019	30,373	16,438
Public safety vehicle lease (2019)	-	37,940	8,678	29,262	8,678
Dock crane	958,708	-	110,091	848,617	133,198
Accrued leave	171,133	213,756	199,365	185,524	185,524
Estimated landfill closure costs	431,282	-	-	431,282	-
Net pension and OPEB liabilities	5,868,925	-	-	5,868,925	-
Total Long-Term Debt	<u>17,038,345</u>	<u>4,324,818</u>	<u>1,149,726</u>	<u>20,213,437</u>	<u>1,315,148</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

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

The annual requirements to amortize the general obligation bonds outstanding at June 30, 2019 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2020	\$ 815,000	523,817	1,338,817
2021	855,000	490,050	1,345,050
2022	895,000	454,000	1,349,000
2023	930,000	412,250	1,342,250
2024	975,000	364,750	1,339,750
2025-2029	4,595,000	1,049,625	5,644,625
2030-2034	945,000	447,750	1,392,750
2035-2039	1,205,000	186,250	1,391,250
Total	\$ 11,215,000	3,928,492	15,143,492

In November 2016, the City issued \$8,425,000 Series Three and Four General Obligation Bonds with an average interest rate of 4.82% to advance refund \$9,190,000 of outstanding 2008 Series One bonds. The bonds were issued at a premium of \$1,383,708. The net proceeds of \$9,734,429 (after payment of \$74,279 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Series One bonds. As a result, the 2008 Series One bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. As of June 30, 2019, the amount of defeased debt still outstanding was \$8,440,000.

The City advance refunded the 2008 Series One bonds to reduce its total debt service payments over the next 10 years by \$1,151,482, and to obtain an economic gain (difference of the present value of the debt service payments on the old and new debt) of \$940,934.

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

On May 2, 2019, the City issued \$3,475,000 Series One and Two General Obligation Bonds with an interest rate of 5% to advance refund \$3,475,000 outstanding 2019 Series One and Two bonds. The bonds were issued at a premium of \$598,122. The net proceeds of \$4,073,122 (after payment of \$35,749 in issuance costs) were used to purchase U.S. government securities.

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

VII. CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of a grader, a streets vehicle, a vehicle for animal control, six vehicles for general public safety and a dock crane. These lease agreements qualify as 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, 2019:

	<u>Public Works</u>	<u>Public Safety</u>	<u>Dock</u>	<u>Total</u>
Machinery and equipment	\$ 378,251	281,407	1,497,000	2,156,658
Less accumulated depreciation	<u>(335,877)</u>	<u>(143,951)</u>	<u>(199,600)</u>	<u>(679,428)</u>
Carrying value	\$ <u>42,374</u>	<u>137,456</u>	<u>1,297,400</u>	<u>1,477,230</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, 2019:

<u>Year Ending June 30,</u>	<u>General Fund</u>
2020	158,314
2021	158,312
2022	141,874
2023	141,874
2024	133,196
2025-2027	<u>266,391</u>
Total minimum lease payments	999,961
Less interest portion	<u>(91,709)</u>
Present value of future minimum lease payments	908,252
Less current portion	<u>(158,314)</u>
Total	\$ <u>749,938</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

VIII. FUND BALANCES

Fund balances at June 30, 2019, reported in the City's individual major funds and other governmental funds in the aggregate on the governmental funds balance sheet is subject to the following constraints:

	General Fund	Roads Capital Project Fund	Planning Capital Project Fund	Other Governmental Fund	Total Governmental Fund
Nonspendable - prepaid	\$ 13,008	-	-	-	13,008
Restricted:					
Enhanced 911 service	-	-	-	244,039	244,039
Asset forfeiture	-	-	-	15,586	15,586
Library	-	-	-	85	85
Local support	-	-	-	2,293	2,293
Reward	-	-	-	400	400
Mary Carlson Estate	-	-	-	351,659	351,659
Total restricted	-	-	-	614,062	614,062
Committed:					
Roads	-	3,240,294	-	-	3,240,294
Planning	-	-	305,430	-	305,430
Equipment replacement	-	-	-	68,327	68,327
Fire hall	-	-	-	805,281	805,281
Ambulance reserve	-	-	-	499,470	499,470
Landfill	-	-	-	172,044	172,044
Total committed	-	3,240,294	305,430	1,545,122	5,090,846
Assigned:					
Water and sewer	-	-	-	344,389	344,389
Dock	-	-	-	1,113,190	1,113,190
Boat harbor	-	-	-	17,655	17,655
Senior citizens center	-	-	-	7,774	7,774
Total assigned	-	-	-	1,483,008	1,483,008
Unassigned (deficits)	4,314,289	-	-	(6,762)	4,307,527
Total fund balances	4,327,297	3,240,294	305,430	3,635,430	11,508,451

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

In the government-wide net investment in capital assets at June 30, 2019 is made up of the following:

Capital assets, net of accumulated depreciation	\$ 49,436,591
Less:	
Bonds payable	11,215,000
Bond premium	1,604,454
Capital leases	908,252
Net investment in capital assets	\$ <u>35,708,885</u>

The Landfill and school bonds have deficits of \$5,136 and \$1,626 respectively at year end. The deficits will be covered by a transfer from the General Fund in FY2019.

IX. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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

The current landfill has an estimated life of 50 years, with the installation of new more efficient incinerator equipment, resulting in the landfill lasting longer. Closure and post closure costs are estimated to be \$1,586,000. There is currently \$172,044 set aside in the Landfill Capital Project Fund. The City will recognize the remaining estimated cost of closure and post closure care cost based on a 50-year life.

X. Employee Retirement Systems and Plans

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

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

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

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

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

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

Other Postemployment Benefit Plans (OPEB)

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2019 the employer contribution rate is 0.26%.

Membership in the plan consisted of the following at June 30, 2018 (latest available report):

<u>Membership</u>	<u>PERS</u>
Active plan members	20,811
Participating employers	157

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2018 (latest available information) employer contributions were 4.88% of annual payroll. Membership in the plan consisted of the following at June 30, 2018 (latest report available):

<u>Membership</u>	<u>PERS</u>
Inactive plan members or beneficiaries currently receiving benefits	35,139
Inactive plan members entitled to but not yet receiving benefits	5,606
Inactive plan members not entitled to benefits	11,128
Active plan members	13,611
Total plan membership	<u>65,484</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2019 employer contributions were 0.94%. Membership in the plan consists of the following at June 30, 2018 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	1,183
Inactive plan members not entitled to benefits	11,896
Active plan members	20,811
Total plan membership	33,901

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% of the average annual compensation of all employees in the plan. Membership in the plan consists of the following at June 30, 2018 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	1,175
Inactive plan members not entitled to benefits	11,896
Active plan members	20,811
Total plan membership	33,901

Investments

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

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

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual weighted rate of return, net of investment expense, for the year ended June 30, 2018 (latest available report) for the DB Plan for PERS is 8.26%, for the ARHCT is 8.35%, for the Occupational Death and Disability Plan is 8.06%, and for the Retiree Medical Plan is 7.89%.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

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

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	8.90%
Global Ex- U.S. Equity	7.85%
Fixed Income	1.25%
Opportunistic	4.76%
Real Assets	6.20%
Absolute Return	4.76%
Private Equity	12.08%
Cash Equivalents	0.66%

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities is 8.00%. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

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

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

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

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board (GASB)*. Medicare Part D subsidies are not reflected in this rate. The rate uses an 8% discount rate.

Employer Contribution rates for the year ended June 30 2018 (latest available actuarial report) are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
PERS:				
Pension	16.17%	20.28%	5.58%	32.11%
OPEB	5.83%	7.30%	0%	87.90%
Total PERS contribution rates	<u>22%</u>	<u>27.58%</u>	<u>5.58%</u>	<u>120.01%</u>

Termination Costs. If the City of Dillingham decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular City function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The City of Dillingham must pay to have a termination study completed. The purpose of the study is to calculate the City's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The City of Dillingham must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For fiscal year 2019 the past service rate for PERS is 16.53%.

Actuarial Assumptions: The total pension and OPEB liabilities in the June 30, 2018 (latest available) actuarial valuation was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. These assumptions were the result of an experience study performed as of June 30, 2013.

Investment return / discount rate	8% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 3.12% per year Productivity – 0.50% per year
Payroll growth	3.62% per year (inflation + productivity)

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 3.12% annually.
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience, 60% of male rates and 65% of female rates of post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Mortality (Post-termination)	96% of all rates of the RP-2000 combined mortality table, 2000 base year projected to 2018.
Total turnover	Based upon the 2010-2013 actual withdrawal experience.
Disability	Incidence rates based on 2010-2013 actual experience. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table. Disabilities are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Retirement	Retirement rates based upon the 2010-2013 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date for others. For peace officers/firefighters, Tier 1 deferred vested members are assumed to retire at age 55 and Tiers II and III deferred vested members are assumed to retire at age 60.
Marriage and age difference	Wives are assumed to be three years younger than husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.
Healthcare cost trend rates	Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drugs: 9.0% grading down to 4.0%

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

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

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

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

Currently there are 155 employers participating in PERS defined benefit plan, including the State of Alaska and 154 political subdivisions and public organizations.

The DB Plan's membership consisted of the following at June 30, 2018 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	35,139
Inactive plan members entitled to but not receiving benefits	5,606
Inactive members not entitled to benefits	11,128
Active plan members	<u>13,611</u>
Total DB plan membership	<u>65,484</u>

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

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

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

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

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

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

Funding Policy. In April 2008 the Alaska Legislature passed legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan (DC) described later in these footnotes. The state legislature capped the rate at 22%, with the State contributing an on-behalf payment for the difference between the actuarial contribution and the cap.

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

Employee Contribution Rate. The City of Dillingham's PERS active members are required to contribute 6.75% (4.97% pension costs and 1.78% OPEB) of their annual covered salary.

Employer contributions for the year ended June 30, 2019, were:

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ 339,298	151,866	491,164

Public Employees Retirement Plans

For the year ended June 30, 2019 the State of Alaska contributed \$184,670 (100% pension cost) on-behalf of the City of Dillingham, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2018 to a total of \$104,522, to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Pension and OPEB Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2019, the City of Dillingham reported liabilities that reflected a reduction for State pension and OPEB support provided to the City of Dillingham. The amount recognized by the City of Dillingham as its proportionate share of net pension and OPEB liabilities, the related State support, and the total portion of the net pension and OPEB liabilities that was associated with the City of Dillingham were as follows:

Defined Benefit:		<u>Pension</u>
City's proportionate share of the net pension liability	\$	4,874,641
State's proportionate share of the net pension liability		<u>1,413,866</u>
Total	\$	<u>6,288,507</u>
		<u>OPEB</u>
City's proportionate share of the ARHCT OPEB liability	\$	1,007,001
State's proportionate share of the ARHCT OPEB liability		<u>291,991</u>
Total	\$	<u>1,298,992</u>
City's proportionate share of the ODD OPEB liability	\$	<u>(36,879)</u>
City's proportionate share of the RMP OPEB liability	\$	<u>24,162</u>
Total City's share of net pension and OPEB liabilities	\$	<u>5,868,925</u>

The net pension and OPEB liabilities were measured as of June 30, 2018, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation as of that date. The City of Dillingham's proportion of the net pension and OPEB liabilities were based on the present value of contributions for FY2020 through FY2039, as determined by projections based on the June 30, 2018 valuation.

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

	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>Change</u>
	Measurement	Measurement	
Pension	0.0947%	0.0981%	0.0034%
OPEB:			
ARHCT	0.0947%	0.0981%	0.0034%
ODD	0.2058%	0.1899%	(0.0159)%
RMP	0.2058%	0.1899%	(0.0159)%

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Based on the measurement date of June 30, 2018, the City of Dillingham recognized pension and OPEB expense of \$122,226 and \$184,369, respectively, for the year ended June 30, 2019. At June 30, 2019, the City of Dillingham reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	(122,344)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	107,658	-
Changes in proportion and differences between City contributions and proportionate share of contributions	49,249	-
City contributions subsequent to the measurement date	<u>339,298</u>	<u>-</u>
Total	<u>\$ 496,205</u>	<u>(122,344)</u>

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(107,755)
Changes of assumptions	152,772	-
Net difference between projected and actual earnings on OPEB plan investments	-	(213,392)
Changes in proportion and differences between City contributions and proportionate share of contributions	26,579	(25,983)
City contributions subsequent to the measurement date	<u>122,031</u>	<u>-</u>
Total	<u>\$ 301,382</u>	<u>(347,130)</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(10,203)
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,298)
Changes in proportion and differences between City contributions and proportionate share of contributions	2,774	-
City contributions subsequent to the measurement date	8,340	-
Total	\$ <u>11,114</u>	<u>(11,501)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(1,292)
Changes of assumptions	11,195	-
Net difference between projected and actual earnings on OPEB plan investments	-	(3,524)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(1,386)
City contributions subsequent to the measurement date	21,495	-
Total	\$ <u>32,690</u>	<u>(6,202)</u>

\$339,298 and \$151,866 are reported as deferred outflows of resources related to pension and OPEB resulting from City of Dillingham contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities in the year ended June 30, 2019 (actuarial), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2019	\$ 63,832	(54,445)	(1,347)	(137)
2020	58,867	(39,084)	(1,347)	(137)
2021	(83,415)	(69,571)	(1,347)	(137)
2022	(4,720)	(4,679)	(926)	1,066
2023	-	-	(917)	1,045
Thereafter	-	-	(2,845)	3,290
Total	\$ <u>34,564</u>	<u>(167,779)</u>	<u>(8,729)</u>	<u>4,990</u>

For the year ended June 30, 2019, the City of Dillingham recognized (\$172,214) and (\$14,580) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Sensitivity of the Net Pension and OPEB Liabilities to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities of the plan calculated using the discount rate of 8%, as well as what the Plans' net pension and OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	<u>1% Decrease</u> <u>(7%)</u>	<u>Current Rate</u> <u>(8%)</u>	<u>1% Increase</u> <u>(9%)</u>
Net pension liability	\$ 6,455,255	4,874,641	3,537,633
Net OPEB ARHCT liability	\$ 2,038,672	1,007,001	142,249
Net OPEB ODD liability (asset)	\$ (34,631)	(36,879)	(38,728)
Net OPEB RMP liability (asset)	\$ 72,155	24,162	(13,271)

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB ARHCT liability	\$ 19,548	1,007,001	2,196,484
Net OPEB ODD liability (asset)	N/A	(36,879)	N/A
Net OPEB RMP liability (asset)	(20,543)	24,162	83,992

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

Plan Description and Funding Requirements. City of Dillingham's and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 0.94% for the retiree medical plan (DB), 0.26% for occupational and death and disability benefits (DB) and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

The City of Dillingham contributed \$191,129 for the year ended June 30, 2019.

XI. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years up to legal limits. No contributions are made by the City. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and income of the Plan must be held in trust for the exclusive benefit of participants and their beneficiaries.

XII. RISK MANAGEMENT

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

The City participates in the Alaska Municipal League Joint Insurance Association (AML/JIA) which provides insurance coverage for property and contents damage, torts, general and automobile liability and workers' compensation. The AML/JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each members' annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2019.

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.

XIII. 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, 2019 was \$184,960. 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.

XIV. 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.

A notice of violation has been filed by the Alaska Department of Environmental Conservation alleging nine violations of the city's Alaska Pollutant Discharge Elimination permit for the Dillingham Lagoon. The City is investigating the alleged violation. The notice of violation initiates the enforcement process and the process is still in the early stages. It is difficult to evaluate the likelihood of an unfavorable outcome, including the amount or likelihood of fines.

XVI. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 6, 2020, the date which the financial statements were available for issue, and one subsequent event was identified that was necessary to disclose for proper presentation of the financial statements as follows: Alaska Department of Environmental Conservation alleged nine violations of the city's Alaska Pollutant Discharge Elimination permit for the Dillingham Lagoon, however, we are unable to forecast the potential outcome, including the amount or likelihood of any fine.

XVII. CHANGE IN ESTIMATE

In FY18 the City received notice from the State of Alaska, Department of Administration, Division of Retirement and Benefits, that forfeitures from the defined contribution plan for the Public Employees' Retirement System (PERS) can be offset against future contributions effective July 1, 2018. The change in estimate decreased current year expenditures related to payroll benefits and liabilities of \$145,872 respectively.

XVIII. IMPAIRMENT LOSS

Dock program expenses include an impairment loss of \$214,803 related to the All Tide Dock that was vandalized. There was an impairment gain in general government program revenues of \$279,250 for a foreclosed building.

XIX. PRIOR PERIOD ADJUSTMENT

During the year, it was noted cash had been understated in the prior years in the General Fund by \$87,448. The misstatement was a result of stale dated reconciling items. Cash and beginning fund balance were both increased as a result of the error.

XX. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

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

- GASB 83 – *Certain Retirement Obligations*. Effective for fiscal years beginning after June 15, 2018.
- GASB 84 – *Fiduciary Activities*. Effective for fiscal years beginning after December 15, 2018.
- GASB 87 – *Leases*. Effective for fiscal years beginning after December 15, 2019.
- GASB 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Effective for fiscal years beginning after June 15, 2018.
- GASB 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2019.
- GASB 90 – *Majority Equity Interests*. Effective for fiscal years beginning after December 15, 2018.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, continued

Statements 83, and 84 are not expected to have any significant impact on the financial statements of the City.

GASB Statement No. 87, the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 88, the objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct payments. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt and requires enhanced footnote disclosures.

GASB Statement No. 89 requires interest costs incurred before the end of a construction period to be recognized as an expenditure or expense in the period in which the cost is incurred for financial statements prepared under the current financial resources measurement focus or the economic resource measurement focus.

GASB Statement No. 90 requires a majority equity interest in a legally separate entity should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund. Those governments and funds should measure the majority interests at fair value. For all other holdings of majority interests in a legally separate entity, a government should report the legal separate entity as a component unit.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF DILLINGHAM, ALASKA
 Schedule of City's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
 June 30, 2019

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0605%	\$ 2,822,639	\$ 2,767,785	\$ 5,590,424	\$ 5,590,424	50%	62.37%
2016	0.0992%	\$ 4,808,667	\$ 1,289,971	\$ 6,098,638	\$ 3,784,496	127%	63.96%
2017	0.1039%	\$ 5,808,346	\$ 734,198	\$ 6,542,544	\$ 3,933,622	148%	59.55%
2018	0.0947%	\$ 4,893,666	\$ 1,824,011	\$ 6,717,677	\$ 4,060,508	121%	63.37%
2019	0.0981%	\$ 4,874,641	\$ 1,413,866	\$ 6,288,507	\$ 2,762,441	176%	65.19%

Notes to Schedule:

1. Information presented for 2019 is based upon Plan measurement date June 30, 2018.
2. Measurement is one year prior to fiscal year end for all years presented.
3. In fiscal year 2017 the City implemented GASB 82, which required a retroactive change in covered payroll.
4. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

CITY OF DILLIGHAM, ALASKA

Schedule of City's Proportionate Share of the Net OPEB Liability

Public Employees' Retirement System (PERS)

June 30, 2019

Year	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.0947%	\$ 799,564	\$ 297,822	\$ 1,097,386	\$ 4,060,508	19.69%	89.68%
2019	0.0981%	\$ 1,007,001	\$ 291,991	\$ 1,298,992	\$ 2,762,441	36.45%	88.12%
Occupational Death and Disability (ODD):							
2018	0.2058%	\$ (29,197)	\$ -	\$ (29,197)	\$ 4,060,508	-0.72%	212.97%
2019	0.1899%	\$ (36,879)	\$ -	\$ (36,879)	\$ 2,762,441	-1.34%	270.62%
Retiree Medical Plan (RMP):							
2018	0.2058%	\$ 10,731	\$ -	\$ 10,731	\$ 837,105	1.28%	93.98%
2019	0.1899%	\$ 24,162	\$ -	\$ 24,162	\$ 868,768	2.78%	88.71%

Notes to Schedule:

- Information presented for 2019 is based upon Plan measurement date June 30, 2018.
- Measurement is one year prior to fiscal year end for all years presented.
- This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

CITY OF DILLINGHAM, ALASKA
 Schedule of City's Contributions (Pensions)
 Public Employees' Retirement System (PERS)
 June 30, 2019

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 240,625	\$ (240,625)	\$ -	\$ 3,784,496	6.36%
2016	\$ 253,526	\$ (253,526)	\$ -	\$ 3,933,622	6.45%
2017	\$ 286,868	\$ (286,868)	\$ -	\$ 4,060,508	7.06%
2018	\$ 308,901	\$ (308,901)	\$ -	\$ 2,762,441	11.18%
2019	\$ 338,963	\$ (339,298)	\$ (335)	\$ 3,101,332	10.93%

Notes to schedule

1. Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
4. Amortization method: Level dollar, closed.
5. Amortization period: 25 years, as a level of percentage of payroll.
6. Equivalent single amortization period: 17 years.
7. Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 9.66% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.55% to 4.34% based on age and service for All Others.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
13. In fiscal year 2017 the City implemented GASB 82, which required a retroactive change in covered payroll.
14. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.
15. In fiscal year 2018 the City included pension DBUL into the contractually required contribution. This will be a prospective change.

CITY OF DILLINGHAM, ALASKA

Schedule of City's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2019

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 88,064	\$ (88,064)	\$ -	\$ 2,762,441	3.19%
2019	\$ 122,031	\$ (122,031)	\$ -	\$ 3,101,332	3.93%
Occupational Death and Disability (ODD):					
2018	\$ 4,474	\$ (4,474)	\$ -	\$ 2,762,441	0.16%
2019	\$ 8,340	\$ (8,340)	\$ -	\$ 3,101,332	0.27%
Retiree Medical Plan (RMP):					
2018	\$ 22,136	\$ (22,136)	\$ -	\$ 868,768	2.55%
2019	\$ 21,495	\$ (21,495)	\$ -	\$ 868,768	2.47%

Notes to schedule

- Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
- Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry Age Normal - level percentage of payroll.
- Amortization method: Level dollar, closed.
- Amortization period: 25 years, as a level of percentage of payroll.
- Equivalent single amortization period: 17 years.
- Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
- Inflation: 3.12% per annum.
- Salary increases: Ranges from 9.66% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.55% to 4.34% based on age and service for All Others.
- Investment rate of return: 8%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
- This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

**ADDITIONAL SUPPLEMENTARY
INFORMATION**

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal government:				
Payment in lieu of taxes	\$ 450,000	460,827	10,827	450,803
Total federal government	<u>450,000</u>	<u>460,827</u>	<u>10,827</u>	<u>450,803</u>
State of Alaska:				
Revenue sharing	130,000	119,903	(10,097)	133,547
Raw fish tax	443,905	443,905	-	398,350
Shared fisheries business tax	20,000	32,171	12,171	18,650
Electric and telephone co-op tax	65,000	66,176	1,176	69,625
PERS relief	100,486	144,088	43,602	72,206
Liquor licenses	4,500	4,600	100	4,000
Motor vehicle tax	30,000	47,915	17,915	34,404
Total State of Alaska	<u>793,891</u>	<u>858,758</u>	<u>64,867</u>	<u>730,782</u>
Bristol Bay Housing Authority - payment in lieu of taxes	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>	<u>-</u>
Local sources:				
Taxes:				
Sales taxes	2,550,000	3,144,646	594,646	2,707,231
Alcohol sales taxes	290,000	315,933	25,933	312,518
Transient lodging sales taxes	110,000	115,444	5,444	92,455
Nushagak raw fish tax	-	-	-	1,016
Real property taxes	2,050,000	2,025,921	(24,079)	1,866,450
Personal property taxes	490,000	494,088	4,088	524,624
Penalty and interest on property taxes	50,000	56,709	6,709	49,079
Penalty and interest on sales taxes	10,000	13,598	3,598	9,974
Gaming taxes	65,000	93,170	28,170	77,982
Tobacco tax	250,000	333,412	83,412	-
Total taxes	<u>\$ 5,865,000</u>	<u>6,592,921</u>	<u>727,921</u>	<u>5,641,329</u>

(continued)

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Revenues, continued:				
Local sources, continued:				
Charges for services:				
Contract revenue	\$ 575,000	560,238	(14,762)	550,770
Commissary	5,000	4,037	(963)	3,650
Court deposits	10,000	6,514	(3,486)	21,257
Fines and fees	4,500	5,501	1,001	6,178
Administrative overhead charges	223,249	208,426	(14,823)	279,993
Document copies	200	-	(200)	10
Platting and mapping fees	500	120	(380)	640
Ambulance fees	60,000	48,931	(11,069)	74,207
Other	1,200	6,912	5,712	1,293
Total charges for services	<u>879,649</u>	<u>840,679</u>	<u>(38,970)</u>	<u>937,998</u>
Licenses and permits:				
Animal licenses	1,200	1,195	(5)	1,680
Business licenses	16,500	21,324	4,824	17,400
Land use permits	900	760	(140)	333
Tobacco license	-	500	500	-
Marijuana license	-	1,300	1,300	-
Total licenses and permits	<u>18,600</u>	<u>25,079</u>	<u>6,479</u>	<u>19,413</u>
Fines and forfeitures:				
Title 47 fines	<u>16,000</u>	<u>13,160</u>	<u>(2,840)</u>	<u>14,952</u>
Lease and rental income	<u>45,000</u>	<u>36,810</u>	<u>(8,190)</u>	<u>47,305</u>
Investment income	<u>40,000</u>	<u>85,145</u>	<u>45,145</u>	<u>10,765</u>
Other revenues:				
DMV commission revenue	33,000	34,410	1,410	36,462
Equipment sales	-	992	992	-
Property sales	13,000	13,596	596	3,659
Donations and contributions	3,600	216	(3,384)	2,643
Miscellaneous	1,000	2,484	1,484	10,565
Total other revenues	<u>50,600</u>	<u>51,698</u>	<u>1,098</u>	<u>53,329</u>
Total revenues	<u>\$ 8,160,740</u>	<u>8,965,077</u>	<u>804,337</u>	<u>7,906,676</u>

(continued)

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures:				
General government:				
City council:				
Lobbying	\$ 31,000	30,000	1,000	30,000
Annexation project	-	-	-	1,080
Council contributions	-	-	-	10,112
Subscriptions and memberships	4,664	4,385	279	4,414
Telephone	-	-	-	311
Travel	4,160	-	4,160	140
Training	1,000	330	670	310
Food	500	59	441	296
Supplies	200	-	200	148
Minor tools and equipment	300	377	(77)	-
Advertising	3,000	607	2,393	1,948
Contributions	500	-	500	-
Total city council	<u>45,324</u>	<u>35,758</u>	<u>9,566</u>	<u>48,759</u>
City clerk:				
Salaries	77,868	77,814	54	77,683
Employee benefits	30,690	31,655	(965)	28,964
Subscriptions and memberships	220	220	-	300
Travel	1,000	1,469	(469)	-
Training	1,500	125	1,375	-
Supplies	350	224	126	406
Elections	3,500	3,773	(273)	3,431
Codification	2,000	1,783	217	1,245
Total city clerk	<u>117,128</u>	<u>117,063</u>	<u>65</u>	<u>112,029</u>
City administration:				
Salaries	174,216	146,944	27,272	188,775
Overtime	4,000	1,854	2,146	3,318
Employee benefits	76,749	73,580	3,169	50,473
Recruiting	750	98	652	10,874
Contract labor	-	4,500	(4,500)	15,757
Advertising	500	-	500	-
Travel	4,430	4,165	265	2,254
Subscriptions and memberships	250	384	(134)	330
Supplies	500	356	144	1,590
Training	1,000	1,030	(30)	-
Total city administration	<u>\$ 262,395</u>	<u>232,911</u>	<u>29,484</u>	<u>273,371</u>

(continued)

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued				
Finance:				
Salaries	\$ 330,004	328,422	1,582	337,846
Overtime	-	1,829	(1,829)	2,094
Employee benefits	211,219	220,182	(8,963)	181,969
Appraisal	24,000	12,000	12,000	36,000
Contract labor	50,000	49,411	589	16,417
Advertising	1,500	165	1,335	616
Subscriptions and memberships	95	140	(45)	90
Travel	1,165	1,312	(147)	525
Training	300	-	300	-
Bank charges	5,000	2,308	2,692	1,946
Supplies	2,000	2,956	(956)	5,033
Computer software	-	-	-	10,009
Minor tools and equipment	1,500	383	1,117	1,488
Total finance	<u>626,783</u>	<u>619,108</u>	<u>7,675</u>	<u>594,033</u>
Legal	<u>80,000</u>	<u>20,978</u>	<u>59,022</u>	<u>59,513</u>
Insurance:				
General liability	35,000	35,846	(846)	34,709
Property	90,000	109,525	(19,525)	86,181
Automobile	35,000	34,310	690	36,530
Claim deductibles	5,000	94	4,906	3,629
Total insurance	<u>165,000</u>	<u>179,775</u>	<u>(14,775)</u>	<u>161,049</u>
Nondepartmental:				
Contract labor	1,000	2,485	(1,485)	1,050
Accounting services and audit	77,811	48,666	29,145	65,281
Advertising	500	-	500	523
Credit card processing fees	-	-	-	1,048
Supplies	8,339	3,542	4,797	10,775
Postage	9,270	8,977	293	9,831
Telephone	-	-	-	7,226
Internet	-	-	-	17,543
Food	500	-	500	497
Gas, oil and grease	-	-	-	261
Insurance	-	478	(478)	-
Vehicle maintenance	-	166	(166)	349
Computer hardware	-	-	-	435
Computer supplies and software	-	-	-	7,369
Computer support services	-	698	(698)	40,632
Equipment maintenance	-	448	(448)	2,989
Leased equipment	2,000	2,328	(328)	-
Total nondepartmental	<u>\$ 99,420</u>	<u>67,788</u>	<u>31,632</u>	<u>165,809</u>

(continued)

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
Planning:				
Salaries	\$ 76,384	53,009	23,375	47,755
Employee benefits	48,883	44,761	4,122	27,507
Contract labor	15,000	11,690	3,310	5,530
Advertising	750	400	350	-
Subscriptions and memberships	-	-	-	400
Travel	905	1,180	(275)	-
Training	400	-	400	-
Recording fees	200	-	200	56
Supplies	500	1,828	(1,328)	1,309
Telephone	-	-	-	119
Total planning	<u>143,022</u>	<u>112,868</u>	<u>30,154</u>	<u>82,676</u>
Foreclosed property:				
Contractual	-	1,080	(1,080)	-
Supplies	-	112	(112)	-
Foreclosure costs	2,000	-	2,000	-
Legal	10,000	8,114	1,886	2,707
Total foreclosed property	<u>12,000</u>	<u>9,306</u>	<u>2,694</u>	<u>2,707</u>
Total general government	<u>1,551,072</u>	<u>1,395,555</u>	<u>155,517</u>	<u>1,499,946</u>
Education -				
Contribution to school district	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>
Public safety:				
Police dispatch:				
Salaries	299,638	260,492	39,146	284,167
Overtime	25,000	56,432	(31,432)	38,372
Employee benefits	182,726	170,204	12,522	174,864
Computer support services	-	-	-	1,338
Travel	1,425	294	1,131	-
Telephone	500	490	10	245
Internet	-	-	-	-
APSIN contract	710	709	1	709
Uniforms	400	116	284	650
Minor tools and equipment	1,000	1,000	-	356
Other expenditures	-	55,244	(55,244)	-
Total police dispatch	<u>\$ 511,399</u>	<u>544,981</u>	<u>(33,582)</u>	<u>500,701</u>

(continued)

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Police department:				
Salaries	\$ 437,721	427,498	10,223	356,877
Overtime	50,000	54,712	(4,712)	50,187
Employee benefits	299,990	251,070	48,920	187,153
Recruiting	3,000	3,749	(749)	-
Contract labor and towing	300	-	300	900
Travel and training	25,900	10,769	15,131	775
Supplies	250	269	(19)	243
Uniforms	2,000	1,994	6	4,135
Vehicle lease	32,400	32,336	64	37,876
Food	-	-	-	-
Minor tools and equipment	7,000	7,076	(76)	10,073
Major equipment	5,000	2,960	2,040	-
Required inspections	8,000	800	7,200	-
Equipment maintenance	800	1,539	(739)	1,014
Total police department	<u>872,361</u>	<u>794,772</u>	<u>77,589</u>	<u>649,233</u>
Jail:				
Salaries	337,413	301,438	35,975	326,870
Overtime	21,000	26,850	(5,850)	18,331
Employee benefits	212,577	222,359	(9,782)	182,992
Insurance	7,500	7,681	(181)	5,206
Subscriptions and memberships	100	-	100	50
Travel	3,435	1,383	2,052	965
Supplies	10,000	6,030	3,970	6,833
Uniforms	800	692	108	696
Food	24,000	12,896	11,104	11,841
Minor tools and equipment	6,000	4,552	1,448	2,477
Telephone	-	-	-	3,302
Internet	-	-	-	1,409
Electricity	12,000	10,173	1,827	11,683
Heating fuel	5,800	8,185	(2,385)	6,977
Water and sewer	3,500	4,656	(1,156)	4,397
Refuse collection	1,500	1,664	(164)	1,616
Equipment maintenance	500	-	500	133
Required inspections	800	400	400	1,390
Total jail	<u>\$ 646,925</u>	<u>608,959</u>	<u>37,966</u>	<u>587,168</u>

(continued)

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Department of motor vehicles:				
Salaries	\$ 30,588	30,298	290	29,149
Employee benefits	13,253	15,681	(2,428)	12,264
Subscriptions and memberships	30	15	15	-
Minor tools and equipment	750	713	37	237
Total department of motor vehicles	<u>44,621</u>	<u>46,707</u>	<u>(2,086)</u>	<u>41,650</u>
Fire department:				
Salaries	113,804	105,908	7,896	102,232
Overtime	1,000	263	737	245
Employee benefits	74,929	80,950	(6,021)	58,947
Contractual	5,000	-	5,000	-
Insurance	500	512	(12)	347
Advertising	630	-	630	-
Subscriptions and memberships	800	-	800	981
Travel	3,000	-	3,000	291
Training	6,000	2,496	3,504	1,976
Supplies	2,500	-	2,500	505
Postage	500	177	323	144
EMS and fire supplies	5,000	5,661	(661)	5,416
Personal protective equipment	7,200	5,372	1,828	-
Public education	600	345	255	-
Ambulance billing	6,600	5,253	1,347	5,194
Minor tools and equipment	3,000	4,214	(1,214)	1,881
Major equipment	-	-	-	13,250
Janitorial	350	-	350	-
Fire department equipment replacement	6,600	7,800	(1,200)	305
Vehicle maintenance	-	205	(205)	2
Telephone	-	-	-	1,572
Internet	-	-	-	5,488
Electricity	7,000	5,973	1,027	6,760
Heating fuel	9,000	17,245	(8,245)	13,486
Water and sewer	5,000	9,311	(4,311)	8,794
Refuse	1,500	1,536	(36)	1,616
Required inspections	1,900	2,268	(368)	1,174
Sample testing	500	80	420	148
Medical tests	-	12	(12)	-
Member recognition	3,500	2,428	1,072	3,706
Airport lease	600	625	(25)	644
Equipment maintenance	-	348	(348)	-
Total fire department	<u>\$ 267,013</u>	<u>258,982</u>	<u>8,031</u>	<u>235,104</u>

(continued)

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Salaries	\$ 52,532	54,490	(1,958)	57,138
Overtime	4,000	1,708	2,292	3,568
Employee benefits	34,894	36,688	(1,794)	26,959
Subscriptions and memberships	1,000	25	975	-
Supplies	800	421	379	1,039
Food items	500	-	500	-
Uniforms	250	-	250	-
Minor tools and equipment	600	323	277	504
Telephone and internet	-	-	-	1,481
Electricity	2,500	4,040	(1,540)	4,757
Heating fuel	5,200	2,451	2,749	2,587
Water and sewer	2,300	3,093	(793)	2,931
Total animal control	<u>104,576</u>	<u>103,239</u>	<u>1,337</u>	<u>100,964</u>
Information technology:				
Telephone	38,991	28,468	10,523	-
Internet	25,415	15,829	9,586	-
Computer hardware	44,750	45,520	(770)	-
Computer software	10,000	10,508	(508)	-
Computer support services	49,312	53,249	(3,937)	-
Total information technology	<u>\$ 168,468</u>	<u>153,574</u>	<u>14,894</u>	<u>-</u>

(continued)

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

Years Ended June 30,	2019		Variance	2018
	Budget	Actual		Actual
Expenditures, continued:				
Public safety, continued:				
Administration:				
Salaries	\$ 74,516	69,922	4,594	72,332
Employee benefits	36,805	45,479	(8,674)	35,035
Advertising	150	-	150	-
Insurance	7,500	7,681	(181)	5,206
Subscriptions and memberships	350	80	270	270
Travel	2,850	-	2,850	374
Training	-	60	(60)	-
Court processing	2,000	353	1,647	482
Supplies	1,500	1,585	(85)	779
Postage	1,300	1,394	(94)	1,226
Uniforms	250	241	9	225
Vehicle lease	-	-	-	5,156
Telephone	-	-	-	1,409
Internet	-	-	-	11,683
Electricity	12,000	10,173	1,827	4,397
Water and sewer	3,500	4,656	(1,156)	6,977
Heating fuel	5,800	8,185	(2,385)	1,616
Refuse collection	1,500	1,673	(173)	1,065
Required inspections	500	-	500	-
Total administration	<u>150,521</u>	<u>151,482</u>	<u>(961)</u>	<u>148,232</u>
Total public safety	<u>2,765,884</u>	<u>2,662,696</u>	<u>103,188</u>	<u>2,263,052</u>
Public works:				
Administration:				
Salaries	99,021	96,472	2,549	105,501
Overtime	636	66	570	110
Employee benefits	53,762	35,358	18,404	48,096
Advertising	1,000	784	216	1,118
Travel	65	2,617	(2,552)	-
Supplies	400	427	(27)	1,228
Telephone	-	-	-	885
Internet	-	-	-	1,998
Minor tools and equipment	400	-	400	16
Leased equipment	295	-	295	-
Equipment maintenance	300	311	(11)	296
Total administration	<u>\$ 155,879</u>	<u>136,035</u>	<u>19,844</u>	<u>159,248</u>

(continued)

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works, continued:				
Building and grounds maintenance:				
Salaries	\$ 79,551	83,843	(4,292)	104,036
Overtime	7,973	5,600	2,373	5,522
Employee benefits	74,356	80,360	(6,004)	58,879
Contract labor	2,000	213	1,787	-
Travel	-	414	(414)	-
Supplies	2,000	798	1,202	418
Safety equipment	1,000	163	837	534
Minor tools and equipment	2,000	2,677	(677)	3,862
Telephone	-	-	-	1,543
Electricity	12,000	9,457	2,543	10,835
Heating fuel	14,000	22,523	(8,523)	13,771
Water and sewer	1,500	1,943	(443)	1,835
Janitorial	41,000	34,200	6,800	34,200
Building repairs	25,000	24,154	846	33,493
Total building and grounds maintenance	<u>262,380</u>	<u>266,345</u>	<u>(3,965)</u>	<u>268,928</u>
Shop maintenance:				
Salaries	56,052	946	55,106	22,734
Overtime	1,420	3,604	(2,184)	2,528
Employee benefits	59,512	55,444	4,068	37,353
Supplies	5,000	3,226	1,774	6,877
Gas, oil and grease	100,000	97,572	2,428	64,438
Used oil management	10,000	1,828	8,172	4,559
Minor tools and equipment	5,000	5,084	(84)	5,882
Safety equipment	1,000	2,143	(1,143)	1,283
Telephone	-	-	-	411
Electricity	12,000	12,722	(722)	14,434
Heating fuel	13,000	26,724	(13,724)	4,467
Refuse collection	2,500	2,880	(380)	3,152
Vehicle maintenance	60,000	60,012	(12)	60,111
Required inspections	600	361	239	462
Equipment maintenance	55,000	98,600	(43,600)	65,988
Total shop maintenance	<u>\$ 381,084</u>	<u>371,146</u>	<u>9,938</u>	<u>294,679</u>

(continued)

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works, continued:				
Streets:				
Salaries	\$ 117,966	103,847	14,119	138,365
Overtime	15,025	15,790	(765)	32,696
Employee benefits	57,555	75,433	(17,878)	71,291
Contractual	5,000	-	5,000	74,035
Insurance	8,000	8,193	(193)	5,553
Travel	1,525	-	1,525	-
Supplies	1,500	921	579	928
Salt and calcium	30,000	24,701	5,299	29,395
Street signs	2,000	1,002	998	-
Road maintenance	27,000	-	27,000	45,906
Gravel and sand	55,000	55,000	-	-
Minor tools and equipment	1,500	1,259	241	1,752
Safety equipment	1,000	1,015	(15)	2,059
Electricity	24,000	26,654	(2,654)	26,833
Leased equipment	-	-	-	9,006
Total streets	<u>347,071</u>	<u>313,815</u>	<u>33,256</u>	<u>437,819</u>
Total public works	<u>1,146,414</u>	<u>1,087,341</u>	<u>59,073</u>	<u>1,160,674</u>
Community services:				
Library:				
Salaries	76,905	72,170	4,735	73,031
Overtime	-	492	(492)	517
Employee benefits	13,156	15,431	(2,275)	13,498
Subscriptions and memberships	1,825	1,720	105	1,794
Travel	-	258	(258)	-
Postage	600	769	(169)	540
Audio visual	500	-	500	274
Books	1,000	737	263	500
Periodicals	600	188	412	594
Collection preservation	1,200	1,675	(475)	1,003
Summer reading program	500	1,067	(567)	791
Minor tools and equipment	500	461	39	1,933
Telephone	1,426	1,789	(363)	1,059
Internet	3,250	1,347	1,903	1,653
Electricity	4,000	3,324	676	3,857
Heating fuel	2,500	3,254	(754)	2,452
Water and sewer	1,364	1,943	(579)	1,835
Refuse collection	500	360	140	445
Required inspections	200	-	200	-
Software	1,186	1,122	64	660
Equipment maintenance	1,800	1,820	(20)	1,748
Total library	<u>\$ 113,012</u>	<u>109,927</u>	<u>3,085</u>	<u>108,184</u>

(continued)

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Community services, continued:				
Meeting hall:				
Telephone	\$ -	-	-	410
Electricity	900	788	112	693
Water and sewer	1,600	1,944	(344)	1,835
Total meeting hall	<u>2,500</u>	<u>2,732</u>	<u>(232)</u>	<u>2,938</u>
Total community services	<u>115,512</u>	<u>112,659</u>	<u>2,853</u>	<u>111,122</u>
Total expenditures	<u>6,878,882</u>	<u>6,558,251</u>	<u>320,631</u>	<u>6,334,794</u>
Excess of revenues over expenditures	<u>1,281,858</u>	<u>2,406,826</u>	<u>1,124,968</u>	<u>1,571,882</u>
Other financing sources (uses):				
Transfers in	55,139	53,419	(1,720)	47,307
Transfers out	(1,153,631)	(2,296,795)	(1,143,164)	(1,145,616)
Net other financing sources (uses)	<u>(1,098,492)</u>	<u>(2,243,376)</u>	<u>(1,144,884)</u>	<u>(1,098,309)</u>
Net change in fund balance	\$ <u>183,366</u>	163,450	<u>(19,916)</u>	473,573
Fund balance at beginning of year, as originally stated		4,163,847		3,602,827
Prior period adjustment		-		87,447
Fund balance at end of year, as restated		\$ <u>4,327,297</u>		<u>4,163,847</u>

CITY OF DILLINGHAM, ALASKA
Roads Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues	\$ -	-
Expenditures - capital outlay:		
Professional services	12,000	-
Advertising	2,318	-
Travel	1,516	-
Miscellaneous	2,370	-
Total expenditures	<u>18,204</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(18,204)	-
Other financing sources - bond proceeds	<u>3,258,498</u>	<u>-</u>
Change in fund balance	3,240,294	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ <u>3,240,294</u></u>	<u><u>-</u></u>

CITY OF DILLINGHAM, ALASKA
 Planning Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues	\$ -	-
Expenditures - capital outlay		
Salaries	1,661	-
Employee benefits	201	-
Professional services	1,220,885	-
Equipment	883	-
Construction	104,996	-
Total expenditures	<u>1,328,626</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(1,328,626)	-
Other financing sources:		
Insurance proceeds	279,250	-
Transfers in	1,325,921	-
Total other financing sources	<u>1,605,171</u>	<u>-</u>
Net change in fund balance	276,545	
Fund balance at end of year	<u>28,885</u>	<u>28,885</u>
Fund balance at end of year	<u>\$ 305,430</u>	<u>28,885</u>

CITY OF DILLINGHAM, ALASKA
 Other Governmental Funds
 Combining Balance Sheet

June 30, 2019

	Special Revenue Funds									
	Water and Sewer	Landfill	Dock	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Library	Local Support	Dillingham Police Department Reward
<u>Assets</u>										
Cash and investments	\$ -	100	-	100	-	-	510	-	-	-
Receivables:										
Accounts	234,479	47,744	57,736	26,786	-	-	-	5,407	-	-
Grants	-	-	-	81	-	-	13,212	-	16,142	-
Allowance for uncollectible accounts	(34,830)	(371)	-	(5,490)	-	-	-	-	-	-
Due from other funds	282,856	-	1,102,767	58,253	244,040	15,586	24,389	-	-	400
Restricted cash	-	-	-	-	-	-	-	-	-	-
Total assets	\$ <u>482,505</u>	<u>47,473</u>	<u>1,160,503</u>	<u>79,730</u>	<u>244,040</u>	<u>15,586</u>	<u>38,111</u>	<u>5,407</u>	<u>16,142</u>	<u>400</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>										
<u>(Deficits)</u>										
Liabilities:										
Accounts payable	\$ 7,622	5,230	8,598	50,109	1	-	24,354	479	-	-
Accrued payroll and related liabilities	5,707	9,485	16,150	7,788	-	-	5,983	-	6,847	-
Due to other funds	-	36,305	-	-	-	-	-	4,843	7,002	-
Unearned revenue	-	-	22,557	-	-	-	-	-	-	-
Total liabilities	<u>13,329</u>	<u>51,020</u>	<u>47,305</u>	<u>57,897</u>	<u>1</u>	<u>-</u>	<u>30,337</u>	<u>5,322</u>	<u>13,849</u>	<u>-</u>
Deferred inflows of resources:										
delinquent property tax and user fees	<u>124,795</u>	<u>1,589</u>	<u>-</u>	<u>4,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances(deficits):										
Restricted	-	-	-	-	244,039	15,586	-	85	2,293	400
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	344,381	-	1,113,198	17,655	-	-	7,774	-	-	-
Unassigned (deficits)	-	(5,136)	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>344,381</u>	<u>(5,136)</u>	<u>1,113,198</u>	<u>17,655</u>	<u>244,039</u>	<u>15,586</u>	<u>7,774</u>	<u>85</u>	<u>2,293</u>	<u>400</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ <u>482,505</u>	<u>47,473</u>	<u>1,160,503</u>	<u>79,730</u>	<u>244,040</u>	<u>15,586</u>	<u>38,111</u>	<u>5,407</u>	<u>16,142</u>	<u>400</u>

(continued)

CITY OF DILLINGHAM, ALASKA
 Other Governmental Funds
 Combining Balance Sheet, continued

	Capital Project Funds							Debt Service Fund	Mary Carlson Estate Permanent Fund	Total Other Governmental Funds
	Ambulance Reserve	Equipment Replacement	School Bonds	Fire Hall Bond	Dock and Harbor	Landfill	Wastewater System Improvement			
<u>Assets</u>										
Cash and investments	\$ -	-	-	-	-	-	-	-	-	710
Receivables:										
Accounts	-	-	-	-	-	-	-	7,442	-	379,594
Grants	-	-	-	-	-	-	-	13,000	-	42,435
Allowance for uncollectible accounts	-	-	-	-	-	-	-	-	-	(40,691)
Due from other funds	499,470	68,327	-	805,734	3,284	172,044	6,679	-	-	3,283,829
Restricted cash	-	-	-	-	-	-	-	-	392,707	392,707
Total assets	<u>\$ 499,470</u>	<u>68,327</u>	<u>-</u>	<u>805,734</u>	<u>3,284</u>	<u>172,044</u>	<u>6,679</u>	<u>13,000</u>	<u>7,442</u>	<u>4,058,584</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</u>										
Liabilities:										
Accounts payable	\$ -	-	-	-	-	-	-	3,962	-	100,355
Accrued payroll and related liabilities	-	-	-	453	-	-	-	-	-	52,413
Due to other funds	-	-	1,626	-	-	-	-	9,038	7,442	41,048
Unearned revenue	-	-	-	-	3,284	-	6,679	-	-	32,520
Total liabilities	<u>-</u>	<u>-</u>	<u>1,626</u>	<u>453</u>	<u>3,284</u>	<u>-</u>	<u>6,679</u>	<u>13,000</u>	<u>7,442</u>	<u>292,592</u>
Deferred inflows of resources:										
delinquent property tax and user fees	-	-	-	-	-	-	-	-	-	130,562
Fund balances (deficits):										
Restricted	-	-	-	-	-	-	-	-	-	351,659
Committed	499,470	68,327	-	805,281	-	172,044	-	-	-	1,545,122
Assigned	-	-	-	-	-	-	-	-	-	1,483,008
Unassigned (deficits)	-	-	(1,626)	-	-	-	-	-	-	(6,762)
Total fund balances (deficits)	<u>499,470</u>	<u>68,327</u>	<u>(1,626)</u>	<u>805,281</u>	<u>-</u>	<u>172,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,635,430</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 499,470</u>	<u>68,327</u>	<u>-</u>	<u>805,734</u>	<u>3,284</u>	<u>172,044</u>	<u>6,679</u>	<u>13,000</u>	<u>7,442</u>	<u>4,058,584</u>

CITY OF DILLINGHAM, ALASKA
Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Year Ended June 30, 2019

	Special Revenue Funds										Dillingham Police Department Reward
	Water and Sewer	Landfill	Dock	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Library	Public Safety	Local Support	
Revenues:											
Intergovernmental:											
Federal sources	\$ -	-	-	-	-	-	91,533	11,627	-	-	-
State of Alaska	7,552	10,826	11,562	3,381	-	-	50,985	9,407	-	-	-
Local sources:											
Local assistance	-	-	-	-	-	-	-	66,190	3,200	55,605	-
Charges for services	632,824	236,624	926,497	141,928	70,099	-	-	-	-	-	-
Lease and rental income	-	-	-	23,745	-	-	25,820	-	-	-	-
Investment income	-	-	19,797	-	4,575	242	-	-	-	-	-
Other	33,790	-	7,047	1,102	-	-	10,518	-	-	-	-
Total revenues	<u>674,166</u>	<u>247,450</u>	<u>964,903</u>	<u>170,156</u>	<u>74,674</u>	<u>242</u>	<u>178,856</u>	<u>87,224</u>	<u>3,200</u>	<u>55,605</u>	<u>-</u>
Expenditures:											
Current:											
Public safety	-	-	-	-	4,956	3,020	-	-	2,400	-	-
Community services	-	-	-	-	-	-	-	85,839	-	51,671	-
Water and sewer	433,917	-	-	-	-	-	-	-	-	-	-
Landfill	-	733,397	-	-	-	-	-	-	-	3,944	-
Dock	-	-	559,217	-	-	-	-	-	-	-	-
Boat harbor	-	-	-	242,782	-	-	-	-	-	-	-
Senior citizen center	-	-	-	-	-	-	337,437	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>433,917</u>	<u>733,397</u>	<u>559,217</u>	<u>242,782</u>	<u>4,956</u>	<u>3,020</u>	<u>337,437</u>	<u>85,839</u>	<u>2,400</u>	<u>55,615</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>240,249</u>	<u>(485,947)</u>	<u>405,686</u>	<u>(72,626)</u>	<u>69,718</u>	<u>(2,778)</u>	<u>(158,581)</u>	<u>1,385</u>	<u>800</u>	<u>(10)</u>	<u>-</u>
Other financing sources (uses):											
Bond proceeds	-	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	86,294	-	-	-	-	-	-	-	-
Transfers in	-	481,146	-	65,850	-	-	163,655	180	-	10	-
Transfers out	-	-	(65,850)	-	(51,139)	-	-	(1,480)	(800)	-	-
Net other financing sources (uses)	<u>-</u>	<u>481,146</u>	<u>20,444</u>	<u>65,850</u>	<u>(51,139)</u>	<u>-</u>	<u>163,655</u>	<u>(1,300)</u>	<u>(800)</u>	<u>10</u>	<u>-</u>
Net change in fund balances	240,249	(4,801)	426,130	(6,776)	18,579	(2,778)	5,074	85	-	-	-
Fund balances (deficits) at beginning of year	104,132	(335)	687,068	24,431	225,460	18,364	2,700	-	-	2,293	400
Fund balances (deficits) at end of year	<u>\$ 344,381</u>	<u>(5,136)</u>	<u>1,113,198</u>	<u>17,655</u>	<u>244,039</u>	<u>15,586</u>	<u>7,774</u>	<u>85</u>	<u>-</u>	<u>2,293</u>	<u>400</u>

(continued)

CITY OF DILLINGHAM, ALASKA
Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), continued

	Capital Project Funds							Wastewater System Improvement	Water Improvement	Debt Service Fund	Mary Carlson Estate Permanent Fund	Total Other Governmental Funds
	Ambulance Reserve	Equipment Replacement	School Bonds	Fire Hall Bond	Dock and Harbor	Public Safety	Landfill					
Revenues:												
Intergovernmental:												
Federal government	\$ -	-	-	-	-	-	-	5,187	-	-	-	108,347
State of Alaska	-	-	-	-	-	-	-	-	142,052	744,231	-	1,035,040
Local sources:												
Local assistance	-	-	-	-	-	-	-	-	-	-	-	124,995
Charges for services	-	-	-	-	-	-	-	-	-	-	-	2,007,972
Lease and rental income	-	-	-	-	-	-	-	-	-	-	-	49,565
Investment income	-	-	-	-	-	-	-	-	-	-	8,580	33,194
Other	-	-	-	-	2,498	-	-	-	-	-	11	54,966
Total revenues	-	-	-	-	2,498	55,044	-	5,187	142,052	744,231	8,591	3,414,079
Expenditures:												
Current:												
Public safety	-	-	-	-	-	-	-	-	-	-	-	10,376
Community services	-	-	-	-	-	-	-	-	-	-	1,513	139,023
Water and sewer	-	-	-	-	-	-	-	-	-	-	-	433,917
Landfill	-	-	-	-	-	-	-	-	-	-	-	737,341
Dock	-	-	-	-	-	-	-	-	-	-	-	559,217
Boat harbor	-	-	-	-	-	-	-	-	-	-	-	242,782
Senior citizen center	-	-	-	-	-	-	-	-	-	-	-	337,437
Debt service	-	-	-	-	-	-	-	-	-	1,063,450	-	1,063,450
Capital outlay	6,664	-	-	9,343	2,498	55,044	-	5,187	142,052	-	-	220,788
Total expenditures	6,664	-	-	9,343	2,498	55,044	-	5,187	142,052	1,063,450	1,513	3,744,331
Excess (deficiency) of revenues over expenditures	(6,664)	-	-	(9,343)	-	-	-	-	-	(319,219)	7,078	(330,252)
Other financing sources (uses):												
Bond proceeds	-	-	-	814,624	-	-	-	-	-	-	-	814,624
Insurance proceeds	-	-	-	-	-	-	-	-	-	-	-	86,294
Transfers in	6,664	-	-	-	-	-	-	-	-	319,219	-	1,036,724
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(119,269)
Net other financing sources (uses)	6,664	-	-	814,624	-	-	-	-	-	319,219	-	1,818,373
Net change in fund balances	-	-	-	805,281	-	-	-	-	-	-	7,078	1,488,121
Fund balances (deficits) at beginning of year	499,470	68,327	(1,626)	-	-	-	172,044	-	-	-	344,581	2,147,309
Fund balances (deficits) at end of year	\$ 499,470	68,327	(1,626)	805,281	-	-	172,044	-	-	-	351,659	3,635,430

Non-Major Special Revenue Funds

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

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

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

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

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

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

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

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

Public Safety – this fund accounts for use of funds for public safety.

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

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

Years Ended June 30,	2019	2018		2018
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 5,990	7,552	1,562	3,422
Local sources:				
Charges for services:				
Water sales	197,500	222,958	25,458	219,449
Sewer fees	393,750	409,866	16,116	413,290
Total charges for services	591,250	632,824	41,574	632,739
Other	24,000	33,790	9,790	26,920
Total revenues	621,240	674,166	52,926	663,081
Expenditures:				
Water:				
Salaries	54,386	50,029	4,357	49,665
Overtime	10,483	12,141	(1,658)	9,675
Employee benefits	49,059	40,236	8,823	34,685
Insurance	2,500	2,560	(60)	1,735
Travel and training	-	500	(500)	462
Supplies	4,500	4,450	50	802
Gas, oil and grease	1,500	2,337	(837)	1,629
Chemicals	5,000	3,050	1,950	-
Minor tools and equipment	2,750	6,168	(3,418)	18,090
Engineering/construction	-	-	-	230,997
Utilities and telephone	25,500	39,966	(14,466)	32,510
Memberships	-	398	(398)	100
Building and equipment repairs	6,500	4,233	2,267	4,783
Sample testing and inspections	5,500	2,980	2,520	1,675
Administrative overhead	25,968	17,004	8,964	38,364
Total water	193,646	186,052	7,594	425,172
Sewer:				
Salaries	64,386	49,829	14,557	51,720
Overtime	11,731	12,666	(935)	12,011
Employee benefits	54,535	39,466	15,069	33,679
Contract labor	-	3,234	(3,234)	3,628
Insurance	1,500	1,536	(36)	1,041
Travel and training	-	500	(500)	-
Supplies	4,000	174	3,826	1,993
Chemicals	6,000	2,566	3,434	2,695
Gas, oil and grease	3,000	11,420	(8,420)	1,607
Minor tools and equipment	4,000	5,811	(1,811)	4,143
Engineering/construction	-	-	-	122,492
Utilities and telephone	73,250	76,672	(3,422)	86,396
Building and equipment repairs	9,000	8,881	119	7,164
Sample testing and inspections	13,300	12,458	842	10,347
Administrative overhead	24,166	22,652	1,514	34,055
Total sewer	268,868	247,865	21,003	372,971
Total expenditures	462,514	433,917	28,597	798,143
Excess (deficiency) of revenues over expenditures	158,726	240,249	81,523	(135,062)
Other financing sources - transfers in	-	-	-	194,095
Net change in fund balance	\$ 158,726	240,249	81,523	59,033
Fund balance at beginning of year		104,132		45,099
Fund balance at end of year		\$ 344,381		104,132

CITY OF DILLINGHAM, ALASKA
Landfill Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance (Deficit) - Budget and Actual

Years Ended June 30,	<u>Budget</u>	<u>2019 Actual</u>	<u>Variance</u>	<u>2018 Actual</u>
Revenues:				
Intergovernmental:				
State PERS relief	\$ 6,456	10,826	4,370	5,092
Local sources:				
Charges for services - landfill fees	<u>224,802</u>	<u>236,624</u>	<u>11,822</u>	<u>223,283</u>
Total revenues	<u>231,258</u>	<u>247,450</u>	<u>16,192</u>	<u>228,375</u>
Expenditures:				
Landfill:				
Salaries	165,841	167,164	(1,323)	165,045
Overtime	9,483	15,408	(5,925)	9,888
Employee benefits	96,628	97,391	(763)	79,986
Contractual	5,000	178,733	(173,733)	58,330
Insurance	3,500	3,585	(85)	2,430
Advertising	800	481	319	303
Training and travel	1,675	678	997	-
Supplies	4,000	4,174	(174)	2,804
Gravel	35,000	34,210	790	40,180
Gas, oil and grease	112,000	66,922	45,078	86,160
Minor tools and equipment	6,000	9,225	(3,225)	6,061
Utilities and telephone	31,500	20,377	11,123	25,258
Building and equipment repairs	64,000	34,226	29,774	30,472
Sample testing and inspections	50,000	34,043	15,957	51,696
Administrative overhead	78,397	66,780	11,617	55,145
Landfill closure costs	10,000	-	10,000	-
Total expenditures	<u>673,824</u>	<u>733,397</u>	<u>(59,573)</u>	<u>613,758</u>
Excess (deficiency) of revenues over expenditures	(442,566)	(485,947)	(43,381)	(385,383)
Other financing sources - transfers in	<u>637,368</u>	<u>481,146</u>	<u>(156,222)</u>	<u>385,383</u>
Net change in fund balance	\$ <u>194,802</u>	(4,801)	<u>(199,603)</u>	-
Fund balance (deficit) at beginning of year		<u>(335)</u>		<u>(335)</u>
Fund balance (deficit) at end of year		\$ <u>(5,136)</u>		<u>(335)</u>

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 6,575	11,562	4,987	5,039
Local sources:				
Charges for services:				
Wharfage and handling	675,000	676,074	1,074	655,951
Docking	75,000	85,524	10,524	64,176
Labor income	5,000	7,590	2,590	7,223
Equipment rental	45,000	49,193	4,193	39,865
Fuel flowage fees	69,000	108,116	39,116	48,183
Total charges for services	<u>869,000</u>	<u>926,497</u>	<u>57,497</u>	<u>815,398</u>
Investment income	2,500	19,797	17,297	1,688
Other	4,000	7,047	3,047	74,396
Total revenues	<u>882,075</u>	<u>964,903</u>	<u>82,828</u>	<u>896,521</u>
Expenditures:				
Dock				
Salaries	132,252	126,766	5,486	119,706
Overtime	32,121	54,192	(22,071)	47,379
Employee benefits	129,572	119,838	9,734	93,207
Insurance	34,000	8,906	25,094	31,933
Travel and training	2,320	12,080	(9,760)	-
Supplies	1,000	696	304	492
Gas, oil and grease	10,000	15,946	(5,946)	12,663
Minor tools and equipment	61,500	3,424	58,076	4,073
Leased equipment	133,200	133,196	4	133,196
Utilities and telephone	19,100	23,766	(4,666)	23,299
Building and equipment repairs	250	3,829	(3,579)	50,243
Dock repairs and maintenance	5,000	4,991	9	276,419
Inspections	2,000	892	1,108	-
Administrative overhead	49,574	50,695	(1,121)	86,297
Total expenditures	<u>611,889</u>	<u>559,217</u>	<u>52,672</u>	<u>878,907</u>
Excess of revenues over expenditures	270,186	405,686	135,500	17,614
Other financing sources (uses):				
Insurance proceeds	86,000	86,294	294	-
Transfers out	<u>(33,573)</u>	<u>(65,850)</u>	<u>(32,277)</u>	<u>(121,240)</u>
Net other financing sources (uses)	<u>52,427</u>	<u>20,444</u>	<u>(31,983)</u>	<u>(121,240)</u>
Net change in fund balance	\$ <u>322,613</u>	426,130	<u>103,517</u>	(103,626)
Fund balance at beginning of year		<u>687,068</u>		<u>790,694</u>
Fund balance at end of year		\$ <u>1,113,198</u>		<u>687,068</u>

CITY OF DILLINGHAM, ALASKA
Boat Harbor Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 2,530	3,381	851	1,673
Local sources:				
Charges for services - boat harbor fees	133,000	141,928	8,928	146,871
Lease and rental income	19,150	23,745	4,595	21,033
Other	500	1,102	602	5,695
Total revenues	<u>155,180</u>	<u>170,156</u>	<u>14,976</u>	<u>175,272</u>
Expenditures:				
Boat harbor:				
Salaries	71,511	49,680	21,831	51,241
Overtime	2,425	6,628	(4,203)	4,595
Employee benefits	35,886	27,583	8,303	21,322
Contract labor	-	36,600	(36,600)	92,900
Memberships	150	150	-	525
Travel and training	-	1,681	(1,681)	105
Supplies	3,500	4,372	(872)	3,562
Gas, oil and grease	1,500	1,486	14	4,548
Minor tools and equipment	1,200	1,075	125	1,305
Utilities and telephone	36,115	74,357	(38,242)	42,685
Janitorial services	-	-	-	4,200
Building and equipment repairs	14,200	17,512	(3,312)	42,623
Inspections	1,700	361	1,339	923
Administrative overhead	16,566	21,297	(4,731)	25,978
Total expenditures	<u>184,753</u>	<u>242,782</u>	<u>(58,029)</u>	<u>296,512</u>
Excess (deficiency) of revenues over expenditures	(29,573)	(72,626)	(43,053)	(121,240)
Other financing sources - transfers in	<u>33,573</u>	<u>65,850</u>	<u>32,277</u>	<u>121,241</u>
Net change in fund balance	\$ <u>4,000</u>	(6,776)	<u>(10,776)</u>	1
Fund balance at beginning of year		<u>24,431</u>		<u>24,430</u>
Fund balance at end of year		\$ <u>17,655</u>		<u>24,431</u>

CITY OF DILLINGHAM, ALASKA
Enhanced 911 Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

Years Ended June 30,	2019		Variance	2018
	Budget	Actual		Actual
Revenues:				
Charges for services:				
E911 revenue	\$ 82,000	70,099	(11,901)	71,118
Local:				
Investment income	750	4,575	3,825	553
Total revenues	<u>82,750</u>	<u>74,674</u>	<u>(8,076)</u>	<u>71,671</u>
Expenditures - public safety - equipment	<u>6,600</u>	<u>4,956</u>	<u>1,644</u>	<u>-</u>
Excess of revenues over expenditures	76,150	69,718	(6,432)	71,671
Other financing (uses) - transfers out	<u>(51,139)</u>	<u>(51,139)</u>	<u>-</u>	<u>(47,307)</u>
Net change in fund balance	\$ <u>25,011</u>	18,579	<u>(6,432)</u>	24,364
Fund balance at beginning of year		<u>225,460</u>		<u>201,096</u>
Fund balance at end of year		\$ <u>244,039</u>		<u>225,460</u>

CITY OF DILLINGHAM, ALASKA
 Asset Forfeiture Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues:		
Asset forfeiture	\$ -	18,900
Investment Income	242	45
Total revenues	<u>242</u>	<u>18,945</u>
Expenditures - public safety:		
Equipment maintenance	-	11,615
Minor tools/ equipment	3,020	-
Total expenditures	<u>3,020</u>	<u>11,615</u>
Excess (deficiency) of revenues over expenditures	(2,778)	7,330
Fund balance at beginning of year	<u>18,364</u>	<u>11,034</u>
Fund balance at end of year	\$ <u><u>15,586</u></u>	<u><u>18,364</u></u>

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

Years Ended June 30,	2019		2018	
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal sources	\$ 82,680	91,533	8,853	80,740
State of Alaska	43,779	43,725	(54)	75,138
State PERS relief	5,081	7,260	2,179	3,283
Local sources:				
Local assistance	-	-	-	80,800
Lease and rental income	36,520	25,820	(10,700)	30,970
Other	12,500	10,518	(1,982)	13,299
Total revenues	<u>180,560</u>	<u>178,856</u>	<u>(1,704)</u>	<u>284,310</u>
Expenditures:				
Senior citizen center:				
Nutrition, transportation, and support services:				
Salaries	58,459	60,000	(1,541)	73,298
Employee benefits	40,000	41,576	(1,576)	37,179
Contract labor	-	-	-	76,174
Insurance	4,000	4,000	-	4,000
Food	13,000	18,683	(5,683)	12,447
Gas, oil, and grease	1,000	1,000	-	4,184
Utilities and telephone	9,000	9,000	-	5,000
Maintenance	-	-	-	24,475
Total nutrition, transportation, and support services	<u>125,459</u>	<u>134,259</u>	<u>(8,800)</u>	<u>236,757</u>
Operations:				
Salaries	68,569	57,720	10,849	86,356
Employee benefits	36,192	35,401	791	21,112
Food	22,000	27,394	(5,394)	8,022
Minor tools and equipment	50	34	16	-
Sample testing and inspections	500	684	(184)	2,072
Insurance	6,000	6,145	(145)	2,941
Supplies	2,000	2,608	(608)	7,047
Gas, oil, and grease	2,500	6,939	(4,439)	3,524
Building and equipment repairs	3,500	3,207	293	2,887
Utilities and telephone	21,090	33,186	(12,096)	31,760
Membership	-	12	(12)	-
Administrative overhead	28,428	29,848	(1,420)	40,024
Total operations	<u>190,829</u>	<u>203,178</u>	<u>(12,349)</u>	<u>205,745</u>
Total expenditures	<u>316,288</u>	<u>337,437</u>	<u>(21,149)</u>	<u>442,502</u>
Excess (deficiency) of revenues over expenditures	(135,728)	(158,581)	(22,853)	(158,192)
Other financing sources - transfers in	<u>137,228</u>	<u>163,655</u>	<u>26,427</u>	<u>161,592</u>
Net change in fund balance	\$ <u>1,500</u>	5,074	<u>3,574</u>	3,400
Fund balance (deficit) at beginning of year		<u>2,700</u>		<u>(700)</u>
Fund balance at end of year		\$ <u>7,774</u>		<u>2,700</u>

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal	\$ 12,085	11,627	(458)	10,711
State of Alaska	9,407	9,407	-	13,200
Local assistance	<u>59,000</u>	<u>66,190</u>	<u>7,190</u>	<u>71,842</u>
Total revenues	<u>80,492</u>	<u>87,224</u>	<u>6,732</u>	<u>95,753</u>
Expenditures:				
Community services:				
Equipment maintenance	-	-	-	1,500
Travel and training	2,250	5,614	(3,364)	3,135
Audio visual	3,000	6,636	(3,636)	4,657
Utilities and telephone	69,242	65,105	4,137	76,541
Summer reading program	2,000	2,705	(705)	4,239
Books	<u>4,000</u>	<u>5,779</u>	<u>(1,779)</u>	<u>5,681</u>
Total expenditures	<u>80,492</u>	<u>85,839</u>	<u>(5,347)</u>	<u>95,753</u>
Excess of revenues over expenditures	-	1,385	1,385	-
Other financing sources (uses):				
Transfers in	-	180	(180)	
Transfers out	<u>-</u>	<u>(1,480)</u>	<u>1,480</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>(1,300)</u>	<u>1,300</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	85	<u>(85)</u>	-
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		\$ <u>85</u>		<u>-</u>

CITY OF DILLINGHAM, ALASKA
 Public Safety Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance

<i>Years Ended June 30,</i>	2019	2018
Revenues:		
Local assistance	\$ <u>3,200</u>	<u>4,800</u>
Expenditures:		
Public safety:		
Salaries	<u>2,400</u>	<u>4,800</u>
Excess of revenues over expenditures	800	-
Other financing sources - transfers out	<u>(800)</u>	<u>-</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
 Local Support Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues:		
Local assistance	\$ <u>55,605</u>	<u>45,118</u>
Expenditures:		
Community services:		
Salaries	43,577	39,393
Overtime	3,408	2,038
Employee benefits	4,686	1,239
Training	-	2,448
Total community services	<u>51,671</u>	<u>45,118</u>
Landfill:		
Training	<u>3,944</u>	<u>-</u>
Total expenditures	<u>55,615</u>	<u>45,118</u>
Excess (deficiency) of revenues over expenditures	(10)	-
Other financing sources - transfer in	<u>10</u>	<u>-</u>
Fund balance at beginning of year	<u>2,293</u>	<u>2,993</u>
Fund balance at end of year	\$ <u><u>2,293</u></u>	<u><u>2,993</u></u>

Non-Major Capital Project Funds

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

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

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

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

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

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

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

Public Safety – this fund accounts for use of funds for public safety and related capital grant funds.

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

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

CITY OF DILLINGHAM, ALASKA
 Ambulance Reserve Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues	\$ -	-
Expenditures:		
Capital outlay:		
Salaries	2,988	-
Overtime	220	-
Employee benefits	256	-
Volunteer stipend	3,200	-
Total expenditures	<u>6,664</u>	<u>9,104</u>
Excess (deficiency) of revenues over expenditures	(6,664)	(9,104)
Other financing sources:		
Transfers in	<u>6,664</u>	<u>60,500</u>
Net change in fund balance	-	51,396
Fund balance at beginning of year	<u>499,470</u>	<u>448,074</u>
Fund balance at end of year	<u>\$ 499,470</u>	<u>499,470</u>

CITY OF DILLINGHAM, ALASKA
 Equipment Replacement Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures - capital outlay - equipment	<u>-</u>	<u>64,546</u>
Excess (deficiency) of revenues over expenditures	-	(64,546)
Fund balance at beginning of year	<u>68,327</u>	<u>132,873</u>
Fund balance at end of year	\$ <u><u>68,327</u></u>	<u><u>68,327</u></u>

CITY OF DILLINGHAM, ALASKA
 School Bonds Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit)

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues - investment income	\$ <u>-</u>	<u>59</u>
Expenditures - capital outlay - school building projects	<u>-</u>	<u>2,000</u>
Excess (deficiency) of revenues over expenditures	-	(1,941)
Fund balance (deficit) at beginning of year	<u>(1,626)</u>	<u>315</u>
Fund balance (deficit) at end of year	\$ <u><u>(1,626)</u></u>	<u><u>(1,626)</u></u>

CITY OF DILLINGHAM, ALASKA
 Fire Hall Bond Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues	\$ -	-
Expenditures - capital outlay		
Salaries	841	-
Employee benefits	107	-
Professional services	7,155	-
Advertising	269	-
Travel	379	-
Elections	592	-
Total expenditures	<u>9,343</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(9,343)	-
Other financing sources - bond proceeds	<u>814,624</u>	<u>-</u>
Net change in fund balance	805,281	-
Fund balance at end of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ <u>805,281</u></u>	<u><u>-</u></u>

CITY OF DILLINGHAM, ALASKA
 Dock and Harbor Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues:		
Local sources - other	\$ <u>2,498</u>	<u>7,783</u>
Expenditures - capital outlay - equipment	<u>2,498</u>	<u>7,783</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>

CITY OF DILLINGHAM, ALASKA
 Public Safety Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	2019	2018
Revenues:		
Intergovernmental:		
State of Alaska	\$ 55,044	4,800
Expenditures - capital outlay - construction	55,044	4,800
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	-

CITY OF DILLINGHAM, ALASKA
Wastewater System Improvement Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues:		
Intergovernmental:		
Federal Revenues - passed through ANTHC	\$ 5,187	366,411
State of Alaska	-	992,701
	<u>5,187</u>	<u>1,359,112</u>
Expenditures - capital outlay		
Salaries	666	-
Employee benefits	85	-
Professional services	4,436	1,359,112
Total expenditures	<u>5,187</u>	<u>1,359,112</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>-</u>

CITY OF DILLINGHAM, ALASKA
 Water Improvement Capital Project Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues:		
Intergovernmental - State of Alaska:	\$ 142,052	607,032
Local sources - local assistance:	<u> -</u>	<u>26,202</u>
Total revenues	<u>142,052</u>	<u>633,234</u>
 Expenditures - capital outlay - professional services	 <u>142,052</u>	 <u>633,234</u>
 Excess of revenues over expenditures	 -	 -
 Fund balance at beginning of year	 <u> -</u>	 <u> -</u>
 Fund balance at end of year	 <u><u> -</u></u>	 <u><u> -</u></u>

**Non-Major
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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State of Alaska	\$ 744,231	744,231	-	802,105
Expenditures:				
Principal	685,000	685,000	-	725,000
Interest	378,450	378,450	-	421,150
Total expenditures	1,063,450	1,063,450	-	1,146,150
Excess (deficiency) of revenues over expenditures	(319,219)	(319,219)	-	(344,045)
Other financing sources:				
Transfer in	319,219	319,219	-	344,045
Net change in fund balance	\$ -	-	-	-
Fund balance at beginning of year		-		-
Fund balance at end of year		\$ -		-

Non-Major Permanent Fund

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

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

CITY OF DILLINGHAM, ALASKA
 Mary Carlson Estate Permanent Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2019</u>	<u>2018</u>
Revenues:		
Local sources:		
Investment income	\$ 8,580	1,443
Other	11	-
Total revenues	<u>8,591</u>	<u>1,443</u>
Expenditures:		
Community services:		
Utilities	533	582
Administrative overhead	150	129
Building repairs	-	7
Insurance	830	694
Total expenditures	<u>1,513</u>	<u>1,412</u>
Excess of revenues over expenditures	7,078	31
Other financing (uses):		
Transfers out	<u>-</u>	<u>-</u>
Net change in fund balance	7,078	31
Fund balance at beginning of year	<u>344,581</u>	<u>344,550</u>
Fund balance at end of year	<u>\$ 351,659</u>	<u>344,581</u>

CITY OF DILLINGHAM, ALASKA
 Schedule of State Financial Assistance
 Year Ended June 30, 2019

	<u>Grant Number</u>	<u>Total Award</u>	<u>State Share of Expenditures</u>
State of Alaska Department of Administration:			
Direct Programs:			
* State PERS Relief	none	\$ 184,669	184,669
State of Alaska Department of Education and Early Development:			
Direct Programs:			
* Debt Service - School Bonds	none	744,231	744,231
Public Library Assistance	PLA-19-728-01	7,000	7,000
Alaska OWL Program	none	479	479
Total Department of Education and Early Development		<u>751,710</u>	<u>751,710</u>
State of Alaska Department of Commerce, Community and Economic Development:			
Direct Programs:			
State Revenue Sharing	none	119,903	119,903
E911 Critical System Upgrade	14-DC-046	200,000	55,044
Total Department of Commerce, Community and Economic Development		<u>319,903</u>	<u>174,947</u>
State of Alaska Department of Revenue:			
Direct Programs:			
Fisheries Business Tax	none	32,171	32,171
* Raw Fish Tax	none	443,905	443,905
Electric and Telephone Co-op Tax	none	66,176	66,176
Liquor Licenses	none	4,600	4,600
Motor Vehicle Tax	none	47,915	47,915
Total Department of Revenue		<u>594,767</u>	<u>594,767</u>
State of Alaska Department of Environmental Conservation:			
Direct Programs:			
Wastewater System Improvements	MMG# 28308	2,140,119	142,052
State of Alaska Department of Health and Social Services:			
Direct Programs:			
Nutrition, Transportation and Support Services	607-309-19008	43,080	43,080
Nutrition, Transportation and Support Services	607-309-1607	50,663	645
Total Department of Health and Social Services		<u>93,743</u>	<u>43,725</u>
Alaska State Libraries Archives & Museum:			
Direct Programs:			
Small Libraries Institute of Continuing Education (SLICE)	none	1,428	1,428
NASA STEM Workshop	none	500	500
Total Department of Alaska State Libraries Archives & Museum		<u>1,928</u>	<u>1,928</u>
Total State Financial Assistance		\$ <u>4,086,839</u>	<u>1,893,798</u>

See accompanying notes to the Schedule.

CITY OF DILLINGHAM, ALASKA

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of City of Dillingham, Alaska under programs of the State of Alaska for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City of Dillingham, Alaska, it is not intended to and does not present the basic financial statements of City of Dillingham, Alaska.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Subrecipients

No state funds were passed through to Subrecipients.

Note 4. Major Programs

* denotes a major program for compliance audit purposes.

Note 5. Component Unit

The City of Dillingham, Alaska basic financial statements include \$7,723,020 of State of Alaska funds expended for the Dillingham City School District, a component unit of the City of Dillingham, Alaska. These monies are excluded from this Schedule. These monies were subjected to State of Alaska single audit procedures and separate reports on compliance and internal control dated October 25, 2019 were issued for the Dillingham City School District.

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COMPLIANCE REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dillingham, Alaska, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Dillingham, Alaska's basic financial statements, and have issued our report thereon dated March 6, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal controls as described in the accompanying State Schedule of Findings and Questioned Costs as item 2019-001 that we consider 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 the City of Dillingham, Alaska's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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, Alaska's Response to the Finding

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

Purpose of this Report

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



Anchorage, Alaska
March 6, 2020

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited City of Dillingham, Alaska'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 City of Dillingham, Alaska's major state programs for the year ended June 30, 2019. City of Dillingham, Alaska's major state programs are identified in the accompanying schedule of state financial assistance.

The City of Dillingham, Alaska's basic financial statements include the operations of its component unit, Dillingham City School District, which received \$7,723,020 in state awards, which is not included in the schedule of state financial assistance during the year ended June 30, 2019. 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 Guide.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Dillingham, Alaska's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of 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, Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However our audit does not provide a legal determination of City of Dillingham, Alaska's compliance.

Opinion on Each Major State Program

In our opinion, City of Dillingham, Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect of each of its major state programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of City of Dillingham, Alaska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Dillingham, Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with 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, Alaska'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Honorable Mayor and City Council
City of Dillingham, Alaska

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

Altman, Rogers & Co.

Anchorage, Alaska
March 6, 2020

CITY OF DILLINGHAM, ALASKA

State Schedule of Findings and Questioned Costs

June 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified?

 Yes X None reported

Material weakness(es) identified?

 X Yes No

Noncompliance material to financial statements noted?

 Yes X No

State Awards

Internal control over major programs:

Significant deficiency(ies) identified?

 Yes X None reported

Material weakness(es) identified?

 Yes X No

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

Unmodified

Dollar threshold used to distinguish a state major program:

\$ 150,000

Section II – Financial Statement Findings

Finding 2019-001

Lack of Internal Control over Cash – Prior Period Adjustment

Type of finding:

Material weakness

Condition:

During the audit, it was noted that the cash reconciliation did not agree to the general ledger. It was determined that the discrepancy was carried forward from a prior year. As a result, a prior period adjustment of \$87,448 was recorded to increase beginning fund balance.

Criteria:

Internal control procedures should be in place to ensure that ending reconciled cash agrees to the ending cash balance in the general ledger and that all cash accounts are reconciled timely.

Context:

The prior year cash balance was understated resulting in a prior period adjustment being recorded to properly state beginning fund balance in the general fund. The misstatement related to stale activity in the reconciliation.

CITY OF DILLINGHAM, ALASKA

State Schedule of Findings and Questioned Costs, Continued

- Cause:** Lack of internal controls over cash.
- Effect:** Beginning fund balance in the general fund was understated by \$87,448 and cash was understated by \$87,448 since 2016.
- Recommendation:** The City should use only one bank reconciliation for the general checking account through the Accufund module. Training over how to use the module effectively is highly encouraged.
- Management's Response:** Management concurs with the finding. See Corrective Action Plan.

Section III – State Awarded Findings and Questioned Costs

The City did not have any findings related to State Awards.



Status of Prior Year Audit Findings

June 30, 2019

Financial Statement Findings

Finding 2018-001: Late Reporting and Noncompliance with Reporting Requirements:

Federal Agency: U.S. Department of the Interior
Federal Program: Payments in Lieu of Taxes, CFDA 15.226
Grant Number: None
Award Period: 2018
Type of Finding: Material Weakness/Material Noncompliance
Opinion: Qualified

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

Status: The finding has been resolved.

Finding 2018-002: Late Reporting and Noncompliance with Reporting Requirement:

State Departments: State of Alaska Department of Education and Early Development
State of Alaska Department of Revenue
State of Alaska Department of Environmental Conservation

State Programs: Debt Service—School Bonds
Raw Fish Tax
Wastewater System Improvements and Upgrades
Wastewater System Improvements

Grant Number: None; None; MMG# 28307, MMG# 28308
Award Period: 2018
Type of Finding: Material Weakness/Material Noncompliance over Reporting

Condition: Due to staff turnover, the City was unable to have their annual audit completed within the required timeline.

Status: The finding has been resolved.



Corrective Action Plan

June 30, 2019

Financial Statement Findings

Finding 2019-001

Lack of Internal Control over Cash – Prior Period Adjustment

Contact Person: Anita Fuller, Finance Director

Corrective Action Plan: In addition to balancing the bank reconciliation; confirm how bank reconciliation entries impact the account balances.

Proposed Completion Date: June 30, 2020.