



## City of Sand Point, Alaska

### Basic Financial Statements, Required Supplementary Information, and Supplementary Information

Year Ended June 30, 2022

## **City of Sand Point, Alaska**

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Basic Financial Statements, Required Supplementary Information,  
and Supplementary Information

Year Ended June 30, 2022

# City of Sand Point, Alaska

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## **Independent Auditor's Report**

Honorable Mayor and City Council  
City of Sand Point, Alaska  
Sand Point, Alaska

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, 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.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the City of Sand Point adopted the provisions of Governmental Accounting Standards Board Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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



### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, the schedules of the City's proportionate share of the net pension and net OPEB liability or asset, and the City's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying individual fund financial statements and schedules for the year ended June 30, 2022, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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, 2022.



We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated August 31, 2022, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2021 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 2021 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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, 2021.

BDO USA, P.C.

Anchorage, Alaska  
December 22, 2023



## Basic Financial Statements

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**City of Sand Point, Alaska**  
**Statement of Net Position**

Exhibit A-1

<i>June 30, 2022</i>	Governmental Activities	Business-type Activities	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Cash and investments	\$ 3,472,640	\$ 803,895	\$ 4,276,535
Accounts receivable, net	1,477,442	96,348	1,573,790
Restricted cash and investments - Bond reserve account	-	93,850	93,850
Internal balances	1,356,118	(1,356,118)	-
Prepaid items	167,151	-	167,151
Investment in Southwest Governments, LLC	297,122	-	297,122
Net OPEB asset	917,808	356,729	1,274,537
Capital assets not being depreciated	40,000	-	40,000
Other capital assets, net of accumulated depreciation	17,285,003	11,479,816	28,764,819
<b>Total Assets</b>	<b>25,013,284</b>	<b>11,474,520</b>	<b>36,487,804</b>
<b>Deferred Outflows of Resources</b>			
Related to pensions	128,244	49,823	178,067
Related to other postemployment benefits	25,336	9,848	35,184
<b>Total Deferred Outflows of Resources</b>	<b>153,580</b>	<b>59,671</b>	<b>213,251</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 25,166,864</b>	<b>\$ 11,534,191</b>	<b>\$ 36,701,055</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Accounts payable	\$ 21,375	\$ 38,806	\$ 60,181
Accrued liabilities	49,462	2,302	51,764
Unearned revenue	551,129	-	551,129
Accrued interest payable	-	9,530	9,530
Noncurrent liabilities:			
Due within one year:			
Accrued leave	68,102	18,054	86,156
Lease liability	5,801	-	5,801
Bonds payable	-	165,000	165,000
Due in more than one year:			
Landfill closure costs liability	-	158,238	158,238
Lease liability	12,486	-	12,486
Bonds payable, net of current portion	-	2,930,000	2,930,000
Bond premium, net of accumulated amortization	-	220,960	220,960
Net pension liability	1,243,794	483,218	1,727,012
<b>Total Liabilities</b>	<b>1,952,149</b>	<b>4,026,108</b>	<b>5,978,257</b>
<b>Deferred Inflows of Resources</b>			
Related to pensions	495,998	192,696	688,694
Related to other postemployment benefits	497,726	193,454	691,180
Related to leases	1,167,258	-	1,167,258
Deferred gain on refunding	-	88,683	88,683
<b>Total Deferred Inflows of Resources</b>	<b>2,160,982</b>	<b>474,833</b>	<b>2,635,815</b>
<b>Net Position</b>			
Net investment in capital assets	17,306,716	8,075,173	25,381,889
Unrestricted (deficit)	3,747,017	(1,041,923)	2,705,094
<b>Total Net Position</b>	<b>21,053,733</b>	<b>7,033,250</b>	<b>28,086,983</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 25,166,864</b>	<b>\$ 11,534,191</b>	<b>\$ 36,701,055</b>

See accompanying notes to basic financial statements.

# City of Sand Point, Alaska

Exhibit A-2

## Statement of Activities

Year Ended June 30, 2022	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 1,847,932	\$ 233,104	\$ (12,838)	\$ -	\$ (1,627,666)	\$ -	\$ (1,627,666)
Parks and recreation	17,911	-	-	-	(17,911)	-	(17,911)
Public safety	598,421	-	1,294	-	(597,127)	-	(597,127)
Public works	839,729	142,178	(10,082)	-	(707,633)	-	(707,633)
Health clinic	-	350,103	-	-	350,103	-	350,103
Community development	50,819	-	-	-	(50,819)	-	(50,819)
<b>Total Governmental Activities</b>	<b>3,354,812</b>	<b>725,385</b>	<b>(21,626)</b>	<b>-</b>	<b>(2,651,053)</b>	<b>-</b>	<b>(2,651,053)</b>
<b>Business-type Activities</b>							
Bingo	474,954	488,441	-	-	-	13,487	13,487
Boat harbor	925,167	578,716	(8,063)	-	-	(354,514)	(354,514)
Water and sewer	226,180	243,136	(2,361)	-	-	14,595	14,595
Refuse	212,797	158,863	(4,613)	-	-	(58,547)	(58,547)
<b>Total Business-type Activities</b>	<b>1,839,098</b>	<b>1,469,156</b>	<b>(15,037)</b>	<b>-</b>	<b>-</b>	<b>(384,979)</b>	<b>(384,979)</b>
<b>Total</b>	<b>\$ 5,193,910</b>	<b>\$ 2,194,541</b>	<b>\$ (36,663)</b>	<b>\$ -</b>	<b>(2,651,053)</b>	<b>(384,979)</b>	<b>(3,036,032)</b>
<b>General Revenues</b>							
Taxes:							
Sales taxes					810,718	-	810,718
Local raw fish taxes					529,138	-	529,138
Accommodation taxes					9,063	-	9,063
Grants and entitlements not restricted to a specific purpose					179,096	-	179,096
Gain on sale of capital assets					-	26,104	26,104
Investment loss					(35,349)	-	(35,349)
<b>Transfers</b>					<b>(52,000)</b>	<b>52,000</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>1,440,666</b>	<b>78,104</b>	<b>1,518,770</b>
Change in net position					(1,210,387)	(306,875)	(1,517,262)
<b>Net Position, beginning</b>					<b>22,264,120</b>	<b>7,340,125</b>	<b>29,604,245</b>
<b>Net Position, ending</b>					<b>\$ 21,053,733</b>	<b>\$ 7,033,250</b>	<b>\$ 28,086,983</b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

Governmental Funds  
Balance Sheet

	Major Funds			Nonmajor Fund		Total Governmental Funds
	General	ARPA Local Government Lost Revenue Special Revenue	Clinic Operations Special Revenue	Silver Salmon Derby Special Revenue		
<i>June 30, 2022</i>						
<b>Assets</b>						
Cash and investments	\$ 1,261,685	\$ 404,470	\$ 1,795,959	\$ 10,526		\$ 3,472,640
Receivables:						
Sales tax	104,000	-	-	-		104,000
Fish tax	72,779	-	-	-		72,779
Leases	499,538	-	652,901	-		1,152,439
Other	46,282	-	101,638	304		148,224
Prepaid items	167,151	-	-	-		167,151
Investment in Southwest Governments, LLC	297,122	-	-	-		297,122
Due from other funds	19,392	-	-	-		19,392
Advances to other funds	1,336,726	-	-	-		1,336,726
<b>Total Assets</b>	<b>\$ 3,804,675</b>	<b>\$ 404,470</b>	<b>\$ 2,550,498</b>	<b>\$ 10,830</b>		<b>\$ 6,770,473</b>
<b>Liabilities, Deferred Inflow of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 21,375	\$ -	\$ -	\$ -		\$ 21,375
Accrued liabilities	49,462	-	-	-		49,462
Unearned revenue	128,421	404,470	18,238	-		551,129
<b>Total Liabilities</b>	<b>199,258</b>	<b>404,470</b>	<b>18,238</b>	<b>-</b>		<b>621,966</b>
<b>Deferred Inflows of Resources - related to leases</b>	<b>499,686</b>	<b>-</b>	<b>667,572</b>	<b>-</b>		<b>1,167,258</b>
<b>Fund Balances</b>						
Nonspendable:						
Prepaid items	167,151	-	-	-		167,151
Investment in Southwest Governments, LLC	297,122	-	-	-		297,122
Advances to other funds	1,336,726	-	-	-		1,336,726
Assigned:						
Clinic	-	-	1,864,688	-		1,864,688
Silver Salmon Derby	-	-	-	10,830		10,830
Unassigned	1,304,732	-	-	-		1,304,732
<b>Total Fund Balances</b>	<b>3,105,731</b>	<b>-</b>	<b>1,864,688</b>	<b>10,830</b>		<b>4,981,249</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,804,675</b>	<b>\$ 404,470</b>	<b>\$ 2,550,498</b>	<b>\$ 10,830</b>		<b>\$ 6,770,473</b>

See accompanying notes to basic financial statements.

**City of Sand Point, Alaska**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Position**

*June 30, 2022*

Total fund balances for governmental funds		\$ 4,981,249
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	\$ 40,000	
Buildings	8,726,286	
Improvements other than buildings	18,717,545	
Equipment and vehicles	2,044,409	
Right-to-use leased assets	25,002	
Accumulated depreciation	<u>(12,228,239)</u>	
Total capital assets		17,325,003
The PERS ARHCT, RMP and ODD OPEB Plans have been funded in excess of required contributions. This asset is not a financial resource and therefore is not reported in the funds.		
		917,808
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Accrued leave	(68,102)	
Lease payable	(18,287)	
Net pension liability	<u>(1,243,794)</u>	
Total noncurrent liabilities		(1,330,183)
Certain changes in net pension and net other postemployment benefits liabilities and assets are deferred rather than recognized immediately. These items are amortized over time:		
Deferred outflows of resources related to pensions	128,244	
Deferred outflows of resources related to other postemployment benefits	25,336	
Deferred inflows of resources related to pensions	(495,998)	
Deferred inflows of resources related to other postemployment benefits	<u>(497,726)</u>	
Total deferred pension and other postemployment benefits items		<u>(840,144)</u>
<b>Total Net Position of Governmental Activities</b>		<b><u>\$ 21,053,733</u></b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

## Governmental Funds

## Statement of Revenues, Expenditures and Changes in Fund Balances

	Major Funds		Nonmajor Fund		Total Governmental Funds
	General	Clinic Operations Special Revenue	Silver Salmon Derby Special Revenue		
<i>Year Ended June 30, 2022</i>					
<b>Revenues</b>					
Taxes	\$ 1,348,919	\$ -	\$ -	\$ 1,348,919	
State of Alaska	247,845	-	-	247,845	
Federal government	437	-	-	437	
Charges for services	-	134,217	28,540	162,757	
Other revenues	328,051	215,886	-	543,937	
<b>Total Revenues</b>	<b>1,925,252</b>	<b>350,103</b>	<b>28,540</b>	<b>2,303,895</b>	
<b>Expenditures</b>					
Current:					
General government	973,595	-	-	973,595	
Parks and recreation	10,108	-	-	10,108	
Public safety	695,754	-	-	695,754	
Public works	668,775	-	-	668,775	
Community development	-	-	38,590	38,590	
Debt Service - principal	6,715	-	-	6,715	
Debt Service - interest	1,700	-	-	1,700	
Capital outlay	39,808	-	-	39,808	
<b>Total Expenditures</b>	<b>2,396,455</b>	<b>-</b>	<b>38,590</b>	<b>2,435,045</b>	
Excess of revenues over (under) expenditures	(471,203)	350,103	(10,050)	(131,150)	
<b>Other Financing Sources (Uses)</b>					
Other financing sources related to leases	25,002	-	-	25,002	
Transfer out	(52,000)	-	-	(52,000)	
<b>Total Other Financing Sources (Uses)</b>	<b>(26,998)</b>	<b>-</b>	<b>-</b>	<b>(26,998)</b>	
Net change in fund balances	(498,201)	350,103	(10,050)	(158,148)	
<b>Fund Balances, beginning</b>	<b>3,603,932</b>	<b>1,514,585</b>	<b>20,880</b>	<b>5,139,397</b>	
<b>Fund Balances, ending</b>	<b>\$ 3,105,731</b>	<b>\$ 1,864,688</b>	<b>\$ 10,830</b>	<b>\$ 4,981,249</b>	

See accompanying notes to basic financial statements.

**City of Sand Point, Alaska**  
**Reconciliation of Change in Fund Balances of Governmental Funds**  
**to Statement of Activities**  
*Year Ended June 30, 2022*

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Net change in fund balances - total governmental funds	\$ (158,148)
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$1,308,197) exceeds the capital outlay (\$39,808) in the current year.	
	(1,268,389)
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.	
Decrease in accrued leave	8,993
Increase in lease payable	(18,287)
Change in net pension liability and related deferred outflows and inflows of resources	(106,023)
Change in net other postemployment benefits liability (asset) and related deferred outflows and inflows of resources	331,467
	331,467
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (1,210,387)</u></b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

Enterprise Funds  
Statement of Net Position

<i>June 30, 2022</i>	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse Collection	
<b>Assets and Deferred Outflows of Resources</b>					
<b>Current Assets</b>					
Cash and investments	\$ -	\$ -	\$ 196,216	\$ 607,679	\$ 803,895
Accounts receivable, net	73,696	10,602	-	12,050	96,348
<b>Total Current Assets</b>	<b>73,696</b>	<b>10,602</b>	<b>196,216</b>	<b>619,729</b>	<b>900,243</b>
<b>Restricted Cash</b>					
Bond reserve account	93,850	-	-	-	93,850
<b>Net OPEB Asset</b>	<b>191,193</b>	<b>55,936</b>	<b>-</b>	<b>109,600</b>	<b>356,729</b>
<b>Capital Assets</b>					
Buildings and improvements	10,795,390	5,762,029	-	19,400	16,576,819
Equipment and vehicles	1,894,985	177,509	14,541	498,629	2,585,664
Sanitary landfill	-	-	-	1,996,889	1,996,889
Less accumulated depreciation	(4,062,370)	(3,468,621)	(14,541)	(2,134,024)	(9,679,556)
<b>Total Capital Assets</b>	<b>8,628,005</b>	<b>2,470,917</b>	<b>-</b>	<b>380,894</b>	<b>11,479,816</b>
<b>Total Assets</b>	<b>8,986,744</b>	<b>2,537,455</b>	<b>196,216</b>	<b>1,110,223</b>	<b>12,830,638</b>
<b>Deferred Outflows of Resources</b>					
Related to pensions	26,710	7,817	-	15,296	49,823
Related to other postemployment benefits	5,278	1,544	-	3,026	9,848
<b>Total Deferred Outflows of Resources</b>	<b>31,988</b>	<b>9,361</b>	<b>-</b>	<b>18,322</b>	<b>59,671</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 9,018,732</b>	<b>\$ 2,546,816</b>	<b>\$ 196,216</b>	<b>\$ 1,128,545</b>	<b>\$ 12,890,309</b>



**City of Sand Point, Alaska**  
**Enterprise Funds**  
**Statement of Net Position, continued**

June 30, 2022	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse Collection	
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 33,280	\$ 5,176	\$ -	\$ 350	\$ 38,806
Accrued leave	8,390	2,128	-	7,536	18,054
Accrued payroll	-	-	2,302	-	2,302
Accrued interest payable	9,530	-	-	-	9,530
Current portion of bonds payable	165,000	-	-	-	165,000
Due to General Fund	-	-	19,392	-	19,392
<b>Total Current Liabilities</b>	<b>216,200</b>	<b>7,304</b>	<b>21,694</b>	<b>7,886</b>	<b>253,084</b>
<b>Noncurrent Liabilities</b>					
Advances from General Fund	905,698	431,028	-	-	1,336,726
Bonds payable, net of current portion	2,930,000	-	-	-	2,930,000
Bond premium, net	220,960	-	-	-	220,960
Landfill closure costs liability	-	-	-	158,238	158,238
Net pension liability	259,052	75,816	-	148,350	483,218
<b>Total Noncurrent Liabilities</b>	<b>4,315,710</b>	<b>506,844</b>	<b>-</b>	<b>306,588</b>	<b>5,129,142</b>
<b>Total Liabilities</b>	<b>4,531,910</b>	<b>514,148</b>	<b>21,694</b>	<b>314,474</b>	<b>5,382,226</b>
<b>Deferred Inflows of Resources</b>					
Related to pensions	103,304	30,233	-	59,159	192,696
Related to other postemployment benefits	103,684	30,334	-	59,436	193,454
Deferred gain on refunding	88,683	-	-	-	88,683
<b>Total Deferred Inflows of Resources</b>	<b>295,671</b>	<b>60,567</b>	<b>-</b>	<b>118,595</b>	<b>474,833</b>
<b>Net Position</b>					
Net investment in capital assets	5,223,362	2,470,917	-	380,894	8,075,173
Unrestricted (deficit)	(1,032,211)	(498,816)	174,522	314,582	(1,041,923)
<b>Total Net Position</b>	<b>4,191,151</b>	<b>1,972,101</b>	<b>174,522</b>	<b>695,476</b>	<b>7,033,250</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 9,018,732</b>	<b>\$ 2,546,816</b>	<b>\$ 196,216</b>	<b>\$ 1,128,545</b>	<b>\$ 12,890,309</b>

*See accompanying notes to basic financial statements.*

**City of Sand Point, Alaska**  
**Enterprise Funds**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Year Ended June 30, 2022</i>	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse Collection	
<b>Operating Revenues</b>	\$ 578,716	\$ 243,136	\$ 488,441	\$ 158,863	\$ 1,469,156
<b>Operating Expenses</b>					
Salaries and benefits	185,365	(23,336)	36,629	123,810	322,468
Services and supplies	202,619	76,970	438,325	25,364	743,278
Depreciation	481,492	172,546	-	63,623	717,661
<b>Total Operating Expenses</b>	869,476	226,180	474,954	212,797	1,783,407
Operating income (loss)	(290,760)	16,956	13,487	(53,934)	(314,251)
<b>Nonoperating Revenues (Expenses)</b>					
State PERS on-behalf, net pension and OPEB	(8,063)	(2,361)	-	(4,613)	(15,037)
Gain on disposal of capital assets	26,104	-	-	-	26,104
Interest expense	(55,691)	-	-	-	(55,691)
<b>Net Nonoperating Expenses</b>	(37,650)	(2,361)	-	(4,613)	(44,624)
Income (loss) before transfers	(328,410)	14,595	13,487	(58,547)	(358,875)
Transfers in	-	52,000	-	-	52,000
Change in net position	(328,410)	66,595	13,487	(58,547)	(306,875)
<b>Net Position, beginning</b>	4,519,561	1,905,506	161,035	754,023	7,340,125
<b>Net Position, ending</b>	\$ 4,191,151	\$ 1,972,101	\$ 174,522	\$ 695,476	\$ 7,033,250

*See accompanying notes to basic financial statements.*

**City of Sand Point, Alaska**  
**Enterprise Funds**  
**Statement of Cash Flows**

Year Ended June 30, 2022	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse Collection	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 631,810	\$ 248,543	\$ 488,441	\$ 165,039	\$ 1,533,833
Payments for goods and services	(173,624)	(78,796)	(438,325)	(21,054)	(711,799)
Payments for salaries and benefits	(242,867)	(82,206)	(35,302)	(129,524)	(489,899)
<b>Net cash flows from operating activities</b>	<b>215,319</b>	<b>87,541</b>	<b>14,814</b>	<b>14,461</b>	<b>332,135</b>
<b>Cash Flows for Noncapital Financing Activities</b>					
(Increase) in due from General Fund	-	-	(1,184)	-	(1,184)
Decrease in advances from General Fund	-	(139,541)	-	-	(139,541)
Transfers in	-	52,000	-	-	52,000
<b>Net cash flows for noncapital financing activities</b>	<b>-</b>	<b>(87,541)</b>	<b>(1,184)</b>	<b>-</b>	<b>(88,725)</b>
<b>Cash Flows for Capital and Related Financing Activities</b>					
Principal paid on long-term debt	(160,000)	-	-	-	(160,000)
Interest paid on long-term debt	(88,817)	-	-	-	(88,817)
Proceeds from sale of capital assets	30,000	-	-	-	30,000
Acquisition and construction of capital assets	(497,190)	-	-	-	(497,190)
Increase in advances from General Fund	81,568	-	-	-	81,568
<b>Net cash flows for capital and related financing activities</b>	<b>(634,439)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(634,439)</b>
<b>Net increase (decrease) in cash and investments</b>	<b>(419,120)</b>	<b>-</b>	<b>13,630</b>	<b>14,461</b>	<b>(391,029)</b>
<b>Cash and Investments, beginning</b>	<b>419,120</b>	<b>-</b>	<b>182,586</b>	<b>593,218</b>	<b>1,194,924</b>
<b>Cash and Investments, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 196,216</b>	<b>\$ 607,679</b>	<b>\$ 803,895</b>
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>					
Cash and investments	\$ -	\$ -	\$ 196,216	\$ 607,679	\$ 803,895
Restricted cash and investments	93,850	-	-	-	93,850
<b>Total Cash and Investments</b>	<b>\$ 93,850</b>	<b>\$ -</b>	<b>\$ 196,216</b>	<b>\$ 607,679</b>	<b>\$ 897,745</b>

**City of Sand Point, Alaska**  
**Enterprise Funds**  
**Statement of Cash Flows, continued**

<i>Year Ended June 30, 2022</i>	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse	
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities</b>					
Operating income (loss)	\$ (290,760)	\$ 16,956	\$ 13,487	\$ (53,934)	\$ (314,251)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	481,492	172,546	-	63,623	717,661
State PERS on-behalf, net pension and OPEB	(8,063)	(2,361)	-	(4,613)	(15,037)
(Increase) decrease in assets and deferred outflows of resources:					
Accounts receivable, net	53,094	5,407	-	6,176	64,677
Net OPEB asset	(159,214)	(37,199)	-	(94,669)	(291,082)
Deferred outflows of resources related to pensions	16,840	17,700	-	5,037	39,577
Deferred outflows of resources related to other postemployment benefits	13,949	9,721	-	5,951	29,621
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable	28,995	(1,826)	-	(87)	27,082
Accrued leave	3,163	(1,151)	-	(2,170)	(158)
Accrued payroll	-	-	1,327	-	1,327
Landfill closure costs liability	-	-	-	4,397	4,397
Net pension liability	(104,154)	(136,993)	-	(21,233)	(262,380)
Net other postemployment benefits liability	(856)	(501)	-	(400)	(1,757)
Deferred inflows of resources related to pensions	103,304	30,233	-	59,159	192,696
Deferred inflows of resources related to other postemployment benefits	77,529	15,009	-	47,224	139,762
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 215,319</b>	<b>\$ 87,541</b>	<b>\$ 14,814</b>	<b>\$ 14,461</b>	<b>\$ 332,135</b>

*See accompanying notes to basic financial statements.*

# City of Sand Point, Alaska

## Notes to Basic Financial Statements June 30, 2022

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### 1. Summary of Significant Accounting Policies

#### ***Reporting Entity***

The City of Sand Point, Alaska (the City) was incorporated in 1966 and has operated as a first-class city since 1978 under a council/mayor form of government. The City provides a full range of services to its citizens including, but not limited to, public safety, streets, health and social services, water and sewer, refuse collection, boat harbor, and general administration.

The basic principle used in determining the scope of the entity for financial reporting purposes is the exercise of oversight responsibility over other governmental units by the City's elected officials. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. No other entities exist for which the City has oversight responsibility.

The accounting policies of the City 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***

Government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed, but statements distinguish governmental activities from business-type activities which are generally financed in whole or in part with fees charged to external customers. The statement of activities reports expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported in separate columns with composite columns for nonmajor funds.

#### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide and proprietary fund financial statements report using the economic resources measurement focus and 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to accrued leave, pension and other postemployment benefits, are recorded only to the extent they have matured.

Major revenue sources susceptible to accrual include charges for services, intergovernmental revenues and investment income. In general, other revenues are recognized when received.

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 funds are charges to customers for sales and services. Operating expenses for the enterprise funds 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.

### **Major Funds**

The City reports the following major governmental funds:

*General Fund* - Reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

*ARPA Local Government Lost Revenue Special Revenue Fund* - to account for the portion of ARPA funds used as replacement of lost revenues from the COVID-19 pandemic. The City has a legally adopted annual budget, however, grant funds were unspent for the year ended June 30, 2022.

*Clinic Operations Special Revenue Fund* - to account for operations of the Sand Point Health Clinic facility.

The City reports the following major proprietary funds:

*Boat Harbor Enterprise Fund* - to account for activities of the boat harbor.

*Water and Sewer Enterprise Fund* - to account for activities of the water and sewer utilities.

*Bingo Enterprise Fund* - to account for gaming activities.

*Refuse Collection Enterprise Fund* - to account for activities of the refuse collection. The City has elected to report this fund as major due to the fund's significance to the public.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### ***Cash and Cash Equivalents***

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

### ***Receivables and Payables***

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due to/from other funds.” Long-term loans between funds are classified as “advances to/from other funds.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

At the governmental fund financial reporting level, an “advance to other funds” is offset by nonspendable fund balance in the General Fund to indicate that it is not available for general appropriation.

### ***Prepaid Items***

Prepaid items are recognized when incurred and the expenditure/expense is recorded in the period that is benefitted using the consumption method.

### ***Capital Assets***

The City’s property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an ordinary market transaction at the acquisition date. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded.

Estimated useful lives in years for depreciable assets are as follows:

	Years
Buildings and improvements	20-40
Equipment and vehicles	5-10
Improvements other than buildings	10-20
Landfill	32

### ***Accrued Leave***

It is the City’s policy to allow employees to accumulate earned but unused annual leave. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### ***Unearned Revenue***

Amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met are recorded as unearned revenue.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### ***Long-term Debt***

In government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Governmental fund financial statements recognize proceeds of debt and premiums as other financing sources of the current period.

### ***Pension Plan and Other Postemployment Benefits (OPEB) Plans***

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

### ***Deferred Outflows of Resources and Deferred Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Generally, the City reports certain pension and OPEB related items as deferred outflows of resources. These items are amortized to expense over time.

In addition to the liabilities, the financial statements may also present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until later. The City reports certain pension and OPEB related items, the deferred gain on bond refunding, and lessor leases as deferred inflows of resources. Pension and OPEB items and the deferred gain on bond refunding are amortized as a reduction of expense over varying periods of time based on their nature. Lessor leases are amortized as revenue over the remaining terms of the respective leases.

### ***Leases***

*Lessee* - The City is party to a lease of nonfinancial assets as a lessee. The City recognizes a lease liability and an intangible right-to-use leased assets (lease assets) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.



# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

*Lessor* - The City has leased to third-parties multiple nonfinancial assets. The City recognizes a lease receivable and a deferred inflow of resources in both the government-wide and governmental fund financial statements where applicable.

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

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### ***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:

*Nonspendable fund balance* - This 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.

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

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

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

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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

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

### ***Net Position***

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

*Net investment in capital assets* - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

*Unrestricted* - This consists of net position that does not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

### ***Use of Estimates***

Preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect amounts reported in these financial statements. Accordingly, actual results could differ from those estimates.

### ***Budgetary Accounting***

The annual City operating budget is prepared by management in the spring preceding the fiscal year to which it relates. The budget is submitted to the City Council for review and approval. Legal enactment of the budget is obtained through passage of a City ordinance. Amendments to the budget can occur any time during the fiscal year through City Council action. The budget is enacted at the department level.

### ***Grants and Other Intergovernmental Revenues***

In applying the measurable and available concept to grants and intergovernmental revenues, 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 on 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.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 2. Cash and Investments

#### *Reconciliation of Deposit and Investment Balances*

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of June 30, 2022.

	Totals
Deposit accounts and cash on hand	\$ 741,280
Charles Schwab investment	587,405
Pooled investment	3,041,700
<b>Total Cash and Investments</b>	<b>\$ 4,370,385</b>

	Totals
Unrestricted cash and investments	\$ 4,276,535
Restricted cash and investments - Bond reserve account	93,850
<b>Total Cash and Investments</b>	<b>\$ 4,370,385</b>

#### *Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk. At June 30, 2022, \$250,000 of the City's Wells Fargo bank deposits were insured by the Federal Deposit Insurance Corporation and \$500,000 of the City's investments in Charles Schwab were insured by the Securities Investor Protection Corporation. The remaining balance of deposits were uninsured and uncollateralized. The Pooled Investment (AMLIP, see below) is not subject to custodial credit risk.

#### *Investments*

Municipal code allows the City to invest in the following items:

- a) Cash reserves of other public entities
- b) Alaska Municipal League Investment Pool

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The City's investment in AMLIP of \$3,041,700 is measured at net asset value, as of June 30, 2022. Management believes these values approximate fair value.

The fair values of the City's equity securities at year end are \$587,405.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### *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.

### *Fair Value Measurement*

The City 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 equity securities held by the City at June 30, 2022 are all considered to be Level 1.

### *Southwest Governments, LLC*

The City holds a 20% interest in Southwest Governments, LLC, a company that owns and rents an office building in Anchorage, Alaska. At June 30, 2022, the City's investment in the LLC was \$297,122. This investment is considered noncurrent, and accordingly, an equal amount of fund balance of the General Fund is shown as nonspendable. In 2022, the City's share of the income Southwest Governments, LLC was \$21,773 and the City took a distribution of \$40,000, for a change in the investment balance of (\$8,227), which is included in other revenue.

The City's investment in Southwest Governments, LLC is accounted for under the equity method. Under the equity method, original investments are recorded at cost and adjusted by the City's share of undistributed earnings or losses. The City would recognize an impairment loss when there is a loss in value in the equity method investment which is other than a temporary decline.

### **3. Receivables and Allowance for Uncollectible Accounts**

The City maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful accounts. At June 30, 2022, receivables for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Clinic Operations Special Revenue Fund	Silver Salmon Derby Nonmajor Governmental Fund	Boat Harbor Enterprise Fund	Water and Sewer Enterprise Fund	Refuse Collection Enterprise Fund	Totals
Accounts	\$ 46,282	\$ 101,638	\$ 304	\$ 155,155	\$ 17,640	\$ 15,540	\$ 336,559
Sales and fish taxes	176,779	-	-	-	-	-	176,779
Leases	499,538	652,901	-	-	-	-	1,152,439
<b>Total receivables</b>	<b>722,599</b>	<b>754,539</b>	<b>304</b>	<b>155,155</b>	<b>17,640</b>	<b>15,540</b>	<b>1,665,777</b>
Less allowance for uncollectible accounts	-	-	-	(81,459)	(7,038)	(3,490)	(91,987)
<b>Net Receivables</b>	<b>\$ 722,599</b>	<b>\$ 754,539</b>	<b>\$ 304</b>	<b>\$ 73,696</b>	<b>\$ 10,602</b>	<b>\$ 12,050</b>	<b>\$ 1,573,790</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### 4. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

<b>Governmental Activities</b>	Balance July 1, 2021	Additions and Transfers	Deletions	Balance June 30, 2022
<i>Capital assets not being depreciated -</i>				
Land	\$ 40,000	\$ -	-	\$ 40,000
<i>Capital assets being depreciated and amortized:</i>				
Buildings	8,726,286	-	-	8,726,286
Improvements other than buildings	18,717,545	-	-	18,717,545
Equipment and vehicles	2,029,603	14,806	-	2,044,409
Right-to-use leased asset	-	25,002	-	25,002
<b>Total assets being depreciated and amortized</b>	<b>29,473,434</b>	<b>39,808</b>	<b>-</b>	<b>29,513,242</b>
<i>Less accumulated depreciation and amortization for:</i>				
Buildings	6,511,229	436,316	-	6,947,545
Improvement other than buildings	2,542,769	797,912	-	3,340,681
Equipment and vehicles	1,866,044	67,719	-	1,933,763
Right-to-use leased asset	-	6,250	-	6,250
<b>Total accumulated depreciation and amortization</b>	<b>10,920,042</b>	<b>1,308,197</b>	<b>-</b>	<b>12,228,239</b>
<b>Total capital assets being depreciated, net</b>	<b>18,553,392</b>	<b>(1,268,389)</b>	<b>-</b>	<b>17,285,003</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 18,593,392</b>	<b>\$ (1,268,389)</b>	<b>\$ -</b>	<b>\$ 17,325,003</b>

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

<b>Business-type Activities</b>	Balance July 1, 2021	Additions	Deletions and Transfers	Balance June 30, 2022
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 680,880	\$ 497,190	\$ 1,178,070	\$ -
<i>Capital assets being depreciated:</i>				
Buildings and improvements	16,576,819	-	-	16,576,819
Equipment and vehicles	1,438,772	1,178,070	31,178	2,585,664
Landfill	1,996,889	-	-	1,996,889
<b>Total assets being depreciated</b>	<b>20,012,480</b>	<b>1,178,070</b>	<b>31,178</b>	<b>21,159,372</b>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	6,148,511	606,303	-	6,754,814
Equipment and vehicles	1,280,595	48,955	27,282	1,302,268
Landfill	1,560,071	62,403	-	1,622,474
<b>Total accumulated depreciation</b>	<b>8,989,177</b>	<b>717,661</b>	<b>27,282</b>	<b>9,679,556</b>
<b>Total capital assets being depreciated, net</b>	<b>11,023,303</b>	<b>460,409</b>	<b>3,896</b>	<b>11,479,816</b>
<b>Business-type Activities Capital Assets, net</b>	<b>\$ 11,704,183</b>	<b>\$ 957,599</b>	<b>\$ 1,181,966</b>	<b>\$ 11,479,816</b>

Depreciation expense was charged to the functions as follows for the year ended June 30, 2022:

### Governmental Activities

General government	\$ 991,298
Parks and recreation	7,803
Community development	12,229
Public safety	41,130
Public works	255,737
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 1,308,197</b>

### Business-type Activities

Boat harbor	\$ 481,492
Refuse collection	63,623
Water and sewer	172,546
<b>Total Depreciation Expense - Business-type Activities</b>	<b>\$ 717,661</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 5. Leases

#### *Leases receivable*

During the current year, the City, as lessor, entered into several multiple-year lease agreements to third parties for various nonfinancial assets. The lengths of the lease terms vary, and the City used their incremental borrowing rate of 5% when there was no stated interest rate in the lease contract. The City received payments totaling \$261,182 for the fiscal year ended June 30, 2022. The City recognized \$210,616 in lease revenue and \$35,745 in interest revenue for the fiscal year ended June 30, 2022. As of June 30, 2022, the City's receivable for lease payments was \$1,152,439. The City recognized a deferred inflows of resources associated with the lease of \$1,167,258 on June 30, 2022, that will be recognized as revenue over the remainder of the lease terms.

#### *Lease payable*

During the current year, the City entered into a four-year lease agreement as a lessee for land from the State of Alaska. The lease went into effect on July 1, 2021. An initial lease liability was recorded in the amount of \$25,002 during the current year. As of June 30, 2022, the outstanding balance on the lease was \$18,287. The City is required to make annual payments of \$6,715. The City used its incremental borrowing rate of 5%. The value of the right-to-use asset as of June 30, 2022 was \$25,002 and had accumulated amortization of \$6,250.

The future principal and interest lease payments as of June 30, 2022, were as follows:

<i>Year Ending June 30,</i>	Principal	Interest	Total
2023	\$ 5,801	\$ 914	\$ 6,715
2024	6,091	624	6,715
2025	6,395	320	6,715
Total	\$ 18,287	\$ 1,858	\$ 20,145

### 6. Long-term Debt

#### *General Obligation Bonds*

The City of Sand Point issued general obligation bonds for the expansion of the Small Boat Harbor. The general obligation bonds pledge the full faith and credit of the City. Bonds in the amount of \$2,615,000 were issued on March 12, 2013.

In June 2021, the City issued 2021 Series general obligation bonds of \$2,120,000 to refund \$1,990,000 of outstanding 2013 Series One general obligation bonds.

#### *Revenue Bonds*

In June 2021, the City issued 2021 Series Harbor Revenue Bonds of \$970,000 at a premium of \$249,151 for the construction of a travel lift for the Small Boat Harbor. See Note 7 for the revenue bond requirements.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

All of the bonds outstanding are held by the Alaska Municipal Bond Bank Authority. This State of Alaska agency purchases bonds from municipalities within the State, while simultaneously selling its own bonds to third parties in order to fund the bond purchases.

Bonds currently outstanding are as follows:

<b>Business-type Activities</b>	Interest Rates	Outstanding Balance
Small boat harbor:		
\$2,615,000, 2013 Series One general obligation bonds, due in annual principal payment of \$85,000 in 2023	2%-5%	\$ 85,000
\$2,120,000, 2021 Series general obligation bonds, due in annual principal payments of \$35,000 to \$160,000 through 2038	0.2%-3%	2,085,000
\$970,000, 2021 Series Harbor Revenue Bonds, due in annual principal payments of \$45,000 to \$90,000 through 2036	0.2%-1.7%	925,000
<b>Total small boat harbor bonds payable</b>		<b>\$ 3,095,000</b>

Debt service requirements to maturity for the general obligation bonds are as follows:

<b>Business-type Activities</b>			
<i>Fiscal Year</i>	Principal	Interest	Total
2023	\$ 120,000	\$ 42,665	\$ 162,665
2024	125,000	38,928	163,928
2025	125,000	38,215	163,215
2026	125,000	37,134	162,134
2027	130,000	35,721	165,721
2028-2032	660,000	145,994	805,994
2033-2037	725,000	71,099	796,099
2038	160,000	2,422	162,422
<b>Total</b>		<b>\$ 2,170,000</b>	<b>\$ 412,178</b>
			<b>\$ 2,582,178</b>

Debt service requirements to maturity for the revenue bonds are as follows:

<b>Business-type Activities</b>			
<i>Fiscal Year</i>	Principal	Interest	Total
2023	\$ 45,000	\$ 44,225	\$ 89,225
2024	50,000	41,850	91,850
2025	50,000	39,350	89,350
2026	55,000	36,725	91,725
2027	60,000	33,850	93,850
2028-2032	335,000	121,625	456,625
2033-2036	330,000	31,100	361,100
<b>Total</b>		<b>\$ 925,000</b>	<b>\$ 348,725</b>
			<b>\$ 1,273,725</b>



# City of Sand Point, Alaska

## Notes to Basic Financial Statements

Changes in long-term liabilities for the year ended June 30, 2022 follows:

<b>Governmental Activities</b>	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Accrued leave	\$ 77,095	\$ 71,586	\$ 80,579	\$ 68,102	\$ 68,102
Lease payable	-	25,002	6,715	18,287	5,801
Net pension liability	1,710,638	-	466,844	1,243,794	-
Net OPEB liability	4,031	-	4,031	-	-
<b>Total Governmental Activities</b>	<b>\$ 1,791,764</b>	<b>\$ 96,588</b>	<b>\$ 588,169</b>	<b>\$ 1,330,183</b>	<b>\$ 73,903</b>

<b>Business-type Activities</b>	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
General obligation bonds	\$ 2,285,000	\$ -	\$ 115,000	\$ 2,170,000	\$ 120,000
Revenue bonds	970,000	-	45,000	925,000	45,000
Bond premium	249,151	-	28,191	220,960	-
Landfill closure liability	153,841	4,397	-	158,238	-
Accrued leave	18,212	21,006	21,164	18,054	18,054
Net pension liability	745,598	-	262,380	483,218	-
Net OPEB liability	1,757	-	1,757	-	-
<b>Total Business-type Activities</b>	<b>\$ 4,423,559</b>	<b>\$ 25,403</b>	<b>\$ 473,492</b>	<b>\$ 3,975,470</b>	<b>\$ 183,054</b>

For governmental activities, accrued leave is generally liquidated by the General Fund.

The City amortizes bond premiums and deferred gain from refunding using the effective interest method.

### 7. Revenue Bond Requirements

#### *Pledged Revenue - Harbor Revenue Bonds*

The Boat Harbor Enterprise Fund has pledged future customer revenue, net of specified operating expenses, to repay revenue bonds. Proceeds from the bonds provided financing for the harbor lift station. The bonds are payable solely from harbor lift station customer net revenues and are payable through 2036.

#### *Revenue Requirements*

The Harbor revenue bonds also require a rate be maintained at a level that will produce net revenues after certain adjustments, equal to 1.25 times the amount required each year to pay the principal and interest.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### 8. Fund Balances

Fund balances, reported for the individual major funds, and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2022:

	General Fund	Clinic Operations Special Revenue Fund	Nonmajor Fund- Silver Salmon Derby Special Revenue Fund	Total
<b>Nonspendable:</b>				
Prepaid items	\$ 167,151	\$ -	\$ -	\$ 167,151
Investment in Southwest Governments, LLC	297,122	-	-	297,122
Advances to other funds	1,336,726	-	-	1,336,726
<b>Total nonspendable</b>	<b>1,800,999</b>	<b>-</b>	<b>-</b>	<b>1,800,999</b>
<b>Assigned:</b>				
Clinic	-	1,864,688	-	1,864,688
Silver Salmon Derby	-	-	10,830	10,830
<b>Total assigned</b>	<b>-</b>	<b>1,864,688</b>	<b>10,830</b>	<b>1,875,518</b>
<b>Unassigned</b>	<b>1,304,732</b>	<b>-</b>	<b>-</b>	<b>1,304,732</b>
<b>Total Fund Balances</b>	<b>\$ 3,105,731</b>	<b>\$ 1,864,688</b>	<b>\$ 10,830</b>	<b>\$ 4,981,249</b>

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 9. Interfund Balances

A schedule of interfund balances and transfers for the year ended June 30, 2022, follows:

#### Due to Other Funds

Due to the General Fund from the Bingo Enterprise Fund to cover operating costs	\$ 19,392
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#### Advances to Other Funds

Advances from the General Fund to:	
Water and Sewer Enterprise Fund for capital and operating costs	\$ 431,028
Boat Harbor Enterprise Fund for operating costs	905,698

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<b>Total Advances to Other Funds</b>	<b>\$ 1,336,726</b>
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#### Transfers

Transfers from the General Fund to:	
Water and Sewer Enterprise Fund for operating expenses	\$ 52,000

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### 10. Pension and Other Postemployment Benefits Plans

#### *(a) Defined Benefit (DB) Pension Plan*

##### *General Information About the Plan*

The City 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 <https://drb.alaska.gov/docs/reports/>. 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. Peace/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.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Historical Context and Special Funding Situation*

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from a DB agent-multiple-employer plan to a DB 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 (ARM 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.

The City 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 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 DC plan. Contributions derived from the DC employee payroll is 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.

*State 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 funds 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.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

Contribution rates for the year ended June 30, 2022 were determined in the June 30, 2020 actuarial valuations. The City's contribution rates for the 2022 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>30.11%</b>	<b>8.11%</b>

In 2022, the City was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2020 to June 30, 2021	City Fiscal Year July 1, 2021 to June 30, 2022
Employer contributions (including DBUL)	\$ 161,621	\$ 140,359
Nonemployer contributions (on-behalf)	118,724	95,470
<b>Total Contributions</b>	<b>\$ 280,345</b>	<b>\$ 235,829</b>

In addition, employee contributions to the Plan totaled \$7,280 during the City's fiscal year.

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

At June 30, 2022, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the City were as follows:

City proportionate share of NPL	\$ 1,727,012
State's proportionate share of NPL associated with the City	232,744
<b>Total Net Pension Liability</b>	<b>\$ 1,959,756</b>

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net pension liability as of that date. The City's proportion of the net pension liability was based on a projection of the City'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, 2021 measurement date, the City's proportion was 0.04708 percent, which was an increase of 0.00546 from its proportion measured as of June 30, 2020.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

For the year ended June 30, 2022, the City recognized pension expense of \$356,841 and on-behalf revenue of \$334 for support provided by the State. At June 30, 2022, the City 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	\$ -	\$ (7,651)
Net difference between projected and actual earnings on pension plan investments	-	(681,043)
Changes in proportion and differences between City contributions and proportionate share of contributions	37,708	-
City contributions subsequent to the measurement date	140,359	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 178,067</b>	<b>\$ (688,694)</b>

The \$140,359 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 ending June 30, 2023. 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,*

2023	\$	(128,208)
2024		(156,000)
2025		(168,749)
2026		(198,029)
<b>Total Amortization</b>	<b>\$</b>	<b>(650,986)</b>

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2021 measurement date 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 Plan for the fiscal years 2023 to 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others.

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The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### ***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, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	+/- 6%	6.63%
Global equity (non-U.S.)	19%	+/- 4%	5.41%
Aggregate bonds	22%	+/- 10%	0.76%
Opportunistic	6%	+/- 4%	4.39%
Real assets	13%	+/- 7%	3.16%
Private equity	12%	+/- 6%	9.29%
Cash equivalents	-%	-%	0.13%

### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change from the prior measurement date. 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 City's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the City'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 (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
City's proportionate share of the net pension liability	0.04708%	\$ 2,557,945	\$ 1,727,012	\$ 1,028,921

### ***Pension Plan Fiduciary Net Position***

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



# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### ***(b) Defined Contribution (DC) Pension Plan***

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB 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 <https://drb.alaska.gov/docs/reports/>.

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 City 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.

### ***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, 2022 to cover a portion of the City's employer match contributions. For the year ended June 30, 2022, forfeitures reduced pension expense by zero, as there were no forfeitures during the year.

### ***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, 2022, the City was required to contribute 5% of covered salary into the Plan.

The City and employee contributions to PERS for pensions for the year ended June 30, 2022 were \$53,074 and \$84,918, respectively. The City contribution amount was recognized as pension expense/expenditures.

### ***(c) Defined Benefit OPEB Plans***

As part of its participation in PERS, the City 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, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. 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

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

plans are included in the comprehensive annual financial report for PERS, at the following website <https://drb.alaska.gov/docs/reports/>.

### ***Employer Contribution Rate***

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, 2022 were as follows:

	Other	Peace/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability	0.31%	0.68%
<b>Total Contribution Rates</b>	<b>7.84%</b>	<b>8.21%</b>

In 2022, the City was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2020 to June 30, 2021	City Fiscal Year July 1, 2021 to June 30, 2022
Employer contributions - ARHCT	\$ 16,423	\$ 6,968
Employer contributions - RMP	14,492	11,358
Employer contributions - ODD	4,850	4,406
<b>Total Contributions</b>	<b>\$ 35,765</b>	<b>\$ 22,732</b>

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

At June 30, 2022, the City reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

City's proportionate share of NOA - ARHCT	\$ 1,213,501
City's proportionate share of NOA - RMP	20,960
City's proportionate share of NOA - ODD	40,076
<b>Total City's Proportionate Share of Net OPEB Asset</b>	<b>\$ 1,274,537</b>
State's proportionate share of the ARHCT NOA associated with the City	155,901
<b>Total Net OPEB Asset</b>	<b>\$ 1,430,438</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

The total OPEB assets for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB assets as of that date. The City's proportion of the net OPEB assets is based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2020 Measurement Date Employer Proportion	June 30, 2021 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB assets:			
ARHCT	0.04160%	0.04730%	0.00570 %
RMP	0.08160%	0.07809%	(0.00351)%
ODD	0.10232%	0.09093%	(0.01139)%

For the year ended June 30, 2022, the City recognized OPEB expense (benefit) of \$(463,503). Of this amount, \$(54,092) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB Expense (Benefit)	On-behalf Revenue
ARHCT	\$ (485,507)	\$ (54,092)
RMP	18,249	-
ODD	3,755	-
<b>Total</b>	<b>\$ (463,503)</b>	<b>\$ (54,092)</b>

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 1,558	\$ -	\$ 1,558
Changes in assumptions	-	6,515	-	6,515
Changes in proportion and differences between City contributions and proportionate share of contributions	-	703	3,676	4,379
City contributions subsequent to the measurement date	6,968	11,358	4,406	22,732
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 6,968</b>	<b>\$ 20,134</b>	<b>\$ 8,082</b>	<b>\$ 35,184</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (12,744)	\$ (997)	\$ (10,947)	\$ (24,688)
Changes in assumptions	(45,858)	(12,456)	(304)	(58,618)
Difference between projected and actual investment earnings	(567,853)	(18,751)	(6,426)	(593,030)
Changes in proportion and differences between City contributions and proportionate share of contributions	(10,668)	(763)	(3,413)	(14,844)
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (637,123)</b>	<b>\$ (32,967)</b>	<b>\$ (21,090)</b>	<b>\$ (691,180)</b>

Amounts reported as deferred outflows of resources related to OPEB plans resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB assets in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	ARHCT	RMP	ODD	Total
2023	\$ (202,300)	\$ (5,171)	\$ (3,485)	\$ (210,956)
2024	(130,775)	(5,179)	(3,480)	(139,434)
2025	(140,425)	(5,369)	(3,548)	(149,342)
2026	(163,623)	(5,966)	(3,762)	(173,351)
2027	-	(658)	(2,036)	(2,694)
Thereafter	-	(1,848)	(1,103)	(2,951)
<b>Total Amortization</b>	<b>\$ (637,123)</b>	<b>\$ (24,191)</b>	<b>\$ (17,414)</b>	<b>\$ (678,728)</b>

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total OPEB asset for each plan for the measurement period ended June 30, 2021 was determined by actuarial valuations as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021:

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Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.75% for all others.
Allocation methodology	Amounts for the June 30, 2021 measurement date 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 to the Plan for fiscal years 2023 to 2039.
Investment rate of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%
Mortality (ARHCT, RMP and ODD Plans)	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
(ODD Plan)	Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others. Disability mortality in accordance with the RP-2014 Disabled Table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 and CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

### ***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, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<i>Asset Class</i>	Target Allocation	Range	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	+/- 6%	6.63%
Global equity (non-U.S.)	19%	+/- 4%	5.41%
Aggregate bonds	22%	+/- 10%	0.76%
Opportunistic	6%	+/- 4%	4.39%
Real assets	13%	+/- 7%	3.16%
Private equity	12%	+/- 6%	9.29%
Cash equivalents	-%	-%	0.13%

### ***Discount Rate***

The discount rate used to measure the total OPEB asset for each plan as of June 30, 2021 was 7.38%. This discount rate used did not change from the prior measurement date. 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 for 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset for each plan.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what the City's proportionate share of the respective plan's net OPEB liability (asset) 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 (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
City's proportionate share of the net OPEB liability (asset):				
ARHCT	0.04730%	\$ (793,611)	\$ (1,213,501)	\$ (1,562,188)
RMP	0.07809%	13,680	(20,960)	(47,123)
ODD	0.09093%	(38,375)	(40,076)	(41,431)

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the City'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
City's proportionate share of the net OPEB liability (asset):				
ARHCT	0.04730%	\$ (1,603,006)	\$ (1,213,501)	\$ (743,470)
RMP	0.07809%	(50,868)	(20,960)	19,792
ODD	0.09093%	n/a	n/a	n/a

### *OPEB Plan Fiduciary Net Position*

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

### *(d) Defined Contribution OPEB Plans*

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense 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, 2021, for actual remittance,

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,168 per year for each full-time employee, and \$1.39 per hour for part-time employees.

### *Annual Postemployment Healthcare Cost*

In fiscal year 2022, the City contributed \$41,200 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

## **11. Landfill Closure and Postclosure Liability**

The City operates a local landfill. State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform 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, generally accepted accounting principles require that the City report a portion of these closure and postclosure care costs each period based on landfill capacity used as of each balance sheet date.

The City has estimated the closure and postclosure costs to be \$219,800, with an estimated remaining life through 2036. At June 30, 2022, the City has recognized \$158,238 of this liability on the statement of net position, an increase of \$4,397 from the prior year. The City will recognize the remaining estimated cost of closure and postclosure care of \$61,562 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2022. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The remaining life of the landfill is estimated to be approximately 14 years.

At June 30, 2022, the City has not committed or assigned any fund balance to fund the cost of closure and postclosure monitoring, nor have any assets been restricted for this purpose.

## **12. Risk Management**

The City faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees.

The City is a member of Alaska Public Entity Insurance (APEI), a governmental insurance pool. APEI provides the City coverage for property, including building and contents, automobiles, mobile equipment, data processing equipment and boiler and machinery; casualty, including general liability, public officials and employees liability, law enforcement professional liability, auto liability and employee benefit liability; workers' compensation, including employers liability; and commercial blanket bond. The City maintains supplemental marine insurance and firefighter's group accident coverage with insurance companies placed through APEI. The City has no coverage for potential losses from environmental damages.

APEI is a public entity risk pool organized to share risks among its members. Its 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 deposit contribution in comparison to the aggregate deposit contributions of all members. There were no supplemental assessments made during the year ended June 30, 2022.



# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 13. Contingencies

#### *Grants*

The City has received grants which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement for expenditures disallowed under the terms of the grant. Management believes that such disallowances for grants, if any, would not be material.

### 14. Adoption of New Accounting Principle

In 2022, the City adopted the provisions of GASB Statement No. 87, *Leases*, which among other accounting and reporting criteria, requires the City to recognize the lease liability/asset and related deferred inflow/outflow accounts, as of the beginning of the City's fiscal year. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The effect on beginning net position of adopting GASB Statement No. 87 in the City's financial statements for the year ended June 30, 2022, is zero, since the balances for leases liabilities and intangible right-to-use assets, and receivable and deferred inflow of resources related to leases are the same. As a result of the implementation of this statement, the City has not recorded opening balance adjustments.

### 15. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). The following new accounting standards were implemented by the City for 2022 reporting:

GASB Statement No. 87 - *Leases* - Effective for year-end June 30, 2022. 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. The City analyzed all active leases to determine which leases applied to GASB 87, then accounted for those leases accordingly.

GASB Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for year-end June 30, 2022. 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. The City evaluated the impacts of GASB 89 and determined there to be no impact to the City's financial statements for the current fiscal year.

GASB Statement No. 92 - *Omnibus 2020* - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments. The City evaluated the impacts of GASB 92 and determined there to be no impact to the City's financial statements for the current fiscal year.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 91 - *Conduit Debt Obligations* - Effective for year-end June 30, 2023. 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.

GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements* - Effective for year-end June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

GASB Statement No. 99 - *Omnibus 2022* - Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024.

GASB Statement No. 100 - *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62 - Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101 - *Compensated Absences* - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

## Required Supplementary Information

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**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 1,003,250	\$ 1,128,250	\$ 1,348,919	\$ 220,669
State of Alaska	336,901	450,751	247,845	(202,906)
Federal government	-	-	437	437
Other revenues	297,169	297,669	328,051	30,382
<b>Total Revenues</b>	<b>1,637,320</b>	<b>1,876,670</b>	<b>1,925,252</b>	<b>48,582</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	1,420,702	922,202	973,595	(51,393)
Parks and recreation	23,000	13,000	10,108	2,892
Public safety	672,700	634,200	695,754	(61,554)
Public works	279,623	775,123	668,775	106,348
Debt Service - principal	-	-	6,715	(6,715)
Debt Service - interest	183,680	183,680	1,700	181,980
Capital outlay	-	-	39,808	(39,808)
<b>Total Expenditures</b>	<b>2,579,705</b>	<b>2,528,205</b>	<b>2,396,455</b>	<b>131,750</b>
Excess of revenues under expenditures	(942,385)	(651,535)	(471,203)	180,332
<b>Other Financing Sources (Uses)</b>				
Other financing sources related to leases	-	-	25,002	25,002
Transfer out	(52,000)	(94,000)	(52,000)	42,000
<b>Total Other Financing Uses</b>	<b>(52,000)</b>	<b>(94,000)</b>	<b>(26,998)</b>	<b>67,002</b>
<b>Net Change in Fund Balance</b>	<b>\$ (994,385)</b>	<b>\$ (745,535)</b>	<b>(498,201)</b>	<b>\$ 247,334</b>
Fund Balance, beginning			3,603,932	
Fund Balance, ending			<u>\$ 3,105,731</u>	

*See accompanying notes to Required Supplementary Information.*

**City of Sand Point, Alaska**  
**Clinic Operations Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 134,217	\$ 134,217
Other revenues	307,410	307,410	215,886	(91,524)
<b>Total Revenues</b>	307,410	307,410	350,103	42,693
<b>Expenditures - health clinic</b>	62,412	62,412	-	62,412
<b>Net Change in Fund Balance</b>	<u>\$ 244,998</u>	<u>\$ 244,998</u>	350,103	<u>\$ 105,105</u>
<b>Fund Balance, beginning</b>			<u>1,514,585</u>	
<b>Fund Balance, ending</b>			<u>\$ 1,864,688</u>	

*See accompanying notes to Required Supplementary Information.*

**City of Sand Point, Alaska**  
**Public Employees' Retirement System - Pension Plan**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**

<i>Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.04708%	0.04162%	0.03854%	0.04640%	0.03549%	0.04490%	0.04158%	0.26420%
City's Proportionate Share of the Net Pension Liability	\$ 1,727,012	\$ 2,456,236	\$ 2,109,755	\$ 2,305,786	\$ 1,834,527	\$ 2,509,794	\$ 2,016,688	\$ 1,232,488
State of Alaska Proportionate Share of the Net Pension Liability	232,744	1,016,740	839,486	666,582	682,570	268,000	538,967	1,167,143
<b>Total Net Pension Liability</b>	<b>\$ 1,959,756</b>	<b>\$ 3,472,976</b>	<b>\$ 2,949,241</b>	<b>\$ 2,972,368</b>	<b>\$ 2,517,097</b>	<b>\$ 2,777,794</b>	<b>\$ 2,555,655</b>	<b>\$ 2,399,631</b>
City's Covered Payroll	\$ 1,410,883	\$ 1,407,133	\$ 1,297,484	\$ 1,237,346	\$ 1,166,419	\$ 1,238,644	\$ 1,112,644	\$ 1,491,172
City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	122.41%	174.56%	162.60%	186.35%	157.28%	202.62%	181.25%	82.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.98%	62.37%

**Schedule of the City's Contributions**

<i>Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 140,359	\$ 161,621	\$ 126,952	\$ 136,277	\$ 135,172	\$ 114,845	\$ 101,325	\$ 96,066
Contributions Relative to the Contractually Required Contribution	140,359	161,621	126,952	136,277	135,172	114,845	101,325	96,066
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 1,215,819	\$ 1,410,883	\$ 1,407,133	\$ 1,297,484	\$ 1,237,346	\$ 1,166,419	\$ 1,238,644	\$ 1,112,644
Contributions as a Percentage of Covered Payroll	11.544%	11.455%	9.022%	10.503%	10.924%	9.846%	8.180%	8.634%

*See accompanying notes to Required Supplementary Information.*

**City of Sand Point, Alaska**  
**Public Employees' Retirement System - OPEB Plans**  
**Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)**

Years Ended June 30,	ARHCT					RMP					ODD				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.04730%	0.04160%	0.03848%	0.04640%	0.35500%	0.07809%	0.08160%	0.07957%	0.07135%	0.07135%	0.09093%	0.10232%	0.11161%	0.07135%	0.07135%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,213,501)	\$ (188,371)	\$ 57,100	\$ 476,203	\$ 299,802	\$ (20,960)	\$ 5,788	\$ 19,037	\$ 9,079	\$ 3,734	\$ (40,076)	\$ (27,891)	\$ (27,061)	\$ (13,858)	\$ (10,161)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(155,901)	(77,946)	22,689	138,071	111,911	-	-	-	-	-	-	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (1,369,402)</b>	<b>\$ (266,317)</b>	<b>\$ 79,789</b>	<b>\$ 614,274</b>	<b>\$ 411,713</b>	<b>\$ (20,960)</b>	<b>\$ 5,788</b>	<b>\$ 19,037</b>	<b>\$ 9,079</b>	<b>\$ 3,734</b>	<b>\$ (40,076)</b>	<b>\$ (27,891)</b>	<b>\$ (27,061)</b>	<b>\$ (13,858)</b>	<b>\$ (10,161)</b>
City's Covered Payroll	\$ 228,825	\$ 266,439	\$ 325,356	\$ 395,951	\$ 395,217	\$ 1,182,058	\$ 1,140,694	\$ 841,395	\$ 841,395	\$ 771,202	\$ 1,182,058	\$ 1,140,694	\$ 841,395	\$ 841,395	\$ 771,202
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-530.32%	-70.70%	17.55%	120.27%	75.86%	-1.77%	0.51%	2.26%	1.08%	0.48%	-3.39%	-2.45%	-3.22%	-1.65%	-1.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	135.54%	106.15%	98.13%	88.12%	89.68%	115.01%	95.23%	83.17%	88.71%	93.98%	374.22%	283.80%	297.43%	270.62%	212.97%

**Schedule of the City's Contributions**

Years Ended June 30,	ARHCT					RMP					ODD				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 6,968	\$ 16,423	\$ 50,708	\$ 49,104	\$ 38,529	\$ 11,358	\$ 14,492	\$ 14,556	\$ 9,338	\$ 8,318	\$ 4,406	\$ 4,850	\$ 4,486	\$ 4,557	\$ 981
Contributions Relative to the Contractually Required Contribution	6,968	16,423	50,708	49,104	38,529	11,358	14,492	14,556	9,338	8,318	4,406	4,850	4,486	4,557	981
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 119,650	\$ 228,825	\$ 266,439	\$ 325,356	\$ 395,951	\$ 1,096,169	\$ 1,182,058	\$ 1,140,694	\$ 972,128	\$ 841,395	\$ 1,096,169	\$ 1,182,058	\$ 1,140,694	\$ 972,128	\$ 841,395
Contributions as a Percentage of Covered Payroll	5.82%	7.18%	19.03%	15.09%	9.73%	1.04%	1.23%	1.28%	0.96%	0.99%	0.40%	0.41%	0.39%	0.47%	0.12%

*See accompanying notes to Required Supplementary Information.*

# City of Sand Point, Alaska

## Notes to Required Supplementary Information June 30, 2022

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### 1. Budgetary Comparison Schedules

The budgetary comparison schedules are presented on the modified accrual basis of accounting.

### 2. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For June 30, 2022, the Plan measurement date is June 30, 2021.

#### *Changes in Assumptions:*

The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

In 2021, the discount rate remained the same at 7.38%.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

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

#### *Schedule of City Contributions*

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

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



# City of Sand Point, Alaska

## Notes to Required Supplementary Information, continued

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### 3. Public Employees' Retirement System OPEB Plans

#### *Schedule of the City's Proportionate Share of the Net OPEB Asset and Liability*

This table is presented based on the Plan measurement date. For June 30, 2022, the Plan measurement date is June 30, 2021.

#### *Changes in Assumptions:*

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 to CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2020, the discount rate was lowered from 8% to 7.38%.

In 2020, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.

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

#### *Schedule of the City's Contributions*

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

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

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## Supplementary Information

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**City of Sand Point, Alaska**  
**General Fund**  
**Balance Sheet**

<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 1,261,685	\$ 1,619,724
Receivables:		
Sales tax	104,000	84,022
Fish tax	72,779	121,562
Leases	499,538	-
Other	46,282	130,947
Prepaid items	167,151	14,580
Investment in Southwest Governments, LLC	297,122	305,349
Due from other funds	19,392	20,576
Advances to other funds	1,336,726	1,394,699
<b>Total Assets</b>	<b>\$ 3,804,675</b>	<b>\$ 3,691,459</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 21,375	\$ 27,429
Accrued liabilities	49,462	53,098
Unearned revenue	128,421	7,000
<b>Total Liabilities</b>	<b>199,258</b>	<b>87,527</b>
<b>Deferred Inflows of Resources - related to leases</b>	<b>499,686</b>	<b>-</b>
<b>Fund Balance</b>		
Nonspendable:		
Prepaid items	167,151	14,580
Investment in Southwest Governments, LLC	297,122	305,349
Advances to other funds	1,336,726	1,394,699
Unassigned	1,304,732	1,889,304
<b>Total Fund Balance</b>	<b>3,105,731</b>	<b>3,603,932</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 3,804,675</b>	<b>\$ 3,691,459</b>

**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Years Ended June 30,</i>	2022			2021
	Final Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Taxes:				
Sales taxes	\$ 600,250	\$ 810,718	\$ 210,468	\$ 660,467
Local raw fish taxes	525,000	529,138	4,138	369,311
Accommodation taxes	3,000	9,063	6,063	5,177
<b>Total taxes</b>	<b>1,128,250</b>	<b>1,348,919</b>	<b>220,669</b>	<b>1,034,955</b>
State of Alaska:				
Shared fisheries and raw fish tax	28,000	34,329	6,329	7,096
Fish resource landing tax	167,000	65,982	(101,018)	285,956
Community assistance program	87,901	78,785	(9,116)	75,302
State PERS relief	-	68,749	68,749	82,687
Other state grants	165,350	-	(165,350)	-
State liquor licenses	2,500	-	(2,500)	-
<b>Total State of Alaska</b>	<b>450,751</b>	<b>247,845</b>	<b>(202,906)</b>	<b>451,041</b>
Federal government	-	437	437	1,104,267
Other revenues:				
Building rental	110,000	107,188	(2,812)	113,389
Equipment rental	35,000	34,990	(10)	7,709
Business licenses	4,000	1,725	(2,275)	2,700
City dock fees	-	-	-	1,152
Southwest Governments, LLC investment income (loss)	15,000	21,773	6,773	(9,123)
Local donations	76,669	1,000	(75,669)	-
Investment income (loss)	8,000	(57,122)	(65,122)	122,949
Other local grants	-	16,658	16,658	328,851
Other	49,000	201,839	152,839	60,669
<b>Total other revenues</b>	<b>297,669</b>	<b>328,051</b>	<b>30,382</b>	<b>628,296</b>
<b>Total Revenues</b>	<b>1,876,670</b>	<b>1,925,252</b>	<b>48,582</b>	<b>3,218,559</b>

**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual, continued**

Years Ended June 30,	2022			2021
	Final Budget	Actual	Variance with Budget	Actual
<b>Expenditures</b>				
General government:				
Legislative:				
Salaries	\$ 36,000	\$ 36,075	\$ (75)	\$ 36,277
Fringe benefits	8,000	15,826	(7,826)	7,150
Council stipends	42,000	30,500	11,500	33,500
Travel and per diem	10,000	6,794	3,206	3,721
Dues and fees	4,000	4,019	(19)	1,613
<b>Total legislative</b>	<b>100,000</b>	<b>93,214</b>	<b>6,786</b>	<b>82,261</b>
Administration:				
Salaries	358,000	344,696	13,304	379,578
Fringe benefits	82,202	131,815	(49,613)	108,032
Travel and per diem	18,000	28,808	(10,808)	10,373
Telephone	15,000	12,377	2,623	13,925
Postage	4,500	3,838	662	3,741
Supplies	8,500	5,954	2,546	5,405
Equipment	10,000	5,533	4,467	6,447
Equipment maintenance	3,500	7,854	(4,354)	7,480
Contractual services	9,000	8,250	750	8,250
Dues and fees	4,000	15,214	(11,214)	12,725
Anchorage office	12,000	9,987	2,013	11,961
Audit	55,000	83,801	(28,801)	63,527
Legal	10,000	11,934	(1,934)	11,753
Insurance	184,000	184,264	(264)	152,750
Bank service charges	10,000	15,795	(5,795)	9,389
Fuel	2,000	769	1,231	749
Freight/speed paks	2,000	2,271	(271)	2,542
Elections	1,000	900	100	1,020
Hospitality	1,500	5,663	(4,163)	1,642
Library	2,500	-	2,500	74
Event costs	2,500	155	2,345	3,005
Airport leases	27,000	503	26,497	6,884
<b>Total administration</b>	<b>822,202</b>	<b>880,381</b>	<b>(58,179)</b>	<b>821,252</b>
<b>Total general government</b>	<b>922,202</b>	<b>973,595</b>	<b>(51,393)</b>	<b>903,513</b>

**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual, continued**

Years Ended June 30,	2022			2021
	Final Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Parks and recreation:				
Salaries	\$ 10,000	\$ 9,280	\$ 720	\$ 1,141
Fringe benefits	2,000	828	1,172	100
Equipment	1,000	-	1,000	-
<b>Total parks and recreation</b>	<b>13,000</b>	<b>10,108</b>	<b>2,892</b>	<b>1,241</b>
Public safety:				
Police:				
Salaries	307,000	344,369	(37,369)	386,613
911 dispatchers	19,200	26,386	(7,186)	31,550
Contractual services	10,000	-	10,000	-
Fringe benefits	88,000	145,217	(57,217)	150,533
Travel and per diem	45,000	35,162	9,838	55,843
Telephone	12,000	11,540	460	11,159
Supplies	5,000	6,330	(1,330)	3,992
Equipment	20,000	1,965	18,035	9,856
Equipment maintenance	10,000	3,700	6,300	6,081
Dues and fees	3,500	2,857	643	4,966
Fuel	5,000	4,799	201	3,861
Freight/speed paks	4,000	1,833	2,167	832
<b>Total police</b>	<b>528,700</b>	<b>584,158</b>	<b>(55,458)</b>	<b>665,286</b>
Emergency services:				
Volunteer stipends	20,000	77,865	(57,865)	33,754
Contractual services	40,000	3,298	36,702	1,409
Travel and per diem	-	2,700	(2,700)	2,248
Telephone	4,500	2,620	1,880	3,740
Supplies	2,500	2,177	323	2,567
Equipment	2,500	3,157	(657)	1,000
Equipment maintenance	2,000	-	2,000	121
Equipment fuel	1,000	84	916	67
Dues and fees	2,500	-	2,500	847
Freight	1,000	458	542	-
<b>Total emergency services</b>	<b>76,000</b>	<b>92,359</b>	<b>(16,359)</b>	<b>45,753</b>

**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual, continued**

Years Ended June 30,	2022			2021
	Final Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public safety, continued:				
Fire:				
Salaries	\$ 15,000	\$ 13,297	\$ 1,703	\$ 10,769
Fringe benefits	-	1,178	(1,178)	939
Telephone	1,000	2,549	(1,549)	1,864
Fireboat	1,000	-	1,000	569
Supplies	1,500	648	852	199
Equipment	5,000	63	4,937	-
Equipment maintenance	2,000	-	2,000	230
Equipment fuel	500	27	473	133
Dues and fees	500	-	500	47
Utilities	1,500	1,475	25	1,519
Freight	1,500	-	1,500	-
<b>Total fire</b>	<b>29,500</b>	<b>19,237</b>	<b>10,263</b>	<b>16,269</b>
<b>Total public safety</b>	<b>634,200</b>	<b>695,754</b>	<b>(61,554)</b>	<b>727,308</b>
Community services -				
Economic relief payments	-	-	-	668,503
Public works:				
General:				
Salaries	225,000	183,698	41,302	231,413
Contractual services	15,000	-	15,000	6,385
Fringe benefits	50,000	50,759	(759)	68,523
Travel and per diem	2,000	6,127	(4,127)	-
Telephone	6,000	3,754	2,246	5,160
Supplies	15,000	8,965	6,035	3,942
Equipment	25,000	7,724	17,276	-
Equipment maintenance	55,000	36,244	18,756	28,357
Equipment fuel	10,000	17,822	(7,822)	825
Dues and fees	500	10	490	-
Utilities	17,000	18,544	(1,544)	18,637
Fuel	15,000	95,467	(80,467)	98,542
Repairs	50,000	1,090	48,910	124
Freight/speed paks	10,000	13,411	(3,411)	5,136
<b>Total general</b>	<b>495,500</b>	<b>443,615</b>	<b>51,885</b>	<b>467,044</b>



**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual, continued**

Years Ended June 30,	2022			2021
	Final Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public works, continued:				
Facilities:				
Salaries	\$ 92,372	\$ 90,690	\$ 1,682	\$ 92,565
Fringe benefits	47,701	57,093	(9,392)	60,751
Municipal building:				
Supplies	12,000	8,518	3,482	7,736
Equipment	3,000	2,387	613	-
Equipment maintenance	4,000	2,414	1,586	402
Utilities	17,500	18,000	(500)	18,082
Fuel	30,000	1,809	28,191	1,619
Repairs	15,000	22,887	(7,887)	3,082
Dues and fees	300	-	300	-
Freight/speed paks	4,500	3,605	895	1,500
Employee housing:				
Supplies	500	-	500	60
Equipment	2,000	-	2,000	1,289
Fuel	5,000	-	5,000	-
Repairs	2,000	1,341	659	-
Freight/speed paks	1,000	35	965	901
Utilities	4,500	3,906	594	3,447
City owned/leased buildings:				
Fuel	3,000	-	3,000	-
Repairs	1,500	-	1,500	4,970
Utilities	12,000	8,733	3,267	4,850
Freight/speed paks	500	-	500	902
Supplies	-	-	-	84
RATNET building - utilities	750	408	342	398
Clinic facility:				
Repairs	-	247	(247)	116
4-plex:				
Supplies	500	-	500	-
Equipment	1,500	-	1,500	-
Utilities	2,000	1,486	514	1,401
Fuel	10,000	-	10,000	1,964
Repairs	2,000	262	1,738	-
Teen center:				
Utilities	1,500	1,329	171	1,245
Fuel	2,500	-	2,500	60
Repairs	500	10	490	-
<hr/>				
Total facilities	279,623	225,160	54,463	207,424
<hr/>				
Total public works	775,123	668,775	106,348	674,468

**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual, continued**

<i>Years Ended June 30,</i>	2022			2021
	Final Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Debt Service - principal	\$ -	\$ 6,715	\$ (6,715)	\$ -
Debt Service - interest	183,680	1,700	181,980	-
Capital outlay	-	39,808	(39,808)	-
<b>Total Expenditures</b>	<b>2,528,205</b>	<b>2,396,455</b>	<b>131,750</b>	<b>2,975,033</b>
Excess of revenues over (under) expenditures	(651,535)	(471,203)	180,332	243,526
<b>Other Financing Sources (Uses)</b>				
Other financing sources related to leases	-	25,002	25,002	-
Transfer out	(94,000)	(52,000)	42,000	(85,258)
<b>Total Other Financing Sources (Uses)</b>	<b>(94,000)</b>	<b>(26,998)</b>	<b>67,002</b>	<b>(85,258)</b>
Net change in fund balance	<u>\$ (745,535)</u>	(498,201)	<u>\$ 113,330</u>	158,268
Fund Balance, beginning		<u>3,603,932</u>		<u>3,445,664</u>
Fund Balance, ending		<u>\$ 3,105,731</u>		<u>\$ 3,603,932</u>

**City of Sand Point, Alaska**  
**Boat Harbor Enterprise Fund**  
**Statement of Net Position**

Exhibit G-1

<i>June 30,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Accounts receivable, net of allowance \$81,459 (\$140,144 in 2021)	\$ 73,696	\$ 126,790
<b>Restricted Cash</b>		
Bond reserve account	93,850	93,850
Cash and investments	-	419,120
<b>Total Restricted Cash</b>	<b>93,850</b>	<b>512,970</b>
<b>Net OPEB Asset</b>	<b>191,193</b>	<b>31,979</b>
<b>Capital Assets</b>		
Building and floats	10,795,390	10,795,390
Equipment and vehicles	1,894,985	748,093
Construction in progress	-	680,880
Less accumulated depreciation	(4,062,370)	(3,608,160)
<b>Total Capital Assets</b>	<b>8,628,005</b>	<b>8,616,203</b>
<b>Total Assets</b>	<b>8,986,744</b>	<b>9,287,942</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	26,710	43,550
Related to other postemployment benefits	5,278	19,227
<b>Total Deferred Outflows of Resources</b>	<b>31,988</b>	<b>62,777</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 9,018,732</b>	<b>\$ 9,350,719</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 33,280	\$ 4,285
Accrued leave	8,390	5,227
Accrued interest payable	9,530	6,280
Current portion of bonds payable	165,000	160,000
<b>Total Current Liabilities</b>	<b>216,200</b>	<b>175,792</b>
<b>Noncurrent Liabilities</b>		
Bonds payable, net of current portion	2,930,000	3,095,000
Bond premium, net of accumulated amortization	220,960	249,151
Net pension liability	259,052	363,206
Net other postemployment benefits liability	-	856
Advances from General Fund	905,698	824,130
<b>Total Noncurrent Liabilities</b>	<b>4,315,710</b>	<b>4,532,343</b>
<b>Total Liabilities</b>	<b>4,531,910</b>	<b>4,708,135</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	103,304	-
Related to other postemployment benefits	103,684	26,155
Deferred gain on refunding	88,683	96,868
<b>Total Deferred Inflows of Resources</b>	<b>295,671</b>	<b>123,023</b>
<b>Net Position</b>		
Net investment in capital assets	5,223,362	5,528,154
Unrestricted (deficit)	(1,032,211)	(1,008,593)
<b>Total Net Position</b>	<b>4,191,151</b>	<b>4,519,561</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 9,018,732</b>	<b>\$ 9,350,719</b>

**City of Sand Point, Alaska**  
**Boat Harbor Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Revenues</b>		
Moorage	\$ 199,536	\$ 330,707
Travel lift	105,664	75,855
Wharfage	17,117	20,810
Van storage	19,744	16,667
Electricity	40,159	34,827
Penalties and interest	6,422	4,335
Rents	179,444	184,250
Harbor electric fees	8,942	8,730
Other operating revenues, net	1,688	22,639
<b>Total Operating Revenues</b>	<b>578,716</b>	<b>698,820</b>
<b>Operating Expenses</b>		
Salaries and benefits	185,365	162,517
Contractual services	5,306	9,756
Telephone	4,652	6,201
Supplies	13,780	24,265
Depreciation	481,492	451,902
Equipment and equipment maintenance	37,010	54,085
Dues and fees	975	2,951
Utilities	73,143	70,437
Fuel	3,136	3,815
Repairs	43,611	13,010
Travel	2,863	236
Freight/speed paks	18,143	20,523
Bad debt expense	-	87,432
<b>Total Operating Expenses</b>	<b>869,476</b>	<b>907,130</b>
Operating loss	(290,760)	(208,310)
<b>Nonoperating Revenues (Expenses)</b>		
State PERS on-behalf, net pension and OPEB	(8,063)	19,429
Gain on disposal of capital assets	26,104	-
Debt issuance expense	-	(43,472)
Interest expense	(55,691)	(75,401)
<b>Net Nonoperating Expenses</b>	<b>(37,650)</b>	<b>(99,444)</b>
Change in net position	(328,410)	(307,754)
<b>Net Position, beginning</b>	<b>4,519,561</b>	<b>4,827,315</b>
<b>Net Position, ending</b>	<b>\$ 4,191,151</b>	<b>\$ 4,519,561</b>

**City of Sand Point, Alaska**  
**Boat Harbor Enterprise Fund**  
**Statement of Cash Flows**

<i>Years Ended June 30,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 631,810	\$ 619,718
Payments for goods and services	(173,624)	(311,296)
Payments for salaries and benefits	(242,867)	(281,103)
<b>Net cash flows from operating activities</b>	<b>215,319</b>	<b>27,319</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(160,000)	(80,000)
Interest paid on long-term debt	(88,817)	(120,255)
Proceeds from sale of capital assets	30,000	-
Debt issuance costs paid	-	(43,472)
Proceeds from debt refunding	-	2,120,000
Payment to refunded bond escrow agent	-	(2,094,870)
Increase in bond reserve account	-	(93,850)
Proceeds from bond issuance	-	970,000
Premium from bond issuance	-	249,151
Acquisition and construction of capital assets	(497,190)	(815,029)
Increase in advances from General Fund	81,568	300,126
<b>Net cash flows from (for) capital and related financing activities</b>	<b>(634,439)</b>	<b>391,801</b>
<b>Net increase (decrease) in cash and investments</b>	<b>(419,120)</b>	<b>419,120</b>
<b>Cash and Investments, beginning</b>	<b>419,120</b>	<b>-</b>
<b>Cash and Investments, ending</b>	<b>\$ -</b>	<b>\$ 419,120</b>
<b>Reconciliation of Operating Loss to Net Cash Flows from Operating Activities</b>		
Operating loss	\$ (290,760)	\$ (208,310)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	481,492	451,902
State PERS on-behalf, net pension and OPEB	(8,063)	19,429
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	53,094	(79,102)
Net OPEB asset	(159,214)	(27,822)
Deferred outflows of resources related to pensions	16,840	7,561
Deferred outflows of resources related to other postemployment benefits	13,949	8,633
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	28,995	(18,585)
Accrued leave	3,163	(2,608)
Net pension liability	(104,154)	(84,127)
Net other postemployment benefits liability	(856)	(10,841)
Deferred inflows of resources related to pensions	103,304	(36,724)
Deferred inflows of resources related to other postemployment benefits	77,529	7,913
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 215,319</b>	<b>\$ 27,319</b>

**City of Sand Point, Alaska**  
**Water and Sewer Enterprise Fund**  
**Statement of Net Position**

<i>June 30,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Accounts receivable, net of allowance of \$7,038 (\$10,627 in 2021)	\$ 10,602	\$ 16,009
<b>Net OPEB Asset</b>	55,936	18,737
<b>Capital Assets</b>		
Buildings and improvements	5,762,029	5,762,029
Equipment and vehicles	177,509	177,509
Less accumulated depreciation	(3,468,621)	(3,296,075)
<b>Total Capital Assets</b>	2,470,917	2,643,463
<b>Total Assets</b>	2,537,455	2,678,209
<b>Deferred Outflows of Resources</b>		
Related to pensions	7,817	25,517
Related to other postemployment benefits	1,544	11,265
<b>Total Deferred Outflows of Resources</b>	9,361	36,782
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 2,546,816	\$ 2,714,991
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 5,176	\$ 7,002
Accrued leave	2,128	3,279
<b>Total Current Liabilities</b>	7,304	10,281
<b>Noncurrent Liabilities</b>		
Advances from General Fund	431,028	570,569
Net pension liability	75,816	212,809
Net other postemployment benefits liability	-	501
<b>Total Noncurrent Liabilities</b>	506,844	783,879
<b>Total Liabilities</b>	514,148	794,160
<b>Deferred Inflows of Resources</b>		
Related to pensions	30,233	-
Related to other postemployment benefits	30,334	15,325
<b>Total Deferred Inflows of Resources</b>	60,567	15,325
<b>Net Position</b>		
Investment in capital assets	2,470,917	2,643,463
Unrestricted (deficit)	(498,816)	(737,957)
<b>Total Net Position</b>	1,972,101	1,905,506
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	\$ 2,546,816	\$ 2,714,991

**City of Sand Point, Alaska**  
**Water and Sewer Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Revenues - User charges</b>	\$ 243,136	\$ 236,323
<b>Operating Expenses</b>		
Salaries and benefits	(23,336)	270,490
Travel and per diem	2,628	-
Telephone	3,883	5,059
Supplies	10,000	13,941
Equipment and equipment maintenance	3,487	40,744
Dues and fees	16,059	5,737
Utilities	30,072	32,501
Fuel	1,561	1,303
Repairs	3,209	15,387
Freight/speed paks	6,071	7,199
Bad debt expense	-	2,921
Depreciation	172,546	172,546
<b>Total Operating Expenses</b>	<b>226,180</b>	<b>567,828</b>
Operating income (loss)	16,956	(331,505)
<b>Nonoperating Revenues - State PERS on-behalf, net pension and OPEB</b>	<b>(2,361)</b>	<b>11,384</b>
Income (loss) before transfers	14,595	(320,121)
Transfers in	52,000	60,500
Change in net position	66,595	(259,621)
<b>Net Position, beginning</b>	<b>1,905,506</b>	<b>2,165,127</b>
<b>Net Position, ending</b>	<b>\$ 1,972,101</b>	<b>\$ 1,905,506</b>

**City of Sand Point, Alaska**  
**Water and Sewer Enterprise Fund**  
**Statement of Cash Flows**

<i>Years Ended June 30,</i>	2022	2021
<b>Cash Flows from (for) Operating Activities</b>		
Receipts from customers	\$ 248,543	\$ 231,923
Payments for goods and services	(78,796)	(121,278)
Payments for salaries and benefits	(82,206)	(166,088)
<b>Net cash flows from (for) operating activities</b>	<b>87,541</b>	<b>(55,443)</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>		
Transfers in	52,000	60,500
Decrease in advances from General Fund	(139,541)	(5,057)
<b>Net cash flows from (for) noncapital financing activities</b>	<b>(87,541)</b>	<b>55,443</b>
Net increase in cash and investments	-	-
<b>Cash and Investments, beginning</b>	<b>-</b>	<b>-</b>
<b>Cash and Investments, ending</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities</b>		
Operating income (loss)	\$ 16,956	\$ (331,505)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:		
Depreciation	172,546	172,546
State PERS on-behalf, net pension and OPEB	(2,361)	11,384
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	5,407	(4,400)
Net OPEB asset	(37,199)	(16,951)
Deferred outflows of resources related to pensions	17,700	(22,525)
Deferred outflows of resources related to other postemployment benefits	9,721	706
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(1,826)	3,514
Accrued leave	(1,151)	(1,182)
Net pension liability	(136,993)	139,651
Net other postemployment benefits liability	(501)	(4,525)
Deferred inflows of resources related to pensions	30,233	(9,643)
Deferred inflows of resources related to other postemployment benefits	15,009	7,487
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 87,541</b>	<b>\$ (55,443)</b>



**City of Sand Point, Alaska**  
**Bingo Enterprise Fund**  
**Statement of Net Position**

<i>June 30,</i>	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and investments	\$ 196,216	\$ 182,586
<b>Total Current Assets</b>	<b>196,216</b>	<b>182,586</b>
<b>Capital Assets</b>		
Equipment and vehicles	14,541	14,541
Less accumulated depreciation	(14,541)	(14,541)
<b>Total Capital Assets</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 196,216</b>	<b>\$ 182,586</b>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accrued payroll	\$ 2,302	\$ 975
Due to General Fund	19,392	20,576
<b>Total Current Liabilities</b>	<b>21,694</b>	<b>21,551</b>
<b>Net Position</b>		
Unrestricted	174,522	161,035
<b>Total Liabilities and Net Position</b>	<b>\$ 196,216</b>	<b>\$ 182,586</b>

## City of Sand Point, Alaska

## Bingo Enterprise Fund

## Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Revenues</b>		
Pull tab revenue	\$ 471,922	\$ 595,901
Bingo revenue	16,519	31,924
<b>Total Operating Revenues</b>	<b>488,441</b>	<b>627,825</b>
<b>Operating Expenses</b>		
Salaries and benefits	36,629	36,166
Telephone	1,480	938
Supplies	324	379
Dues and fees	740	282
Bank service charges	2,617	2,943
Freight/speed paks	685	-
Prizes and payouts	382,690	489,828
Pull tab tax	4,132	3,577
Donations	28,747	10,000
Miscellaneous	(1,644)	-
Pull tab purchases	18,554	13,842
<b>Total Operating Expenses</b>	<b>474,954</b>	<b>557,955</b>
Change in net position	13,487	69,870
<b>Net Position, beginning</b>	<b>161,035</b>	<b>91,165</b>
<b>Net Position, ending</b>	<b>\$ 174,522</b>	<b>\$ 161,035</b>

**City of Sand Point, Alaska**  
**Bingo Enterprise Fund**  
**Statement of Cash Flows**

<i>Years Ended June 30,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 488,441	\$ 627,825
Payments for goods and services	(438,325)	(521,789)
Payments for salaries and benefits	(35,302)	(37,603)
<b>Net cash flows from operating activities</b>	<b>14,814</b>	<b>68,433</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>		
(Increase) decrease in due from General Fund	-	25,011
Increase (decrease) in due to General Fund	(1,184)	20,576
<b>Net cash flows from (for) noncapital financing activities</b>	<b>(1,184)</b>	<b>45,587</b>
Net increase in cash and investments	13,630	114,020
<b>Cash and Investments, beginning</b>	<b>182,586</b>	<b>68,566</b>
<b>Cash and Investments, ending</b>	<b>\$ 196,216</b>	<b>\$ 182,586</b>
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>		
Operating income	\$ 13,487	\$ 69,870
Adjustments to reconcile operating income to net cash flows from operating activities:		
Increase (decrease) in liabilities -		
Accrued payroll	1,327	(1,437)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 14,814</b>	<b>\$ 68,433</b>

**City of Sand Point, Alaska**  
**Refuse Collection Enterprise Fund**  
**Statement of Net Position**

<i>June 30,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 607,679	\$ 593,218
Accounts receivable, net of allowance of \$3,490 (\$5,279 in 2021)	12,050	18,226
<b>Total Current Assets</b>	<b>619,729</b>	<b>611,444</b>
<b>Net OPEB Asset</b>	<b>109,600</b>	<b>14,931</b>
<b>Capital Assets</b>		
Buildings	19,400	19,400
Equipment and vehicles	498,629	498,629
Sanitary landfill	1,996,889	1,996,889
Less accumulated depreciation	(2,134,024)	(2,070,401)
<b>Total Capital Assets</b>	<b>380,894</b>	<b>444,517</b>
<b>Total Assets</b>	<b>1,110,223</b>	<b>1,070,892</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	15,296	20,333
Related to other postemployment benefits	3,026	8,977
<b>Total Deferred Outflows of Resources</b>	<b>18,322</b>	<b>29,310</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,128,545</b>	<b>\$ 1,100,202</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 350	\$ 437
Accrued leave	7,536	9,706
<b>Total Current Liabilities</b>	<b>7,886</b>	<b>10,143</b>
<b>Noncurrent Liabilities</b>		
Landfill closure costs liability	158,238	153,841
Net pension liability	148,350	169,583
Net other postemployment benefits liability	-	400
<b>Total Noncurrent Liabilities</b>	<b>306,588</b>	<b>323,824</b>
<b>Total Liabilities</b>	<b>314,474</b>	<b>333,967</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	59,159	-
Related to other postemployment benefits	59,436	12,212
<b>Total Deferred Inflows of Resources</b>	<b>118,595</b>	<b>12,212</b>
<b>Net Position</b>		
Investment in capital assets	380,894	444,517
Unrestricted	314,582	309,506
<b>Total Net Position</b>	<b>695,476</b>	<b>754,023</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 1,128,545</b>	<b>\$ 1,100,202</b>

**City of Sand Point, Alaska**  
**Refuse Collection Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Revenues - user charges</b>	\$ 158,863	\$ 180,965
<b>Operating Expenses</b>		
Salaries and benefits	123,810	95,042
Supplies	634	261
Equipment and equipment maintenance	16,629	5,189
Dues and fees	-	250
Utilities	244	1,180
Fuel	2,729	2,421
Freight/speed paks	731	1,137
Landfill closure expense	4,397	4,397
Bad debt expense	-	2,230
Depreciation	63,623	63,623
<b>Total Operating Expenses</b>	212,797	175,730
Operating income (loss)	(53,934)	5,235
<b>Nonoperating Revenues - State PERS on-behalf, net pension and OPEB</b>	(4,613)	9,072
Income (loss) before transfers	(58,547)	14,307
Transfers in	-	12,150
Change in net position	(58,547)	26,457
<b>Net Position, beginning</b>	754,023	727,566
<b>Net Position, ending</b>	\$ 695,476	\$ 754,023

**City of Sand Point, Alaska**  
**Refuse Collection Enterprise Fund**  
**Statement of Cash Flows**

<i>Years Ended June 30,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 165,039	\$ 173,265
Payments for goods and services	(21,054)	(12,374)
Payments for salaries and benefits	(129,524)	(120,390)
<b>Net cash flows from operating activities</b>	<b>14,461</b>	<b>40,501</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in	-	12,150
<b>Net increase in cash and investments</b>	<b>14,461</b>	<b>52,651</b>
<b>Cash and Investments, beginning</b>	<b>593,218</b>	<b>540,567</b>
<b>Cash and Investments, ending</b>	<b>\$ 607,679</b>	<b>\$ 593,218</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities</b>		
Operating income (loss)	\$ (53,934)	\$ 5,235
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	63,623	63,623
State PERS on-behalf, net pension and OPEB	(4,613)	9,072
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	6,176	(7,700)
Net OPEB asset	(94,669)	(13,065)
Deferred outflows of resources related to pensions	5,037	881
Deferred outflows of resources related to other postemployment benefits	5,951	3,524
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(87)	293
Accrued leave	(2,170)	(1,055)
Landfill closure costs liability	4,397	4,398
Net pension liability	(21,233)	(11,006)
Net other postemployment benefits liability	(400)	(4,849)
Deferred inflows of resources related to pensions	59,159	(12,876)
Deferred inflows of resources related to other postemployment benefits	47,224	4,026
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 14,461</b>	<b>\$ 40,501</b>

**City of Sand Point, Alaska**  
**Rock Crusher Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Years Ended June 30,</i>	2022	2021
<b>Transfers</b>		
Transfers out	\$ -	\$ (15,250)
Transfers in	-	12,608
Change in net position	-	(2,642)
<b>Net Position, beginning</b>	-	2,642
<b>Net Position, ending</b>	\$ -	\$ -

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