



Bristol Bay Borough, Alaska

**Basic Financial Statements, Required
Supplementary Information, Supplementary
Information, and Single Audit Reports
Year Ended June 30, 2019**

Bristol Bay Borough, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information, and Single Audit Reports
Year Ended June 30, 2019

Bristol Bay Borough, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditor's Report		1-3
Basic Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	6-7
Statement of Activities	A-2	8-9
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	10-11
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	B-2	12
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3	13
Reconciliation of the Changes in Fund Balances of Governmental Funds to Statement of Activities	B-4	14
Port of Bristol Bay Enterprise Fund:		
Statement of Net Position	C-1	16-17
Statement of Revenues, Expenses and Changes in Net Position	C-2	18
Statement of Cash Flows	C-3	19
Notes to Basic Financial Statements		20-48
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
General Fund	D-1	50
Public Employees' Retirement System:		
Schedule of the Borough's Proportionate Share of the Net Pension Liability	D-2	51
Schedule of the Borough's Contributions	D-3	52
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ARCHT	D-4	53
Schedule of the Borough's Contributions - ARCHT	D-5	54
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - RMP	D-6	55
Schedule of the Borough's Contributions - RMP	D-7	56
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ODD	D-8	57
Schedule of the Borough's Contributions - ODD	D-9	58
Notes to Required Supplementary Information		59

Bristol Bay Borough, Alaska

Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, continued		
Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	E-1	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	E-2	63
General Fund:		
Balance Sheet	F-1	66
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	F-2	66-73
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	G-1	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	G-2	77
Landfill Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-3	78
Nonmajor Capital Project Funds:		
Combining Balance Sheet	H-1	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)	H-2	81
Port of Bristol Bay Enterprise Fund:		
Statement of Net Position	I-1	84-85
Statement of Revenues, Expenses and Changes in Net Position	I-2	86
Statement of Cash Flows	I-3	87
Schedule of Expenditures of Federal Awards	J-1	88
Schedule of State Financial Assistance	K-1	89
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance		90-91

Bristol Bay Borough, Alaska

Contents

	<u>Page</u>
SINGLE AUDIT SECTION	
Single Audit Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	94-95
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	96-97
Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	98-99
Schedule of Findings and Questioned Costs	100-102
Summary Schedule of Prior Audit Findings	103
Corrective Action Plan	104



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Independent Auditor's Report

Honorable Mayor and Borough Assembly
Bristol Bay Borough
Naknek, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Bristol Bay Borough, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Borough'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 did not audit the financial statements of the Bristol Bay Borough School District, a component unit of the reporting entity. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Bristol Bay Borough School District is based solely on the report of the other auditors. 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.

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Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Bristol Bay Borough, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 budgetary comparison information on page 50, and the Schedules of Net Pension and OPEB Liability and Pension and OPEB Contributions on pages 51-58 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 management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit for the year ended June 30, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bristol Bay Borough's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents for the year ended June 30, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Schedule of State Financial Assistance is required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2019 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Bristol Bay Borough as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated March 29, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those 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 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2020 on our consideration of Bristol Bay Borough'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 Bristol Bay Borough'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 Bristol Bay Borough's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
April 30, 2020

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Basic Financial Statements

Bristol Bay Borough, Alaska

Statement of Net Position

	Primary Government			Component
	Governmental	Business-type	Total	Unit
<i>June 30, 2019</i>	Activities	Activities		Bristol Bay Borough School District
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$18,876,639	\$ 4,677,952	\$23,554,591	\$ 1,217,673
Receivables, net of allowance for doubtful accounts	1,000,374	1,159,599	2,159,973	158,457
Prepaid expenses	89,915	-	89,915	96,178
Inventory	-	-	-	15,624
Capital assets not being depreciated - land and construction in progress	1,830,674	2,520,103	4,350,777	-
Other capital assets, net of accumulated depreciation	42,640,544	25,440,238	68,080,782	115,124
Total Assets	64,438,146	33,797,892	98,236,038	1,603,056
Deferred Outflows of Resources				
Related to pensions	558,325	56,294	614,619	224,361
Related to other postemployment benefits	220,526	19,208	239,734	153,221
Total Deferred Inflows of Resources	778,851	75,502	854,353	377,582
Total Assets and Deferred Outflows of Resources	\$65,216,997	\$ 33,873,394	\$99,090,391	\$ 1,980,638

Bristol Bay Borough, Alaska
Statement of Net Position, continued

<i>June 30, 2019</i>	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bristol Bay Borough School District
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable	\$ 1,266,120	\$ 281,283	\$ 1,547,403	\$ 20,633
Accrued payroll and benefits	72,840	37,392	110,232	119,938
Due to student groups	-	-	-	223,365
Unearned grant revenue	1,537,335	-	1,537,335	17,372
Noncurrent liabilities:				
Due within one year:				
ADEC loans	95,110	-	95,110	-
Capital lease	-	132,694	132,694	-
Due in more than one year:				
ADEC loans	140,805	-	140,805	-
Accrued leave	227,448	17,415	244,863	-
Capital lease	-	137,737	137,737	-
Landfill closure liability	346,768	-	346,768	-
Net pension liability	4,036,188	411,883	4,448,071	1,446,984
Net other postemployment benefits liability	832,960	77,770	910,730	257,096
Total Liabilities	8,555,574	1,096,174	9,651,748	2,085,388
Deferred Inflows of Resources				
Property taxes received in advance	245,420	-	245,420	-
Related to pensions	90,194	21,444	111,638	38,345
Related to other postemployment benefits	340,241	34,749	374,990	128,250
Total Deferred Inflows of Resources	675,855	56,193	732,048	166,595
Total Liabilities and Deferred Inflows of Resources	9,231,429	1,152,367	10,383,796	2,251,983
Net Position				
Net investment in capital assets	44,235,303	27,689,910	71,925,213	115,124
Restricted	-	-	-	11,173
Unrestricted (deficit)	11,750,265	5,031,117	16,781,382	(397,642)
Total Net Position (Deficit)	55,985,568	32,721,027	88,706,595	(271,345)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$65,216,997	\$ 33,873,394	\$99,090,391	\$ 1,980,638

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska

Statement of Activities

Year Ended June 30, 2019	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government		Total	Component Unit Bristol Bay Borough School District
					Govern- mental Activities	Business- type Activities		
Primary Government								
Governmental Activities:								
General government	\$ 2,319,779	\$ 68,073	\$ 58,603	\$ -	\$ (2,193,103)	\$ -	\$ (2,193,103)	\$ -
Public safety	2,026,177	312,517	38,706	-	(1,674,954)	-	(1,674,954)	-
Public service	2,163,186	69,878	1,356,936	-	(736,372)	-	(736,372)	-
Public works	2,012,801	-	32,609	-	(1,980,192)	-	(1,980,192)	-
Education	2,695,638	-	-	1,168,091	(1,527,547)	-	(1,527,547)	-
Parks and recreation	488,318	14,015	6,778	-	(467,525)	-	(467,525)	-
Solid waste	674,588	563,352	8,432	(121,657)	(224,461)	-	(224,461)	-
Sewer	1,716,000	-	12,555	-	(1,703,445)	-	(1,703,445)	-
Total governmental activities	14,096,487	1,027,835	1,514,619	1,046,434	(10,507,599)	-	(10,507,599)	-
Business-type Activities -								
Port of Bristol Bay	3,064,504	3,233,786	11,677	-	-	180,959	180,959	-
Total Primary Government	\$ 17,160,991	\$ 4,261,621	\$ 1,526,296	\$ 1,046,434	\$ (10,507,599)	\$ 180,959	\$ (10,326,640)	\$ -

Bristol Bay Borough, Alaska
Statement of Activities, continued

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government		Component Unit	
					Govern- mental Activities	Business- type Activities	Total	Bristol Bay Borough School District
<i>Year Ended June 30, 2019</i>								
Component Unit								
Bristol Bay Borough								
School District	\$ 4,321,494	\$ 15,910	\$ 1,166,464	\$ -				\$ (3,139,120)
General Revenues								
Taxes:								
Sales taxes				\$ 2,305,299	\$ -	\$ 2,305,299	\$ -	
Property taxes				4,810,133	-	4,810,133	-	
Motor vehicle taxes				88,830	-	88,830	-	
Transient taxes				136,127	-	136,127	-	
Local aircraft tax				20,600	-	20,600	-	
Grants and entitlements not restricted to a specific purpose				4,505,307	-	4,505,307	1,184,892	
Borough appropriations and in-kind services				-	-	-	1,668,573	
Transfers				(41,900)	41,900	-	-	
E-rate				-	-	-	695,789	
Investment income				367,374	-	367,374	2,573	
Other				3,313	-	3,313	31,208	
Total General Revenues				12,195,083	41,900	12,236,983	3,583,035	
Change in Net Position				1,687,484	222,859	1,910,343	443,915	
Net Position (Deficit), beginning				54,298,084	32,498,168	86,796,252	(715,260)	
Net Position (Deficit), ending				\$ 55,985,568	\$ 32,721,027	\$ 88,706,595	\$ (271,345)	

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska

Governmental Funds
Balance Sheet

	Major Funds			Total Govern- mental Funds
	General	BBBSD Renovation Phase II Capital Project	Nonmajor Funds	
<i>June 30, 2019</i>				
Assets				
Cash and investments	\$ 8,154,226	\$ 6,335,393	\$4,387,020	\$ 18,876,639
Receivables, net of allowance for doubtful accounts	583,826	-	416,548	1,000,374
Prepaid insurance	89,915	-	-	89,915
Due from other funds	170,211	-	-	170,211
Total Assets	\$ 8,998,178	\$ 6,335,393	\$4,803,568	\$ 20,137,139
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 317,097	\$ 811,442	\$ 137,581	\$ 1,266,120
Accrued payroll and benefits	63,113	-	9,727	72,840
Deferred grant revenue	20,880	1,516,455	-	1,537,335
Due to other funds	-	-	170,211	170,211
Total Liabilities	401,090	2,327,897	317,519	3,046,506

Bristol Bay Borough, Alaska
Governmental Funds
Balance Sheet, continued

<i>June 30, 2019</i>	Major Funds			Total Govern- mental Funds
	General	BBBSD Renovation Phase II Capital Project	Nonmajor Funds	
Deferred Inflows of Resources				
Property taxes received in advance	\$ 245,420	\$ -	\$ -	\$ 245,420
Delinquent property taxes	206,803	-	-	206,803
Land sales receivables	-	-	96,525	96,525
Total Deferred Inflows of Resources	452,223	-	96,525	548,748
Total Liabilities and Deferred Inflows of Resources	853,313	2,327,897	414,044	3,595,254
Fund Balances				
Assigned:				
Land sales	-	-	2,525,380	2,525,380
Library	-	-	2,142	2,142
Sewer	-	-	428,180	428,180
Landfill	-	-	81,875	81,875
Capital projects	-	4,007,496	1,351,947	5,359,443
Unassigned	8,144,865	-	-	8,144,865
Total Fund Balances	8,144,865	4,007,496	4,389,524	16,541,885
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,998,178	\$ 6,335,393	\$ 4,803,568	\$ 20,137,139

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2019

Total fund balances for governmental funds		\$ 16,541,885
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	\$ 47,733	
Construction in progress	1,782,941	
Buildings	32,166,795	
Improvements other than buildings	44,585,593	
Machinery and equipment	8,479,102	
Infrastructure	6,954,540	
Software	106,045	
Accumulated depreciation	<u>(49,651,531)</u>	
Total capital assets		<u>44,471,218</u>
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of:		
Delinquent property taxes receivable	206,803	
Land sales receivables	<u>96,525</u>	
Total long-term assets		<u>303,328</u>
Long-term liabilities, including loans payable and net pension liability, are not due and payable in the current period and are therefore not reported as fund liabilities. These liabilities consist of:		
Loans payable	(235,915)	
Net pension liability	(4,036,188)	
Net OPEB liability	(832,960)	
Landfill closure liability	(346,768)	
Accrued leave	<u>(227,448)</u>	
Total long-term liabilities		<u>(5,679,279)</u>
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows related to pensions	558,325	
Deferred outflows related to OPEB	220,526	
Deferred inflows related to pensions	(90,194)	
Deferred inflows related to OPEB	<u>(340,241)</u>	
		<u>348,416</u>
Total Net Position of Governmental Activities		<u>\$ 55,985,568</u>

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2019	Major Funds			Total Govern- mental Funds
	General	BBBSD Renovation Phase II	Nonmajor Funds	
Revenues				
Taxes	\$ 7,155,522	\$ -	\$ -	\$ 7,155,522
State of Alaska	4,926,936	1,023,000	(83,988)	5,865,948
Federal government	161,624	-	1,323,000	1,484,624
Charges for services	105,671	-	563,352	669,023
Investment income	367,250	-	124	367,374
Other	3,313	-	6,527	9,840
Total Revenues	12,720,316	1,023,000	1,809,015	15,552,331
Expenditures				
Current:				
General government	2,295,674	-	-	2,295,674
Public safety	1,946,098	-	-	1,946,098
Public service	906,194	-	1,323,000	2,229,194
Public works	2,083,755	-	-	2,083,755
Education	1,873,419	-	17,836	1,891,255
Parks and recreation	464,234	-	-	464,234
Solid waste	-	-	459,764	459,764
Sewer	-	-	948,425	948,425
Debt service:				
Principal	94,396	-	-	94,396
Interest	4,955	-	-	4,955
Capital outlay	-	1,573,497	275,395	1,848,892
Total Expenditures	9,668,725	1,573,497	3,024,420	14,266,642
Excess of revenues over (under) expenditures	3,051,591	(550,497)	(1,215,405)	1,285,689
Other Financing Sources (Uses)				
Transfers in	-	4,557,993	1,848,863	6,406,856
Transfers out	(6,448,756)	-	-	(6,448,756)
Net Other Financing Sources (Uses)	(6,448,756)	4,557,993	1,848,863	(41,900)
Net change in fund balances	(3,397,165)	4,007,496	633,458	1,243,789
Fund Balances, beginning	11,542,030	-	3,756,066	15,298,096
Fund Balances, ending	\$ 8,144,865	\$ 4,007,496	\$ 4,389,524	\$ 16,541,885

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska

Reconciliation of the Changes in Fund Balances of Governmental Funds to Statement of Activities Year Ended June 30, 2019

Net change in fund balances - total governmental funds	\$ 1,243,789
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlay of \$2,580,408 exceeded depreciation of \$2,576,293.</p>	4,115
<p>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 deferred taxes and decrease in land sales receivables.</p>	273,540
<p>Governmental funds report long-term debt principal payments as expenditures. However, on the government-wide statements, they are a reduction of long-term liabilities, and therefore are not reported as expenses. This is the amount of principal payments on long-term debt.</p>	94,396
<p>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.</p>	
Increase in landfill closure liability	(171,391)
Increase in accrued leave	(64,550)
Decrease in accrued interest	3,771
Decrease in net pension liability and related accounts	376,941
Increase in net other postemployment benefits liability and related deferred outflows and inflows of resources	(73,127)
	(73,127)
Change in Net Position of Governmental Activities	\$ 1,687,484

See accompanying notes to basic financial statements.

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Bristol Bay Borough, Alaska
Port of Bristol Bay Enterprise Fund
Statement of Net Position

June 30, 2019

Assets and Deferred Outflows of Resources

Current Assets

Cash and investments	\$ 4,677,952
Receivables:	
Accounts	1,215,733
Allowance for doubtful accounts	(56,134)

Total Current Assets 5,837,551

Property, Plant and Equipment

Land	1,601,776
Buildings	237,591
Improvements other than buildings	27,724,161
Machinery and equipment	7,764,289
Construction in progress	918,327

Total property, plant and equipment 38,246,144

Accumulated depreciation (10,285,803)

Net Property, Plant and Equipment 27,960,341

Total Assets 33,797,892

Deferred Outflows of Resources

Related to pensions	56,294
Related to other postemployment benefits	19,208

Total Deferred Outflows of Resources 75,502

Total Assets and Deferred Outflows of Resources \$ 33,873,394

Bristol Bay Borough, Alaska
Port of Bristol Bay Enterprise Fund
Statement of Net Position, continued

June 30, 2019

Liabilities, Deferred Inflows of Resources and Net Position

Liabilities

Current Liabilities

Accounts payable	\$ 281,283
Accrued payroll and benefits	37,392
Current portion of capital lease	132,694

Total Current Liabilities 451,369

Noncurrent Liabilities - due in more than one year

Accrued leave	17,415
Capital lease	137,737
Net pension liability	411,883
Net other postemployment benefits liability	77,770

Total Liabilities 1,096,174

Deferred Inflows of Resources

Related to pensions	21,444
Related to other postemployment benefits	34,749

Total Deferred Inflows of Resources 56,193

Net Position

Net investment in capital assets	27,689,910
Unrestricted	5,031,117

Total Net Position 32,721,027

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 33,873,394

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska
Port of Bristol Bay Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

Operating Revenues	
Charges for services	\$ 3,233,786
Operating Expenses	
Personnel services	1,234,216
Materials and supplies	158,244
Dock repairs and maintenance	63,038
Other repairs and maintenance	248,741
Utilities	56,303
Freight	22,315
Contractual services	25,090
Training and travel	1,058
Lease	7,370
Insurance	47,660
Depreciation	954,979
Other	230,355
Total Operating Expenses	3,049,369
Income from operations	184,417
Nonoperating Revenues (Expenses)	
State PERS relief	11,677
Interest expense	(15,135)
Net Nonoperating Revenues (Expenses)	(3,458)
Income before capital contributions and transfers	180,959
Transfers in	41,900
Change in net position	222,859
Net Position, beginning	32,498,168
Net Position, ending	\$ 32,721,027

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska
Port of Bristol Bay Enterprise Fund
Statement of Cash Flows

Year Ended June 30, 2019

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 3,514,720
Payments to suppliers	(674,735)
Payments to employees	(1,249,152)
Net cash flows from operating activities	1,590,833
Cash Flows for Capital and Related Financing Activities	
Acquisition of property, plant and equipment	(1,013,548)
Principal payments on capital lease	(127,837)
Interest payments on capital lease	(15,135)
Net cash flows for capital and related financing activities	(1,156,520)
Cash Flows from Non-Capital Financing Activities	
Operating transfer from the general fund	41,900
Net increase in cash and investments	476,213
Cash and Investments, beginning	4,201,739
Cash and Investments, ending	\$ 4,677,952
Reconciliation of Income from Operations to Net Cash Flows from Operating Activities	
Income from operations	\$ 184,417
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation	954,979
Noncash expense - PERS relief	11,677
(Increase) decrease in assets and deferred outflows of resources:	
Receivables	280,934
Deferred outflows related to pensions	(9,137)
Deferred outflows related to other postemployment benefits	(8,814)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	185,439
Accrued payroll and benefits	(5,361)
Accrued leave	1,896
Net pension liability	20,229
Net other postemployment benefits liability	17,085
Deferred inflows related to pensions	(39,812)
Deferred inflows related to other postemployment benefits	(2,699)
Net Cash Flows from Operating Activities	\$ 1,590,833

See accompanying notes to basic financial statements.

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements
Year Ended June 30, 2019

1. Summary of Significant Accounting Policies

Reporting Entity

The Bristol Bay Borough (the Borough) was incorporated on October 2, 1962. The Borough operates under an Assembly-Manager form of government and provides a full range of services including public safety, streets, sanitation, sewer, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present Bristol Bay Borough (the primary government) and its component unit, Bristol Bay Borough School District. Bristol Bay Borough School District is included in the Borough's reporting entity because of the significance of its operational or financial relationship with the Borough.

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 Borough.

Bristol Bay Borough School District is responsible for elementary and secondary education within the Borough. The members of the School Board are elected by the voters; however, the School District is fiscally dependent upon the Borough because the Borough Assembly approves the total annual budget of the School District, levies the necessary taxes, and provides significant operating subsidies to the School District.

Complete financial statements of the individual component unit can be obtained from its administrative offices at: Bristol Bay Borough School District, P.O. Box 169, Naknek, Alaska, 99633.

The accounting policies of Bristol Bay Borough conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

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 Borough. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges to external parties.

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) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, grants and entitlements not restricted to a specific purpose, investment income, and other items not properly included among program revenues are reported instead as *general revenues*.

Bristol Bay Borough, Alaska

Notes to Basic Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund 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 Borough considers all revenues except grant reimbursements to be available if they are collected within 60 days after year-end. Grant reimbursements are considered available if they are collected within one year after year-end. 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 and sales taxes, intergovernmental revenues, 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 Borough reports the following major funds based on the required quantitative criteria:

Major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The *BBBSD Renovation Phase II Fund* accounts for costs related to the renovation of BBBSD schools.

Major proprietary fund:

The *Port of Bristol Bay Enterprise Fund* accounts for activities related to the dock facilities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise fund and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Bristol Bay Borough, Alaska

Notes to Basic Financial Statements

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 and federal entitlement revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Central Treasury

A central treasury is used to account for most of the Borough's cash and investments to maximize interest income. Any investment earnings are retained in the General Fund where not prohibited by law. The School District maintains separate cash accounts.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the enterprise fund considers all equity in central treasury to be cash and cash equivalents. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in both government-wide and fund financial statements.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Deferred Outflows of Resources

A deferred outflow of resources is an item that will result in a future decrease or consumption of equity. In the government-wide and enterprise fund financial statements, deferred outflows are comprised entirely of pension and OPEB related transactions.

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Borough 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 acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets 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 Borough is depreciated using the straight line method over the following estimated useful lives:

Buildings	25 - 30 years
Improvements other than buildings	15 - 30 years
Machinery and equipment	3 - 15 years
Infrastructure	50 years
Software	15 years

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.

Compensated Absences

The Borough allows employees to accumulate earned but unused leave benefits. All leave pay is accrued when incurred in the government-wide and proprietary fund 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).

Long-term Liabilities

In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

Bristol Bay Borough, Alaska

Notes to Basic Financial Statements

Deferred Inflows of Resources

A deferred inflow of resources is an item that will result in a future increase or acquisition of net position. In the governmental funds, deferred inflows are reported in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and taxes collected in advance of their levy date.

In the government-wide and enterprise fund financial statements, deferred inflows are reported in connection with taxes paid in advance and certain pension and OPEB related transactions. Those items deferred under modified accrual in the governmental funds as “unavailable” are reversed to revenue at the full-accrual level.

Budgetary Accounting

An operating budget is adopted each fiscal year for the General Fund and some Special Revenue Funds on the same modified accrual basis used to reflect actual revenues and expenditures. Appropriations for these funds lapse at year-end to the extent that they have not been expended or encumbered. Budgetary control is exercised at the departmental level. The Borough Manager is authorized to transfer budget amounts between line items within any department; however, any supplemental appropriations that amend the total expenditures of any department or fund require Assembly approval. The budgeted financial statements presented in this report reflect the final budget authorization, including amendments made during the year.

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, inventories, or advances to other funds; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance 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 ordinances of the Borough Assembly—the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Borough Assembly 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.

Bristol Bay Borough, Alaska

Notes to Basic Financial Statements

Assigned fund balance. This classification reflects the amounts constrained by the Borough's "intent" to be used for specific purposes, but are neither restricted nor committed. The Borough Assembly may 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 (deficits) in other governmental funds.

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies 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. Any encumbrances outstanding at year-end are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined above.

Grants and Intergovernmental Revenues

In applying the measurable and available concept 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.

Property Taxes

Property taxes are assessed on real and personal property on January 1 of each year. Mill rates are established annually by Borough resolution. Taxes are levied on May 31 of each year and are due in one installment on August 31. Property taxes are recorded as revenue as of July 1. Borough statutes call for annual foreclosures on property for delinquent taxes.

Interfund Transactions

During the course of normal operations, the Borough has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

Comparative Data

Comparative data for the prior year has been presented in some of the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data has not been presented in all statements since its inclusion would make the statements unduly complex and difficult to understand.

Pensions and Other Postemployment Benefits (OPEB)

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

2. Cash and Investments

The Borough utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of "negative cash," is included in "due to other funds."

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2019:

Bank deposits carrying value	\$ 14,388,746
Money market	1,367,467
Investments	7,798,378
Total Cash and Investments	\$ 23,554,591

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of bank failure, the Borough's deposits may not be returned to it. The Borough's deposits during the year and at year-end were covered by federal depository insurance or collateral (U.S. government securities) held by the Borough's agent in the Borough's name.

Investments

Investment Policy

The Borough may invest available operating and reserve funds in the following instruments:

- a. Obligations of the U.S. government, its agencies and instrumentalities with remaining maturities of five years or less.
- b. Insured or collateralized certificates of deposit.

Bristol Bay Borough, Alaska

Notes to Basic Financial Statements

- c. Commercial paper rated A-1 or P-1 by a national rating service, provided that no more than three percent of the total portfolio is invested in any one issuer's obligations.
- d. Bankers acceptances of the 20 largest banks in the U.S., provided that no more than five percent of the total portfolio is invested in a single bank's acceptances.
- e. Repurchase agreements that comply with statutory requirements, are documented by a written agreement, and are fully collateralized by delivery to an independent third-party custodian.
- f. Money market mutual funds, tax-exempt bond mutual funds, and U.S. government bond mutual funds whose average maturities are less than four years. No sales or load charges may be deducted from the price of a mutual fund at the time of purchase or redemption.
- g. The State investment pool.
- h. Obligations of State or municipal governments or their public agencies, which are rated in the three highest rating categories by a national rating service.
- i. Other prudent investment instruments approved prior to purchase by two-thirds majority of the governing body of the Bristol Bay Borough.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Investment maturities at June 30, 2019 are as follows:

<i>Investment Type</i>	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	5 - 10
U.S. government agencies	\$ 863,184	\$ -	\$ 863,184	\$ -
Certificates of deposit	6,935,194	1,478,850	5,456,344	-
Total Investments	\$ 7,798,378	\$ 1,478,850	\$ 6,319,528	\$ -

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.

As of June 30, 2019, the Borough's U.S. government agencies were rated as follows:

	Moody's	S&P
\$ 564,996	Aaa	AA+
298,188	Aaa	AA+
\$ 863,184		

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

Fair Value Measurement

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of June 30, 2019:

- U.S. government agency securities of \$863,183 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs).

The Borough has investments in money market funds and certificates of deposits totaling \$8,302,661 that are not held at fair value, but instead are recorded at amortized cost as of June 30, 2019. Management believes that these values approximate fair value.

3. Accounts Receivable and Valuation Allowance

The Borough maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful receivables. At June 30, 2019, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Non- major Govern- mental Funds	Port of Bristol Bay Enterprise Fund	Totals
Grants and shared revenues	\$ 230,997	\$ -	\$ -	\$ 230,997
Accounts	147,640	465,112	1,215,733	1,828,485
Property taxes	284,660	-	-	284,660
Total receivables	663,297	465,112	1,215,733	2,344,142
Less allowance for doubtful accounts	(79,471)	(48,564)	(56,134)	(184,169)
Net Receivables	\$ 583,826	\$ 416,548	\$ 1,159,599	\$ 2,159,973

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

4. Capital Assets

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

<i>Governmental Activities</i>	Balance July 1, 2018	Additions and Reclassifications	Deletions and Reclassifications	Balance June 30, 2019
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 1,782,941	\$ -	\$ 1,782,941
Land	47,733	-	-	47,733
Total assets not being depreciated	47,733	1,782,941	-	1,830,674
Capital assets being depreciated:				
Buildings	32,166,795	-	-	32,166,795
Improvements other than buildings	44,380,747	204,846	-	44,585,593
Machinery and equipment	7,886,481	592,621	-	8,479,102
Infrastructure	6,954,540	-	-	6,954,540
Software	106,045	-	-	106,045
Total assets being depreciated	91,494,608	797,467	-	92,292,075
Less accumulated depreciation for:				
Buildings	22,201,932	776,231	-	22,978,163
Improvements other than buildings	17,470,179	1,208,596	-	18,678,775
Infrastructure	5,692,882	442,972	-	6,135,854
Machinery and equipment	1,672,092	139,091	-	1,811,183
Software	38,153	9,403	-	47,556
Total accumulated depreciation	47,075,238	2,576,293	-	49,651,531
Total capital assets being depreciated, net	44,419,370	(1,778,826)	-	42,640,544
Governmental Activities Capital Assets, net	\$ 44,467,103	\$ 4,115	\$ -	\$ 44,471,218

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

<i>Business-type Activities</i>	Balance July 1, 2018	Additions and Reclassifications	Deletions and Reclassifications	Balance June 30, 2019
Capital assets not being depreciated:				
Land and land improvements	\$ 751,100	\$ 850,676	\$ -	\$ 1,601,776
Construction in progress	838,020	80,307	-	918,327
Total assets not being depreciated	1,589,120	930,983	-	2,520,103
Capital assets being depreciated:				
Buildings	237,591	-	-	237,591
Improvements other than buildings	27,724,161	-	-	27,724,161
Machinery and equipment	7,681,724	82,565	-	7,764,289
Total assets being depreciated	35,643,476	82,565	-	35,726,041
Less accumulated depreciation for:				
Buildings	204,168	3,039	-	207,207
Improvements other than buildings	4,961,747	527,006	-	5,488,752
Machinery and equipment	4,164,909	424,934	-	4,589,844
Total accumulated depreciation	9,330,824	954,979	-	10,285,803
Total capital assets being depreciated, net	26,312,652	(872,414)	-	25,440,238
Business-type Activities Capital Assets, net	\$ 27,901,772	\$ 58,569	\$ -	\$ 27,960,341

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Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows for the year ended June 30, 2019:

Governmental Activities

General government	\$ 57,545
Public safety	228,323
Public service	11,185
Public works	420,697
Education	1,047,999
Parks and recreation	83,552
Solid waste	49,986
Sewer	677,006
Total Depreciation Expense - Governmental Activities	\$ 2,576,293

Business-type Activities

Port of Bristol Bay	\$ 954,979
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5. Interfund Receivables, Payables and Transfers

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

Due from Other Funds

Due to the General Fund from Sewer Special Revenue Fund for operating advances	\$ 170,211
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Transfers to Other Funds

From General Fund to:	
BBBSD Renovation Phase II Fund for capital costs	\$ 4,557,993
Ports enterprise fund for operating subsidy	41,900
Nonmajor funds for operating and capital costs	1,848,863
Total Transfers to Other Funds	\$ 6,448,756

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

6. Long-term Liabilities

Long-term liabilities activity for the year ended June 30, 2019 follows:

<i>Governmental Activities</i>	Balance July 1, 2018	Additions	Retired	Balance June 30, 2019	Due Within One Year
Loans payable:					
Alaska Department of Environmental Conservation Loan #183021, due in annual payments of \$48,896 including interest at 1.5% through 2020.	\$ 95,636	\$ -	\$ (47,461)	\$ 48,175	\$ 48,175
Alaska Department of Environmental Conservation Loan #183031, due in annual principal payments of \$46,935 plus interest at 1.5% through 2023.	234,675	-	(46,935)	187,740	46,935
Landfill closure liability	175,377	171,391	-	346,768	-
Accrued leave	162,898	308,100	(243,550)	227,448	-
Total Governmental Activities	\$ 668,586	\$ 479,491	\$ (337,946)	\$ 810,131	\$ 95,110

The long-term liabilities of the governmental activities are generally liquidated by the General Fund.

<i>Business-type Activities</i>	Balance July 1, 2018	Additions	Retired	Balance June 30, 2019	Due Within One Year
Capital lease for equipment, due in annual payments of \$142,971 including interest at 3.73% through 2021.	\$ 398,268	\$ -	\$ (127,837)	\$ 270,431	\$ 132,694
Accrued leave	15,519	17,395	(15,499)	17,415	-
Total Business-type Activities	\$ 413,787	\$ 17,395	\$ (143,336)	\$ 287,846	\$ 132,694

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

Annual debt service requirements to maturity for the loans payable, follow:

<i>Governmental Activities</i>	Loans Payable		
	Principal	Interest	Total
<i>Year Ending June 30,</i>			
2020	\$ 95,110	\$ 3,539	\$ 98,649
2021	46,935	2,112	49,047
2022	46,935	1,408	48,343
2023	46,935	704	47,639
	\$ 235,915	\$ 7,763	\$ 243,678

Annual debt service requirements to maturity for the capital lease, follow:

<i>Business Type Activities</i>	Capital Lease		
	Principal	Interest	Total
<i>Year Ending June 30,</i>			
2020	\$ 132,694	\$ 10,277	\$ 142,971
2021	137,737	5,234	142,971
	\$ 270,431	\$ 15,511	\$ 285,942

7. Landfill Closure and Postclosure Liability

State and federal laws and regulations require the Borough to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure 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 Borough report a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The Borough estimates that total future closure and postclosure costs will be \$482,141. The \$346,768 reported as landfill closure costs payable at June 30, 2019 represents the cumulative amount reported to date based on estimated usage of the landfill. The Borough will recognize the remaining \$135,373 as the landfill is used. These amounts are based on what it would cost to close the landfill in 2019. Actual amounts could be higher due to inflation, changes in technology or changes in regulations. The landfill has an expected remaining life of approximately 63 years.

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Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

8. Retirement Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

The Borough participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/dr/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), 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 described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

Bristol Bay Borough, Alaska

Notes to Basic Financial Statements

The Borough recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police officers and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

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

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employee payroll are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

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. 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 change results in lower ARM Board Rates than previously adopted.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

GASB Rate: This is the rate used to determine the long-term pension liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For 2019, the rate uses an 8% pension discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

Contribution rates for the year ended June 30, 2019 were determined in the June 30, 2016 actuarial valuations. The Borough's contribution rates for the 2019 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	16.17%	23.21%	5.58%
Postemployment healthcare (ARHCT)	5.83%	4.37%	0.00%
Total Contribution Rates	22.00%	27.58%	5.58%

In 2019, the Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2017 to June 30, 2018	Borough Fiscal Year July 1, 2018 to June 30, 2019
Employer contributions (including DBUL)	\$ 342,910	\$ 321,019
Nonemployer contributions (on-behalf)	85,670	164,933
Total Contributions	\$ 428,580	\$ 485,952

In addition, employee contributions to the Plan totaled \$70,439 during the Borough's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

	2019
Borough proportionate share of NPL	\$ 4,448,071
State's proportionate share of NPL associated with the Borough	1,290,192
Total Net Pension Liability	\$ 5,738,263

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2018 measurement date, the Borough's proportion was 0.08952 percent, which was an increase of 0.0009 from its proportion measured as of June 30, 2017.

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

For the year ended June 30, 2019, the Borough recognized pension (expense) revenue of \$80,778 and on-behalf revenue of \$60,409 for support provided by the State. At June 30, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (111,638)
Net difference between projected and actual earnings on pension plan investments	98,237	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	195,363	-
Borough contributions subsequent to the measurement date	321,019	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 614,619	\$ (111,638)

The \$321,019 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2020	\$ 208,669	
2021	53,716	
2022	(76,116)	
2023	(4,307)	
Total Amortization	\$ 181,962	

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%

Bristol Bay Borough, Alaska

Notes to Basic Financial Statements

Salary increases	For peace officer/firefighter, increases range from 9.66% to 4.92% based on service. For all others, increases range from 8.55% to 4.34% based on age and service.
Allocation methodology	Amounts for FY 2018 were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the fiscal years 2019 to 2039 to the Plan. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. Post-termination - 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation report are the same as those used in the June 30, 2016 actuarial valuation.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a 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 by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net pension liability	0.08952%	\$ 5,890,368	\$ 4,448,071	\$ 3,228,062

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2019 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2019, forfeitures reduced pension expense by \$68,946.

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2019, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2019 were \$87,326 and \$139,721, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the Borough participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is a self-insured and self-funded and provides major medical coverage to retirees of the DB Plan. The ARHCT plan was closed to all new entrants effective July 1, 2006. Benefits vary by Tier level. The RMP is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contribution Rates

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2019 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	5.83%	5.83%
Retiree Medical Plan	0.94%	0.94%
Occupational Death and Disability Benefits	0.26%	0.76%
Total Contribution Rates	7.03%	7.53%

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

In 2019, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2017 to June 30, 2018	Borough Fiscal Year July 1, 2018 to June 30, 2019
Employer contributions - ARHCT	\$ 97,743	\$ 120,742
Employer contributions - RMP	14,915	16,417
Employer contributions - ODD	1,994	5,587
Total Contributions	\$ 114,652	\$ 142,746

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At June 30, 2019, the Borough reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

	2019
Borough's proportionate share of NOL - ARHCT	\$ 919,298
Borough's proportionate share of NOL - RMP	16,281
Borough's proportionate share of NOL (Asset) - ODD	(24,849)
Total Borough's Proportionate Share of NOL (Asset)	\$ 910,730
State's proportionate share of the ARHCT NOL associated with the Borough	267,336
Total Net OPEB Liabilities	\$ 1,178,066

The total OPEB liabilities for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net OPEB liabilities as of that date. The Borough's proportion of the net OPEB liabilities were based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2017 Measurement Date Employer Proportion	June 30, 2018 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.08060%	0.08958%	0.00898%
RMP	0.12668%	0.12794%	0.00126%
ODD	0.12668%	0.12794%	0.00126%

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

As a result of its requirement to contribute to the plans, the Borough recognized OPEB expense of \$102,786 and on-behalf revenue of \$35,096 for support provided by the State associated with the ARHCT plan.

At June 30, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (106,115)
Changes in assumptions	147,010	-
Net difference between projected and actual earnings on OPEB plan investments	-	(198,056)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	76,307	(70,809)
Borough contributions subsequent to the measurement date	16,417	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	\$ 239,734	\$ (374,980)

The \$16,417 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,

2020		\$ (62,819)
2021		(19,686)
2022		(64,663)
2023		(4,328)
2024		(65)
Thereafter		(102)
Total Amortization		\$ (151,663)

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Bristol Bay Borough, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan the measurement period ended June 30, 2018 was determined by actuarial valuations as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for Peace Officer/ Firefighter. Graded by service from 8.55% to 4.34% for all others
Allocation methodology	Amounts for 2018 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drug: 9.0% grading down to 4.0% RDS/EGWP:6.5% grading down to 4.0%
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination - 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 valuation with the following exceptions:

1. The medical trend rate assumption was updated to reflect anticipated increases in costs based on recent survey data.
2. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare 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 by adding expected inflation. The best estimates of arithmetic rates of return for each major asset class included in the plans' targeted asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the respective plan's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<i>Proportional Share</i>	<i>1% Decrease (7.00%)</i>	<i>Current Discount Rate (8.00%)</i>	<i>1% Increase (9.00%)</i>
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.08958%	\$ 1,861,117	\$ 919,298	\$ 129,860
RMP	0.12794%	\$ 48,619	\$ 16,281	\$ (8,942)
ODD	0.12794%	\$ (23,334)	\$ (24,849)	\$ (26,095)

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the Borough’s proportionate share of the net OPEB liabilities calculated using the healthcare cost trend rates, as well as what the Borough’s proportionate share of the respective plan’s net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Borough’s proportionate share of the net OPEB liability (asset):				
ARHCT	0.08958%	\$ 17,845	\$ 919,298	\$ 2,005,185
RMP	0.12794%	\$ (13,842)	\$ 16,281	\$ 56,595
ODD	0.12794%	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued PERS financial report.

(d) Defined Contribution OPEB Plans

PERS defined contribution members also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expenses to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

Contribution Rate

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2018, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,103 per year for each full-time employee, and \$1.35 per hour for part-time employees. Employees do not contribute to the DC OPEB plans.

Annual Postemployment Healthcare Cost

In 2019, the Borough contributed \$47,462 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

9. Deferred Compensation Plan

The Borough 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. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with the Internal Revenue Code, all assets and income of the Plan are held in trust for the exclusive benefit of participants and their beneficiaries.

10. Risk Management

The Borough 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.

The Borough 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 member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Borough made no supplemental assessments during the year ended June 30, 2018. The Borough 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.

11. Contingencies

Grants

Amounts received or receivable from granting agencies are subject to further audit and adjustment by the granting agency. Any disallowed grant expenditures, including amounts already collected would become a liability of the Borough.

Other

The Borough, in the normal course of its activities, is involved in various claims and litigation. In the opinion of management and the Borough's legal counsel, the disposition of these matters is not expected to have a material adverse effect on the Borough's financial statements.

Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

12. Subsequent Events

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the coronavirus as a pandemic, based on the rapid increase in exposure globally.

The Borough’s operations are heavily dependent on the ability to collect property and sales taxes and assess fees for services provided. Additionally, access to grants and contracts from the federal government and the State of Alaska may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to adversely impact the sales and transient tax revenue base, demand for certain services, and to depress the value of the Borough’s investments in marketable securities. The situation may also adversely impact the Borough’s ability to deploy its workforce as effectively. While expected to be temporary, prolonged workforce disruptions may negatively impact performance of services. As such, this may hinder the ability for the Borough to meet the needs of its constituents. As such, the Borough’s financial condition and liquidity may be negatively impacted for the fiscal year 2020.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act.” The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

It also appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. There is no assurance the Borough is eligible for these funds or will be able to obtain them.

The Borough continues to examine the impact that the CARES Act may have on the Borough. Currently, the Borough is unable to determine the impact that the CARES Act will have on the Borough’s financial condition, results of operation or liquidity.

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Bristol Bay Borough, Alaska
Notes to Basic Financial Statements

13. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined.

GASB 84 - Fiduciary Activities - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 87 - Leases - Effective for year-end June 30, 2021, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2021, with earlier application encouraged - This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61 - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

GASB 91 - Conduit Debt Obligations - Effective for year-end June 30, 2022, with earlier application encouraged - This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

Required Supplementary Information

Bristol Bay Borough, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

<i>Year Ended June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 7,315,000	\$ 7,599,052	\$ 7,155,522	\$ (443,530)
State of Alaska	2,874,539	4,695,019	4,926,936	231,917
Federal government	150,000	150,000	161,624	11,624
Investment income	50,000	50,000	367,250	317,250
Charges for services	96,600	96,600	105,671	9,071
Other revenues	16,500	16,500	3,313	(13,187)
Total Revenues	10,502,639	12,607,171	12,720,316	113,145
Expenditures				
General government	1,723,965	2,192,412	2,295,674	(103,262)
Public safety	1,976,689	2,003,921	1,946,098	57,823
Public service	940,425	1,310,425	906,194	404,231
Public works	1,806,444	1,806,444	2,083,755	(277,311)
Education	1,713,509	1,713,509	1,873,419	(159,910)
Parks and recreation	439,391	444,391	464,234	(19,843)
Debt service:				
ADEC loan principal	94,397	94,397	94,396	1
ADEC loan interest	3,520	3,520	4,955	(1,435)
Total Expenditures	8,698,340	9,569,019	9,668,725	(99,706)
Excess of revenues over expenditures	1,804,299	3,038,152	3,051,591	13,439
Other Financing Uses				
Transfers out	(835,058)	(6,633,051)	(6,448,756)	184,295
Net change in fund balance	<u>\$ 969,241</u>	<u>\$ (3,594,899)</u>	<u>(3,397,165)</u>	<u>\$ 197,734</u>
Fund Balance, beginning			<u>11,542,030</u>	
Fund Balance, ending			<u>\$ 8,144,865</u>	

See accompanying notes to Required Supplementary Information.

Bristol Bay Borough, Alaska

**Public Employees' Retirement System (PERS) Pension Plan
Schedule of the Borough's Proportionate Share of the Net Pension Liability**

<i>Years Ended June 30,</i>	Borough's Proportion of the Net Pension Liability	Borough's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.00090%	\$ 4,448,071	\$ 1,290,192	\$ 5,738,263	\$ 2,605,738	170.70%	65.19%
2018	0.08052%	\$ 4,162,340	\$ 1,550,600	\$ 5,712,940	\$ 2,622,968	158.69%	63.37%
2017	0.10576%	\$ 5,911,537	\$ 743,687	\$ 6,655,224	\$ 2,616,682	225.92%	59.55%
2016	0.09033%	\$ 4,380,856	\$ 1,175,078	\$ 5,555,934	\$ 2,652,057	165.19%	63.96%
2015	0.05946%	\$ 2,773,389	\$ 2,457,953	\$ 5,231,342	\$ 2,478,411	111.90%	62.37%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Bristol Bay Borough, Alaska
Public Employees' Retirement System (PERS) Pension Plan
Schedule of the Borough's Contributions

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 321,019	\$ 321,019	\$ -	\$ 2,771,092	11.58%
2018	\$ 342,910	\$ 342,910	\$ -	\$ 2,605,738	13.16%
2017	\$ 308,544	\$ 308,544	\$ -	\$ 2,622,968	11.76%
2016	\$ 276,569	\$ 276,569	\$ -	\$ 2,616,682	10.57%
2015	\$ 265,777	\$ 265,777	\$ -	\$ 2,652,057	10.02%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Bristol Bay Borough, Alaska

Public Employees' Retirement System (PERS)

Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ARCHT

<i>Years Ended June 30,</i>	Borough's Proportion of the Net OPEB Liability	Borough's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.00090%	\$ 919,298	\$ 267,336	\$ 1,186,634	\$ 2,605,738	35.28%	88.12%
2018	0.08059%	\$ 680,795	\$ 253,447	\$ 934,242	\$ 2,622,968	25.96%	89.68%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Bristol Bay Borough, Alaska
Public Employees' Retirement System (PERS)
Schedule of the Borough's Contributions - ARHCT

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 120,742	\$ 120,742	\$ -	\$ 2,771,092	4.36%
2018	\$ 97,743	\$ 97,743	\$ -	\$ 2,605,738	3.75%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Bristol Bay Borough, Alaska
Public Employees' Retirement System (PERS)
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - RMP

<i>Years Ended June 30,</i>	Borough's Proportion of the Net OPEB Liability	Borough's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.00128%	\$ 16,281	\$ -	\$ 16,281	\$ 2,605,738	0.62%	88.71%
2018	0.12668%	\$ 6,606	\$ -	\$ 6,606	\$ 2,662,968	0.25%	93.98%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Bristol Bay Borough, Alaska
Public Employees' Retirement System (PERS)
Schedule of the Borough's Contributions - RMP

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 16,417	\$ 16,417	\$ -	\$ 2,771,092	0.59%
2018	\$ 14,915	\$ 14,915	\$ -	\$ 2,605,738	0.57%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Bristol Bay Borough, Alaska
Public Employees' Retirement System (PERS)
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ODD

<i>Years Ended June 30,</i>	Borough's Proportion of the Net OPEB Liability	Borough's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.00128%	\$ (24,849)	\$ -	\$ (24,849)	\$ 2,605,738	-0.95%	270.62%
2018	0.12668%	\$ (17,974)	\$ -	\$ (17,974)	\$ 2,622,968	-0.07%	212.97%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Bristol Bay Borough, Alaska
Public Employees' Retirement System (PERS)
Schedule of the Borough's Contributions - ODD

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 5,587	\$ 5,587	\$ -	\$ 2,771,092	0.20%
2018	\$ 1,994	\$ 1,994	\$ -	\$ 2,605,738	0.08%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Bristol Bay Borough, Alaska

Notes to Required Supplementary Information Year ended June 30, 2019

1. Budgetary Comparison Schedules

The budgetary comparison schedules are presented on the modified accrual basis of accounting. The general fund actual expenditures exceeded the final budget amount by \$99,357.

2. Public Employees' Retirement System - Schedule of the Borough's Information on the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2019, the Plan measurement date is June 30, 2018.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

There were no changes in the allocation methodology.

3. Public Employees' Retirement System - Schedule of the Borough's Contributions

This table is based on the Borough's contributions for each year presented. These contributions have been reported as a deferred outflow on the Statement of Net Position.

4. Public Employees' Retirement System OPEB Plan - Schedule of the Borough's Information on the Net OPEB Liability

This table is presented based on the Plan measurement date. For June 30, 2019, the Plan measurement date is June 30, 2018.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

There were no changes in allocation methodology.

5. Public Employees' Retirement System OPEB Plan - Schedule of the Borough's Contributions

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

Both pension tables are intended to present 10 years of information. Additional years' information will be added to the schedules as it becomes available.

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Supplementary Information

Bristol Bay Borough, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>Year Ended June 30, 2019</i>	Special Revenue Funds	Capital Project Funds	Totals
Assets			
Cash and investments	\$ 2,985,950	\$ 1,401,070	\$ 4,387,020
Receivables, net of allowance for doubtful accounts	416,548	-	416,548
Total Assets	\$ 3,402,498	\$ 1,401,070	\$ 4,803,568
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 88,458	\$ 49,123	\$ 137,581
Accrued payroll and benefits	9,727	-	9,727
Due to other funds	170,211	-	170,211
Total Liabilities	268,396	49,123	317,519
Deferred Inflows- land sales receivables	96,525	-	96,525
Total Liabilities and Deferred Inflows of Resources	364,921	49,123	414,044
Fund Balances			
Land sales	2,525,380	-	2,525,380
Assigned:			
Library	2,142	-	2,142
Landfill	81,875	-	81,875
Sewer	428,180	-	428,180
Capital projects	-	1,351,947	1,351,947
Total Fund Balances	3,037,577	1,351,947	4,389,524
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,402,498	\$ 1,401,070	\$ 4,803,568

Bristol Bay Borough, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances

<i>Year Ended June 30, 2019</i>	Special Revenue Funds	Capital Project Funds	Totals
Revenues			
Charges for services	\$ 563,352	\$ -	\$ 563,352
Federal government	1,323,000	-	1,323,000
State of Alaska	37,669	(121,657)	(83,988)
Investment income	124	-	124
Other	5,927	-	5,927
Donations	600	-	600
Total Revenues	1,930,672	(121,657)	1,809,015
Expenditures			
Current:			
Solid waste	459,764	-	459,764
Public service	1,323,000	-	1,323,000
Education	17,836	-	17,836
Sewer	948,425	-	948,425
Capital outlay	-	275,395	275,395
Total Expenditures	2,749,025	275,395	3,024,420
Excess of revenues under expenditures	(818,353)	(397,052)	(1,215,405)
Other Financing Sources			
Transfers in	1,335,059	513,804	1,848,863
Net change in fund balances	516,706	116,752	633,458
Fund Balances, beginning	2,520,871	1,235,195	3,756,066
Fund Balances, ending	\$ 3,037,577	\$ 1,351,947	\$ 4,389,524

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General Fund

The General Fund is established to account for the revenues and expenditures necessary to carry out basic governmental activities of the Borough such as fire and police protection, public works, recreation, library, community development, administrative services, etc. Appropriations are made from the General Fund annually.

Revenue is recorded by source, i.e., taxes, charges for services, intergovernmental, etc. Expenditures are recorded first by function then by activity and object of expenditure.

Bristol Bay Borough, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2019	2018
Assets		
Cash and investments	\$ 8,154,226	\$ 10,980,880
Receivables, net of allowance for doubtful accounts:		
Delinquent property taxes, penalties and interest	205,189	54,780
Sales tax on raw fish	-	41,332
Transient tax	-	17,051
Grants	230,997	369,026
Other	147,640	46,587
Total receivables	583,826	528,776
Prepaid insurance	89,915	-
Due from other funds	170,211	698,979
Total Assets	\$ 8,998,178	\$ 12,208,635
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable	\$ 317,097	\$ 213,232
Accrued payroll and benefits	63,113	25,924
Total Liabilities	380,210	239,156
Deferred Inflows of Resources		
Deferred grant revenue	20,880	-
Property taxes received in advance	245,420	426,113
Delinquent property taxes	206,803	1,336
Total Deferred Inflows of Resources	473,103	427,449
Total Liabilities and Deferred Inflows of Resources	853,313	666,605
Fund Balance		
Unassigned	8,144,865	11,542,030
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 8,998,178	\$ 12,208,635

Bristol Bay Borough, Alaska

General Fund

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Property taxes, penalties and interest	\$ 5,310,000	\$ 4,604,666	\$ (705,334)	\$ 4,683,768
Local sales tax on raw fish	2,084,052	2,305,299	221,247	1,799,474
Transient taxes	110,000	136,127	26,127	128,922
Aircraft tax	10,000	20,600	10,600	18,120
Motor vehicle taxes	85,000	88,830	3,830	81,649
Total taxes	7,599,052	7,155,522	(443,530)	6,711,933
State of Alaska:				
Fisheries business taxes	3,830,480	3,835,820	5,340	2,714,321
Grants	-	145,091	145,091	2,513,331
Community assistance	312,000	364,425	52,425	369,020
Liquor licenses	3,000	-	(3,000)	-
Jail contract	285,739	285,739	-	285,739
Public library grants	13,800	14,000	200	14,000
State PERS relief	175,000	133,423	(41,577)	65,652
Electric and telephone cooperative tax	70,000	143,438	73,438	-
Special services contract	5,000	5,000	-	5,000
Total State of Alaska	4,695,019	4,926,936	231,917	5,967,063
Federal government:				
Payments in lieu of taxes	150,000	161,624	11,624	163,710
Investment income	50,000	367,250	317,250	5,890

Bristol Bay Borough, Alaska

General Fund

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Revenues, continued				
Charges for services:				
Rental income	\$ 32,000	\$ 31,913	\$ (87)	\$ 31,913
Ambulance fees	25,000	21,778	(3,222)	14,586
Pool fees	4,000	14,015	10,015	7,632
Building permits	600	2,380	1,780	1,580
DMV service fees	35,000	35,585	585	46,672
Total charges for services	96,600	105,671	9,071	102,383
Other revenues - miscellaneous	16,500	3,313	(13,187)	11,313
Total Revenues	12,607,171	12,720,316	113,145	12,962,292
Expenditures				
General government:				
Finance:				
Personnel services	499,279	432,556	66,723	432,818
Materials and supplies	61,753	53,388	8,365	87,494
Repairs and maintenance	9,129	1,534	7,595	3,344
Utilities	39,561	38,659	902	36,918
Contractual services	145,432	352,208	(206,776)	149,672
Training and travel	14,200	14,884	(684)	11,726
Insurance	263,100	178,873	84,227	238,253
Other	16,199	15,597	602	51,073
Total finance	1,048,653	1,087,699	(39,046)	1,011,298
Management:				
Personnel services	307,562	348,159	(40,597)	346,083
Materials and supplies	12,152	11,200	952	9,873
Repairs and maintenance	4,410	4,954	(544)	5,955
Utilities	1,617	4,307	(2,690)	1,205
Contractual services	273,800	273,369	431	152,711
Training and travel	23,833	41,676	(17,843)	18,547
Other	23,050	39,203	(16,153)	(35,775)
Manager House	350,000	349,216	784	-
Total management	996,424	1,072,084	(75,660)	498,599

Bristol Bay Borough, Alaska

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

<i>Years Ended June 30,</i>	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued				
General government, continued:				
Legislative:				
Personnel services	\$ 13,760	\$ 11,585	\$ 2,175	\$ 3,720
Contractual services	84,375	89,532	(5,157)	57,823
Training and travel	42,000	30,514	11,486	29,805
Elections	5,000	1,154	3,846	1,148
Other	2,200	3,106	(906)	5,188
Total legislative	147,335	135,891	11,444	97,684
Total general government	2,192,412	2,295,674	(103,262)	1,607,581
Public safety:				
Police:				
Personnel services	1,108,511	1,067,267	41,244	1,030,076
Materials and supplies	39,324	45,762	(6,438)	98,597
Repairs and maintenance	3,600	3,795	(195)	3,600
Utilities	22,600	46,192	(23,592)	16,672
Contractual services	5,261	6,072	(811)	10,042
Training and travel	12,571	16,648	(4,077)	10,768
Insurance	7,350	7,350	-	7,212
Capital outlay	-	42,465	(42,465)	-
Detention	2,627	19,636	(17,009)	21,846
Other	32,540	2,915	29,625	6,962
Total police	1,234,384	1,258,102	(23,718)	1,205,775
Fire/EMS rescue squad:				
Personnel services	446,597	365,470	81,127	248,113
Materials and supplies	65,611	50,032	15,579	45,813
Repairs and maintenance	90,496	45,299	45,197	8,335
Utilities	20,335	20,894	(559)	21,228

Bristol Bay Borough, Alaska

General Fund

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued				
Public safety, continued:				
Fire/EMS rescue squad, continued:				
Lease	\$ 2,156	\$ 1,524	\$ 632	\$ 1,441
Contractual services	9,800	27,846	(18,046)	10,413
Training and travel	43,120	44,721	(1,601)	39,428
Medical equipment and supplies	53,900	62,043	(8,143)	50,936
Capital outlay	-	62,492	(62,492)	55,565
Other	10,290	7,675	2,615	10,232
Capital outlay	27,232	-	27,232	-
Total fire/EMS rescue squad	769,537	687,996	81,541	491,504
Total public safety	2,003,921	1,946,098	57,823	1,697,279
Public service:				
Library:				
Personnel services	225,599	176,782	48,817	226,980
Materials and supplies	22,252	13,644	8,608	12,110
Repairs and maintenance	2,990	569	2,421	637
Utilities	7,648	10,709	(3,061)	9,276
Contractual services	3,254	3,214	40	1,769
Training and travel	4,768	915	3,853	-
Other	1,225	1,347	(122)	1,166
Total library	267,736	207,180	60,556	251,938
Community development:				
Personnel services	137,126	146,538	(9,412)	181,510
Materials and supplies	5,194	7,842	(2,648)	3,410
Utilities	-	404	(404)	-
Advertising	-	1,028	(1,028)	-
Contractual services	73,500	41,128	32,372	48,320
Training and travel	7,350	10,892	(3,542)	8,279
Other	980	1,122	(142)	195
Capital outlay	350,000	25,863	324,137	-
Total community development	574,150	234,817	339,333	241,714

Bristol Bay Borough, Alaska

General Fund

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued				
Public service, continued:				
Community support:				
Personnel services	\$ 53,621	\$ 42,047	\$ 11,574	\$ 26,796
Materials and supplies	7,000	5,942	1,058	6,654
Utilities	-	125	(125)	-
Local donations	215,000	145,000	70,000	145,000
Training and travel	4,800	1,904	2,896	2,600
Other	3,000	105,353	(102,353)	122,588
Capital outlay	70,000	62,062	7,938	-
Total community support	353,421	362,433	(9,012)	303,638
South Naknek library:				
Personnel services	90,235	83,869	6,366	86,796
Materials and supplies	13,524	12,046	1,478	10,176
Repairs and maintenance	450	-	450	-
Contractual services	2,000	1,876	124	1,992
Utilities	3,802	3,680	122	4,074
Training and travel	4,102	-	4,102	160
Other	1,005	293	712	448
Total South Naknek library	115,118	101,764	13,354	103,646
Total public service	1,310,425	906,194	404,231	900,936
Public works:				
Administration and maintenance:				
Personnel services	1,068,780	1,091,855	(23,075)	925,046
Materials and supplies	83,496	68,783	14,713	55,872
Repairs and maintenance	263,480	177,705	85,775	212,347
Utilities	34,790	35,712	(922)	34,579
Contractual services	8,330	774	7,556	-
Training and travel	19,502	7,953	11,549	4,104
Other	5,880	1,326	4,554	1,440
Capital outlay	-	418,089	(418,089)	-
Total administration and maintenance	1,484,258	1,802,197	(317,939)	1,233,388

Bristol Bay Borough, Alaska

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

<i>Years Ended June 30,</i>	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued				
Public works, continued:				
South Naknek:				
Personnel services	\$ 187,240	\$ 197,178	\$ (9,938)	\$ 152,399
Materials and supplies	16,513	206	16,307	7,667
Repairs and maintenance	42,140	6,410	35,730	14,956
Utilities	73,598	75,782	(2,184)	64,288
Training and travel	2,695	240	2,455	-
Other	-	1,742	(1,742)	396
Total South Naknek	322,186	281,558	40,628	239,706
Total public works	1,806,444	2,083,755	(277,311)	1,473,094
Education:				
Energy efficiency design study	-	204,846	(204,846)	3,722,901
Contribution to School District	1,713,509	1,668,573	44,936	1,562,500
Total education	1,713,509	1,873,419	(159,910)	5,285,401
Parks and recreation:				
Pool:				
Personnel services	304,466	235,847	68,619	295,087
Materials and supplies	35,770	29,445	6,325	22,832
Repairs and maintenance	11,662	28,441	(16,779)	13,163
Utilities	58,506	63,102	(4,596)	63,044
Contractual services	9,310	12,623	(3,313)	12,870
Training and travel	9,898	25,937	(16,039)	15,197
Capital outlay	-	49,978	(49,978)	-
Other	5,929	16,768	(10,839)	1,948
Total pool	435,541	462,141	(26,600)	424,141
Gym:				
Materials and supplies	5,000	-	5,000	8,246
Utilities	2,000	435	1,565	1,022
Lease	1,850	1,658	192	3,128
Total gym	8,850	2,093	6,757	12,396
Total parks and recreation	444,391	464,234	(19,843)	436,537

Bristol Bay Borough, Alaska

General Fund

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

Years Ended June 30,	2019			2018
	Budget	Actual	Variance	Actual
Expenditures, continued				
Debt service:				
ADEC loan principal	\$ 94,397	\$ 94,396	\$ 1	\$ 93,695
ADEC loan interest	3,520	4,955	(1,435)	6,360
Total debt service	97,917	99,351	(1,434)	100,055
Total Expenditures	9,569,019	9,668,725	(99,706)	11,500,883
Excess of revenues over expenditures	3,038,152	3,051,591	13,439	1,461,409
Other Financing Sources (Uses)				
Transfers to other funds:				
Special Revenue Funds:				
Landfill	(356,641)	(356,642)	(1)	(500,355)
Sewer	(978,417)	(978,417)	-	(364,945)
Capital Project Funds:				
GIS & 911 Improvements	(40,000)	(40,000)	-	-
South Naknek Sewer Upgrades	(700,000)	(350,000)	350,000	(30,369)
Wastewater Upgrades and Relocation	-	(121,657)	(121,657)	(21,469)
BBBSD Renovation Phase II	(4,557,993)	(4,557,993)	-	-
SCADA Improvements	-	-	-	(40,000)
Sewer	-	(2,147)	(2,147)	-
Sewer Lagoon	-	-	-	(400,000)
Enterprise Funds:				
Port of Bristol Bay	-	(41,900)	(41,900)	-
Net Other Financing Sources (Uses)	(6,633,051)	(6,448,756)	184,295	(1,357,138)
Net change in fund balance	<u>\$ (3,594,899)</u>	(3,397,165)	<u>\$ 197,734</u>	104,271
Fund Balance, beginning		<u>11,542,030</u>		<u>11,437,759</u>
Fund Balance, ending		<u>\$ 8,144,865</u>		<u>\$ 11,542,030</u>

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Special Revenue Funds

Special Revenue Funds are used to account for revenues that are restricted to finance particular functions and activities.

Bristol Bay Borough, Alaska
Nonmajor Special Revenue Funds
Combining Balance Sheet

<i>June 30, 2019</i>	Library Donations	Sewer Special Revenue	Land Sales Special Revenue	Landfill	Totals
Assets					
Cash and investments	\$ 2,142	\$407,654	\$ 2,525,256	\$ 50,898	\$ 2,985,950
Receivables, net of allowance for doubtful accounts	-	273,300	96,649	46,599	416,548
Total Assets	\$ 2,142	\$680,954	\$ 2,621,905	\$ 97,497	\$ 3,402,498
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 76,099	\$ -	\$ 12,359	\$ 88,458
Accrued payroll and benefits	-	6,464	-	3,263	9,727
Due to other funds	-	170,211	-	-	170,211
Total Liabilities	-	252,774	-	15,622	268,396
Deferred Inflows of Resources					
Land sales receivables	-	-	96,525	-	96,525
Total Liabilities and Deferred Inflows of Resources	-	252,774	96,525	15,622	364,921
Fund Balances					
Land sales	-	-	2,525,380	-	2,525,380
Assigned - Landfill	-	-	-	81,875	81,875
Assigned - Library	2,142	-	-	-	2,142
Assigned - Sewer	-	428,180	-	-	428,180
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,142	\$680,954	\$ 2,621,905	\$ 97,497	\$ 3,402,498

Bristol Bay Borough, Alaska
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances

<i>Year Ended June 30, 2019</i>	HRSA Grant	CTE Dorm	Library Donations	Sewer Special Revenue	Land Sales Special Revenue	Landfill	Totals
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ 386,536	\$ -	\$ 176,816	\$ 563,352
Federal government	1,323,000	-	-	-	-	-	1,323,000
State of Alaska	-	17,836	-	11,652	-	8,181	37,669
Investment income	-	-	-	-	124	-	124
Other	-	-	-	-	5,927	-	5,927
Donations	-	-	600	-	-	-	600
Total Revenues	1,323,000	17,836	600	398,188	6,051	184,997	1,930,672
Expenditures							
Solid waste	-	-	-	-	-	459,764	459,764
Public service	1,323,000	-	-	-	-	-	1,323,000
Education	-	17,836	-	-	-	-	17,836
Sewer	-	-	-	948,425	-	-	948,425
Total Expenditures	1,323,000	17,836	-	948,425	-	459,764	2,749,025
Excess of revenues over (under) expenditures	-	-	600	(550,237)	6,051	(274,767)	(818,353)
Other Financing Sources							
Transfers in	-	-	-	978,417	-	356,642	1,335,059
Net change in fund balances	-	-	600	428,180	6,051	81,875	516,706
Fund Balances, beginning	-	-	1,542	-	2,519,329	-	2,520,871
Fund Balances, ending	\$ -	\$ -	\$ 2,142	\$ 428,180	\$ 2,525,380	\$ 81,875	\$ 3,037,577

Bristol Bay Borough, Alaska
Landfill Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2019</i>	Budget	Actual	Variance
Revenues			
Charges for services	\$ 170,113	\$ 176,816	\$ 6,703
State of Alaska - PERS relief	-	8,181	8,181
Total Revenues	170,113	184,997	14,884
Expenditures			
Personnel services	299,868	231,991	67,877
Materials and supplies	69,825	50,785	19,040
Repairs and maintenance	19,600	53,576	(33,976)
Utilities	40,621	36,671	3,950
Training and travel	7,840	1,439	6,401
Contractual services	84,100	80,101	3,999
Other	4,900	5,201	(301)
Total Expenditures	526,754	459,764	66,990
Excess of revenues over (under) expenditures	(356,641)	(274,767)	81,874
Other Financing Sources			
Transfers in	356,641	356,642	1
Net change in fund balance	<u>\$ -</u>	81,875	<u>\$ 81,875</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		<u>\$ 81,875</u>	

Capital Project Funds

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by enterprise funds. These funds evolved from the need for special accounting for bond proceeds, grants and transfers from other funds for the acquisition of capital assets.

Bristol Bay Borough, Alaska
Nonmajor Capital Project Funds
Combining Balance Sheet

<i>June 30, 2019</i>	Wastewater Improvements	South Naknek Cemetery	GIS & 911 Data	South Naknek Sewer Upgrades	Borough Road Improvements	SCADA Improvements	Sewer Lagoon	Totals
Assets								
Cash and Investments	\$ 644,234	\$ 75,000	\$ 45,260	\$ 206,745	\$ 79,842	\$ 27,861	\$ 322,128	\$ 1,401,070
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 49,123	\$ -	\$ -	\$ -	\$ 49,123
Fund Balances								
Assigned - capital projects	644,234	75,000	45,260	157,622	79,842	27,861	322,128	1,351,947
Total Liabilities and Fund Balances	\$ 644,234	\$ 75,000	\$ 45,260	\$ 206,745	\$ 79,842	\$ 27,861	\$ 322,128	\$ 1,401,070

Bristol Bay Borough, Alaska
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficit)

<i>Year Ended June 30, 2019</i>	Sewer	Wastewater Improvements	South Naknek Cemetery	GIS & 911 Data	South Naknek Sewer Upgrades	Borough Road Improvements	SCADA Improvements	Sewer Lagoon	Wastewater Upgrades and Relocation Capital Project	Totals
Revenues										
State of Alaska	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (121,657)	\$ (121,657)
Expenditures										
Capital outlay	-	-	-	\$ 22,240	\$ 192,378	-	-	60,777	-	275,395
Excess of revenues under expenditures	-	-	-	(22,240)	(192,378)	-	-	(60,777)	(121,657)	(397,052)
Other Financing Sources										
Transfers in	2,147	-	-	40,000	350,000	-	-	-	121,657	513,804
Net change in fund balances	2,147	-	-	17,760	157,622	-	-	(60,777)	-	116,752
Fund Balances (Deficit), beginning	(2,147)	644,234	75,000	27,500	-	79,842	27,861	382,905	-	1,235,195
Fund Balances, ending	\$ -	\$ 644,234	\$ 75,000	\$ 45,260	\$ 157,622	\$ 79,842	\$ 27,861	\$ 322,128	\$ -	\$ 1,351,947

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Enterprise Fund

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government has decided that periodic determination of net income is appropriate for accountability purposes.

Port of Bristol Bay - To account for the activities associated with operating the dock facilities.

Bristol Bay Borough, Alaska
Port of Bristol Bay Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2019	2018
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 4,677,952	\$ 4,201,739
Receivables:		
Accounts	1,215,733	1,496,667
Allowance for doubtful accounts	(56,134)	(56,134)
Total Current Assets	5,837,551	5,642,272
Property, Plant and Equipment		
Land	1,601,776	751,100
Buildings	237,591	237,591
Improvements other than buildings	27,724,161	27,724,161
Machinery and equipment	7,764,289	7,681,724
Construction in progress	918,327	838,020
Total property, plant and equipment	38,246,144	37,232,596
Accumulated depreciation	(10,285,803)	(9,330,824)
Net Property, Plant and Equipment	27,960,341	27,901,772
Total Assets	33,797,892	33,544,044
Deferred Outflows of Resources		
Related to pensions	56,294	47,157
Related to other postemployment benefits	19,208	10,394
Total Deferred Outflows of Resources	75,502	57,551
Total Assets and Deferred Outflows of Resources	\$ 33,873,394	\$ 33,601,595

Bristol Bay Borough, Alaska
Port of Bristol Bay Enterprise Fund
Statement of Net Position, continued

<i>June 30,</i>	2019	2018
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 281,283	\$ 95,844
Accrued payroll and benefits	37,392	42,753
Current portion of capital lease	132,694	127,837
Total Current Liabilities	451,369	266,434
Noncurrent Liabilities - due in more than one year		
Accrued leave	17,415	15,519
Capital lease	137,737	270,431
Net pension liability	411,883	391,654
Net other postemployment benefits liability	77,770	60,685
Total Liabilities	1,096,174	1,004,723
Deferred Inflows of Resources		
Related to pensions	21,444	61,256
Related to other postemployment benefits	34,749	37,448
Total Deferred Inflows of Resources	56,193	98,704
Net Position		
Net investment in capital assets	27,689,910	27,503,504
Unrestricted	5,031,117	4,994,664
Total Net Position	32,721,027	32,498,168
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 33,873,394	\$ 33,601,595

Bristol Bay Borough, Alaska
Port of Bristol Bay Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2019	2018
Operating Revenues		
Charges for services	\$ 3,233,786	\$ 2,680,481
Operating Expenses		
Personnel services	1,234,216	1,161,361
Materials and supplies	158,244	112,918
Dock repairs and maintenance	63,038	41,243
Other repairs and maintenance	248,741	184,779
Utilities	56,303	53,844
Freight	22,315	11,248
Contractual services	25,090	12,549
Training and travel	1,058	4,352
Lease	7,370	72,386
Insurance	47,660	37,576
Depreciation	954,979	951,888
Other	230,355	6,666
Total Operating Expenses	3,049,369	2,650,810
Income from operations	184,417	29,671
Nonoperating Revenues (Expenses)		
State PERS relief	11,677	11,157
Interest expense	(15,135)	(19,815)
Net Nonoperating Revenues (Expenses)	(3,458)	(8,658)
Income before capital contributions and transfers	180,959	21,013
Transfers in	41,900	-
Change in net position	222,859	21,013
Net Position, beginning	32,498,168	32,477,155
Net Position, ending	\$ 32,721,027	\$ 32,498,168

Bristol Bay Borough, Alaska
Port of Bristol Bay Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2019	2018
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 3,514,720	\$ 2,634,661
Payments to suppliers	(674,735)	(557,841)
Payments to employees	(1,249,152)	(1,185,646)
Net cash flows from operating activities	1,590,833	891,174
Cash Flows for Capital and Related Financing Activities		
Acquisition of property, plant and equipment	(1,013,548)	(177,823)
Principal payments on capital lease	(127,837)	(123,157)
Interest payments on capital lease	(15,135)	(19,815)
Transfers in	41,900	-
Net cash flows for capital and related financing activities	(1,114,620)	(320,795)
Net increase in cash and investments	476,213	570,379
Cash and Investments, beginning	4,201,739	3,631,360
Cash and Investments, ending	\$ 4,677,952	\$ 4,201,739
Reconciliation of Income from Operations to Net Cash Flows from Operating Activities		
Income from operations	\$ 184,417	\$ 29,671
Adjustments to reconcile income from operations to net cash flows from operating activities:		
Depreciation	954,979	951,888
Noncash revenue - PERS relief	11,677	11,157
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	280,934	(45,820)
Deferred outflows related to pensions	(9,137)	73,363
Deferred outflows related to other postemployment benefits	(8,814)	4,355
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	185,439	(20,280)
Accrued payroll and benefits	(5,361)	5,191
Accrued leave	1,896	(3,411)
Net pension liability	20,229	(268,196)
Net other postemployment benefits liability	17,085	60,685
Deferred inflows related to pensions	(39,812)	55,123
Deferred inflows related to other postemployment benefits	(2,699)	37,448
Net Cash Flows from Operating Activities	\$ 1,590,833	\$ 891,174

Bristol Bay Borough, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Award Number	Pass- through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of Health and Human Services					
Health Center Program Cluster:					
Grants for New and Expanded Services					
Under the Health Center Program	93.527	H80CS01134-17-06	-	\$ 1,074,438	\$ 1,074,438
Health Center Program	93.224	H80CS01134-17-06	-	248,562	248,562
Total Health Center Program Cluster				1,323,000	1,323,000
Department of the Interior					
Payment in Lieu of Taxes	15.226		-	-	161,624
Total Expenditures of Federal Awards					\$ 1,484,624

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Bristol Bay Borough, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2019

State Agency/Program Title	Grant Number	Total Grant Award	Passed Through to Subrecipients	State Expenditures
Department of Commerce, Community and Economic Development				
Shared Fisheries Business Tax	FY19	\$ 15,340	\$ -	\$ 15,340
CTE Program Facility Renovation Project	15-DC-039	186,606	-	17,836
*Community Assistance	FY19	364,425	-	<u>364,425</u>
Total Department of Commerce, Community and Economic Development				<u>397,601</u>
Department of Education & Early Development				
Bristol Bay School Renovation, Phase 1	GR-18-007	2,523,300	-	123,604
*Bristol Bay School Renovation, Phase 2	GF19-010	8,464,845	-	1,023,000
Martin Monson Regional Library	PLA 1980801	14,000	-	<u>14,000</u>
Total Department of Education & Early Development				<u>1,160,604</u>
Department of Military and Veterans Affairs				
Local Emergency Planning Committee	20LEPC-GY19	10,400	-	<u>6,799</u>
Alaska Energy Authority				
VEEP - Bristol Bay Borough School District	7520010	300,000	-	<u>14,687</u>
Department of Revenue				
Electric/Phone Coop Tax	FY19	143,438	-	143,438
*Fisheries Business Tax	FY19	3,820,480	-	<u>3,820,480</u>
Total Department of Revenue				<u>3,963,918</u>
Department of Administration				
*PERS on Behalf	FY19	164,933	-	<u>164,933</u>
Total State Financial Assistance			<u>\$ -</u>	<u>\$ 5,708,542</u>

*Major Program

The accompanying notes are an integral part of this schedule.

Bristol Bay Borough, Alaska

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

1. Basis of Presentation

The accompanying schedules of state financial assistance and expenditures of federal awards (the "Schedules") include the state and federal grant activity of Bristol Bay Borough, Alaska under programs of the State of Alaska and federal government for the year ended June 30, 2019. The information in the Schedules is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and 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 Schedules present only a selected portion of the operations of Bristol Bay Borough, Alaska, they are not intended to and do not present the financial position, changes in net position or cash flows of Bristol Bay Borough, Alaska.

2. Summary of Significant Accounting Principles

Expenditures presented on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Subrecipients

Of the federal expenditures presented in the Schedule, Bristol Bay Borough provided federal awards to subrecipients as follows:

<i>CFDA</i>	Program Name	Amount
93.527	Grants for New and Expanded Services Under the Health Center Program	\$ 1,074,438
93.224	Health Center Program	248,562
Total Provided to Camai Community Health Center		\$ 1,323,000

4. Indirect Cost Rate

The Borough has elected not to use the 10-percent de minimus cost rate allowed under the Uniform Guidance.

5. PERS On-Behalf

The Borough has recorded \$164,933 in PERS On-Behalf payments on the Schedule of State Financial Assistance. This represents the PERS relief payment appropriated and transferred into the plan during FY2019.

Bristol Bay Borough, Alaska

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance, continued

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in the year appropriated and transferred to the plan. However, in the full accrual financial statements, GASB 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one-year timing difference between the cash contribution and revenue and expense recognition by the Borough. As a result of these perspective and timing differences, amounts reported in the financial statements do not agree to the amounts reported on the Schedule of State Financial Assistance.

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Single Audit Section



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Independent Auditor's 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*

Honorable Mayor and Borough Assembly
Bristol Bay Borough
Naknek, Alaska

We have audited, in accordance with the 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bristol Bay Borough as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Bristol Bay Borough's basic financial statements, and have issued our report thereon dated April 30, 2020. Our report includes a reference to other auditors who audited the financial statements of Bristol Bay Borough School District, as described in our report on Bristol Bay Borough's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a significant deficiency.

Compliance and Other Matters

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

Bristol Bay Borough's Response to Findings

Bristol Bay Borough's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Bristol Bay Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
April 30, 2020



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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and Borough Assembly
Bristol Bay Borough
Naknek, Alaska

Report on Compliance for Each Major Federal Program

We have audited Bristol Bay Borough's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bristol Bay Borough's major federal programs for the year ended June 30, 2019. Bristol Bay Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Bristol Bay Borough's basic financial statements include the operations of the Bristol Bay Borough School District, which received \$513,656 in federal awards which is not included in Bristol Bay Borough's schedule of expenditures of federal awards during the year ended June 30, 2019. Our audit, described below, did not include the operations of Bristol Bay Borough School District because other auditors were engaged to perform the audit of the School District; however, they did not meet the threshold for an audit in accordance with the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bristol Bay Borough'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 the 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 Bristol Bay Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bristol Bay Borough's compliance.

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Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Bristol Bay Borough 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 Bristol Bay Borough'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 Bristol Bay Borough'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

BDO USA, LLP

Anchorage, Alaska
April 30, 2020



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

Honorable Mayor and Borough Assembly
Bristol Bay Borough
Naknek, Alaska

Report on Compliance for Each Major State Program

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

Bristol Bay Borough's basic financial statements include the operations of the Bristol Bay Borough School District, which received \$1,817,260 in state awards which is not included in Bristol Bay Borough's schedule of State Financial Assistance during the year ended June 30, 2019. Our audit, described below, did not include the operations of Bristol Bay Borough School District because other auditors were engaged to perform an audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bristol Bay Borough'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 *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 Bristol Bay Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

Management of Bristol Bay Borough 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 Bristol Bay Borough'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 Bristol Bay Borough's internal control over compliance.

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

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

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.

BDO USA, LLP

Anchorage, Alaska
April 30, 2020

Bristol Bay Borough, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? X yes no
 Significant deficiency(ies) identified? X yes (none reported)

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes X no
 Significant deficiency(ies) identified? yes X (none reported)

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
93.224	Health Center Program Cluster: Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	Department of Health and Human Services
93.527	Grants for New and Expanded Services under the Health Center Program	Department of Health and Human Services

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

Auditee qualified as low-risk auditee? yes X no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified? yes X no
 Significant deficiency(ies) identified? yes X (none reported)

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

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

Bristol Bay Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2019

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

Finding 2019-001 **Account Reconciliations - Material Weakness in Internal Control Over Financial Reporting**

Criteria: Government Auditing Standards states that management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis.

Condition: Reconciliations were not performed, or were missing transactions, for grant and property tax deferred revenue, grant and property tax revenue, land notes receivable, land deferred revenue, land revenue, interest receivable and interest revenue. During our test work over the related accounts, we noted that the balance sheet accounts were not reconciled to the actual amounts.

Cause: Internal controls were not established to ensure that all general ledger accounts were properly reconciled and adjusted at year-end for GAAP based reporting.

Effect or potential effect: Adjustments were made to various balance sheet accounts and the related revenue or expenditure/expense accounts to correct these balances at year-end. When the reconciliations were completed, related adjustments had a material effect on the financial statements.

Recommendation: Management should ensure reconciliations are performed accurately and reviewed in a timely manner. All balance sheet accounts should be reconciled, and necessary adjusting entries recorded, at least quarterly. Management should consider obtaining additional training and/or consider bringing in an outside consultant to assist with year-end reconciliation and close out.

*Views of Responsible
Officials and Planned*

Corrective Actions: Management concurs with the finding. See corrective action plan.

Finding 2019-002 **Cash Disbursements - Significant Deficiency in Internal Control Over Financial Reporting**

Criteria: Government Auditing Standards states that management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial

Bristol Bay Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2019

information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis.

Condition: The Borough overpaid a vendor \$20,825. The overpayment occurred because the Borough paid the vendor based on the amount on the purchase order (\$45,000) rather than the amount on the invoice (\$20,825). The Borough's was not aware of the overpayment until they were contacted by the vendor.

Cause: Internal controls were not in place to ensure that payments are made only from invoices and not purchase orders.

Effect or potential effect: Vendors could be paid more than they are entitled to.

Recommendation: The Borough should ensure that its purchasing policy not allow for making purchases from a purchase order, but only from an invoice.

*Views of Responsible
Officials and Planned*

Corrective Actions: Management concurs with the finding. See corrective action plan.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for Federal Awards (as defined in 2 CFR 200.516(a)) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

There were no findings and questioned costs for State financial assistance (as defined in the State of Alaska Audit Guide and Compliance Supplement for State Single Audits) that are required to be reported.



Bristol Bay Borough

Summary Schedule of Prior Audit Findings Year Ended June 30, 2019

Finding 2018-001 **Account Reconciliations - Material Weakness in Internal Control Over Financial Reporting**

Condition: Reconciliations were not performed, or were missing transactions, for grants receivable, accounts receivable, notes receivable, capital assets, unearned revenue, capital lease payable, property tax revenue, and grant revenue. During our test work over the related accounts, we noted that the balance sheet accounts were not reconciled to the actual amounts.

Status: This continues to be a finding in the current year.

Finding 2018-002 **Cash Disbursements - Significant Deficiency in Internal Control over Financial Reporting**

Condition: Cash disbursement controls were not consistently followed throughout the year. Purchases and payroll require approval prior to payment and recorded costs require documentation. During entity-wide cash disbursement testing, auditor noted missing approval and missing supporting documentation for transactions. Out of 60 payroll and 60 non-payroll transactions tested, 1 non-payroll and 2 payroll transaction did not have authorized approval or proper supporting documentation.

Status: This finding has been resolved.



Bristol Bay Borough

Corrective Action Plan Year Ended June 30, 2019

Finding 2019-001 **Account Reconciliations – Material Weakness in Internal Control Over Financial Reporting**

Name of Contact Person: Laurie Murray, Finance Director

Corrective Action Plan: Borough Administration and the new Finance Director will ensure that necessary reconciliations are completed and reviewed in a timely fashion.

Completion Date: June 30, 2020

Finding 2019-002 **Cash Disbursements – Significant Deficiency in Internal Control Over Financial Reporting**

Name of Contact Person: Laurie Murray, Finance Director

Corrective Action Plan: The policy regarding what items may be used as documentation for payments has been clarified and the new Finance Director will provide appropriate oversight of the Accounts Payable staff to ensure that payments are made only against actual invoices.

Completion Date: June 30, 2020