

CITY OF DILLINGHAM, ALASKA

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

Year Ended June 30, 2023

*Altman, Rogers
& Co.* | CERTIFIED
PUBLIC
ACCOUNTANTS

CITY OF DILLINGHAM, ALASKA

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

Year Ended June 30, 2023

CITY OF DILLINGHAM, ALASKA

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	A-1 5
Statement of Activities	B-1 6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	C-1 7
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	C-2 8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	D-1 9
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities	D-2 10
Notes to Basic Financial Statements	11-38
Required Supplementary Information:	
Public Employees' Retirement System:	
Schedule of City's Proportionate Share of the Net Pension Liability	E-1 39
Schedule of City's Proportionate Share of the Net OPEB Liability (Asset)	E-2 40
Schedule of City's Contributions (Pension)	E-3 41
Schedule of City's Contributions (OPEB)	E-4 42
General Fund Schedule of Revenues, Expenditures and changes in Fund Balance - Original and Final Budget to Actual	E-5 43
Local Government Lost Revenue Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Original and Final Budget to Actual	E-6 44
Debt Service Fund Schedule of Revenues, Expenditures and changes in Fund Balance –Original and Final Budget to Actual	E-7 45
Notes to Required Supplementary Information	46-47
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Where Applicable) – Major Governmental Funds:	
General Fund	F-1 48-56
Local Government Lost Revenue Special Revenue Fund	F-2 57
Debt Service Fund	F-3 58
Planning Capital Project Fund	F-4 59

CITY OF DILLINGHAM, ALASKA

Table of Contents

		<u>Page</u>
Supplementary Information, continued:		
Other Governmental Funds:		
Combining Balance Sheet	G-1	60-61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)	G-2	62-64
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:		
Special Revenue Funds:		
Water and Sewer	H-1	65
Landfill	H-2	66
Dock	H-3	67
Boat Harbor	H-4	68
Enhanced E911 Service	H-5	69
Asset Forfeiture	H-6	70
Senior Citizen Center	H-7	71
Library	H-8	72
Local Support	H-9	73
Southern Region EMS Minigrant	H-10	74
Coronavirus Relief	H-11	75
LINKED	H-12	76
Schedule of Revenues, Expenditures and Changes in Fund Balance -		
Capital Project Funds:		
Ambulance Reserve	I-1	77
Equipment Replacement	I-2	78
School Bonds	I-3	79
Fire Hall Bond	I-4	80
Landfill Closure	I-5	81
Wastewater System Improvement	I-6	82
Roads	I-7	83
Curyung Ice Machine	I-8	84
Schedule of Revenues, Expenditures and Changes in Fund Balance -		
Mary Carlson Estate Permanent Fund	J-1	85
Schedule of Expenditures of Federal Awards	K-1	86
Notes to the Expenditures of Federal Awards		87
Schedule of State Financial Assistance	L-1	88
Notes to the Schedule of State Financial Assistance		89

CITY OF DILLINGHAM, ALASKA

Table of Contents

	<u>Page</u>
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 <i>Government Auditing Standards</i>	90-91
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance as Required by <i>Uniform Guidance</i>	92-95
Federal Schedule of Findings and Questioned Costs	96-98
Report on Compliance for Each Major State Program and Report on Internal Control over Compliance as Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	99-102
State Schedule of Findings and Questioned Costs	103-104
Summary of Prior Year Audit Findings	105
Corrective Action Plan	106-107

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dillingham (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompany financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Schedules of City's Proportionate Share of the Net Pension and OPEB Liabilities (Assets) and Contributions for the Public Employees' Retirement System, and Notes to Required Supplementary Information on pages 39-47, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, as listed in the table of contents, which includes the Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual (Where Applicable) – Major Governmental Funds; Other Governmental Funds Combining Balance Sheet; Combining Statement of Revenues, Expenditures and Change in Fund Balance (Deficits); Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – Special Revenue Funds; Schedule of Revenues, Expenditures and Changes in Fund Balance – Capital Project Funds; Schedule of Revenues, Expenditures and Changes in Fund Balance – Maty Carlson Estate Permanent Fund; Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the Schedule of State Financial Assistance and related notes as required by the *State of Alaska Audit Guide And Compliance Supplement*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, City of Dillingham's basic financial statements for the year ended June 30, 2022, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Dillingham's basic financial statements as a whole. The individual fund financial statements and schedules for the year ended June 30, 2022, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the June 30, 2022 basic financial statements. The information was subjected to the audit procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 16, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City's internal control over financial reporting and compliance.

Altman, Rogers & Co.

Anchorage, Alaska
July 16, 2024

CITY OF DILLINGHAM, ALASKA

Statement of Net Position

June 30, 2023

	Primary Government	Component Unit
	Governmental Activities	Dillingham City School District
<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Current:		
Cash and investments	\$ 15,542,112	2,826,993
Receivables, net	1,538,938	1,368,690
Inventory	-	36,181
Prepaid items	60,299	-
Restricted cash and investments	396,812	-
Total current	<u>17,538,161</u>	<u>4,231,864</u>
Noncurrent:		
Net pension and OPEB asset	1,878,001	2,815,945
Land and construction in progress	6,494,279	-
Other capital assets, net of accumulated depreciation	42,410,680	286,184
Total noncurrent	<u>50,782,960</u>	<u>3,102,129</u>
Deferred outflows of resources:		
Pension and OPEB deferrals	<u>850,778</u>	<u>983,303</u>
Total assets and deferred outflows of resources	<u>\$ 69,171,899</u>	<u>8,317,296</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Liabilities:		
Current:		
Accounts payable	214,316	-
Accrued payroll and related liabilities	118,714	699,097
Accrued leave	185,169	-
Bonds and loans	1,161,310	-
Finance leases	124,012	-
Unearned revenue	2,057,509	215,414
Total current	<u>3,861,030</u>	<u>914,511</u>
Non-current:		
Net pension and OPEB liability	4,622,244	5,571,143
Bonds and loans	8,303,000	-
Finance leases	257,062	-
Landfill closure costs	904,249	-
Total non-current	<u>14,086,555</u>	<u>5,571,143</u>
Deferred inflows of resources:		
Pension and OPEB deferrals	175,453	342,659
Leases	9,134	-
	<u>184,587</u>	<u>342,659</u>
Total liabilities and deferred inflows of resources	<u>18,132,172</u>	<u>6,828,313</u>
Net position:		
Net investment in capital assets	39,059,575	286,184
Restricted	725,622	-
Unrestricted	11,254,530	1,202,799
Total net position	<u>51,039,727</u>	<u>1,488,983</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 69,171,899</u>	<u>8,317,296</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, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Total Governmental Activities	Dillingham City School District
Primary government:						
Governmental:						
General government	\$ 1,902,487	988,972	774,055	-	(139,460)	-
Public safety	2,612,706	66,958	962,215	-	(1,583,533)	-
Public works	1,269,829	-	(15,201)	-	(1,285,030)	-
Community services	276,242	2,329	149,549	-	(124,364)	-
Water and sewer	996,930	727,477	(4,122)	146,538	(127,037)	-
Landfill	569,230	311,000	(3,082)	-	(261,312)	-
Dock	808,921	771,769	(3,704)	-	(40,856)	-
Boat harbor	563,218	132,093	(2,693)	-	(433,818)	-
Senior citizen center	299,632	36,713	87,581	-	(175,338)	-
Education	1,803,834	-	-	-	(1,803,834)	-
Unallocated interest	268,047	-	-	-	(268,047)	-
Total governmental activities	\$ 11,371,076	3,037,311	1,944,598	146,538	(6,242,629)	-
Component Unit - school district -						
Education	\$ 13,905,594	11,593	5,516,219	-	-	(8,377,782)
General revenues:						
Taxes:						
Sales and other taxes				\$ 4,963,119	-	-
Real and personal property taxes				2,815,171	-	-
Gaming taxes				51,656	-	-
Payment in lieu of taxes				488,130	-	-
Contributions from primary government				-	-	1,300,000
Grants and entitlements not restricted to a specific purpose				975,498	-	6,271,492
Investment income				203,921	-	(10,448)
E-Rate				-	-	1,345,896
Insurance proceeds				271,505	-	-
Other				51,686	-	39,512
Total general revenues				9,820,686	-	8,946,452
Change in net position					3,578,057	568,670
Net position at beginning of year					47,461,670	920,313
Net position at end of year					\$ 51,039,727	1,488,983

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

CITY OF DILLINGHAM, ALASKA

Balance Sheet - Governmental Funds

June 30, 2023

<u>Assets</u>	General Fund	Local Government Lost Revenue Special Revenue Fund	Planning Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 13,433,468	-	2,107,834	-	810	15,542,112
Receivables, net of allowance of uncollectible accounts:						
Sales taxes	684,745	-	-	-	-	684,745
Real and personal property taxes	356,524	-	-	-	-	356,524
Accounts	123,200	-	-	-	343,682	466,882
Grants and shared revenues	-	-	-	7,457	12,903	20,360
Leases	-	-	-	-	10,427	10,427
Prepaid items	60,299	-	-	-	-	60,299
Due from other funds	1,622,137	2,060,999	-	-	3,562,276	7,245,412
Restricted cash and investments	-	-	-	-	396,812	396,812
Total assets	\$ 16,280,373	2,060,999	2,107,834	7,457	4,326,910	24,783,573
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 137,800	2,490	-	-	74,026	214,316
Accrued payroll and payroll liabilities	112,769	-	-	-	5,945	118,714
Due to other funds	5,623,275	-	1,179,568	7,457	435,112	7,245,412
Unearned revenue	-	2,057,509	-	-	-	2,057,509
Total liabilities	5,873,844	2,059,999	1,179,568	7,457	515,083	9,635,951
Deferred inflows of resources:						
Delinquent property tax and user fees	280,792	-	-	-	110,571	391,363
Leases	-	-	-	-	9,134	9,134
Total deferred inflows of resources	280,792	-	-	-	119,705	400,497
Total liabilities and deferred inflows of resources	6,154,636	2,059,999	1,179,568	7,457	634,788	10,036,448
Fund Balances:						
Nonspendable	60,299	-	-	-	-	60,299
Restricted	-	1,000	-	-	724,622	725,622
Committed	-	-	928,266	-	691,690	1,619,956
Assigned	-	-	-	-	2,666,892	2,666,892
Unassigned	10,065,438	-	-	-	(391,082)	9,674,356
Total fund balances	10,125,737	1,000	928,266	-	3,692,122	14,747,125
Total liabilities, deferred inflows of resources and fund balances	\$ 16,280,373	2,060,999	2,107,834	7,457	4,326,910	24,783,573

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, 2023

Total fund balances for governmental funds	\$ 14,747,125
--	---------------

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	1,631,833	
Buildings	25,762,651	
Improvements other than buildings	43,958,695	
Machinery and equipment	13,820,004	
Total capital assets	<u>90,035,629</u>	
Less accumulated depreciation	<u>(41,130,670)</u>	
Total capital assets, net of accumulated depreciation		48,904,959

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	391,363
--	---------

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

Bonds and loans	\$ (8,485,096)	
Unamortized bond premium	(979,214)	
Finance leases	(381,074)	
Accrued leave	(185,169)	
Landfill closure costs	<u>(904,249)</u>	
Total long-term liabilities		(10,934,802)

Proportionate share of the collective net pension and OPEB liability: PERS	(4,622,244)
---	-------------

Proportionate share of the collective net OPEB asset: PERS	1,878,001
---	-----------

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	850,778
---	---------

Pension related liabilities in the current fiscal year are presented as deferred inflows of resources: PERS	<u>(175,453)</u>
---	------------------

Total net position of governmental activities	<u>\$ 51,039,727</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, 2023

	General Fund	Local Government Lost Revenue Special Revenue Fund	Planning Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Intergovernmental:						
Federal sources	\$ 480,895	496,247	-	-	769,988	1,747,130
State of Alaska	1,045,052	-	-	745,665	39,910	1,830,627
Bristol Bay Housing Authority	7,235	-	-	-	-	7,235
Local sources:						
Taxes	7,840,317	-	-	-	-	7,840,317
Local assistance	-	-	-	-	145,172	145,172
Charges for services	611,683	-	-	-	1,997,607	2,609,290
Licenses and permits	25,636	-	-	-	-	25,636
Fines and forfeitures	8,982	-	-	-	-	8,982
Lease and rental income	48,679	-	-	-	61,603	110,282
Investment income	107,450	-	68,665	-	27,806	203,921
Other	32,277	-	-	-	19,408	51,685
Total revenues	<u>10,208,206</u>	<u>496,247</u>	<u>68,665</u>	<u>745,665</u>	<u>3,061,494</u>	<u>14,580,277</u>
Expenditures:						
Current:						
General government	2,193,100	-	-	-	-	2,193,100
Education	1,300,147	-	-	-	-	1,300,147
Public safety	2,645,599	495,247	-	-	542,823	3,683,669
Public works	1,123,971	-	-	-	-	1,123,971
Community services	170,638	-	-	-	161,510	332,148
Water and sewer	-	-	-	-	441,441	441,441
Landfill	-	-	-	-	470,526	470,526
Dock	-	-	-	-	775,133	775,133
Boat harbor	-	-	-	-	407,978	407,978
Senior citizen center	-	-	-	-	369,552	369,552
Debt service:						
Principal	-	-	-	960,000	-	960,000
Interest	-	-	-	424,357	-	424,357
Capital outlay	-	-	-	-	408,550	408,550
Total expenditures	<u>7,433,455</u>	<u>495,247</u>	<u>-</u>	<u>1,384,357</u>	<u>3,577,513</u>	<u>12,890,572</u>
Excess (deficiency) of revenues over expenditures	<u>2,774,751</u>	<u>1,000</u>	<u>68,665</u>	<u>(638,692)</u>	<u>(516,019)</u>	<u>1,689,705</u>
Other financing sources (uses):						
Insurance proceeds	-	-	271,505	-	-	271,505
Transfers in	44,536	-	-	638,692	820,017	1,503,245
Transfers out	(1,434,213)	-	-	-	(69,032)	(1,503,245)
Net other financing sources (uses)	<u>(1,389,677)</u>	<u>-</u>	<u>271,505</u>	<u>638,692</u>	<u>750,985</u>	<u>271,505</u>
Net change in fund balances	1,385,074	1,000	340,170	-	234,966	1,961,210
Fund balances at beginning of year	<u>8,740,663</u>	<u>-</u>	<u>588,096</u>	<u>-</u>	<u>3,457,156</u>	<u>12,785,915</u>
Fund balances at end of year	<u>\$ 10,125,737</u>	<u>1,000</u>	<u>928,266</u>	<u>-</u>	<u>3,692,122</u>	<u>14,747,125</u>

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

CITY OF DILLINGHAM, ALASKA

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
to Statement of Activities

Year Ended June 30, 2023

Net change in fund balances - total governmental funds		\$	1,961,210
The change in net position reported for governmental activities in the Statement of Activities is different because:			
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Change in unfunded pension liabilities and assets			(1,573,218)
Changes in deferred inflows and outflows of resources are the results of timing differences in the actuarial report and adjustments to reflect employer and non-employer contributions based on the measurement date of the liability.			
			3,454,631
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	\$	821,335	
Depreciation expense		<u>(2,575,209)</u>	(1,753,874)
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 usor receivables.			
			270,421
The change in the estimated future landfill closure costs does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.			
			(120,579)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.			
Principal paid on bonds	\$	960,000	
Payments on finance leases		229,190	
Amortized bond premium		<u>156,310</u>	1,345,500
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>(6,034)</u>
Change in net position of governmental activities	\$		<u><u>3,578,057</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, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

D. Capital Assets

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

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

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

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

E. Long-Term Debt

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

F. Leases*Lessor*

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

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

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

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

G. Property Taxes

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

H. Prepaid Items

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

I. Grants and Other Intergovernmental Revenues

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

J. Interfund Transactions

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

K. Compensated Absences

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

L. Fund Balances

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

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

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

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

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

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

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

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

M. Net Position

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

N. Encumbrances

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

O. Unearned Grant Revenue

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

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

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

Q. Summarized Comparative Data

Summarized 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 fund level for Special Revenue Funds.

Excess of expenditures over appropriation were as follows:

Special Revenue Funds:

Boat Harbor	\$	95,869
Library		18,259

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

III. CASH AND INVESTMENTS

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

A. Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of June 30, 2023.

Cash and cash equivalents	\$	15,938,924	Cash and investments	\$	15,542,112
Investments		-	Restricted cash		396,812
	\$	<u>15,938,924</u>		\$	<u>15,938,924</u>

B. *Investment Policy*

The City's investment policy authorizes investments in:

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

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, 2023 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, 2023 follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 4,862,446	-	-	4,862,446
Construction in progress	1,704,398	591,905	(664,470)	1,631,833
Total assets not being depreciated	6,566,844	591,905	(664,470)	6,494,279
Capital assets being depreciated:				
Buildings	25,762,651	-	-	25,762,651
Improvements other than buildings	43,958,695	-	-	43,958,695
Machinery and equipment	12,926,104	893,900	-	13,820,004
Total capital assets being depreciated	82,647,450	893,900	-	83,541,350
Less accumulated depreciated for:				
Buildings	12,070,625	628,774	-	12,699,399
Improvements other than buildings	19,370,392	1,411,627	-	20,782,019
Machinery and equipment	7,114,444	534,808	-	7,649,252
Total accumulated depreciated	38,555,461	2,575,209	-	41,130,670
Total capital assets being depreciated, net	44,091,989	(1,681,309)	-	42,410,680
Governmental activity capital assets, net	\$ 50,658,833	(1,089,404)	(664,470)	48,904,959

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

Depreciation expense was charged to the functions as follows:

General government	\$ 71,407
Public safety	331,427
Public works	97,126
Community services	3,323
Water and sewer	802,783
Landfill	201,627
Dock	333,321
Harbor	212,272
Senior citizen center	18,235
Education	503,688
Total depreciation expense	<u>\$ 2,575,209</u>

V. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A schedule of interfund balances and transfers for the year ended June 30, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 7,457
General Fund	Planning Capital Project Fund	1,179,568
General Fund	Other Governmental Funds	435,112
Local Government Lost Revenue Relief Special Revenue Fund	General Fund	2,060,999
Other Governmental Funds	General Fund	3,562,276
Total		<u>\$ 7,245,412</u>

Transfers In:				
	General Fund	Debt Service Fund	Other Governmental Funds	Total
Transfers out:				
General Fund	\$ -	638,692	795,521	1,434,213
Other Governmental Funds	44,536	-	24,496	69,032
Total	<u>\$ 44,536</u>	<u>638,692</u>	<u>820,017</u>	<u>1,503,245</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

VI. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
\$3,475,000 Series One & Two General Obligation School Installments of \$115,000 to \$265,000, plus interest at 5.0% through May 1, 2039	\$ 3,135,000	-	120,000	3,015,000	125,000
\$8,425,000 2016 Series Three & Four General Obligation School Bonds, due in annual installments of \$740,000 to \$1,035,000 plus Interest at 4.0% to 5.0% through December 1, 2027	5,515,000	-	810,000	4,705,000	850,000
\$367,000 283081 Landfill Clean Water Loan, annual installment payments begin 1 year after final disbursement, Interest 0.5% finance charge, 1% interest.	195,096	-	-	195,096	-
\$600,000 283091 Landfill Clean Water Loan, annual installment payments begin 1 year after final disbursement, Interest 0.5% finance charge, 1% interest.	600,000	-	30,000	570,000	30,000
Bond premium	1,135,524	-	156,310	979,214	156,310
Public safety vehicle lease (2019)	8,096	-	8,096	-	-
Dock crane lease	602,168	-	221,094	381,074	124,012
Accrued leave	179,135	6,034	-	185,169	185,169
Estimated landfill closure costs	783,670	120,579	-	904,249	-
Net pension and OPEB liabilities (asset)	1,171,025	1,573,218	-	2,744,243	-
Total Long-Term Debt	\$ 13,324,714	1,699,831	1,345,500	13,679,045	1,470,492

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

The annual requirements to amortize the general obligation bonds and loans outstanding at June 30, 2023 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2024	\$ 975,000	364,750	1,339,750
2025	1,020,000	315,000	1,335,000
2026	1,085,000	262,750	1,347,750
2027	1,140,000	207,250	1,347,750
2028	1,190,000	149,125	1,347,250
2029-2033	895,000	492,500	1,387,500
2034-2038	1,150,000	243,750	1,393,750
2039	265,000	13,250	278,250
Total	\$ 7,720,000	2,048,375	9,768,375

Year Ending June 30,	Clean Water Loans		
	Principal	Interest	Total
2024	\$ 30,000	8,550	38,550
2025	30,000	8,100	38,100
2026	30,000	7,650	37,650
2027	30,000	7,200	37,200
2028	30,000	6,750	36,750
2029-2033	150,000	27,000	177,000
2033-2038	150,000	15,750	165,750
2038-3042	120,000	4,500	124,500
Total	\$ 570,000	85,500	655,500

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

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

In April 2019, the City obtained two Clean Water State Revolving Fund Loans one for \$367,000 and one for \$600,000 with a finance rate of 1.5% payable over 20 years starting one year after project construction ends. The combined balance of the notes payable at June 30, 2023 is \$765,096. The loan is secured by an irrevocable pledge of net operating revenues from the Water Department. Loan # 283081 is not yet in repayment and no debt service schedule is presented, however, repayment will commence after the completion of the project.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

VII. FINANCE LEASES

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

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, 2023:

<u>Year Ending June 30,</u>	<u>General Fund</u>
2024	133,196
2025	133,196
2026	133,196
Total minimum lease payments	399,588
Less interest portion	(18,514)
Present value of future minimum lease payments	381,074
Less current portion	(124,012)
Long-Term Portion	\$ 257,062

VIII. OPERATING LEASES

Lease Receivable: The City has entered into agreements to lease property to third parties. The leases range in term from ten to twenty years. The City received approximately \$14,877 in lease payments for the year ended June 30, 2023. The lease receivable at June 30, 2023 was \$10,427. The City has deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. At June 30, 2023 the deferred inflow of resources was \$9,134.

(The remainder of this page intentionally left blank.)

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

IX. FUND BALANCES

Fund balances at June 30, 2023, 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:

		Local Government Lost Revenue Special Revenue Fund	Planning Capital Project Fund	Other Governmental Fund	Total Governmental Fund
	General Fund				
Nonspendable - prepaid	\$ 60,299	-	-	-	60,299
Restricted:					
Enhanced 911 service	-	-	-	336,842	336,842
Asset forfeiture	-	-	-	26,497	26,497
Reward	-	-	-	400	400
Local Government					
Lost Revenue	-	1,000	-	-	1,000
Mary Carlson Estate	-	-	-	360,883	360,883
Total restricted	-	1,000	-	724,622	725,622
Committed:					
Roads	-	-	-	100,772	100,772
Planning	-	-	928,266	-	928,266
Equipment replacement	-	-	-	61,652	61,652
Ambulance reserve	-	-	-	357,222	357,222
Landfill closure	-	-	-	172,044	172,044
Total committed	-	-	928,266	691,690	1,619,956
Assigned:					
Water and sewer	-	-	-	1,180,582	1,180,582
Dock	-	-	-	1,282,112	1,282,112
Senior citizens center	-	-	-	204,198	204,198
Total assigned	-	-	-	2,666,892	2,666,892
Unassigned (deficits)	10,065,438	-	-	(391,082)	9,674,356
Total fund balances	10,125,737	1,000	928,266	3,692,122	14,747,125

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, 2023 is made up of the following:

Capital assets, net of accumulated depreciation	\$ 48,904,959
Less:	
Bonds and loans payable	8,485,096
Bond premiums	979,214
Capital leases	381,074
Net investment in capital assets	\$ 39,059,575

The Landfill, Boat Harbor, Library, and Local Support Special Revenue Funds have deficits of \$6,278, \$320,507, \$2,745, \$11,868, respectively at year end. The School Bonds and Firehall bonds Capital Project Funds have deficits of \$1,626 and \$48,058, respectively at year end. The deficits will be covered by a transfer from the General Fund in FY2023.

X. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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

The current landfill has an estimated life of 50 years, with the installation of new more efficient incinerator equipment, resulting in the landfill lasting longer. Closure and post closure costs are estimated to be \$1,920,800 with \$904,249 reported as a liability based on engineering estimates of usage as of June 30, 2023. 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.

XI. Employee Retirement Systems and Plans

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

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

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

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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

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

Other Postemployment Benefit Plans (OPEB)

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2022 the employer contribution rate is 0.68% for peace officers and firefighters and 0.31% for all other members.

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, 2022 (latest available information) employer contributions were 6.46% of annual payroll.

Retiree Medical Plan (RMP)

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

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.

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, 2022 (latest available report) for the DB Plans for PERS are: DB Pension 6.00%, ARHCT 6.03%, ODD 6.30%, and RMP is 6.28%.

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 (rates shown below exclude an annual inflation component of 2.88%):

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	6.51%
Global Equity (non-U.S.)	5.70%
Aggregate Bonds	0.31%
Real Assets	3.71%
Private Equity	9.61%
Cash Equivalents	(0.50)%

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%, which represents a decrease of 0.13% since the prior measurement period. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 4.09% as of June 30, 2022.

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.

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

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses a 7.25% discount rate.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

Employer Contribution rates for the plan year ended 2022 (measurement period) are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	22.00%	24.79%	2.79%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	22.00%	24.79%	2.79%

Termination Costs: If the City decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular City function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The City must pay to have a termination study completed. The purpose of the study is to calculate the City's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The City must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For plan year ended 2022 (measurement period) the past service rate for PERS is 16.01%.

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2022 (latest available) were determined by an actuarial valuation as of June 30, 2021 which was rolled forward to the measurement date June 30, 2022. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017.

Inflation	2.50% per year.
Salary Increases	Increases range from 2.85% to 8.5% based on service.
Investment return / discount rate	7.25%, net of expenses based on average inflation of 2.50% and a real return of 4.75%.
Mortality	Based upon 2017 - 2021 actual experience study and applicable tables contained in Pub-210, projected with MP-2021 generational improvement.
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5%. Ultimate trend rates reached in FY2050.

The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions related to the ARHCT plan:

1. Per capita claims costs were updated to reflect recent experience.
2. Normal cost for administrative expenses were updated to reflect recent two years of actual administrative expenses paid from plan assets.

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

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

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

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

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

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

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. The plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The discretionary PRPA may be granted to eligible recipients by the DB Plan's administrator if the funding ratio of the DB Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, the retiree is eligible for both adjustments, the one that provides the retiree with the greatest benefit will be paid.

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. PERS active members are required to contribute 6.75%, 7.5% for peace officers and firefighters, and 9.6% for certain school district employees.

Employer contributions for the year ended June 30, 2023, were:

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ 469,831	38,126	507,957

Public Employees Retirement Plans

For the year ended June 30, 2023 the State of Alaska contributed \$84,874 (100% pension cost) on-behalf of the City, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2022 to a total of (\$88,196), 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 and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2023, the City reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the City. The amount recognized by the City as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the City were as follows:

Defined Benefit:		Pension
City's proportionate share of the net pension liability	\$	4,622,244
State's proportionate share of the net pension liability		1,277,601
Total	\$	<u>5,899,845</u>
		OPEB
City's proportionate share of the ARHCT OPEB liability	\$	(1,770,647)
State's proportionate share of the ARHCT OPEB liability (asset)		(505,326)
Total	\$	<u>(2,275,973)</u>
City's proportionate share of the ODD OPEB liability (asset)	\$	<u>(62,620)</u>
City's proportionate share of the RMP OPEB liability (asset)	\$	<u>(44,734)</u>
Total City's share of net pension and OPEB liabilities and assets	\$	<u>2,744,243</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The City's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2023 through FY2039, as determined by projections based on the June 30, 2021 valuation.

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

	June 30, 2022 Measurement	June 30, 2021 Measurement	Change
Pension	0.09069%	0.11803%	(0.02734%)
OPEB:			
ARHCT	0.08999%	0.11850%	(0.02851%)
ODD	0.14284%	0.17290%	(0.03006%)
RMP	0.12881%	0.16078%	(0.03197%)

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2022, the City recognized pension and OPEB expense of (\$930,480) and (\$530,723), respectively, for the year ended June 30, 2023. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	132,151	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	469,831	-
Total	\$ 601,982	-
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(12,532)
Changes of assumptions	-	(81,258)
Net difference between projected and actual earnings on OPEB plan investments	100,455	-
Changes in proportion and differences between City contributions and proportionate share of contributions	79,309	-
City contributions subsequent to the measurement date	-	-
Total	\$ 179,764	(93,790)

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(20,543)
Changes of assumptions	-	(399)
Net difference between projected and actual earnings on OPEB plan investments	2,120	-
Changes in proportion and differences between City contributions and proportionate share of contributions	11,526	(984)
City contributions subsequent to the measurement date	10,034	-
Total	\$ <u>23,680</u>	<u>(21,926)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,217	(1,758)
Changes of assumptions	8,662	(53,638)
Net difference between projected and actual earnings on OPEB plan investments	6,381	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(4,341)
City contributions subsequent to the measurement date	28,092	-
Total	\$ <u>45,352</u>	<u>(59,737)</u>

\$469,831 and \$38,126 are reported as deferred outflows of resources related to pension and OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2023, 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		Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
June 30					
2023	\$	(15,712)	(31,351)	(2,116)	(7,245)
2024		(40,270)	(35,230)	(2,222)	(7,558)
2025		(96,673)	(79,364)	(2,558)	(8,544)
2026		284,806	231,919	246	130
2027		-	-	(933)	(8,681)
Thereafter		-	-	(697)	(10,579)
Total	\$	<u>132,151</u>	<u>85,974</u>	<u>(8,280)</u>	<u>(42,477)</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2023, the City recognized (\$1,315,890) and \$232,815 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.25%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

		1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$	6,222,534	4,622,244	3,272,870
Net OPEB ARHCT liability (asset)	\$	(1,052,020)	(1,770,647)	(2,373,280)
Net OPEB ODD liability (asset)	\$	(58,988)	(62,620)	(65,461)
Net OPEB RMP liability	\$	8,228	(44,734)	(85,123)

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

		1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$	(2,444,173)	(1,770,647)	(966,327)
Net OPEB ODD liability (asset)	\$	N/A	(62,620)	N/A
Net OPEB RMP liability (asset)	\$	(90,669)	(44,734)	17,136

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

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

Plan members are 100% vested with their contributions.

Notes to Basic Financial Statements, Continued

Members become vested in employers' contributions as follows:

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

The City contributed \$207,632 for the year ended June 30, 2023, which included forfeitures of \$35,410 which have been applied as employer contributions.

XII. 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.

XIII. 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, 2023.

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.

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.

XV. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 16, 2024, the date which the financial statements were available for issue, and one subsequent event was identified that was necessary to disclose for proper presentation of the financial statements as follows: Alaska Department of Environmental Conservation alleged nine violations of the City's Alaska Pollutant Discharge Elimination permit for the Dillingham Lagoon, however, we are unable to forecast the potential outcome, including the amount or likelihood of any fine.

XVI. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

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

- GASB 99 *Omnibus 2022*. Multiple effective dates.
- GASB 100 *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. Effective for fiscal years beginning after June 15, 2023. Multiple effective dates.
- GASB 101 *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

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

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

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DILLINGHAM, ALASKA

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

Public Employees' Retirement System (PERS)

June 30, 2023

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	50.49%	62.37%
2016	0.0992%	\$ 4,808,667	\$ 1,289,971	\$ 6,098,638	\$ 3,784,496	127.06%	63.96%
2017	0.1039%	\$ 5,808,346	\$ 734,198	\$ 6,542,544	\$ 3,933,622	147.66%	59.55%
2018	0.0947%	\$ 4,893,666	\$ 1,824,011	\$ 6,717,677	\$ 4,060,508	120.52%	63.37%
2019	0.0981%	\$ 4,874,641	\$ 1,413,866	\$ 6,288,507	\$ 2,762,441	176.46%	65.19%
2020	0.0840%	\$ 4,599,123	\$ 1,826,842	\$ 6,425,965	\$ 3,101,332	148.30%	63.42%
2021	0.0933%	\$ 5,504,093	\$ 2,274,380	\$ 7,778,473	\$ 3,068,295	179.39%	61.61%
2022	0.1180%	\$ 4,329,756	\$ 586,840	\$ 4,916,596	\$ 3,088,891	140.17%	76.46%
2023	0.0907%	\$ 4,622,244	\$ 1,277,601	\$ 5,899,845	\$ 2,779,268	166.31%	67.97%

See accompanying notes to Required Supplementary Information.

CITY OF DILLINGHAM, ALASKA

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

Public Employees' Retirement System (PERS)

June 30, 2023

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%
2020	0.0839%	\$ 124,464	\$ 49,429	\$ 173,893	\$ 3,101,332	4.01%	98.13%
2021	0.0932%	\$ (421,859)	\$ (175,380)	\$ (597,239)	\$ 3,068,295	-13.75%	106.15%
2022	0.1185%	\$ (3,039,370)	\$ (397,478)	\$ (3,436,848)	\$ 3,088,891	-98.40%	135.54%
2023	0.0899%	\$ (1,770,647)	\$ (505,326)	\$ (2,275,973)	\$ 2,779,268	-63.71%	128.51%
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%
2020	0.2043%	\$ (49,522)	\$ -	\$ (49,522)	\$ 3,101,332	-1.60%	297.43%
2021	0.1861%	\$ (50,731)	\$ -	\$ (50,731)	\$ 3,068,295	-1.65%	283.80%
2022	0.1729%	\$ (76,204)	\$ -	\$ (76,204)	\$ 3,088,891	-2.47%	374.22%
2023	0.1428%	\$ (62,620)	\$ -	\$ (62,620)	\$ 2,779,268	-2.25%	348.80%
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%
2020	0.1832%	\$ 43,820	\$ -	\$ 43,820	\$ 868,768	5.04%	83.17%
2021	0.1723%	\$ 12,224	\$ -	\$ 12,224	\$ 900,041	1.36%	92.23%
2022	0.1608%	\$ (43,157)	\$ -	\$ (43,157)	\$ 910,923	-4.74%	115.10%
2023	0.1288%	\$ (44,734)	\$ -	\$ (44,734)	\$ 801,627	-5.58%	120.08%

See accompanying notes to Required Supplementary Information.

CITY OF DILLINGHAM, ALASKA
Schedule of City's Contributions (Pensions)
Public Employees' Retirement System (PERS)
June 30, 2023

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 240,625	\$ (240,625)	\$ -	\$ 3,784,496	6.36%
2016	\$ 253,526	\$ (253,526)	\$ -	\$ 3,933,622	6.45%
2017	\$ 286,868	\$ (286,868)	\$ -	\$ 4,060,508	7.06%
2018	\$ 308,901	\$ (308,901)	\$ -	\$ 2,762,441	11.18%
2019	\$ 338,963	\$ (339,298)	\$ (335)	\$ 3,101,332	10.93%
2020	\$ 313,126	\$ (313,063)	\$ 63	\$ 3,068,295	10.21%
2021	\$ 385,056	\$ (388,562)	\$ (3,506)	\$ 3,088,891	12.47%
2022	\$ 359,193	\$ (356,315)	\$ 2,878	\$ 2,779,268	12.92%
2023	\$ 468,721	\$ (469,831)	\$ (1,110)	\$ 3,252,677	14.41%

See accompanying notes to Required Supplementary Information.

CITY OF DILLINGHAM, ALASKA

Schedule of City's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2023

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%
2020	\$ 125,049	\$ (125,049)	\$ -	\$ 3,068,295	4.08%
2021	\$ 55,014	\$ (55,014)	\$ -	\$ 3,088,891	1.78%
2022	\$ 48,731	\$ (48,731)	\$ -	\$ 2,779,268	1.75%
2023	\$ -	\$ -	\$ -	\$ 3,252,677	0.00%
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%
2020	\$ 8,160	\$ (8,160)	\$ -	\$ 3,068,295	0.27%
2021	\$ 5,739	\$ (5,739)	\$ -	\$ 3,088,891	0.19%
2022	\$ 8,241	\$ (8,241)	\$ -	\$ 2,779,268	0.30%
2023	\$ 10,034	\$ (10,034)	\$ -	\$ 3,252,677	0.31%
Retiree Medical Plan (RMP):					
2018	\$ 22,136	\$ (22,136)	\$ -	\$ 868,768	2.55%
2019	\$ 21,495	\$ (21,495)	\$ -	\$ 868,768	2.47%
2020	\$ 30,744	\$ (30,744)	\$ -	\$ 900,041	3.42%
2021	\$ 29,840	\$ (29,840)	\$ -	\$ 910,923	3.28%
2022	\$ 21,794	\$ (21,794)	\$ -	\$ 801,627	2.72%
2023	\$ 28,092	\$ (28,092)	\$ -	\$ 943,782	2.98%

See accompanying notes to Required Supplementary Information.

CITY OF DILLINGHAM, ALASKA

General Fund

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

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental:				
Federal sources	\$ 460,000	480,800	480,895	95
State of Alaska	93,126	928,826	1,045,052	116,226
Bristol Bay Housing Authority	-	3,000	7,235	4,235
Local sources:				
Taxes	7,930,000	7,545,000	7,840,317	295,317
Charges for services	937,972	918,600	611,683	(306,917)
Licenses and permits	22,700	23,100	25,636	2,536
Fines and forfeitures	9,000	9,000	8,982	(18)
Lease and rental income	39,500	52,000	48,679	(3,321)
Investment income	5,000	70,000	107,450	37,450
Other	33,600	32,250	32,277	27
Total Revenues	<u>9,530,898</u>	<u>10,062,576</u>	<u>10,208,206</u>	<u>145,630</u>
Expenditures:				
Current:				
General government	2,204,551	2,315,863	2,193,100	122,763
Education	1,300,000	1,300,000	1,300,147	(147)
Public safety	3,305,086	3,042,644	2,645,599	397,045
Public works	1,815,501	1,399,772	1,123,971	275,801
Community services	165,187	174,807	170,638	4,169
Total expenditures	<u>8,790,325</u>	<u>8,233,086</u>	<u>7,433,455</u>	<u>799,631</u>
Excess of revenues over expenditures	<u>740,573</u>	<u>1,829,490</u>	<u>2,774,751</u>	<u>945,261</u>
Other financing sources (uses):				
Transfers in	4,000	4,000	44,536	40,536
Transfers out	<u>(2,254,215)</u>	<u>(1,833,490)</u>	<u>(1,434,213)</u>	<u>399,277</u>
Net other financing sources (uses):	<u>(2,250,215)</u>	<u>(1,829,490)</u>	<u>(1,389,677)</u>	<u>439,813</u>
Net change in fund balance	\$ <u>(1,509,642)</u>	<u>-</u>	1,385,074	<u>1,385,074</u>
Fund balance at beginning of year			<u>8,740,663</u>	
Fund balance at end of year			\$ <u>10,125,737</u>	

See accompanying notes to required supplementary information.

CITY OF DILLINGHAM, ALASKA

Local Government Lost Revenue Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Original and Final Budget to Actual

Year Ended June 30, 2023

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental:			
Federal sources	\$ 686,321	496,247	(190,074)
Expenditures:			
Current:			
Public safety	686,321	495,247	191,074
Excess of revenues over expenditures	\$ -	1,000	1,000
Fund balance at beginning of year		-	
Fund balance at end of year		\$ 1,000	

See accompanying notes to required supplementary information.

CITY OF DILLINGHAM, ALASKA

Debt Service Fund

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

Year Ended June 30, 2023

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental:			
State of Alaska	\$ 300,000	745,665	445,665
Investment income	5,000	-	(5,000)
Total revenues	<u>305,000</u>	<u>745,665</u>	<u>440,665</u>
Expenditures:			
Current:			
Debt Service:			
Principal	977,400	960,000	17,400
Interest	<u>412,250</u>	<u>424,357</u>	<u>(12,107)</u>
Total expenditures	<u>1,389,650</u>	<u>1,384,357</u>	<u>5,293</u>
Excess (deficiency) of revenues over expenditures	(1,084,650)	(638,692)	445,958
Other financing sources:			
Transfers in	<u>1,084,650</u>	<u>638,692</u>	<u>(445,958)</u>
Net change in fund balance	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance at beginning of year		<u>-</u>	
Fund balance at end of year		\$ <u><u>-</u></u>	

See accompanying notes to required supplementary information.

CITY OF DILLINGHAM, ALASKA

Notes to Required Supplementary Information

June 30, 2023

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

Budgets and Budgetary Accounting

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

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

Excess of Expenditures over Appropriations

The Council approves operating budgets and appropriations of direct costs at the function level for all funds. For the year ended June 30, 2023 expenditures exceeded appropriations in the funds:

General Fund:	
Education	<u>\$ 147</u>

2. Public Employees' Retirement System

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

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

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

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

CITY OF DILLINGHAM, ALASKA

Notes to Required Supplementary Information, Continued

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

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

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

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

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

Schedule of City Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2021 which was rolled forward to June 30, 2022. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

SUPPLEMENTARY INFORMATION

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal government:				
Payment in lieu of taxes	\$ 480,800	480,895	95	473,299
State of Alaska:				
Revenue sharing	127,200	130,096	2,896	87,078
Raw fish tax	600,000	696,572	96,572	772,264
Shared fisheries business tax	37,500	37,499	(1)	23,430
Electric and telephone co-op tax	65,000	83,984	18,984	81,672
PERS relief	72,126	69,554	(2,572)	189,982
Liquor licenses	2,000	-	(2,000)	-
Motor vehicle tax	25,000	27,347	2,347	26,386
Marijuana license	-	-	-	300
Total State of Alaska	928,826	1,045,052	116,226	1,181,112
Bristol Bay Housing Authority - payment in lieu of taxes	3,000	7,235	4,235	-
Local sources:				
Taxes:				
Sales taxes	3,725,000	4,002,882	277,882	3,801,546
Alcohol sales taxes	280,000	335,617	55,617	238,771
Transient lodging sales taxes	120,000	148,021	28,021	105,383
Real property taxes	2,375,000	2,321,155	(53,845)	2,080,762
Personal property taxes	450,000	504,387	54,387	489,875
Penalty and interest on property taxes	85,000	80,078	(4,922)	78,202
Penalty and interest on sales taxes	15,000	17,608	2,608	16,771
Gaming taxes	55,000	51,656	(3,344)	72,072
Tobacco tax	350,000	283,843	(66,157)	289,378
Marijuana tax	90,000	95,070	5,070	3,108
Total taxes	\$ 7,545,000	7,840,317	295,317	7,175,868

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Revenues, continued:				
Local sources, continued:				
Charges for services:				
Contract revenue	\$ 665,000	385,617	(279,383)	598,511
Commissary	700	2,114	1,414	1,510
Court deposits	1,500	1,251	(249)	2,611
Fines and fees	4,000	2,056	(1,944)	1,102
Administrative overhead charges	178,000	160,000	(18,000)	210,660
Document copies	100	-	(100)	-
Platting and mapping fees	500	-	(500)	215
Ambulance fees	65,000	71,229	6,229	17,024
Other	3,800	(10,584)	(14,384)	4,332
Total charges for services	918,600	611,683	(306,917)	835,965
Licenses and permits:				
Animal licenses	1,200	815	(385)	1,070
Business licenses	20,000	22,963	2,963	20,775
Land use permits	1,500	1,858	358	1,619
Tobacco license	400	(100)	(500)	1,450
Marijuana license	-	100	100	100
Total licenses and permits	23,100	25,636	2,536	25,014
Fines and forfeitures:				
Title 47 fines	9,000	8,982	(18)	4,784
Lease and rental income	52,000	48,679	(3,321)	34,409
Investment income	70,000	107,450	37,450	(35,672)
Other revenues:				
DMV commission revenue	25,000	28,011	3,011	25,332
Donations and contributions	2,500	2,212	(288)	159
Miscellaneous	4,750	2,054	(2,696)	29,112
Total other revenues	32,250	32,277	27	54,603
Total revenues	\$ 10,062,576	10,208,206	145,630	9,749,382

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

<i>Years Ended June 30,</i>	2023			2022
	Budget	Actual	Variance	Actual
Expenditures:				
General government:				
City council:				
Lobbying	\$ 84,000	84,000	-	28,002
Subscriptions and memberships	5,750	6,231	(481)	5,056
Travel	5,000	-	5,000	-
Contractual	-	(1,314)	1,314	-
Training	500	-	500	111
Food	750	1,387	(637)	340
Supplies	100	238	(138)	74
Minor tools and equipment	-	1,125	(1,125)	372
Advertising	2,500	361	2,139	1,217
Contributions	1,500	825	675	-
Total city council	100,100	92,853	7,247	35,172
City clerk:				
Salaries	87,900	62,943	24,957	74,442
Overtime	-	555	(555)	-
Employee benefits	45,125	29,232	15,893	42,528
Contract labor	-	765	(765)	1,975
Subscriptions and memberships	500	77,541	(77,041)	507
Travel	2,000	1,414	586	1,621
Training	1,750	875	875	1,505
Supplies	500	36	464	204
Elections	7,500	4,671	2,829	10,219
Codification	3,500	1,811	1,689	1,301
Total city clerk	148,775	179,843	(31,068)	134,302
City administration:				
Salaries	226,050	298,472	(72,422)	208,261
Overtime	4,336	1,233	3,103	2,877
Employee benefits	135,187	129,741	5,446	104,823
Recruiting	300	261	39	7,171
Contract labor	40,000	10,209	29,791	69,215
Advertising	5,000	4,116	884	2,998
Travel	2,000	3,715	(1,715)	6,029
Subscriptions and memberships	3,000	11,062	(8,062)	2,132
Supplies	12,500	5,796	6,704	534
Training	18,000	2,184	15,816	3,744
Building rent	21,000	22,800	(1,800)	19,545
Electricity	3,500	1,474	2,026	1,396
Heating fuel	5,400	5,338	62	4,553
Janitorial	-	-	-	200
Equipment maintenance	10,900	4,350	6,550	-
Minor tools and equipment	-	2,663	(2,663)	8,999
Other expenditures	15,000	3,838	11,162	16,701
Total city administration	502,173	507,252	(5,079)	459,178

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued				
Finance:				
Salaries	\$ 415,661	405,975	9,686	361,673
Overtime	10,000	11,859	(1,859)	7,000
Employee benefits	243,994	216,208	27,786	224,782
Recruiting	-	40	(40)	20
Accounting services and audit	70,000	30,597	39,403	-
Appraisal	20,000	26,000	(6,000)	12,746
Contract labor	150,000	143,223	6,777	136,464
Advertising	750	-	750	-
Subscriptions and memberships	5,926	6,014	(88)	4,495
Travel	14,000	14,448	(448)	975
Training	6,000	599	5,401	300
Building rent	3,500	6,850	(3,350)	-
Electricity	400	-	400	-
Heating fuel	400	-	400	-
Janatorial	200	-	200	-
Bank charges	1,000	853	147	5,027
Supplies	4,500	8,099	(3,599)	5,570
Postage	10,000	4,052.00	5,948	-
Minor tools and equipment	5,500	4,917	583	1,105
Total finance	961,831	879,734	82,097	760,157
Legal	80,000	90,237	(10,237)	47,336
Insurance:				
General liability	90,600	79,589	11,011	60,760
Property	172,200	148,020	24,180	139,903
Automobile	45,600	34,706	10,894	37,424
Claim deductibles	5,000	-	5,000	-
Total insurance	313,400	262,315	51,085	238,087
Nondepartmental:				
Contract labor	-	-	-	2,499
Accounting services and audit	-	-	-	48,580
Supplies	-	-	-	3,911
Postage	-	-	-	4,609
Food	-	-	-	498
Computer support services	-	-	-	818
Equipment maintenance	-	-	-	5,903
Leased equipment	-	-	-	3,120
Total nondepartmental	-	-	-	69,938
Planning:				
Salaries	80,550	85,171	(4,621)	90,403
Employee benefits	68,834	58,350	10,484	65,565
Contract labor	35,000	30,301	4,699	7,235
Advertising	1,500	-	1,500	1,516
Subscriptions and memberships	500	-	500	844
Travel	2,500	1,644	856	10
Training	2,000	-	2,000	-
Recording fees	200	-	200	20
Supplies	2,500	287	2,213	204
Building rent	-	-	-	16,500
Electricity	-	-	-	1,403
Heating fuel	-	-	-	3,254
Minor tools and equipment	8,000	-	8,000	-
Total planning	201,584	175,753	25,831	186,954

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
Foreclosed property:				
Foreclosure costs	\$ 4,000	1,666	2,334	-
Legal	4,000	3,447	553	520
Total foreclosed property	8,000	5,113	2,887	520
Total general government	2,315,863	2,193,100	122,763	1,931,644
Education:				
Contribution to school district	1,300,000	1,300,147	(147)	1,300,405
Public safety:				
Police dispatch:				
Salaries	117,054	131,100	(14,046)	89,543
Overtime	70,000	87,937	(17,937)	49,062
Employee benefits	181,384	178,118	3,266	202,094
Travel	750	-	750	-
Training	750	-	750	-
Telephone	500	279	221	558
Building rent	-	6,300	(6,300)	-
Supplies	1,500	611	889	276
Uniforms	750	-	750	-
Minor tools and equipment	750	380	370	348
Total police dispatch	373,438	404,725	(31,287)	341,881
Police department:				
Salaries	237,832	248,563	(10,731)	59,474
Overtime	80,000	106,487	(26,487)	75,502
Employee benefits	356,247	290,816	65,431	289,050
Recruiting	8,000	(15,066)	23,066	57,174
Contractual	500	-	500	-
Travel and training	50,000	48,979	1,021	43,590
Building rent	21,000	22,800	(1,800)	-
Supplies	2,650	3,227	(577)	395
Uniforms	8,000	7,530	470	1,715
Vehicle lease	18,500	18,427	73	18,604
Investigations	2,000	-	2,000	-
Minor tools and equipment	6,500	14,056	(7,556)	7,356
Major equipment	115,038	-	115,038	-
Electricity	3,600	5,123	(1,523)	-
Heating fuel	4,300	5,373	(1,073)	-
Equipment maintenance	500	2,311	(1,811)	48
Total police department	914,667	758,626	156,041	552,908

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Jail:				
Salaries	\$ 310,019	253,933	56,086	256,904
Overtime	41,732	44,261	(2,529)	76,714
Employee benefits	263,910	160,018	103,892	201,852
Insurance	19,662	17,555	2,107	13,194
Subscriptions and memberships	1,000	-	1,000	-
Travel	-	-	-	1,982
Supplies	10,000	5,987	4,013	4,994
Uniforms	2,250	1,944	306	196
Food	8,000	10,622	(2,622)	15,235
Minor tools and equipment	3,000	3,254	(254)	459
Electricity	14,900	13,062	1,838	13,134
Heating fuel	12,000	15,979	(3,979)	10,991
Water and sewer	4,600	5,043	(443)	4,268
Refuse collection	1,650	1,728	(78)	1,408
Equipment maintenance	1,000	-	1,000	-
Required inspections	500	400	100	400
Total jail	694,223	533,786	160,437	601,731
Emergency Operations Center:				
Salaries	-	-	-	994
Employee benefits	-	-	-	78
Legal	-	-	-	2,148
Advertising	-	-	-	10,968
Total emergency operations center	-	-	-	14,188
Department of motor vehicles:				
Salaries	30,549	17,539	13,010	13,415
Overtime salaries	532	104	428	-
Employee benefits	25,382	24,835	547	25,979
Subscriptions and memberships	160	70	90	80
Minor tools and equipment	750	461	289	77
Total department of motor vehicles	57,373	43,009	14,364	39,551
Fire department:				
Salaries	149,550	112,044	37,506	99,360
Overtime	16,000	24,364	(8,364)	826
Employee benefits	81,523	94,410	(12,887)	54,790
Contractual	-	340	(340)	32
Insurance	1,200	1,054	146	826
Advertising	1,000	-	1,000	-
Subscriptions and memberships	500	1,362	(862)	217
Travel	5,600	5,606	(6)	-
Training	2,000	196	1,804	2,320
Office supplies	1,300	1,330	(30)	547
Building rent	3,150	2,700	450	-
Supplies	2,750	776	1,974	24
Postage	200	170	30	160
EMS and fire supplies	12,500	14,322	(1,822)	6,583
Personal protective equipment	1,000	385	615	-
Public education	1,100	1,176	(76)	535
Ambulance billing	9,000	7,718	1,282	4,804
Minor tools and equipment	4,000	4,762	(762)	5,134
Fire department equipment replacement	5,000	6,134	(1,134)	6,559
Vehicle maintenance	-	1,318	(1,318)	1,268
Electricity	9,600	7,942	1,658	7,927
Heating fuel	24,000	33,877	(9,877)	22,754
Water and sewer	9,400	10,087	(687)	8,535
Refuse	-	15	(15)	768
Computer software	-	-	-	217
Required inspections	2,000	2,114	(114)	1,815
Sample testing	200	-	200	-
Member recognition	500	1,752	(1,252)	4,290
Total fire department	343,073	335,954	7,119	230,291

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,

		2023		2022
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Salaries	\$ 64,750	40,507	24,243	58,728
Overtime	2,400	2,540	(140)	2,232
Employee benefits	39,067	35,922	3,145	38,759
Subscriptions and memberships	500	300	200	-
Travel	475	1,638	(1,163)	-
Training	150	-	150	-
Supplies	750	384	366	1,708
Postage freight	750	365	385	543
Food items	100	-	100	-
Uniforms	250	512	(262)	-
Minor tools and equipment	600	354	246	350
Electricity	3,500	2,214	1,286	4,101
Heating fuel	5,000	5,548	(548)	3,439
Water and sewer	3,200	3,168	32	2,845
Total animal control	121,492	93,452	28,040	112,705
Information technology:				
Contractual professional	30,384	4,200	26,184	4,700
Office supplies	600	565	35	-
Minor tools and equipment	6,000	3,857	2,143	-
Telephone	32,300	38,000	(5,700)	30,017
Internet	21,300	21,319	(19)	23,494
Computer hardware	55,200	23,378	31,822	15,351
Computer software	69,284	55,664	13,620	47,082
Computer support services	143,000	150,237	(7,237)	80,532
Total information technology	358,068	297,220	60,848	201,176
Administration:				
Salaries	45,000	56,072	(11,072)	79,038
Employee benefits	46,698	39,791	6,907	58,303
Contractual professional	20,000	15,768	4,232	-
Advertising	-	-	-	190
Insurance	19,662	17,555	2,107	13,194
Subscriptions and memberships	500	325	175	-
Travel	500	469	31	-
Court processing	1,000	102	898	165
Supplies	1,500	508	992	1,145
Postage	1,500	896	604	961
Equipment maintenance	1,200	1,133	67	1,880
Minor tools and equipment	7,600	8,721	(1,121)	5,298
Electricity	14,400	13,062	1,338	13,134
Water and sewer	5,000	5,043	(12,654)	15,318
Heating fuel	12,000	17,654	6,957	4,268
Refuse collection	1,750	1,728	22	1,408
Other expenditures	2,000	-	2,000	-
Total administration	180,310	178,827	1,483	194,302
Total public safety	3,042,644	2,645,599	397,045	2,288,733

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,

		2023		2022
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works:				
Administration:				
Salaries	\$ 107,068	69,725	37,343	60,783
Overtime	6,570	848	5,722	86
Employee benefits	79,891	40,152	39,739	45,227
Contract labor	20,000	178	19,822	-
Advertising	-	-	-	124
Recruiting	5,000	-	5,000	-
Training	1,200	1,305	(105)	-
Supplies	1,200	1,589	(389)	810
Minor tools and equipment	500	313	187	-
Computer software	-	6,995	(6,995)	6,359
Equipment maintenance	1,509	1,506	3	420
Total administration	222,938	122,611	100,327	113,809
Building and grounds maintenance:				
Salaries	88,578	62,091	26,487	55,966
Overtime	4,273	6,551	(2,278)	8,501
Employee benefits	53,029	35,941	17,088	51,168
Contractual	30,000	38,945	(8,945)	-
Supplies	2,000	3,173	(1,173)	264
Minor tools and equipment	13,000	16,192	(3,192)	6,727
Electricity	14,400	11,521	2,879	12,324
Heating fuel	30,000	47,612	(17,612)	35,649
Water and sewer	2,000	2,104	(104)	1,803
Refuse collection	2,688	1,082	1,606	-
Janitorial	40,000	45,300	(5,300)	43,616
Building repairs	68,000	34,345	33,655	41,039
Vehicle maintenance	-	-	-	994
Total building and grounds maintenance	347,968	304,857	43,111	258,051
Shop maintenance:				
Salaries	22,903	37,088	(14,185)	25,618
Overtime	12,138	6,623	5,515	5,574
Employee benefits	75,706	52,053	23,653	69,714
Supplies	5,000	2,844	2,156	16,137
Gas, oil and grease	100,000	93,983	6,017	99,131
Used oil management	10,000	-	10,000	12,484
Minor tools and equipment	5,000	23,572	(18,572)	16,359
Safety equipment	1,500	596	904	1,894
Major equipment	15,000	-	15,000	9,900
Electricity	17,400	14,171	3,229	17,217
Heating fuel	40,000	49,581	(9,581)	43,273
Refuse collection	3,840	2,880	960	3,136
Building repairs	8,000	6,904	1,096	3,975
Vehicle maintenance	50,000	61,673	(11,673)	70,993
Required inspections	1,500	550	950	-
Equipment maintenance	150,000	115,412	34,588	142,164
Other expenditures	300	58	242	-
Total shop maintenance	518,287	467,988	50,299	537,569

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works, continued:				
Streets:				
Salaries	\$ 13,668	62,434	(48,766)	114,787
Overtime	20,035	14,403	5,632	16,337
Employee benefits	96,876	46,522	50,354	102,695
Contractual	3,200	22,300	(19,100)	5,000
Insurance	19,000	15,637	3,363	11,943
Supplies	1,500	1,743	(243)	619
Gas, oil and grease	-	2,753	(2,753)	-
Salt and calcium	-	-	-	35,229
Street signs	5,000	553	4,447	-
Road maintenance	20,000	10,758	9,242	10,024
Gravel and sand	37,000	2,400	34,600	59,718
Minor tools and equipment	2,500	3,827	(1,327)	5,277
Safety equipment	2,500	1,155	1,345	459
Electricity	31,200	28,530	2,670	27,672
Major equipment	57,500	15,500	42,000	-
Other expenditures	600	-	600	-
Total streets	310,579	228,515	81,464	389,760
Total public works	1,399,772	1,123,971	275,201	1,299,189
Community services:				
Library:				
Salaries	108,472	110,846	(2,374)	91,874
Overtime	-	528	(528)	87
Employee benefits	30,629	31,531	(902)	30,305
Subscriptions and memberships	2,500	-	2,500	1,681
Supplies	450	33	417	470
Postage	250	178	72	177
Audio visual	500	(119)	619	-
Books	1,531	1,433	98	-
Periodicals	500	-	500	-
Collection preservation	500	164	336	11
Summer reading program	500	556	(56)	498
Minor tools and equipment	500	22	478	132
Internet	1,500	1,000	500	1,169
Electricity	5,500	3,420	2,080	3,642
Heating fuel	7,500	8,749	(1,249)	6,015
Water and sewer	2,000	2,104	(104)	1,781
Refuse collection	500	360	140	330
Software	2,060	1,302	758	-
Major equipment	5,600	5,319	281	-
Equipment maintenance	3,015	3,212	(197)	2,460
Total library	174,007	170,638	3,369	140,632
Total community services	174,807	170,638	4,169	141,326
Total expenditures	8,233,086	7,433,455	779,211	6,961,297
Excess of revenues over expenditures	1,829,490	2,774,751	945,261	2,788,085
Other financing sources (uses):				
Insurance proceeds	-	-	-	310
Transfers in	4,000	44,536	40,536	693,567
Transfers out	(1,833,490)	(1,434,213)	443,813	(429,779)
Net other financing sources (uses)	(1,829,490)	(1,389,677)	484,349	264,098
Net change in fund balance	\$ -	1,385,074	1,429,610	3,052,183
Fund balance, beginning of year		8,740,663		5,688,480
Fund balance at end of year		\$ 10,125,737		8,740,663

CITY OF DILLINGHAM, ALASKA

Local Government Lost Revenue Special Revenue Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal sources	\$ 686,321	496,247	(190,074)	232,565
Expenditures:				
Public safety:				
Contractual	686,321	4,764	681,557	-
Advertising	-	510	(510)	-
Major equipment	-	489,973	(489,973)	232,565
Total expenditures	686,321	495,247	191,074	232,565
Excess of revenues over expenditures	-	1,000	1,000	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	1,000	-	-

CITY OF DILLINGHAM, ALASKA

Debt Service Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State of Alaska	\$ 300,000	745,665	445,665	2,045,679
Investment income	5,000	-	(5,000)	559
Total revenues	<u>305,000</u>	<u>745,665</u>	<u>440,665</u>	<u>2,046,238</u>
Expenditures:				
Debt service:				
Principal	977,400	960,000	17,400	895,000
Interest	412,250	424,357	(12,107)	454,000
Total expenditures	<u>1,389,650</u>	<u>1,384,357</u>	<u>5,293</u>	<u>1,349,000</u>
Excess (deficiency) of revenues over expenditures	<u>(1,084,650)</u>	<u>(638,692)</u>	<u>445,958</u>	<u>697,238</u>
Other financing sources (uses):				
Transfers in	1,084,650	638,692	(445,958)	-
Transfers out	-	-	-	(643,496)
Net other financing sources (uses)	<u>1,084,650</u>	<u>638,692</u>	<u>(445,958)</u>	<u>(643,496)</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>	53,742
Fund balance (deficit) at beginning of year		-		(53,742)
Fund balance at end of year		\$ <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>2023</u>	<u>2022</u>
Revenues - local sources:		
Investment income	\$ <u>68,665</u>	<u>1,426</u>
Expenditures:		
Landfill:		
Salaries	-	3,947
Employee benefits	-	1,615
Professional services	-	4,101
Total expenditures	<u>-</u>	<u>9,663</u>
Excess (deficiency) of revenues over expenditures	68,665	(8,237)
Other financing sources:		
Insurance proceeds	271,505	325,016
Transfers in	-	5,201
Total other financing sources	<u>271,505</u>	<u>330,217</u>
Net change in fund balance	340,170	321,980
Fund balance at beginning of year	<u>588,096</u>	<u>266,116</u>
Fund balance at end of year	\$ <u><u>928,266</u></u>	<u><u>588,096</u></u>

CITY OF DILLINGHAM, ALASKA

Other Governmental Funds
Combining Balance Sheet

June 30, 2023

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	LINKED
<u>Assets</u>											
Cash and investments	\$ -	100	-	200	-	-	510	-	-	-	-
Receivables:											
Accounts	232,103	17,712	40,011	21,746	7,936	-	72,501	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	11,579
Leases	-	-	-	6,857	-	-	3,570	-	-	-	-
Allowance for uncollectible accounts	(42,466)	(371)	-	(5,490)	-	-	-	-	-	-	-
Due from other funds	1,106,434	7,185	1,259,636	-	328,906	26,497	137,192	2,050	-	400	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,296,071</u>	<u>24,626</u>	<u>1,299,647</u>	<u>23,313</u>	<u>336,842</u>	<u>26,497</u>	<u>213,773</u>	<u>2,050</u>	<u>-</u>	<u>400</u>	<u>11,579</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>											
<u>(Deficits)</u>											
Liabilities:											
Accounts payable	\$ 19,885	30,530	2,393	10,837	-	-	5,938	2,050	-	-	-
Accrued payroll and related liabilities	(614)	171	2,285	3,435	-	-	67	-	601	-	-
Due to other funds	-	-	-	322,691	-	-	-	2,745	11,267	-	11,579
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>19,271</u>	<u>30,701</u>	<u>4,678</u>	<u>336,963</u>	<u>-</u>	<u>-</u>	<u>6,005</u>	<u>4,795</u>	<u>11,868</u>	<u>-</u>	<u>11,579</u>
Deferred inflows of resources:											
Delinquent property tax and user fees	96,218	203	12,857	1,293	-	-	-	-	-	-	-
Leases	-	-	-	5,564	-	-	3,570	-	-	-	-
Total deferred inflows of resources	<u>96,218</u>	<u>203</u>	<u>12,857</u>	<u>6,857</u>	<u>-</u>	<u>-</u>	<u>3,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances(deficits):											
Restricted	-	-	-	-	336,842	26,497	-	-	-	400	-
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	1,180,582	-	1,282,112	-	-	-	204,198	-	-	-	-
Unassigned (deficits)	-	(6,278)	-	(320,507)	-	-	-	(2,745)	(11,868)	-	-
Total fund balances (deficits)	<u>1,180,582</u>	<u>(6,278)</u>	<u>1,282,112</u>	<u>(320,507)</u>	<u>336,842</u>	<u>26,497</u>	<u>204,198</u>	<u>(2,745)</u>	<u>(11,868)</u>	<u>400</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 1,296,071</u>	<u>24,626</u>	<u>1,299,647</u>	<u>23,313</u>	<u>336,842</u>	<u>26,497</u>	<u>213,773</u>	<u>2,050</u>	<u>-</u>	<u>400</u>	<u>11,579</u>

(continued)

CITY OF DILLINGHAM, ALASKA

Other Governmental Funds

Combining Balance Sheet, continued

	Capital Project Funds							Mary Carlson Estate	Total
	Ambulance Reserve	Equipment Replacement	School Bonds	Fire Hall Bond	Landfill Closure	Roads	Curyung Ice Machine	Permanent Fund	Other Governmental Funds
<u>Assets</u>									
Cash and investments	\$ -	-	-	-	-	-	-	-	810
Receivables:									
Accounts	-	-	-	-	-	-	-	-	392,009
Grants	-	-	-	-	-	-	1,324	-	12,903
Leases	-	-	-	-	-	-	-	-	10,427
Allowance for uncollectible accounts	-	-	-	-	-	-	-	-	(48,327)
Due from other funds	357,222	63,938	-	-	172,044	100,772	-	-	3,562,276
Restricted cash	-	-	-	-	-	-	-	396,812	396,812
Total assets	<u>\$ 357,222</u>	<u>63,938</u>	<u>-</u>	<u>-</u>	<u>172,044</u>	<u>100,772</u>	<u>1,324</u>	<u>396,812</u>	<u>4,326,910</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</u>									
Liabilities:									
Accounts payable	\$ -	2,286	-	-	-	-	54	53	74,026
Accrued payroll and related liabilities	-	-	-	-	-	-	-	-	5,945
Due to other funds	-	-	1,626	48,058	-	-	1,270	35,876	435,112
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>2,286</u>	<u>1,626</u>	<u>48,058</u>	<u>-</u>	<u>-</u>	<u>1,324</u>	<u>35,929</u>	<u>515,083</u>
Deferred inflows of resources:									
Delinquent property tax and user fees	-	-	-	-	-	-	-	-	110,571
Leases	-	-	-	-	-	-	-	-	9,134
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,705</u>
Fund balances (deficits):									
Restricted	-	-	-	-	-	-	-	360,883	724,622
Committed	357,222	61,652	-	-	172,044	100,772	-	-	691,690
Assigned	-	-	-	-	-	-	-	-	2,666,892
Unassigned (deficits)	-	-	(1,626)	(48,058)	-	-	-	-	(391,082)
Total fund balances (deficits)	<u>357,222</u>	<u>61,652</u>	<u>(1,626)</u>	<u>(48,058)</u>	<u>172,044</u>	<u>100,772</u>	<u>-</u>	<u>360,883</u>	<u>3,692,122</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 357,222</u>	<u>63,938</u>	<u>-</u>	<u>-</u>	<u>172,044</u>	<u>100,772</u>	<u>1,324</u>	<u>396,812</u>	<u>4,326,910</u>

CITY OF DILLINGHAM, ALASKA

Other Governmental Funds

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

Year Ended June 30, 2023

	Special Revenue Funds							
	Water and Sewer	Landfill	Dock	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Library
Revenues:								
Intergovernmental:								
Federal sources	\$ -	-	-	-	-	-	75,210	15,699
State of Alaska	3,232	3,810	2,904	2,111	-	-	19,797	8,056
Local sources:								
Local assistance	-	-	-	-	-	-	-	64,992
Charges for services	727,477	311,000	759,336	122,585	66,958	-	10,251	-
Lease and rental income	-	-	12,433	9,508	-	-	26,462	-
Investment income	-	-	17,368	-	-	417	-	-
Other	770	4,179	7,588	801	-	-	4,340	-
Total revenues	<u>731,479</u>	<u>318,989</u>	<u>799,629</u>	<u>135,005</u>	<u>66,958</u>	<u>417</u>	<u>136,060</u>	<u>88,747</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	91,561
Water and sewer	441,441	-	-	-	-	-	-	-
Landfill	-	454,587	-	-	-	-	-	-
Dock	-	-	775,133	-	-	-	-	-
Boat harbor	-	-	-	407,978	-	-	-	-
Senior citizen center	-	-	-	-	-	-	369,552	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>441,441</u>	<u>454,587</u>	<u>775,133</u>	<u>407,978</u>	<u>-</u>	<u>-</u>	<u>369,552</u>	<u>91,561</u>
Excess (deficiency) of revenues over expenditures	<u>290,038</u>	<u>(135,598)</u>	<u>24,496</u>	<u>(272,973)</u>	<u>66,958</u>	<u>417</u>	<u>(233,492)</u>	<u>(2,814)</u>
Other financing sources (uses):								
Transfers in	-	135,598	-	24,496	-	-	427,497	-
Transfers out	-	-	(24,496)	-	(40,536)	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>135,598</u>	<u>(24,496)</u>	<u>24,496</u>	<u>(40,536)</u>	<u>-</u>	<u>427,497</u>	<u>-</u>
Net change in fund balances	290,038	-	-	(248,477)	26,422	417	194,005	(2,814)
Fund balances (deficits) at beginning of year	890,544	(6,278)	1,282,112	(72,030)	310,420	26,080	10,193	69
Fund balances (deficits) at end of year	<u>\$ 1,180,582</u>	<u>(6,278)</u>	<u>1,282,112</u>	<u>(320,507)</u>	<u>336,842</u>	<u>26,497</u>	<u>204,198</u>	<u>(2,745)</u>

(continued)

CITY OF DILLINGHAM, ALASKA

Other Governmental Funds

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

	Special Revenue Funds					Capital Project Funds			
	Local Support	Dillingham Police Department Reward	Southern Region EMS Minigrant	Coronavirus Relief	LINKED	Ambulance Reserve	Equipment Replacement	School Bonds	Fire Hall Bond
Revenues:									
Intergovernmental:									
Federal sources	\$ -	-	-	532,541	-	-	-	-	-
State of Alaska	-	-	-	-	-	-	-	-	-
Local sources:									
Local assistance	42,059	-	10,282	-	27,839	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Lease and rental income	-	-	-	-	-	13,200	-	-	-
Investment income	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	<u>42,059</u>	<u>-</u>	<u>10,282</u>	<u>532,541</u>	<u>27,839</u>	<u>13,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:									
Current:									
Public safety	-	-	10,282	532,541	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Community services	40,281	-	-	-	27,839	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-
Landfill	15,939	-	-	-	-	-	-	-	-
Dock	-	-	-	-	-	-	-	-	-
Boat harbor	-	-	-	-	-	-	-	-	-
Senior citizen center	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	9,120	168,320	-	82,842
Total expenditures	<u>56,220</u>	<u>-</u>	<u>10,282</u>	<u>532,541</u>	<u>27,839</u>	<u>9,120</u>	<u>168,320</u>	<u>-</u>	<u>82,842</u>
Excess (deficiency) of revenues over expenditures	<u>(14,161)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,080</u>	<u>(168,320)</u>	<u>-</u>	<u>(82,842)</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	64,106	168,320	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,106</u>	<u>168,320</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(14,161)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,186</u>	<u>-</u>	<u>-</u>	<u>(82,842)</u>
Fund balances (deficits) at beginning of year	<u>2,293</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,036</u>	<u>61,652</u>	<u>(1,626)</u>	<u>34,784</u>
Fund balances (deficits) at end of year	<u>\$ (11,868)</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,222</u>	<u>61,652</u>	<u>(1,626)</u>	<u>(48,058)</u>

(continued)

CITY OF DILLINGHAM, ALASKA

Other Governmental Funds

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

	Capital Project Funds				Mary Carlson Estate Permanent Fund	Total Other Governmental Funds
	Landfill Closure	Wastewater System Improvement	Roads	Curyung Ice Machine		
Revenues:						
Intergovernmental:						
Federal sources	\$ -	146,538	-	-	-	769,988
State of Alaska	-	-	-	-	-	39,910
Local sources:						
Local assistance	-	-	-	-	-	145,172
Charges for services	-	-	-	-	-	1,997,607
Lease and rental income	-	-	-	-	-	61,603
Investment income	-	-	-	-	10,021	27,806
Other	-	-	-	1,730	-	19,408
Total revenues	-	146,538	-	1,730	10,021	3,061,494
Expenditures:						
Current:						
Public safety	-	-	-	-	-	542,823
Community services	-	-	-	-	1,829	161,510
Water and sewer	-	-	-	-	-	441,441
Landfill	-	-	-	-	-	470,526
Dock	-	-	-	-	-	775,133
Boat harbor	-	-	-	-	-	407,978
Senior citizen center	-	-	-	-	-	369,552
Capital outlay	-	146,538	-	1,730	-	408,550
Total expenditures	-	146,538	-	1,730	1,829	3,577,513
Excess (deficiency) of revenues over expenditures	-	-	-	-	8,192	(516,019)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	820,017
Transfers out	-	-	-	-	(4,000)	(69,032)
Net other financing sources (uses)	-	-	-	-	(4,000)	750,985
Net change in fund balances	-	-	-	-	4,192	234,966
Fund balances (deficits) at beginning of year	172,044	-	100,772	-	356,691	3,457,156
Fund balances (deficits) at end of year	\$ 172,044	-	100,772	-	360,883	3,692,122

**Non-Major
Special Revenue Funds**

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

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

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

Dock and Boat Harbor - these funds account for the activities of the City's dock and small boat harbor.

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

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

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

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

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

Southern Region EMS Minigrant –this fund accounts for the use of funds for EMS equipment.

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

Linked – This fund accounts for the use of funds for the Literacy Innovation for Neighborhood Kids' Educational Development program.

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,	2023			2022
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 1,747	3,232	1,485	9,417
Local sources:				
Charges for services:				
Water sales	231,200	264,713	33,513	225,416
Sewer fees	463,500	462,764	(736)	447,584
Total charges for services	694,700	727,477	32,777	673,000
Other	1,000	770	(230)	1,565
Total revenues	697,447	731,479	34,032	683,982
Expenditures:				
Water:				
Salaries	52,035	49,918	2,117	47,567
Overtime	20,000	19,810	190	15,278
Employee benefits	32,396	31,498	898	35,634
Professional services	5,000	-	5,000	3,394
Insurance	8,000	7,028	972	5,657
Travel and training	-	-	-	470
Supplies	6,000	2,811	3,189	402
Gas, oil and grease	3,000	724	2,276	1,457
Chemicals	10,000	7,285	2,715	-
Minor tools and equipment	6,000	2,801	3,199	18,002
Major equipment	15,000	-	15,000	16,775
Utilities and telephone	53,750	63,419	(9,669)	58,936
Memberships	-	-	-	50
Building and equipment repairs	9,500	3,244	6,256	6,754
Sample testing and inspections	8,000	1,883	6,117	3,519
Administrative overhead	22,700	19,090	3,610	21,479
Total water	251,381	209,511	41,870	235,374
Sewer:				
Salaries	52,035	48,600	3,435	45,930
Overtime	10,565	21,880	(11,315)	11,681
Employee benefits	32,396	32,771	(375)	32,642
Contractual	5,000	1,634	3,366	72,300
Insurance	4,900	4,304	596	3,519
Permits	1,500	1,280	220	-
Supplies	2,500	1,375	1,125	389
Chemicals	4,000	-	4,000	-
Gas, oil and grease	3,500	692	2,808	1,421
Minor tools and equipment	7,500	7,521	(21)	1,212
Major equipment	45,000	13,462	31,538	16,227
Engineering/construction	7,000	-	7,000	3,429
Utilities and telephone	73,750	73,622	128	90,882
Advertising	-	-	-	240
Building and equipment repairs	8,200	3,762	4,438	1,674
Sample testing and inspections	10,000	-	10,000	-
Administrative overhead	28,000	21,027	6,973	27,914
Other	-	-	-	1,834
Total sewer	295,846	231,930	63,916	311,294
Total expenditures	547,227	441,441	105,786	546,668
Excess of revenues over expenditures	150,220	290,038	139,818	137,314
Other financing sources - transfers in	17,934	-	(17,934)	-
Net change in fund balance	\$ 168,154	290,038	121,884	137,314
Fund balance at beginning of year		890,544		753,230
Fund balance at end of year		\$ 1,180,582		890,544

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,	2023			2022
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 5,459	3,810	(1,649)	11,737
Local sources:				
Charges for services - landfill fees	260,000	311,000	51,000	292,606
Other local revenue	200	4,179	3,979	6,032
Total revenues	<u>265,659</u>	<u>318,989</u>	<u>53,330</u>	<u>310,375</u>
Expenditures:				
Landfill:				
Salaries	183,200	153,509	29,691	152,757
Overtime	12,448	9,418	3,030	9,680
Employee benefits	108,787	88,697	20,090	85,630
Contractual	10,000	16,826	(6,826)	2,925
Insurance	12,000	9,619	2,381	7,519
Advertising	-	-	-	41
Training and travel	3,500	3,490	10	-
Permits	5,000	1,844	3,156	4,750
Supplies	7,500	7,072	428	8,320
Gravel	38,000	29,000	9,000	31,250
Gas, oil and grease	28,000	15,237	12,763	19,950
Minor tools and equipment	11,500	9,686	1,814	4,177
Major equipment	35,000	8,290	26,710	65,600
Utilities and telephone	18,900	9,740	9,160	7,806
Building and equipment repairs	95,500	78,383	17,117	36,966
Sample testing and inspections	20,000	13,776	6,224	40,447
Administrative overhead	-	-	-	46,897
Other	-	-	-	182
Total expenditures	<u>589,335</u>	<u>454,587</u>	<u>134,748</u>	<u>524,897</u>
Excess (deficiency) of revenues over expenditures	(323,676)	(135,598)	188,078	(214,522)
Other financing sources - transfers in	<u>323,676</u>	<u>135,598</u>	<u>(188,078)</u>	<u>209,013</u>
Net change in fund balance	\$ <u>-</u>	<u>-</u>	<u>-</u>	(5,509)
Fund balance (deficit) at beginning of year		<u>(6,278)</u>		<u>(769)</u>
Fund balance (deficit) at end of year		\$ <u><u>(6,278)</u></u>		<u><u>(6,278)</u></u>

CITY OF DILLINGHAM, ALASKA

Dock Special Revenue Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 5,615	2,904	(2,711)	11,544
Local sources:				
Charges for services:				
Wharfage and handling	500,000	541,036	41,036	379,114
Docking	70,000	73,176	3,176	56,081
Labor income	6,000	2,419	(3,581)	2,602
Fuel flowage fees	100,000	142,705	42,705	78,815
Total charges for services	676,000	759,336	83,336	516,612
Equipment rental	30,000	12,433	(17,567)	15,268
Investment income	14,000	17,368	3,368	17,933
Other	6,500	7,588	1,088	9,911
Total revenues	732,115	799,629	67,514	571,268
Expenditures:				
Dock:				
Salaries	162,830	91,737	71,093	125,212
Overtime	38,414	39,191	(777)	41,767
Employee benefits	148,889	79,009	69,880	102,346
Professional services	1,500	902	598	-
Insurance	38,200	32,700	5,500	30,415
Travel and training	550	550	-	1,257
Supplies	1,000	83	917	-
Gas, oil and grease	18,000	17,589	411	14,453
Minor tools and equipment	2,500	1,222	1,278	-
Major equipment	17,000	16,363	637	1,721
Leased equipment	133,196	133,196	-	133,196
Utilities and telephone	27,670	20,718	6,952	18,817
Building and equipment repairs	418,720	256,607	162,113	15,224
Dock repairs and maintenance	2,500	1,807	693	-
Inspections	2,000	550	1,450	3,297
Administrative overhead	101,000	82,909	18,091	59,771
Total expenditures	1,113,969	775,133	338,836	547,476
Excess (deficiency) of revenues over expenditures	(381,854)	24,496	406,350	23,792
Other financing (uses):				
Transfers out	-	(24,496)	(24,496)	(20,121)
Net change in fund balance	\$ (381,854)	-	381,854	3,671
Fund balance at beginning of year		1,282,112		1,278,441
Fund balance at end of year		\$ 1,282,112		1,282,112

CITY OF DILLINGHAM, ALASKA

Boat Harbor Special Revenue Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 2,500	2,111	(389)	5,739
Local sources:				
Charges for services - boat harbor fees	127,500	122,585	(4,915)	108,127
Lease and rental income	50,000	9,508	(40,492)	37,197
Other	1,000	801	(199)	1,471
Total revenues	<u>181,000</u>	<u>135,005</u>	<u>(45,995)</u>	<u>152,534</u>
Expenditures:				
Boat harbor:				
Salaries	71,162	89,425	(18,263)	83,259
Overtime	30,000	-	30,000	-
Employee benefits	58,395	47,256	11,139	46,120
Professional services	12,600	45,291	(32,691)	-
Advertising	-	-	-	346
Travel and training	-	264	(264)	-
Supplies	5,100	3,771	1,329	3,151
Gas, oil and grease	23,700	33,233	(9,533)	19,697
Minor tools and equipment	6,000	7,388	(1,388)	896
Major equipment	-	-	-	-
Utilities and telephone	55,852	57,256	(1,404)	65,981
Janitorial services	4,800	-	4,800	-
Building and equipment repairs	16,700	86,098	(69,398)	16,549
Inspections	1,500	-	1,500	-
Administrative overhead	26,300	37,996	(11,696)	25,755
Total expenditures	<u>312,109</u>	<u>407,978</u>	<u>(95,869)</u>	<u>261,754</u>
Excess (deficiency) of revenues over expenditures	(131,109)	(272,973)	(141,864)	(109,220)
Other financing sources - transfers in	-	24,496	24,496	20,121
Net change in fund balance	\$ <u>(131,109)</u>	<u>(248,477)</u>	<u>(117,368)</u>	(89,099)
Fund balance (deficit) at beginning of year		<u>(72,030)</u>		<u>17,069</u>
Fund balance (deficit) at end of year		\$ <u><u>(320,507)</u></u>		<u><u>(72,030)</u></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,	2023			2022
	Budget	Actual	Variance	Actual
Revenues - local sources:				
Charges for services:				
E911 revenue	\$ 70,000	66,958	(3,042)	65,899
Expenditures	-	-	-	-
Excess of revenues over expenditures	70,000	66,958	(3,042)	65,899
Other financing (uses) - transfers out	(37,343)	(40,536)	(3,193)	(50,071)
Net change in fund balance	\$ 32,657	26,422	(6,235)	15,828
Fund balance at beginning of year		310,420		294,592
Fund balance at end of year		\$ 336,842		310,420

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>2023</u>	<u>2022</u>
Revenues - local sources:		
Asset forfeiture	\$ -	1,815
Investment Income	<u>417</u>	<u>-</u>
Total revenues	<u>417</u>	<u>1,815</u>
Expenditures - public safety:		
Minor tools/ equipment	-	596
Other	<u>-</u>	<u>2,901</u>
Total expenditures	<u>-</u>	<u>3,497</u>
Excess (deficiency) of revenues over expenditures	417	(1,682)
Fund balance at beginning of year	<u>26,080</u>	<u>27,762</u>
Fund balance at end of year	\$ <u><u>26,497</u></u>	<u><u>26,080</u></u>

CITY OF DILLINGHAM, ALASKA

Senior Citizen Center Special Revenue Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal sources	\$ 91,744	75,210	(16,534)	99,130
State of Alaska	-	16,534	16,534	34,617
State PERS relief	4,497	3,263	(1,234)	8,170
Local sources:				
Charges for services	5,550	10,251	4,701	-
Lease and rental income	28,800	26,462	(2,338)	23,963
Other	7,750	4,340	(3,410)	6,844
Total revenues	<u>138,341</u>	<u>136,060</u>	<u>(2,281)</u>	<u>172,724</u>
Expenditures:				
Senior citizen center:				
Nutrition, transportation, and support services:				
Salaries	62,000	47,622	14,378	62,000
Employee benefits	40,000	24,607	15,393	40,000
Insurance	7,000	-	7,000	6,000
Food	-	559	(559)	10,896
Minor tools and equipment	-	3,500	(3,500)	5,016
Supplies	10,000	9,708	292	1,065
Fuel	11,000	7,000	4,000	6,000
Utilities and telephone	6,000	3,000	3,000	6,000
Total nutrition, transportation, and support services	<u>136,000</u>	<u>95,996</u>	<u>40,004</u>	<u>136,977</u>
Operations:				
Salaries	79,113	98,742	(19,629)	58,062
Employee benefits	49,860	45,595	4,265	32,711
Food	20,000	21,738	(1,738)	5,500
Minor tools and equipment	4,700	2,220	2,480	210
Insurance	20,205	23,899	(3,694)	12,295
Supplies	3,400	1,948	1,452	2,075
Fuel	21,000	22,539	(1,539)	23,074
Building and equipment repairs	19,900	26,861	(6,961)	10,935
Utilities and telephone	24,911	29,704	(4,793)	23,843
Travel and training	2,000	10	1,990	95
Other expenditures	400	300	100	32,771
Total operations	<u>245,489</u>	<u>273,556</u>	<u>(28,067)</u>	<u>201,571</u>
Total expenditures	<u>381,489</u>	<u>369,552</u>	<u>11,937</u>	<u>338,548</u>
Excess (deficiency) of revenues over expenditures	(243,148)	(233,492)	9,656	(165,824)
Other financing sources - transfers in	<u>243,148</u>	<u>427,497</u>	<u>184,349</u>	<u>166,679</u>
Net change in fund balance	\$ <u>-</u>	<u>194,005</u>	<u>194,005</u>	855
Fund balance at beginning of year		<u>10,193</u>		<u>9,338</u>
Fund balance at end of year		<u>\$ 204,198</u>		<u>10,193</u>

CITY OF DILLINGHAM, ALASKA

Library Special Revenue Fund

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

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal	\$ 65,052	15,699	(49,353)	8,579
State of Alaska	-	8,056	8,056	13,021
Local sources:				
Local assistance	8,250	64,992	56,742	64,991
Charges for services	-	-	-	-
Total revenues	<u>73,302</u>	<u>88,747</u>	<u>15,445</u>	<u>86,591</u>
Expenditures:				
Community services:				
Community services	3,000	6,627	(3,627)	4,759
Travel and training	1,250	-	1,250	-
Minor tools and equipment	-	2,745	(2,745)	-
Audio visual	3,000	4,205	(1,205)	2,162
Utilities and telephone	65,052	64,992	60	67,024
Summer reading program	1,000	9,562	(8,562)	8,386
Memberships	-	1,980	(1,980)	-
Books	-	1,450	(1,450)	4,261
Total expenditures	<u>73,302</u>	<u>91,561</u>	<u>(18,259)</u>	<u>86,592</u>
Excess (deficiency) of revenues over expenditures	\$ <u>-</u>	<u>(2,814)</u>	<u>(2,814)</u>	<u>(1)</u>
Fund balance at beginning of year		<u>69</u>		<u>70</u>
Fund balance (deficit) at end of year		\$ <u>(2,745)</u>		<u>69</u>

CITY OF DILLINGHAM, ALASKA

Local Support Special Revenue Fund

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

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues:		
Local sources:		
Local assistance	\$ <u>42,059</u>	<u>56,671</u>
Expenditures:		
Community services:		
Salaries	31,328	25,746
Overtime	5,176	1,049
Employee benefits	3,777	2,732
Contributions	-	6,000
Total community services	<u>40,281</u>	<u>35,527</u>
Landfill:		
Training	<u>15,939</u>	<u>20,021</u>
Total expenditures	<u>56,220</u>	<u>55,548</u>
Excess (deficiency) of revenues over expenditures	(14,161)	1,123
Fund balance at beginning of year	<u>2,293</u>	<u>1,170</u>
Fund balance (deficit) at end of year	\$ <u><u>(11,868)</u></u>	<u><u>2,293</u></u>

CITY OF DILLINGHAM, ALASKA

Southern Region EMS Minigrant Special Revenue Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues:		
Local sources:		
Local assistance	\$ <u>10,282</u>	<u>-</u>
Expenditures:		
Public safety:		
Supplies	8,572	-
Other expenditures	<u>1,710</u>	<u>-</u>
Total expenditures	<u>10,282</u>	<u>-</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

CITY OF DILLINGHAM, ALASKA

Coronavirus Relief Special Revenue Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance

Years Ended June 30,	2023			2022
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal sources	\$ 532,541	532,541	-	1,005,325
Expenditures:				
Public safety:				
Salaries	400,000	351,147	48,853	342,086
Employee benefits	89,982	138,835	(48,853)	183,645
Professional services	-	-	-	2,367
Major equipment	42,559	42,559	-	474,839
Utilities	-	-	-	2,388
Total expenditures	532,541	532,541	-	1,005,325
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	-	-	-

CITY OF DILLINGHAM, ALASKA

LINKED Special Revenue Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues:		
Local sources:		
Local assistance	\$ <u>27,839</u>	<u>-</u>
Expenditures:		
Community services:		
Salaries	13,173	-
Employee benefits	1,035	-
Supplies	1,146	-
Minor tools and equipment	<u>12,485</u>	<u>-</u>
Total expenditures	<u>27,839</u>	<u>-</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

**Non-Major
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.

Landfill Closure – this fund accounts for capital grants associated with the closure of the landfill.

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

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

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

CITY OF DILLINGHAM, ALASKA

Ambulance Reserve Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues		
Local sources - Lease and rental income	\$ <u>13,200</u>	<u>-</u>
Expenditures - capital outlay - volunteer stipend	<u>9,120</u>	<u>13,039</u>
Excess (deficiency) of revenues over expenditures	4,080	(13,039)
Other financing sources:		
Transfers in	<u>64,106</u>	<u>1,702</u>
Net change in fund balance	68,186	(11,337)
Fund balance at beginning of year	<u>289,036</u>	<u>300,373</u>
Fund balance at end of year	\$ <u><u>357,222</u></u>	<u><u>289,036</u></u>

CITY OF DILLINGHAM, ALASKA

Equipment Replacement Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures:		
Capital outlay:		
Equipment maintenance	10,286	-
Equipment	<u>158,034</u>	<u>61,127</u>
Total expenditures	<u>168,320</u>	<u>61,127</u>
Excess (deficiency) of revenues over expenditures	(168,320)	(61,127)
Other financing sources:		
Insurance proceeds	-	13,943
Transfers in	<u>168,320</u>	<u>47,184</u>
Net other financing sources	<u>168,320</u>	<u>61,127</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>61,652</u>	<u>61,652</u>
Fund balance at end of year	\$ <u><u>61,652</u></u>	<u><u>61,652</u></u>

CITY OF DILLINGHAM, ALASKA

School Bonds Capital Project Fund

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

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	-	-
Fund balance (deficit) at beginning of year	<u>(1,626)</u>	<u>(1,626)</u>
Fund balance (deficit) at end of year	\$ <u><u>(1,626)</u></u>	<u><u>(1,626)</u></u>

CITY OF DILLINGHAM, ALASKA

Fire Hall Bond Capital Project Fund

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

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures - capital outlay:		
Salaries	-	1,023
Employee benefits	-	118
Professional services	<u>82,842</u>	<u>84,616</u>
Total expenditures	<u>82,842</u>	<u>85,757</u>
Excess (deficiency) of revenues over expenditures	(82,842)	(85,757)
Fund balance at beginning of year	<u>34,784</u>	<u>120,541</u>
Fund balance (deficit) at end of year	\$ <u><u>(48,058)</u></u>	<u><u>34,784</u></u>

CITY OF DILLINGHAM, ALASKA

Landfill Closure Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues:		
Local sources	\$ <u>-</u>	<u>-</u>
Expenditures	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>172,044</u>	<u>172,044</u>
Fund balance at end of year	\$ <u><u>172,044</u></u>	<u><u>172,044</u></u>

CITY OF DILLINGHAM, ALASKA

Wastewater System Improvement Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues:		
Intergovernmental:		
Federal sources - passed through ANTHC	\$ 146,538	6,410
Charges for services	-	18,025
	<u>146,538</u>	<u>24,435</u>
Expenditures - capital outlay:		
Professional services	-	6,160
Advertising	-	250
Other	-	18,025
Major equipment	146,538	-
Total expenditures	<u>146,538</u>	<u>24,435</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

Roads Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>100,772</u>	<u>100,772</u>
Fund balance at end of year	\$ <u><u>100,772</u></u>	<u><u>100,772</u></u>

CITY OF DILLINGHAM, ALASKA

Curyung Ice Machine Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues - local sources - other	\$ <u>1,730</u>	<u>2,475</u>
Expenditures - capital outlay - utilities	<u>1,730</u>	<u>2,475</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

**Non-Major
Permanent Fund**

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

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

CITY OF DILLINGHAM, ALASKA

Mary Carlson Estate Permanent Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2023</u>	<u>2022</u>
Revenues:		
Local sources:		
Investment income	\$ <u>10,021</u>	<u>-</u>
Expenditures:		
Community services:		
Utilities	642	642
Administrative overhead	-	9,843
Insurance	<u>1,187</u>	<u>1,394</u>
Total expenditures	<u>1,829</u>	<u>11,879</u>
Excess (deficiency) of revenues over expenditures	8,192	(11,879)
Other financing (uses):		
Transfers out	<u>(4,000)</u>	<u>-</u>
Net change in fund balance	4,192	(11,879)
Fund balance at beginning of year	<u>356,691</u>	<u>368,570</u>
Fund balance at end of year	\$ <u><u>360,883</u></u>	<u><u>356,691</u></u>

CITY OF DILLINGHAM, ALASKA

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Grant Title	Federal Assistance Listing Number	Federal Grantor/Pass Through Number	Award Amount	Federal Share of Expenditures
U.S. Department of the Interior:				
Direct:				
Payment in Lieu of Taxes	15.226	None	\$ 480,895	480,895
U.S. Department of the Treasury:				
Passed through the State of Alaska, Department of Commerce, Community, and Economic Development:				
COVID-19 Coronavirus Local Fiscal Recovery Fund	21.027	AK0031	1,065,083	532,541
COVID-19 Local Government Lost Revenue	21.027	22-LGLR-07	2,786,321	496,247
Total ALN# 21.027			3,851,404	1,028,788
U.S. Department of Health and Human Services:				
Passed through the State of Alaska, Department of Health and Social Services:				
Aging Cluster:				
Nutritional, Transportation and Support Services	93.044	607-309-23030	4,800	4,800
Nutritional, Transportation and Support Services	93.045	607-309-23030	70,410	70,410
Total Aging Cluster			75,210	75,210
Institute of Museum and Library Services:				
Passed through the Curyung Tribal Council:				
IMLS Native American Library Services Program:				
Basic Library Services Grant FY21	45.311	NAB-250271-OLS-21	10,000	5,914
Basic Library Services Grant FY22	45.311	NAB-250271-OLS-22	10,000	5,913
Total ALN 45.311			20,000	11,827
Passed through the State of Alaska Department of Education and Early Development - Grants to States ARPA	45.310	EASY22-052	6,000	3,872
Total Institute of Museum and Library Services			26,000	15,699
U.S. Department of Environmental Protection Agency:				
Passed through Alaska Native Tribal Health Consortium:				
Sanitation Facility Improvements	66.458	AN 15-N3E	634,483	146,538
Total federal financial assistance			\$ 5,067,992	1,747,130

See accompanying notes to the Schedule.

CITY OF DILLINGHAM, ALASKA

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City of Dillingham, Alaska under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of City of Dillingham, Alaska, it is not intended to and does not present the basic financial statements of City of Dillingham, Alaska.

2. Summary of Significant Accounting Policies

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

3. Pass Through Awards

No amounts were passed through to Subrecipients.

4. Component Unit

The City of Dillingham, Alaska's basic financial statements include \$4,813,081 of federal funds expended for the Dillingham City School District, a component unit of the City of Dillingham, Alaska. These monies are excluded from this Schedule. These monies were subjected to Uniform Guidance audit procedures and separate reports on compliance and internal control dated November 8, 2023 for the Dillingham City School District.

CITY OF DILLINGHAM, ALASKA
Schedule of State Financial Assistance
Year Ended June 30, 2023

	<u>Grant Number</u>	<u>Total Award</u>	<u>State Share of Expenditures</u>
State of Alaska Department of Education and Early Development:			
Direct Programs:			
Public Library Assistance	PLA22-Dilli	7,000	7,000
Interlibrary Cooperation Grant Award	ILC22-028	7,077	1,056
* Debt Retirement Program	None	<u>745,665</u>	<u>745,665</u>
Total Department of Education and Early Development		<u>759,742</u>	<u>753,721</u>
State of Alaska Department of Health and Social Services:			
Direct Programs:			
Nutrition, Transportation and Support Services	607-309-23030	<u>16,534</u>	<u>16,534</u>
Total State Financial Assistance		\$ <u><u>776,276</u></u>	<u><u>770,255</u></u>
Reconciliation to State of Alaska Revenues, Exhibit D-1:			
Expenditures from above schedule			770,255
State PERS relief			84,874
State revenue sharing			130,096
State tax revenues			<u>845,402</u>
Total State of Alaska Revenue, Exhibit D-1			<u><u>1,830,627</u></u>

See accompanying notes to the Schedule.

CITY OF DILLINGHAM, ALASKA

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2023

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, 2023. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City of Dillingham, Alaska, it is not intended to and does not present the basic financial statements of City of Dillingham, Alaska.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Subrecipients

No state funds were passed through to Subrecipients.

Note 4. Major Programs

* denotes a major program for compliance audit purposes.

Note 5. Component Unit

The City of Dillingham, Alaska basic financial statements include \$6,337,791 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 November 8, 2023 for the Dillingham City School District.

COMPLIANCE REPORTS

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Dillingham, Alaska, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Dillingham, Alaska's basic financial statements, and have issued our report thereon dated July 16, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Honorable Mayor and City Council
City of Dillingham, Alaska

Report on Compliance and Other Matters

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

Purpose of this Report

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

Altman, Rogers & Co.

Anchorage, Alaska
July 16, 2024

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited City of Dillingham, Alaska's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Dillingham, Alaska's major federal programs for the year ended June 30, 2023. City of Dillingham, Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

City of Dillingham, Alaska's basic financial statements include operations of its component unit, Dillingham City School District, which received \$4,813,081 in federal awards, which is not included in the schedule of expenditures of federal awards during the year ended June 30, 2023. Our audit, described below, did not include the operations of Dillingham City School District because it was subjected to a separate audit in accordance with Uniform Guidance.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of the report, City of Dillingham, Alaska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Qualified Opinion

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

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

Matter Giving Rise to Qualified Opinion

As described in the accompanying federal schedule of findings and questioned costs, City of Dillingham, Alaska did not comply with the requirements of the Coronavirus State and Local Recovery Funds and the Local Government Lost Revenue programs as described in finding number 2023-001 for reporting.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying federal schedule of findings and questioned costs as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying federal schedule of findings and questioned costs as finding 2023-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying federal schedule of findings and questioned costs as finding 2023-002 to be a significant deficiency.

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

Honorable Mayor and City Council
City of Dillingham, Alaska

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

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

Altman, Rogers & Co.

Anchorage, Alaska
July 16, 2024

CITY OF DILLINGHAM, ALASKA

Federal Schedule of Findings and Question Costs

Year Ended June 30, 2023

Section I – Summary of Auditor's Results

Financial Statements

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

Unmodified

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

___ Yes X No

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

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

Material weakness(es) identified

X Yes ___ No

Significant deficiency(ies) identified?

X Yes ___ None reported

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

X Yes ___ No

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

Qualified

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

___ Yes X No

Identification of major programs:

Assistance Listing Number(s)/Cluster
21.027

Name of Federal Program or Cluster
Coronavirus State and Local Fiscal Recovery Funds and Local Government Lost Revenue

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

\$ 750,000

Auditee qualified as low-risk auditee?

___ Yes X No

CITY OF DILLINGHAM, ALASKA

Federal Schedule of Findings and Question Costs, Continued

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

<u>Finding 2023-001:</u>	<u>Late Reporting and Noncompliance with Reporting Requirements</u>
Federal Agency:	U.S. Department of the Treasury
Pass through agency:	State of Alaska Department of Commerce Community and Economic Development
Federal Programs:	Coronavirus State and Local Fiscal Recovery Funds and Local Government
Assistance Listing Number:	Lost Revenue ALN 21.027
Award Numbers:	AK0031 and 22-LGLR-07
Award Period:	2022
Type of Finding:	Material Weakness in Internal Control over Compliance/Material Noncompliance
Condition and Context:	The City did not adhere to the Uniform Guidance requirement of submitting the reporting package within the earlier of 30 days after receipt of the audit report, or nine months plus any extensions after the end of the audit period, (i.e. the FAC Report was not submitted timely.) This is a repeat finding and appears to be a systematic problem.
Criteria:	The Uniform Guidance requires that the reporting package be submitted within the earlier of nine months plus any extensions after year end or 30 days after the report issuance in accordance with the provisions of 2 CFR part 200, subpart F, section 200.512.
Cause:	Due to staff turnover the City was unable to access their annual audit completed with the required timeframe, and subsequently were also late in submission of the FAC report.
Effect:	The City is not in compliance with Uniform Guidance requirements.
Questioned Costs:	None.
Repeat Finding:	This is a repeat finding of 2022-01, and since it is a repeat finding. We believe it to be a systemic issue.
Recommendation:	The City needs to work on getting financial information more timely (i.e. submit the reporting package with the guidelines of Uniform Guidance).
Management Response:	Management concurs with this finding. See Corrective Action Plan.

CITY OF DILLINGHAM, ALASKA

Federal Schedule of Findings and Questioned Costs, Continued

<u>Finding 2023-002:</u>	<u>Late Reporting and Noncompliance with Reporting Requirements</u>
Federal Agency:	U.S. Department of the Treasury
Pass through agency:	State of Alaska Department of Commerce Community and Economic Development
Federal Programs:	Coronavirus State and Local Fiscal Recovery Funds and Local Government Lost Revenue ALN 21.027
Assistance Listing Number:	AK0031 and 22-LGLR-07
Award Period:	2022
Type of Finding:	Significant Deficiency/ Noncompliance
Condition and Context:	The City did not adhere to the Uniform Guidance requirement of submitting the project performance report by the annual deadline.
Criteria:	All recipients of federal funds must complete financial, performance, and compliance reporting as required and outlined in Part 2 of this guidance. Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1. The nonfederal entity must submit performance reports at the interval required by the federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity as outlined in 2 CFR 200.329.
Cause:	Due to staff turnover the City was unable to access their reporting log in within the required timeframe, and subsequently were also late in submission of the expenditure Report.
Effect:	The City is not in compliance with Uniform Guidance requirements.
Questioned Costs:	None.
Repeat Finding:	No. This appears to be an isolated instance of noncompliance.
Recommendation:	The City needs to work on getting financial information more timely (i.e. submit the reporting package with the guidelines of Uniform Guidance).
Management Response:	Management concurs with this finding. See Corrective Action Plan.

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

Independent Auditor's Report

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

Qualified Opinion

We have audited City of Dillingham, Alaska's compliance with the types of compliance requirements identified as subject to audit in the State of Alaska Audit Guide and Compliance Supplement that could have direct and material effect on the City of Dillingham, Alaska's major state program for the year ended June 30, 2023. City of Dillingham, Alaska's major state programs are identified on the Schedule of State Financial Assistance.

City of Dillingham, Alaska's basic financial statements include operations of its component unit, Dillingham City School District, which received \$6,337,791 in state awards, which is not included in the Schedule of State Financial Assistance during the year ended June 30, 2023. Our audit, described below, did not include the operations of Dillingham City School District because it was subjected to a separate audit in accordance with the State of Alaska Audit Guide and Compliance Supplement.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, City of Dillingham, Alaska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2023.

Basis for Qualified Opinion

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

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

Matter Giving Rise to Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, City of Dillingham, Alaska did not comply with requirements regarding the Debt Retirement Program as described in finding number 2023-003 for the deadline for state single audit. Compliance with such requirements is necessary, in our opinion, for City of Dillingham, Alaska to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying state schedule of findings and questioned costs as item 2023-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Altman, Rogers & Co.

Anchorage, Alaska
July 16, 2024

CITY OF DILLINGHAM, ALASKA

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified?

___ Yes X None reported

Material weakness(es) identified?

___ Yes X No

Noncompliance material to financial statements noted?

___ Yes X No

State Awards

Internal control over major programs:

Significant deficiency(ies) identified?

___ Yes X None reported

Material weakness(es) identified?

X Yes ___ No

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

Qualified

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

\$ 750,000

Auditee qualified as low-risk auditee?

___ Yes X No

Section II – Financial Statement Findings

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

CITY OF DILLINGHAM, ALASKA

State Schedule of Findings and Questioned Costs, Continued

Section III – State Award Findings

Finding 2023-003

Deadline for State Single Audit

Type of finding:	Material weakness/material noncompliance
State Agency:	State of Alaska Department of Education and Early Development
Grant Name:	Debt Retirement Program
Grant Numbers:	None
Award Year:	2023
Criteria:	2 AAC 45.010(b) states an entity that expends a cumulative total of \$750,000 or more shall submit an audit report for the audit period by the earlier of 30 days after the entity receives its audit report for the audit period; or nine months after the end of the audit period, or a later date agreed upon in writing and advance of the date in this section.
Condition:	Due to staff turnover, the City was unable to have their annual audit completed within the required timeframe.
Questioned Costs:	None
Context:	The City is not in compliance with 2 AAC and did not have the books adjusted until after the deadline.
Effect:	The City is not in compliance with 2 AAC 45.010(b)(1) .
Cause:	The City did not have controls in place to ensure timely reporting.
Repeat Finding:	This is a repeat finding 2022-002.
Recommendation:	The City needs to adjust the accounting records timely, and submit the reporting package within the guidelines as outlined in the State of Alaska single audit regulations.
Management's Response:	Management concurs with the finding. See Corrective Action Plan.



Summary of Prior Audit Findings

June 30, 2023

Federal Award Findings

Finding 2022-001

Late Reporting and Noncompliance with Reporting Requirements

Type of Finding:

Material weakness/material noncompliance.

Condition:

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

Status:

This finding has not been resolved and is repeated as Finding 2023-001.

State Award Findings

Finding 2022-002

Deadline for State Single Audit

Type of Finding:

Material weakness/material noncompliance.

Condition:

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

Status:

This finding has not been reserved and is repeated as Finding 2023-002.



Corrective Action Plan

June 30, 2023

Federal Award Findings

Finding 2023-001

Late Reporting and Noncompliance with Reporting Requirements

Name of Contact Person: Anita Fuller, Finance Director

Corrective Action Plan: FY24 Audit has been scheduled in two parts. Testwork is scheduled for the week of September 30, 2024. With the final review November 4, 2024. All upper-level staffing positions have been filled, which will allow for work to be fulfilled in-house and reduce the need for outside support.

Proposed Completion Date: Immediately

Finding 2023-002

Late Reporting and Noncompliance with Reporting Requirements

Name of Contact Person: Anita Fuller, Finance Director

Corrective Action Plan: FY24 Audit has been scheduled in two parts. Testwork is scheduled for the week of September 30, 2024. With the final review November 4, 2024. All upper-level staffing positions have been filled, which will allow for work to be fulfilled in-house and reduce the need for outside support.

Proposed Completion Date: Immediately

CITY OF DILLINGHAM, ALASKA

Corrective Action Plan, Continued

State Award Findings

Finding 2023-003

Deadline for State Single Audit

Name of Contact Person: Anita Fuller, Finance Director

Corrective Action Plan: FY24 Audit has been scheduled in two parts. Testwork is scheduled for the week of September 30, 2024. With the final review November 4, 2024. All upper-level staffing positions have been filled, which will allow for work to be fulfilled in-house and reduce the need for outside support.

Proposed Completion Date: Immediately