

CITY OF SAND POINT, ALASKA

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

(With Independent Auditor's Report Thereon)

For the Year Ended June 30, 2024

Altman, Rogers
& Co. | CERTIFIED
PUBLIC
ACCOUNTANTS

CITY OF SAND POINT, ALASKA

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

(With Independent Auditor's Report Thereon)

For the Year Ended June 30, 2024

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 Audit of the Financial Statements

Opinions

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, 2024, 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.

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, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Sand Point and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 42-44, Schedules of City's Proportionate Share of the Net Pension and OPEB Assets and Liabilities and Pension and OPEB Contributions on pages 45-48, and Notes to Required Supplementary Information on pages 49-50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sand Point's basic financial statements. The information listed in the table of contents as "Supplementary Information", which includes the combining and individual fund financial statements and schedules, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the "Supplementary Information" is fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Mayor and City Council
City of Sand Point, Alaska

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2025 on our consideration of the 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 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 the City of Sand Point's internal control over financial reporting and compliance.

Altman, Rogers & Co.

Anchorage, Alaska
September 6, 2025

BASIC FINANCIAL STATEMENTS

City of Sand Point, Alaska

Statement of Net Position

June 30, 2024	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 2,275,366	\$ 1,288,975	\$ 3,564,341
Accounts receivable, net	926,896	141,814	1,068,710
Restricted cash and investments -			
Bond reserve account	-	93,850	93,850
Internal balances	2,122,222	(2,122,222)	-
Investment in Southwest Governments, LLC	300,291	-	300,291
Other current assets	7,930	-	7,930
Net OPEB asset	588,000	187,340	775,340
Capital assets not being depreciated	40,000	-	40,000
Other capital assets, net of accumulated depreciation	15,045,533	10,340,361	25,385,894
Total Assets	21,306,238	9,930,118	31,236,356
Deferred Outflows of Resources			
Pension and OPEB related	256,606	85,548	342,154
Total Assets and Deferred Outflows of Resources	\$ 21,562,844	\$ 10,015,666	\$ 31,578,510
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Accounts payable	\$ 42,129	\$ 73,278	\$ 115,407
Accrued liabilities	90,479	2,871	93,350
Unearned revenue	113,472	-	113,472
Accrued interest payable	-	9,530	9,530
Noncurrent Liabilities			
Due within one year:			
Accrued leave	67,297	35,592	102,889
Lease liability	6,395	-	6,395
Bonds payable	-	199,933	199,933
Due in more than one year:			
Landfill closure costs liability	-	189,005	189,005
Bonds payable, net of current portion	-	2,580,000	2,580,000
Bond premium, net of accumulated amortization	-	141,488	141,488
Net pension liability	1,223,407	366,874	1,590,281
Total Liabilities	1,543,179	3,598,571	5,141,750
Deferred Inflows of Resources			
Related to pension and OPEB	42,916	11,837	54,753
Related to leases	451,733	-	451,733
Deferred gain on refunding	-	71,719	71,719
Total Deferred Inflows of Resources	494,649	83,556	578,205
Net Position			
Net investment in capital assets	15,079,138	6,583,956	21,663,094
Unrestricted (deficit)	4,445,878	(250,417)	4,195,461
Total Net Position	19,525,016	6,333,539	25,858,555
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 21,562,844	\$ 10,015,666	\$ 31,578,510

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Statement of Activities

Year Ended June 30, 2024	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	
Governmental Activities							
General government	\$ 2,173,850	\$ 149,472	\$ 323,771	\$ -	\$ (1,700,607)	\$ -	\$ (1,700,607)
Parks and recreation	(55,835)	-	(4,710)	-	51,125	-	51,125
Public safety	519,989	-	218,489	-	(301,500)	-	(301,500)
Public works	923,718	-	5,457	-	(918,261)	-	(918,261)
Health clinic	-	540,618	-	-	540,618	-	540,618
Community development	49,313	29,895	-	-	(19,418)	-	(19,418)
Total Governmental Activities	3,611,035	719,985	543,007	-	(2,348,043)	-	(2,348,043)
Business-type Activities							
Boat Harbor	1,221,540	736,674	2,961	-	-	(481,905)	(481,905)
Water and sewer	369,109	235,729	1,573	-	-	(131,807)	(131,807)
Bingo	95,808	101,958	-	-	-	6,150	6,150
Refuse	213,456	175,214	757	200,000	-	162,515	162,515
Total Business-type Activities	1,899,913	1,249,575	5,291	200,000	-	(445,047)	(445,047)
Total	\$ 5,510,948	\$ 1,969,560	\$ 548,298	\$ 200,000	(2,348,043)	(445,047)	(2,793,090)
General Revenues							
Taxes:							
Sales taxes					\$ 895,727	-	895,727
Local raw fish taxes					237,855	-	237,855
Accommodation taxes					14,908	-	14,908
Grants and entitlements not restricted to a specific purpose					219,503	-	219,503
Investment income					233,683	-	233,683
Lease interest					25,494	-	25,494
(Loss) on disposal of capital asset					-	(17,692)	(17,692)
Other					146	-	146
Transfers					(30,500)	30,500	-
Total General Revenues and Transfers					1,596,816	12,808	1,609,624
Change in net position					(751,227)	(432,239)	(1,183,466)
Net Position, beginning					20,276,243	6,765,778	27,042,021
Net Position, ending					\$ 19,525,016	\$ 6,333,539	\$ 25,858,555

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Governmental Funds
Balance Sheet

	Major Funds			Nonmajor Fund		Total Governmental Funds
	General	ARPA Local Government Lost Revenue Special Revenue	Clinic Operations Special Revenue	Silver Salmon Derby Special Revenue		
<i>June 30, 2024</i>						
Assets						
Cash and investments	\$ -	113,472	2,157,297	4,597	\$	2,275,366
Receivables:						
Sales tax	132,451	-	-	-		132,451
Fish tax	46,135	-	-	-		46,135
Leases	476,583	-	234,459	-		711,042
Other	36,964	-	-	304		37,268
Other current assets	7,930	-	-	-		7,930
Investment in Southwest Governments, LLC	300,291	-	-	-		300,291
Due from other funds	1,358,957	-	304,785	-		1,663,742
Advances to other funds	763,265	-	-	-		763,265
Total Assets	\$ 3,122,576	113,472	2,696,541	4,901		5,937,490
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 40,218	-	-	1,911		42,129
Accrued liabilities	90,479	-	-	-		90,479
Due to other funds	304,785	-	-	-		304,785
Unearned revenue	-	113,472	-	-		113,472
Total Liabilities	435,482	113,472	-	1,911		550,865
Deferred Inflows of Resources - related to leases	451,733	-	-	-		451,733
Fund Balances						
Nonspendable:						
Investment in Southwest Governments, LLC	300,291	-	-	-		300,291
Advances to other funds	763,265	-	-	-		763,265
Assigned:						
Clinic	-	-	2,696,541	-		2,696,541
Silver Salmon Derby	-	-	-	2,990		2,990
Unassigned	1,171,805	-	-	-		1,171,805
Total Fund Balances	2,235,361	-	2,696,541	2,990		4,934,892
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,122,576	113,472	2,696,541	4,901		5,937,490

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, 2024

Total fund balances for governmental funds	\$	4,934,892
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		19,015,002
Vehicles and equipment		2,084,409
Right to use leased assets		25,002
Accumulated depreciation and amortization		<u>(14,805,166)</u>
Total capital assets		15,085,533
The PERS ARHCT, RMP, and ODD OPEB plans have been funded in excess of required contributions. This asset is not a financial resource and therefore is not reported in the funds.		
		588,000
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		(67,297)
Lease payable		(6,395)
Net pension liability		<u>(1,223,407)</u>
Total noncurrent liabilities		(1,297,099)
Certain changes in net pension and net other postemployment benefits liabilities and assets are deferred rather than recognized immediately. These items are amortized over time:		
Deferred outflows of resources related to pension and OPEB		256,606
Deferred inflows of resources related to pension and OPEB		<u>(42,916)</u>
Total deferred pension and other postemployment benefits items		<u>213,690</u>
Total Net Position of Governmental Activities	\$	<u>19,525,016</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	ARPA Local Government Lost Revenue Special Revenue	Clinic Operations Special Revenue	Silver Salmon Derby Special Revenue	
<i>Year Ended June 30, 2024</i>					
Revenues					
Taxes	\$ 1,148,490	-	-	-	1,148,490
State of Alaska	250,242	-	-	-	250,242
Federal Government	26,087	290,997	-	-	317,084
Charges for services	-	-	540,618	29,895	570,513
Other revenues	622,295	-	-	-	622,295
Total Revenues	2,047,114	290,997	540,618	29,895	2,908,624
Expenditures					
Current:					
General government	901,694	290,997	-	-	1,192,691
Parks and recreation	25,114	-	-	-	25,114
Public safety	653,036	-	-	-	653,036
Public works	754,406	-	-	-	754,406
Community development	-	-	-	37,084	37,084
Debt service:					
Principal	6,091	-	-	-	6,091
Interest	624	-	-	-	624
Total Expenditures	2,340,965	290,997	-	37,084	2,669,046
Excess of revenues over (under) expenditures	(293,851)	-	540,618	(7,189)	239,578
Other Financing Sources (Uses):					
Transfer out	(30,500)	-	-	-	(30,500)
Net change in fund balances	(324,351)	-	540,618	(7,189)	209,078
Fund Balances, beginning	2,559,712	-	2,155,923	10,179	4,725,814
Fund Balances, ending	\$ 2,235,361	\$ -	\$ 2,696,541	\$ 2,990	\$ 4,934,892

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, 2024

Net change in fund balances - total governmental funds	\$ 209,078
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$1,280,996) exceeds capital outlay \$1,669 in the current year.</p>	
	(983,539)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Change in accrued leave	(1,356)
Change in lease liability	6,091
Change in the proportionate share of the net OPEB assets	(47,260)
Change in the proportionate share of the net pension liabilities	323,425
Change in deferred outflows of resources related to pension and OPEB	16,619
Change in deferred inflows of resources related to pension and OPEB	21,503
	(455,439)
Change in Net Position of Governmental Activities	\$ (455,439)

See accompanying notes to basic financial statements.

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

	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse Collection	
<i>June 30, 2024</i>					
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and investments	\$ -	472,470	191,973	624,532	1,288,975
Accounts receivable, net	108,935	15,867	-	17,012	141,814
Total Current Assets	108,935	488,337	191,973	641,544	1,430,789
Restricted Cash					
Bond reserve account	93,850	-	-	-	93,850
Net OPEB Asset	123,126	30,757	-	33,457	187,340
Capital Assets					
Buildings and improvements	10,795,390	5,762,029	-	7,400	16,564,819
Equipment and vehicles	1,709,612	162,426	14,541	640,367	2,526,946
Sanitary landfill	-	-	-	1,996,889	1,996,889
Less accumulated depreciation	(5,026,161)	(3,798,629)	(14,541)	(1,908,962)	(10,748,293)
Total Capital Assets	7,478,841	2,125,826	-	735,694	10,340,361
Total Assets	7,804,752	2,644,920	191,973	1,410,695	12,052,340
Deferred Outflows of Resources					
Pension and OPEB related	54,887	15,559	-	15,102	85,548
Total Assets and Deferred Outflows of Resources	\$ 7,859,639	\$ 2,660,479	\$ 191,973	\$ 1,425,797	12,137,888
Liabilities, Deferred Inflows of Resources and Net Position					
Current Liabilities					
Accounts payable	\$ 60,391	9,280	87	3,520	73,278
Accrued leave	14,531	9,440	-	11,621	35,592
Accrued payroll	-	-	2,871	-	2,871
Accrued interest payable	9,530	-	-	-	9,530
Current portion of bonds payable	199,933	-	-	-	199,933
Due to General Fund	1,338,381	-	20,576	-	1,358,957
Total Current Liabilities	1,622,766	18,720	23,534	15,141	1,680,161
Noncurrent Liabilities					
Advances from General Fund	-	763,265	-	-	763,265
Bonds payable, net of current portion	2,580,000	-	-	-	2,580,000
Bond premium, net of accumulated amortization	141,488	-	-	-	141,488
Landfill closure costs liability	-	-	-	189,005	189,005
Net pension liability	249,209	51,081	-	66,584	366,874
Total Noncurrent Liabilities	2,970,697	814,346	-	255,589	4,040,632
Total Liabilities	4,593,463	833,066	23,534	270,730	5,720,793
Deferred Inflows of Resources					
Pension and OPEB related	8,428	1,210	-	2,199	11,837
Deferred gain on refunding	71,719	-	-	-	71,719
Total Deferred Inflows of Resources	80,147	1,210	-	2,199	83,556
Total Liabilities and Deferred Inflows of Resources	4,673,610	834,276	23,534	272,929	5,804,349
Net Position					
Net investment in capital assets	4,485,701	1,362,561	-	735,694	6,583,956
Unrestricted (deficit)	(1,299,672)	463,642	168,439	417,174	(250,417)
Total Net Position	3,186,029	1,826,203	168,439	1,152,868	6,333,539
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 7,859,639	2,660,479	191,973	1,425,797	12,137,888

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2024	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse Collection	
Operating Revenues	\$ 736,674	\$ 235,729	\$ 101,958	\$ 175,214	\$ 1,249,575
Operating Expenses					
Salaries and benefits	290,915	111,993	33,994	62,384	499,286
Services and supplies	316,313	84,570	61,814	41,116	503,813
Depreciation	568,497	172,546	-	109,956	850,999
Total Operating Expenses	1,175,725	369,109	95,808	213,456	1,854,098
Operating income (loss)	(439,051)	(133,380)	6,150	(38,242)	(604,523)
Nonoperating Revenues (Expenses)					
State PERS on-behalf	2,961	1,573	-	757	5,291
Donations	-	-	-	200,000	200,000
Loss on disposal of capital asset	(12,172)	-	-	(5,520)	(17,692)
Interest expense	(45,815)	-	-	-	(45,815)
Net Nonoperating Revenues (Expenses)	(55,026)	1,573	-	195,237	141,784
Income (loss) before transfers	(494,077)	(131,807)	6,150	156,995	(462,739)
Transfers in	-	30,500	-	-	30,500
Change in net position	(494,077)	(101,307)	6,150	156,995	(432,239)
Net Position, beginning	3,680,106	1,927,510	162,289	995,873	6,765,778
Net Position, ending	\$ 3,186,029	\$ 1,826,203	\$ 168,439	\$ 1,152,868	\$ 6,333,539

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended June 30, 2024	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse Collection	
Cash Flows from Operating Activities					
Receipts from customers	\$ 716,006	232,137	101,958	172,205	1,222,306
Payments for goods and services	(281,374)	(81,666)	(61,727)	(12,373)	(437,140)
Payments for salaries and benefits	(366,820)	(142,105)	(33,102)	(84,734)	(626,761)
Net cash flows from operating activities	67,812	8,366	7,129	75,098	158,405
Cash Flows from Noncapital Financing Activities					
Decrease (increase) in due from General Fund	187,965	-	-	-	187,965
Transfers in	-	30,500	-	-	30,500
Net cash flows from noncapital financing activities	187,965	30,500	-	-	218,465
Cash Flows (for) Capital and Related Financing Activities					
Principal paid on long-term debt	(175,000)	-	-	-	(175,000)
Interest paid on long-term debt	(80,777)	-	-	-	(80,777)
Donations	-	-	-	200,000	200,000
Acquisition and construction of capital assets	-	-	-	(342,237)	(342,237)
Net cash flows for capital and related financing activities	(255,777)	-	-	(142,237)	(398,014)
Net change in cash and investments	-	38,866	7,129	(67,139)	(21,144)
Cash and Investments, beginning	93,850	433,604	184,844	691,671	1,403,969
Cash and Investments, ending	\$ 93,850	\$ 472,470	\$ 191,973	\$ 624,532	\$ 1,382,825
Reconciliation of cash and investments to Statement of Net Position					
Cash and investments	\$ -	472,470	191,973	624,532	1,288,975
Restricted cash	93,850	-	-	-	93,850
Total Cash and Investments	\$ 93,850	\$ 472,470	\$ 191,973	\$ 624,532	\$ 1,382,825
Reconciliation of Operating income (loss) to Net Cash Flows from Operating Activities					
Operating income (loss)	\$ (439,051)	\$ (133,380)	\$ 6,150	\$ (38,242)	\$ (604,523)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	568,497	172,546	-	109,956	850,999
State PERS on-behalf	2,961	1,573	-	757	5,291
(Increase) decrease in assets and deferred inflows of resources:					
Accounts receivable, net	(20,668)	(3,592)	-	(3,009)	(27,269)
Net OPEB asset	11,478	5,401	-	3,376	20,255
Deferred outflows of resources related to pension/OPEB	(4,036)	(1,899)	-	(1,187)	(7,122)
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable	34,939	2,904	87	2,373	40,303
Accrued leave	(2,540)	4,233	-	(658)	1,035
Accrued payroll	-	-	892	-	892
Landfill closure costs liability	-	-	-	26,370	26,370
Net pension liability	(78,546)	(36,963)	-	(23,102)	(138,611)
Deferred inflows of resources related to pension/OPEB	(5,222)	(2,457)	-	(1,536)	(9,215)
Net Cash Flows from Operating Activities	\$ 67,812	\$ 8,366	\$ 7,129	\$ 75,098	\$ 158,405

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Notes to Basic Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, grants and entitlements not restricted to a specific purpose, investment income, and other items not properly included among program revenues are reported instead as *general revenues*.

Deferred inflows of resources are the acquisition of fund balance/net position by the City that are applicable to a future reporting period. Deferred outflows of resources are the consumption of fund balance/net position by the City that are applicable to a future reporting period.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All other funds are presented in a single column as nonmajor funds.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when occurred 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues except grant reimbursements to be available if they are collected within 60 days after year end. Grant reimbursements are considered available if they are collected within one year after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

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

Entitlements and shared revenues are recorded at the time of a receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants, including capital grants, recognize revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and when revenues are considered to be available and measurable, which is considered to be within 12 months of the end of the current fiscal period.

The City reports the following major funds:

Major governmental funds:

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

The *ARPA Local Government Lost Revenue Special Revenue Fund* accounts for the portion of ARPA funds used as replacement of lost revenues from the COVID-19 pandemic.

The *Clinic Operations Special Revenue Fund* accounts for operations of the Sand Point Health Clinic facility.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

Major proprietary funds:

The *Boat Harbor Enterprise Fund* is used to account for the operations of the boat harbor.

The *Water and Sewer Enterprise Fund* is used to account for the operations of the water and sewer utilities.

The *Bingo Enterprise Fund* accounts for gaming activities.

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

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

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 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 connections with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Revenue recognition of capital contributions are based on the requirements of the Governmental Accounting Standards Boards Certification N50 Non-exchange transactions.

Estimates

In preparing the financial statements, management of the City is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and revenues and expenditures/expenses for the period. Actual results could differ from those estimates.

Cash and Investments

The City follows Governmental Accounting Standards Board's Codification P80. This statement established standards for reporting cash flows of Proprietary Funds. For purposes of the statement of cash flows, the enterprise funds consider all equity in central treasury to be cash and cash equivalents. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the balance sheet and statement of net position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities, except for the City's investments. The carrying amount of the City's investments are determined based on quoted market prices.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to / from other funds". Long-term loans between funds are classified as advances to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All accounts receivable is reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is an estimate of the amount uncollectible based on experience.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The prepaid items do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as nonspendable in the fund financial statements.

Accrued Leave

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

Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are depreciated using the straight-line method. Donated capital assets are recorded at estimated acquisition value at the date of donation. 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	20-40 years
Improvements other than buildings	5-10 years
System infrastructure	20-50 years
Machinery and equipment	5-20 years

Leases

Lessee - The City is a lessee for a non-cancellable lease of nonfinancial assets and recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The lease liabilities are recognized with an initial, individual value of \$5,000 or more. At the commencement of a lease, the City measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the current borrowing rate is used as the discount rate for leases.

The lease term includes the non-cancellable period of the lease; the term of the lease contract, including options to extend, must be more than 12 months.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

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

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

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.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

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.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/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, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

The *nonspendable fund balance*-classification includes amounts that cannot be spent because they are either (a) not in spendable form – long-term receivables or interfund advances, prepaid items or inventories; or (b) legally or contractually required to be maintained intact. Such constraint is binding until legal or contractual requirement is repealed or the amount becomes spendable.

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

Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Such constraint is binding unless modified or rescinded by external body, laws, or regulation.

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 removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

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

Government-wide net position is divided into three components:

Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consists of assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted - all other net position is reported in this category.

Grants and Other Intergovernmental Revenues

In applying the measurable and available concepts to grants and intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are considered "earned"; therefore, revenues are recognized based 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.

Interfund Transactions

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

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.

(2) Cash and Investments

The City's cash and investments are comprised of the following at June 30, 2024:

Demand deposits and cash on hand	\$ 186,422
Restricted cash - bond reserve	93,850
Charles Schwab investments	678,363
Pooled investments (AMLIP)	<u>2,699,556</u>
	\$ <u>3,658,191</u>

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

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, 2024, \$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 - the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Investment policy

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 \$2,699,556 is measured at net asset value, as of June 30, 2024. Management believes these values approximate fair value.

The fair values of the City's equity securities at year end are \$678,363.

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, 2024 are considered Level 1.

(3) Investment in 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, 2024, the City's investment in the LLC was \$300,291. This investment is considered noncurrent, and accordingly, an equal amount of fund balance of the General Fund is shown as nonspendable. In 2024, the City's share of the income Southwest Governments, LLC was \$23,412 and the City took no distributions, creating a change in the investment balance of \$23,412, which is included in other revenue.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

(5) Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

<u>Governmental activities</u>	<u>July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2024</u>
Capital assets not being depreciated/amortized:				
Land	\$ 40,000	-	-	40,000
Construction in progress	295,788	1,669	297,457	-
Total capital assets not being depreciated/amortized	<u>335,788</u>	<u>1,669</u>	<u>297,457</u>	<u>40,000</u>
Capital assets being depreciated/amortized:				
Buildings	8,726,286	-	-	8,726,286
Improvements other than buildings	18,717,545	297,457	-	19,015,002
Vehicles and equipment	2,084,409	-	-	2,084,409
Right-to-use assets	25,002	-	-	25,002
Total capital assets being depreciated/amortized	<u>29,553,242</u>	<u>297,457</u>	<u>-</u>	<u>29,850,699</u>
Less accumulated depreciation/amortization:				
Buildings	7,383,857	436,314	-	7,820,171
Improvements other than buildings	4,135,519	798,706	-	4,934,225
Vehicles and equipment	1,992,294	39,726	-	2,032,020
Right-to-use assets	12,500	6,250	-	18,750
Total accumulated depreciation/amortization	<u>13,524,170</u>	<u>1,280,996</u>	<u>-</u>	<u>14,805,166</u>
Total capital assets being depreciated/amortized, net	<u>16,029,072</u>	<u>(983,539)</u>	<u>-</u>	<u>15,045,533</u>
Total governmental activities capital assets, net	<u>\$ 16,364,860</u>	<u>(981,870)</u>	<u>297,457</u>	<u>15,085,533</u>

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City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

<u>Business-type activities</u>	<u>July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2024</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 16,576,819	-	12,000	16,564,819
Equipment and vehicles	2,776,586	342,237	591,877	2,526,946
Landfill	1,996,889	-	-	1,996,889
Total capital assets being depreciated	<u>21,350,294</u>	<u>342,237</u>	<u>603,877</u>	<u>21,088,654</u>
Less accumulated depreciation:				
Buildings and improvements	7,359,705	604,891	6,481	7,958,115
Equipment and vehicles	1,438,899	183,705	579,705	1,042,899
Landfill	1,684,876	62,403	-	1,747,279
Total accumulated depreciation	<u>10,483,480</u>	<u>850,999</u>	<u>586,186</u>	<u>10,748,293</u>
 Total capital assets being depreciated, net	 \$ <u>10,866,814</u>	 <u>(508,762)</u>	 <u>17,691</u>	 <u>10,340,361</u>

Depreciation and amortization expense was charged to the functions as follows:

Governmental activities:	
General government	\$ 988,682
Parks and recreation	4,578
Public safety	38,006
Public works	237,501
Community development	12,229
Total governmental activities	\$ <u>1,280,996</u>
Business-type activities:	
Boat Harbor	\$ 568,497
Water and Sewer	172,546
Refuse Collection	109,956
Total business-type activities	\$ <u>850,999</u>

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City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

(6) Interfund Receivables, Payables, and Transfers

(a) Interfund Balances

A summary of interfund balances at June 30, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from:		
General Fund	Boat Harbor Enterprise Fund	\$ 1,338,381
General Fund	Bingo Enterprise Fund	20,576
Clinic Operations SRF	General Fund	304,785
		\$ 1,663,785
Advances:		
General Fund	Water and Sewer Enterprise Fund	763,265
Total Interfund Balances		\$ 2,122,222

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The General Fund advanced \$763,265 to the Water and Sewer Enterprise Fund for capital and operating costs.

(b) Transfers:

From General Fund to:

Water and Sewer Enterprise Fund to cover operating expenses	\$ <u>30,500</u>
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(7) Leases

Leases receivable

During 2022, the City, as lessor, entered into several multiple-year lease agreements to third parties for various nonfinancial assets. The lengths of the lease terms vary, and the City used their incremental borrowing rate of 5% when there was no stated interest rate in the lease contract. The City received payments totaling \$685,141 for the fiscal year ended June 30, 2024. The City recognized \$659,647 in rental revenue and \$25,494 in interest revenue for the fiscal year ended June 30, 2024. As of June 30, 2024, the City's receivable for lease payments was \$476,583. The City's balance of deferred inflows of resources associated with the leases are \$451,733 at June 30, 2024, that will be recognized as revenue over the remainder of the lease terms.

Lease payable

During 2022, the City entered into a four-year lease agreement as a lessee for land from the State of Alaska. The lease went into effect on July 1, 2021. An initial lease liability was recorded in the amount of \$25,002. As of June 30, 2024, the outstanding balance on the lease was \$6,395. The City is required to make annual payments of \$6,715. The City used its incremental borrowing rate of 5%. The value of the right-to-use asset as of June 30, 2024 was \$25,002 and had accumulated amortization of \$18,750.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

The future principal and interest lease payments as of June 30, 2024, were as follows:

Year Ending June	Principal	Interest	Total
2025	\$ 6,395	320	6,715

(8) Long-term Debt

(a) General Obligation Bonds

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

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

(b) Revenue Bonds

In June 2021, the City issued 2021 Series Harbor Revenue Bonds of \$970,000 at a premium of \$249,151 for the construction of a travel lift for the Small Boat Harbor. See Note 9 for the revenue bond requirements.

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 for Business-type Activities - Small Boat Harbor:

\$2,120,000, 2021 Series One general obligation bonds, due in annual principal payments from \$125,000 to \$160,000, plus interest ranging from 0.2% to 3%, through 2038. The remaining balance as of June 30, 2024 was \$1,925,000.

\$970,000, 2021 Series Harbor Revenue bonds, due in annual principal payments of \$45,000 to \$90,000, plus interest ranging from 0.2% to 1.7%, through 2036. The remaining balance as of June 30, 2024 was \$830,000.

Year Ending June	Principal	Interest	Total
2025	\$ 175,000	77,565	252,565
2026	180,000	73,859	253,859
2027	190,000	69,571	259,571
2028	190,000	64,807	254,807
2029	195,000	59,562	254,562
2030-2034	1,040,000	205,786	1,245,786
2035-2038	785,000	42,084	827,084
Total	\$ 2,755,000	593,234	3,348,234

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
<u>Governmental activities:</u>					
Accrued leave	\$ 65,941	62,063	(60,707)	67,297	67,297
Lease payable	12,486	-	(6,091)	6,395	6,395
Net pension liability	1,546,832	-	(323,425)	1,223,407	-
Total governmental activities	\$ 1,625,259	62,063	(390,223)	1,297,099	73,692
<u>Business-type activities:</u>					
General obligation bonds	\$ 2,050,000	-	(125,000)	1,925,000	125,000
Revenue bonds	880,000	-	(50,000)	830,000	50,000
Bond premium	192,938	-	(26,517)	166,421	24,933
Landfill closure liability	162,635	26,370	-	189,005	-
Accrued leave	34,556	37,490	(36,454)	35,592	35,592
Net pension liability	505,485	-	(138,611)	366,874	-
Total business-type activities	\$ 3,825,614	63,860	(376,582)	3,512,892	238,614

(9) Revenue Bond Requirements

Pledged Revenue - Harbor Revenue Bonds

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

Revenue Requirements

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

(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 Statement of Net Position date.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

The City has estimated the closure and postclosure costs to be \$505,450, with an estimated remaining life through 2036. At June 30, 2024, the City has recognized \$189,005 of this liability on the statement of net position, an increase of \$26,370 from the prior year. The City will recognize the remaining estimated cost of closure and postclosure care of \$316,445 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2024. 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 12 years.

At June 30, 2024, the City has not committed or assigned any net position 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; worker's compensation, including employers liability; and commercial blanket bond. The City maintains supplemental marine insurance and firefighters 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, 2024.

(12) Employee Retirement Systems and Plans

The City follows *Governmental Accounting Standards Board (GASB) Codification P20, Accounting for Pensions by State and Local Governmental Employees* and *GASB Codification P50, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. *GASB Codification P20* and *GASB Codification P50* establish uniform standards for the measurement, recognition, and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

All full-time employees and certain permanent part-time employees of the City participate in the State of Alaska Public Employees' Retirement System (PERS). In addition to the pension plan, PERS also administers other post-employment benefit (OPEB) plans.

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee.

Summary of Significant Accounting Policies. The financial statements for PERS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

PERS acts as the common investment and administrative agencies for the following multiple-employer plans:

Plan Name	Type of Plan
Defined Benefit Pension Plan (DB)	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan (DC)	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB):	
Occupational Death and Disability Plan	Cost-sharing, Defined Benefit OPEB
Alaska Retiree Healthcare Trust Plan	Cost-sharing, Defined Benefit OPEB
Retiree Medical Plan	Cost-sharing, Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits (DC):	
Healthcare Reimbursement Arrangement Plan	Defined Contribution OPEB

Plan Memberships

The table below includes the plan membership counts from the separately issued financial statements for the various plans:

	PERS
Retired plan members or beneficiaries currently receiving benefits	36,951
Inactive plan members entitled to but not yet receiving benefits	4,781
Inactive plan members not entitled to benefits	9,961
Active plan members	8,557
Total plan memberships	60,250

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

Other Postemployment Benefit Plans (OPEB)

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2024 (latest available information) the employer contribution rate is 0.68% for peace officers and firefighters and 0.30% for all other members.

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2024 employer contributions were 0.00% of annual payroll.

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2024 employer contributions were 1.01%.

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3.00% of the average annual compensation of all employees in the plan.

Investments

The Board is the investment oversight authority of the system's investments. As the fiduciary, the Board has the statutory authority to invest the assets under the Prudent Investor Rule. Fiduciary responsibility for the Board's invested assets is pursuant to AS 37.10.210.390.

State of Alaska Department of Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the DC Participant-directed Pension plans under the Board's fiduciary responsibility.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual weighted rate of return, net of investment expense, for the year ended June 30, 2023 (latest available report) for the DB Plans for PERS are: DB Pension 7.56%, ARHCT 7.64%, ODD 7.71%, and RMP is 7.71%.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

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

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

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS plan (rates shown below exclude an annual inflation component of 2.82%):

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	6.17%
Global Equity (ex-U.S.)	6.55%
Aggregate Bonds	1.63%
Real Assets	4.87%
Private Equity	11.57%
Cash Equivalents	0.49%

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 4.13% as of June 30, 2023.

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

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to the salary floor, and other termination costs as described below. This rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined benefit plan.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2040. This will result in lower ARM Board Rates in future years.

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

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board (GASB)*. Medicare Part D subsidies are not reflected in this rate. The rate uses a 7.25% discount rate.

Employer Contribution rates for the plan year ended 2024 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	22.00%	25.10%	3.10%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	22.00%	25.10%	3.10%

Termination Costs: If the City decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular City function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The City must pay to have a termination study completed. The purpose of the study is to calculate the City's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The City must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For plan year ended 2023 (measurement period) the past service rate for PERS is 16.33%.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2023 (latest available) were determined by an actuarial valuation as of June 30, 2022 which was rolled forward to the measurement date June 30, 2023. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021.

Inflation	2.50% per year.
Salary Increases	Increases range from 2.85% to 8.50% based on service.
Investment return / discount rate	7.25%, net of expenses based on average inflation of 2.50% and a real return of 4.75%.
Mortality	Based upon 2017-2021 actual experience study and applicable tables contained in Pub-2010, projected with MP-2021 generational improvement.
Healthcare cost trend rates	Pre-65 medical: 6.7% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.2% grading down to 4.5%. Ultimate trend rates reached in FY2050.

The actuarial assumptions used in the June 30, 2022 actuarial valuation are the same as those used in the June 30, 2021 valuation with the following exceptions related to the ARHCT plan:

1. Per capita claims costs were updated to reflect recent experience.
2. Normal cost for administrative expenses were updated to reflect recent two years of actual administrative expenses paid from plan assets.

The changes of assumptions from the latest experience study significantly reduced deferred inflows of resources attributable to the City, as well as a net OPEB benefit recognized by the City for the State's proportionate share of OPEB plan expense attributable to the City. In some instances the reduction of revenues and expenses reported for the State's proportionate share of OPEB plan expense attributable to the City creates a net negative Pension/OPEB expense (net pension/OPEB benefit) which results in negative operating grants and contributions for certain functions reported on the Statement of Activities.

Alaska Public Employee Retirement System (PERS) - Defined Benefit Plan (DB)

Plan Description. The City participates in the Alaska Public Employees' Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. PERS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The Plan was established and is administered by the State of Alaska, Department of Administration. The Public Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at: <http://doa.alaska.gov/drb/pers>.

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

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

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

Currently there are 150 employers participating in PERS defined benefit plan and 151 participating in PERS defined contribution and OPEB plans.

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

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

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

Post Retirement Pension Adjustments. The plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The discretionary PRPA may be granted to eligible recipients by the DB Plan's administrator if the funding ratio of the DB Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, the retiree is eligible for both adjustments, the one that provides the retiree with the greatest benefit will be paid.

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

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

Salary Floor. During the 25th legislation session, Senate Bill 125 passed, which established a June 30, 2008 salary floor under AS 39.35.255(a)(2). The salary floor is the total base salaries paid by an employer to active employees of the system as of the fiscal year ending June 30, 2008. The statute requires the Division of Retirement and Benefits (Division) to collect employer contributions at a minimum based on FY 2008 base salaries.

Employee Contribution Rate. PERS active members are required to contribute 6.75%, 7.50% for peace officers and firefighters, and 9.60% for certain school district employees.

Employer contributions for the year ended June 30, 2024, were:

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ 203,824	18,870	222,694

Public Employees Retirement Plans

For the year ended June 30, 2024 the State of Alaska contributed \$43,881 (100% pension cost) on-behalf of the City, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2023 to a total of \$17,714 to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2024, the City reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the City. The amount recognized by the City as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the City were as follows:

Defined Benefit:	
	Pension
City's proportionate share of the net pension liability	\$ 1,590,281
State's proportionate share of the net pension liability	529,727
Total	\$ 2,120,008
	OPEB
City's proportionate share of the ARHCT OPEB liability (asset)	\$ (703,371)
State's proportionate share of the ARHCT OPEB liability (asset)	(238,178)
Total	\$ (941,549)
City's proportionate share of the ODD OPEB liability (asset)	\$ (39,821)
City's proportionate share of the RMP OPEB liability (asset)	\$ (32,148)
Total City's share of net pension and OPEB liabilities and assets	\$ 814,941

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023 and adjusted to reflect updated assumptions. The City's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for the fiscal years ending 2024 through 2039, as determined by projections based on the June 30, 2022 valuation.

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

	<u>June 30, 2023</u> Measurement	<u>June 30, 2022</u> Measurement	<u>Change</u>
Pension	0.03067%	0.04027%	(0.0096%)
OPEB:			
ARHCT	0.03057%	0.04000%	(0.00943%)
ODD	0.07762%	0.07637%	0.00125%
RMP	0.06770%	0.06713%	0.00057%

Based on the measurement date of June 30, 2023, the City recognized pension and OPEB expense (revenue) of (\$218,012) and \$13,845, respectively, for the year ended June 30, 2024. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<u>Pension</u>	
	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Defined Benefit:		
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	41,509	-
Changes in proportion and differences between city contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	<u>203,824</u>	-
Total	\$ <u>245,333</u>	<u>-</u>

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,460	-
Changes of assumptions	-	(12,944)
Net difference between projected and actual earnings on OPEB plan investments	32,014	-
Changes in proportion and differences between city contributions and proportionate share of contributions	30,831	-
City contributions subsequent to the measurement date	-	-
Total	\$ <u>64,305</u>	<u>(12,944)</u>

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(11,189)
Changes of assumptions	-	(166)
Net difference between projected and actual earnings on OPEB plan investments	919	-
Changes in proportion and differences between city contributions and proportionate share of contributions	5,150	(2,434)
City contributions subsequent to the measurement date	5,475	-
Total	\$ <u>11,544</u>	<u>(13,789)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 980	(1,038)
Changes of assumptions	3,457	(26,142)
Net difference between projected and actual earnings on OPEB plan investments	2,694	-
Changes in proportion and differences between city contributions and proportionate share of contributions	446	(840)
City contributions subsequent to the measurement date	13,395	-
Total	\$ <u>20,972</u>	<u>(28,020)</u>

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

\$203,824 and \$18,870 are reported as deferred outflows of resources related to pension and OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2025, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2024	\$ (15,742)	5,420	(2,149)	(4,188)
2025	(34,818)	(28,919)	(2,332)	(4,705)
2026	94,193	76,820	(876)	(93)
2027	(2,124)	(1,960)	(1,003)	(4,888)
2028	-	-	(623)	(3,557)
Thereafter	-	-	(737)	(3,012)
Total	\$ <u>41,509</u>	<u>51,361</u>	<u>(7,720)</u>	<u>(20,443)</u>

For the year ended June 30, 2024, the City recognized (\$451,344) and \$171,066 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.25%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ <u>2,134,948</u>	<u>1,590,281</u>	<u>1,130,199</u>
Net OPEB ARHCT (asset)	\$ <u>(467,526)</u>	<u>(703,371)</u>	<u>(901,493)</u>
Net OPEB ODD (asset)	\$ <u>(37,416)</u>	<u>(39,821)</u>	<u>(41,694)</u>
Net OPEB RMP (asset)	\$ <u>(1,117)</u>	<u>(32,148)</u>	<u>(55,853)</u>

Sensitivity of the City's proportionate share of the Net OPEB liability and assets to changes in the healthcare cost trend rates. The following present the City's proportionate share of the net OPEB liability (asset), as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT (asset)	\$ <u>(924,155)</u>	<u>(703,371)</u>	<u>(440,476)</u>
Net OPEB ODD (asset)	\$ <u>N/A</u>	<u>(39,821)</u>	<u>N/A</u>
Net OPEB RMP liability (asset)	\$ <u>(59,034)</u>	<u>(32,148)</u>	<u>3,966</u>

City of Sand Point, Alaska

Notes to Basic Financial Statements, Continued

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

Plan Description and Funding Requirements. Cities and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 6.75% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5.00% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.01% for the retiree medical plan (DB), 0.30% and 0.68% (peace officers) for occupational and death and disability benefits (DB) and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is capped at 22.00% with anything in excess of the previously listed rates being contributed to the Defined Benefit Unfunded Liability (DBUL).

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

The City contributed \$117,676 for the year ended June 30, 2024, which included forfeitures of \$4,329 which have been applied as employer contributions.

(13) Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and State governments. Any disallowed claims, including amounts already collected, would become a liability.

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

(14) **Subsequent Accounting Pronouncements**

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

- GASB 101 *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.
- GASB 102 *Certain Risk Disclosures*. Effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- GASB 103 *Financial Reporting Model Improvements*: Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- GASB 104 *Disclosure of Certain Capital Assets*: Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 101 unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

GASB Statement No. 102 will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

GASB Statement No. 103 will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The changes primarily include updates to three key areas: management's discussion and analysis, presentation of proprietary fund financial statements, and budgetary comparison information. This Statement also addresses certain application issues.

GASB Statement No. 104 establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. The Statement also establishes requirements for capital assets held for sale and requires additional disclosures for those capital assets. Under the guidance, a capital asset is a capital asset held for sale if: (a) the government has decided to pursue the sale of the asset, and (b) it is probable the sale will be finalized within a year of the financial statement date. A government should disclose the historical cost and accumulated depreciation of capital assets held for sale, by major class of asset.

**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, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,210,050	1,119,900	1,148,490	28,590
State of Alaska	287,500	311,500	250,242	(61,258)
Federal Government	-	-	26,087	26,087
Other revenues	433,000	804,008	622,295	(181,713)
Total Revenues	1,930,550	2,235,408	2,047,114	(188,294)
Expenditures				
Current:				
General government	977,725	852,300	901,694	(49,394)
Parks and recreation	13,000	21,200	25,114	(3,914)
Public safety	749,690	618,123	653,036	(34,913)
Public works	803,323	618,041	754,406	(136,365)
Debt service	165,000	216,153	6,715	209,438
Total Expenditures	2,708,738	2,325,817	2,340,965	(15,148)
Excess of revenues over (under) expenditures	(778,188)	(90,409)	(293,851)	(203,442)
Other Financing Sources (Uses):				
Transfers out	-	-	(30,500)	-
Net Change in Fund Balance	\$ (778,188)	\$ (90,409)	(324,351)	\$ (203,442)
Fund Balance, beginning			<u>2,559,712</u>	
Fund Balance, ending			<u>\$ 2,235,361</u>	

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

**ARPA Local Government Lost Revenue Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Federal Government	\$ 356,841	\$ 356,841	290,997	\$ (65,844)
Expenditures - General government	356,841	356,841	290,997	65,844
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning			<u>-</u>	
Fund Balance, ending			<u>\$ -</u>	

See accompanying notes to basic financial statements.

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, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Leases	\$ 307,410	\$ 306,160	540,618	\$ 234,458
Expenditures - health clinic	62,412	-	-	-
Net Change in Fund Balance	<u>\$ 244,998</u>	<u>\$ 306,160</u>	540,618	<u>\$ 234,458</u>
Fund Balance, beginning			<u>2,155,923</u>	
Fund Balance, ending			<u>\$ 2,696,541</u>	

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

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

Public Employees' Retirement System (PERS)

June 30, 2024

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0264%	\$ 1,232,488	\$ 1,167,143	\$ 2,399,631	\$ 1,491,172	82.65%	62.37%
2016	0.0416%	\$ 2,016,688	\$ 538,967	\$ 2,555,655	\$ 1,112,644	181.25%	63.96%
2017	0.0449%	\$ 2,509,794	\$ 268,000	\$ 2,777,794	\$ 1,238,644	202.62%	59.55%
2018	0.0355%	\$ 1,834,527	\$ 682,570	\$ 2,517,097	\$ 1,166,419	157.28%	63.37%
2019	0.0464%	\$ 2,305,786	\$ 666,582	\$ 2,972,368	\$ 1,237,346	186.35%	65.19%
2020	0.0385%	\$ 2,109,755	\$ 839,486	\$ 2,949,241	\$ 1,297,484	162.60%	63.42%
2021	0.0416%	\$ 2,456,236	\$ 1,016,740	\$ 3,472,976	\$ 1,407,133	174.56%	61.61%
2022	0.0471%	\$ 1,727,012	\$ 232,744	\$ 1,959,756	\$ 1,410,883	122.41%	76.46%
2023	0.0403%	\$ 2,052,317	\$ 568,578	\$ 2,620,895	\$ 1,215,819	168.80%	67.97%
2024	0.0307%	\$ 1,590,281	\$ 529,727	\$ 2,120,008	\$ 1,284,486	123.81%	68.23%

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska

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

Public Employees' Retirement System (PERS)

June 30, 2024

Year	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.0355%	\$ 299,802	\$ 111,911	\$ 411,713	\$ 1,166,419	25.70%	89.68%
2019	0.0464%	\$ 476,203	\$ 138,071	\$ 614,274	\$ 1,237,346	38.49%	88.12%
2020	0.0385%	\$ 57,100	\$ 22,689	\$ 79,789	\$ 1,297,484	4.40%	98.13%
2021	0.0416%	\$ (188,371)	\$ (77,946)	\$ (266,317)	\$ 1,407,133	-13.39%	106.15%
2022	0.0473%	\$ (1,213,501)	\$ (155,901)	\$ (1,369,402)	\$ 1,410,883	-86.01%	135.54%
2023	0.0400%	\$ (786,063)	\$ (223,587)	\$ (1,009,650)	\$ 1,215,819	-64.65%	128.51%
2024	0.0306%	\$ (703,371)	\$ (238,178)	\$ (941,549)	\$ 1,284,486	-54.76%	133.96%
Occupational Death and Disability (ODD):							
2018	0.0714%	\$ (10,161)	\$ -	\$ (10,161)	\$ 1,166,419	-0.87%	212.97%
2019	0.0714%	\$ (13,858)	\$ -	\$ (13,858)	\$ 1,237,346	-1.12%	270.62%
2020	0.1116%	\$ (27,061)	\$ -	\$ (27,061)	\$ 1,297,484	-2.09%	297.43%
2021	0.1023%	\$ (27,891)	\$ -	\$ (27,891)	\$ 1,407,133	-1.98%	283.80%
2022	0.0909%	\$ (40,076)	\$ -	\$ (40,076)	\$ 1,410,883	-2.84%	374.22%
2023	0.0764%	\$ (33,479)	\$ -	\$ (33,479)	\$ 1,215,819	-2.75%	348.80%
2024	0.0776%	\$ (39,821)	\$ -	\$ (39,821)	\$ 1,284,486	-3.10%	349.24%
Retiree Medical Plan (RMP):							
2018	0.0714%	\$ 3,734	\$ -	\$ 3,734	\$ 771,202	0.48%	93.98%
2019	0.0714%	\$ 9,079	\$ -	\$ 9,079	\$ 841,395	1.08%	88.71%
2020	0.0796%	\$ 19,037	\$ -	\$ 19,037	\$ 972,128	1.96%	83.17%
2021	0.0816%	\$ 5,788	\$ -	\$ 5,788	\$ 1,140,694	0.51%	92.23%
2022	0.0781%	\$ (20,960)	\$ -	\$ (20,960)	\$ 1,182,058	-1.77%	115.10%
2023	0.0671%	\$ (23,313)	\$ -	\$ (23,313)	\$ 1,096,169	-2.13%	120.08%
2024	0.0677%	\$ (32,148)	\$ -	\$ (32,148)	\$ 459,041	-7.00%	124.29%

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska

Schedule of the City's Contributions (Pensions)

Public Employees' Retirement System (PERS)

June 30, 2024

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 96,066	\$ (96,066)	\$ -	\$ 1,112,644	8.63%
2016	\$ 101,325	\$ (101,325)	\$ -	\$ 1,238,644	8.18%
2017	\$ 114,845	\$ (114,845)	\$ -	\$ 1,166,419	9.85%
2018	\$ 135,172	\$ (135,172)	\$ -	\$ 1,237,346	10.92%
2019	\$ 136,277	\$ (136,277)	\$ -	\$ 1,297,484	10.50%
2020	\$ 126,952	\$ (126,952)	\$ -	\$ 1,407,133	9.02%
2021	\$ 161,621	\$ (161,621)	\$ -	\$ 1,410,883	11.46%
2022	\$ 140,359	\$ (140,359)	\$ -	\$ 1,215,819	11.54%
2023	\$ 162,758	\$ (164,147)	\$ (1,389)	\$ 1,284,486	12.67%
2024	\$ 202,498	\$ (203,824)	\$ (1,326)	\$ 1,547,136	13.09%

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska

Schedule of the City's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2024

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 38,529	\$ (38,529)	\$ -	\$ 1,237,346	3.11%
2019	\$ 49,104	\$ (49,104)	\$ -	\$ 1,297,484	3.78%
2020	\$ 50,708	\$ (50,708)	\$ -	\$ 1,407,133	3.60%
2021	\$ 16,423	\$ (16,423)	\$ -	\$ 1,410,883	1.16%
2022	\$ 6,968	\$ (6,968)	\$ -	\$ 1,215,819	0.57%
2023	\$ -	\$ -	\$ -	\$ 1,284,486	0.00%
2024	\$ -	\$ -	\$ -	\$ 1,547,136	0.00%
Occupational Death and Disability (ODD):					
2018	\$ 981	\$ (981)	\$ -	\$ 1,237,346	0.08%
2019	\$ 4,557	\$ (4,557)	\$ -	\$ 1,297,484	0.35%
2020	\$ 4,486	\$ (4,486)	\$ -	\$ 1,407,133	0.32%
2021	\$ 4,850	\$ (4,850)	\$ -	\$ 1,410,883	0.34%
2022	\$ 4,406	\$ (4,406)	\$ -	\$ 1,215,819	0.36%
2023	\$ 4,755	\$ (4,755)	\$ -	\$ 1,284,486	0.37%
2024	\$ 5,475	\$ (5,475)	\$ -	\$ 1,547,136	0.35%
Retiree Medical Plan (RMP):					
2018	\$ 8,318	\$ (8,318)	\$ -	\$ 841,395	0.99%
2019	\$ 9,338	\$ (9,338)	\$ -	\$ 972,128	0.96%
2020	\$ 14,556	\$ (14,556)	\$ -	\$ 1,140,694	1.28%
2021	\$ 14,492	\$ (14,492)	\$ -	\$ 1,182,058	1.23%
2022	\$ 11,358	\$ (11,358)	\$ -	\$ 1,096,169	1.04%
2023	\$ 12,696	\$ (12,696)	\$ -	\$ 459,041	2.77%
2024	\$ 13,395	\$ (13,395)	\$ -	\$ 534,891	2.50%

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska

Notes to Required Supplementary Information

Year Ended June 30, 2024

1. General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, department, and object. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Excess of Expenditures over Appropriations

For the year ended June 30, 2024, expenditures exceeded appropriations in the following functions of the General Fund:

General government	\$	49,393
Parks and recreation	\$	3,914
Public safety	\$	34,913
Public works	\$	136,365

2. Public Employees' Retirement System

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

The table is presented based on the Plan measurement date which is one year prior to fiscal year end for all years presented.

Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

a) Changes in Methods Since the Prior Valuation - June 30, 2021 to June 30, 2022

There were no changes in actuarial methods since the prior valuation.

b) Changes in Assumptions Since the Prior Valuation - June 30, 2021 to June 30, 2022

Effective for the June 30, 2022 valuation, the Alaska Retirement Management Board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the plan experience from July 1, 2017 to June 30, 2021. The changes in assumptions were adopted at the June 2022 Board meeting. The effect of the new assumptions was to increase the actuarial accrued liability as of June 30, 2022 by approximately \$206 million for pension and decrease by approximately \$88 million for healthcare.

City of Sand Point, Alaska

Notes to Required Supplementary Information, Continued

The healthcare per capital claims cost assumption is updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

c) Changes in Benefit Provisions Since the Prior Valuation - June 30, 2021 to June 30, 2022

There were no changes in benefit provisions since the prior valuation.

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan

a) Changes in Methods Since the Prior Valuation - June 30, 2021 to June 30, 2022

There were no changes in actuarial methods since the prior valuation.

b) Changes in Assumptions Since the Prior Valuation - June 30, 2021 to June 30, 2022

Effective for the June 30, 2022 valuation, the Alaska Retirement Management Board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the plan experience from July 1, 2017 to June 30, 2021. The changes in assumptions were adopted at the June 2022 Board meeting. The effect of the new assumptions was to increase the actuarial accrued liability as of June 30, 2022 by approximately \$1,222,000 for occupational death & disability and decrease by approximately \$22,348,000 for retiree medical.

The healthcare per capital claims cost assumption is updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

c) Changes in Benefit Provisions Since the Prior Valuation - June 30, 2021 to June 30, 2022

There have been no changes in benefit provisions valued since the prior valuation.

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

Schedule of City Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2022 which was rolled forward to June 30, 2023. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

SUPPLEMENTARY INFORMATION

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

<i>Years Ended June 30,</i>	2024		
	Final Budget	Actual	Variance with Budget
Revenues			
Taxes:			
Sales taxes	\$ 856,900	\$ 895,727	\$ 38,827
Local raw fish taxes	250,000	237,855	(12,145)
Accommodation taxes	13,000	14,908	1,908
Total taxes	1,119,900	1,148,490	28,590
State of Alaska:			
Shared fisheries and raw fish tax	35,000	14,187	(20,813)
Fish resource landing tax	165,000	121,891	(43,109)
Community assistance program	111,500	83,425	(28,075)
State PERS relief	-	30,739	30,739
Total State of Alaska	311,500	250,242	(61,258)
Federal Government	-	26,087	26,087
Other revenues:			
Building rental	115,000	119,029	4,029
Equipment rental	28,000	28,468	468
Lease interest	-	25,494	25,494
Business licenses	2,000	1,975	(25)
Southwest Governments, LLC investment income	40,000	23,412	(16,588)
Local donations	210,000	10,000	(200,000)
Investment income	143,190	210,271	67,081
Other local grants	228,150	203,500	(24,650)
Other	37,668	146	(37,522)
Total other revenues	804,008	622,295	(181,713)
Total Revenues	\$ 2,235,408	\$ 2,047,114	\$ (188,294)

(continued)

City of Sand Point, Alaska

General Fund

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

Years Ended June 30,	2024		
	Final Budget	Actual	Variance with Budget
Expenditures			
General government:			
Legislative:			
Salaries	\$ 40,000	69,078	(29,078)
Fringe benefits	8,000	36,649	(28,649)
Other	-	35,700	(35,700)
Total legislative	48,000	141,427	(93,427)
Administration:			
Salaries	217,000	94,934	122,066
Fringe benefits	142,400	191,899	(49,499)
Travel and per diem	22,000	20,189	1,811
Utilities	9,200	12,737	(3,537)
Supplies	8,000	5,297	2,703
Equipment	7,000	16,540	(9,540)
Repairs and maintenance	3,900	29,431	(25,531)
Contractual services	8,250	8,250	-
Dues and fees	17,200	20,195	(2,995)
Anchorage office	12,000	11,409	591
Audit	83,000	82,559	441
Legal	6,500	4,235	2,265
Insurance	241,031	245,176	(4,145)
Postage and freight	6,000	7,871	(1,871)
Fuel	-	72	(72)
Elections	900	900	-
Hospitality	1,000	967	33
Event costs	2,000	3,572	(1,572)
Airport leases	9,000	-	9,000
Other	7,919	4,034	3,885
Total administration	804,300	760,267	44,033
Total general government	\$ 852,300	901,694	(49,394)

(continued)

City of Sand Point, Alaska

General Fund

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

Years Ended June 30,	2024		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Parks and recreation:			
Salaries	\$ 19,500	23,110	(3,610)
Fringe benefits	1,700	2,004	(304)
Total parks and recreation	21,200	25,114	(3,914)
Public safety:			
Police:			
Salaries	370,376	356,333	14,043
Fringe benefits	90,882	130,225	(39,343)
Travel and per diem	12,000	28,932	(16,932)
Utilities	7,850	10,861	(3,011)
Supplies	7,000	10,527	(3,527)
Equipment	5,000	6,421	(1,421)
Repairs and maintenance	2,500	6,458	(3,958)
Contractual services	2,500	-	2,500
Dues and fees	750	2,072	(1,322)
Postage and freight	500	348	152
Fuel	6,500	5,798	702
Total police	505,858	557,975	(52,117)
Emergency services:			
Salaries	40,000	30,219	9,781
Volunteer stipends	5,500	4,600	900
Fringe benefits	6,000	5,619	381
Travel and per diem	515	515	-
Utilities	3,000	3,950	(950)
Supplies	500	661	(161)
Equipment	2,500	2,102	398
Repairs and maintenance	1,000	-	1,000
Dues and fees	2,000	1,547	453
Fuel	650	966	(316)
Total emergency services	\$ 61,665	50,179	11,486

(continued)

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>	2024		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Public safety, continued:			
Fire:			
Salaries	\$ 40,000	33,498	6,502
Fringe benefits	6,000	5,902	98
Utilities	3,500	5,132	(1,632)
Supplies	1,100	-	1,100
Repairs and maintenance	-	300	(300)
Dues and fees	-	50	(50)
Total fire	50,600	44,882	5,718
Total public safety	618,123	653,036	(34,913)
Public works:			
General:			
Salaries	206,000	244,371	(38,371)
Fringe benefits	47,000	59,454	(12,454)
Travel and per diem	2,451	2,451	-
Utilities	19,250	26,202	(6,952)
Supplies	7,500	8,360	(860)
Equipment	-	6,500	(6,500)
Repairs and maintenance	32,500	26,443	6,057
Dues and fees	13,600	13,647	(47)
Freight	11,500	12,383	(883)
Fuel	93,965	118,396	(24,431)
Total general	\$ 433,766	518,207	(84,441)

(continued)

City of Sand Point, Alaska

General Fund

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

Years Ended June 30,	2024		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Public works, continued:			
Facilities:			
Salaries	\$ 85,000	104,554	(19,554)
Fringe benefits	43,000	56,787	(13,787)
City owned/leased buildings:			
Utilities	695	805	(110)
Repairs and maintenance	-	997	(997)
RATNET building - utilities	345	332	13
Clinic facility:			
Supplies	3,500	5,803	(2,303)
Utilities	12,995	16,976	(3,981)
Equipment	500	1,173	(673)
Repairs and maintenance	14,750	7,974	6,776
Freight and postage	6,000	7,965	(1,965)
Fuel	1,540	2,030	(490)
4-plex:			
Supplies	-	195	(195)
Utilities	4,450	6,853	(2,403)
Equipment	-	1,736	(1,736)
Repairs and maintenance	-	6,438	(6,438)
City houses:			
Utilities	10,000	15,581	(5,581)
Repairs and maintenance	1,500	-	1,500
<hr/>			
Total facilities	184,275	236,199	(51,924)
<hr/>			
Total public works	618,041	754,406	(136,365)
<hr/>			
(continued)			

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>	2024		
	Final Budget	Actual	Variance with Budget
Debt service:			
Principal	\$ -	6,091	(6,091)
Interest	216,153	624	215,529
Total debt service	216,153	6,715	209,438
Total Expenditures	2,325,817	2,340,965	(15,148)
Excess of revenues over (under) expenditures	(90,409)	(293,851)	(203,442)
Other Financing Sources (Uses):			
Transfers out	-	(30,500)	(30,500)
Net change in fund balance	<u>\$ (90,409)</u>	<u>(324,351)</u>	<u>(233,942)</u>
Fund Balance, beginning		<u>2,559,712</u>	
Fund Balance, ending		<u>\$ 2,235,361</u>	

City of Sand Point, Alaska

Boat Harbor Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	<i>2024</i>
Operating Revenues	
Moorage	\$ 334,878
Travel lift	92,457
Wharfage	37,443
Van storage	18,605
Electricity	57,286
Penalties and interest	7,396
Rents	173,376
Harbor electric fees	10,298
Other operating revenues	4,935
Total Operating Revenues	736,674
Operating Expenses	
Salaries and benefits	290,915
Contractual services	325
Supplies	18,406
Travel and per diem	3,215
Depreciation	568,497
Equipment	8,989
Repairs and maintenance	51,848
Dues and fees	450
Utilities	186,294
Fuel	8,757
Freight	15,184
Bad debt expense	22,845
Total Operating Expenses	1,175,725
Operating (loss)	(439,051)
Nonoperating Revenues (Expenses)	
PERS on-behalf	2,961
Loss on disposal of capital asset	(12,172)
Interest expense	(45,815)
Net Nonoperating Revenues (Expenses)	(55,026)
Change in net position	(494,077)
Net Position, beginning	3,680,106
Net Position, ending	\$ 3,186,029

City of Sand Point, Alaska

Water and Sewer Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	<i>2024</i>
Operating Revenues	
Charges for services	\$ 234,415
Other revenues	1,314
Total Operating Revenues	235,729
Operating Expenses	
Salaries and benefits	111,993
Supplies	13,281
Travel and per diem	5,771
Depreciation	172,546
Repairs and maintenance	656
Dues and fees	7,484
Utilities	45,558
Fuel	2,062
Freight	7,374
Bad debt expense	2,384
Total Operating Expenses	369,109
Operating (loss)	(133,380)
Nonoperating Revenues - State PERS on-behalf	1,573
Income (loss) before transfers	(131,807)
Transfers in	30,500
Change in net position	(101,307)
Net Position, beginning	1,927,510
Net Position, ending	\$ 1,826,203

City of Sand Point, Alaska

Bingo Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	<i>2024</i>
Operating Revenues	
Pull tab revenue, net of payouts of \$342,701	\$ 98,159
Bingo revenue, net of payouts of \$20,487	3,799
Total Operating Revenues	101,958
Operating Expenses	
Salaries and benefits	33,994
Supplies	176
Dues and fees	10
Utilities	825
Freight	818
Door prizes	4,026
Pull tab tax	3,853
Donations	27,565
Bank service charges	1,698
Pull tab purchases	22,843
Total Operating Expenses	95,808
Change in net position	6,150
Net Position, beginning of year	162,289
Net Position, end of year	\$ 168,439

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

<i>Years Ended June 30,</i>	2024
Operating Revenues	
Refuse collection	\$ 174,647
Fines and penalties	567
Total Operating Revenues	175,214
Operating Expenses	
Salaries and benefits	62,384
Supplies	972
Depreciation	109,956
Repairs and maintenance	3,024
Dues and fees	500
Utilities	351
Fuel	8,916
Freight	112
Landfill closure expense	26,370
Bad debt expense	871
Total Operating Expenses	213,456
Operating (loss)	(38,242)
Nonoperating Revenues (Expenses)	
PERS on-behalf	757
Donations	200,000
Loss on disposal of capital asset	(5,520)
Total Nonoperating Revenues	195,237
Change in net position	156,995
Net Position, beginning of year	995,873
Net Position, end of year	\$ 1,152,868

COMPLIANCE REPORTS

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

Independent Auditor's Report

Honorable Mayor and City Council
City of 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, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Sand Point's basic financial statements, and have issued our report thereon dated September 6, 2025.

Report on 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Honorable Mayor and City Council
City of Sand Point, Alaska

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2024-001, that we consider to be a material weakness.

Report on 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*.

City of Sand Point's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Sand Point's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. City of Sand Point's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Anchorage, Alaska
September 6, 2025

City of Sand Point, Alaska
Schedule of Findings and Responses
Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

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

Is a going concern emphasis-of-matter paragraph included in the audit report Yes No

Internal control over financial reporting:
 Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Section II - Financial Statement Findings

Finding 2024-001
Material Weakness

Lack of Internal Controls over Utility Billings

Criteria: Internal controls should be in place to ensure accurate financial reporting in accordance with Generally Accepted Accounting Principles (GAAP).

Condition and Context: During our testing of internal controls over the utility billing system, we attempted to test forty (40) individual billing transactions. The City was unable to provide invoices and other supporting documentation to support the amount that was billed to customers.

Cause: The City does not have adequate processes and controls in place for maintaining supporting documentation for utility billings.

Effect: Due to a lack of supporting documentation we were unable to determine if amounts billed to customers were correctly calculated and recorded in the general ledger. This could likely lead to a material misstatement of utility revenue and related accounts receivable.

Repeat Finding: This is not a repeat finding.

City of Sand Point, Alaska

Schedule of Findings and Responses, Continued

Recommendation: We recommend the City implement internal controls over billing transactions to ensure adequate documentation is maintained to document that amounts charged to customers are correctly calculated and recorded in the general ledger.

Management's Response: Management agrees with this finding. See Corrective Action Plan.



Corrective Action Plan

June 30, 2024

Finding 2024-001

Lack of Internal Controls over Utility Billings

Name of Contact Person:

Debi Schmit, City Administrator

Corrective Action:

We will review the accounts receivable module to ensure that it is set up so that all customer accounts include support for invoices created. We will also ensure that all invoice documentation is saved and available for review.

Proposed Completion Date: January 5, 2026