

CITY OF DILLINGHAM, ALASKA

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

(With Independent Auditor's Report Thereon)

Year Ended June 30, 2024

CITY OF DILLINGHAM, ALASKA

Basic Financial Statements,
Required Supplementary Information,
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Year Ended June 30, 2024

Independent Auditor's Report

The Honorable Mayor and City Council
City of Dillingham, Alaska
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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompany financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 38-46, 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 – Mary 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 for State Single Audits*, 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, 2023, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Dillingham's basic financial statements as a whole. The individual fund financial statements and schedules for the year ended June 30, 2023, 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, 2023 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 2023 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.

Honorable Mayor and City Council
City of Dillingham, Alaska

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2025, 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
March 10, 2025

CITY OF DILLINGHAM, ALASKA

Statement of Net Position

June 30, 2024

	Primary Government	Component Unit
	Governmental Activities	Dillingham City School District
<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Current:		
Cash and investments	\$ 14,186,032	2,539,659
Receivables, net	1,969,804	1,737,321
Inventory	-	37,266
Prepaid items	60,029	-
Restricted cash and investments	415,536	-
Total current	<u>16,631,401</u>	<u>4,314,246</u>
Noncurrent:		
Net OPEB assets	2,214,622	2,703,253
Land and construction in progress	6,894,313	-
Other capital assets, net of accumulated depreciation and amortization	40,461,709	361,385
Total noncurrent	<u>49,570,644</u>	<u>3,064,638</u>
Deferred outflows of resources:		
Pension and OPEB deferrals	<u>836,390</u>	<u>846,217</u>
Total assets and deferred outflows of resources	<u>\$ 67,038,435</u>	<u>8,225,101</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Liabilities:		
Current:		
Accounts payable	317,360	98,690
Accrued payroll and related liabilities	159,373	657,591
Accrued leave	195,936	-
Bonds and loans	1,234,807	-
Finance leases	127,001	-
Unearned revenue	1,765,084	106,950
Subscription liabilities	18,428	-
Total current	<u>3,817,989</u>	<u>863,231</u>
Non-current:		
Net pension liabilities	4,654,348	4,722,131
Bonds and loans	7,186,286	-
Finance leases	130,062	-
Subscription liabilities	42,998	-
Landfill closure costs	679,890	-
Total non-current	<u>12,693,584</u>	<u>4,722,131</u>
Deferred inflows of resources:		
Pension and OPEB deferrals	131,937	181,025
Leases	11,227	-
	<u>143,164</u>	<u>181,025</u>
Total liabilities and deferred inflows of resources	<u>16,654,737</u>	<u>5,766,387</u>
Net position:		
Net investment in capital assets	38,616,440	361,385
Restricted	741,221	-
Unrestricted	11,026,037	2,097,329
Total net position	<u>50,383,698</u>	<u>2,458,714</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 67,038,435</u>	<u>8,225,101</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, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Total Governmental Activities	Unit Dillingham City School District
Primary government:						
Governmental:						
General government	\$ 2,454,972	390,658	821,231	-	(1,243,083)	-
Public safety	3,779,296	85,470	-	-	(3,693,826)	-
Public works	1,962,668	-	281,329	-	(1,681,339)	-
Community services	442,240	-	259,274	-	(182,966)	-
Water and sewer	963,209	666,986	2,652	-	(293,571)	-
Landfill	942,195	265,499	3,402	-	(673,294)	-
Dock	761,705	743,986	395	-	(17,324)	-
Boat harbor	648,623	129,964	1,491	-	(517,168)	-
Senior citizen center	315,015	19,182	98,174	-	(197,659)	-
Education	2,194,708	-	(1,534)	-	(2,196,242)	-
Unallocated interest	235,824	-	-	-	(235,824)	-
Total governmental activities	\$ 14,700,455	2,301,745	1,466,414	-	(10,932,296)	-
Component Unit - school district -						
Education	\$ 14,683,022	11,600	6,456,086	-	-	(8,215,336)
General revenues:						
Taxes:						
Sales and other taxes				\$ 4,741,585	-	-
Real and personal property taxes				3,468,195	-	-
Gaming taxes				26,877	-	-
Payment in lieu of taxes				522,976	-	-
Contributions from primary government				-	-	1,700,000
Grants and entitlements not restricted to a specific purpose				818,486	-	6,023,398
Investment income				333,375	-	52,662
E-Rate				-	-	1,343,322
Gain on sale of capital assets				23,785	-	-
Other				340,988	-	65,685
Total general revenues				10,276,267	-	9,185,067
Change in net position				(656,029)	-	969,731
Net position at beginning of year				51,039,727	-	1,488,983
Net position at end of year				\$ 50,383,698	-	2,458,714

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

CITY OF DILLINGHAM, ALASKA

Balance Sheet - Governmental Funds

June 30, 2024

<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	\$ 11,964,351	-	2,220,871	-	810	14,186,032
Receivables, net of allowance for uncollectible accounts:						
Sales taxes	634,108	-	-	-	-	634,108
Real and personal property taxes	848,245	-	-	-	-	848,245
Accounts	51,723	-	-	-	282,077	333,800
Grants and shared revenues	1,361	-	-	7,447	133,370	142,178
Leases	-	-	-	-	11,473	11,473
Prepaid items	60,029	-	-	-	-	60,029
Due from other funds	1,527,344	1,752,195	-	-	3,163,314	6,442,853
Restricted cash and investments	-	-	-	-	415,536	415,536
Total assets	\$ 15,087,161	1,752,195	2,220,871	7,447	4,006,580	23,074,254
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 125,607	-	-	-	191,753	317,360
Accrued payroll and payroll liabilities	150,033	-	-	-	9,340	159,373
Due to other funds	4,915,509	-	1,291,405	7,447	228,492	6,442,853
Unearned revenue	-	1,752,195	-	-	12,889	1,765,084
Total liabilities	5,191,149	1,752,195	1,291,405	7,447	442,474	8,684,670
Deferred inflows of resources:						
Delinquent property tax and user fees	876,312	-	-	-	142,545	1,018,857
Leases	-	-	-	-	11,227	11,227
Total deferred inflows of resources	876,312	-	-	-	153,772	1,030,084
Total liabilities and deferred inflows of resources	6,067,461	1,752,195	1,291,405	7,447	596,246	9,714,754
Fund Balances (deficits):						
Nonspendable	60,029	-	-	-	-	60,029
Restricted	-	-	-	-	741,221	741,221
Committed	-	-	929,466	-	749,835	1,679,301
Assigned	-	-	-	-	2,019,969	2,019,969
Unassigned	8,959,671	-	-	-	(100,691)	8,858,980
Total fund balances (deficits)	9,019,700	-	929,466	-	3,410,334	13,359,500
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 15,087,161	1,752,195	2,220,871	7,447	4,006,580	23,074,254

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, 2024

Total fund balances for governmental funds	\$	13,359,500
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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 and amortization, consist of:

Land and land improvements	\$	4,862,446	
Construction in progress		2,031,867	
Buildings		25,866,648	
Improvements other than buildings		43,958,695	
Machinery and equipment		14,034,884	
Right-to-use assets subscriptions		91,901	
Total capital assets		90,846,441	
Less accumulated depreciation		(43,490,419)	
Capital assets, net of accumulated depreciation and amortization			47,356,022

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.		1,018,857
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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	\$	(7,598,189)	
Unamortized bond premium		(822,904)	
Finance leases		(257,063)	
Accrued leave		(195,936)	
Subscription liability		(61,426)	
Landfill closure costs		(679,890)	
Total long-term liabilities			(9,615,408)

Proportionate share of the collective net pension liability		(4,654,348)
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Proportionate share of the collective net OPEB Assets: PERS		2,214,622
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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		836,390
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Pension related liabilities in the current fiscal year are presented as deferred inflows of resources: PERS		(131,937)
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Total net position of governmental activities	\$	50,383,698
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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, 2024

	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	\$ 522,976	305,315	-	-	109,411	937,702
State of Alaska	906,555	-	-	744,616	144,520	1,795,691
Local sources:						
Taxes	7,607,870	-	-	-	-	7,607,870
Local assistance	-	-	-	-	129,094	129,094
Charges for services	292,673	-	1,200	-	1,862,826	2,156,699
Licenses and permits	22,200	-	-	-	-	22,200
Fines and forfeitures	5,875	-	-	-	-	5,875
Lease and rental income	69,910	-	-	-	48,354	118,264
Asset forfeiture	-	-	-	-	-	-
Investment income	174,062	-	-	113,038	46,275	333,375
Other	31,430	-	-	246,324	63,234	340,988
Total revenues	<u>9,633,551</u>	<u>305,315</u>	<u>1,200</u>	<u>1,103,978</u>	<u>2,403,714</u>	<u>13,447,758</u>
Expenditures:						
Current:						
General government	2,597,883	-	-	-	-	2,597,883
Education	1,701,924	-	-	-	-	1,701,924
Public safety	3,553,691	-	-	-	-	3,553,691
Public works	1,794,853	306,315	-	-	-	2,101,168
Community services	228,393	-	-	-	269,465	497,858
Water and sewer	-	-	-	-	514,650	514,650
Landfill	-	-	118,526	-	684,908	803,434
Dock	-	-	-	-	629,288	629,288
Boat harbor	-	-	-	-	447,550	447,550
Senior citizen center	-	-	-	-	307,731	307,731
Debt service:						
Principal	-	-	-	1,014,920	124,011	1,138,931
Interest	-	-	-	382,949	9,185	392,134
Capital outlay	-	-	-	-	266,645	266,645
Total expenditures	<u>9,876,744</u>	<u>306,315</u>	<u>118,526</u>	<u>1,397,869</u>	<u>3,253,433</u>	<u>14,952,887</u>
Excess (deficiency) of revenues over expenditures	<u>(243,193)</u>	<u>(1,000)</u>	<u>(117,326)</u>	<u>(293,891)</u>	<u>(849,719)</u>	<u>(1,505,129)</u>
Other financing sources (uses):						
Sale of equipment	23,785	-	-	-	-	23,785
Loan proceeds	-	-	-	-	93,719	93,719
Transfers in	93,403	-	118,526	293,891	1,201,777	1,707,597
Transfers out	(980,032)	-	-	-	(727,565)	(1,707,597)
Net other financing sources (uses)	<u>(862,844)</u>	<u>-</u>	<u>118,526</u>	<u>293,891</u>	<u>567,931</u>	<u>117,504</u>
Net change in fund balances	(1,106,037)	(1,000)	1,200	-	(281,788)	(1,387,625)
Fund balances at beginning of year	10,125,737	1,000	928,266	-	3,692,122	14,747,125
Fund balances at end of year	<u>\$ 9,019,700</u>	<u>-</u>	<u>929,466</u>	<u>-</u>	<u>3,410,334</u>	<u>13,359,500</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, 2024

Net change in fund balances - total governmental funds	\$ (1,387,625)
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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	304,517
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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.	29,128
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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 and amortization expense:	
Capital outlay	\$ 1,064,332
Depreciation and amortization expense	<u>(2,613,269)</u> (1,548,937)

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 user receivables.	627,494
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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.	224,359
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The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds.
Neither transaction, however, has any effect on net position. Also,
governmental funds report the effect of premiums, discounts, and
similar items when debt is first issued, whereas these amounts are
deferred and amortized in the Statement of Activities:

Issuance of debt	\$ (128,013)
Principal paid on bonds	1,014,920
Subscription liability	(61,426)
Payments on finance leases	124,011
Amortized bond premium	<u>156,310</u> 1,105,802

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 (increase) in accrued leave.	<u>(10,767)</u>
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Change in net position of governmental activities	\$ <u>(656,029)</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements

June 30, 2024

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.

Notes to Basic Financial Statements, Continued

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.

Notes to Basic Financial Statements, Continued

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

G. Property Taxes

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

H. Prepaid Items

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

I. Grants and Other Intergovernmental Revenues

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

J. Interfund Transactions

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

K. Compensated Absences

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

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.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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 and amortization, 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 Support, Asset Forfeiture, and LINKED Special Revenue Funds, and capital project funds, which adopt project-length budgets. All annual appropriations lapse at the fiscal year-end.

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

1. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
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.

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, 2024.

Cash and cash equivalents	\$ 14,601,568	Cash and investments	\$ 14,186,032
Investments	-	Restricted cash	415,536
	<u>\$ 14,601,568</u>		<u>\$ 14,601,568</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 are held in money market funds which, due to their short term nature, are not subject to credit risk.

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, 2024 the City's cash deposits were fully insured or collateralized.

Notes to Basic Financial Statements, Continued

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.

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CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

IV. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 follows:

Governmental Activities	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:				
Land and land improvements	\$ 4,862,446	-	-	4,862,446
Construction in progress	1,631,833	400,034	-	2,031,867
Total assets not being depreciated	6,494,279	400,034	-	6,894,313
Capital assets being depreciated:				
Buildings	25,762,651	103,997	-	25,866,648
Improvements other than buildings	43,958,695	-	-	43,958,695
Machinery and equipment	13,820,004	468,400	253,520	14,034,884
Right-to-use assets Subscriptions	-	91,901	-	91,901
Total capital assets being depreciated	83,541,350	664,298	253,520	83,952,128
Less accumulated depreciated for:				
Buildings	12,699,399	630,506	-	13,329,905
Improvements other than buildings	20,782,019	1,412,832	-	22,194,851
Machinery and equipment	7,649,252	546,956	253,520	7,942,688
Right-to-use assets Subscriptions	-	22,975	-	22,975
Total accumulated depreciated	41,130,670	2,613,269	253,520	43,490,419
Total capital assets being depreciated, net	42,410,680	(1,948,971)	-	40,461,709
Governmental activity capital assets, net	\$ 48,904,959	(1,548,937)	-	47,356,022

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

Depreciation expense was charged to the functions as follows:

General government	\$	86,162
Public safety		374,970
Public works		90,652
Community services		3,323
Water and sewer		806,806
Landfill		203,861
Dock		313,301
Harbor		212,272
Senior citizen center		18,235
Education		503,687
Total depreciation expense	\$	<u>2,613,269</u>

V. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A schedule of interfund balances and transfers for the year ended June 30, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 7,447
General Fund	Planning Capital Project Fund	1,291,405
General Fund	Other Governmental Funds	228,492
Local Government Lost Revenue		
Relief Special Revenue Fund	General Fund	1,752,195
Other Governmental Funds	General Fund	3,163,314
Total		<u>\$ 6,442,853</u>

Transfers In:					
Transfers out:	General Fund	Planning Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total
General fund	\$ -	118,526	293,891	567,615	980,032
Other Governmental Funds	93,403	-	-	634,162	727,565
	<u>\$ 93,403</u>	<u>118,526</u>	<u>293,891</u>	<u>1,201,777</u>	<u>1,707,597</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, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	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	\$ 3,015,000	-	125,000	2,890,000	130,000
\$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	4,705,000	-	850,000	3,855,000	890,000
\$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	34,294	9,920	219,470	10,069
\$600,000 283091 Landfill Clean Water Loan, annual installment payments begin 1 year after final disbursement, Interest 0.5% finance charge, 1% interest.	570,000	-	30,000	540,000	30,000
\$670,000 283101 Wastewater System Upgrades Loan, annual installments begin 1 year after final disbursement, Interest 0.5% finance charge, 1% interest.	-	93,719	-	93,719	-
Bond premium	979,214	-	156,310	822,904	156,310
Subscription liabilities	-	61,426	-	61,426	18,428
Dock crane lease	381,074	-	124,011	257,063	127,001
Accrued leave	185,169	10,767	-	195,936	195,936
Estimated landfill closure costs	904,249	-	224,359	679,890	-
Net pension and OPEB liabilities (asset)	2,744,243	-	304,517	2,439,726	-
Total Long-Term Debt	\$ 13,679,045	200,206	1,824,117	12,055,134	1,557,744

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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

The annual requirements to amortize the general obligation bonds and loans outstanding at June 30, 2024 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2025	\$ 1,020,000	315,000	1,335,000
2026	1,085,000	262,750	1,347,750
2027	1,140,000	207,250	1,347,250
2028	1,190,000	149,125	1,339,125
2029	160,000	115,500	275,500
2030-2034	945,000	447,750	1,392,750
2035-2039	1,205,000	186,250	1,391,250
Total	\$ 6,745,000	1,683,625	8,428,625

Year Ending June 30,	Clean Water Loans		
	Principal	Interest	Total
2025	\$ 40,069	11,392	51,461
2026	40,220	10,791	51,011
2027	40,373	10,187	50,560
2028	40,529	9,582	50,111
2029	40,687	8,974	49,661
2030-2034	205,887	35,668	241,555
2035-2039	210,206	20,099	230,305
2040-3043	141,499	4,646	146,145
Total	\$ 759,470	111,339	870,809

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, 2024 is \$759,470. The loans are secured by an irrevocable pledge of net operating revenues from the Water Department.

In 2024, the City obtained a Clean Water State Revolving Loan # 283101 for up to \$670,000 in wastewater system improvements with a finance rate of 1.5% payable over 20 years starting one year after project construction ends. The loan is not yet in repayment and no debt service schedule is presented; however, repayment will commence after the completion of the project.

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, 2024:

<u>Year Ending June 30,</u>	<u>General Fund</u>
2025	133,196
2026	133,196
Total minimum lease payments	266,392
Less interest portion	(9,329)
Present value of future minimum lease payments	257,063
Less current portion	(127,001)
Long-Term Portion	\$ <u>130,062</u>

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, 2024. The lease receivable at June 30, 2024 was \$11,473. The City has deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. At June 30, 2024 the deferred inflow of resources was \$11,227.

IX. Subscription-Based Information Technology Arrangements (SBITA) (useful life and threshold)

In 2023, the City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which established standards of accounting and financial reporting. The requirements of this Statement apply to financial statements of all state and local governments.

As of June 30, 2024, \$91,901 has been recorded as an intangible right-to-use software arrangement, net of accumulated amortization of \$22,975. Due to the implementation of GASB statement No. 96, these arrangements for software met the criteria of a SBITA, thus requiring it to be recorded by the City as intangible assets and a SBITA liability. These assets will be amortized over the lease terms. As of June 30, 2024, the subscription liability was \$61,426.

The future principal and interest payment as of June 30, 2024 for the arrangements, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 18,428	\$ 3,071	\$ 21,499
2026	20,424	2,150	22,574
2027	22,574	1,129	23,703
Total	\$ <u>61,426</u>	\$ <u>6,350</u>	\$ <u>67,776</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

X. FUND BALANCES

Fund balances at June 30, 2024, 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	\$ 60,029	-	-	-	60,299
Restricted:					
Enhanced 911 service	-	-	-	337,511	337,511
Asset forfeiture	-	-	-	27,065	27,065
Police Department	-	-	-	400	400
Mary Carlson Estate	-	-	-	376,245	376,245
Total restricted	-	-	-	741,221	741,221
Committed:					
Roads	-	-	-	100,772	100,772
Planning	-	-	929,466	-	929,466
Equipment replacement	-	-	-	61,652	61,652
Ambulance reserve	-	-	-	415,367	415,367
Landfill closure	-	-	-	172,044	172,044
Total committed	-	-	929,466	749,835	1,679,301
Assigned:					
Water and sewer	-	-	-	1,354,928	1,354,928
Dock	-	-	-	662,354	662,354
Boat Harbor	-	-	-	2,687	2,557
Total assigned	-	-	-	2,019,969	2,019,839
Unassigned (deficits)	8,959,671	-	-	(100,691)	8,858,980
Total fund balances	\$ 9,019,700	-	929,466	3,410,334	13,359,500

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, 2024 is made up of the following:

Capital assets, net of accumulated depreciation	\$ 47,356,022
Less:	
Bonds and loans payable	8,421,093
Capital leases and SBITA's	318,489
Net investment in capital assets	\$ 38,616,440

The Landfill, Senior Citizen Center, and Local Support Special Revenue Funds have deficits of \$37,434, \$1,705, and \$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 FY2025.

XI. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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

The current landfill has an estimated life of 50 years, with the installation of new more efficient incinerator equipment, resulting in the landfill lasting longer. Closure and post closure costs are estimated to be \$1,805,000 with \$679,890 reported as a liability based on engineering estimates of usage as of June 30, 2024. There is currently \$172,044 set aside in the Landfill Capital Project Fund. The City will recognize the remaining estimated cost of closure and post closure care cost based on a 50-year life.

XII. Employee Retirement Systems and Plans

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

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

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

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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

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

Plan Memberships

The table below includes the plan membership counts from the separately issued financial statements for the various plans:

	PERS
Retired plan members or beneficiaries currently receiving benefits	36,951
Inactive plan members entitled to but not yet receiving benefits	4,781
Inactive plan members not entitled to benefits	9,961
Active plan members	8,557
Total plan memberships	60,250

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, 2024 (latest available information) the employer contribution rate is 0.68% for peace officers and firefighters and 0.30% 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, 2024 employer contributions were 0.00% 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, 2024 employer contributions were 1.01%.

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 3.00% 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, 2023 (latest available report) for the DB Plans for PERS are: DB Pension 7.56%, ARHCT 7.64%, ODD 7.71%, and RMP is 7.71%.

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 2.82%):

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	6.17%
Global Equity (ex-U.S.)	6.55%
Aggregate Bonds	1.63%
Real Assets	4.87%
Private Equity	11.57%
Cash Equivalents	0.49%

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%. 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 4.13% as of June 30, 2023.

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 2040. 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.

Employer Contribution rates for the plan year ended 2024 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	22.00%	25.10%	3.10%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	22.00%	25.10%	3.10%

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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 2023 (measurement period) the past service rate for PERS is 16.33%.

Actuarial Assumptions: The total pension and OPEB liabilities (assets) on June 30, 2023 (latest available) were determined by an actuarial valuation as of June 30, 2022 which was rolled forward to the measurement date June 30, 2023. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021.

Inflation	2.50% per year.
Salary Increases	Increases range from 2.85% to 8.50% 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-2010, projected with MP-2021 generational improvement.
Healthcare cost trend rates	Pre-65 medical: 6.7% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.2% grading down to 4.5%. Ultimate trend rates reached in FY2050.

The actuarial assumptions used in the June 30, 2022 actuarial valuation are the same as those used in the June 30, 2021 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.

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.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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%, 7.50% for peace officers and firefighters, and 9.60% for certain school district employees.

Employer contributions for the year ended June 30, 2024, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>542,884</u>	<u>44,989</u>	<u>587,873</u>

Public Employees Retirement Plans

For the year ended June 30, 2024, the State of Alaska contributed \$106,869 (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, 2023 to a total of \$52,258 to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2024, the City reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the City. The amount recognized by the City as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the City were as follows:

Defined Benefit:		Pension
City's proportionate share of the net pension liability	\$	<u>4,654,348</u>
State's proportionate share of the net pension liability		<u>1,548,519</u>
Total	\$	<u>6,202,867</u>
		OPEB
City's proportionate share of the ARHCT OPEB liability (asset)	\$	<u>(2,060,491)</u>
State's proportionate share of the ARHCT OPEB liability (asset)		<u>(693,446)</u>
Total	\$	<u>(2,753,937)</u>
City's proportionate share of the ODD OPEB liability (asset)	\$	<u>(83,539)</u>
City's proportionate share of the RMP OPEB liability (asset)	\$	<u>(70,592)</u>
Total City's share of net pension and OPEB liabilities and (assets)	\$	<u>2,439,726</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023 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 the fiscal years ending 2024 through 2039, as determined by projections based on the June 30, 2022 valuation.

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

	June 30, 2023 Measurement	June 30, 2022 Measurement	Change
Pension	0.08976%	0.09069%	(0.00093%)
OPEB:			
ARHCT	0.08955%	0.09000%	(0.00045%)
ODD	0.16283%	0.14284%	0.01999%
RMP	0.14866%	0.12881%	0.01985%

Based on the measurement date of June 30, 2023, the City recognized pension and OPEB expense (benefit) of \$711,607 and (\$373,754), respectively, for the year ended June 30, 2024. At June 30, 2024, 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	121,486	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	542,884	-
Total	\$ 664,370	-

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,278	-
Changes of assumptions	-	(37,918)
Net difference between projected and actual earnings on OPEB plan investments	93,784	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,813	-
City contributions subsequent to the measurement date	3	-
Total	<u>\$ 99,878</u>	<u>(37,918)</u>

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(23,473)
Changes of assumptions	-	(348)
Net difference between projected and actual earnings on OPEB plan investments	1,928	-
Changes in proportion and differences between City contributions and proportionate share of contributions	9,570	(6,092)
City contributions subsequent to the measurement date	12,413	-
Total	<u>\$ 23,911</u>	<u>(29,913)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,152	(2,278)
Changes of assumptions	7,591	(57,404)
Net difference between projected and actual earnings on OPEB plan investments	5,915	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(4,424)
City contributions subsequent to the measurement date	32,573	-
Total	<u>\$ 48,231</u>	<u>(64,106)</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

\$542,884 and \$44,989 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 liability and as an increase to the net OPEB assets in the year ended June 30, 2025, 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 (benefit) as follows:

Year Ended June 30		Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2025	\$	(46,075)	(72,625)	(4,310)	(9,971)
2026		(101,902)	(84,716)	(4,692)	(11,107)
2027		275,680	225,040	(1,483)	(1,102)
2028		(6,217)	(5,742)	(2,820)	(11,300)
2029		-	-	(2,250)	(8,092)
Thereafter		-	-	(2,860)	(6,876)
Total	\$	<u>121,486</u>	<u>61,957</u>	<u>(18,415)</u>	<u>(48,448)</u>

For the year ended June 30, 2024, the City recognized \$28,911 and \$88,376 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)	\$	<u>6,248,449</u>	<u>4,654,348</u>	<u>3,307,803</u>
Net OPEB ARHCT liability (asset)	\$	<u>(1,369,595)</u>	<u>(2,060,491)</u>	<u>(2,640,882)</u>
Net OPEB ODD liability (asset)	\$	<u>(78,492)</u>	<u>(83,539)</u>	<u>(87,466)</u>
Net OPEB RMP liability	\$	<u>(2,453)</u>	<u>(70,592)</u>	<u>(122,643)</u>

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)	\$	<u>(2,707,270)</u>	<u>(2,060,491)</u>	<u>(1,290,354)</u>
Net OPEB RMP liability (asset)	\$	<u>(129,629)</u>	<u>(70,592)</u>	<u>8,709</u>

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 6.75% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5.00% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.01% for the retiree medical plan (DB), 0.30% and 0.68% (peace officers) for occupational and death and disability benefits (DB) and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is capped at 22.00% 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.

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 \$252,007 for the year ended June 30, 2024, which included forfeitures of \$51,960 which have been applied as employer contributions.

XIII. DEFERRED COMPENSATION PLAN

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

XIV. RISK MANAGEMENT

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

Notes to Basic Financial Statements, Continued

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, 2024.

The City has no coverage for potential losses from environmental damages. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

XV. CONTINGENT LIABILITIES AND COMMITMENTS

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

XVI. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2024, the City paid approximately \$235,437 to Bennett Enterprises for various capital projects. Bennett Enterprises has been identified as a related party due to the owner's relationship with current and former members of management and the City Council.

XVII. SUBSEQUENT EVENTS

Management has evaluated subsequent events through Month XX, 2025, 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: A suit has been filed against the City alleging a Dillingham police officer used excessive force when responding to a call. The suit is in the early stages and the outcome of the suit is unknown at this time.

XVIII. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

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

- GASB 101 *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.
- GASB 102 *Certain Risk Disclosures*. Effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- GASB 103 *Financial Reporting Model Improvements*. Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

Notes to Basic Financial Statements, Continued

- GASB 104 *Disclosure of Certain Capital Assets*: Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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.

GASB Statement No. 102 will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

GASB Statement No. 103 will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The changes primarily include updates to three key areas: management's discussion and analysis, presentation of proprietary fund financial statements, and budgetary comparison information. This Statement also addresses certain application issues.

GASB Statement No. 104 establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. The Statement also establishes requirements for capital assets held for sale and requires additional disclosures for those capital assets. Under the guidance, a capital asset is a capital asset held for sale if: (a) the government has decided to pursue the sale of the asset, and (b) it is probable the sale will be finalized within a year of the financial statement date. A government should disclose the historical cost and accumulated depreciation of capital assets held for sale, by major class of asset.

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, 2024

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%
2024	0.0897%	\$ 4,654,348	\$ 1,548,519	\$ 6,202,867	\$ 3,252,677	143.09%	68.23%

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, 2024

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 (Asset) 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%
2024	0.0895%	\$ (2,060,491)	\$ (693,446)	\$ (2,753,937)	\$ 3,252,677	-63.35%	133.96%
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%
2024	0.1628%	\$ (83,539)	\$ -	\$ (83,539)	\$ 3,252,677	-2.57%	349.24%
Retiree Medical Plan (RMP):							
2018	0.2058%	\$ 10,731	\$ -	\$ 10,731	\$ 891,245	1.20%	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%
2024	0.1487%	\$ (70,592)	\$ -	\$ (70,592)	\$ 943,782	-7.48%	124.29%

See accompanying notes to Required Supplementary Information.

CITY OF DILLINGHAM, ALASKA
Schedule of City's Contributions (Pensions)
Public Employees' Retirement System (PERS)
June 30, 2024

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 240,625	\$ (240,625)	\$ -	\$ 3,784,496	6.36%
2016	\$ 253,526	\$ (253,526)	\$ -	\$ 3,933,622	6.45%
2017	\$ 286,868	\$ (286,868)	\$ -	\$ 4,060,508	7.06%
2018	\$ 308,901	\$ (308,901)	\$ -	\$ 2,762,441	11.18%
2019	\$ 338,963	\$ (339,298)	\$ (335)	\$ 3,101,332	10.93%
2020	\$ 313,126	\$ (313,063)	\$ 63	\$ 3,068,295	10.21%
2021	\$ 385,056	\$ (388,562)	\$ (3,506)	\$ 3,088,891	12.47%
2022	\$ 359,193	\$ (356,315)	\$ 2,878	\$ 2,779,268	12.92%
2023	\$ 468,721	\$ (469,831)	\$ (1,110)	\$ 3,252,677	14.41%
2024	\$ 530,398	\$ (542,884)	\$ (12,486)	\$ 3,817,636	13.89%

See accompanying notes to Required Supplementary Information.

CITY OF DILLINGHAM, ALASKA

Schedule of City's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2024

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%
2024	\$ 3	\$ (3)	\$ -	\$ 3,817,636	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%
2024	\$ 12,413	\$ (12,413)	\$ -	\$ 3,817,636	0.33%
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%
2024	\$ 32,573	\$ (32,573)	\$ -	\$ 1,145,486	2.84%

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental:				
Federal sources	\$ 460,000	522,976	522,976	-
State of Alaska	969,770	894,822	906,555	11,733
Local sources:				
Taxes	7,745,000	7,809,000	7,607,870	(201,130)
Charges for services	971,755	714,781	292,673	(422,108)
Licenses and permits	25,400	24,100	22,200	(1,900)
Fines and forfeitures	9,000	9,000	5,875	(3,125)
Lease and rental income	59,100	59,000	69,910	10,910
Investment income	20,000	175,000	174,062	(938)
Other	37,300	45,300	31,430	(13,870)
Total Revenues	<u>10,297,325</u>	<u>10,253,979</u>	<u>9,633,551</u>	<u>(620,428)</u>
Expenditures:				
Current:				
General government	2,937,552	3,077,914	2,597,883	480,031
Education	1,700,000	1,702,000	1,701,924	76
Public safety	4,377,129	4,024,304	3,553,691	470,613
Public works	2,035,905	1,967,167	1,794,853	172,314
Community services	192,485	232,285	228,393	3,892
Total expenditures	<u>11,243,071</u>	<u>11,003,670</u>	<u>9,876,744</u>	<u>1,126,926</u>
Excess (deficiency) of revenues over expenditures	<u>(945,746)</u>	<u>(749,691)</u>	<u>(243,193)</u>	<u>506,498</u>
Other financing sources (uses):				
Sale of equipment	10,000	23,000	23,785	785
Transfers in	67,916	67,916	93,403	25,487
Transfers out	<u>(2,254,215)</u>	<u>(2,650,896)</u>	<u>(980,032)</u>	<u>1,670,864</u>
Net other financing sources (uses):	<u>(2,176,299)</u>	<u>(2,559,980)</u>	<u>(862,844)</u>	<u>1,697,136</u>
Net change in fund balance	\$ <u>(3,122,045)</u>	<u>(3,309,671)</u>	<u>(1,106,037)</u>	<u>2,203,634</u>
Fund balance at beginning of year			<u>10,125,737</u>	
Fund balance at end of year			\$ <u>9,019,700</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, 2024

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental:			
Federal sources	\$ 1,900,000	305,315	(1,594,685)
Expenditures:			
Current:			
Public works	1,900,000	306,315	1,593,685
Excess (deficiency) of revenues over expenditures	\$ -	(1,000)	(1,000)
Fund balance at beginning of year		1,000	
Fund balance at end of year		\$ -	

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, 2024

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Intergovernmental:			
State of Alaska	\$ 744,693	744,616	(77)
Investment income	80,000	113,038	33,038
Local sources - other	246,324	246,324	-
Total revenues	<u>1,071,017</u>	<u>1,103,978</u>	<u>32,961</u>
Expenditures:			
Debt Service:			
Principal	1,014,920	1,014,920	-
Interest	382,949	382,949	-
Total expenditures	<u>1,397,869</u>	<u>1,397,869</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(326,852)	(293,891)	32,961
Other financing sources:			
Transfers in	<u>326,852</u>	<u>293,891</u>	<u>(32,961)</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>
Fund balance at beginning of year		<u>-</u>	
Fund balance at end of year		\$ <u>-</u>	

See accompanying notes to required supplementary information.

CITY OF DILLINGHAM, ALASKA

Notes to Required Supplementary Information

Year Ended June 30, 2024

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.

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 Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

a) Changes in Methods Since the Prior Valuation – June 30, 2021 to June 30, 2022

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

b) Changes in Assumptions Since the Prior Valuation – June 30, 2021 to June 30, 2022

Effective for the June 30, 2022 valuation, the Alaska Retirement Management Board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the plan experience from July 1, 2017 to June 30, 2021. The changes in assumptions were adopted at the June 2022 Board meeting. The effect of the new assumptions was to increase the actuarial accrued liability as of June 30, 2022 by approximately \$206 million for pension and decrease by approximately \$88 million for healthcare.

CITY OF DILLINGHAM, ALASKA

Notes to Required Supplementary Information, Continued

The healthcare per capital claims cost assumption is updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2021 to June 30, 2022

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

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan

a) Changes in Methods Since the Prior Valuation – June 30, 2021 to June 30, 2022

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

b) Changes in Assumptions Since the Prior Valuation – June 30, 2021 to June 30, 2022

Effective for the June 30, 2022 valuation, the Alaska Retirement Management Board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the plan experience from July 1, 2017 to June 30, 2021. The changes in assumptions were adopted at the June 2022 Board meeting. The effect of the new assumptions was to increase the actuarial accrued liability as of June 30, 2022 by approximately \$1,222,000 for occupational death & disability and decrease by approximately \$22,348,000 for retiree medical.

The healthcare per capital claims cost assumption is updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2021 to June 30, 2022

There have been no changes in benefit provisions valued since the prior valuation.

The 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, 2022 which was rolled forward to June 30, 2023. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

CITY OF DILLINGHAM, ALASKA

General Fund

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

<i>Years Ended June 30,</i>	2024			2023
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal government:				
Payment in lieu of taxes	\$ 522,976	522,976	-	480,895
State of Alaska:				
Revenue sharing	75,352	106,324	30,972	130,096
Raw fish tax	600,640	600,639	(1)	696,572
Shared fisheries business tax	30,000	16,450	(13,550)	37,499
Electric and telephone co-op tax	70,000	69,204	(796)	83,984
PERS relief	92,530	88,069	(4,461)	69,554
Liquor licenses	1,000	-	(1,000)	-
Motor vehicle tax	25,000	25,269	269	27,347
Marijuana license	300	600	300	-
Total State of Alaska	894,822	906,555	11,733	1,045,052
Bristol Bay Housing Authority - payment in lieu of taxes	-	-	-	7,235
Local sources:				
Taxes:				
Sales taxes	3,725,000	3,836,010	111,010	4,002,882
Alcohol sales taxes	284,000	263,048	(20,952)	335,617
Transient lodging sales taxes	150,000	148,923	(1,077)	148,021
Real property taxes	2,460,000	2,373,470	(86,530)	2,321,155
Personal property taxes	555,000	465,938	(89,062)	504,387
Penalty and interest on property taxes	125,000	135,986	10,986	80,078
Penalty and interest on sales taxes	15,000	17,399	2,399	17,608
Gaming taxes	50,000	26,877	(23,123)	51,656
Tobacco tax	355,000	263,634	(91,366)	283,843
Marijuana tax	90,000	76,585	(13,415)	95,070
Total taxes	\$ 7,809,000	7,607,870	(201,130)	7,840,317

(continued)

SUPPLEMENTARY INFORMATION

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,	2024			2023
	Budget	Actual	Variance	Actual
Revenues, continued:				
Local sources, continued:				
Charges for services:				
Contract revenue	\$ 462,926	59,763	(403,163)	385,617
Commissary	4,000	3,276	(724)	2,114
Court deposits	5,000	4,549	(451)	1,251
Fines and fees	4,000	2,954	(1,046)	2,056
Administrative overhead charges	171,805	170,035	(1,770)	160,000
Platting and mapping fees	500	310	(190)	-
Ambulance fees	65,000	50,798	(14,202)	71,229
Other	1,550	988	(562)	(10,584)
Total charges for services	714,781	292,673	(422,108)	611,683
Licenses and permits:				
Animal licenses	1,200	1,150	(50)	815
Business licenses	20,500	19,800	(700)	22,963
Land use permits	2,000	800	(1,200)	1,858
Tobacco license	400	400	-	(100)
Marijuana license	-	50	50	100
Total licenses and permits	24,100	22,200	(1,900)	25,636
Fines and forfeitures:				
Title 47 fines	9,000	5,875	(3,125)	8,982
Lease and rental income	59,000	69,910	10,910	48,679
Investment income	175,000	174,062	(938)	107,450
Other revenues:				
DMV commission revenue	25,000	22,477	(2,523)	28,011
Donations and contributions	4,800	3,357	(1,443)	2,212
Miscellaneous	15,500	5,596	(9,904)	2,054
Total other revenues	45,300	31,430	(13,870)	32,277
Total revenues	\$ 10,253,979	9,633,551	(620,428)	10,208,206

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,	2024			2023
	Budget	Actual	Variance	Actual
Expenditures:				
General government:				
City council:				
Lobbying	\$ 49,000	42,000	7,000	84,000
Subscriptions and memberships	5,800	1,675	4,125	6,231
Travel	38,000	28,916	9,084	-
Contractual	-	-	-	(1,314)
Training	6,000	5,065	935	-
Food	750	956	(206)	1,387
Supplies	100	937	(837)	238
Minor tools and equipment	500	754	(254)	1,125
Advertising	3,000	2,800	200	361
Contributions	1,000	46	954	825
Total city council	104,150	83,149	21,001	92,853
City clerk:				
Salaries	92,000	102,716	(10,716)	62,943
Overtime	-	608	(608)	555
Employee benefits	48,710	35,948	12,762	29,232
Contract labor	10,000	5,915	4,085	765
Subscriptions and memberships	1,000	541	459	77,541
Travel	4,500	8,805	(4,305)	1,414
Training	3,745	-	3,745	875
Supplies	500	519	(19)	36
Elections	7,500	3,436	4,064	4,671
Minor tools and equipment	800	3,680	(2,880)	-
Advertising	-	12,474	(12,474)	-
Codification	3,500	1,614	1,886	1,811
Total city clerk	172,255	176,256	(4,001)	179,843
City administration:				
Salaries	278,000	220,402	57,598	298,472
Overtime	1,000	437	563	1,233
Employee benefits	162,800	27,925	134,875	129,741
Recruiting	-	77	(77)	261
Contract labor	40,000	32,269	7,731	10,209
Advertising	3,000	1,116	1,884	4,116
Travel	5,000	6,165	(1,165)	3,715
Subscriptions and memberships	8,000	2,817	5,183	11,062
Supplies	12,500	8,468	4,032	5,796
Training	2,100	5,585	(3,485)	2,184
Building rent	3,600	3,600	-	22,800
Electricity	249	248	1	1,474
Heating fuel	778	778	-	5,338
Equipment maintenance	4,400	5,518	(1,118)	4,350
Minor tools and equipment	3,500	9,771	(6,271)	2,663
Contributions	-	110	(110)	-
Other expenditures	3,900	9,488	(5,588)	3,838
Total city administration	\$ 528,827	334,774	194,053	507,252

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,

	2024			2023
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued				
Finance:				
Salaries	\$ 565,700	552,644	13,056	405,975
Overtime	12,000	12,614	(614)	11,859
Employee benefits	327,623	302,372	25,251	216,208
Recruiting	5,000	-	5,000	40
Accounting services and audit	70,000	156,649	(86,649)	30,597
Appraisal	28,000	28,000	-	26,000
Contract labor	129,250	104,910	24,340	143,223
Advertising	4,250	-	4,250	-
Subscriptions and memberships	5,926	681	5,245	6,014
Travel	4,800	7,072	(2,272)	14,448
Training	6,000	3,137	2,863	599
Building rent	35,150	34,300	850	6,850
Electricity	1,500	1,821	(321)	-
Heating fuel	4,000	5,299	(1,299)	-
Bank charges	2,000	2,400	(400)	853
Supplies	5,000	7,642	(2,642)	8,099
Postage	10,000	9,927	73	4,052
Minor tools and equipment	10,450	10,752	(302)	4,917
Total finance	1,226,649	1,240,220	(13,571)	879,734
Legal	90,000	127,516	(37,516)	90,237
Insurance:				
General liability	95,100	89,144	5,956	79,589
Property	180,000	219,472	(39,472)	148,020
Automobile	48,000	34,698	13,302	34,706
Claim deductibles	5,000	-	5,000	-
Total insurance	328,100	343,314	(15,214)	262,315
Planning:				
Salaries	123,000	144,151	(21,151)	85,171
Employee benefits	82,880	87,220	(4,340)	58,350
Contract labor	399,758	47,891	351,867	30,301
Advertising	5,000	3,579	1,421	-
Subscriptions and memberships	300	-	300	-
Travel	2,500	6,588	(4,088)	1,644
Training	4,495	2,920	1,575	-
Recording fees	500	100	400	-
Supplies	500	102	398	287
Minor tools and equipment	-	50	(50)	-
Total planning	\$ 618,933	292,601	326,332	175,753

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,

		2024		2023
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
Foreclosed property:				
Foreclosure costs	\$ 3,000	-	3,000	1,666
Legal	6,000	53	5,947	3,447
Total foreclosed property	9,000	53	8,947	5,113
Total general government	3,077,914	2,597,883	480,031	2,193,100
Education:				
Contribution to school district	1,702,000	1,701,924	76	1,300,147
Public safety:				
Police dispatch:				
Salaries	360,000	337,416	22,584	131,100
Overtime	41,000	38,155	2,845	87,937
Employee benefits	246,125	244,086	2,039	178,118
Contractual	-	123	(123)	-
Travel	750	590	160	-
Training	750	1,300	(550)	-
Telephone	-	660	(660)	279
Building rent	-	-	-	6,300
Supplies	1,000	284	716	611
Uniforms	750	527	223	-
Minor tools and equipment	750	2,154	(1,404)	380
Total police dispatch	651,125	625,295	25,830	404,725
Police department:				
Salaries	690,000	491,209	198,791	248,563
Overtime	120,000	123,066	(3,066)	106,487
Employee benefits	355,100	327,154	27,946	290,816
Recruiting	6,000	1,131	4,869	(15,066)
Contractual	-	1,064	(1,064)	-
Travel and training	42,000	38,323	3,677	48,979
Building rent	21,600	20,700	900	22,800
Supplies	1,650	1,529	121	3,227
Uniforms	5,000	5,580	(580)	7,530
Vehicle lease	9,750	9,749	1	18,427
Investigations	2,000	-	2,000	-
Minor tools and equipment	9,500	11,203	(1,703)	14,056
Electricity	4,000	3,974	26	5,123
Heating fuel	6,000	6,051	(51)	5,373
Equipment maintenance	500	510	(10)	2,311
Total police department	\$ 1,273,100	1,041,243	231,857	758,626

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,	2024			2023
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Jail:				
Salaries	\$ 350,000	329,067	20,933	253,933
Overtime	76,000	72,033	3,967	44,261
Employee benefits	247,119	232,966	14,153	160,018
Insurance	20,645	19,378	1,267	17,555
Contractual	-	869	(869)	-
Subscriptions and memberships	250	-	250	-
Travel	3,500	6,918	(3,418)	-
Supplies	10,000	5,028	4,972	5,987
Uniforms	2,000	2,208	(208)	1,944
Food	15,000	12,277	2,723	10,622
Minor tools and equipment	3,000	3,522	(522)	3,254
Electricity	14,900	13,426	1,474	13,062
Heating fuel	17,000	17,243	(243)	15,979
Water and sewer	4,600	4,525	75	5,043
Refuse collection	1,650	1,344	306	1,728
Equipment maintenance	1,000	-	1,000	-
Required inspections	500	450	50	400
Total jail	767,164	721,254	45,910	533,786
Department of motor vehicles:				
Salaries	44,000	48,430	(4,430)	17,539
Overtime	623	56	567	104
Employee benefits	34,174	35,134	(960)	24,835
Subscriptions and memberships	100	30	70	70
Supplies	250	9	241	-
Minor tools and equipment	500	29	471	461
Total department of motor vehicles	79,647	83,688	(4,041)	43,009
Fire department:				
Salaries	250,751	210,738	40,013	112,044
Overtime	40,000	28,176	11,824	24,364
Employee benefits	119,281	126,454	(7,173)	94,410
Contractual	1,920	2,299	(379)	340
Insurance	1,300	1,219	81	1,054
Advertising	500	-	500	-
Subscriptions and memberships	500	688	(188)	1,362
Travel	16,000	9,668	6,332	5,606
Training	8,000	1,943	6,057	196
Office supplies	1,000	990	10	1,330
Building rent	2,025	2,025	-	2,700
Supplies	3,000	695	2,305	776
Postage	200	93	107	170
EMS and fire supplies	-	2,246	(2,246)	14,322
Personal protective equipment	13,500	10,104	3,396	385
Public education	1,200	1,483	(283)	1,176
Ambulance billing	9,500	6,027	3,473	7,718
Minor tools and equipment	8,500	5,826	2,674	4,762
Fire department equipment replacement	6,000	3,162	2,838	6,134
Vehicle maintenance	2,000	2,828	(828)	1,318
Internet	50	50	-	-
Electricity	9,600	7,448	2,152	7,942
Heating fuel	36,000	43,185	(7,185)	33,877
Water and sewer	9,500	9,311	189	10,087
Refuse	850	806	44	15
Required inspections	3,000	2,432	568	2,114
Sample testing	200	-	200	-
Member recognition	1,000	846	154	1,752
Total fire department	\$ 545,377	480,742	64,635	335,954

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,		2024		2023
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Salaries	\$ 82,000	67,129	14,871	40,507
Overtime	6,000	6,050	(50)	2,540
Employee benefits	42,718	34,666	8,052	35,922
Subscriptions and memberships	500	-	500	300
Contractual	-	45	(45)	-
Travel	-	-	-	1,638
Training	-	1,906	(1,906)	-
Supplies	6,250	4,426	1,824	384
Postage freight	1,250	961	289	365
Uniforms	250	187	63	512
Minor tools and equipment	2,600	958	1,642	354
Electricity	3,500	3,808	(308)	2,214
Heating fuel	5,000	4,726	274	5,548
Water and sewer	3,200	3,101	99	3,168
Total animal control	153,268	127,963	25,305	93,452
Information technology:				
Contractual professional	5,000	5,130	(130)	4,200
Office supplies	500	131	369	565
Insurance	4,800	4,875	(75)	-
Minor tools and equipment	1,000	10,753	(9,753)	3,857
Telephone	37,600	40,249	(2,649)	38,000
Internet	22,300	20,087	2,213	21,319
Computer hardware	40,000	19,338	20,662	23,378
Computer software	75,000	40,628	34,372	55,664
Computer support services	125,100	117,545	7,555	150,237
Total information technology	311,300	258,736	52,564	297,220
Administration:				
Salaries	105,312	101,005	4,307	56,072
Employee benefits	61,761	47,690	14,071	39,791
Contractual professional	-	-	-	15,768
Insurance	21,000	19,711	1,289	17,555
Subscriptions and memberships	500	375	125	325
Travel	4,500	3,043	1,457	469
Training	-	318	(318)	-
Court processing	1,000	394	606	102
Supplies	1,500	1,279	221	508
Postage	1,500	894	606	896
Equipment maintenance	3,000	1,897	1,103	1,133
Minor tools and equipment	2,000	2,656	(656)	8,721
Electricity	15,000	11,225	3,775	13,062
Water and sewer	5,000	4,786	(12,577)	5,043
Heating fuel	18,000	17,577	13,214	17,654
Refuse collection	1,750	1,920	(170)	1,728
Other expenditures	1,500	-	1,500	-
Total administration	243,323	214,770	28,553	178,827
Total public safety	\$ 4,024,304	3,553,691	470,613	2,645,599

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,		2024		2023
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works:				
Administration:				
Salaries	\$ 120,000	122,147	(2,147)	69,725
Overtime	15,000	17,981	(2,981)	848
Employee benefits	80,600	78,194	2,406	40,152
Contract labor	10,000	153	9,847	178
Memberships	-	50	(50)	-
Recruiting	-	137	(137)	-
Training	-	-	-	1,305
Supplies	1,600	3,335	(1,735)	1,589
Minor tools and equipment	500	1,649	(1,149)	313
Computer software	-	7,415	(7,415)	6,995
Equipment maintenance	2,000	924	1,076	1,506
Total administration	229,700	231,985	(2,285)	122,611
Building and grounds maintenance:				
Salaries	129,000	153,724	(24,724)	62,091
Overtime	12,000	17,086	(5,086)	6,551
Employee benefits	59,102	67,339	(8,237)	35,941
Contractual	10,000	300	9,700	38,945
Supplies	3,000	3,615	(615)	3,173
Travel	3,500	-	3,500	-
Minor tools and equipment	12,500	18,298	(5,798)	16,192
Telephone	-	82	(82)	-
Electricity	14,400	10,410	3,990	11,521
Heating fuel	26,400	38,526	(12,126)	47,612
Water and sewer	2,000	2,137	(137)	2,104
Refuse collection	27,000	19,618	7,382	1,082
Janitorial	52,500	45,000	7,500	45,300
Building repairs	60,000	47,583	12,417	34,345
Required inspections	-	1,020	(1,020)	-
Total building and grounds maintenance	411,402	424,738	(13,336)	304,857
Shop maintenance:				
Salaries	75,000	57,839	17,161	37,088
Overtime	22,000	22,657	(657)	6,623
Employee benefits	62,357	67,681	(5,324)	52,053
Supplies	9,000	22,414	(13,414)	2,844
Gas, oil and grease	100,000	134,644	(34,644)	93,983
Used oil management	10,000	-	10,000	-
Minor tools and equipment	17,000	23,202	(6,202)	23,572
Safety equipment	1,500	1,415	85	596
Electricity	11,400	10,216	1,184	14,171
Heating fuel	40,000	53,579	(13,579)	49,581
Refuse collection	-	170	(170)	2,880
Building repairs	3,000	2,458	542	6,904
Vehicle maintenance	70,000	82,913	(12,913)	61,673
Required inspections	1,500	1,052	448	550
Equipment maintenance	210,000	109,580	100,420	115,412
Other expenditures	-	-	-	58
Total shop maintenance	\$ 632,757	589,820	42,937	467,988

(continued)

CITY OF DILLINGHAM, ALASKA

General Fund

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

Years Ended June 30,	2024			2023
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works, continued:				
Streets:				
Salaries	\$ 150,000	153,305	(3,305)	62,434
Overtime	60,000	55,042	4,958	14,403
Employee benefits	126,818	131,523	(4,705)	46,522
Contractual	35,000	20,152	14,848	22,300
Insurance	18,690	17,519	1,171	15,637
Travel	3,000	-	3,000	-
Training	3,000	-	3,000	-
Supplies	1,800	3,612	(1,812)	1,743
Gas, oil and grease	500	661	(161)	2,753
Salt and calcium	50,000	50,082	(82)	-
Street signs	4,000	4,884	(884)	553
Road maintenance	15,000	7,808	7,192	10,758
Gravel and sand	115,000	-	115,000	2,400
Minor tools and equipment	1,500	844	656	3,827
Safety equipment	9,000	7,399	1,601	1,155
Electricity	25,000	26,453	(1,453)	28,530
Major equipment	75,000	68,826	6,174	15,500
Other expenditures	-	200	(200)	-
Total streets	<u>693,308</u>	<u>548,310</u>	<u>144,998</u>	<u>228,515</u>
Total public works	<u>1,967,167</u>	<u>1,794,853</u>	<u>172,314</u>	<u>1,123,971</u>
Community services:				
Library:				
Salaries	127,238	114,442	12,796	110,846
Overtime	-	860	(860)	528
Employee benefits	36,407	35,210	1,197	31,531
Subscriptions and memberships	2,500	2,331	169	-
Supplies	510	293	217	33
Postage	50	209	(159)	178
Audio visual	500	122	378	(119)
Books	1,500	15	1,485	1,433
Periodicals	500	-	500	-
Collection preservation	500	500	-	164
Summer reading program	500	561	(61)	556
Minor tools and equipment	1,000	3,769	(2,769)	22
Internet	-	275	(275)	1,000
Electricity	4,500	3,142	1,358	3,420
Heating fuel	8,000	9,903	(1,903)	8,749
Water and sewer	2,000	1,943	57	2,104
Refuse collection	500	415	85	360
Software	2,060	1,957	103	1,302
Major equipment	-	-	-	5,319
Equipment maintenance	3,020	1,848	1,172	3,212
Total library	<u>191,285</u>	<u>177,795</u>	<u>13,490</u>	<u>170,638</u>
Non departmental:				
Electricity	6,000	6,714	(714)	-
Heating fuel	30,000	35,637	(5,637)	-
Water and sewer	5,000	6,983	(1,983)	-
Building and maintenance	-	1,264	(1,264)	-
Total Non departmental	<u>41,000</u>	<u>50,598</u>	<u>(9,598)</u>	<u>-</u>
Total community services	<u>232,285</u>	<u>228,393</u>	<u>3,892</u>	<u>170,638</u>
Total expenditures	<u>11,003,670</u>	<u>9,876,744</u>	<u>1,126,926</u>	<u>7,433,455</u>
Excess (deficiency) of revenues over expenditures	<u>(749,691)</u>	<u>(243,193)</u>	<u>506,498</u>	<u>2,774,751</u>
Other financing sources (uses):				
Sale of equipment	23,000	23,785	785	-
Transfers in	67,916	93,403	25,487	44,536
Transfers out	<u>(2,650,896)</u>	<u>(980,032)</u>	<u>1,670,864</u>	<u>(1,434,213)</u>
Net other financing sources (uses)	<u>(2,559,980)</u>	<u>(862,844)</u>	<u>1,697,136</u>	<u>(1,389,677)</u>
Net change in fund balance	\$ <u>(3,309,671)</u>	<u>(1,106,037)</u>	<u>2,203,634</u>	<u>1,385,074</u>
Fund balance, beginning of year		<u>10,125,737</u>		<u>8,740,663</u>
Fund balance at end of year		\$ <u>9,019,700</u>		<u>10,125,737</u>

CITY OF DILLINGHAM, ALASKA

Local Government Lost Revenue Special Revenue Fund

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

Years Ended June 30,	2024			2023
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal sources	\$ 1,900,000	305,315	(1,594,685)	496,247
Expenditures:				
Public works:				
Contractual	1,900,000	-	1,900,000	4,764
Advertising	-	-	-	510
Major equipment	-	-	-	489,973
Construction	-	306,315	(306,315)	-
Total expenditures	1,900,000	306,315	1,593,685	495,247
Excess (deficiency) of revenues over expenditures	\$ -	(1,000)	(1,000)	1,000
Fund balance at beginning of year		1,000		-
Fund balance at end of year		\$ -		1,000

CITY OF DILLINGHAM, ALASKA

Debt Service Fund

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

<i>Years Ended June 30,</i>	2024			2023
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State of Alaska	\$ 744,693	744,616	(77)	745,665
Investment income	80,000	113,038	33,038	-
Other	246,324	246,324	-	-
Total revenues	<u>1,071,017</u>	<u>1,103,978</u>	<u>32,961</u>	<u>745,665</u>
Expenditures:				
Debt service:				
Principal	1,014,920	1,014,920	-	960,000
Interest	382,949	382,949	-	424,357
Total expenditures	<u>1,397,869</u>	<u>1,397,869</u>	<u>-</u>	<u>1,384,357</u>
Excess (deficiency) of revenues over expenditures	<u>(326,852)</u>	<u>(293,891)</u>	<u>32,961</u>	<u>(638,692)</u>
Other financing sources (uses):				
Transfers in	<u>326,852</u>	<u>293,891</u>	<u>(32,961)</u>	<u>638,692</u>
Net change in fund balance	\$ <u>-</u>	-	<u>-</u>	-
Fund balance at beginning of year		-		-
Fund balance at end of year		\$ <u>-</u>		<u>-</u>

CITY OF DILLINGHAM, ALASKA

Planning Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2024</u>	<u>2023</u>
Revenues - local sources:		
Investment income	\$ -	68,665
Charges for services - other	1,200	-
Total revenues	<u>1,200</u>	<u>68,665</u>
Expenditures:		
Landfill:		
Professional services	4,540	-
Repairs and maintenance	113,986	-
Total expenditures	<u>118,526</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(117,326)</u>	<u>68,665</u>
Other financing sources:		
Insurance proceeds	-	271,505
Transfers in	118,526	-
Net other financing sources	<u>118,526</u>	<u>271,505</u>
Net change in fund balance	1,200	340,170
Fund balance at beginning of year	<u>928,266</u>	<u>588,096</u>
Fund balance at end of year	\$ <u><u>929,466</u></u>	<u><u>928,266</u></u>

CITY OF DILLINGHAM, ALASKA

Other Governmental Funds

Combining Balance Sheet

June 30, 2024

		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	DPH Health Equity	LINKED
<u>Assets</u>													
Cash and investments	\$	-	100	-	200	-	-	510	-	-	-	-	-
Receivables:													
Accounts		210,736	19,582	69,223	18,454	7,936	-	5,562	-	-	-	-	-
Grants		-	-	-	6,723	-	-	-	-	-	-	27,380	12,271
Leases		-	-	-	-	-	-	4,750	-	-	-	-	-
Allowance for uncollectible accounts		(44,155)	(371)	-	(5,490)	-	-	-	-	-	-	-	-
Due from other funds		1,294,830	-	713,979	47,070	329,575	27,065	615	500	45	400	-	-
Restricted cash and investments		-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$	<u>1,461,411</u>	<u>19,311</u>	<u>783,202</u>	<u>66,957</u>	<u>337,511</u>	<u>27,065</u>	<u>11,437</u>	<u>500</u>	<u>45</u>	<u>400</u>	<u>27,380</u>	<u>12,271</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</u>													
Liabilities:													
Accounts payable	\$	7,742	15,033	106,510	53,333	-	-	6,540	500	-	-	2,095	-
Accrued payroll and related liabilities		2,523	-	1,481	4,344	-	-	1,968	-	(976)	-	-	-
Due to other funds		-	8,242	-	-	-	-	-	-	-	-	25,285	12,271
Unearned revenue		-	-	-	-	-	-	-	-	12,889	-	-	-
Total liabilities		<u>10,265</u>	<u>23,275</u>	<u>107,991</u>	<u>57,677</u>	<u>-</u>	<u>-</u>	<u>8,508</u>	<u>500</u>	<u>11,913</u>	<u>-</u>	<u>27,380</u>	<u>12,271</u>
Deferred inflows of resources:													
Delinquent property tax and user fees		96,218	33,470	12,857	-	-	-	-	-	-	-	-	-
Leases		-	-	-	6,593	-	-	4,634	-	-	-	-	-
Total deferred inflows of resources		<u>96,218</u>	<u>33,470</u>	<u>12,857</u>	<u>6,593</u>	<u>-</u>	<u>-</u>	<u>4,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances(deficits):													
Restricted		-	-	-	-	337,511	27,065	-	-	-	400	-	-
Committed		-	-	-	-	-	-	-	-	-	-	-	-
Assigned		1,354,928	-	662,354	2,687	-	-	-	-	-	-	-	-
Unassigned (deficits)		-	(37,434)	-	-	-	-	(1,705)	-	(11,868)	-	-	-
Total fund balances (deficits)		<u>1,354,928</u>	<u>(37,434)</u>	<u>662,354</u>	<u>2,687</u>	<u>337,511</u>	<u>27,065</u>	<u>(1,705)</u>	<u>-</u>	<u>(11,868)</u>	<u>400</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$	<u>1,461,411</u>	<u>19,311</u>	<u>783,202</u>	<u>66,957</u>	<u>337,511</u>	<u>27,065</u>	<u>11,437</u>	<u>500</u>	<u>45</u>	<u>400</u>	<u>27,380</u>	<u>12,271</u>

(continued)

CITY OF DILLINGHAM, ALASKA

Other Governmental Funds

Combining Balance Sheet, continued

	Capital Project Funds							Mary Carlson Estate Permanent Fund	Total Other Governmental Funds
	Ambulance Reserve	Equipment Replacement	School Bonds	Fire Hall Bond	Landfill Closure	Roads	SOA Loan 283101		
<u>Assets</u>									
Cash and investments	\$ -	-	-	-	-	-	-	-	810
Receivables:									
Accounts	600	-	-	-	-	-	-	-	332,093
Grants	-	-	-	-	-	-	93,719	-	133,370
Leases	-	-	-	-	-	-	-	-	11,473
Allowance for uncollectible accounts	-	-	-	-	-	-	-	-	(50,016)
Due from other funds	414,767	61,652	-	-	172,044	100,772	-	-	3,163,314
Restricted cash and investments	-	-	-	-	-	-	-	415,536	415,536
Total assets	<u>\$ 415,367</u>	<u>61,652</u>	<u>-</u>	<u>-</u>	<u>172,044</u>	<u>100,772</u>	<u>93,719</u>	<u>415,536</u>	<u>4,006,580</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</u>									
Liabilities:									
Accounts payable	\$ -	-	-	-	-	-	-	-	191,753
Accrued payroll and related liabilities	-	-	-	-	-	-	-	-	9,340
Due to other funds	-	-	1,626	48,058	-	-	93,719	39,291	228,492
Unearned revenue	-	-	-	-	-	-	-	-	12,889
Total liabilities	<u>-</u>	<u>-</u>	<u>1,626</u>	<u>48,058</u>	<u>-</u>	<u>-</u>	<u>93,719</u>	<u>39,291</u>	<u>442,474</u>
Deferred inflows of resources:									
Delinquent property tax and user fees	-	-	-	-	-	-	-	-	142,545
Leases	-	-	-	-	-	-	-	-	11,227
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,772</u>
Fund balances (deficits):									
Restricted	-	-	-	-	-	-	-	376,245	741,221
Committed	415,367	61,652	-	-	172,044	100,772	-	-	749,835
Assigned	-	-	-	-	-	-	-	-	2,019,969
Unassigned (deficits)	-	-	(1,626)	(48,058)	-	-	-	-	(100,691)
Total fund balances (deficits)	<u>415,367</u>	<u>61,652</u>	<u>(1,626)</u>	<u>(48,058)</u>	<u>172,044</u>	<u>100,772</u>	<u>-</u>	<u>376,245</u>	<u>3,410,334</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 415,367</u>	<u>61,652</u>	<u>-</u>	<u>-</u>	<u>172,044</u>	<u>100,772</u>	<u>93,719</u>	<u>415,536</u>	<u>4,006,580</u>

CITY OF DILLINGHAM, ALASKA

Other Governmental Funds

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

Year Ended June 30, 2024

	Special Revenue Funds							
	Water and Sewer	Landfill	Dock	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Mitigation of Wildland Fuels	DPH Health Equity
Revenues:								
Intergovernmental:								
Federal sources	\$ -	-	-	-	-	-	-	31,470
State of Alaska	4,089	5,456	3,136	3,066	-	-	100,000	-
Local sources:								
Local assistance	-	-	-	-	-	-	-	-
Charges for services	666,986	264,289	738,352	121,013	67,470	-	-	-
Lease and rental income	-	10	5,634	10,244	-	-	-	-
Investment income	-	-	24,444	-	-	568	-	-
Other	17,921	28,129	5,322	2,259	-	-	-	-
Total revenues	<u>688,996</u>	<u>297,884</u>	<u>776,888</u>	<u>136,582</u>	<u>67,470</u>	<u>568</u>	<u>100,000</u>	<u>31,470</u>
Expenditures:								
Current:								
Community services	-	-	-	-	-	-	100,000	31,470
Water and sewer	514,650	-	-	-	-	-	-	-
Landfill	-	684,908	-	-	-	-	-	-
Dock	-	-	629,288	-	-	-	-	-
Boat harbor	-	-	-	447,550	-	-	-	-
Senior citizen center	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	124,011	-	-	-	-	-
Interest	-	-	9,185	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>514,650</u>	<u>684,908</u>	<u>762,484</u>	<u>447,550</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>31,470</u>
Excess (deficiency) of revenues over expenditures	<u>174,346</u>	<u>(387,024)</u>	<u>14,404</u>	<u>(310,968)</u>	<u>67,470</u>	<u>568</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Loan proceeds	-	-	-	-	-	-	-	-
Transfers in	-	355,868	-	634,162	-	-	-	-
Transfers out	-	-	(634,162)	-	(66,801)	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>355,868</u>	<u>(634,162)</u>	<u>634,162</u>	<u>(66,801)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	174,346	(31,156)	(619,758)	323,194	669	568	-	-
Fund balances (deficits) at beginning 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>-</u>	<u>-</u>
Fund balances (deficits) at end of year	\$ <u>1,354,928</u>	<u>(37,434)</u>	<u>662,354</u>	<u>2,687</u>	<u>337,511</u>	<u>27,065</u>	<u>-</u>	<u>-</u>

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			
	Senior Citizen Center	Library	Local Support	LINKED	Dillingham Police Department Reward	Ambulance Reserve	Equipment Replacement	School Bonds	Fire Hall Bond
Revenues:									
Intergovernmental:									
Federal sources	\$ 77,941	-	-	-	-	-	-	-	-
State of Alaska	21,773	7,000	-	-	-	-	-	-	-
Local sources:									
Local assistance	-	-	89,517	39,577	-	-	-	-	-
Charges for services	4,716	-	-	-	-	-	-	-	-
Lease and rental income	14,466	-	-	-	-	18,000	-	-	-
Investment income	-	-	-	-	-	-	-	-	-
Other	5,534	2,745	-	-	-	-	-	-	-
Total revenues	<u>124,430</u>	<u>9,745</u>	<u>89,517</u>	<u>39,577</u>	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:									
Current:									
Community services	-	7,000	89,517	39,577	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-
Landfill	-	-	-	-	-	-	-	-	-
Dock	-	-	-	-	-	-	-	-	-
Boat harbor	-	-	-	-	-	-	-	-	-
Senior citizen center	307,731	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	5,480	166,122	-	-
Total expenditures	<u>307,731</u>	<u>7,000</u>	<u>89,517</u>	<u>39,577</u>	<u>-</u>	<u>5,480</u>	<u>166,122</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(183,301)</u>	<u>2,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,520</u>	<u>(166,122)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Loan proceeds	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	45,625	166,122	-	-
Transfers out	(22,602)	-	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>(22,602)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,625</u>	<u>166,122</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(205,903)	2,745	-	-	-	58,145	-	-	-
Fund balances (deficits) at beginning of year	<u>204,198</u>	<u>(2,745)</u>	<u>(11,868)</u>	<u>-</u>	<u>400</u>	<u>357,222</u>	<u>61,652</u>	<u>(1,626)</u>	<u>(48,058)</u>
Fund balances (deficits) at end of year	<u>\$ (1,705)</u>	<u>-</u>	<u>(11,868)</u>	<u>-</u>	<u>400</u>	<u>415,367</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	Roads	Curyung Ice Machine	SOA Loan 283101		
Revenues:						
Intergovernmental:						
Federal sources	\$ -	-	-	-	-	109,411
State of Alaska	-	-	-	-	-	144,520
Local sources:						
Local assistance	-	-	-	-	-	129,094
Charges for services	-	-	-	-	-	1,862,826
Lease and rental income	-	-	-	-	-	48,354
Investment income	-	-	-	-	21,263	46,275
Other	-	-	1,324	-	-	63,234
Total revenues	-	-	1,324	-	21,263	2,403,714
Expenditures:						
Current:						
Community services	-	-	-	-	1,901	269,465
Water and sewer	-	-	-	-	-	514,650
Landfill	-	-	-	-	-	684,908
Dock	-	-	-	-	-	629,288
Boat harbor	-	-	-	-	-	447,550
Senior citizen center	-	-	-	-	-	307,731
Debt service:						
Principal	-	-	-	-	-	124,011
Interest	-	-	-	-	-	9,185
Capital outlay	-	-	1,324	93,719	-	266,645
Total expenditures	-	-	1,324	93,719	1,901	3,253,433
Excess (deficiency) of revenues over expenditures	-	-	-	(93,719)	19,362	(849,719)
Other financing sources (uses):						
Loan proceeds	-	-	-	93,719	-	93,719
Transfers in	-	-	-	-	-	1,201,777
Transfers out	-	-	-	-	(4,000)	(727,565)
Net other financing sources (uses)	-	-	-	93,719	(4,000)	567,931
Net change in fund balances	-	-	-	-	15,362	(281,788)
Fund balances (deficits) at beginning of year	172,044	100,772	-	-	360,883	3,692,122
Fund balances (deficits) at end of year	\$ 172,044	100,772	-	-	376,245	3,410,334

**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 or committed 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.

Mitigation of Wildland Fuels – this fund accounts for funds from the State of Alaska.

DPH Health Equity – this fund accounts for federal funds passed through the State of Alaska.

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

Dillingham Police Department Reward – this fund accounts for donations by the public that are to be paid out by the police department to individuals who provide information on criminal activity in the area.

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.

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,		2024		2023
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 4,624	4,089	(535)	3,232
Local sources:				
Charges for services:				
Water sales	227,200	225,014	(2,186)	264,713
Sewer fees	461,200	441,972	(19,228)	462,764
Total charges for services	688,400	666,986	(21,414)	727,477
Other	15,400	17,921	2,521	770
Total revenues	708,424	688,996	(19,428)	731,479
Expenditures:				
Water:				
Salaries	76,694	57,945	18,749	49,918
Overtime	12,534	29,379	(16,845)	19,810
Employee benefits	39,961	38,624	1,337	31,498
Professional services	15,000	10,000	5,000	-
Insurance	6,000	5,624	376	7,028
Supplies	6,000	2,577	3,423	2,811
Gas, oil and grease	1,000	657	343	724
Chemicals	5,000	79	4,921	7,285
Minor tools and equipment	6,000	3,326	2,674	2,801
Major equipment	-	197	(197)	-
Utilities and telephone	61,350	58,624	2,726	63,419
Memberships	-	479	(479)	-
Building and equipment repairs	7,000	804	6,196	3,244
Sample testing and inspections	6,500	7,505	(1,005)	1,883
Administrative overhead	24,300	21,325	2,975	19,090
Total water	267,339	237,145	30,194	209,511
Sewer:				
Salaries	63,133	47,835	15,298	48,600
Overtime	20,000	21,241	(1,241)	21,880
Employee benefits	41,156	32,049	9,107	32,771
Contractual	20,000	16,255	3,745	1,634
Insurance	5,200	4,874	326	4,304
Permits	2,175	1,280	895	1,280
Supplies	1,900	1,318	582	1,375
Training	-	500	(500)	-
Gas, oil and grease	2,500	864	1,636	692
Minor tools and equipment	7,500	4,610	2,890	7,521
Major equipment	50,000	35,532	14,468	13,462
Engineering/construction	7,500	7,000	500	-
Utilities and telephone	73,750	70,384	3,366	73,622
Building and equipment repairs	9,500	1,566	7,934	3,762
Sample testing and inspections	10,000	-	10,000	-
Administrative overhead	28,900	32,197	(3,297)	21,027
Total sewer	343,214	277,505	65,709	231,930
Total expenditures	610,553	514,650	95,903	441,441
Excess of revenues over expenditures	\$ 97,871	174,346	76,475	290,038
Fund balance at beginning of year		1,180,582		890,544
Fund balance at end of year		\$ 1,354,928		1,180,582

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,		2024		2023
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 8,059	5,456	(2,603)	3,810
Local sources:				
Charges for services - landfill fees	294,000	264,289	(29,711)	311,000
Rental income	-	10	10	-
Other local revenue	32,200	28,129	(4,071)	4,179
Total revenues	334,259	297,884	(36,375)	318,989
Expenditures:				
Landfill:				
Salaries	172,411	186,851	(14,440)	153,509
Overtime	35,000	30,108	4,892	9,418
Employee benefits	111,628	98,022	13,606	88,697
Contractual	20,000	4,683	15,317	16,826
Insurance	11,500	11,406	94	9,619
Advertising	400	-	400	-
Training and travel	-	90	(90)	3,490
Permits	12,000	10,467	1,533	1,844
Supplies	7,500	13,254	(5,754)	7,072
Gravel	60,000	29,000	31,000	29,000
Gas, oil and grease	40,000	36,706	3,294	15,237
Minor tools and equipment	15,000	9,877	5,123	9,686
Major equipment	250,000	78,859	171,141	8,290
Utilities and telephone	10,500	12,548	(2,048)	9,740
Building and equipment repairs	129,000	123,789	5,211	78,383
Sample testing and inspections	40,000	39,248	752	13,776
Administrative overhead	-	-	-	-
Other expenditures	27,000	-	27,000	-
Total expenditures	941,939	684,908	257,031	454,587
Excess (deficiency) of revenues over expenditures	(607,680)	(387,024)	220,656	(135,598)
Other financing sources - transfers in	607,680	355,868	(251,812)	135,598
Net change in fund balance	\$ -	(31,156)	(31,156)	-
Fund balance (deficit) at beginning of year		(6,278)		(6,278)
Fund balance (deficit) at end of year		\$ (37,434)		(6,278)

CITY OF DILLINGHAM, ALASKA

Dock Special Revenue Fund

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

Years Ended June 30,

		2024		2023
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 5,276	3,136	(2,140)	2,904
Local sources:				
Charges for services:				
Wharfage and handling	510,000	524,172	14,172	541,036
Docking	84,000	82,706	(1,294)	73,176
Labor income	1,000	984	(16)	2,419
Fuel flowage fees	135,000	130,490	(4,510)	142,705
Total charges for services	730,000	738,352	8,352	759,336
Equipment rental	30,000	5,634	(24,366)	12,433
Investment income	24,000	24,444	444	17,368
Other	87,300	5,322	(81,978)	7,588
Total revenues	876,576	776,888	(99,688)	799,629
Expenditures:				
Dock:				
Salaries	127,885	71,410	56,475	91,737
Overtime	42,298	38,226	4,072	39,191
Employee benefits	116,700	65,504	51,196	79,009
Professional services	25,000	1,273	23,727	902
Memberships	-	125	(125)	-
Insurance	40,110	35,811	4,299	32,700
Travel and training	4,500	-	4,500	550
Supplies	500	362	138	83
Gas, oil and grease	20,500	13,691	6,809	17,589
Minor tools and equipment	2,500	769	1,731	1,222
Major equipment	189,222	172,267	16,955	16,363
Utilities and telephone	25,670	18,547	7,123	20,718
Building and equipment repairs	188,500	127,481	61,019	256,607
Dock repairs and maintenance	56,000	465	55,535	1,807
Inspections	2,000	1,052	948	550
Administrative overhead	103,500	82,305	21,195	82,909
Total dock	944,885	629,288	315,597	641,937
Debt service:				
Principal	124,011	124,011	-	121,094
Interest	9,185	9,185	-	12,102
Total debt service	133,196	133,196	-	133,196
Total expenditures	1,078,081	762,484	315,597	775,133
Excess of revenues over expenditures	(201,505)	14,404	215,909	24,496
Other financing (uses): transfers out	(226,353)	(634,162)	(407,809)	(24,496)
Net change in fund balance	\$ (427,858)	(619,758)	(191,900)	-
Fund balance at beginning of year		1,282,112		1,282,112
Fund balance at end of year		\$ 662,354		1,282,112

CITY OF DILLINGHAM, ALASKA

Boat Harbor Special Revenue Fund

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

Years Ended June 30,	2024			2023
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State PERS relief	\$ 3,000	3,066	66	2,111
Local sources:				
Charges for services - boat harbor fees	131,100	121,013	(10,087)	122,585
Lease and rental income	11,000	10,244	(756)	9,508
Other	100	2,259	2,159	801
Total revenues	<u>145,200</u>	<u>136,582</u>	<u>(8,618)</u>	<u>135,005</u>
Expenditures:				
Boat harbor:				
Salaries	97,885	106,273	(8,388)	89,425
Employee benefits	68,086	70,714	(2,628)	47,256
Professional services	750	21,344	(20,594)	45,291
Rent	-	1,800	(1,800)	-
Travel and training	2,100	3,229	(1,129)	264
Supplies	9,000	5,032	3,968	3,771
Gas, oil and grease	24,000	26,653	(2,653)	33,233
Minor tools and equipment	2,000	1,450	550	7,388
Advertising	2,550	-	2,550	-
Utilities and telephone	70,180	50,070	20,110	57,256
Building and equipment repairs	115,000	115,987	(987)	86,098
Administrative overhead	35,400	44,998	(9,598)	37,996
Total expenditures	<u>426,951</u>	<u>447,550</u>	<u>(20,599)</u>	<u>407,978</u>
Excess (deficiency) of revenues over expenditures	(281,751)	(310,968)	(29,217)	(272,973)
Other financing sources - transfers in	<u>353,781</u>	<u>634,162</u>	<u>280,381</u>	<u>24,496</u>
Net change in fund balance	\$ <u>72,030</u>	323,194	<u>251,164</u>	(248,477)
Fund balance (deficit) at beginning of year		<u>(320,507)</u>		<u>(72,030)</u>
Fund balance (deficit) at end of year		\$ <u>2,687</u>		<u>(320,507)</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,	2024			2023
	Budget	Actual	Variance	Actual
Revenues - local sources:				
Charges for services:				
E911 revenue	\$ 65,000	67,470	2,470	66,958
Expenditures	73,052	-	73,052	-
Excess of revenues over expenditures	(8,052)	67,470	75,522	66,958
Other financing (uses) - transfers out	(63,916)	(66,801)	(2,885)	(40,536)
Net change in fund balance	\$ (71,968)	669	72,637	26,422
Fund balance at beginning of year		336,842		310,420
Fund balance at end of year		\$ 337,511		336,842

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>2024</u>	<u>2023</u>
Revenues - local sources:		
Investment Income	\$ <u>568</u>	<u>417</u>
Expenditures	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	568	417
Fund balance at beginning of year	<u>26,497</u>	<u>26,080</u>
Fund balance at end of year	\$ <u><u>27,065</u></u>	<u><u>26,497</u></u>

CITY OF DILLINGHAM, ALASKA

Mitigation of Wildland Fuels Special Revenue Fund

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

Years Ended June 30,	2024			2023
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
State of Alaska	\$ 100,000	100,000	-	-
Expenditures:				
Community services:				
Professional services	100,000	100,000	-	-
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Fund balance at beginning of year		-		-
Fund balance at end of year		\$ -		-

CITY OF DILLINGHAM, ALASKA

DPH Health Equity Special Revenue Fund

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

Years Ended June 30,	2024			2023
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal sources	\$ 210,250	31,470	(178,780)	-
Expenditures:				
Community services:				
Salaries	-	17,082	(17,082)	-
Overtime	-	2,324	(2,324)	-
Employee benefits	-	4,334	(4,334)	-
Building and equipment repairs	210,250	7,730	202,520	-
Total expenditures	210,250	31,470	178,780	-
Excess (deficiency) of revenues over expenditures	\$ -	-	-	-
Fund balance at beginning of year		-		-
Fund balance at end of year		\$ -		-

CITY OF DILLINGHAM, ALASKA

Senior Citizen Center Special Revenue Fund

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

Years Ended June 30,

		2024		2023
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal sources	\$ 77,941	77,941	-	75,210
State of Alaska	18,720	18,720	-	16,534
State PERS relief	4,000	3,053	(947)	3,263
Local sources:				
Charges for services	3,550	4,716	1,166	10,251
Lease and rental income	17,500	14,466	(3,034)	26,462
Other	5,550	5,534	(16)	4,340
Total revenues	<u>127,261</u>	<u>124,430</u>	<u>(2,831)</u>	<u>136,060</u>
Expenditures:				
Senior citizen center:				
Nutrition, transportation, and support services:				
Salaries	47,622	47,622	-	47,622
Employee benefits	24,607	24,388	219	24,607
Food	14,432	13,975	457	559
Minor tools and equipment	-	-	-	3,500
Supplies	-	-	-	9,708
Fuel	9,000	9,000	-	7,000
Utilities and telephone	5,000	5,000	-	3,000
Total nutrition, transportation, and support services	<u>100,661</u>	<u>99,985</u>	<u>676</u>	<u>95,996</u>
Operations:				
Salaries	107,378	75,764	31,614	98,742
Employee benefits	51,793	22,225	29,568	45,595
Food	5,568	23,671	(18,103)	21,738
Minor tools and equipment	700	51	649	2,220
Insurance	28,000	26,246	1,754	23,899
Supplies	950	827	123	1,948
Fuel	24,200	26,021	(1,821)	22,539
Building and equipment repairs	11,500	7,192	4,308	26,861
Utilities and telephone	26,011	25,329	682	29,704
Travel and training	2,000	120	1,880	10
Other expenditures	-	300	(300)	300
Total operations	<u>258,100</u>	<u>207,746</u>	<u>50,354</u>	<u>273,556</u>
Total expenditures	<u>358,761</u>	<u>307,731</u>	<u>51,030</u>	<u>369,552</u>
Excess (deficiency) of revenues over expenditures	(231,500)	(183,301)	48,199	(233,492)
Other financing sources (uses) - transfers out	<u>231,500</u>	<u>(22,602)</u>	<u>(254,102)</u>	<u>427,497</u>
Net change in fund balance	\$ <u>-</u>	<u>(205,903)</u>	<u>(205,903)</u>	194,005
Fund balance at beginning of year		204,198		10,193
Fund balance (deficit) at end of year		\$ <u>(1,705)</u>		<u>204,198</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,	2024			2023
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental:				
Federal	\$ -	-	-	15,699
State of Alaska	7,000	7,000	-	8,056
Local sources:				
Other	-	2,745	2,745	64,992
Total revenues	<u>7,000</u>	<u>9,745</u>	<u>2,745</u>	<u>88,747</u>
Expenditures:				
Community services:				
Minor tools and equipment	1,500	-	1,500	2,745
Audio visual	3,000	3,038	(38)	4,205
Utilities and telephone	-	-	-	64,992
Summer reading program	-	2,197	(2,197)	9,562
Memberships	-	-	-	1,980
Books	-	-	-	1,450
Other	2,500	1,765	735	6,627
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>91,561</u>
Excess (deficiency) of revenues over expenditures	\$ <u>-</u>	2,745	<u>2,745</u>	(2,814)
Fund balance (deficit) at beginning of year		<u>(2,745)</u>		<u>69</u>
Fund balance (deficit) at end of year		\$ <u>-</u>		<u>(2,745)</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>2024</u>	<u>2023</u>
Revenues:		
Local sources:		
Local assistance	\$ <u>89,517</u>	<u>42,059</u>
Expenditures:		
Community services:		
Salaries	29,127	31,328
Overtime	3,166	5,176
Employee benefits	3,420	3,777
Training	<u>53,804</u>	<u>15,939</u>
Total expenditures	<u>89,517</u>	<u>56,220</u>
Excess (deficiency) of revenues over expenditures	-	(14,161)
Fund balance (deficit) at beginning of year	<u>(11,868)</u>	<u>2,293</u>
Fund balance (deficit) at end of year	\$ <u><u>(11,868)</u></u>	<u><u>(11,868)</u></u>

CITY OF DILLINGHAM, ALASKA

LINKED Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2024</u>	<u>2023</u>
Revenues:		
Local sources:		
Local assistance	\$ <u>39,577</u>	<u>27,839</u>
Expenditures:		
Community services:		
Salaries	31,709	13,173
Employee benefits	2,493	1,035
Supplies	3,410	1,146
Minor tools and equipment	<u>1,965</u>	<u>12,485</u>
Total expenditures	<u>39,577</u>	<u>27,839</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.

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.

SOA Loan 283101 – this fund accounts for loan proceeds and capital expenditures related to wastewater system improvements.

CITY OF DILLINGHAM, ALASKA

Ambulance Reserve Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2024</u>	<u>2023</u>
Revenues:		
Local sources - Lease and rental income	\$ <u>18,000</u>	<u>13,200</u>
Expenditures - capital outlay - volunteer stipend	<u>5,480</u>	<u>9,120</u>
Excess of revenues over expenditures	12,520	4,080
Other financing sources:		
Transfers in	<u>45,625</u>	<u>64,106</u>
Net change in fund balance	58,145	68,186
Fund balance at beginning of year	<u>357,222</u>	<u>289,036</u>
Fund balance at end of year	\$ <u><u>415,367</u></u>	<u><u>357,222</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>2024</u>	<u>2023</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures:		
Capital outlay:		
Equipment maintenance	-	10,286
Equipment	<u>166,122</u>	<u>158,034</u>
Total expenditures	<u>166,122</u>	<u>168,320</u>
Excess (deficiency) of revenues over expenditures	(166,122)	(168,320)
Other financing sources:		
Transfers in	<u>166,122</u>	<u>168,320</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>2024</u>	<u>2023</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>2024</u>	<u>2023</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures - capital outlay:		
Professional services	<u>-</u>	<u>82,842</u>
Excess (deficiency) of revenues over expenditures	-	(82,842)
Fund balance (deficit) at beginning of year	<u>(48,058)</u>	<u>34,784</u>
Fund balance (deficit) at end of year	\$ <u><u>(48,058)</u></u>	<u><u>(48,058)</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>2024</u>	<u>2023</u>
Revenues	\$ <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

Roads Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2024</u>	<u>2023</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>2024</u>	<u>2023</u>
Revenues - local sources - other	\$ <u>1,324</u>	<u>1,730</u>
Expenditures - capital outlay - utilities	<u>1,324</u>	<u>1,730</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

CITY OF DILLINGHAM, ALASKA

SOA Loan 283101 Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

<i>Years Ended June 30,</i>	<u>2024</u>	<u>2023</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures:		
Capital outlay - construction	<u>93,719</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(93,719)	-
Other financing sources (uses):		
Loan proceeds	<u>93,719</u>	<u>-</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

**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>2024</u>	<u>2023</u>
Revenues:		
Local sources:		
Investment income	\$ <u>21,263</u>	<u>10,021</u>
Expenditures:		
Community services:		
Utilities	589	642
Insurance	<u>1,312</u>	<u>1,187</u>
Total expenditures	<u>1,901</u>	<u>1,829</u>
Excess of revenues over expenditures	19,362	8,192
Other financing (uses):		
Transfers out	<u>(4,000)</u>	<u>(4,000)</u>
Net change in fund balance	15,362	4,192
Fund balance at beginning of year	<u>360,883</u>	<u>356,691</u>
Fund balance at end of year	\$ <u><u>376,245</u></u>	<u><u>360,883</u></u>

CITY OF DILLINGHAM, ALASKA

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Grant Title	Federal Assistance Listing Number	Federal Grantor/ Pass Through Number	Grant Amount	Federal Share of Expenditures
U.S. Department of the Interior:				
Direct:				
Payment in Lieu of Taxes	15.226	None	\$ 522,976	522,976
U.S. Department of Treasury:				
Passed through the State of Alaska, Department of Commerce, Community, and Economic Development:				
COVID-19 Local Government Lost Revenue	21.027	22-LGLR-07	2,786,321	305,315
U.S. Department of Health and Human Services:				
Passed through the State of Alaska, Department of Health:				
Aging Cluster:				
Nutritional, Transportation and Support Services	93.044	167-309-24030	5,482	5,482
Nutritional, Transportation and Support Services	93.045	167-309-24030	72,459	72,459
Total Aging Cluster			77,941	77,941
Healthy and Equitable Communities	93.391	C0622-584-QQ	34,625	15,735
Healthy and Equitable Communities	93.268	C0622-584-QQ	34,625	15,735
Total federal financial assistance			\$ 3,456,488	937,702

See accompanying notes to the Schedule.

CITY OF DILLINGHAM, ALASKA

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

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, 2024. 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 15% 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 \$5,350,010 of federal funds expended for the Dillingham City School District, a component unit of the City of Dillingham, Alaska. These monies are excluded from this Schedule. These monies were subjected to Uniform Guidance audit procedures and separate reports on compliance and internal control dated October 16, 2024 for the Dillingham City School District.

CITY OF DILLINGHAM, ALASKA
Schedule of State Financial Assistance
Year Ended June 30, 2024

	<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	PLA24	\$ 7,000	7,000
* Debt Retirement Program	None	<u>744,616</u>	<u>744,616</u>
Total Department of Education and Early Development		<u>751,616</u>	<u>751,616</u>
State of Alaska Department of Health and Social Services:			
Direct Programs:			
Nutrition, Transportation and Support Services	167-309-24030	<u>18,720</u>	<u>18,720</u>
State of Alaska Department of Natural Resources:			
Direct Programs:			
Wildland Fuels Mitigation	None	<u>100,000</u>	<u>100,000</u>
Total State Financial Assistance		<u>\$ 870,336</u>	<u>870,336</u>
Reconciliation to State of Alaska Revenues, Exhibit D-1:			
Expenditures from above schedule			\$ 870,336
State PERS relief			106,869
State revenue sharing			106,324
State shared taxes			<u>712,162</u>
Total State of Alaska Revenue, Exhibit D-1			<u>\$ 1,795,691</u>

See accompanying notes to the Schedule.

CITY OF DILLINGHAM, ALASKA

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2024

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, 2024. 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 \$6,556,167 of State of Alaska funds expended for the Dillingham City School District, a component unit of the City of Dillingham, Alaska. These monies are excluded from this Schedule. These monies were subjected to State of Alaska single audit procedures and separate reports on compliance and internal control dated October 16, 2024 for the Dillingham City School District.

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, 2024, and the related notes to the financial statements, which collectively comprise City of Dillingham, Alaska's basic financial statements, and have issued our report thereon dated March 10, 2025.

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.

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

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. We consider the deficiency described in the accompany federal schedule of findings and questioned costs as Finding 2024-001 to be a material weakness.

Honorable Mayor and City Council
City of Dillingham, Alaska

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany federal schedule of findings and questioned costs as Findings 2024-002, 2024-003, and 2024-004 to be significant deficiencies.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as Finding 2024-001.

City of Dillingham, Alaska's Response to Findings

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

Purpose of this Report

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



Anchorage, Alaska
March 10, 2025

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

Opinion on Each Major Federal Program

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, 2024. 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 \$5,350,010 in federal awards, which is not included in the schedule of expenditures of federal awards during the year ended June 30, 2024. 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, City of Dillingham, Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.



Anchorage, Alaska
March 10, 2025

CITY OF DILLINGHAM, ALASKA

Federal Schedule of Findings and Question Costs

Year Ended June 30, 2024

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?

 X Yes No

Significant deficiency(ies) identified?

 X Yes 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

 Yes X No

Significant deficiency(ies) identified?

 Yes X None reported

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

 Yes X No

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

Unmodified

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

 Yes X No

Identification of major programs:

Assistance Listing Number(s)/Cluster
15.226

Name of Federal Program or Cluster
Payments in Lieu of Taxes

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

Finding 2024-001:
Material Weakness

Lack of Internal Control over Procurement

Condition and Context:

During testing of material checks, two checks wrote to the same local business totaling \$214,938 that did not follow procurement policy or have supporting documentation in line with the City's procurement policy. Both checks are considered to be related party transactions. The first check (#72798) was made up of four invoices from one local business. The first invoice was for \$10,000 for an emergency water line repair related to one purchase order (#4372) for \$29,999. The remaining three invoices totaling \$100,940 were related to the landfill project from three purchase orders (PO) (#4450, #4451, and #4452) each for \$29,999.

The three landfill invoices noted the earliest day of work began on August 23, 2023. The total landfill project based on the three PO's noted above have the projected project cost at \$89,997.

Per the City's procurement policy purchase price, including shipping of \$30,000 or greater require the following:

"City manager, or designee will arrange competitive sealed bidding procedures for the purchase. The City Council will evaluate and award i) the most responsive bid, ii) the most responsive bid will not necessarily be the bid offering the lowest price

As well as, per the City's procurement policy for purchases of services, contracts are used for construction work and memorandum of agreements are used for other types of work.

It appears that purchase orders were deliberately split in the amount of \$29,999 to circumvent the City's procurement policies.

Criteria:

Per the City's procurement policy purchase price, including shipping of \$30,000 or greater require the following:

"City manager, or designee will arrange competitive sealed bidding procedures for the purchase. The City Council will evaluate and award i) the most responsive bid, ii) the most responsive bid will not necessarily be the bid offering the lowest price

Cause:

Failure to follow city policies and procedures.

CITY OF DILLINGHAM, ALASKA

Federal Schedule of Findings and Questioned Costs, Continued

Effect: Without following the procurement policy in place costs for services could be excessive or not consummated in an “arm’s length” transaction.

Recommendation: We recommend the City follows the procurement policy in place.

Management Response: Management concurs with this finding. See Corrective Action Plan.

Finding 2024-002: **Lack of Internal Control over Credit Cards**
Significant Deficiency

Condition and Context: During our review of three of the City’s monthly credit card statements, we found the City was not following its adopted policies and procedures surrounding credit card receipt documentation. We noted twenty-two (22) out of one hundred three (103) credit card transactions totaling \$3,611 did not have supporting documentation in the form of receipts.

Criteria: The City’s policies and procedures over credit card receipt documentation must be followed to ensure accurate financial reporting and minimize the risk of fraudulent charges.

Cause: Lack of internal controls over credit card users and violation of credit card policy adopted by the City.

Effect: Fraudulent or unauthorized purchases could be made with the City’s credit cards.

Recommendation: We recommend the City follow the policies in place and ensure credit card users be held accountable for providing proper supporting documentation for credit card transactions.

Management Response: Management concurs with this finding. See Corrective Action Plan.

Finding 2024-003: **Lack of Internal Control over Journal Entries**
Significant Deficiency

Condition and Context: During our review of the City’s adjusting journal entries, we found two material entries that did not have appropriate approval. Per the City’s policies, all adjusting journal entries require an approving signature.

Criteria: The City’s policies and procedures over adjusting journal entries must be followed to ensure accurate financial reporting.

Cause: Internal controls over adjusting journal entries are not functioning as designed.

Effect: Increased risk of misstated financial statements due to unauthorized posting of journal entries.

Recommendation: We recommend that the City follow the policy in place requiring approval of all adjusting journal entries.

Management Response: Management concurs with this finding. See Corrective Action Plan.

CITY OF DILLINGHAM, ALASKA

Federal Schedule of Findings and Questioned Costs, Continued

Finding 2024-004:
Significant Deficiency

Lack of Internal Control over Property Taxes

Condition and Context:	While reviewing the City's accounts receivable balance, it was brought to our attention that the City was billing for escaped taxes for personal property totaling \$393,091 from FY21 through FY23.
Criteria:	The City's internal controls over personal property taxes should include checking for escaped property taxes in a timely manner each year, in order to properly state the accounts receivable and revenue balances each year.
Cause:	Lack of internal controls over property taxes.
Effect:	Failure to review taxable personal property timely resulted in a material misstatement of accounts receivable.
Recommendation:	We recommend the City implements internal controls over property taxes to review for escaped property taxes in a timely manner.
Management Response:	Management concurs with this finding. See Corrective Action Plan.

Section III - Federal Award Findings and Questioned Costs

The City of Dillingham did not have any findings that relate to federal awards.

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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 Supplements that could have direct and material effect on the City of Dillingham, Alaska's major state program for the year ended June 30, 2024. 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 \$6,556,167 in state awards, which is not included in the Schedule of State Financial Assistance during the year ended June 30, 2024. 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 Supplements.

In our opinion, 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, 2024.

Basis for Opinion on Each Major State Program

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 Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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 requirements 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.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

Altman, Rogers & Co.

Anchorage, Alaska
March 10, 2025

CITY OF DILLINGHAM, ALASKA

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

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? X Yes None reported

Material weakness(es) identified? X Yes No

Noncompliance material to financial statements noted? Yes X No

State Awards

Internal control over major programs:

Significant deficiency(ies) identified? Yes X None reported

Material weakness(es) identified? Yes X No

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

Dollar threshold used to distinguish Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

Section II – Financial Statement Findings

See Federal Schedule of Findings and Question Costs.

Section III – State Award Findings

The City of Dillingham did not have any findings that relate to State awards.



Summary Schedule of Prior Audit Findings

Year Ended June 30, 2024

Federal Award Findings

Finding 2023-001

Late Reporting and Noncompliance with Reporting Requirements

Type of Finding:

Material weakness/material noncompliance.

Condition:

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

Status:

This finding has been resolved.

Finding 2023-002

Late Reporting and Noncompliance with Reporting Requirements

Type of Finding:

Significant Deficiency Noncompliance.

Condition:

The City did not adhere to the Uniform Guidance requirement of submitting the project performance report by the annual deadline.

Status:

This finding has been resolved.

State Award Findings

Finding 2023-003

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 been resolved.



Corrective Action Plan

Year Ended June 30, 2024

Financial Statement Findings

Finding 2024-001

Lack of Internal Control over Procurement

Name of Contact Person: Anita Foran, Finance Director

Corrective Action Plan: Internal control policies are being reviewed and updated by the Finance Department with a completion date of review by 06/30/2025. The purchasing policy has been updated following the adopted changes made to DMC 4.30 (Ordinance 24-01) to increase purchasing limits. Trainings have been held by the Finance Director for all staff that are involved with making or receiving purchases. This training will be ongoing due to the cities high rate of turnover. Administration is looking deeper into the reason for the requisitions in question to be split and not follow the city policies and procedures.

Proposed Completion Date: Immediately.

Finding 2024-002

Lack of Internal Control over Credit Cards

Name of Contact Person: Anita Foran, Finance Director

Corrective Action Plan: The finance department is now requiring all staff who are being issued a credit card to sign a credit card use agreement. This agreement states they will adhere to all the rules outlined in the purchasing policy, will turn in receipts for all purchases and will remit receipts to the finance office in a timely manner. Finance is also reaching out to the bank to find alternatives to using credit cards for vendor purchases. This will put further controls that the purchasing policy will be followed.

Proposed Completion Date: Immediately.

CITY OF DILLINGHAM, ALASKA

Corrective Action Plan, Continued

Finding 2024-003

Lack of Internal Control over Material Journal Entries

Name of Contact Person: Anita Foran, Finance Director

Corrective Action Plan: All journal entries will be reviewed for signatures before being scanned and filed. This additional review will ensure that nothing is filed before it is finalized. This has already been put in place.

Proposed Completion Date: Immediately.

Finding 2024-004

Lack of Internal Control over Property Taxes

Name of Contact Person: Anita Foran, Finance Director

Corrective Action Plan: Annually boat yards and F/V storages will be reviewed to see if any F/V is not reported with the annual assessment return notices. This practice has already been put in place.

Proposed Completion Date: Immediately.