



Alice Ruby, **Mayor**

Council Members

- Chris Napoli (Seat A) • Bill Rodawalt (Seat B) • Aksel Buholm (Seat C)
- Curt Armstrong (Seat D) • Andy Anderson (Seat E) • Gregg Marxmiller (Seat F)

DILLINGHAM CITY COUNCIL

David B. Carlson Council Chambers

Dillingham City Hall, 141 Main Street, Dillingham, AK 99576 (907) 842-5212

SPECIAL MEETING	5:30 P.M.	OCTOBER 25, 2019
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1. **CALL TO ORDER**
2. **ROLL CALL**
3. **APPROVAL OF AGENDA**
4. **SPECIAL BUSINESS**
 - a. FY2018 Audit Presentation
 - b. Adopt Resolution No2019-20; A Resolution of the Dillingham City Council Accepting the Year End Audit for the Fiscal Year Ending June 30, 2018
 - c. Adopt Resolution No. 2019-33; A Resolution of the Dillingham City Council Waiving the Purchase Restrictions and Awarding a Contract to Bennett Enterprises, LLC to Remove Debris from the Bingman Property
5. **CITIZEN'S DISCUSSION (Open to the Public)**
6. **COUNCIL COMMENTS**
7. **MAYOR'S COMMENTS**
8. **ADJOURNMENT**

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CITY OF DILLINGHAM, ALASKA

RESOLUTION NO. 2019-20

**A RESOLUTION OF THE DILLINGHAM CITY COUNCIL ACCEPTING THE YEAR END
AUDIT FOR THE FISCAL YEAR ENDING JUNE 30, 2018**

WHEREAS, the Dillingham Municipal Code Section 4.04.050 calls for an “Independent Annual Audit”; and

WHEREAS, the City Council appointed Altman, Rogers and Co. to audit the FY2018 financial statements; and

WHEREAS, Altman, Rogers and Co. audited the financial statements for the fiscal year ending June 30, 2018, and rendered the opinion that the financial statements present fairly, in all material respects, the respective financial position, changes in financial position, and respective budgetary comparison of the City of Dillingham; and

WHEREAS, Steve Wadleigh of Altman, Rogers and Co. reviewed the Basic Financial Statements, Supplementary Information and Single Audit Reports at a Workshop Meeting of the City Council held on October 3, 2019, attending by way of teleconference; and

WHEREAS, the City Council intends to formally accept the FY2018 audited financial statements by this action;

NOW, THEREFORE, BE IT RESOLVED by the Dillingham City Council that the work of Altman, Rogers and Co., and the audited financial statements for the fiscal year ending June 30, 2018 be accepted.

PASSED and ADOPTED by the Dillingham City Council on October 25, 2019.

Alice Ruby, Mayor

ATTEST:

[SEAL]

Lori Goodell, City Clerk

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CITY OF DILLINGHAM, ALASKA

Letter to the Governing Board

Year Ended June 30, 2018

CITY OF DILLINGHAM, ALASKA

Letter to the Governing Board

Year Ended June 30, 2018

Month XX, 2018

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

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dillingham, Alaska for the year ended June 30, 2018 and the related notes to the financial statements which collectively comprise the City of Dillingham, Alaska's basic financial statement. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards, Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated Month XX, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies and Transactions

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Dillingham are described in Note I to the financial statements.

As discussed in Note XVII to the financial statements, the City participates in the Alaska Public Employees' Retirement System (PERS). In 2018, the City adopted the provisions of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which, among other accounting and reporting criteria, requires the City to recognize its proportional share of the net other postemployment benefits plans (OPEB) liability (and related deferred inflow/outflow accounts), as of the beginning of the City's fiscal year.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

All opinion units:

Management's estimate of the collectability of accounts receivable is based on historical collections. We evaluated the key factors and assumptions used to develop the estimate of collectability of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Government-wide opinion unit:

Management's uses estimates to calculate the liability for the closure of the landfill and post closure costs. These estimates are based on engineering surveys. We evaluated the key factors and assumptions used to develop the estimation of the liability for the closure of the landfill and any post closure costs to determine its reasonableness in relation to the financial statements taken as a whole.

Management's estimate of the useful lives and depreciation is based on the expected life of an asset. We evaluated the key factors and assumptions used to develop the useful lives and depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the City's proportionate share of the collective net pension and OPEB liabilities and related deferred outflows and inflows of resources are based on information furnished by the State of Alaska and actuarial reports generated during the audit of the Public Employees' Retirement System. The amortization of these deferrals is based on guidance provided by the Governmental Accounting Standards Board. We evaluated the key factors and assumptions used to develop the estimates of the City's proportionate share of the collective net pension liability and deferred outflows and inflows of resources and related amortization in determining that it is reasonable in relation to the financial statements as a whole.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The schedule summarized below is an uncorrected misstatement of the financial statements. Management has determined that its effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following misstatement was not corrected by management:

- \$5,190 understatement of cash due to stale dated activity and undeposited funds.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated Month XX, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Accounting Assistance

As part of our engagement, we drafted the basic financial statements of the City from the City’s accounting records; however, management of the City was involved in the drafting process and retains responsibility for the basic financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Matters

See the Financial Statements, Compliance Section for definition and descriptions of deficiencies, significant deficiencies, material weaknesses and any reported findings.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

In order to have an accurate estimate of landfill close/post-closure costs, we recommend that an engineer, external from the City of Dillingham, come out as soon as possible to assess the estimated cost to close and post-close the landfill. We notified the Finance Director of this request on April 4, 2019 and the Finance Director agreed to have this completed for the FY19 audit.

Supplementary Information Accompanying the Financial Statements

We applied certain limited procedures to the Public Employees’ Retirement System schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Schedule of State Financial Assistance, and combining statements and other information described as additional supplementary information in the table of contents, including the combining and individual fund statement which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Uniform Guidance Administrative Requirements

Under 2 CFR 200, procurement standards will require entities to have written policies preventing organizational conflicts of interest which will be used to protect the integrity of procurements under federal awards and subawards. For Internal Controls, institutions must establish and maintain effective written internal controls over federal awards, and the controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and the *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Required written policies include those over advance payments and reimbursements, allowable costs, conflicts of interest and procurement. Additionally, nonfederal entities will also need to take reasonable measures to safeguard protected personally identifiable information.

The most significant element of the new standards relates to procurement. There are five thresholds that the City will need to ensure are met in their policy:

- **Micro-purchase:** Purchases where the aggregate dollar amount does not exceed \$10,000 (or \$10,000 if the procurement is construction and subject to Davis-Bacon). When practical, the entity should distribute micro-purchases equitably among qualified suppliers. No competitive quotes are required if management determines that the price is reasonable.
- **Small purchase:** Includes purchases up to the Simplified Acquisition threshold, which is currently \$250,000. Informal purchasing procedures are acceptable, but price or rate quotes must be obtained from an adequate number of sources.
- **Sealed bids:** Used for purchases over the Simplified Acquisition Threshold, which is currently \$250,000. Under this purchase method, formal solicitation is required, and the fixed price (lump sum or unit price) is awarded to the responsible bidder who conformed to all material terms and is the lowest in price. This method is the most common procurement method for construction contracts.
- **Competitive proposals:** Used for purchases over the Simplified Acquisition Threshold, which is currently \$250,000. This procurement method requires formal solicitation, fixed-price or cost-reimbursement contracts, and is used when sealed bids are not appropriate. The contract should be awarded to the responsible firm whose proposal is most advantageous to the program, with price being one of the various factors.

- **Noncompetitive proposals:** Also known as sole-source procurement, this may be appropriate only when specific criteria are met. Examples include when an item is available only from one source, when a public emergency does not allow for the time of the competitive proposal process, when the federal awarding agency authorizes, or after a number of attempts at a competitive process, the competition is deemed inadequate.

The City should focus on the most economical solution during the procurement process.

The standards are effective beginning July 1, 2018. We encourage management to review these new guidelines and establish written policies and procedures to remain in compliance with all new requirements related to this grant reform.

Restriction on Use

This information is intended solely for the use of City Council and management of the City of Dillingham and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Anchorage, Alaska

"CLIENT LETTERHEAD"

Corrective Action Plan

June 30, 2018

Federal Award Finding

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

Name of Contact Person: Anita Fuller, Finance Director

Corrective Action Plan: The Finance Department will continue hiring a CPA firm to assist with audit preparations until the department can ensure that audit preparations can be done accurately and timely.

Proposed Completion Date: 11/30/2019

State Award Finding

Name of Contact Person: Anita Fuller, Finance Director

Corrective Action Plan: The Finance Department will continue hiring a CPA firm to assist with audit preparations until the department can ensure that audit preparations can be done accurately and timely.

Proposed Completion Date: 11/30/2019

CITY OF DILLINGHAM, ALASKA

RESOLUTION NO. 2019-33

A RESOLUTION OF THE DILLINGHAM CITY COUNCIL WAIVING THE PURCHASE RESTRICTIONS AND AWARDED A CONTRACT TO BENNETT ENTERPRISES, LLC TO REMOVE DEBRIS FROM THE BINGMAN PROPERTY

WHEREAS, the City Council authorized cleanup of the Bingman property in Resolution 2019-11; and

WHEREAS, the City moved forward with the cleanup, inventoried items, and held a surplus sale to assist with removal of many items from the property; and

WHEREAS, there have been many debris piles created in the cleanup effort; and

WHEREAS, the equipment needed to remove the debris piles is only available locally with one vendor; and

WHEREAS, the City desires to have the debris removed from the Bingman property before snowfall; and

WHEREAS, Dillingham Municipal Code (DMC) 4.30.130 Exemptions A. 3. To supplies, materials, equipment or contractual services which can only be furnished by a single dealer;

NOW, THEREFORE, BE IT RESOLVED that the Dillingham City Council waives the purchasing restrictions as stated above;

BE IT FURTHER RESOLVED that:

1. The Dillingham City Council authorizes the City Manager to execute a contract with Bennett Enterprises, LLC for the removal of debris from the Bingman property;
2. The payment of services will come from the Bingman cleanup line item; and
3. The City will identify piles and mark materials to be disposed, and provide access to the city landfill.

PASSED and ADOPTED by the Dillingham City Council on October 25, 2019.

Alice Ruby, Mayor

ATTEST:

[SEAL]

Lori Goodell, City Clerk

City of Dillingham Information Memorandum

Agenda of: October 10, 2019

Attachment to:

Ordinance No. _____ / Resolution No. 2019-33

Subject:

AUTHORIZE THE CITY MANAGER TO WAIVE THE PURCHASE RESTRICTIONS AND AWARD A CONTRACT TO BENNETT ENTERPRISES, LLC TO REMOVE DEBRIS FROM THE BINGMAN PROPERTY

City Manager: Recommend Approval

Signature: *Lori Goode*

Route to	Department Head	Signature	Date
	Finance Director		
X	Planning Director	<i>Antony A. Logan</i>	10/8/2019
	Public Works		
X	City Clerk		

Fiscal Note: Yes No

Funds Available: Yes No

Other Attachments:

Summary Statement:

In July of 2018 there was a fire at the Bingman property in the harbor. Subsequent to that an insurance claim was paid to the city for property destroyed in that fire. The revenue from the claim has been encumbered for the specific use of clean up at the Bingman property.

The city started clean up efforts in the summer of 2019. However, equipment not owned by the city is now needed to remove debris piles that have been created. Research has shown that there is only one vendor in Dillingham that has the capability to complete the requested debris removal, with the specific equipment needed to perform the work most cost effective and efficient.



Summary Statement continued:

The purchasing policy in the Dillingham Municipal Code states:

4.30.090 Contracts/purchases of twenty thousand dollars or more.

B. Unless exempt under the provisions of Section 4.30.130, contracts for professional services estimated by the city manager in writing to exceed twenty thousand dollars shall be made by competitive sealed proposal.

DMC also specifies allowable exemptions to that policy:

4.30.130 Exemptions.

A. Restrictions and provisions of this chapter shall not apply:

3. To supplies, materials, equipment or contractual services which can only be furnished by a single dealer, or which have a uniform published price;

As a single local source this request falls under the exemption shown above.



Bingman Debris Removal Equipment And Operator Rates

Equipment	Hourly Rate	Hours	Total
Excavator, Kobelco 400 with thumb	\$ 400	\$ 40	\$ 16,000
Operator	\$ 65	\$ 40	\$ 2,600
Mob/Demob			\$ 1,400
#1 - Tractor with side dump	\$ 225	\$ 40	\$ 9,000
Operator	\$ 65	\$ 40	\$ 2,600
#2 - Tractor with side dump	\$ 225	\$ 40	\$ 9,000
Operator	\$ 65	\$ 40	\$ 2,600
980c Loader	\$ 250	\$ 40	\$ 10,000
Operator	\$ 65	\$ 40	\$ 2,600
Bobcat T300	\$ 160	\$ 40	\$ 6,400
Operator	\$ 65	\$ 40	\$ 2,600
Mob/Demob			\$ 300
			\$ 65,100