

**CITY OF DILLINGHAM, ALASKA**

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

**Year Ended June 30, 2020**

**PRELIMINARY DRAFT  
FOR DISCUSSION PURPOSES ONLY**

**CITY OF DILLINGHAM, ALASKA**

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

**Year Ended June 30, 2020**

**PRELIMINARY DRAFT  
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CITY OF DILLINGHAM, ALASKA

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dillingham, Alaska as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City of Dillingham, Alaska's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dillingham, Alaska, as of June 30, 2020, and the respective changes in financial position and, the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dillingham, Alaska's basic financial statements. The information listed in the table of contents as "Additional Supplementary Information," which includes the combining statements and schedules, individual major and non-major funds budget to actual schedules (where applicable), schedules of revenues, expenditures and changes in fund balance and the Schedule of Expenditures of Federal Awards and related notes, as Required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Requirements for federal awards; Schedule of State Financial Assistance and related notes are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of State Financial Assistance is presented as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and are also not a required part of the basic financial statements.

Honorable Mayor and City Council  
City of Dillingham, Alaska

The Additional Supplementary Information listed above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Additional Supplementary Information listed above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

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

Anchorage, Alaska  
Month XX, 2020



## CITY OF DILLINGHAM, ALASKA

## Statement of Net Position

June 30, 2020

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Dillingham City School District</u>
<b><u>Assets and Deferred Outflows of Resources</u></b>		
<b>Assets:</b>		
<b>Current:</b>		
Cash and investments	\$ 12,399,215	3,151,663
Receivables, net	2,115,624	669,267
Restricted cash and investments	407,090	-
Inventory	-	20,290
Prepaid items	84,599	164,949
Total current	<u>15,006,528</u>	<u>4,006,169</u>
<b>Noncurrent:</b>		
Net pension and OPEB asset	49,522	-
Land and construction in progress	8,153,388	691,784
Other capital assets, net of accumulated depreciation	40,653,881	(436,517)
Total noncurrent	<u>48,856,791</u>	<u>255,267</u>
<b>Deferred outflows of resources:</b>		
Pension and OPEB deferrals	<u>881,414</u>	<u>1,098,451</u>
Total assets and deferred outflows of resources	<u>64,744,733</u>	<u>5,359,887</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Net Position</u></b>		
<b>Liabilities:</b>		
<b>Current:</b>		
Accounts payable	245,337	335,037
Accrued payroll and related liabilities	244,662	-
Due to student groups	-	172,956
Unearned revenue	1,168,559	138,878
Total current	<u>1,658,558</u>	<u>646,871</u>
<b>Non-current:</b>		
<b>Due within one year:</b>		
Accrued leave	221,121	-
Bonds	1,011,310	-
Capital leases	138,095	-
<b>Due in more than one year:</b>		
Net pension and OPEB liability	4,767,407	5,692,902
Bonds and debt	10,872,507	-
Capital leases	636,059	-
Landfill closure costs	535,488	-
Total non-current	<u>18,181,987</u>	<u>5,692,902</u>
<b>Deferred inflows of resources - pension and OPEB deferrals</b>		
	<u>528,412</u>	<u>451,430</u>
Total liabilities and deferred inflows of resources	<u>20,368,957</u>	<u>6,791,203</u>
<b>Net position:</b>		
Net investment in capital assets	36,149,298	255,267
Restricted	666,067	-
Unrestricted	7,560,411	(1,686,583)
Total net position	<u>\$ 44,375,776</u>	<u>(1,431,316)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 64,744,733</u>	<u>5,359,887</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, 2020

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	Unit
					Total	Dillingham City School District
<b>Primary government:</b>						
<b>Governmental:</b>						
General government	\$ 1,226,680	917,710	(16,397)	-	(325,367)	-
Public safety	2,393,597	75,770	579,943	-	(1,737,884)	-
Public works	1,004,457	-	(18,536)	968	(1,022,025)	-
Community services	128,771	-	85,648	-	(43,123)	-
Water and sewer	1,263,061	577,004	22,366	969,195	305,504	-
Landfill	886,319	224,264	-	247,977	(414,078)	-
Dock	873,688	784,225	3,720	2,533	(83,210)	-
Boat harbor	462,511	154,491	2,806	8,912	(296,302)	-
Senior citizen center	342,814	17,500	141,004	-	(184,310)	-
Education	1,863,924	-	-	359,797	(1,504,127)	-
Unallocated interest	367,507	-	-	-	(367,507)	-
<b>Total governmental activities</b>	<b>\$ 10,813,329</b>	<b>2,750,964</b>	<b>800,554</b>	<b>1,589,382</b>	<b>(5,672,429)</b>	<b>-</b>
<b>Component Unit - school district - Education</b>	<b>\$ 10,176,292</b>	<b>6,283</b>	<b>2,276,615</b>	<b>-</b>	<b>-</b>	<b>(7,893,394)</b>
<b>General revenues:</b>						
<b>Taxes:</b>						
Sales and other taxes				\$ 3,890,595	-	-
Real and personal property taxes				2,707,524	-	-
Gaming taxes				63,175	-	-
Payment in lieu of taxes				478,044	-	-
Contributions from primary government				-	-	1,300,000
Grants and entitlements not restricted to a specific purpose				1,086,243	-	6,695,860
Investment income				152,819	-	99
E-Rate				-	-	791,467
Other				65,870	-	42,646
<b>Total general revenues</b>				<b>8,444,270</b>		<b>8,830,072</b>
<b>Change in net position</b>				<b>2,771,841</b>		<b>936,678</b>
<b>Net position at beginning of year</b>				<b>41,603,935</b>		<b>(2,367,994)</b>
<b>Net position at end of year</b>				<b>\$ 44,375,776</b>		<b>(1,431,316)</b>

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

CITY OF DILLINGHAM, ALASKA  
Balance Sheet - Governmental Funds  
June 30, 2019

<u>Assets</u>	<u>General Fund</u>	<u>Roads Capital Project Fund</u>	<u>Planning Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and investments	\$ 8,362,802	-	4,035,603	-	810	12,399,215
Receivables, net of allowance of uncollectible accounts:						
Sales taxes	620,281	-	-	-	-	620,281
Real and personal property taxes	268,063	-	-	-	-	268,063
Accounts	104,169	-	-	53,742	270,401	428,312
Grants and shared revenues	2,000	-	-	-	798,968	798,968
Prepaid items	84,599	-	-	-	-	84,599
Due from other funds	4,540,612	3,079,981	-	-	4,811,509	12,432,102
Restricted cash and investments	-	-	-	-	407,090	407,090
<b>Total assets</b>	<b>\$ 13,982,526</b>	<b>3,079,981</b>	<b>4,035,603</b>	<b>53,742</b>	<b>6,286,778</b>	<b>27,438,630</b>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>						
<b>Liabilities:</b>						
Accounts payable	\$ 64,613	1,332	11,340	-	168,052	245,337
Accrued payroll and payroll liabilities	143,582	-	27,103	-	73,977	244,662
Due to other funds	7,891,490	-	3,732,623	53,742	754,247	12,432,102
Unearned revenue	-	-	-	-	1,168,559	1,168,559
<b>Total liabilities</b>	<b>8,099,685</b>	<b>1,332</b>	<b>3,771,066</b>	<b>53,742</b>	<b>2,164,835</b>	<b>14,090,660</b>
Deferred inflows of resources - delinquent property taxes and user fees	326,861	-	-	-	104,846	431,707
<b>Total liabilities and deferred inflows of resources</b>	<b>8,426,546</b>	<b>1,332</b>	<b>3,771,066</b>	<b>53,742</b>	<b>2,269,681</b>	<b>14,522,367</b>
<b>Fund Balances:</b>						
Nonspendable	84,599	-	-	-	-	84,599
Restricted	-	-	-	-	666,067	666,067
Committed	-	3,078,649	264,537	-	1,572,549	4,915,735
Assigned	-	-	-	-	1,795,192	1,795,192
Unassigned	5,471,381	-	-	-	(16,711)	5,454,670
<b>Total fund balances</b>	<b>5,555,980</b>	<b>3,078,649</b>	<b>264,537</b>	<b>-</b>	<b>4,017,097</b>	<b>12,916,283</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 13,982,526</b>	<b>3,079,981</b>	<b>4,035,603</b>	<b>53,742</b>	<b>6,286,778</b>	<b>27,438,630</b>

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

**PRELIMINARY DRAFT**  
FOR DISCUSSION PURPOSES ONLY

## CITY OF DILLINGHAM, ALASKA

Reconciliation of Governmental Funds Balance Sheet  
to Statement of Net Position

June 30, 2020

Total fund balances for governmental funds		\$	12,916,263
Total net position reported for governmental activities in the Statement of Net Position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:			
Land and land improvements	\$	4,862,446	
Construction in progress		3,290,942	
Buildings		24,984,037	
Improvements other than buildings		37,476,903	
Machinery and equipment		11,774,756	
Total capital assets		<u>82,389,084</u>	
Less accumulated depreciation		<u>(33,581,815)</u>	
Total capital assets, net of accumulated depreciation			48,807,269
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			
			431,707
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:			
General obligation bonds	\$	(10,435,673)	
Unamortized bond premium		(1,448,144)	
Capital leases		(774,154)	
Accrued leave		(221,121)	
Landfill closure costs		<u>(535,488)</u>	
Total long-term liabilities			(13,414,580)
Proportionate share of the collective net pension liability:			
PERS			(4,767,407)
Proportionate share of the collective OPEB asset:			
PERS			49,522
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			881,414
Pension related liabilities in the current fiscal year are presented as deferred inflows of resources:			
PERS			<u>(528,412)</u>
Total net position of governmental activities		\$	<u>44,375,776</u>

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

## CITY OF DILLINGHAM, ALASKA

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

Year Ended June 30, 2020

	General Fund	Roads Capital Project Fund	Planning Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Intergovernmental:						
Federal sources	\$ 478,044	-	-	-	891,098	1,369,142
State of Alaska	1,256,022	-	-	359,797	735,356	2,351,175
Local sources:						
Taxes	6,687,010	-	-	-	-	6,687,010
Local assistance	-	-	-	-	100,645	100,645
Charges for services	835,550	-	-	-	1,837,797	2,673,347
Licenses and permits	22,600	-	-	-	-	22,600
Fines and forfeitures	18,832	-	-	-	-	18,832
Lease and rental income	40,728	-	-	-	56,150	96,878
Asset forfeiture	-	-	-	-	11,574	11,574
Investment income	83,190	-	35,603	-	34,026	152,819
Donations	-	-	-	-	2,016	2,016
Other	65,870	-	20,783	-	418,685	505,338
Total revenues	<u>9,487,846</u>	<u>-</u>	<u>56,386</u>	<u>359,797</u>	<u>4,087,347</u>	<u>13,991,376</u>
<b>Expenditures:</b>						
Current:						
General government	1,468,339	-	-	-	-	1,468,339
Public safety	2,438,705	-	-	-	572,767	3,011,472
Public works	1,228,573	-	-	-	-	1,228,573
Community services	105,119	-	-	-	117,777	222,896
Water and sewer	-	-	-	-	460,403	460,403
Landfill	-	-	-	-	668,741	668,741
Dock	-	-	-	-	610,363	610,363
Boat harbor	-	-	-	-	263,863	263,863
Senior citizen center	-	-	-	-	317,804	317,804
Education - contribution to School District	1,300,000	-	-	-	-	1,300,000
Debt service:						
Principal	-	-	-	815,000	-	815,000
Interest	-	-	-	523,817	-	523,817
Capital outlay	-	161,645	309,132	-	1,221,516	1,692,293
Total expenditures	<u>6,540,736</u>	<u>161,645</u>	<u>309,132</u>	<u>1,338,817</u>	<u>4,233,234</u>	<u>12,583,564</u>
Excess (deficiency) of revenues over expenditures	<u>2,947,110</u>	<u>(161,645)</u>	<u>(252,746)</u>	<u>(979,020)</u>	<u>(145,887)</u>	<u>1,407,812</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	211,853	979,020	731,612	1,922,485
Transfers out	(1,718,427)	-	-	-	(204,058)	(1,922,485)
Net other financing sources (uses)	<u>(1,718,427)</u>	<u>-</u>	<u>211,853</u>	<u>979,020</u>	<u>527,554</u>	<u>-</u>
Net change in fund balances	<u>1,228,683</u>	<u>(161,645)</u>	<u>(40,893)</u>	<u>-</u>	<u>381,667</u>	<u>1,407,812</u>
Fund balances at beginning of year	<u>4,327,297</u>	<u>3,240,294</u>	<u>305,430</u>	<u>-</u>	<u>3,635,430</u>	<u>11,508,451</u>
Fund balances at end of year	<u>\$ 5,555,980</u>	<u>3,078,649</u>	<u>264,537</u>	<u>-</u>	<u>4,017,097</u>	<u>12,916,263</u>

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

## CITY OF DILLINGHAM, ALASKA

Reconciliation of Governmental Funds Balance Sheet  
to Statement of Activities

Year Ended June 30, 2020

Net change in fund balances - total governmental funds	\$	1,400,764
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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	1,151,040
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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.	(1,212)
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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 expense.

Capital outlay	\$	1,796,686	
Depreciation expense		<u>(2,421,339)</u>	(624,653)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of activities, a gain or loss is reported for each disposal. The net affect of transactions involving capital assets is to decrease net position.	(4,669)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the increase in delinquent real property taxes and dock receivable.	(86,409)
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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.	(104,206)
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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	\$	(35,673)	
Principal paid on bonds		815,000	
Payments on capital leases		134,098	
Amortized bond premium		<u>156,310</u>	1,069,735

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of the decrease in accrued leave.	<u>(35,597)</u>
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Change in net position of governmental activities	\$	<u><u>2,764,793</u></u>
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The notes to the financial statements are an integral part of this statement.

## CITY OF DILLINGHAM, ALASKA

## General Fund

## Statement of Original and Final Budget to Actual Amounts

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Federal sources	\$ 450,000	466,164	478,044	11,880
State of Alaska	702,767	1,133,763	1,256,022	122,259
Bristol Bay Housing Authority	-	2,000	-	(2,000)
<b>Local sources:</b>				
Taxes	6,072,000	6,195,000	6,687,010	492,010
Charges for services	912,911	871,577	835,550	(36,027)
Licenses and permits	-	20,100	22,600	2,500
Fines and forfeitures	-	12,000	18,832	6,832
Lease and rental income	43,000	46,500	40,728	(5,772)
Investment income	10,000	10,000	83,190	73,190
Other	22,600	48,600	65,870	17,270
<b>Total revenues</b>	<b>8,213,278</b>	<b>8,805,704</b>	<b>9,487,846</b>	<b>682,142</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,710,799	1,604,692	1,468,339	136,353
Public safety	2,659,282	2,861,880	2,438,705	423,175
Public works	1,343,953	1,216,073	1,228,573	(12,500)
Community services	117,685	114,425	105,119	9,306
Education	1,300,000	1,300,000	1,300,000	-
<b>Total expenditures</b>	<b>7,131,719</b>	<b>7,097,070</b>	<b>6,540,736</b>	<b>556,334</b>
<b>Excess of revenues over expenditures</b>	<b>1,081,559</b>	<b>1,708,634</b>	<b>2,947,110</b>	<b>1,238,476</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	(1,463,299)	(1,467,299)	(1,718,427)	(251,128)
<b>Total net other financing     (uses)</b>	<b>(1,463,299)</b>	<b>(1,467,299)</b>	<b>(1,718,427)</b>	<b>(251,128)</b>
<b>Net change in fund balance</b>	<b>\$ (381,740)</b>	<b>241,335</b>	<b>1,228,683</b>	<b>987,348</b>
<b>Fund balance at beginning of year, as restated</b>			<b>4,327,297</b>	
<b>Fund balance at end of year</b>			<b>\$ 5,555,980</b>	

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements

June 30, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. Government-Wide and Fund Financial Statements**

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

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



CITY OF DILLINGHAM, ALASKA

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

The City reports the following major governmental funds:

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

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

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

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

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

**D. Capital Assets**

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

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

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

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

**E. Long-Term Debt**

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

**F. Property Taxes**

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

**G. Prepaid Items**

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

**H. Grants and Other Intergovernmental Revenues**

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

**I. Interfund Transactions**

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

**J. Compensated Absences**

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

**K. Fund Balances**

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

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

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

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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

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

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

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

**L. Net Position**

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

**M. Encumbrances**

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

**N. Unearned Grant Revenue**

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

**O. Pension and Other Post Employment Benefits (OPEB)**

For purposes of measuring the net pension and OPEB liabilities, 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.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

**P. Comparative Data**

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

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

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

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

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

Excess of expenditures over appropriation were as follows:

Special Revenue Funds:	
Dock	\$ (1,839)
Boat harbor	\$ (44,905)
Senior citizen center	\$ (1,132)
Library	\$ (5,929)

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

**III. CASH AND INVESTMENTS**

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

**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, 2020.

Cash and cash equivalents	12,806,305	Cash and investments	\$ 12,399,215
Investments	-	Restricted cash and investments	407,090
	<u>\$ 12,806,305</u>		<u>\$ 12,806,305</u>

**B. Investment Policy**

The City's investment policy authorizes investments in:

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

**C. Credit Risk**

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

**Custodial Credit Risk**

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

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

**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.

**IV. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 follows:

Governmental Activities	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land and land improvements	\$ 4,862,446	-	-	4,862,446
Construction in progress	1,644,967	1,705,519	59,544	3,290,942
Total assets not being depreciated	6,507,413	1,705,519	59,544	8,153,388
Capital assets being depreciated:				
Buildings	24,984,037	-	-	24,984,037
Improvements other than buildings	37,422,029	54,874	-	37,476,903
Machinery and equipment	11,834,657	91,167	151,068	11,774,756
Total capital assets being depreciated	72,240,723	146,041	151,068	74,235,696
Less accumulated depreciated for:				
Buildings	10,062,376	684,204	-	10,746,580
Improvements other than buildings	15,604,837	1,173,187	-	16,778,024
Machinery and equipment	5,644,332	563,948	151,068	6,057,212
Total accumulated depreciated	31,311,545	2,421,339	151,068	33,581,816
Total capital assets being depreciated, net	42,929,178	(2,275,298)	-	40,653,881
Governmental activity capital assets, net	\$ 49,436,591	(569,779)	59,544	48,807,269

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

Depreciation expense was charged to the functions as follows:

General government	\$ 69,920
Public safety	131,231
Public works	147,933
Community services	6,043
Water and sewer	720,028
Landfill	196,002
Dock	334,758
Harbor	226,490
Senior citizen center	25,010
Education	<u>563,924</u>
Total depreciation expense	\$ <u>2,421,339</u>

**V. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A schedule of interfund balances and transfers for the year ended June 30, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
Roads Capital Project Fund	General Fund	\$ 3,079,981
General Fund	Planning Capital Project Fund	3,732,623
Debt Service Fund	General Fund	53,742
Other Governmental Funds	General Fund	754,247
General Fund	Other Governmental Funds	<u>4,811,509</u>
Total		\$ <u>12,432,102</u>

		Transfers in				
		General Fund	Planning CPF	Debt Service Fund	Other Governmental Funds	Total
Transfers out:						
General Fund	\$	-	7,795	979,020	731,612	1,718,427
Planning CPF		-	-	-	-	-
Other Governmental Funds		-	204,058	-	-	204,058
Total	\$	<u>-</u>	<u>211,853</u>	<u>979,020</u>	<u>731,612</u>	<u>1,922,485</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, 2020:

	Balance <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2020</u>	<u>Due Within One Year</u>
\$3,475,000 Series One & Two General Obligation School Installments of \$105,000 to \$265,000, plus interest at 5.0% through May 1, 2039	\$ 3,475,000	-	105,000	3,370,000	115,000
\$8,425,000 2016 Series Three & Four General Obligation School Bonds, due in annual installments of \$685,000 to \$1,035,000 plus Interest at 4.0% to 5.0% through December 1, 2027	7,740,000	-	710,000	7,030,000	740,000
\$140,640 283081 Landfill Clean Water Loan, annual installment payments begin 1 year after final disbursement, Interest 0.5% finance charge, 1% interest	-	35,673	-	35,673	-
Bond premium	1,604,454	-	156,310	1,448,144	156,310
Public safety vehicle lease (2017)	30,373	-	14,783	15,590	15,590
Public safety vehicle lease (2019)	29,262	-	6,571	22,691	7,044
Dock crane	848,617	-	112,744	735,873	115,461
Accrued leave	185,524	220,284	184,687	221,121	221,121
Estimated landfill closure costs	431,282	104,206	-	535,488	-
Net pension and OPEB liabilities	5,868,925	-	1,151,040	4,717,885	-
<b>Total Long-Term Debt</b>	<u>20,213,437</u>	<u>360,163</u>	<u>2,441,135</u>	<u>18,132,465</u>	<u>1,370,526</u>

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

The annual requirements to amortize the general obligation bonds outstanding at June 30, 2020 are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 855,000	490,050	1,345,050
2022	895,000	454,000	1,349,000
2023	930,000	412,250	1,342,250
2024	975,000	364,750	1,339,750
2025	1,020,000	315,000	1,355,000
2026-2030	3,745,000	1,049,625	4,794,625
2031-2035	995,000	447,750	1,442,750
2036-3039	985,000	186,250	1,171,250
Total	\$ 10,400,000	3,719,675	14,119,675

In November 2016, the City issued \$8,425,000 Series Three and Four General Obligation Bonds with an average interest rate of 4.82% to advance refund \$9,190,000 of outstanding 2008 Series One bonds. The bonds were issued at a premium of \$1,383,708. The net proceeds of \$9,734,429 (after payment of \$74,279 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Series One bonds. As a result, the 2008 Series One bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. As of June 30, 2020, the amount of defeased debt still outstanding was \$7,660,000.

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

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

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

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

**VII. CAPITAL LEASES**

The City has entered into lease agreements as lessee for financing the acquisition of a grader, a streets vehicle, a vehicle for animal control, six vehicles for general public safety and a dock crane. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. The following is a summary of the assets acquired with the capital leases that have an outstanding balance as of June 30, 2020:

	<u>Public Works</u>	<u>Public Safety</u>	<u>Dock</u>	<u>Total</u>
Machinery and equipment	\$ 378,251	281,407	1,497,000	2,156,658
Less accumulated depreciation	<u>(335,877)</u>	<u>(158,608)</u>	<u>(199,600)</u>	<u>(694,085)</u>
Carrying value	<u>\$ 42,374</u>	<u>122,799</u>	<u>1,297,400</u>	<u>1,462,573</u>

The following is a schedule of future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2020:

<u>Year Ending June 30,</u>	<u>General Fund</u>
2021	\$ 138,095
2022	141,874
2023	141,874
2024	133,196
2025	133,196
2026-2028	<u>153,413</u>
Total minimum lease payments	841,647
Less interest portion	<u>(67,494)</u>
Present value of future minimum lease payments	774,154
Less current portion	<u>(138,095)</u>
Total	<u>\$ 636,059</u>

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CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

**VIII. FUND BALANCES**

Fund balances at June 30, 2020, reported in the City's individual major funds and other governmental funds in the aggregate on the governmental funds balance sheet is subject to the following constraints:

	General Fund	Roads Capital Project Fund	Planning Capital Project Fund	Other Governmental Fund	Total Governmental Fund
Nonspendable - prepaid	\$ 84,599	-	-	-	84,599
Restricted:					
Enhanced 911 service	-	-	-	268,809	268,809
Asset forfeiture	-	-	-	27,733	27,733
Local support	-	-	-	1,170	1,170
Reward	-	-	-	400	400
Mary Carlson Estate	-	-	-	367,955	367,955
Total restricted	-	-	-	666,067	666,607
Committed:					
Roads	-	3,078,649	-	-	3,078,649
Planning	-	-	264,537	-	264,537
Equipment replacement	-	-	-	68,327	68,327
Fire hall	-	-	-	787,325	787,325
Ambulance reserve	-	-	-	544,853	544,853
Landfill	-	-	-	172,044	172,044
Total committed	-	3,078,649	264,537	1,572,549	4,915,735
Assigned:					
Water and sewer	-	-	-	552,780	552,780
Dock	-	-	-	1,218,057	1,218,057
Boat harbor	-	-	-	13,256	13,256
Senior citizens center	-	-	-	11,099	11,099
Total assigned	-	-	-	1,795,192	1,795,192
Unassigned (deficits)	5,471,381	-	-	(16,711)	5,454,670
Total fund balances	5,555,980	3,078,649	264,537	4,017,097	12,916,263

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, 2020 is made up of the following:

Capital assets, net of accumulated depreciation	\$ 48,807,269
Less:	
Bonds payable	10,435,673
Bond premium	1,448,144
Capital leases	774,154
Net investment in capital assets	\$ 36,149,298

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

The Landfill, library, and school bonds have deficits of \$14,281, \$804, and \$1,626 respectively at year end. The deficits will be covered by a transfer from the General Fund in FY2021.

**IX. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

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

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

**X. Employee Retirement Systems and Plans**

The City 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	Defined Benefit OPEB
Alaska Retiree Healthcare Trust Plan	Defined Benefit OPEB
Retiree Medical Plan	Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits (DC):	
Healthcare Reimbursement Arrangement Plan	Cost-sharing, Defined Contribution OPEB

**Other Postemployment Benefit Plans (OPEB)**

*Occupational Death and Disability Plan (ODD)*

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2020 the employer contribution rate is 0.72% for peace officers/firefighters and 0.26% for all others.

Membership in the plan consisted of the following at June 30, 2019 (latest available report):

Membership	PERS
Active plan members	22,311
Participating employers	154

*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, 2019 (latest available information) employer contributions were 4.88% of annual payroll. Membership in the plan consisted of the following at June 30, 2019 (latest report available):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	36,059
Inactive plan members entitled to but not yet receiving benefits	7,361
Inactive plan members not entitled to benefits	10,808
Active plan members	12,316
Total plan membership	66,544

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

*Retiree Medical Plan (RMP)*

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2020 employer contributions were 1.32%. Membership in the plan consists of the following at June 30, 2019 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	34
Inactive plan members entitled to but not yet receiving benefits	1,412
Inactive plan members not entitled to benefits	13,248
Active plan members	22,311
Total plan membership	37,005

*Healthcare Reimbursement Arrangement Plan*

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% of the average annual compensation of all employees in the plan. Membership in the plan consists of the following at June 30, 2019 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	40
Inactive plan members entitled to but not yet receiving benefits	1,412
Inactive plan members not entitled to benefits	13,248
Active plan members	22,311
Total plan membership	37,011

**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, 2019 (latest available report) for the DB Plan for PERS is 5.88%, for the ARHCT plan is 6.03%, for the ODD Plan is 6.22%, and for the RMP is 6.21%.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	8.16%
Global Equity (non-U.S.)	7.51%
Intermediate Treasuries	1.58%
Opportunistic	3.96%
Real Assets	4.76%
Private Equity	11.39%
Cash Equivalents	0.83%

*Discount Rate:* The discount rate used to measure the total pension and OPEB liabilities and assets is 7.38%, which represents a decrease of 0.62% since the prior measurement period. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.79% as of June 30, 2019.

*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.



CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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

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

**GASB Rate:** This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board (GASB)*. Medicare Part D subsidies are not reflected in this rate. The rate uses a 7.38% discount rate.

Employer Contribution rates for the year ended June 30, 2020 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	15.72%	23.73%	6.62%
OPEB	6.28%	4.89%	0%
Total PERS contribution rates	<u>22.00%</u>	<u>28.62%</u>	<u>6.62%</u>

**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 fiscal year 2020 the past service rate for PERS is 17.44%.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

**Actuarial Assumptions:** The total pension and OPEB liabilities on June 30, 2019 (latest available) were determined by an actuarial valuation as of June 30, 2018 which was rolled forward to the measurement date June 30, 2019. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017.

Investment return / discount rate	7.38% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 2.5% per year Productivity – 0.25% per year
Payroll growth	2.75% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 2.5% annually.
Mortality (Pre-termination)	Based upon 2013-2017 actual mortality experience, 100% (male and female) of RP-2014 healthy annuitant table with MP-2017 generational improvement.
Mortality (Post-termination)	Mortality rates based upon the 2013-2017 actual experience. 91% of male and 96% of female rates of RP-2014 health annuitant table with MP-2017 generational improvement.
Total turnover	Based upon the 2013-2017 actual withdrawal experience.
Disability	Incidence rates based on 2013-2017 actual experience. Post-disability mortality in accordance with the RP-2014 disability table with MP-2017 generational improvement. Disabilities are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for others.
Retirement	Retirement rates based upon the 2013-2017 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date.
Marriage and age difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

Healthcare cost trend rates	Pre-65 medical: 7.5% grading down to 4.5%
	Post-65 medical: 5.5% grading down to 4.5%
	Prescription drugs: 8.5% grading down to 4.5%
	EGWP: 8.5% grading down to 4.5%.

As a result of the latest experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes related to the ARHCT plan have been made since the prior valuation:

1. Based on recent experience, the healthcare cost trend assumptions were updated.
2. Per capita claims costs were updated to reflect recent experience.
3. Healthcare cost trends were updated to reflect a Cadillac Tax load.

The changes of assumptions from the latest experience study created substantial deferred outflows of resources attributable to the City, as well as an 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/dr/pers>.

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

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

Currently there are 154 employers participating in PERS defined benefit plan, including the State of Alaska and 153 political subdivisions and public organizations.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

The DB Plan's membership consisted of the following at June 30, 2019 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	36,059
Inactive plan members entitled to but not receiving benefits	7,361
Inactive members not entitled to benefits	10,808
Active plan members	<u>12,316</u>
Total DB plan membership	<u>66,544</u>

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

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

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

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

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

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

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

*Salary Floor.* During the 25<sup>th</sup> 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.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

*Employee Contribution Rate.* The City's PERS active members are required to contribute 7.5% of their annual covered salary for peace officers/firefighters and 6.75% for all others.

Employer contributions for the year ended June 30, 2020, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	313,063	163,954	477,017

**Public Employees Retirement Plans**

For the year ended June 30, 2020 the State of Alaska contributed \$212,830 (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, 2019 to a total of (\$71,294), 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, 2020, the City reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the City. The amount recognized by the City as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the City were as follows:

Defined Benefit:		Pension
City's proportionate share of the net pension liability	\$	4,599,123
State's proportionate share of the net pension liability		1,826,842
Total	\$	6,452,965
		OPEB
City's proportionate share of the ARHCT OPEB liability	\$	124,464
State's proportionate share of the ARHCT OPEB liability		49,429
Total	\$	173,893
City's proportionate share of the ODD OPEB liability (asset)	\$	(49,522)
City's proportionate share of the RMP OPEB liability	\$	43,820
Total City's share of net pension and OPEB liabilities and assets	\$	4,717,885

The net pension and OPEB liabilities and assets were measured as of June 30, 2019, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities and assets were determined by an actuarial valuation as of that date. The City's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2021 through FY2039, as determined by projections based on the June 30, 2019 valuation.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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

	June 30, 2019 <u>Measurement</u>	June 30, 2020 <u>Measurement</u>	<u>Change</u>
Pension	0.0981%	0.0840%	(0.0141)%
OPEB:			
ARHCT	0.0981%	0.0839%	(0.0142)%
ODD	0.1899%	0.2043%	(0.0144)%
RMP	0.1899%	0.1832%	(0.0067)%

Based on the measurement date of June 30, 2019, the City recognized pension and OPEB expense of \$445,959 and \$(1,165,609), respectively, for the year ended June 30, 2020. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<u>Pension</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Defined Benefit:</b>		
Differences between expected and actual experience	\$ -	(68,085)
Changes of assumptions	140,805	-
Net difference between projected and actual earnings on pension plan investments	65,942	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(238,111)
City contributions subsequent to the measurement date	<u>313,063</u>	<u>-</u>
Total	<u>\$ 519,810</u>	<u>(306,196)</u>
	<u>OPEB ARHCT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	(83,637)
Changes of assumptions	165,162	-
Net difference between projected and actual earnings on OPEB plan investments	-	(54,502)
Changes in proportion and differences between City contributions and proportionate share of contributions	8,860	(60,182)
City contributions subsequent to the measurement date	<u>125,050</u>	<u>-</u>
Total	<u>\$ 299,072</u>	<u>(198,321)</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(15,440)
Changes of assumptions	-	(947)
Net difference between projected and actual earnings on OPEB plan investments	-	(327)
Changes in proportion and differences between City contributions and proportionate share of contributions	2,419	(1,687)
City contributions subsequent to the measurement date	8,161	-
Total	<u>\$ 10,580</u>	<u>(18,401)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(3,246)
Changes of assumptions	21,210	-
Net difference between projected and actual earnings on OPEB plan investments	-	(484)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(1,764)
City contributions subsequent to the measurement date	30,742	-
Total	<u>\$ 51,952</u>	<u>(5,494)</u>

\$313,063 and \$163,954 are reported as deferred outflows of resources related to pension and OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2020	\$ (92,225)	(12,161)	(2,500)	1,561
2021	(48,686)	(42,363)	(2,500)	1,561
2022	18,709	13,112	(2,047)	2,722
2023	22,752	17,112	(2,038)	2,701
2024	-	-	(2,189)	2,257
Thereafter	-	-	(4,709)	4,914
Total	<u>\$ (99,450)</u>	<u>(24,300)</u>	<u>(15,983)</u>	<u>15,716</u>

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2020, the City recognized (\$426,974) and (\$75,264) 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 7.38%, 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 (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

	<b>1% Decrease (6.38%)</b>	<b>Current Rate (7.38%)</b>	<b>1% Increase (8.38%)</b>
Net pension liability (asset)	\$ <b>6,070,035</b>	<b>4,599,123</b>	<b>3,367,282</b>
Net OPEB ARHCT liability (asset)	\$ <b>1,001,158</b>	<b>124,464</b>	<b>(596,712)</b>
Net OPEB ODD liability (asset)	\$ <b>(46,975)</b>	<b>(49,522)</b>	<b>(51,581)</b>
Net OPEB RMP liability	\$ <b>110,060</b>	<b>43,820</b>	<b>(6,050)</b>

*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:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Net OPEB ARHCT liability (asset)	\$ <b>(681,059)</b>	<b>124,464</b>	<b>1,107,506</b>
Net OPEB ODD liability (asset)	\$ <b>N/A</b>	<b>(49,522)</b>	<b>N/A</b>
Net OPEB RMP liability (asset)	\$ <b>(13,477)</b>	<b>43,820</b>	<b>122,253</b>

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

*Plan Description and Funding Requirements.* City's and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.32% for the retiree medical plan (DB), 0.26% for occupational and death and disability benefits (DB) and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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



CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

The City contributed \$198,010 for the year ended June 30, 2020, which included forfeitures of \$133,283 which have been applied as employer contributions.

**XI. DEFERRED COMPENSATION PLAN**

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

**XII. RISK MANAGEMENT**

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

The City participates in the Alaska Municipal League Joint Insurance Association (AML/JIA) which provides insurance coverage for property and contents damage, torts, general and automobile liability and workers' compensation. The AML/JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each members' annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2020.

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

**XIII. CONDUIT DEBT**

On May 19, 2005, the City Council authorized the issuance of nonrecourse revenue refunding bonds in a principal amount not to exceed \$1,300,000 to refinance previously issued nonrecourse revenue bonds on behalf of Bristol Bay Native Association. The outstanding balance at June 30, 2020 was \$104,810. These bonds do not constitute a general obligation debt or pledge of the full faith and credit of the City. Accordingly, the bonds and related assets are not reflected in the accompanying financial statements.

**XIV. CONTINGENT LIABILITIES AND COMMITMENTS**

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

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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

**XVI. SUBSEQUENT EVENTS**

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

**XX. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS**

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

- GASB 84 *Fiduciary Activities*. Effective for fiscal years beginning after December 15, 2019
- GASB 87 *Leases*. Effective for fiscal years beginning after June 15, 2021.
- GASB 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2020.
- GASB 90 *Majority equity interests*. Effective for fiscal years beginning after December 15, 2019.
- GASB 91 *Conduit Debt Obligations*. Effective for fiscal years beginning after December 15, 2021.
- GASB 92 *Omnibus 2020*. This Statement has multiple effective dates which vary by topic.
- GASB 93 *Replacement of Interbank Offered Rates*. Effective for fiscal years beginning after June 15, 2021.
- GASB 94 *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. Effective immediately.
- GASB 96 *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Effective for fiscal years beginning after June 15, 2021.

GASB Statements) No. 84, 90, 94 and 97 are not expected to have any significant impact on the financial statements of the City.

CITY OF DILLINGHAM, ALASKA

Notes to Basic Financial Statements, Continued

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

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

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures

GASB Statement No. 92, the objectives of this Statement are to enhance comparability and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, addresses the fact that some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

GASB Statement No. 95 provides temporary relief to governments in light of the COVID-19 pandemic. The effective dates of the following pronouncement are postponed by one year: GASB Statements No. 83, No. 84, No. 88, No. 89, No. 90, No. 91, No. 92, and No. 93. The effective date for GASB 87 has been postponed by 18 months.

GASB Statement No. 96 will improve financial reporting by establishing a definition for Subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

# **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF DILLINGHAM, ALASKA

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

Public Employees' Retirement System (PERS)

June 30, 2020

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0605%	\$ 2,822,639	\$ 2,767,785	\$ 5,590,424	\$ 5,590,424	50%	62.37%
2016	0.0992%	\$ 4,808,667	\$ 1,289,971	\$ 6,098,638	\$ 3,784,496	127%	63.96%
2017	0.1039%	\$ 5,808,346	\$ 734,198	\$ 6,542,544	\$ 3,933,622	148%	59.55%
2018	0.0947%	\$ 4,893,666	\$ 1,824,011	\$ 6,717,677	\$ 4,060,508	121%	63.37%
2019	0.0981%	\$ 4,874,641	\$ 1,413,866	\$ 6,288,507	\$ 2,762,441	176%	65.19%
2020	0.0840%	\$ 4,599,123	\$ 1,826,842	\$ 6,425,965	\$ 3,101,332	148%	63.42%

**Notes to Schedule:**

1. The plan measurement date is one year prior to fiscal year end for all years presented.
2. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY

CITY OF DILLINGHAM, ALASKA

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

Public Employees' Retirement System (PERS)

June 30, 2020

Year	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>							
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%
<b>Occupational Death and Disability (ODD):</b>							
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%
<b>Retiree Medical Plan (RMP):</b>							
2018	0.2058%	\$ 10,731	\$ -	\$ 10,731	\$ 837,105	1.28%	93.98%
2019	0.1899%	\$ 24,162	\$ -	\$ 24,162	\$ 868,768	2.78%	88.71%
2020	0.1832%	\$ 43,820	\$ -	\$ 43,820	\$ 868,768	5.04%	83.17%

**Notes to Schedule:**

1. The plan measurement date is one year prior to fiscal year end for all years presented.
2. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

CITY OF DILLINGHAM, ALASKA  
 Schedule of the City's Contributions (Pensions)  
 Public Employees' Retirement System (PERS)  
 June 30, 2020

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%

Notes to schedule

1. Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
  2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.
- Methods and assumptions used to determine contribution rates:
3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
  4. Amortization method: Level dollar, closed.
  5. Amortization period: 25 years, as a level of percentage of payroll.
  6. Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
  7. Inflation: 2.5% per annum.
  8. Salary increases: Ranges from 7.75% to 2.75% based on service for Peace Officers/Firefighters. Ranges from 6.75% to 2.75% based on age and service for all others.
  9. Investment rate of return: 7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.88%.
  10. Retirement age: Retirement rates based upon the 2013-2017 actual experience.
  11. Mortality: Mortality rates based upon the 2013-2017 actual experience.
  12. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

## CITY OF DILLINGHAM, ALASKA

## Schedule of the City's Contributions (OPEB)

## Public Employees' Retirement System (PERS)

June 30, 2020

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
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>					
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%
<b>Occupational Death and Disability (ODD):</b>					
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%
<b>Retiree Medical Plan (RMP):</b>					
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%

Notes to schedule

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

## Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry Age Normal - level percentage of payroll.
- Amortization method: Level dollar, closed.
- Amortization period: 25 years, as a level of percentage of payroll.
- Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
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- Investment rate of return: 7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.88%.
- Retirement age: Retirement rates based upon the 2013-2017 actual experience.
- Mortality: Mortality rates based upon the 2013-2017 actual experience.
- This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.



CITY OF DILLINGHAM, ALASKA

Debt Service Fund

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Intergovernmental:				
State of Alaska	\$ 371,100	359,797	(11,303)	744,231
Investment income	45,000	-	(45,000)	-
Total revenues	<u>416,100</u>	<u>359,797</u>	<u>(56,303)</u>	<u>744,231</u>
<b>Expenditures:</b>				
Principal	815,000	815,000	-	685,000
Interest	526,817	523,817	3,000	378,450
Total expenditures	<u>1,341,817</u>	<u>1,338,817</u>	<u>3,000</u>	<u>1,063,450</u>
Excess (deficiency) of revenues over expenditures	(970,717)	(979,020)	(8,303)	(319,219)
<b>Other financing sources:</b>				
Transfer in	<u>922,717</u>	<u>979,020</u>	<u>56,303</u>	<u>319,219</u>
Net change in fund balance	\$ <u>(48,000)</u>	-	<u>48,000</u>	-
Fund balance at beginning of year		-		-
Fund balance at end of year		\$ <u>-</u>		<u>-</u>

**ADDITIONAL SUPPLEMENTARY  
INFORMATION**

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
<b>Federal government:</b>				
Payment in lieu of taxes	\$ 466,164	478,044	11,880	460,827
<b>State of Alaska:</b>				
Revenue sharing	108,732	109,587	855	119,903
Raw fish tax	772,264	772,264	-	443,905
Shared fisheries business tax	28,000	110,378	82,378	32,171
Electric and telephone co-op tax	65,000	65,065	65	66,176
PERS relief	125,267	169,779	44,512	144,088
Liquor licenses	4,500	-	(4,500)	4,600
Motor vehicle tax	30,000	28,949	(1,051)	47,915
Total State of Alaska	<u>1,133,763</u>	<u>1,256,022</u>	<u>122,259</u>	<u>858,758</u>
<b>Bristol Bay Housing Authority - payment in lieu of taxes</b>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>	<u>-</u>
<b>Local sources:</b>				
<b>Taxes:</b>				
Sales taxes	2,800,000	3,185,617	385,617	3,144,646
Alcohol sales taxes	300,000	284,916	(15,084)	315,933
Transient lodging sales taxes	75,000	75,597	597	115,444
Real property taxes	2,100,000	2,128,634	28,634	2,025,921
Personal property taxes	520,000	531,021	11,021	494,088
Penalty and interest on property taxes	50,000	58,526	8,526	56,709
Penalty and interest on sales taxes	10,000	15,059	5,059	13,598
Gaming taxes	60,000	63,175	3,175	93,170
Tobacco tax	280,000	344,465	64,465	333,412
Total taxes	<u>\$ 6,195,000</u>	<u>6,687,010</u>	<u>492,010</u>	<u>6,592,921</u>

(continued)

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Revenues, continued:				
Local sources, continued:				
Charges for services:				
Contract revenue	\$ 575,000	565,238	(9,762)	560,238
Commissary	5,000	2,566	(2,434)	4,037
Court deposits	10,000	4,516	(5,484)	6,514
Fines and fees	4,500	2,991	(1,509)	5,501
Administrative overhead charges	215,177	216,432	1,255	208,426
Platting and mapping fees	500	250	(250)	120
Ambulance fees	60,000	41,792	(18,208)	48,931
Other	1,400	1,765	365	6,912
Total charges for services	<u>871,577</u>	<u>835,550</u>	<u>(36,027)</u>	<u>840,679</u>
Licenses and permits:				
Animal licenses	1,200	1,205	5	1,195
Business licenses	16,500	20,300	3,800	21,324
Land use permits	950	420	(530)	760
Tobacco license	450	375	(75)	500
Marijuana license	1,000	300	(700)	1,300
Total licenses and permits	<u>20,100</u>	<u>22,600</u>	<u>2,500</u>	<u>25,079</u>
Fines and forfeitures:				
Title 47 fines	12,000	18,832	6,832	13,160
Lease and rental income	46,500	40,728	(5,772)	36,810
Investment income	10,000	83,190	73,190	85,145
Other revenues:				
DMV commission revenue	30,000	18,896	(11,104)	34,410
Equipment sales	-	-	-	992
Property sales	-	3,758	3,758	13,596
Donations and contributions	3,600	37,391	33,791	216
Miscellaneous	15,000	5,825	(9,175)	2,484
Total other revenues	<u>48,600</u>	<u>65,870</u>	<u>17,270</u>	<u>51,698</u>
Total revenues	<u>\$ 8,805,704</u>	<u>9,487,846</u>	<u>682,142</u>	<u>8,965,077</u>

(continued)

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
<b>Expenditures:</b>				
<b>General government:</b>				
<b>City council:</b>				
Lobbying	\$ 24,000	24,000	-	30,000
Annexation project	-	980	(980)	-
Subscriptions and memberships	4,664	4,588	76	4,385
Travel	4,160	-	4,160	-
Training	1,000	330	670	330
Food	500	181	319	59
Supplies	200	77	123	-
Minor tools and equipment	300	23	277	377
Advertising	3,000	-	3,000	607
Contributions	500	-	500	-
Total city council	<u>38,324</u>	<u>30,179</u>	<u>8,145</u>	<u>35,758</u>
<b>City clerk:</b>				
Salaries	74,504	62,949	11,555	77,814
Employee benefits	38,325	43,119	(4,794)	31,655
Subscriptions and memberships	220	245	(25)	220
Travel	2,285	1,478	807	1,469
Training	1,650	775	875	125
Supplies	350	55	295	224
Elections	3,500	3,109	391	3,773
Codification	2,000	2,159	(159)	1,783
Total city clerk	<u>122,834</u>	<u>113,889</u>	<u>8,945</u>	<u>117,063</u>
<b>City administration:</b>				
Salaries	166,398	120,463	45,935	146,944
Overtime	2,000	1,515	485	1,854
Employee benefits	73,124	75,745	(2,621)	73,580
Recruiting	750	-	750	98
Contract labor	-	-	-	4,500
Advertising	500	1,130	(630)	-
Travel	4,430	6,167	(1,737)	4,165
Subscriptions and memberships	250	200	50	384
Supplies	500	2,092	(1,592)	356
Training	1,000	650	350	1,030
Total city administration	<u>\$ 248,952</u>	<u>207,962</u>	<u>40,990</u>	<u>232,911</u>

(continued)

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

Years Ended June 30,	2020		2019	
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued				
Finance:				
Salaries	\$ 321,881	325,092	(3,211)	328,422
Overtime	2,700	2,079	621	1,829
Employee benefits	251,373	218,263	33,110	220,182
Appraisal	24,000	23,025	975	12,000
Contract labor	50,000	46,600	3,400	49,411
Advertising	1,000	-	1,000	165
Subscriptions and memberships	95	75	20	140
Travel	1,165	-	1,165	1,312
Training	300	-	300	-
Fianance	-	707	(707)	-
Bank charges	4,974	-	4,974	2,308
Supplies	2,000	3,345	(1,345)	2,956
Minor tools and equipment	1,500	833	667	383
Total finance	<u>660,988</u>	<u>620,019</u>	<u>40,969</u>	<u>619,108</u>
Legal	<u>70,000</u>	<u>30,916</u>	<u>39,084</u>	<u>20,978</u>
Insurance:				
General liability	47,000	47,293	(293)	35,846
Property	122,845	123,379	(534)	109,525
Automobile	35,000	35,184	(184)	34,310
Claim deductibles	5,000	-	5,000	94
Total insurance	<u>209,845</u>	<u>205,856</u>	<u>3,989</u>	<u>179,775</u>
Nondepartmental:				
Contract labor	2,000	1,985	15	2,485
Accounting services and audit	78,000	77,107	893	48,666
Advertising	600	416	184	-
Supplies	9,000	3,761	5,239	3,542
Postage	10,000	10,435	(435)	8,977
Food	500	-	500	-
Insurance	-	-	-	478
Vehicle maintenance	-	-	-	166
Computer support services	3,000	3,501	(501)	698
Equipment maintenance	-	32	(32)	448
Leased equipment	2,500	2,422	78	2,328
Total nondepartmental	<u>\$ 105,600</u>	<u>99,659</u>	<u>5,941</u>	<u>67,788</u>

(continued)

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
Planning:				
Salaries	\$ 67,085	67,119	(34)	53,009
Employee benefits	53,309	49,809	3,500	44,761
Contract labor	15,000	14,364	636	11,690
Advertising	750	51	699	400
Travel	905	2,159	(1,254)	1,180
Training	400	320	80	-
Recording fees	200	44	156	-
Supplies	500	11,929	(11,429)	1,828
Building Rent	-	6,090	(6,090)	-
Electricity	-	340	(340)	-
Total planning	<u>138,149</u>	<u>152,225</u>	<u>(14,076)</u>	<u>112,868</u>
Foreclosed property:				
Contractual	-	-	-	1,080
Supplies	-	146	(146)	112
Foreclosure costs	2,000	4,556	(2,556)	-
Legal	8,000	2,932	5,068	8,114
Total foreclosed property	<u>10,000</u>	<u>7,634</u>	<u>2,366</u>	<u>9,306</u>
Total general government	<u>1,604,692</u>	<u>1,468,339</u>	<u>136,353</u>	<u>1,395,555</u>
Education -				
Contribution to school district	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>	<u>1,300,000</u>
Public safety:				
Police dispatch:				
Salaries	295,545	168,934	126,611	260,492
Overtime	39,477	54,827	(15,350)	56,432
Employee benefits	212,834	196,777	16,057	170,204
Travel	1,500	-	1,500	294
Telephone	500	558	(58)	490
APSIN contract	-	-	-	709
Supplies	-	192	(192)	-
Uniforms	400	217	183	116
Minor tools and equipment	900	2,449	(1,549)	1,000
Other expenditures	-	34,113	(34,113)	55,244
Total police dispatch	<u>\$ 551,156</u>	<u>458,067</u>	<u>93,089</u>	<u>544,981</u>

(continued)

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Police department:				
Salaries	\$ 458,353	284,747	173,606	427,498
Overtime	51,942	48,067	3,875	54,712
Employee benefits	269,577	243,012	26,565	251,070
Recruiting	2,000	-	2,000	3,749
Contract labor and towing	300	-	300	-
Travel and training	15,600	10,836	4,764	10,769
Supplies	300	382	(82)	269
Uniforms	2,000	2,255	(255)	1,994
Vehicle lease	34,100	25,091	9,009	32,336
Minor tools and equipment	9,000	4,228	4,772	7,076
Major equipment	5,000	-	5,000	2,960
Required inspections	8,000	1,600	6,400	800
Equipment maintenance	1,000	-	1,000	1,539
Total police department	<u>857,172</u>	<u>620,218</u>	<u>236,954</u>	<u>794,772</u>
Jail:				
Salaries	303,775	254,835	48,940	301,438
Overtime	22,856	51,538	(28,682)	26,850
Employee benefits	246,819	217,029	29,790	222,359
Insurance	8,100	10,945	(2,845)	7,681
Subscriptions and memberships	100	-	100	-
Travel	3,500	4,221	(721)	1,383
Supplies	9,000	5,053	3,947	6,030
Uniforms	800	1,471	(671)	692
Food	18,000	13,588	4,412	12,896
Minor tools and equipment	4,000	2,953	1,047	4,552
Electricity	12,000	12,770	(770)	10,173
Heating fuel	8,000	11,264	(3,264)	8,185
Water and sewer	4,700	4,656	44	4,656
Refuse collection	1,650	1,504	146	1,664
Equipment maintenance	500	36	464	-
Required inspections	800	400	400	400
Total jail	<u>\$ 644,600</u>	<u>592,263</u>	<u>52,337</u>	<u>608,959</u>

(continued)



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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Department of motor vehicles:				
Salaries	\$ 30,406	25,611	4,795	30,298
Overtime salaries	-	42	(42)	-
Employee benefits	16,409	17,506	(1,097)	15,681
Subscriptions and memberships	30	70	(40)	15
Minor tools and equipment	750	462	288	713
Total department of motor vehicles	<u>47,595</u>	<u>43,691</u>	<u>3,904</u>	<u>46,707</u>
Fire department:				
Salaries	108,815	84,659	24,156	105,908
Overtime	964	2,716	(1,752)	263
Employee benefits	80,831	92,344	(11,513)	80,950
Insurance	500	676	(176)	512
Advertising	630	-	630	-
Subscriptions and memberships	800	380	420	-
Travel	3,000	362	2,638	-
Training	6,000	1,000	5,000	2,496
Office supplies	1,000	1,711	(711)	-
Supplies	-	185	(185)	-
Postage	150	214	(64)	177
EMS and fire supplies	7,000	7,977	(977)	5,661
Personal protective equipment	13,200	-	13,200	5,372
Public education	600	547	53	345
Ambulance billing	6,600	5,013	1,587	5,253
Gas, oil and grease	-	111	(111)	-
Minor tools and equipment	3,000	3,111	(111)	4,214
Fire department equipment replacement	6,600	342	6,258	7,800
Vehicle maintenance	-	-	-	205
Electricity	7,000	7,199	(199)	5,973
Heating fuel	16,000	23,886	(7,886)	17,245
Water and sewer	9,400	9,311	89	9,311
Refuse	1,500	1,472	28	1,536
Required inspections	1,200	1,566	(366)	2,268
Sample testing	150	-	150	80
Medical tests	-	-	-	12
Member recognition	3,500	2,620	880	2,428
Airport lease	650	625	25	625
Equipment maintenance	-	-	-	348
Total fire department	<u>\$ 279,090</u>	<u>248,027</u>	<u>31,063</u>	<u>258,982</u>

(continued)

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

Years Ended June 30,	Budget	2020 Actual	Variance	2019 Actual
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Salaries	\$ 56,212	55,608	604	54,490
Overtime	4,155	994	3,161	1,708
Employee benefits	35,475	34,051	1,424	36,688
Subscriptions and memberships	30	-	30	25
Supplies	600	444	156	421
Postage freight	-	100	(100)	-
Food items	400	-	400	-
Uniforms	325	153	172	-
Minor tools and equipment	760	127	633	323
Telephone and internet	-	-	-	-
Electricity	4,500	3,928	572	4,040
Heating fuel	4,000	4,220	(220)	2,451
Water and sewer	3,200	2,845	355	3,093
Total animal control	<u>109,657</u>	<u>102,470</u>	<u>7,187</u>	<u>103,239</u>
Information technology:				
Contractual professional	-	600	(600)	-
Telephone	28,700	34,363	(5,663)	28,468
Internet	15,800	18,664	(2,864)	15,829
Computer hardware	91,078	86,541	4,537	45,520
Computer software	39,000	39,480	(480)	10,508
Computer support services	39,312	56,946	(17,634)	53,249
Total information technology	<u>\$ 213,890</u>	<u>236,594</u>	<u>(22,704)</u>	<u>153,574</u>
Administration:				
Salaries	\$ 74,069	45,342	28,727	69,922
Employee benefits	45,376	47,339	(1,963)	45,479
Advertising	100	-	100	-
Insurance	7,875	10,641	(2,766)	7,681
Subscriptions and memberships	350	130	220	80
Travel	750	362	388	-
Training	-	-	-	60
Court processing	1,000	218	782	353
Supplies	1,500	2,745	(1,245)	1,585
Postage	1,300	-	1,300	1,394
Uniforms	250	-	250	241
Vehicle lease	-	-	-	-
Telephone	-	-	-	-
Internet	-	-	-	-
Electricity	12,000	12,770	(770)	10,173
Water and sewer	4,700	4,656	44	4,656
Heating fuel	7,000	11,264	(4,264)	8,185
Refuse collection	1,650	1,504	146	1,673
Required inspections	800	404	396	-
Total administration	<u>158,720</u>	<u>137,375</u>	<u>21,345</u>	<u>151,482</u>
Total public safety	<u>2,861,880</u>	<u>2,438,705</u>	<u>423,175</u>	<u>2,662,696</u>

(continued)

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
<b>Expenditures, continued:</b>				
Public works:				
Administration:				
Salaries	128,186	126,336	1,850	96,472
Overtime	700	86	614	66
Employee benefits	65,473	45,133	20,340	35,358
Subscriptions and memberships	500	-	500	-
Advertising	1,000	934	66	784
Recruiting	-	5,000	(5,000)	-
Travel	-	-	-	2,617
Supplies	400	932	(532)	427
Minor tools and equipment	400	1,223	(823)	-
Leased equipment	295	334	(39)	-
Computer software	-	7,341	(7,341)	-
Equipment maintenance	300	-	300	311
Total administration	\$ 197,254	187,319	9,935	136,035
Building and grounds maintenance:				
Salaries	\$ 93,138	90,082	3,056	83,843
Overtime	6,000	3,656	2,344	5,600
Employee benefits	94,216	84,861	9,355	80,360
Contract labor	2,000	-	2,000	213
Travel	-	-	-	414
Supplies	2,000	623	1,377	798
Safety equipment	1,000	475	525	163
Minor tools and equipment	2,000	2,664	(664)	2,677
Electricity	12,000	11,166	834	9,457
Heating fuel	14,000	28,149	(14,149)	22,523
Water and sewer	2,000	1,943	57	1,943
Janitorial	41,000	34,345	6,655	34,200
Building repairs	30,000	13,307	16,693	24,154
Required inspections	-	590	(590)	-
Total building and grounds maintenance	299,354	271,861	27,493	266,345

(continued)

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works, continued:				
Shop maintenance:				
Salaries	23,934	13,354	10,580	946
Overtime	3,000	2,589	411	3,604
Employee benefits	62,402	65,082	(2,680)	55,444
Supplies	5,000	8,363	(3,363)	3,226
Gas, oil and grease	71,000	94,345	(23,345)	97,572
Used oil management	10,000	153	9,847	1,828
Minor tools and equipment	5,000	6,726	(1,726)	5,084
Safety equipment	1,500	2,464	(964)	2,143
Electricity	13,000	14,123	(1,123)	12,722
Heating fuel	13,000	32,919	(19,919)	26,724
Refuse collection	2,500	2,944	(444)	2,880
Vehicle maintenance	70,000	59,026	10,974	60,012
Required inspections	600	-	600	361
Equipment maintenance	70,000	89,470	(19,470)	98,600
Total shop maintenance	\$ 350,936	391,558	(40,622)	371,146
Streets:				
Salaries	\$ 111,770	120,345	(8,575)	103,847
Overtime	28,000	19,979	8,021	15,790
Employee benefits	71,834	102,436	(30,602)	75,433
Contractual	-	4,480	(4,480)	-
Insurance	8,400	11,350	(2,950)	8,193
Travel	1,525	-	1,525	-
Supplies	1,500	1,150	350	921
Salt and calcium	30,000	20,121	9,879	24,701
Street signs	2,000	2,366	(366)	1,002
Road maintenance	30,000	-	30,000	-
Gravel and sand	55,000	61,050	(6,050)	55,000
Minor tools and equipment	1,500	1,581	(81)	1,259
Safety equipment	1,000	1,400	(400)	1,015
Electricity	26,000	29,452	(3,452)	26,654
Damages repair	-	2,125	(2,125)	-
Total streets	368,529	377,835	(9,306)	313,815
Total public works	1,216,073	1,228,573	(12,500)	1,087,341

(continued)

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Community services:				
Library:				
Salaries	73,583	67,932	5,651	72,170
Overtime	-	253	(253)	492
Employee benefits	20,027	14,750	5,277	15,431
Subscriptions and memberships	1,825	1,251	574	1,720
Travel	-	494	(494)	258
Supplies	400	377	23	-
Postage	200	259	(59)	769
Audio visual	500	-	500	-
Books	500	-	500	737
Periodicals	600	15	585	188
Collection preservation	500	1,184	(684)	1,675
Summer reading program	500	759	(259)	1,067
Minor tools and equipment	500	216	284	461
Telephone	-	434	(434)	1,789
Internet	1,440	1,500	(60)	1,347
Electricity	4,000	3,980	20	3,324
Heating fuel	2,500	4,373	(1,873)	3,254
Water and sewer	1,950	1,943	7	1,943
Refuse collection	500	330	170	360
Building repairs	-	73	(73)	-
Required inspections	200	269	(69)	-
Software	-	776	(776)	1,122
Equipment maintenance	1,800	1,910	(110)	1,820
Total library	\$ 111,525	103,078	8,447	109,927
Meeting hall:				
Electricity	\$ 900	746	154	788
Water and sewer	2,000	1,295	705	1,944
Total meeting hall	2,900	2,041	859	2,732
Total community services	114,425	105,119	9,306	112,659
Total expenditures	7,097,070	6,540,736	556,334	6,558,251
Excess of revenues over expenditures	1,708,634	2,947,110	1,238,476	2,406,826
Other financing sources (uses):				
Transfers in	-	-	-	53,419
Transfers out	(1,467,299)	(1,718,427)	(251,128)	(2,296,795)
Net other financing sources (uses)	(1,467,299)	(1,718,427)	(251,128)	(2,243,376)
Net change in fund balance	\$ 241,335	1,228,683	987,348	163,450
Fund balance, beginning of year		4,327,297		4,163,847
Fund balance at end of year		\$ 5,555,980		4,327,297

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

<i>Years Ended June 30,</i>	<u>2020</u>	<u>2019</u>
Revenues	\$ -	-
Expenditures - capital outlay:		
Professional services	161,645	12,000
Advertising	-	2,318
Travel	-	1,516
Miscellaneous	-	2,370
Total expenditures	<u>161,645</u>	<u>18,204</u>
Excess (deficiency) of revenues over expenditures	(161,645)	(18,204)
Other financing sources - bond proceeds	-	<u>3,258,498</u>
Change in fund balance	(161,645)	3,240,294
Fund balance at beginning of year	<u>3,240,294</u>	-
Fund balance at end of year	<u>\$ 3,078,649</u>	<u>3,240,294</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>2020</u>	<u>2019</u>
Revenues - local		
Investment income	\$ 35,603	-
Other	20,783	-
Total revenues	<u>56,386</u>	<u>-</u>
Expenditures - capital outlay		
Salaries	38,731	1,661
Overtime	1,214	-
Employee benefits	4,911	201
Professional services	261,697	1,220,885
Equipment	2,370	883
Supplies	209	-
Construction	-	104,996
Total expenditures	<u>309,132</u>	<u>1,328,626</u>
Excess (deficiency) of revenues over expenditures	(252,746)	(1,328,626)
Other financing sources:		
Insurance proceeds	-	279,250
Transfers in	211,853	1,325,921
Total other financing sources	<u>211,853</u>	<u>1,605,171</u>
Net change in fund balance	(40,893)	276,545
Fund balance at end of year	<u>305,430</u>	<u>28,885</u>
Fund balance at end of year	<u>\$ 264,537</u>	<u>305,430</u>

CITY OF DILLINGHAM, ALASKA  
Other Governmental Funds  
Combining Balance Sheet

June 30, 2020

Special Revenue Funds

	Water and Sewer	Landfill	Dock	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Library	Local Support	Dillingham Police Department Roward	US HHS CARES	Coronavirus Relief	Coronavirus Emergency Supplemental Funds	Impaired Driving	Southern Region EMS Migran
<b>Assets</b>															
Cash and investments	\$ -	100	-	200	-	-	510	-	-	-	-	-	-	-	-
Receivables:															
Accounts	181,784	14,749	81,990	18,154	9,754	-	-	4,458	203	-	-	-	-	-	-
Grants	-	-	-	477	-	-	13,109	-	-	-	-	-	-	1,348	-
Allowance for uncollectible accounts	(34,830)	(371)	-	(5,490)	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	520,460	-	1,162,970	29,799	259,055	27,733	14,227	-	967	400	-	1,198,040	12,986	-	360
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 667,414</b>	<b>14,478</b>	<b>1,244,960</b>	<b>43,140</b>	<b>268,809</b>	<b>27,733</b>	<b>27,846</b>	<b>4,458</b>	<b>1,170</b>	<b>400</b>	<b>-</b>	<b>1,198,040</b>	<b>12,986</b>	<b>1,348</b>	<b>360</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>															
<b>Liabilities:</b>															
Accounts payable	\$ 18,174	15,286	2,811	19,245	-	-	10,739	1,811	-	-	-	34,731	-	-	-
Accrued payroll and related liabilities	5,967	9,746	11,235	9,346	-	-	6,008	-	-	-	-	20,059	-	-	-
Due to other funds	-	3,524	-	-	-	-	-	3,451	-	-	-	-	-	1,348	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	1,143,250	12,986	-	360
<b>Total liabilities</b>	<b>24,141</b>	<b>28,556</b>	<b>14,046</b>	<b>28,591</b>	<b>-</b>	<b>-</b>	<b>16,747</b>	<b>5,262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,198,040</b>	<b>12,986</b>	<b>1,348</b>	<b>360</b>
<b>Deferred inflows of resources:</b>															
delinquent property tax and user fees	90,493	203	12,857	1,293	-	-	-	-	-	-	-	-	-	-	-
<b>Fund balances(deficits):</b>															
Restricted	-	-	-	-	268,809	27,733	-	-	1,170	400	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	552,780	-	1,218,057	13,256	-	-	11,099	-	-	-	-	-	-	-	-
Unassigned (deficits)	-	(14,281)	-	-	-	-	-	(804)	-	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>552,780</b>	<b>(14,281)</b>	<b>1,218,057</b>	<b>13,256</b>	<b>268,809</b>	<b>27,733</b>	<b>11,099</b>	<b>(804)</b>	<b>1,170</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 667,414</b>	<b>14,478</b>	<b>1,244,960</b>	<b>43,140</b>	<b>268,809</b>	<b>27,733</b>	<b>27,846</b>	<b>4,458</b>	<b>1,170</b>	<b>400</b>	<b>-</b>	<b>1,198,040</b>	<b>12,986</b>	<b>1,348</b>	<b>360</b>

(continued)

PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY



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	Dock and Harbor	Landfill	Wastewater System Improvement	Water Improvement	SOA Loans	Alaska Leader Fisheries			Denali Commission
<b>Assets</b>													
Cash and Investments	\$ -	-	-	-	-	-	-	-	-	-	-	-	810
Receivables:													
Accounts	-	-	-	-	-	-	-	-	-	-	-	-	311,092
Grants	-	-	-	-	1,814	-	-	365,820	381,475	-	34,273	-	796,968
Allowance for uncollectible accounts	-	-	-	-	-	-	-	-	-	-	-	-	(40,691)
Prepays	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	544,853	68,327	-	787,325	3,284	172,044	6,679	-	-	2,000	-	-	4,811,509
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	407,090	407,090
<b>Total assets</b>	<b>\$ 544,853</b>	<b>68,327</b>	<b>-</b>	<b>787,325</b>	<b>5,098</b>	<b>172,044</b>	<b>6,679</b>	<b>365,820</b>	<b>381,475</b>	<b>2,000</b>	<b>34,273</b>	<b>407,090</b>	<b>6,286,778</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>													
<b>Liabilities:</b>													
Accounts payable	\$ -	-	-	-	678	-	-	24,425	40,099	-	-	53	168,052
Accrued payroll and related liabilities	-	-	-	-	-	-	-	-	11,616	-	-	-	73,977
Due from other funds	-	-	1,626	-	1,136	-	-	341,395	329,760	-	34,273	39,082	755,595
Unearned revenue	-	-	-	-	3,284	-	6,679	-	-	2,000	-	-	1,168,559
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,626</b>	<b>-</b>	<b>5,098</b>	<b>-</b>	<b>6,679</b>	<b>365,820</b>	<b>381,475</b>	<b>2,000</b>	<b>34,273</b>	<b>39,135</b>	<b>2,166,163</b>
<b>Deferred inflows of resources:</b>													
delinquent property tax and user fees	-	-	-	-	-	-	-	-	-	-	-	-	104,846
<b>Fund balances (deficits):</b>													
Restricted	-	-	-	-	-	-	-	-	-	-	-	367,955	686,067
Committed	544,853	68,327	-	787,325	-	172,044	-	-	-	-	-	-	1,572,549
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	1,795,192
Unassigned (deficits)	-	-	(1,626)	-	-	-	-	-	-	-	-	-	(16,711)
<b>Total fund balances (deficits)</b>	<b>544,853</b>	<b>68,327</b>	<b>(1,626)</b>	<b>787,325</b>	<b>-</b>	<b>172,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>367,955</b>	<b>4,017,097</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 544,853</b>	<b>68,327</b>	<b>-</b>	<b>787,325</b>	<b>5,098</b>	<b>172,044</b>	<b>6,679</b>	<b>365,820</b>	<b>381,475</b>	<b>2,000</b>	<b>34,273</b>	<b>407,090</b>	<b>6,288,126</b>

PRELIMINARY DRAFT  
FOR DISCUSSION PURPOSES ONLY

CITY OF DILLINGHAM, ALASKA  
 Other Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
 Year Ended June 30, 2020

Special Revenue Funds

	Water and Sewer	Landfill	Dock	Boat Harbor	Enhanced 911 Service	Asset Forfeiture	Senior Citizen Center	Library	Public Safety	Local Support	Dillingham Police Department Reward	US MHS CARES	Coronavirus Relief	Coronavirus Emergency Supplemental Funds	Impaired Driving
<b>Revenues:</b>															
<b>Intergovernmental:</b>															
Federal sources	\$ -	-	-	-	-	-	89,415	10,267	-	-	-	953	560,046	9,619	1,349
State of Alaska	8,739	12,320	9,535	4,639	-	-	51,605	7,499	-	-	-	-	-	-	-
<b>Local sources:</b>															
Local assistance	-	-	-	-	-	-	-	72,873	800	26,972	-	-	-	-	-
Charges for services	637,697	224,264	784,225	115,841	75,770	-	-	-	-	-	-	-	-	-	-
Lease and rental income	-	-	-	38,650	-	-	17,500	-	-	-	-	-	-	-	-
Asset forfeiture	-	-	-	-	-	11,574	-	-	-	-	-	-	-	-	-
Investment income	-	-	15,268	-	-	573	-	-	-	-	-	-	-	-	-
Donations	-	-	-	2,016	-	-	-	-	-	-	-	-	-	-	-
Other	22,366	-	3,720	790	-	-	7,802	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>668,802</b>	<b>236,584</b>	<b>812,748</b>	<b>161,936</b>	<b>75,770</b>	<b>12,147</b>	<b>166,322</b>	<b>90,639</b>	<b>800</b>	<b>26,972</b>	<b>-</b>	<b>953</b>	<b>560,046</b>	<b>9,619</b>	<b>1,349</b>
<b>Expenditures:</b>															
<b>Current:</b>															
Public safety	-	-	-	-	-	-	-	-	800	-	-	953	560,046	9,619	1,349
Community services	-	-	-	-	-	-	-	91,528	-	24,360	-	-	-	-	-
Water and sewer	460,403	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill	-	665,006	-	-	-	-	-	-	-	3,735	-	-	-	-	-
Dock	-	-	610,363	-	-	-	-	-	-	-	-	-	-	-	-
Boat harbor	-	-	-	263,863	-	-	-	-	-	-	-	-	-	-	-
Senior citizen center	-	-	-	-	-	-	317,804	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>460,403</b>	<b>665,006</b>	<b>610,363</b>	<b>263,863</b>	<b>-</b>	<b>-</b>	<b>317,804</b>	<b>91,528</b>	<b>800</b>	<b>28,095</b>	<b>-</b>	<b>953</b>	<b>560,046</b>	<b>9,619</b>	<b>1,349</b>
Excess (deficiency) of revenues over expenditures	208,399	(428,422)	202,385	(101,927)	75,770	12,147	(151,482)	(889)	-	(1,123)	-	-	-	-	-
<b>Other financing sources (uses):</b>															
Debt proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	419,277	-	97,528	-	-	154,807	-	-	-	-	-	-	-	-
Transfers out	-	-	(97,526)	-	(51,000)	-	-	-	-	-	-	-	-	-	-
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>419,277</b>	<b>(97,526)</b>	<b>97,528</b>	<b>(51,000)</b>	<b>-</b>	<b>154,807</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	208,399	(9,145)	104,859	(4,399)	24,770	12,147	3,325	(889)	-	(1,123)	-	-	-	-	-
Fund balances (deficits) at beginning of year	344,381	(5,136)	1,113,198	17,655	244,039	15,586	7,774	85	-	2,293	400	-	-	-	-
Fund balances (deficits) at end of year	\$ 552,780	(14,281)	1,218,057	13,256	268,809	27,733	11,099	(804)	-	1,170	400	-	-	-	-

(continued)

PRELIMINARY DRAFT  
FOR DISCUSSION PURPOSES ONLY

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
	Ambulance Reserve	Equipment Replacement	School Bonds	Fire Hall Bond	Dock and Harbor	Landfill	Water Improvement	SOA Loans		
<b>Revenues:</b>										
Intergovernmental:										
Federal sources	\$ -	-	-	-	-	-	47,549	171,900	-	891,098
State of Alaska	-	-	-	-	-	631,507	9,512	-	-	735,356
Local sources:										
Local assistance	-	-	-	-	-	-	-	-	-	100,645
Charges for services	-	-	-	-	-	-	-	-	-	1,837,797
Lease and rental income	-	-	-	-	-	-	-	-	-	56,150
Asset forfeiture	-	-	-	-	-	-	-	-	-	11,574
Investment income	-	-	-	-	-	-	-	-	18,185	34,026
Donations	-	-	-	-	-	-	-	-	-	2,016
Other	-	-	-	-	2,533	-	381,474	-	-	418,685
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,533</b>	<b>631,507</b>	<b>438,535</b>	<b>171,900</b>	<b>18,185</b>	<b>4,087,347</b>
<b>Expenditures:</b>										
Current:										
Public safety	-	-	-	-	-	-	-	-	-	572,767
Community services	-	-	-	-	-	-	-	-	1,889	117,777
Water and sewer	-	-	-	-	-	-	-	-	-	480,403
Landfill	-	-	-	-	-	-	-	-	-	668,741
Dock	-	-	-	-	-	-	-	-	-	610,363
Boat harbor	-	-	-	-	-	-	-	-	-	263,863
Senior citizen center	-	-	-	-	-	-	-	-	-	317,804
Debt service	-	-	-	-	-	-	-	-	-	-
Capital outlay	14,617	-	-	17,956	2,533	631,507	383,003	171,900	-	1,221,516
<b>Total expenditures</b>	<b>14,617</b>	<b>-</b>	<b>-</b>	<b>17,956</b>	<b>2,533</b>	<b>631,507</b>	<b>383,003</b>	<b>171,900</b>	<b>1,889</b>	<b>4,233,234</b>
Excess (deficiency) of revenues over expenditures	(14,617)	-	-	(17,956)	-	-	55,532	-	16,296	(145,887)
Other financing sources (uses):										
Debt proceeds	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	-	-	-	-	-
Transfers in	60,000	-	-	-	-	-	-	-	-	731,612
Transfers out	-	-	-	-	-	-	(55,532)	-	-	(204,058)
<b>Net other financing sources (uses)</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(55,532)</b>	<b>-</b>	<b>-</b>	<b>527,554</b>
Net change in fund balances	45,383	-	-	(17,956)	-	-	-	-	16,296	381,667
Fund balances (deficits) at beginning of year	499,470	68,327	(1,626)	805,281	-	172,044	-	-	351,659	3,635,430
<b>Fund balances (deficits) at end of year</b>	<b>\$ 544,853</b>	<b>68,327</b>	<b>(1,626)</b>	<b>787,325</b>	<b>-</b>	<b>172,044</b>	<b>-</b>	<b>-</b>	<b>367,955</b>	<b>4,017,097</b>

PRELIMINARY DRAFT  
FOR DISCUSSION PURPOSES ONLY

## **Non-Major Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

*U.S. HHS CARES Grant* – this fund accounts for the use of a federal grant received from the U.S. Department of Health and Human Services.

*Coronavirus Relief* – this fund accounts for the use of federal funds passed through from the State of Alaska's Department of Commerce, Community, and Economic Development.

*Coronavirus Emergency Supplemental Funds* – this fund accounts for federal funds passed through the State of Alaska.

*Impaired Driving* – this fund accounts for federal funds passed through the State of Alaska's Department of Transportation and Public Safety.

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,

	2020		Variance	2019
	Budget	Actual		Actual
<b>Revenues:</b>				
Intergovernmental:				
State PERS relief	\$ 8,453	8,739	286	7,552
Local sources:				
Charges for services:				
Water sales	223,429	215,049	(8,380)	222,958
Sewer fees	422,533	422,648	115	409,866
Total charges for services	<u>645,962</u>	<u>637,697</u>	<u>(8,265)</u>	<u>632,824</u>
Other	-	22,366	22,366	33,790
Total revenues	<u>654,415</u>	<u>668,802</u>	<u>14,387</u>	<u>674,166</u>
<b>Expenditures:</b>				
Water:				
Salaries	66,318	53,441	12,877	50,029
Overtime	10,483	16,640	(6,157)	12,141
Employee benefits	43,200	46,954	(3,754)	40,236
Contract labor	-	5,564	(5,564)	-
Insurance	2,600	3,513	(913)	2,560
Travel and training	-	50	(50)	500
Supplies	4,500	1,322	3,178	4,450
Gas, oil and grease	1,500	2,840	(1,340)	2,337
Chemicals	8,000	-	8,000	3,050
Minor tools and equipment	4,750	7,028	(2,278)	6,168
Utilities and telephone	31,500	48,418	(16,918)	39,966
Memberships	-	423	(423)	398
Building and equipment repairs	6,500	1,689	4,811	4,233
Sample testing and inspections	5,500	7,887	(2,387)	2,980
Administrative overhead	31,386	19,253	12,133	17,004
Total water	<u>216,237</u>	<u>215,022</u>	<u>1,215</u>	<u>186,052</u>
Sewer:				
Salaries	66,318	45,919	20,399	49,829
Overtime	16,000	12,860	3,140	12,666
Employee benefits	50,347	40,754	9,593	39,466
Contract labor	88,842	-	88,842	3,234
Insurance	2,875	2,128	747	1,536
Travel and training	-	350	(350)	500
Supplies	2,000	1,179	821	174
Chemicals	6,000	2,734	3,266	2,566
Gas, oil and grease	3,000	3,230	(230)	11,420
Minor tools and equipment	4,000	4,637	(637)	5,811
Utilities and telephone	73,250	94,768	(21,518)	76,672
Building and equipment repairs	4,500	2,151	2,349	8,881
Damages repairs	5,000	4,342	658	-
Sample testing and inspections	12,000	8,057	3,943	12,458
Administrative overhead	33,653	22,272	11,381	22,652
Total sewer	<u>367,785</u>	<u>245,381</u>	<u>122,404</u>	<u>247,865</u>
Total expenditures	<u>584,022</u>	<u>460,403</u>	<u>123,619</u>	<u>433,917</u>
Excess of revenues over expenditures	<u>\$ 70,393</u>	208,399	<u>138,006</u>	240,249
Fund balance at beginning of year		<u>344,381</u>		<u>104,132</u>
Fund balance at end of year		<u>\$ 552,780</u>		<u>344,381</u>

**PRELIMINARY DRAFT**  
 FOR DISCUSSION PURPOSES ONLY

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,	2020			2019
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Intergovernmental:				
State PERS relief	\$ 12,168	12,320	152	10,826
Local sources:				
Charges for services - landfill fees	236,509	224,264	(12,245)	236,624
Total revenues	<u>248,677</u>	<u>236,584</u>	<u>(12,093)</u>	<u>247,450</u>
<b>Expenditures:</b>				
Landfill:				
Salaries	170,816	175,191	(4,375)	167,164
Overtime	13,000	15,781	(2,781)	15,408
Employee benefits	98,725	113,911	(15,186)	97,391
Contractual	15,000	9,800	5,200	178,733
Insurance	3,500	4,729	(1,229)	3,585
Advertising	800	1,204	(404)	481
Training and travel	1,675	-	1,675	678
Permits	6,000	-	6,000	-
Supplies	4,000	5,658	(1,658)	4,174
Gravel	35,000	52,250	(17,250)	34,210
Gas, oil and grease	112,000	50,112	61,888	66,922
Minor tools and equipment	6,000	4,912	1,088	9,225
Utilities and telephone	28,500	23,790	4,710	20,377
Building and equipment repairs	64,978	94,985	(30,007)	34,226
Sample testing and inspections	44,000	52,944	(8,944)	34,043
Administrative overhead	57,922	59,739	(1,817)	66,780
Landfill closure costs	25,000	-	25,000	-
Total expenditures	<u>686,916</u>	<u>665,006</u>	<u>21,910</u>	<u>733,397</u>
Excess (deficiency) of revenues over expenditures	(438,239)	(428,422)	9,817	(485,947)
Other financing sources - transfers in	<u>438,239</u>	<u>419,277</u>	<u>(18,962)</u>	<u>481,146</u>
Net change in fund balance	\$ <u>-</u>	(9,145)	<u>(9,145)</u>	(4,801)
Fund balance (deficit) at beginning of year		<u>(5,136)</u>		<u>(335)</u>
Fund balance (deficit) at end of year		\$ <u>(14,281)</u>		<u>(5,136)</u>

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Intergovernmental:				
State PERS relief	\$ 10,000	9,535	(465)	11,562
Local sources:				
Charges for services:				
Wharfage and handling	575,000	566,133	(8,867)	676,074
Docking	75,000	71,745	(3,255)	85,524
Labor income	5,000	9,030	4,030	7,590
Equipment rental	45,000	46,845	1,845	49,193
Fuel flowage fees	55,000	90,472	35,472	108,116
Total charges for services	<u>755,000</u>	<u>784,225</u>	<u>29,225</u>	<u>926,497</u>
Investment income	2,500	15,268	12,768	19,797
Other	4,000	3,720	(280)	7,047
Total revenues	<u>771,500</u>	<u>812,748</u>	<u>41,248</u>	<u>964,903</u>
<b>Expenditures:</b>				
Dock				
Salaries	136,220	107,204	29,016	126,766
Overtime	45,000	35,212	9,788	54,192
Employee benefits	125,064	101,190	23,874	119,838
Insurance	35,700	41,844	(6,144)	8,906
Travel and training	2,220	779	1,441	12,080
Supplies	1,000	1,590	(590)	696
Gas, oil and grease	12,000	11,794	206	15,946
Minor tools and equipment	1,500	72,029	(70,529)	3,424
Leased equipment	133,200	133,196	4	133,196
Utilities and telephone	22,050	23,134	(1,084)	23,766
Building and equipment repairs	20,250	8,837	11,413	3,829
Dock repairs and maintenance	7,000	10,866	9	4,991
Inspections	2,000	-	2,000	892
Administrative overhead	61,445	62,688	(1,243)	50,695
Total expenditures	<u>604,649</u>	<u>610,363</u>	<u>(1,839)</u>	<u>559,217</u>
Excess of revenues over expenditures	166,851	202,385	39,409	405,686
<b>Other financing sources (uses):</b>				
Insurance proceeds	-	-	-	86,294
Transfers out	(66,398)	(97,526)	(31,128)	(65,850)
Net other financing sources (uses)	<u>(66,398)</u>	<u>(97,526)</u>	<u>(31,128)</u>	<u>20,444</u>
Net change in fund balance	\$ <u>100,453</u>	104,859	<u>8,281</u>	426,130
Fund balance at beginning of year		<u>1,113,198</u>		<u>687,068</u>
Fund balance at end of year		\$ <u>1,218,057</u>		<u>1,113,198</u>

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Intergovernmental:				
State PERS relief	\$ 3,742	4,639	897	3,381
Local sources:				
Charges for services - boat harbor fees	148,418	115,841	(32,577)	141,928
Lease and rental income	-	38,650	38,650	23,745
Donations	-	2,016	2,016	-
Other	1,000	790	(210)	1,102
Total revenues	<u>153,160</u>	<u>161,936</u>	<u>8,776</u>	<u>170,156</u>
<b>Expenditures:</b>				
Boat harbor:				
Salaries	73,656	50,914	22,742	49,680
Overtime	5,000	9,475	(4,475)	6,628
Employee benefits	38,059	40,527	(2,468)	27,583
Contract labor	-	30,374	(30,374)	36,600
Memberships	250	573	(323)	150
Travel and training	-	-	-	1,681
Supplies	4,000	5,508	(1,508)	4,372
Gas, oil and grease	1,500	3,392	(1,892)	1,486
Minor tools and equipment	1,200	560	640	1,075
Utilities and telephone	57,915	74,991	(17,076)	74,357
Building and equipment repairs	17,200	23,916	(6,716)	17,512
Inspections	1,700	-	1,700	361
Administrative overhead	18,478	23,633	(5,155)	21,297
Total expenditures	<u>218,958</u>	<u>263,863</u>	<u>(44,905)</u>	<u>242,782</u>
Excess (deficiency) of revenues over expenditures	(65,798)	(101,927)	(36,129)	(72,626)
Other financing sources - transfers in	<u>67,398</u>	<u>97,528</u>	<u>30,130</u>	<u>65,850</u>
Net change in fund balance	\$ <u>1,600</u>	(4,399)	<u>(5,999)</u>	(6,776)
Fund balance at beginning of year		<u>17,655</u>		<u>24,431</u>
Fund balance at end of year		\$ <u>13,256</u>		<u>17,655</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,	2020			2019
	Budget	Actual	Variance	Actual
Revenues - local sources:				
Charges for services:				
E911 revenue	\$ 78,000	75,770	(2,230)	70,099
Investment income	-	-	-	4,575
Total revenues	<u>78,000</u>	<u>75,770</u>	<u>(2,230)</u>	<u>74,674</u>
Expenditures - public safety - equipment	<u>6,600</u>	<u>-</u>	<u>6,600</u>	<u>4,956</u>
Excess of revenues over expenditures	71,400	75,770	4,370	69,718
Other financing (uses) - transfers out	<u>(51,000)</u>	<u>(51,000)</u>	<u>-</u>	<u>(51,139)</u>
Net change in fund balance	\$ <u>20,400</u>	24,770	<u>4,370</u>	18,579
Fund balance at beginning of year		<u>244,039</u>		<u>225,460</u>
Fund balance at end of year		\$ <u>268,809</u>		<u>244,039</u>

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

<i>Years Ended June 30,</i>	<u>2020</u>	<u>2019</u>
Revenues - local sources:		
Asset forfeiture	\$ 11,574	-
Investment Income	573	242
Total revenues	<u>12,147</u>	<u>242</u>
Expenditures - public safety:		
Minor tools/ equipment	-	3,020
Excess (deficiency) of revenues over expenditures	12,147	(2,778)
Fund balance at beginning of year	<u>15,586</u>	<u>18,364</u>
Fund balance at end of year	<u>\$ 27,733</u>	<u>15,586</u>

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Federal sources	\$ 89,415	89,415	-	91,533
State of Alaska	37,044	43,787	6,743	43,725
State PERS relief	5,081	7,818	2,737	7,260
<b>Local sources:</b>				
Lease and rental income	21,120	17,500	(3,620)	25,820
Other	11,600	7,802	(3,798)	10,518
<b>Total revenues</b>	<u>164,260</u>	<u>166,322</u>	<u>2,062</u>	<u>178,856</u>
<b>Expenditures:</b>				
<b>Senior citizen center:</b>				
<b>Nutrition, transportation, and support services:</b>				
Salaries	58,459	60,000	(1,541)	60,000
Employee benefits	40,000	39,999	1	41,576
Insurance	4,000	4,000	-	4,000
Food	13,000	14,542	(1,542)	18,683
Minor tools and equipment	-	489	(489)	-
Supplies	-	1,003	(1,003)	-
Gas, oil, and grease	1,000	2,550	(1,550)	1,000
Utilities and telephone	10,000	10,108	(108)	9,000
<b>Total nutrition, transportation, and support services</b>	<u>126,459</u>	<u>132,691</u>	<u>(6,232)</u>	<u>134,259</u>
<b>Operations:</b>				
Salaries	68,569	58,961	9,608	57,720
Employee benefits	31,798	33,874	(2,076)	35,401
Food	22,000	1,900	20,100	27,394
Minor tools and equipment	50	647	(597)	34
Sample testing and inspections	500	2,432	(1,932)	684
Insurance	6,000	9,512	(3,512)	6,145
Postage	500	150	350	-
Supplies	2,000	100	1,900	2,608
Gas, oil, and grease	2,500	4,450	(1,950)	6,939
Building and equipment repairs	-	7,442	(7,442)	3,207
Utilities and telephone	25,290	36,942	(11,652)	33,186
Membership	-	-	-	12
Travel and training	1,500	9	1,491	-
Maintenance	3,500	-	3,500	-
Administrative overhead	29,506	28,694	812	29,848
<b>Total operations</b>	<u>193,713</u>	<u>185,113</u>	<u>8,600</u>	<u>203,178</u>
<b>Total expenditures</b>	<u>320,172</u>	<u>317,804</u>	<u>2,368</u>	<u>337,437</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(155,912)	(151,482)	4,430	(158,581)
<b>Other financing sources - transfers in</b>	<u>145,712</u>	<u>154,807</u>	<u>9,095</u>	<u>163,655</u>
<b>Net change in fund balance</b>	\$ <u>(10,200)</u>	3,325	<u>13,525</u>	5,074
<b>Fund balance at beginning of year</b>		<u>7,774</u>		<u>2,700</u>
<b>Fund balance at end of year</b>		\$ <u>11,099</u>		<u>7,774</u>

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Intergovernmental:				
Federal	\$ 10,250	10,267	17	11,627
State of Alaska	7,000	7,499	499	9,407
Local assistance	68,349	72,873	4,524	66,190
Total revenues	<u>85,599</u>	<u>90,639</u>	<u>5,040</u>	<u>87,224</u>
<b>Expenditures:</b>				
Community services:				
Travel and training	4,250	7	4,243	5,614
Audio visual	4,000	12,391	(8,391)	6,636
Utilities and telephone	71,349	73,332	(1,983)	65,105
Summer reading program	2,000	2,227	(227)	2,705
Books	4,000	3,571	429	5,779
Total expenditures	<u>85,599</u>	<u>91,528</u>	<u>(5,929)</u>	<u>85,839</u>
Excess (deficiency) of revenues over expenditures	-	(889)	(889)	1,385
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	180
Transfers out	-	-	-	(1,480)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,300)</u>
Net change in fund balance	<u>\$ -</u>	<u>(889)</u>	<u>889</u>	<u>85</u>
Fund balance at beginning of year		<u>85</u>		<u>-</u>
Fund balance (deficit) at end of year		<u>\$ (804)</u>		<u>85</u>

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

<i>Years Ended June 30,</i>	2020	2019
Revenues:		
Local assistance	\$ <u>800</u>	<u>3,200</u>
Expenditures:		
Public safety:		
Salaries	<u>800</u>	<u>2,400</u>
Excess of revenues over expenditures	-	800
Other financing sources - transfers out	<u>-</u>	<u>(800)</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

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

<i>Years Ended June 30,</i>	<u>2020</u>	<u>2019</u>
Revenues:		
Local assistance	\$ <u>26,972</u>	<u>55,605</u>
Expenditures:		
Community services:		
Salaries	20,574	43,577
Overtime	1,564	3,408
Employee benefits	<u>2,222</u>	<u>4,686</u>
Total community services	<u>24,360</u>	<u>51,671</u>
Landfill:		
Training	<u>3,735</u>	<u>3,944</u>
Total expenditures	<u>28,095</u>	<u>55,615</u>
Excess (deficiency) of revenues over expenditures	(1,123)	(10)
Other financing sources - transfer in	<u>-</u>	<u>10</u>
Net change in fund balance	(1,123)	-
Fund balance at beginning of year	<u>2,293</u>	<u>2,293</u>
Fund balance at end of year	<u>\$ <u>1,170</u></u>	<u><u>2,293</u></u>

CITY OF DILLINGHAM, ALASKA  
 US HHS CARES Grant Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance

<i>Years Ended June 30,</i>	2020	2019
Revenues:		
Intergovernmental:		
Federal sources	\$ <u>953</u>	<u>-</u>
Expenditures:		
Public safety:		
Supplies	<u>953</u>	<u>-</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

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

<i>Years Ended June 30,</i>	2020	2019
<b>Revenues:</b>		
Intergovernmental:		
Federal sources	\$ 560,046	-
<b>Expenditures:</b>		
Public safety:		
Salaries	399,590	-
Overtime	3,639	-
Employee benefits	34,795	-
Legal	27,114	-
Professional services	30,950	-
Advertising	293	-
Supplies	39,245	-
Food	152	-
Minor tools and equipment	14,978	-
Utilities	8,830	-
Sample testing and inspection	460	-
Total expenditures	560,046	-
Excess of revenues over expenditures	-	-
Net change in fund balance	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	-



CITY OF DILLINGHAM, ALASKA  
 Coronavirus Emergency Supplemental Funds Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance

<i>Years Ended June 30,</i>	2020	2019
<b>Revenues:</b>		
Intergovernmental:		
Federal sources	\$ 9,619	-
<b>Expenditures:</b>		
Public safety:		
Salaries	7,234	-
Benefits	2,385	-
Total expenditures	9,619	-
Excess of revenues over expenditures	-	-
Other financing sources - transfers out	-	-
Net change in fund balance	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	-

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

<i>Years Ended June 30,</i>	2020	2019
<b>Revenues:</b>		
<b>Intergovernmental:</b>		
Federal sources	\$ 1,349	-
<b>Expenditures:</b>		
<b>Public safety:</b>		
Salaries	731	-
Employee benefits	510	-
Other expenditures	108	-
Total expenditures	1,349	-
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	-

## **Non-Major Capital Project Funds**

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

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

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

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

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

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

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

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

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

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

*SOA Loans* – this fund is used for two projects funded by clean water loans which includes the cleanup for landfill and water and sewer.

*Denali Commission* – this fund accounts for the capital grant associated with the wastewater treatment lagoon erosion mitigation study project/water relocation study project.

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>2020</u>	<u>2019</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures:		
Capital outlay:		
Salaries	9,242	2,988
Overtime	1,172	220
Employee benefits	963	256
Volunteer stipend	3,240	3,200
Total expenditures	<u>14,617</u>	<u>6,664</u>
Excess (deficiency) of revenues over expenditures	(14,617)	(6,664)
Other financing sources:		
Transfers in	<u>60,000</u>	<u>6,664</u>
Net change in fund balance	45,383	-
Fund balance at beginning of year	<u>499,470</u>	<u>499,470</u>
Fund balance at end of year	<u>\$ 544,853</u>	<u>499,470</u>

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

<i>Years Ended June 30,</i>	<u>2020</u>	<u>2019</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures - capital outlay - equipment	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>68,327</u>	<u>68,327</u>
Fund balance at end of year	\$ <u><u>68,327</u></u>	<u><u>68,327</u></u>

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

<i>Years Ended June 30,</i>	<u>2020</u>	<u>2019</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

<i>Years Ended June 30,</i>	<u>2020</u>	<u>2019</u>
Revenues	\$ -	-
Expenditures - capital outlay:		
Salaries	36	841
Employee benefits	5	107
Professional services	17,915	7,155
Advertising	-	269
Travel	-	379
Elections	-	592
Total expenditures	<u>17,956</u>	<u>9,343</u>
Excess (deficiency) of revenues over expenditures	(17,956)	(9,343)
Other financing sources - bond proceeds	-	<u>814,624</u>
Net change in fund balance	(17,956)	805,281
Fund balance at end of year	<u>805,281</u>	<u>-</u>
Fund balance at end of year	<u>\$ 787,325</u>	<u>805,281</u>

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

<i>Years Ended June 30,</i>	<u>2020</u>	<u>2019</u>
Revenues:		
Local sources - other	\$ <u>2,533</u>	<u>2,498</u>
Expenditures - capital outlay - utilities	<u>2,533</u>	<u>2,498</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>



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

<i>Years Ended June 30,</i>	<u>2020</u>	<u>2019</u>
Revenues:		
Intergovernmental:		
State of Alaska	\$ -	55,044
Expenditures - capital outlay - construction	-	55,044
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ <u>-</u>	<u>-</u>

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

<i>Years Ended June 30,</i>	<u>2020</u>	<u>2019</u>
Revenues:		
Intergovernmental:		
Federal sources - passed through ANTHC	\$ -	5,187
State of Alaska	-	-
	<u>-</u>	<u>5,187</u>
Expenditures - capital outlay:		
Salaries	-	666
Employee benefits	-	85
Professional services	-	4,436
Total expenditures	<u>-</u>	<u>5,187</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>-</u>

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

<i>Years Ended June 30,</i>	2020	2019
Revenues:		
Intergovernmental:		
State of Alaska	\$ 631,507	142,052
	631,507	142,052
Expenditures - capital outlay - professional services	631,507	142,052
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	-

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

<i>Years Ended June 30,</i>	<u>2020</u>	<u>2019</u>
<b>Revenues:</b>		
Intergovernmental:		
State of Alaska	\$ 9,512	-
Federal	47,549	-
Local sources - other	<u>381,474</u>	<u>-</u>
Total revenue	<u>438,535</u>	<u>-</u>
<b>Expenditures:</b>		
Capital Outlay:		
Professional services	300,373	
Sample testing and inspection	<u>82,630</u>	<u>-</u>
Total expenditures	<u>383,003</u>	<u>-</u>
Excess of revenues over expenditures	55,532	-
<b>Other financing sources (uses):</b>		
Transfers out	<u>(55,532)</u>	<u>-</u>
Debt proceeds	<u>-</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>

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

<i>Years Ended June 30,</i>	<u>2020</u>	<u>2019</u>
Revenues:		
Intergovernmental - federal sources	\$ <u>171,900</u>	<u>-</u>
Expenditures - capital outlay - professional services	<u>171,900</u>	<u>-</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

**Non-Major  
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.

**PRELIMINARY DRAFT**  
FOR DISCUSSION PURPOSES ONLY

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>2020</u>	<u>2019</u>
<b>Revenues:</b>		
Local sources:		
Investment income	\$ 18,185	8,580
Other	-	11
Total revenues	<u>18,185</u>	<u>8,591</u>
<b>Expenditures:</b>		
Community services:		
Utilities	655	533
Administrative overhead	153	150
Insurance	1,081	830
Total expenditures	<u>1,889</u>	<u>1,513</u>
Excess of revenues over expenditures	16,296	7,078
Fund balance at beginning of year	<u>351,659</u>	<u>344,581</u>
Fund balance at end of year	<u>\$ 367,955</u>	<u>351,659</u>

**CITY OF DILLINGHAM, ALASKA**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

Grant Title	Federal CFDA Number	Federal Grantor/ Pass Through Number	Grant Amount	Federal Share of Expenditures
<b>U.S. Department of the Interior:</b>				
Direct:				
Payment in Lieu of Taxes	15.226	None	\$ 478,044	478,044
<b>U.S. Department of Transportation</b>				
Passed through the State of Alaska, Department of Department of Transportation:				
FY2020 HVE DUI Events	20.616	405d M5HVE-20-01-FA(A)-3	984	899
FY2020 HVE CIOT Events	20.600	402 PT-20-06-FA(A)-3	492	450
Total U.S. Department of Transportation			<u>1,476</u>	<u>1,349</u>
<b>U.S. Department of Treasury:</b>				
Passed through the State of Alaska, Department of Commerce, Community, and Economic Development:				
Coronavirus Relief Fund	21.019	20-CRF-052	3,404,481	560,046
<b>U.S. Department of Health and Human Services:</b>				
Passed through the State of Alaska, Department of Health and Social Services:				
Aging Cluster:				
Nutritional, Transportation and Support Services FY 20	93.044	607-309-20008	20,017	20,017
Nutritional, Transportation and Support Services FY 20	93.045	607-309-20008	65,850	65,850
Nutritional Services Incentive Program FY20	93.053	None	3,548	3,548
Total Aging Cluster			<u>89,415</u>	<u>89,415</u>
Direct:				
Cares Act Provider Relief	93.498	HHS-36756477434	953	953
Total Department of Health and Human Services			<u>90,368</u>	<u>90,368</u>
<b>Institute of Museum and Library Services:</b>				
Passed through the Curung Tribal Council:				
IMLS Native American Library Services Program Basic Library Services Grant FY 20	45.311	NG-01-19-0082-19	10,000	10,000
IMLS Native American Library Services Program Basic Library Services Grant FY 19	45.311	NG-01-18-0129-18	10,000	267
Total Institute of Museum and Library Services			<u>20,000</u>	<u>10,267</u>
<b>U.S. Department of Conservation:</b>				
Passed through State of Alaska, Department of Environmental Conservation:				
Dillingham Landfill Groundwater Monitoring Wells Project	66.458	283081	47,549	47,549
<b>Denali Commission:</b>				
Direct:				
Wastewater Treatment Lagoon Erosion Mitigation Study	90.100	01564-00	171,900	171,900
<b>U.S. Department of Justice:</b>				
Passed through the State of Alaska, Department of Public Safety:				
Coronavirus Emergency Supplement	16.034	None	22,605	9,619
Total federal financial assistance			<u>\$ 4,236,423</u>	<u>1,369,142</u>

See accompanying notes to the Schedule.



CITY OF DILLINGHAM, ALASKA

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

**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, 2020. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of City of Dillingham, Alaska, it is not intended to and does not present the basic financial statements of City of Dillingham, Alaska.

**2. Summary of Significant Accounting Policies**

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

**3. Pass Through Awards**

No amounts were passed through to Subrecipients.

**4. Component Unit**

The City of Dillingham, Alaska's basic financial statements include \$2,476,268 of federal funds expended for the Dillingham City School District, a component unit of the City of Dillingham, Alaska. These monies are excluded from this Schedule. These monies were subjected to Uniform Guidance audit procedures and separate reports on compliance and internal control dated November 11, 2020 were issued for the Dillingham City School District.

CITY OF DILLINGHAM, ALASKA  
 Schedule of State Financial Assistance  
 Year Ended June 30, 2020

	<u>Grant Number</u>	<u>Total Award</u>	<u>State Share of Expenditures</u>
<b>State of Alaska Department of Administration:</b>			
Direct Programs:			
* State PERS Relief	none	\$ 212,830	212,830
<b>State of Alaska Department of Education and Early Development:</b>			
Direct Programs:			
* Debt Service - School Bonds	none	359,797	359,797
Public Library Assistance	PLA-20-728-01	7,000	7,000
Alaska OWL Program	none	499	499
Total Department of Education and Early Development		<u>367,296</u>	<u>367,296</u>
<b>State of Alaska Department of Commerce, Community and Economic Development:</b>			
Direct Programs:			
State Revenue Sharing	none	109,587	109,587
<b>State of Alaska Department of Revenue:</b>			
Direct Programs:			
Fisheries Business Tax	none	110,378	110,378
* Raw Fish Tax	none	772,264	772,264
Electric and Telephone Co-op Tax	none	65,065	65,065
Liquor Licenses	none	-	-
Motor Vehicle Tax	none	28,949	28,949
Total Department of Revenue		<u>976,656</u>	<u>976,656</u>
<b>State of Alaska Department of Environmental Conservation:</b>			
Direct Programs:			
* Wastewater System Improvements	MMG# 28308	2,140,119	631,507
State Revolving Fund Program	283081	9,512	9,512
Total Department of Environmental Conservation		<u>2,149,631</u>	<u>641,019</u>
<b>State of Alaska Department of Health and Social Services:</b>			
Direct Programs:			
Nutrition, Transportation and Support Services	607-309-2008	43,787	43,787
Total State Financial Assistance		<u>\$ 3,859,787</u>	<u>2,351,175</u>

See accompanying notes to the Schedule.

CITY OF DILLINGHAM, ALASKA

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2020

**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, 2020. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City of Dillingham, Alaska, it is not intended to and does not present the basic financial statements of City of Dillingham, Alaska.

**Note 2. Summary of Significant Accounting Policies**

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

**Note 3. Subrecipients**

No state funds were passed through to Subrecipients.

**Note 4. Major Programs**

\* denotes a major program for compliance audit purposes.

**Note 5. Component Unit**

The City of Dillingham, Alaska basic financial statements include \$7,431,932 of State of Alaska funds expended for the Dillingham City School District, a component unit of the City of Dillingham, Alaska. These monies are excluded from this Schedule. These monies were subjected to State of Alaska single audit procedures and separate reports on compliance and internal control dated November 11, 2020 were issued for the Dillingham City School District.

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**PRELIMINARY DRAFT**  
FOR DISCUSSION PURPOSES ONLY

# **COMPLIANCE REPORTS**

**PRELIMINARY DRAFT**  
FOR DISCUSSION PURPOSES ONLY

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

**Independent Auditor's Report**

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

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

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Dillingham, Alaska's internal control over financial reporting (internal control) 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 the City of Dillingham, Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dillingham, Alaska's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying federal schedule of findings and questioned costs as finding 2020-001 that we consider to be a material weakness.

Honorable Mayor and City Council  
City of Dillingham, Alaska

**Compliance and Other Matters**

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

**City of Dillingham, Alaska’s Responses to the Findings**

City of Dillingham, Alaska’s responses to the finding identified in our audit is described in the accompanying federal schedule of findings and questioned costs and the corrective action plan. City of Dillingham, Alaska’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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  
Month XX, 2020

Honorable Mayor and City Council  
City of Dillingham, Alaska

**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**

We have audited the City of Dillingham, Alaska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the City of Dillingham, Alaska's major federal programs for the year ended June 30, 2020. 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.

***Management's Responsibility***

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

The City of Dillingham, Alaska's basic financial statements include operations of its component unit, Dillingham City School District, which received \$2,476,268 in federal awards, which is not included in the schedule of expenditures of federal awards during the year ended June 30, 2020. 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Dillingham, Alaska's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Dillingham, Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



Honorable Mayor and City Council  
City of Dillingham, Alaska

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

***Basis for Qualified Opinion on Coronavirus Relief Fund***

As described in the accompanying federal schedule of findings and questioned costs, the City of Dillingham, Alaska did not comply with requirements regarding CFDA 21.019 Coronavirus Relief Fund as described in finding number 2020-002 for reporting. Compliance with such requirements is necessary, in our opinion, for the City of Dillingham, Alaska to comply with the requirements applicable to that program.

***Qualified Opinion on Coronavirus Relief Fund***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City 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 the CFDA 21.019 Coronavirus Relief Fund for the year ended June 30, 2020.

***Other Matters***

City of Dillingham, Alaska's responses to the noncompliance finding identified in our audit is described in the accompanying federal schedule of findings and questioned costs and corrective action plan. City of Dillingham, Alaska's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Report on Internal Control over Compliance**

Management of the City of Dillingham, Alaska, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Dillingham, Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Dillingham, Alaska's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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.

Honorable Mayor and City Council  
City of Dillingham, Alaska

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control of compliance, described in the accompanying federal schedule of findings and questioned costs as finding 2020-002 that we consider to be a material weakness.

City of Dillingham, Alaska's responses to the internal control over compliance finding identified in our audit are described in the accompanying federal schedule of findings and questioned costs and the corrective action plan. City of Dillingham, Alaska's responses are not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

City of Dillingham, Alaska  
Month xx, 2020



Federal Schedule of Findings and Question Costs, Continued

**Section II – Financial Statement Findings**

**Finding 2020-001**

**Lack of Internal Control over Special Revenue Funds**

**Type of finding:**

Material weakness

**Condition:**

During the audit a large number of the Special Revenue Funds required adjustment due to revenue and associated accounts receivable / deferred revenue accounts not being properly recorded as a result of lack of final year-end reconciliation procedures being performed by management.

**Criteria:**

Internal controls should be in place over Special Revenue Fund monitoring and reporting. Reconciliations should be performed and appropriate adjustments should be made to properly record revenues, receivables and unearned revenues.

**Context:**

During our audit work over Special Revenue Funds we noted that the City had not performed year-end closing procedures on a number of Special Revenue Funds, which resulted in revenues and/or receivables and deferred revenue not being properly recorded.

**Cause:**

Lack of internal controls over grant reconciliations.

**Effect:**

Lack of adequate internal controls over grant administration caused grant revenue, accounts receivable, and unearned revenue to be misstated in a number of Special Revenue Funds.

**Recommendation:**

Controls over grant administration should be in place to ensure that all costs charged into a grant are covered by a current grant award. Grant reconciliations should be prepared for all grants at least quarterly to ensure the proper amount of revenue is recognized and the amount recorded as accounts receivable or deferred revenue is correct.

**Management's Response:**

Management concurs with the finding. See Corrective Action Plan.

Federal Schedule of Findings and Question Costs, Continued

**Section III – Federal Award Findings and Questioned Costs**

**Finding 2020-002**

**Late reporting and Noncompliance with Reporting Requirements**

**Type of finding:** Material weakness/material noncompliance

**Federal Agency:** U.S. Department of the Treasury  
**Federal Program:** Coronavirus Relief Fund  
**CFDA Number:** 21.019  
**Award Numbers:** 20-CRF-052  
**Award Year:** 2020

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

**Criteria:** The Uniform Guidance requires that the reporting package be submitted within the earlier of 9 months after year end or 30 days after the report issuance with the provisions of 2 CFR part 200, subpart F, section 200.512.

**Context:** The FAC report was not submitted within the required time period.

**Questioned Costs:** None.

**Repeat Finding:** This is not a repeat finding and appears to be an isolated instance.

**Cause:** Due to staff turnover and COVID-19 impacts, the City was unable to have their annual audit completed within the required timeframe, and subsequently were also late in submission of the FAC Report.

**Effect:** The City is not in compliance with Uniform Guidance requirements.

**Recommendation:** The City needs to work on getting financial information more timely (i.e. submit the reporting package with the guidelines of Uniform Guidance)

**Management's Response:** Management concurs with the finding. See Corrective Action Plan.

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

**Independent Auditor's Report**

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

**Report on Compliance for Each Major State Program**

We have audited City of Dillingham, Alaska's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City of Dillingham, Alaska's major state programs for the year ended June 30, 2020. City of Dillingham, Alaska's major state programs are identified in the accompanying schedule of state financial assistance.

The City of Dillingham, Alaska's basic financial statements include the operations of its component unit, Dillingham City School District, which received \$7,431,932 in state awards, which is not included in the schedule of state financial assistance during the year ended June 30, 2020. Our audit, described below, did not include the operations of Dillingham City School District because it was subjected to a separate audit in accordance with the Guide.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of City of Dillingham, Alaska's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about City of Dillingham, Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Honorable Mayor and City Council  
City of Dillingham, Alaska

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

**Basis for Qualified Opinion on Debt Service – School Bonds; Raw Fish Tax; PERS On-Behalf; Wastewater System Improvements**

As described in the accompanying state schedule of findings and questioned costs, City of Dillingham, Alaska did not comply with reporting requirements regarding PERS On-Behalf; Debt Service – School Bonds; Raw Fish Tax; Wastewater System Improvements as described in finding number 2020-003. Compliance with such requirements is necessary, in our opinion, for City of Dillingham, Alaska to comply with the requirements applicable to that program.

**Qualified Opinion on Debt Service – School Bonds; Raw Fish Tax; PERS On-Behalf; Wastewater System Improvements**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 PERS On-Behalf; Debt Service – School Bonds; Raw Fish Tax; Wastewater System Improvements for the year ended June 30, 2020.

**Other Matters**

City of Dillingham, Alaska's responses to the noncompliance finding identified in our audit are described in the accompanying State schedule of findings and questioned costs and the corrective action plan. City of Dillingham, Alaska's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Report on Internal Control over Compliance**

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

Honorable Mayor and City Council  
City of Dillingham, Alaska

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies therefore, material weaknesses or significant deficiencies may exist have not been identified. We did identify a certain deficiency in internal control over compliance as described in the accompanying state schedule of findings as questioned costs as item 2020-003 that we consider to be a material weakness.

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

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

Anchorage, Alaska  
Month XX, 2020



City of Dillingham, Alaska

State Schedule of Findings and Questioned Costs

June 30, 2020

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified?      Yes   X   None reported  
Material weakness(es) identified?   X   Yes      No

Noncompliance material to financial statements noted?      Yes   X   No

State Awards

Internal control over major programs:

Significant deficiency(ies) identified?      Yes   X   None reported  
Material weakness(es) identified?   X   Yes      No

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

Dollar threshold used to distinguish a state major program: \$ 150,000

**Section II – Financial Statement Findings**

Please see federal schedule of findings and questioned costs.

City of Dillingham, Alaska  
State Schedule of Findings and Questioned Costs  
June 30, 2020

**Section III – State Award Findings**

**Finding 2020-002**

**Deadline for State Single Audit**

**Type of finding:** Material weakness/material noncompliance

**State Agency:** State of Alaska Department of Administration, Education and Early Development, Revenue, and Environmental Conservation

**Grant Name:** PERS Relief, Debt Service – School Bonds, Raw Fish Tax, Wastewater System Improvements

**Grant Numbers:** None, None, None and MMG # 28308

**Award Year:** 2020, 2020, 2020, 2018-2020

**Criteria:** 2 AAC 45.010(b) states an entity that expends a cumulative total of \$750,000 or more shall submit an audit report for the audit period by the earlier of 30 days after the entity receives its audit report for the audit period; or nine months after the end of the audit period, or a later date agreed upon in writing and advance of the date in this section.

**Condition:** Due to staff turnover and COVID-19 impacts, the City was unable to have their annual audit completed within the required timeframe.

**Questioned Costs:** None.

**Context:** The City is not in compliance with 2 AAC and did not have the books adjusted until after the deadline.

**Effect:** The City is not in compliance with 2 AAC 45.010(b)(1).

**Cause:** The City did not have controls in place to identify the requirements of the state single audit threshold.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** The City needs to adjust the accounting records timely, and submit the reporting package within the guidelines as outlined in the State of Alaska single audit regulations.

**Management’s Response:** Management concurs with the finding. See Corrective Action Plan.



Summary of Prior Audit Findings

June 30, 2020

**Section II – Financial Statement Findings**

**Finding 2019-001**

**Lack of Internal Control over Cash – Prior Period Adjustment**

**Type of Finding:**

Material weakness

**Condition:**

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

**Status:**

This finding has been resolved.



Corrective Action Plan

June 30, 2020

**Financial Statement Findings**

**Finding 2020-001**

**Lack of Internal Control over Special Revenue Funds**

Name of Contact Person:

Corrective Action Plan:

Proposed Completion Date:

**Federal Award Findings**

**Finding 2020-002**

**Late Reporting and Noncompliance with Reporting Requirements**

Name of Contact Person:

Corrective Action Plan:

Proposed Completion Date:

City of Dillingham, Alaska  
Corrective Action Plan, Continued

**State Award Findings**

**Finding 2020-002**

**Deadline for State Single Audit**

**Name of Contact Person:**

**Corrective Action Plan:**

**Proposed Completion Date:**