



City of Sand Point, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information, and Single Audit Reports

Year Ended June 30, 2020

City of Sand Point, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information, and
Single Audit Reports

Year Ended June 30, 2020

City of Sand Point, Alaska

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Independent Auditor's Report

Honorable Mayor and City Council
City of Sand Point, Alaska

Report on the Financial Statements

We have audited the accompanying 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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Sand Point's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the 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 of Sand Point, Alaska, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 46 and 47 and the Schedules of Net Pension and OPEB Liability and Pension and OPEB Contributions on pages 48 and 49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit for the year ended June 30, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sand Point's basic financial statements. The individual and combining fund financial statements and schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and schedule of state financial assistance as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual and combining fund financial statements, and schedules and schedule of expenditures of federal awards, and schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual and combining fund financial statements and schedules, schedule of expenditures of federal awards, and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Sand Point as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated March 2, 2020 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, 2019 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 June 30, 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2021, on our consideration of City of Sand Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sand Point's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sand Point's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
March 23, 2021

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Basic Financial Statements

City of Sand Point, Alaska
Statement of Net Position

<i>June 30, 2020</i>	Govern- mental Activities	Business- type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 3,037,028	\$ 609,133	\$ 3,646,161
Accounts receivable, net	753,542	69,823	823,365
Internal balances	1,087,227	(1,087,227)	-
Investment in Southwest Governments, LLC	314,472	-	314,472
Net OPEB asset	19,252	7,809	27,061
Capital assets not being depreciated	40,000	-	40,000
Other capital assets, net of accumulated depreciation	19,841,163	11,592,475	31,433,638
Total Assets	25,092,684	11,192,013	36,284,697
Deferred Outflows of Resources			
Pension related	146,477	75,317	221,794
Other postemployment benefits related	129,009	52,332	181,341
Total Deferred Outflows of Resources	275,486	127,649	403,135
Total Assets and Deferred Outflows of Resources	\$ 25,368,170	\$ 11,319,662	\$ 36,687,832
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	\$ 20,096	\$ 26,502	\$ 46,598
Accrued liabilities	50,585	2,412	52,997
Unearned revenue	497,147	-	497,147
Accrued interest payable	-	34,560	34,560
Noncurrent liabilities:			
Due within one year:			
Accrued leave	78,415	23,057	101,472
Bonds payable	-	80,000	80,000
Due in more than one year:			
Landfill closure costs payable	-	149,443	149,443
Bonds payable, net of current portion	-	2,075,000	2,075,000
Bond premium, net of accumulated amortization	-	298,312	298,312
Net pension liability	1,408,675	701,080	2,109,755
Net other postemployment benefits liability	54,165	21,972	76,137
Total Liabilities	2,109,083	3,412,338	5,521,421
Deferred Inflows of Resources			
Pension related	110,484	59,243	169,727
Other postemployment benefits related	84,473	34,266	118,739
Total Deferred Inflows of Resources	194,957	93,509	288,466
Net Position			
Net investment in capital assets	19,881,163	9,139,163	29,020,326
Unrestricted (deficit)	3,182,967	(1,325,348)	1,857,619
Total Net Position	23,064,130	7,813,815	30,877,945
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 25,368,170	\$ 11,319,662	\$ 36,687,832

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Statement of Activities

Year Ended June 30, 2020	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	
Governmental Activities							
General government	\$ 1,606,645	\$ 73,434	\$ 22,894	\$14,098,250	\$12,587,933	\$ -	\$12,587,933
Parks and recreation	23,277	-	-	-	(23,277)	-	(23,277)
Public safety	618,036	82,453	33,193	-	(502,390)	-	(502,390)
Public works	897,981	192,369	25,042	-	(680,570)	-	(680,570)
Health clinic	-	407,797	-	-	407,797	-	407,797
Community development	40,391	35,349	-	-	(5,042)	-	(5,042)
Total Governmental Activities	3,186,330	791,402	81,129	14,098,250	11,784,451	-	11,784,451
Business-type Activities							
Bingo	546,666	548,123	-	-	-	1,457	1,457
Boat harbor	990,714	635,641	17,520	-	-	(337,553)	(337,553)
Water and sewer	438,355	203,859	7,529	-	-	(226,967)	(226,967)
Refuse	186,423	148,053	7,862	-	-	(30,508)	(30,508)
Rock crusher	7,320	-	-	-	-	(7,320)	(7,320)
Total Business-type Activities	2,169,478	1,535,676	32,911	-	-	(600,891)	(600,891)
Total	\$ 5,355,808	\$ 2,327,078	\$ 114,040	\$14,098,250	11,784,451	(600,891)	11,183,560
General Revenues							
Taxes:							
Sales taxes					707,265	-	707,265
Local raw fish taxes					342,687	-	342,687
Accommodation taxes					9,264	-	9,264
Grants and entitlements not restricted to a specific purpose					546,939	-	546,939
Investment income					43,176	-	43,176
Transfers					(21,424)	21,424	-
Total General Revenues and Transfers					1,627,907	21,424	1,649,331
Change in net position					13,412,358	(579,467)	12,832,891
Net Position, beginning					9,651,772	8,393,282	18,045,054
Net Position, ending					\$23,064,130	\$7,813,815	\$30,877,945

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Governmental Funds
Balance Sheet

	Major Funds		Nonmajor Fund		Total Governmental Funds
	General	Clinic Operations Special Revenue	Silver Salmon Derby Special Revenue		
<i>June 30, 2020</i>					
Assets					
Cash and investments	\$ 2,496,910	\$ 514,418	\$ 25,700	\$	\$ 3,037,028
Receivables:					
Sales tax	66,911	-	-		66,911
Fish tax	17,668	-	-		17,668
Other	30,304	638,355	304		668,963
Investment in Southwest Governments, LLC	314,472	-	-		314,472
Advances to other funds	1,099,630	-	-		1,099,630
Due from other funds	12,608	-	-		12,608
Total Assets	\$ 4,038,503	\$ 1,152,773	\$ 26,004	\$	\$ 5,217,280
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 20,096	\$ -	\$ -	\$	\$ 20,096
Accrued liabilities	50,585	-	-		50,585
Unearned revenue	497,147	-	-		497,147
Due to other funds	25,011	-	-		25,011
Total Liabilities	592,839	-	-		592,839
Fund Balances					
Nonspendable:					
Investment in Southwest Governments, LLC	314,472	-	-		314,472
Advances to other funds	1,099,630	-	-		1,099,630
Assigned:					
Silver Salmon Derby	-	-	26,004		26,004
Clinic	-	1,152,773	-		1,152,773
Unassigned	2,031,562	-	-		2,031,562
Total Fund Balances	3,445,664	1,152,773	26,004		4,624,441
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,038,503	\$ 1,152,773	\$ 26,004	\$	\$ 5,217,280

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, 2020

Total fund balances for governmental funds		\$ 4,624,441
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	<u>2,063,003</u>	
Total capital assets	29,546,834	
Accumulated depreciation	<u>(9,665,671)</u>	
Total capital assets, net		19,881,163
The PERS ODD OPEB Plan has been funded in excess of required contributions. This asset is not a financial resource and therefore is not reported in the funds.		
		19,252
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	(78,415)	
Net pension liability	(1,408,675)	
Net other postemployment benefits liability	<u>(54,165)</u>	
Total noncurrent liabilities		(1,541,255)
Certain changes in net pension and net other postemployment benefits liabilities are deferred rather than recognized immediately. These items are amortized over time:		
Deferred outflows of resources related to pensions	146,477	
Deferred inflows of resources related to pensions	(110,484)	
Deferred outflows of resources related to other postemployment benefits	129,009	
Deferred inflows of resources related to other postemployment benefits	<u>(84,473)</u>	
Total deferred pension and other postemployment benefits items		<u>80,529</u>
Total Net Position of Governmental Activities		<u>\$ 23,064,130</u>

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	City Dock Capital Project	Silver Salmon Derby Special Revenue		
<i>Year Ended June 30, 2020</i>						
Revenues						
Taxes	\$ 1,059,216	\$ -	\$ -	\$ -	\$ 1,059,216	
State of Alaska	338,358	-	1,342,709	-	1,681,067	
Federal government	275,361	-	12,755,541	-	13,030,902	
Other revenues	391,432	638,355	-	35,349	1,065,136	
Total Revenues	2,064,367	638,355	14,098,250	35,349	16,836,321	
Expenditures						
Current:						
General government	856,224	-	-	-	856,224	
Parks and recreation	16,042	-	-	-	16,042	
Public safety	798,001	-	-	-	798,001	
Public works	706,964	-	-	-	706,964	
Community development	-	264	-	27,898	28,162	
Capital outlay	-	-	14,098,250	-	14,098,250	
Total Expenditures	2,377,231	264	14,098,250	27,898	16,503,643	
Excess of revenues over (under) expenditures	(312,864)	638,091	-	7,451	332,678	
Other Financing Uses - transfers out	(72,650)	-	-	-	(72,650)	
Net change in fund balances	(385,514)	638,091	-	7,451	260,028	
Fund Balances, beginning	3,831,178	514,682	-	18,553	4,364,413	
Fund Balances, ending	\$ 3,445,664	\$ 1,152,773	\$ -	\$ 26,004	\$ 4,624,441	

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, 2020

Net change in fund balances - total governmental funds	\$ 260,028
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 capital outlays (\$14,275,366) exceeded depreciation (\$1,114,269) in the current year.	
	13,161,097
Revenues in the prior year statement of activities that did not provide current financial resources were deferred in the governmental funds - clinic lease receivables, available in current year, are recorded as revenues in the governmental funds	
	(230,558)
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.	
Increase in accrued leave	(17,106)
Increase in net pension liability and related deferred outflows and inflows of resources	(68,801)
Decrease in net other postemployment benefits liability and related deferred outflows and inflows of resources	307,698
	307,698
Change in Net Position of Governmental Activities	\$ 13,412,358

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Enterprise Funds
Statement of Net Position

	Major Funds		Nonmajor Enterprise Funds	Total Enterprise Funds
	Boat Harbor	Water and Sewer		
<i>June 30, 2020</i>				
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ -	\$ -	\$ 609,133	\$ 609,133
Accounts receivable, net	47,688	11,609	10,526	69,823
Due from other funds	-	-	25,011	25,011
Total Current Assets	47,688	11,609	644,670	703,967
Net OPEB asset	4,157	1,786	1,866	7,809
Capital Assets				
Buildings and improvements	10,795,390	5,762,029	19,400	16,576,819
Equipment and vehicles	613,944	177,509	549,770	1,341,223
Sanitary landfill	-	-	1,996,889	1,996,889
Less accumulated depreciation	(3,156,258)	(3,123,529)	(2,042,669)	(8,322,456)
Total Capital Assets	8,253,076	2,816,009	523,390	11,592,475
Total Assets	8,304,921	2,829,404	1,169,926	12,304,251
Deferred Outflows of Resources:				
Pension related	51,111	2,992	21,214	75,317
Other postemployment benefits related	27,860	11,971	12,501	52,332
Total Deferred Outflows of Resources	78,971	14,963	33,715	127,649
Total Assets and Deferred Outflows of Resources	\$ 8,383,892	\$ 2,844,367	\$ 1,203,641	\$ 12,431,900

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

<i>June 30, 2020</i>	Major Funds		Nonmajor Enterprise Funds	Total Enterprise Funds
	Boat Harbor	Water and Sewer		
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable	\$ 22,870	\$ 3,488	\$ 144	\$ 26,502
Accrued leave	7,835	4,461	10,761	23,057
Accrued payroll	-	-	2,412	2,412
Accrued interest payable	34,560	-	-	34,560
Current portion of bonds payable	80,000	-	-	80,000
Due to other funds	-	-	12,608	12,608
Total Current Liabilities	145,265	7,949	25,925	179,139
Noncurrent Liabilities				
Advance from General Fund	524,004	575,626	-	1,099,630
Bonds payable, net of current portion	2,075,000	-	-	2,075,000
Bond premium, net	298,312	-	-	298,312
Landfill closure costs payable	-	-	149,443	149,443
Net pension liability	447,333	73,158	180,589	701,080
Net other postemployment benefits liability	11,697	5,026	5,249	21,972
Total Noncurrent Liabilities	3,356,346	653,810	335,281	4,345,437
Total Liabilities	3,501,611	661,759	361,206	4,524,576
Deferred Inflows of Resources				
Pension related	36,724	9,643	12,876	59,243
Other postemployment benefits related	18,242	7,838	8,186	34,266
Total Deferred Inflows of Resources	54,966	17,481	21,062	93,509
Net Position				
Net investment in capital assets	5,799,764	2,816,009	523,390	9,139,163
Unrestricted (deficit)	(972,449)	(650,882)	297,983	(1,325,348)
Total Net Position	4,827,315	2,165,127	821,373	7,813,815
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 8,383,892	\$ 2,844,367	\$ 1,203,641	\$ 12,431,900

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

	Major Funds		Nonmajor Enterprise Funds	Total Enterprise Funds
	Boat Harbor	Water and Sewer		
<i>Year Ended June 30, 2020</i>				
Operating Revenues	\$ 635,641	\$ 203,859	\$ 696,176	\$ 1,535,676
Operating Expenses				
Salaries and benefits	236,899	132,183	132,948	502,030
Services and supplies	202,370	133,626	536,518	872,514
Depreciation	445,765	172,546	70,943	689,254
Total Operating Expenses	885,034	438,355	740,409	2,063,798
Operating loss	(249,393)	(234,496)	(44,233)	(528,122)
Nonoperating Revenues (Expenses)				
State PERS relief	17,520	7,529	7,862	32,911
Loss on disposal of capital asset	(51,226)	-	-	(51,226)
Interest expense	(105,680)	-	-	(105,680)
Net Nonoperating Revenues (Expenses)	(139,386)	7,529	7,862	(123,995)
Loss before transfers	(388,779)	(226,967)	(36,371)	(652,117)
Transfers in	-	60,500	12,150	72,650
Change in net position	(388,779)	(166,467)	(24,221)	(579,467)
Net Position, beginning	5,216,094	2,331,594	845,594	8,393,282
Net Position, ending	\$ 4,827,315	\$ 2,165,127	\$ 821,373	\$ 7,813,815

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended June 30, 2020	Major Funds		Nonmajor Enterprise Funds	Total Enterprise Funds
	Boat Harbor	Water and Sewer		
Cash Flows from (for) Operating Activities				
Receipts from customers	\$ 672,650	\$ 213,038	\$ 708,329	\$ 1,594,017
Payments for goods and services	(186,830)	(133,229)	(532,393)	(852,452)
Payments for salaries and benefits	(298,381)	(129,669)	(153,539)	(581,589)
Net cash flows from (for) operating activities	187,439	(49,860)	22,397	159,976
Cash Flows from Noncapital Financing Activities				
Decrease in due from other funds	-	-	(953)	(953)
Transfers in	-	60,500	12,150	72,650
Net cash flows from noncapital financing activities	-	60,500	11,197	71,697
Cash Flows from (for) Capital and Related Financing Activities				
Principal paid on long-term debt	(75,000)	-	-	(75,000)
Interest paid on long-term debt	(123,252)	-	-	(123,252)
Increase (decrease) in advances from general fund	10,813	(10,640)	-	173
Net cash flows for capital and related financing activities	(187,439)	(10,640)	-	(198,079)
Net increase in cash and investments	-	-	33,594	33,594
Cash and Investments, beginning	-	-	575,539	575,539
Cash and Investments, ending	\$ -	\$ -	\$ 609,133	\$ 609,133
Reconciliation of Operating Loss to Net				
Cash Flows from (for) Operating Activities				
Operating loss	\$ (249,393)	\$ (234,496)	\$ (44,233)	\$ (528,122)
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:				
Depreciation	445,765	172,546	70,943	689,254
Noncash expense - PERS relief	17,520	7,529	7,862	32,911
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable, net	37,009	9,179	12,153	58,341
Net OPEB asset	(4,157)	(1,786)	(1,866)	(7,809)
Deferred outflows of resources related to pensions	27,789	11,941	12,470	52,200
Deferred outflows of resources related to other postemployment benefits	12,840	(5,095)	4,485	12,230
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	15,540	397	(272)	15,665
Accrued leave	2,830	3,994	918	7,742
Accrued payroll	-	-	433	433
Landfill closure costs payable	-	-	4,397	4,397
Net pension liability	(30,116)	(12,941)	(13,515)	(56,572)
Net other postemployment benefits liability	(83,745)	(10,236)	(32,290)	(126,271)
Deferred inflows of resources related to pensions	17,185	7,384	7,711	32,280
Deferred inflows of resources related to other postemployment benefits	(21,628)	1,724	(6,799)	(26,703)
Net Cash Flows from (for) Operating Activities	\$ 187,439	\$ (49,860)	\$ 22,397	\$ 159,976

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Notes to Basic Financial Statements

June 30, 2020

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Sand Point 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 City of Sand Point 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

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 compensated absences, 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.

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

City Dock Capital Project Fund - to account for capital activity and related financial resources of the Sand Point city dock.

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.

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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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.

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

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) Plan

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 as deferred inflows of resources. Pension and OPEB items are amortized as a reduction of expense over varying periods of time based on their nature.

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 or inventories; 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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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.

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. 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.

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

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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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.

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, 2020.

	Totals
Deposit accounts and cash on hand	\$ 173,297
Charles Schwab investment	538,429
Pooled investment	2,934,435
Total Cash and Investments	\$ 3,646,161

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, 2020, \$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 \$2,934,435 is measured at net asset value, as of June 30, 2020. Management believes these values approximate fair value.

The fair values of the City’s equity securities at year-end are \$538,429.

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, 2020 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, 2020, the City's investment in the LLC was \$314,472. This investment is considered noncurrent, and accordingly, an equal amount of fund balance of the General Fund is shown as nonspendable. In 2020, the City's share of earnings of Southwest Governments, LLC was \$23,459, 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, 2020, 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 Special Revenue Fund	Boat Harbor Enterprise Fund	Water and Sewer Enterprise Fund	Refuse Enterprise Fund	Totals
Accounts	\$ 9,157	\$ -	\$ -	\$ 100,400	\$ 19,315	\$ 13,575	\$ 142,447
Sales and fish taxes	84,579	-	-	-	-	-	84,579
Grants	21,147	-	-	-	-	-	21,147
Leases	-	638,355	-	-	-	-	638,355
Other	-	-	304	-	-	-	304
Total receivables	114,883	638,355	304	100,400	19,315	13,575	886,832
Less allowance for uncollectible accounts	-	-	-	(52,712)	(7,706)	(3,049)	(63,467)
Net Receivables	\$ 114,883	\$ 638,355	\$ 304	\$ 47,688	\$ 11,609	\$ 10,526	\$ 823,365

City of Sand Point, Alaska

Notes to Basic Financial Statements

4. Capital Assets

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

Governmental Activities	Balance July 1, 2019	Additions and Transfers	Deletions	Balance June 30, 2020
<i>Capital assets not being depreciated -</i>				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
<i>Capital assets being depreciated:</i>				
Buildings	8,726,286	-	-	8,726,286
Improvements other than buildings	4,568,069	14,149,476	-	18,727,545
Equipment and vehicles	1,937,113	125,890	-	2,063,003
Total assets being depreciated	15,231,468	14,275,366	-	29,506,834
<i>Less accumulated depreciation for:</i>				
Buildings	5,638,601	436,314	-	6,074,915
Improvement other than buildings	1,132,853	622,792	-	1,744,645
Equipment and vehicles	1,779,948	66,163	-	1,846,111
Total accumulated depreciation	8,551,402	1,114,269	-	9,665,671
Total capital assets being depreciated, net	6,680,066	13,161,097	-	19,841,163
Governmental Activities Capital Assets, net	\$ 6,720,066	\$ 13,161,097	\$ -	\$ 19,881,163

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City of Sand Point, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance July 1, 2019	Additions	Deletions and Transfers	Balance June 30, 2020
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 51,226	\$ -	\$ 51,226	\$ -
<i>Capital assets being depreciated:</i>				
Buildings and improvements	16,576,819	-	-	16,576,819
Equipment and vehicles	1,341,223	-	-	1,341,223
Landfill	1,996,889	-	-	1,996,889
Total assets being depreciated	19,914,931	-	-	19,914,931
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	4,935,906	606,302	-	5,542,208
Equipment and vehicles	1,262,029	20,549	-	1,282,578
Landfill	1,435,267	62,403	-	1,497,670
Total accumulated depreciation	7,633,202	689,254	-	8,322,456
Total capital assets being depreciated, net	12,281,729	(689,254)	-	11,592,475
Business-type Activities Capital Assets, net	\$ 12,332,955	\$ (689,254)	\$ 51,226	\$ 11,592,475

During the year ended June 30, 2020, the Boat Harbor Enterprise Fund transferred \$51,226 of capital assets to governmental activities.

Depreciation expense was charged to the functions as follows for the year ended June 30, 2020:

Governmental Activities

General government	\$ 804,958
Parks and recreation	7,803
Community development	12,229
Public safety	31,593
Public works	257,686

Total Depreciation Expense - Governmental Activities **\$ 1,114,269**

Business-type Activities

Boat harbor	\$ 445,765
Refuse collection	63,623
Water and sewer	172,546
Rock crusher	7,320

Total Depreciation Expense - Business-type Activities **\$ 689,254**

City of Sand Point, Alaska

Notes to Basic Financial Statements

5. Operating Leases

The City of Sand Point has leased the Sand Point Health Clinic to Eastern Aleutians Tribe. The carrying value of the leased assets at June 30, 2020 was \$2,285,908, with a cost of \$8,056,881 and accumulated depreciation of \$5,770,973. The lease is at a fixed rate of \$307,410 per year and is effective through September 30, 2021. Future minimum payments to be received are as follows:

Year Ending June 30,

2021	\$ 307,410
2022	76,853
Total	\$ 384,263

Subsequent to year-end, the City received payment from Eastern Aleutians Tribe effective for the period of October 1, 2018 to September 30, 2019 and October 1, 2019 to June 30, 2020. The City recognized a receivable and corresponding deferred inflow of resources equal to the amount considered unavailable in the Clinic Operations Special Revenue Fund at June 30, 2019, which was reversed during the year ended June 30, 2020 as the payment for the receivables was received within 60 days after year end. In 2020, the City recognized lease revenue of \$638,355 and \$407,797 in the Clinic Operations Special Revenue Fund and Governmental Activities Statement of Activities, respectively.

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.

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:

Business-type Activities	Interest Rates	Outstanding Balance
Small boat harbor - \$2,615,000, 2013 Series One general obligation bonds, due in annual principal payments of \$80,000 to \$175,000 through 2038	2%-5%	\$ 2,155,000

City of Sand Point, Alaska

Notes to Basic Financial Statements

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

Business-type Activities

<i>Fiscal Year</i>	Principal	Interest	Total
2021	\$ 80,000	\$ 103,680	\$ 183,680
2022	80,000	100,480	180,480
2023	85,000	97,280	182,280
2024	90,000	93,880	183,880
2025	95,000	89,380	184,380
2026-2030	550,000	370,650	920,650
2031-2035	680,000	223,890	903,890
2036-2038	495,000	50,500	545,500
Total	\$ 2,155,000	\$ 1,129,740	\$ 3,284,740

Changes in long-term liabilities for the year ended June 30, 2020 follows:

Governmental Activities	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Accrued leave	\$ 61,309	\$ 114,720	\$ 97,615	\$ 78,415	\$ 78,415

Business-type Activities	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
General obligation bonds	\$ 2,230,000	\$ -	\$ 75,000	\$ 2,155,000	\$ 80,000
Bond premium	314,884	-	16,572	298,312	-
Landfill closure liability	145,046	4,397	-	149,443	-
Accrued leave	15,315	29,042	21,300	23,057	23,057

Total Business-type Activities	\$ 2,705,245	\$ 33,439	\$ 112,872	\$ 2,625,812	\$ 103,057
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For governmental activities, accrued leave is generally liquidated by the General Fund.

The City amortizes bond premiums using the straight-line method, which approximates the effective interest method.

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City of Sand Point, Alaska

Notes to Basic Financial Statements

7. Fund Balances

Fund balances, reported for the individual major fund, and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2020:

	General Fund	Clinic Operations Special Revenue Fund	Nonmajor Funds	Total
Nonspendable:				
Investment in Southwest Governments, LLC	\$ 314,472	\$ -	\$ -	\$ 314,472
Advances to other funds	1,099,630	-	-	1,099,630
Total nonspendable	1,414,102	-	-	1,414,102
Assigned:				
Silver Salmon Derby	-	-	26,004	26,004
Clinic	-	1,152,773	-	1,152,773
Total assigned	-	1,152,773	26,004	1,178,777
Unassigned	2,031,562	-	-	2,031,562
Total Fund Balances	\$ 3,445,664	\$ 1,152,773	\$ 26,004	\$ 4,624,441

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City of Sand Point, Alaska

Notes to Basic Financial Statements

8. Interfund Balances

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

Due to Other Funds

Due to the General Fund from the Nonmajor Enterprise Funds to cover operating expenses and capital costs	\$ 12,608
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Due to the Bingo Enterprise Fund from the General Fund to cover short-term advances	25,011
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Total Due to Other Funds	\$ 37,619
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Advances to Other Funds

Advances from the General Fund to:

Water and Sewer Enterprise Fund for capital and operating costs	\$ 575,626
Boat Harbor Enterprise Fund for operations	524,004

Total Advances to Other Funds	\$ 1,099,630
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Transfers

Transfers from the General Fund to:

Water and Sewer Enterprise Fund for operating expenses	\$ 60,500
Refuse Enterprise Fund for operating expenses	12,150

Total transfers out - General Fund	72,650
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Transfer of capital asset from the Business-Type Activities to Governmental Activities	(51,226)
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Total Transfers - Statement of Activities	\$ 21,424
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9. Pension and Other Postemployment Benefits

(a) Defined Benefit (DB) Pension 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 <http://doa.alaska.gov/dr/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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

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

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from 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.

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% of 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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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.

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.

Contribution rates for the year ended June 30, 2020 were determined in the June 30, 2017 actuarial valuations. The City's contribution rates for the 2020 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	0.00%
Total Contribution Rates	22.00%	28.62%	6.62%

In 2020, the City was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2018 to June 30, 2019	City Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions (including DBUL)	\$ 136,277	\$ 126,952
Nonemployer contributions (on-behalf)	78,267	93,869
Total Contributions	\$ 214,544	\$ 220,821

In addition, employee contributions to the Plan totaled \$16,800 during the City's fiscal year.

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City of Sand Point, Alaska

Notes to Basic Financial Statements

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

At June 30, 2020, 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	\$ 2,109,755
State's proportionate share of NPL associated with the City	839,486
Total Net Pension Liability	\$ 2,949,241

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net pension liability as of that date. The City's proportion of the net pension liability is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plan for the fiscal years 2020 to 2039. At the June 30, 2019 measurement date, the City's proportion was 0.03854 percent, which was a decrease of 0.00786 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$466,082 and on-behalf revenue of \$114,040 for support provided by the State. At June 30, 2020, 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	\$ -	\$ (31,233)
Changes in assumptions	64,592	-
Net difference between projected and actual earnings on pension plan investments	30,250	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(138,494)
City contributions subsequent to the measurement date	126,952	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 221,794	\$ (169,727)

The \$126,952 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2021.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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,

2021	\$ (71,572)
2022	(22,334)
2023	8,583
2024	10,438

Total Amortization **\$ (74,885)**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of pay, closed
Inflation	2.50%
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.
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-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

The actuarial assumptions used in the June 30, 2018 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, 2018 actuarial valuation to better reflect expected future experience.

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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the 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	0.03854%	\$ 2,784,533	\$ 2,109,755	\$ 1,544,687

City of Sand Point, Alaska

Notes to Basic Financial Statements

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a 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 participation accounts. Each participation account is self-directed with respect to investment options. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the 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, 2020 to cover a portion of the City's employer match contributions. For the year ended June 30, 2020, forfeitures reduced pension expense by zero.

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, 2020, 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, 2020 were \$55,136 and \$88,217, 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).

City of Sand Point, Alaska

Notes to Basic Financial Statements

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 is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). 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 plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

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, 2020 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	6.28%	6.28%
Retiree Medical Plan	1.32%	1.32%
Occupational Death and Disability Benefits	0.26%	0.72%
Total Contribution Rates	7.86%	8.32%

In 2020, the City was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2018 to June 30, 2019	City Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions - ARHCT	\$ 49,104	\$ 50,708
Employer contributions - RMP	9,338	14,556
Employer contributions - ODD	4,557	4,486
Total Contributions	\$ 62,999	\$ 69,750

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City of Sand Point, Alaska

Notes to Basic Financial Statements

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

At June 30, 2020, the City reported a liability for its proportionate share of the net OPEB liabilities (NOL) 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 NOL - ARHCT	\$	57,100
City's proportionate share of NOL - RMP		19,037
Total City's Proportionate Share of Net OPEB Liabilities	\$	76,137
State's proportionate share of the ARHCT NOL associated with the City		22,689
Total Net OPEB Liabilities	\$	98,826

At June 30, 2020, the City reported an asset for its proportionate share of the net OPEB asset (NOA) associated with the City's participation in the ODD Plan. The amount recognized by the City for its proportionate share was \$27,061.

The total OPEB liabilities (asset) for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net OPEB liabilities (asset) as of that date. The City's proportion of the net OPEB liabilities (asset) is based on the ratio of the present value of projected future contributions for each employer to the present value of projected future contributions to the Plans for the fiscal years 2020 to 2039.

	June 30, 2018 Measurement Date Employer Proportion	June 30, 2019 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.04640%	0.03848%	(0.00792)%
RMP	0.07135%	0.07957%	0.00822 %
ODD	0.07135%	0.11161%	0.04026 %

For the year ended June 30, 2020, the City recognized OPEB expense of \$(453,548). Of this amount, \$(146,638) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

Plan	OPEB Expense	On-behalf Revenue
ARHCT	\$ (391,057)	\$ (146,638)
RMP	13,348	-
ODD	1,049	-
Total	\$ (376,660)	\$ (146,638)

City of Sand Point, Alaska

Notes to Basic Financial Statements

At June 30, 2020, 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
Changes in assumptions	\$ 75,771	\$ 9,214	\$ -	\$ 84,985
Changes in proportion and differences between City contributions and proportionate share of contributions	24,933	676	997	26,606
City contributions subsequent to the measurement date	50,708	14,556	4,486	69,750
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 151,412	\$ 24,446	\$ 5,483	\$ 181,341

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (38,370)	\$ (1,410)	\$ (8,437)	\$ (48,217)
Changes in assumptions	-	-	(517)	(517)
Difference between projected and actual investment earnings	(25,004)	(210)	(179)	(25,393)
Changes in proportion and differences between City contributions and proportionate share of contributions	(39,386)	(501)	(4,725)	(44,612)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (102,760)	\$ (2,121)	\$ (13,858)	\$ (118,739)

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 liabilities (asset) in the year ended June 30, 2021. 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
2021	\$ 3,514	\$ 800	\$ (1,929)	\$ 2,385
2022	(19,435)	800	(1,929)	(20,564)
2023	6,016	1,304	(1,682)	5,638
2024	7,849	1,295	(1,677)	7,467
2025	-	1,102	(1,760)	(658)
Thereafter	-	2,468	(3,884)	(1,416)
Total Amortization	\$ (2,056)	\$ 7,769	\$ (12,861)	\$ (7,148)

City of Sand Point, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2019 was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of payroll, closed
Inflation	2.50%
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
Investment return 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 (ARHCT Plan and RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table project with MP-2017 generational improvement. The rates for pre- termination mortality were 100% of the RP-2014 employee table 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. 10% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2018 actuarial valuation 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, 2018 actuarial valuation to better reflect expected future experience.

In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation:

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, 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, 2019 are summarized in the following table:

<i>Asset Class</i>	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2019 was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position 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 liability for each plan.

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	0.03848%	\$ 459,299	\$ 57,100	\$ (273,752)
RMP	0.07957%	\$ 47,815	\$ 19,037	\$ (2,628)
ODD	0.11161%	\$ (26,669)	\$ (27,061)	\$ (28,186)

City of Sand Point, Alaska

Notes to Basic Financial Statements

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

The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2019 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	0.03848%	\$ (312,448)	\$ 57,100	\$ 508,088
RMP	0.07957%	\$ (5,855)	\$ 19,037	\$ 53,112
ODD	0.11161%	\$ 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 is established under AS 39.30.300. 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, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,121 per year for each full-time employee, and \$1.36 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2020, the City contributed \$45,513 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

City of Sand Point, Alaska

Notes to Basic Financial Statements

10. 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, 2020, the City has recognized \$149,443 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 \$70,357 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. 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 17 years.

At June 30, 2020, 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.

11. 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, 2020.

City of Sand Point, Alaska

Notes to Basic Financial Statements

12. 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.

13. Significant Event - COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the full effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity in future years. The City is dependent upon its workforce to deliver its services, and local businesses are dependent on economic factors in order to continue operations. Prolonged shutdowns or limited economic activity may negatively impact the City’s services and taxes collected and the City’s overall liquidity. Furthermore, adverse economic effects of the COVID-19 outbreak may decrease demand for the City’s services based on restrictions in place to curb the outbreak or changes in consumer behavior.

Although the City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the City’s results of future operations, financial position, and liquidity in fiscal year 2021.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act.” The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. It also appropriated certain relief funds, for which the City was eligible. At the time of this report, \$1,248,249 has been awarded to the City through the State of Alaska Department of Commerce, Community and Economic Development Coronavirus Relief Fund. As of June 30, 2020, the City has spent \$179,982 of these monies. The remainder was spent as required by December 30, 2020, which has been approved by the City Council.

City of Sand Point, Alaska

Notes to Basic Financial Statements

14. New Accounting Pronouncements

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

GASB Statement No. 87 - Leases - Effective for year-end June 30, 2021, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2021. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB Statement No. 91 - Conduit Debt Obligations - Effective for year-end June 30, 2022. 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. 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, 2021. 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 risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB Statement No. 93 - Replacement of Interbank Offered Rates - The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2022. The requirements in paragraph 11b are required to be implemented for year-end June 30, 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

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).

City of Sand Point, Alaska

Notes to Basic Financial Statements

In light of the COVID-19 Pandemic, on May 8, 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, to provide relief to governments. This Statement, which was effective upon issuance, postpones the effective dates of certain provisions in the above noted pronouncements for one year, except for Statement No. 87 and provisions related to leases in Statement No. 92 which are postponed for eighteen months, Certain other provisions of Statement No. 92 are excluded from Statement No. 95.

Additionally, Statement No. 95 excludes provisions in Statement No. 93 related to lease modifications and excludes Statement No. 94 since the GASB considered the pandemic in determining effective dates. Earlier application of the standards is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

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. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

15. Subsequent Events

Earthquake

On July 21, 2020, the City experienced a 7.8 earthquake. The City has conducted various inspections and assessments on property and infrastructure assets, including City docks. The City is in the process of obtaining engineering estimates of the earthquake related damages. Much of the costs are expected to be covered by emergency assistance and insurance. The total cost of repair or replacement of the City's assets is estimated to be \$71,500 for the new dock and \$2.4 million for the old dock, but the work has not yet been put out to bid.

Required Supplementary Information

City of Sand Point, Alaska

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

<i>Year Ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,019,000	\$ 919,000	\$ 1,059,216	\$ 140,216
State of Alaska	474,500	268,224	338,358	70,134
Federal government	150,000	-	275,361	275,361
Other revenues	344,992	508,612	391,432	(117,180)
Total Revenues	1,988,492	1,695,836	2,064,367	368,531
Expenditures				
General government	1,148,530	1,163,072	856,224	306,848
Parks and recreation	25,000	23,000	16,042	6,958
Public safety	699,753	670,253	798,001	(127,748)
Public works	1,005,150	855,650	706,964	148,686
Total Expenditures	2,878,433	2,711,975	2,377,231	334,744
Excess of revenues over (under) expenditures	(889,941)	(1,016,139)	(312,864)	703,275
Other Financing Uses - transfers out	-	(72,650)	(72,650)	-
Net Change in Fund Balance	<u>\$ (889,941)</u>	<u>\$ (1,088,789)</u>	(385,514)	<u>\$ 703,275</u>
Fund Balance, beginning			<u>3,831,178</u>	
Fund Balance, ending			<u><u>\$ 3,445,664</u></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, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues - lease income	\$ 307,410	\$ 364,774	\$ 638,355	\$ 273,581
Expenditures - health clinic	62,412	62,412	264	62,148
Net Change in Fund Balance	<u>\$ 244,998</u>	<u>\$ 302,362</u>	638,091	<u>\$ 335,729</u>
Fund Balance, beginning			<u>514,682</u>	
Fund Balance, ending			<u>\$ 1,152,773</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>	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.03854%	0.04640%	0.03549%	0.04490%	0.04158%	0.02642%
City's Proportionate Share of the Net Pension Liability	\$ 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	839,486	666,582	682,570	268,000	538,967	1,167,143
Total Net Pension Liability	\$ 2,949,241	\$ 2,972,368	\$ 2,517,097	\$ 2,777,794	\$ 2,555,655	\$ 2,399,631
City's Covered Payroll	\$ 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	162.60%	186.35%	157.28%	202.62%	181.25%	82.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.42%	65.19%	63.37%	59.55%	63.98%	62.37%

Schedule of City Contributions

<i>Years Ended June 30,</i>	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 126,952	\$ 136,277	\$ 135,172	\$ 114,845	\$ 101,325	\$ 96,066
Contributions Relative to the Contractually Required Contribution	126,952	136,277	135,172	114,845	101,325	96,066
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 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	9.390%	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		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.03848%	0.04640%	0.03550%	0.07957%	0.07135%	0.07135%	0.11161%	0.07135%	0.07135%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 57,100	\$ 476,203	\$ 299,802	\$ 19,037	\$ 9,079	\$ 3,734	\$ (27,061)	\$ (13,858)	\$ (10,161)
State of Alaska Proportionate Share of the Net OPEB Liability	22,689	138,071	111,911	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ 79,789	\$ 614,274	\$ 411,713	\$ 19,037	\$ 9,079	\$ 3,734	\$ (27,061)	\$ (13,858)	\$ (10,161)
City's Covered Payroll	\$ 325,356	\$ 395,951	\$ 395,217	\$ 972,128	\$ 841,395	\$ 771,202	\$ 972,128	\$ 841,395	\$ 771,202
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	17.55%	38.49%	38.49%	1.47%	0.73%	0.32%	-2.09%	-1.12%	-0.87%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	98.13%	88.12%	89.68%	83.17%	88.71%	93.98%	297.43%	270.62%	212.97%

Schedule of City Contributions

Years Ended June 30,	ARHCT			RMP			ODD		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Contractually Required Contributions	\$ 50,708	\$ 49,104	\$ 38,529	\$ 14,556	\$ 9,338	\$ 8,318	\$ 4,486	\$ 4,557	\$ 981
Contributions Relative to the Contractually Required Contribution	50,708	49,104	38,529	14,556	9,338	8,318	4,486	4,557	981
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 266,439	\$ 325,356	\$ 395,951	\$ 1,140,694	\$ 972,128	\$ 841,395	\$ 1,140,694	\$ 972,128	\$ 841,395
Contributions as a Percentage of Covered Payroll	19.032%	15.092%	9.731%	1.276%	0.961%	0.989%	0.393%	0.469%	0.117%

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska

Notes to Required Supplementary Information June 30, 2020

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, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

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

The actuarial assumptions used in the June 30, 2018 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, 2018 actuarial valuation to better reflect expected future experience.

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 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.

City of Sand Point, Alaska

Notes to Required Supplementary Information, continued

3. Public Employees' Retirement System OPEB Plans

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

These tables are presented based on the Plan measurement date. For June 30, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

1. 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.
2. Based on recent experience, the healthcare cost trend assumptions were updated.
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.
5. The discount rate was lowered from 8% to 6.7.38%.

The actuarial assumptions used in the June 30, 2018 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, 2018 actuarial valuation to better reflect expected future experience.

Changes in Methods:

As part of the experience study, the actuarial cost method for the retiree healthcare plan was changed from the Entry Age Level Dollar method to the Entry Age Level Percent of Pay method.

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

These tables are 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

City of Sand Point, Alaska
Nonmajor Enterprise Funds
Combining Statement of Net Position

<i>June 30, 2020</i>	Bingo	Refuse	Rock Crusher	Total Nonmajor Enterprise Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 68,566	\$ 540,567	\$ -	\$ 609,133
Accounts receivable, net	-	10,526	-	10,526
Due from other funds	25,011	-	-	25,011
Total Current Assets	93,577	551,093	-	644,670
Capital Assets				
Buildings and improvements	-	19,400	-	19,400
Equipment and vehicles	14,541	498,629	36,600	549,770
Sanitary landfill	-	1,996,889	-	1,996,889
Less accumulated depreciation	(14,541)	(2,006,778)	(21,350)	(2,042,669)
Total Capital Assets	-	508,140	15,250	523,390
Net OPEB asset	-	1,866	-	1,866
Total Assets	93,577	1,061,099	15,250	1,169,926
Deferred Outflows of Resources:				
Pension related	-	21,214	-	21,214
Other postemployment benefits related	-	12,501	-	12,501
Total Deferred Outflows of Resources	-	33,715	-	33,715
Total Assets and Deferred Outflows of Resources	\$ 93,577	\$ 1,094,814	\$ 15,250	\$ 1,203,641

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

<i>June 30, 2020</i>	Bingo	Refuse	Rock Crusher	Total Nonmajor Enterprise Funds
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable	\$ -	\$ 144	\$ -	\$ 144
Accrued leave	-	10,761	-	10,761
Accrued payroll	2,412	-	-	2,412
Due to other funds	-	-	12,608	12,608
Total Current Liabilities	2,412	10,905	12,608	25,925
Noncurrent Liabilities				
Landfill closure costs payable	-	149,443	-	149,443
Net pension liability	-	180,589	-	180,589
Net other postemployment benefits liability	-	5,249	-	5,249
Total Noncurrent Liabilities	-	335,281	-	335,281
Total Liabilities	2,412	346,186	12,608	361,206
Deferred Inflows of Resources				
Pension related	-	12,876	-	12,876
Other postemployment benefits related	-	8,186	-	8,186
Total Deferred Inflows of Resources	-	21,062	-	21,062
Net Position				
Net investment in capital assets	-	508,140	15,250	523,390
Unrestricted (deficit)	91,165	219,426	(12,608)	297,983
Total Net Position	91,165	727,566	2,642	821,373
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 93,577	\$ 1,094,814	\$ 15,250	\$ 1,203,641

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

<i>Year Ended June 30, 2020</i>	Bingo	Refuse	Rock Crusher	Total Nonmajor Enterprise Funds
Operating Revenues	\$ 548,123	\$ 148,053	\$ -	\$ 696,176
Operating Expenses				
Salaries and benefits	34,188	98,760	-	132,948
Services and supplies	512,478	24,040	-	536,518
Depreciation	-	63,623	7,320	70,943
Total Operating Expenses	546,666	186,423	7,320	740,409
Operating income (loss)	1,457	(38,370)	(7,320)	(44,233)
Nonoperating Expense -				
State PERS relief	-	7,862	-	7,862
Income (loss) before transfers	1,457	(30,508)	(7,320)	(36,371)
Transfers in	-	12,150	-	12,150
Change in net position	1,457	(18,358)	(7,320)	(24,221)
Net Position, beginning	89,708	745,924	9,962	845,594
Net Position, ending	\$ 91,165	\$ 727,566	\$ 2,642	\$ 821,373

City of Sand Point, Alaska
Nonmajor Enterprise Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2020</i>	Bingo	Refuse	Rock Crusher	Total Nonmajor Enterprise Funds
Cash Flows from (for) Operating Activities				
Receipts from customers	\$ 548,123	\$ 160,206	\$ -	\$ 708,329
Payments for goods and services	(512,478)	(19,915)	-	(532,393)
Payments for salaries and benefits	(33,755)	(119,784)	-	(153,539)
Net cash flows from operating activities	1,890	20,507	-	22,397
Cash Flows from (for) Noncapital Financing Activities				
Decrease in due from other funds	(953)	-	-	(953)
Transfers in	-	12,150	-	12,150
Net cash flows from (for) noncapital financing activities	(953)	12,150	-	11,197
Net increase in cash and investments	937	32,657	-	33,594
Cash and Investments, beginning	67,629	507,910	-	575,539
Cash and Investments, ending	\$ 68,566	\$ 540,567	\$ -	\$ 609,133
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities				
Operating income (loss)	\$ 1,457	\$ (38,370)	\$ (7,320)	\$ (44,233)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:				
Depreciation	-	63,623	7,320	70,943
Noncash expense - PERS relief	-	7,862	-	7,862
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable, net	-	12,153	-	12,153
Net OPEB asset	-	(1,866)	-	(1,866)
Deferred outflows of resources related to pensions	-	12,470	-	12,470
Deferred outflows of resources related to other postemployment benefits	-	4,485	-	4,485
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	-	(272)	-	(272)
Accrued leave	-	918	-	918
Accrued payroll	433	-	-	433
Landfill closure costs payable	-	4,397	-	4,397
Net pension liability	-	(13,515)	-	(13,515)
Net other postemployment benefits liability	-	(32,290)	-	(32,290)
Deferred inflows of resources related to pensions	-	7,711	-	7,711
Deferred inflows of resources related to other postemployment benefits	-	(6,799)	-	(6,799)
Net Cash Flows from Operating Activities	\$ 1,890	\$ 20,507	\$ -	\$ 22,397

City of Sand Point, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 2,496,910	\$ 2,324,066
Receivables:		
Sales tax	66,911	89,409
Fish tax	17,668	89,712
Other	30,304	26,142
Investment in Southwest Governments, LLC	314,472	291,013
Due from other funds	12,608	12,775
Advances to other funds	1,099,630	1,099,457
Total Assets	\$ 4,038,503	\$ 3,932,574
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 20,096	\$ 19,335
Unearned revenue	497,147	325
Accrued liabilities	50,585	57,678
Due to other funds	25,011	24,058
Total Liabilities	592,839	101,396
Fund Balance		
Nonspendable:		
Investment in Southwest Governments, LLC	314,472	291,013
Advances to other funds	1,099,630	1,099,457
Assigned - next year's budget	-	290,000
Unassigned	2,031,562	2,150,708
Total Fund Balance	3,445,664	3,831,178
Total Liabilities and Fund Balance	\$ 4,038,503	\$ 3,932,574

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>	2020			2019
	Final Budget	Actual	Variance with Budget	Actual
Revenues				
Taxes:				
Sales taxes	\$ 555,000	\$ 707,265	\$ 152,265	\$ 745,315
Local raw fish taxes	350,000	342,687	(7,313)	463,850
Accommodation taxes	14,000	9,264	(4,736)	8,751
Total taxes	919,000	1,059,216	140,216	1,217,916
State of Alaska:				
Shared fisheries and raw fish tax	12,472	12,742	270	43,790
Fish resource landing tax	158,351	161,435	3,084	273,104
Community assistance program	87,901	87,901	-	92,596
State PERS relief	-	66,780	66,780	55,472
Other state grants	7,000	7,000	-	-
State liquor licenses	2,500	2,500	-	2,100
Total State of Alaska	268,224	338,358	70,134	467,062
Federal government	-	275,361	275,361	30,816
Other revenues:				
Payment in lieu of taxes - local sources	150,000	-	(150,000)	150,000
Building rental	125,000	169,273	44,273	125,899
Equipment rental	47,000	23,096	(23,904)	109,727
Business licenses	4,000	2,900	(1,100)	3,025
Anchorage office	20,000	23,459	3,459	16,102
Local donations	43,612	43,612	-	47,753
Investment income	60,000	43,176	(16,824)	77,116
Other	59,000	85,916	26,916	33,021
Total other revenues	508,612	391,432	(117,180)	562,643
Total Revenues	1,695,836	2,064,367	368,531	2,278,437

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

Years Ended June 30,	2020			2019
	Final Budget	Actual	Variance with Budget	Actual
Expenditures				
General government:				
Legislative:				
Salaries	\$ 37,000	\$ 36,175	\$ 825	\$ 36,175
Fringe benefits	10,000	32,586	(22,586)	45,640
Council stipends	36,000	-	36,000	-
Travel and per diem	20,000	12,422	7,578	20,386
Dues and fees	4,000	3,486	514	1,970
Total legislative	107,000	84,669	22,331	104,171
Administration:				
Salaries	378,000	376,162	1,838	350,411
Fringe benefits	86,000	102,422	(16,422)	96,142
Travel and per diem	21,000	13,512	7,488	14,321
Telephone	15,000	16,257	(1,257)	16,595
Postage	4,500	3,461	1,039	3,243
Supplies	8,500	(38)	8,538	4,954
Equipment	10,000	3,255	6,745	2,269
Equipment maintenance	3,500	6,295	(2,795)	8,226
Contractual services	9,000	10,250	(1,250)	10,250
Dues and fees	6,000	9,152	(3,152)	11,033
Anchorage office	12,000	10,469	1,531	9,201
Audit	73,000	53,594	19,406	58,052
Legal	6,000	4,589	1,411	3,659
Insurance	137,542	137,542	-	133,988
Bank service charges	10,000	10,102	(102)	9,156
Fuel	2,000	1,298	702	1,548
Freight/speed paks	2,000	1,234	766	2,088
Elections	1,000	947	53	986
Donations	-	-	-	5,514
Hospitality	1,500	477	1,023	1,509
Bond payment	181,680	-	181,680	-
Library	2,500	2,730	(230)	1,239
Event costs	5,000	961	4,039	6,082
Airport leases	7,700	-	7,700	-
Other	72,650	6,884	65,766	6,386
Total administration	1,056,072	771,555	284,517	756,852
Total general government	1,163,072	856,224	306,848	861,023

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

Years Ended June 30,	2020			2019
	Final Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Parks and recreation:				
Salaries	\$ 20,000	\$ 14,765	\$ 5,235	\$ 20,218
Fringe benefits	2,000	1,277	723	1,749
Equipment	1,000	-	1,000	40
Total parks and recreation	23,000	16,042	6,958	22,007
Public safety:				
Police:				
Salaries	378,903	409,572	(30,669)	359,581
911 dispatchers	25,000	25,264	(264)	23,946
Contractual services	10,000	46,472	(36,472)	-
Fringe benefits	113,000	143,385	(30,385)	129,986
Travel and per diem	40,000	31,709	8,291	40,853
Telephone	12,000	13,155	(1,155)	10,740
Supplies	5,000	1,538	3,462	3,381
Equipment	20,000	44,873	(24,873)	3,497
Equipment maintenance	10,000	5,359	4,641	5,536
Dues and fees	3,500	717	2,783	7,546
Fuel	5,000	4,808	192	4,698
Freight/speed paks	4,000	3,569	431	745
Total police	626,403	730,421	(104,018)	590,509
Emergency services:				
Volunteer stipend	12,000	9,100	2,900	8,800
Contractual	6,000	6,000	-	6,000
Travel and per diem	1,200	355	845	-
Telephone	3,200	4,369	(1,169)	3,645
Supplies	2,000	412	1,588	963
Equipment	2,500	1,805	695	-
Equipment maintenance	1,500	933	567	1,003
Equipment fuel	1,000	286	714	258
Dues and fees	500	40,120	(39,620)	2,886
Freight	500	388	112	135
Total emergency services	30,400	63,768	(33,368)	23,690

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

Years Ended June 30,	2020			2019
	Final Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public safety, continued:				
Fire:				
Telephone	\$ 750	\$ 777	\$ (27)	\$ 739
Fireboat	700	-	700	11,638
Supplies	1,000	10	990	537
Equipment	5,000	-	5,000	-
Equipment maintenance	2,000	739	1,261	1,785
Equipment fuel	500	91	409	120
Dues and fees	500	-	500	-
Utilities	1,500	1,380	120	2,007
Freight	1,500	815	685	1,206
Total fire	13,450	3,812	9,638	18,032
Total public safety	670,253	798,001	(127,748)	632,231
Public works:				
General:				
Salaries	300,000	287,975	12,025	341,382
Contractual	15,000	10,209	4,791	-
Fringe benefits	56,000	67,830	(11,830)	76,177
Travel and per diem	2,000	-	2,000	-
Telephone	6,000	5,877	123	5,681
Supplies	15,000	7,271	7,729	10,728
Equipment	25,000	475	24,525	480
Equipment maintenance	55,000	29,671	25,329	28,218
Equipment fuel	10,000	10,697	(697)	9,651
Dues and fees	500	109	391	40
Utilities	17,000	17,532	(532)	19,135
Fuel	15,000	6,944	8,056	9,326
Repairs	50,000	-	50,000	91
Freight/speed paks	10,000	7,235	2,765	6,630
Total general	576,500	451,825	124,675	507,539

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

Years Ended June 30,	2020			2019
	Final Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public works, continued:				
Facilities:				
Salaries	\$ 91,000	\$ 91,788	\$ (788)	\$ 91,832
Fringe benefits	46,000	54,955	(8,955)	53,268
Municipal building:				
Supplies	12,000	9,346	2,654	12,762
Equipment	3,000	379	2,621	930
Equipment maintenance	4,000	919	3,081	3,957
Utilities	17,800	17,493	307	8,106
Fuel	30,000	29,818	182	26,660
Repairs	15,000	2,862	12,138	2,379
Freight/speed paks	4,500	2,366	2,134	2,167
Employee Housing:				
Supplies	500	31	469	-
Equipment	2,000	1,200	800	-
Fuel	5,000	4,083	917	21,100
Repairs	2,000	804	1,196	100
Freight/speed paks	1,000	640	360	-
Utilities	4,500	4,730	(230)	4,308
City Owned/Leased Buildings:				
Fuel	3,000	3,785	(785)	2,960
Repairs	2,000	125	1,875	1,506
Utilities	12,000	7,710	4,290	11,966
RATNET building - utilities	750	283	467	289
Clinic facility:				
Repairs	2,600	3,306	(706)	1,264
4-plex:				
Supplies	500	14	486	134
Equipment	1,500	3,061	(1,561)	-
Utilities	2,000	2,223	(223)	1,519
Fuel	10,000	7,047	2,953	9,788
Repairs	2,000	2,065	(65)	380
Teen center:				
Utilities	1,500	1,457	43	1,466
Fuel	2,500	2,649	(149)	2,811
Repairs	500	-	500	-
Total facilities	279,150	255,139	24,011	261,652
Total public works	855,650	706,964	148,686	769,191

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>	2020			2019
	Final Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Total Expenditures	\$ 2,711,975	\$ 2,377,231	\$ 334,744	\$ 2,284,452
Excess of revenues over (under) expenditures	(1,016,139)	(312,864)	703,275	(6,015)
Other Financing Uses - Transfers out	(72,650)	(72,650)	-	(94,000)
Net change in fund balance	<u>\$ (1,088,789)</u>	(385,514)	<u>\$ 703,275</u>	(100,015)
Fund Balance, beginning		<u>3,831,178</u>		<u>3,931,193</u>
Fund Balance, ending		<u>\$ 3,445,664</u>		<u>\$ 3,831,178</u>

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

<i>June 30,</i>	2020	2019
Assets		
Current Assets		
Cash and investments	\$ 68,566	\$ 67,629
Due from other funds	25,011	24,058
Total Current Assets	93,577	91,687
Noncurrent Assets		
Equipment and vehicles	14,541	14,541
Less accumulated depreciation	(14,541)	(14,541)
Total Noncurrent Assets	-	-
Total Assets	\$ 93,577	\$ 91,687
Liabilities and Net Position		
Current Liabilities -		
Accrued payroll	\$ 2,412	\$ 1,979
Net Position		
Unrestricted	91,165	89,708
Total Liabilities and Net Position	\$ 93,577	\$ 91,687

City of Sand Point, Alaska

Bingo Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Pull tab revenue	\$ 527,324	\$ 681,431
Bingo revenue	20,799	47,138
Total Operating Revenues	548,123	728,569
Operating Expenses		
Salaries and benefits	34,188	41,211
Telephone	945	1,766
Supplies	1,340	744
Dues and fees	1,063	813
Bank service charges	2,436	2,681
Freight/speed paks	4	355
Prizes and payouts	429,048	568,465
Pull tab tax	3,550	5,302
Donations	57,705	61,865
Utilities	60	(121)
Pull tab purchases	16,327	23,489
Total Operating Expenses	546,666	706,570
Change in net position	1,457	21,999
Net Position, beginning	89,708	67,709
Net Position, ending	\$ 91,165	\$ 89,708

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Receipts from customers	\$ 548,123	\$ 728,569
Payments for goods and services	(512,478)	(665,359)
Payments for salaries and benefits	(33,755)	(40,430)
Net cash flows from operating activities	1,890	22,780
Cash Flows for Noncapital Financing Activities		
Increase in due from other funds	(953)	(24,058)
Increase in advances to other funds	-	(20,576)
Net cash flows for noncapital financing activities	(953)	(44,634)
Net increase (decrease) in cash and investments	937	(21,854)
Cash and Investments, beginning	67,629	89,483
Cash and Investments, ending	\$ 68,566	\$ 67,629
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Change in net position	\$ 1,457	\$ 21,999
Adjustments to reconcile operating income to net cash flows from operating activities:		
Increase in liabilities -		
Accrued payroll	433	781
Net Cash Flows from Operating Activities	\$ 1,890	\$ 22,780

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Accounts receivable, net of allowance of \$52,712 (\$93,617 in 2019)	\$ 47,688	\$ 84,697
Net OPEB asset	4,157	-
Capital Assets		
Building and floats	10,795,390	10,795,390
Equipment and vehicles	613,944	613,944
Construction in progress	-	51,226
Less accumulated depreciation	(3,156,258)	(2,710,493)
Total Capital Assets	8,253,076	8,750,067
Total Assets	8,304,921	8,834,764
Deferred Outflows of Resources		
Pension related	51,111	78,900
Other postemployment benefits related	27,860	40,700
Total Deferred Outflows of Resources	78,971	119,600
Total Assets and Deferred Outflows of Resources	\$ 8,383,892	\$ 8,954,364
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 22,870	\$ 7,330
Accrued leave	7,835	5,005
Accrued interest payable	34,560	35,560
Current portion of bonds payable	80,000	75,000
Total Current Liabilities	145,265	122,895
Noncurrent Liabilities		
Bonds payable, net of current portion	2,075,000	2,155,000
Bond premium, net of accumulated amortization	298,312	314,884
Net pension liability	447,333	477,449
Net other postemployment benefits liability	11,697	95,442
Advance from General Fund	524,004	513,191
Total Noncurrent Liabilities	3,356,346	3,555,966
Total Liabilities	3,501,611	3,678,861
Deferred Inflows of Resources		
Pension related	36,724	19,539
Other postemployment benefits related	18,242	39,870
Total Deferred Inflows of Resources	54,966	59,409
Net Position		
Net investment in capital assets	5,799,764	6,205,183
Unrestricted (deficit)	(972,449)	(989,089)
Total Net Position	4,827,315	5,216,094
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 8,383,892	\$ 8,954,364

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

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Moorage	\$ 185,961	\$ 245,795
Travel lift	111,305	84,849
Wharfage	111,529	63,909
Van storage	14,565	17,329
Electricity	42,074	46,547
Penalties and interest	4,461	8,515
Rents	139,611	136,800
Harbor electric fee	8,683	10,725
Other operating revenues, net	17,452	25,533
Total Operating Revenues	635,641	640,002
Operating Expenses		
Salaries and benefits	236,899	342,034
Contractual	19,494	1,051
Telephone	5,400	5,110
Supplies	13,676	8,272
Depreciation	445,765	450,678
Equipment and equipment maintenance	69,503	59,042
Dues and fees	592	409
Utilities	66,397	78,320
Fuel	8,809	11,848
Repairs	5,995	9,958
Travel	3,659	-
Freight/speed paks	8,845	11,643
Bad debt expense	-	22,649
Total Operating Expenses	885,034	1,001,014
Operating loss	(249,393)	(361,012)
Nonoperating Revenues (Expenses)		
State PERS relief	17,520	5,655
Loss on disposal of capital asset	(51,226)	-
Interest expense	(105,680)	(109,013)
Net Nonoperating Revenues (Expenses)	(139,386)	(103,358)
Change in net position	(388,779)	(464,370)
Net Position, beginning	5,216,094	5,680,464
Net Position, ending	\$ 4,827,315	\$ 5,216,094

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Receipts from customers	\$ 672,650	\$ 619,511
Payments for goods and services	(186,830)	(209,095)
Payments for salaries and benefits	(298,381)	(329,879)
Net cash flows from operating activities	187,439	80,537
Cash Flows for Capital and Related Financing Activities		
Principal paid on long-term debt	(75,000)	(70,000)
Interest paid on long-term debt	(123,252)	(126,752)
Increase in advances from general fund	10,813	116,215
Net cash flows for capital and related financing activities	(187,439)	(80,537)
Net increase in cash and investments	-	-
Cash and Investments, beginning	-	-
Cash and Investments, ending	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating loss	\$ (249,393)	\$ (361,012)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	445,765	450,678
Noncash expense - PERS relief	17,520	5,655
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	37,009	(20,491)
Net OPEB asset	(4,157)	-
Deferred outflows of resources related to pensions	27,789	(38,602)
Deferred outflows of resources related to other postemployment benefit	12,840	(30,174)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	15,540	(793)
Accrued leave	2,830	(6,481)
Net pension liability	(30,116)	85,387
Net other postemployment benefits liability	(83,745)	32,260
Deferred inflows of resources related to pensions	17,185	(37,693)
Deferred inflows of resources related to other postemployment benefits	(21,628)	1,803
Net Cash Flows from Operating Activities	\$ 187,439	\$ 80,537

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Accounts receivable, net of allowance of \$7,706 (\$13,800 in 2019)	\$ 11,609	\$ 20,788
Net OPEB asset	1,786	-
Capital Assets		
Buildings and improvements	5,762,029	5,762,029
Equipment and vehicles	177,509	177,509
Less accumulated depreciation	(3,123,529)	(2,950,983)
Total Capital Assets	2,816,009	2,988,555
Total Assets	2,829,404	3,009,343
Deferred Outflows of Resources		
Pension related	2,992	14,933
Other postemployment benefits related	11,971	6,876
Total Deferred Outflows of Resources	14,963	21,809
Total Assets and Deferred Outflows of Resources	\$ 2,844,367	\$ 3,031,152
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 3,488	\$ 3,091
Accrued leave	4,461	467
Total Current Liabilities	7,949	3,558
Noncurrent Liabilities		
Advance from General Fund	575,626	586,266
Net pension liability	73,158	86,099
Net other postemployment benefits liability	5,026	15,262
Total Noncurrent Liabilities	653,810	687,627
Total Liabilities	661,759	691,185
Deferred Inflows of Resources		
Pension related	9,643	2,259
Other postemployment benefits related	7,838	6,114
Total Deferred Inflows of Resources	17,481	8,373
Net Position		
Investment in capital assets	2,816,009	2,988,555
Unrestricted (deficit)	(650,882)	(656,961)
Total Net Position	2,165,127	2,331,594
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,844,367	\$ 3,031,152

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>	2020	2019
Operating Revenues - User charges	\$ 203,859	\$ 217,045
Operating Expenses		
Salaries and benefits	132,183	85,621
Travel and per diem	863	3,395
Telephone	5,311	5,357
Supplies	13,331	17,212
Equipment and equipment maintenance	33,850	15,924
Dues and fees	9,766	8,808
Utilities	28,982	31,013
Fuel	20,041	21,183
Repairs	13,036	11,071
Freight/speed paks	8,446	8,313
Bad debt expense	-	7,009
Depreciation	172,546	163,532
Total Operating Expenses	438,355	378,438
Operating loss	(234,496)	(161,393)
Nonoperating Revenues - State PERS relief	7,529	988
Loss before capital contributions and transfers	(226,967)	(160,405)
Capital contributions	-	1,189,787
Transfers in	60,500	70,000
Change in net position	(166,467)	1,099,382
Net Position, beginning	2,331,594	1,232,212
Net Position, ending	\$ 2,165,127	\$ 2,331,594

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows for Operating Activities		
Receipts from customers	\$ 213,038	\$ 206,488
Payments for goods and services	(133,229)	(129,639)
Payments for salaries and benefits	(129,669)	(81,898)
Net cash flows for operating activities	(49,860)	(5,049)
Cash Flows from Noncapital Financing Activities		
Transfers in	60,500	70,000
Cash Flows for Capital and Related Financing Activities		
Decrease in advances from other funds	(10,640)	(64,951)
Net increase in cash and investments	-	-
Cash and Investments, beginning	-	-
Cash and Investments, ending	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	(234,496)	(161,393)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	172,546	163,532
Noncash expense - PERS relief	7,529	988
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	9,179	(10,557)
Net OPEB asset	(1,786)	-
Deferred outflows of resources related to pensions	11,941	(6,745)
Deferred outflows of resources related to other postemployment benefits	(5,095)	(5,272)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	397	(354)
Accrued leave	3,994	467
Net pension liability	(12,941)	14,919
Net other postemployment benefits liability	(10,236)	5,637
Deferred inflows of resources related to pensions	7,384	(6,586)
Deferred inflows of resources related to other postemployment benefits	1,724	315
Net Cash Flows for Operating Activities	\$ (49,860)	\$ (5,049)
Supplemental Disclosure of Cash Flow Information		
Contributed capital assets	\$ -	\$ 1,189,787

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 540,567	\$ 507,910
Accounts receivable, net of allowance of \$3,049 (\$6,569 in 2019)	10,526	22,679
Total Current Assets	551,093	530,589
Net OPEB asset	1,866	-
Capital Assets		
Buildings	19,400	19,400
Equipment and vehicles	498,629	498,629
Sanitary landfill	1,996,889	1,996,889
Less accumulated depreciation	(2,006,778)	(1,943,155)
Total Capital Assets	508,140	571,763
Total Assets	1,061,099	1,102,352
Deferred Outflows of Resources		
Pension related	21,214	33,684
Other postemployment benefits related	12,501	16,986
Total Deferred Outflows of Resources	33,715	50,670
Total Assets and Deferred Outflows of Resources	\$ 1,094,814	\$ 1,153,022
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 144	\$ 416
Accrued leave	10,761	9,843
Total Current Liabilities	10,905	10,259
Noncurrent Liabilities		
Landfill closure costs payable	149,443	145,046
Net pension liability	180,589	194,104
Net other postemployment benefits liability	5,249	37,539
Total Noncurrent Liabilities	335,281	376,689
Total Liabilities	346,186	386,948
Deferred Inflows of Resources		
Pension related	12,876	5,165
Other postemployment benefits related	8,186	14,985
Total Deferred Inflows of Resources	21,062	20,150
Net Position		
Investment in capital assets	508,140	571,763
	219,426	174,161
Total Net Position	727,566	745,924
Unrestricted		
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,094,814	\$ 1,153,022

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

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues - user charges	\$ 148,053	\$ 168,880
Operating Expenses		
Salaries and benefits	98,760	134,712
Supplies	418	1,132
Equipment and equipment maintenance	14,453	16,057
Dues and fees	-	110
Utilities	560	1,547
Fuel	3,287	4,201
Repairs	-	359
Freight/speed paks	925	862
Landfill closure expense	4,397	4,397
Bad debt expense	-	2,732
Depreciation	63,623	65,637
Total Operating Expenses	186,423	231,746
Operating loss	(38,370)	(62,866)
Nonoperating Revenues - State PERS relief	7,862	2,447
Loss before transfers	(30,508)	(60,419)
Transfers in	12,150	24,000
Change in net position	(18,358)	(36,419)
Net Position, beginning	745,924	782,343
Net Position, ending	\$ 727,566	\$ 745,924

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Receipts from customers	\$ 160,206	\$ 159,449
Payments for goods and services	(19,915)	(26,879)
Payments for salaries and benefits	(119,784)	(125,663)
Net cash flows from operating activities	20,507	6,907
Cash Flows from Noncapital Financing Activities		
Transfers in	12,150	24,000
Net increase in cash and investments	32,657	30,907
Cash and Investments, beginning	507,910	477,003
Cash and Investments, ending	\$ 540,567	\$ 507,910
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating loss	\$ (38,370)	\$ (62,866)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	63,623	65,637
Noncash expense - PERS relief	7,862	2,447
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	12,153	(9,431)
Net OPEB asset	(1,866)	-
Deferred outflows of resources related to pensions	12,470	(16,706)
Deferred outflows of resources related to other postemployment benefits	4,485	(13,059)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(272)	121
Accrued leave	918	985
Landfill closure costs payable	4,397	4,397
Net pension liability	(13,515)	36,953
Net other postemployment benefits liability	(32,290)	13,962
Deferred inflows of resources related to pensions	7,711	(16,313)
Deferred inflows of resources related to other postemployment benefits	(6,799)	780
Net Cash Flows from Operating Activities	\$ 20,507	\$ 6,907

City of Sand Point, Alaska
Rock Crusher Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2020	2019
Assets		
Capital Assets		
Equipment and vehicles	\$ 36,600	\$ 36,600
Less accumulated depreciation	(21,350)	(14,030)
Total Assets	\$ 15,250	\$ 22,570
Liabilities		
Current Liabilities - due to other funds	\$ 12,608	\$ 12,608
Net Position		
Investment in capital assets	15,250	22,570
Unrestricted (deficit)	(12,608)	(12,608)
Total Net Position	2,642	9,962
Total Liabilities and Net Position	\$ 15,250	\$ 22,570

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

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues - gravel sales	\$ -	\$ -
Operating Expenses - depreciation	7,320	7,320
Change in net position	(7,320)	(7,320)
Net Position, beginning	9,962	17,282
Net Position, ending	\$ 2,642	\$ 9,962

City of Sand Point, Alaska
Rock Crusher Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2020	2019
Net increase in cash and investments	\$ -	\$ -
Cash and Investments, beginning	-	-
Cash and Investments, ending	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating loss	\$ (7,320)	\$ (7,320)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	7,320	7,320
Net Cash Flows from Operating Activities	\$ -	\$ -

City of Sand Point, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of Justice				
Public Safety Partnership and Community Policing Grants - Cops Hiring Program	16.710		\$ -	\$ 7,705
Department of Transportation				
Passed through State of Alaska Department of Transportation and Public Facilities: Highway Planning and Construction Cluster	20.205	68560	-	12,818,386
Department of the Treasury				
Passed through State of Alaska Department of Commerce, Community and Economic Development: COVID-19 - Coronavirus Relief Fund	21.019	20-CRF-179	-	179,982
General Services Administration				
Donation of Federal Surplus Personal Property	39.003		-	1,377
Executive Office of the President				
Passed through State of Alaska Department of Public Safety High Intensity Drug Trafficking Areas	95.001	N/A	-	4,489
Total Expenditures of Federal Awards			\$ -	\$13,011,939

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

City of Sand Point, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2020

State Agency/Program Title	Award Number	Total Award Amount	Passed Through To Subre- cipients	State Expenditures
Department of Commerce, Community and Economic Development				
Shared Fisheries Business Tax	FY20	\$ 12,742	\$ -	\$ 12,742
Community Assistance Program	FY20	87,901	-	87,901
Total Department of Commerce, Community and Economic Development			-	100,643
Department of Transportation and Public Facilities				
* Dock Replacement	N/A	1,342,709	-	1,279,864
Department of Education and Early Development				
Public Library Assistance	N/A	7,000	-	7,000
Department of Public Safety				
Crime Prevention and Response	N/A	87,765	-	87,765
Department of Administration				
PERS Relief	FY20	96,707	-	93,869
Department of Revenue				
* Fisheries Business Taxes	FY20	158,851	-	158,351
Liquor License	FY20	2,500	-	2,500
Total Department of Revenue			-	160,851
Total State Financial Assistance			\$ -	\$ 1,729,992

* Major Program

See accompanying notes to the Schedule of State Financial Assistance.

City of Sand Point, Alaska

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended June 30, 2020

1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") include the federal and state award activity of City of Sand Point under programs of the federal government and State of Alaska for the year ended June 30, 2020. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *the State of Alaska Audit Guide and Compliance Supplement for State Single Audits* (State Audit Guide). Because the Schedules present only a selected portion of the operations of City of Sand Point, they are not intended to and do not present the financial position, changes in net position or cash flows of City of Sand Point.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and State Audit Guide, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts reflected on the schedules (if any) represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. PERS On-Behalf

The City has recorded \$93,869 in PERS On-Behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payment appropriated and transferred into the plan during FY20.

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in the year appropriated and transferred to the plan. However, in the full accrual financial statements, GASB Statement No. 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one-year timing difference between the cash contribution and revenue and expense recognition by the City.

As a result of these perspective and timing differences, amounts reported in the financial statements do not agree to the amounts reported on the Schedule of State Financial Assistance.

4. Indirect Cost Rate

City of Sand Point has elected to not use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

Single Audit Section



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3601 C Street, Suite 600
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Sand Point, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska (City of Sand Point) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Sand Point's basic financial statements, and have issued our report thereon dated March 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Sand Point's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sand Point's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sand Point's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
March 23, 2021



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3601 C Street, Suite 600
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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Sand Point, Alaska

Report on Compliance for Each Major Federal Program

We have audited City of Sand Point's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Sand Point's major federal programs for the year ended June 30, 2020. City of Sand Point's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Sand Point complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
March 23, 2021



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

Honorable Mayor and City Council
City of Sand Point, Alaska

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, City of Sand Point complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

BDO USA, LLP

Anchorage, Alaska
March 23, 2021

City of Sand Point, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2020

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

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in Section 2 CFR 200.516(a) of the Uniform Guidance) that are required to be reported.

Section IV - State Financial Assistance Findings and Questioned Costs

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

City of Sand Point



Summary Schedule of Prior Audit Findings Year Ended June 30, 2020

Finding 2019-001 Equipment and Real Property Management - Material Weakness in Internal Control over Compliance

Condition: The City had received a large donation of a capital asset funded with federal monies that was not initially identified as an award that would be included in the scope of the Uniform Guidance audit.

Status: Considered resolved.