

# City of Sand Point Council Meeting



**Workshop: Tuesday, April 10, 2018 – 2:00 p.m.**

**Meeting: Tuesday, April 10, 2018 – 7:00 p.m.**

# CALL TO ORDER

# ROLL CALL

# CITY OF SAND POINT

(packet will be available on website April 6, 2018  
[www.sandpointak.com](http://www.sandpointak.com))



## MAYOR

Mayor Glen Gardner Jr. - Office Exp. 2020

## COUNCIL MEMBERS

Danny Cumberlidge	Seat A - Exp. 2019
Allan Starnes	Seat B - Exp. 2020
Shirley Brown	Seat C - Exp. 2019
Jack Foster Jr.	Seat D - Exp. 2020
Marita Gundersen	Seat E - Exp. 2018
Emil Mobeck	Seat F - Exp. 2018

### SAND POINT CITY COUNCIL MEETING AGENDA CITY CHAMBERS

**Regular Meeting**

**Tuesday, April 10, 2018 7:00 pm**

#### CALL TO ORDER ROLL CALL APPROVAL OF AGENDA

#### CONSENT AGENDA:

1. Minutes: Minutes of Regular Meeting on March 13, 2018

#### REPORTS:

1. Finance Officer
2. Administrator
3. DPS Director
4. Fire Chief
5. Public Works Director
6. Harbor Master
7. Student Representative

#### HEARINGS, ORDINANCES AND RESOLUTIONS:

#### OLD BUSINESS:

1. FY17 Audit Results

#### NEW BUSINESS:

1. UAA – SBDC Assistance Proposal
2. ATIA Proposal
3. New Sand Point Boat Harbor Funding Strategy

#### PUBLIC COMMENTS COUNCIL COMMENTS ADJOURNMENT

THERE IS A WORKSHOP FOR THIS MEETING AT 2 P.M. – SAME DAY IN CITY CHAMBERS

POSTED: 04/04/18

# REPORTS

# FINANCE OFFICER

# RAW FISH AND SALES TAX

No report given at this time.

City of Sand Point  
Bank Balance

Date

Balance

Date

Bank

End of FEBRUARY

Key Bank	2,298,851.30
Wells Fargo - General	205,531.17
Wells Fargo - Bingo Fund	143,549.35
Wells Fargo - Silver Salmon Fund	38,780.49
AlaskaUsa Federal Credit Union CD	204,932.73
Charles Schwab	511,794.04



**CITY OF SAND POINT**  
**\*Expenditure Guideline-No Enc Sum©**

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Current Period: FEBRUARY 17-18

	17-18 YTD Budget	17-18 YTD Amt	FEBRUARY MTD Amt	17-18 YTD Balance	% of YTD
<b>GENERAL FUND</b>					
LEGISLATIVE	\$134,200.00	\$94,164.04	\$13,346.98	\$40,035.96	70.17%
ADMINISTRATION	\$1,145,950.00	\$616,017.73	-\$42,230.81	\$529,932.27	53.76%
PARKS AND RECREATION	\$24,000.00	\$16,073.40	\$1,904.27	\$7,926.60	66.97%
PUBLIC SAFETY	\$586,700.00	\$312,043.53	\$58,765.10	\$274,656.47	53.19%
PUBLIC WORKS	\$698,100.00	\$507,974.76	\$56,629.32	\$190,125.24	72.77%
FACILITIES	\$287,350.00	\$137,454.36	\$24,380.28	\$149,895.64	47.84%
<i>Total GENERAL FUND</i>	\$2,876,300.00	\$1,683,727.82	\$112,795.14	\$1,192,572.18	58.54%
<b>BINGO FUND</b>					
ADMINISTRATION	\$535,850.00	\$392,498.73	\$31,810.34	\$143,351.27	73.25%
<i>Total BINGO FUND</i>	\$535,850.00	\$392,498.73	\$31,810.34	\$143,351.27	73.25%
<b>SILVER SALMON DERBY</b>					
FIRE	\$30,000.00	\$22,556.67	\$0.00	\$7,443.33	75.19%
<i>Total SILVER SALMON DERBY</i>	\$30,000.00	\$22,556.67	\$0.00	\$7,443.33	75.19%
<b>CLINIC OPERATIONS/MAINTENANCE</b>					
ADMINISTRATION	\$36,412.00	\$0.00	\$0.00	\$36,412.00	0.00%
<i>Total CLINIC OPERATIONS/MAINTENANCE</i>	\$36,412.00	\$0.00	\$0.00	\$36,412.00	0.00%
<b>ROCK CRUSHER ENTERPRISE FUND</b>					
PUBLIC WORKS	\$40,500.00	\$39,465.93	\$0.00	\$1,034.07	97.45%
<i>Total ROCK CRUSHER ENTERPRISE FUND</i>	\$40,500.00	\$39,465.93	\$0.00	\$1,034.07	97.45%
<b>WATER/SEWER OPERATIONS</b>					
WATER/SEWER	\$267,618.00	\$153,882.38	\$25,332.33	\$113,735.62	57.50%
<i>Total WATER/SEWER OPERATIONS</i>	\$267,618.00	\$153,882.38	\$25,332.33	\$113,735.62	57.50%
<b>HARBOR/PORT OPERATIONS</b>					
HARBOR	\$590,500.00	\$429,538.19	\$102,831.28	\$160,961.81	72.74%
<i>Total HARBOR/PORT OPERATIONS</i>	\$590,500.00	\$429,538.19	\$102,831.28	\$160,961.81	72.74%
<b>REFUSE COLLECTION</b>					
PUBLIC WORKS	\$165,350.00	\$94,172.74	\$10,430.01	\$71,177.26	56.95%
<i>Total REFUSE COLLECTION</i>	\$165,350.00	\$94,172.74	\$10,430.01	\$71,177.26	56.95%
<b>Report Total</b>	\$4,542,530.00	\$2,815,842.46	\$283,199.10	\$1,726,687.54	61.99%

**CITY OF SAND POINT**  
**\*Revenue Guideline-Alt Code©**

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Current Period: FEBRUARY 17-18

		17-18	17-18	FEBRUARY	17-18	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	YTD
<b>GENERAL FUND</b>						
Active	R 01-200 CAPITAL GAIN / LOSS	\$0.00	\$8,831.30	(\$15,405.94)	-\$8,831.30	0.00%
Active	R 01-201 INTEREST INCOME	\$10,000.00	\$21,805.45	\$2,975.92	-\$11,805.45	218.05%
Active	R 01-202 FINES AND PENALTYS	\$2,000.00	\$1,555.81	\$0.00	\$444.19	77.79%
Active	R 01-203 OTHER REVENUE	\$170,000.00	\$3,548.98	(\$776.10)	\$166,451.02	2.09%
Active	R 01-205 4% SALES TAX	\$700,000.00	\$457,314.63	\$39,387.33	\$242,685.37	65.33%
Active	R 01-213 RAW FISH TAX	\$470,000.00	\$476,061.75	\$3,836.52	-\$6,061.75	101.29%
Active	R 01-214 FINE-LATE SALES TAX	\$1,000.00	\$1,379.80	\$0.00	-\$379.80	137.98%
Active	R 01-217 7% B & B Tax	\$14,000.00	\$9,353.18	\$222.92	\$4,646.82	66.81%
Active	R 01-225 PAYMENT IN LIEU OF TAX	\$150,000.00	\$0.00	\$0.00	\$150,000.00	0.00%
Active	R 01-226 EVENT COSTS	\$12,000.00	\$0.00	\$0.00	\$12,000.00	0.00%
Active	R 01-229 EASTER EGG HUNT DONA	\$0.00	\$300.00	\$0.00	-\$300.00	0.00%
Active	R 01-230 DONATIONS	\$2,500.00	\$550.00	\$0.00	\$1,950.00	22.00%
Active	R 01-231 INSURANCE REFUND	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-233 BUSINESS LIC. FEE	\$4,000.00	\$1,175.00	\$975.00	\$2,825.00	29.38%
Active	R 01-234 SB 46 PERS RELIEF	\$40,000.00	\$0.00	\$0.00	\$40,000.00	0.00%
Active	R 01-238 ANCHORAGE OFFICE	\$20,000.00	\$0.00	\$0.00	\$20,000.00	0.00%
Active	R 01-250 STATE REVENUE SHARIN	\$87,700.00	\$98,363.00	\$0.00	-\$10,663.00	112.16%
Active	R 01-256 REVENUE--STATE OF ALA	\$7,500.00	\$0.00	\$0.00	\$7,500.00	0.00%
Active	R 01-257 REVENUE--FEDERAL GOV	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 01-260 STATE LIQUOR SHARE TA	\$3,500.00	\$2,500.00	\$2,500.00	\$1,000.00	71.43%
Active	R 01-265 STATE PROCESSORS TAX	\$38,000.00	\$0.00	\$0.00	\$38,000.00	0.00%
Active	R 01-266 ExT FISH TAX SHARING	\$458,906.00	\$458,906.62	\$0.00	-\$0.62	100.00%
Active	R 01-285 EQUIPMENT RENTAL	\$20,000.00	\$10,014.95	\$433.44	\$9,985.05	50.07%
Active	R 01-291 BUILDING RENTALS	\$140,000.00	\$82,482.04	\$18,474.36	\$57,517.96	58.92%
Active	R 01-293 LIBRARY GRANT	\$4,200.00	\$7,000.00	\$0.00	-\$2,800.00	166.67%
Active	R 01-297 POLICE MISC REVENUE	\$36,000.00	\$15,085.00	\$0.00	\$20,915.00	41.90%
Active	R 01-298 EMS MISC REVENUE	\$5,000.00	\$11,470.00	\$4,288.00	-\$6,470.00	229.40%
Active	R 01-990 F/V DESTINATION SWEAT	\$0.00	\$80.00	\$0.00	-\$80.00	0.00%
	<b>Total</b>	<b>\$2,396,306.00</b>	<b>\$1,667,777.51</b>	<b>\$56,911.45</b>	<b>\$728,528.49</b>	<b>69.60%</b>
	<b>Total GENERAL FUND</b>	<b>\$2,396,306.00</b>	<b>\$1,667,777.51</b>	<b>\$56,911.45</b>	<b>\$728,528.49</b>	<b>69.60%</b>
<b>BINGO FUND</b>						
Active	R 02-203 OTHER REVENUE	\$5,000.00	\$56.25	\$0.00	\$4,943.75	1.13%
Active	R 02-294 BINGO REVENUE	\$40,000.00	\$27,324.00	\$3,088.00	\$12,676.00	68.31%
Active	R 02-295 PULL TAB REVENUE	\$550,000.00	\$400,601.00	\$32,611.00	\$149,399.00	72.84%
	<b>Total</b>	<b>\$595,000.00</b>	<b>\$427,981.25</b>	<b>\$35,699.00</b>	<b>\$167,018.75</b>	<b>71.93%</b>
	<b>Total BINGO FUND</b>	<b>\$595,000.00</b>	<b>\$427,981.25</b>	<b>\$35,699.00</b>	<b>\$167,018.75</b>	<b>71.93%</b>
<b>SILVER SALMON DERBY</b>						
Active	R 03-230 DONATIONS	\$3,000.00	\$3,550.00	\$0.00	-\$550.00	118.33%
Active	R 03-292 SILVER SALMON DERBY	\$0.00	\$30,601.63	\$0.00	-\$30,601.63	0.00%
	<b>Total</b>	<b>\$3,000.00</b>	<b>\$34,151.63</b>	<b>\$0.00</b>	<b>-\$31,151.63</b>	<b>1138.39%</b>
	<b>Total SILVER SALMON DERBY</b>	<b>\$3,000.00</b>	<b>\$34,151.63</b>	<b>\$0.00</b>	<b>-\$31,151.63</b>	<b>1138.39%</b>
<b>CLINIC OPERATIONS/MAINTENANCE</b>						
Active	R 10-257 REVENUE--FEDERAL GOV	\$62,412.00	\$50,876.80	\$4,884.56	\$11,535.20	81.52%
	<b>Total</b>	<b>\$62,412.00</b>	<b>\$50,876.80</b>	<b>\$4,884.56</b>	<b>\$11,535.20</b>	<b>81.52%</b>
	<b>Total CLINIC OPERATIONS/MAINTENANCE</b>	<b>\$62,412.00</b>	<b>\$50,876.80</b>	<b>\$4,884.56</b>	<b>\$11,535.20</b>	<b>81.52%</b>
<b>ROCK CRUSHER ENTERPRISE FUND</b>						

**CITY OF SAND POINT**  
**\*Revenue Guideline-Alt Code©**

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Current Period: FEBRUARY 17-18

		17-18	17-18	FEBRUARY	17-18	% of
		YTD Budget	YTD Amt	MTD Amt	YTD Balance	YTD
Active	R 58-207 GRAVEL SALES	\$45,000.00	\$900.00	\$0.00	\$44,100.00	2.00%
<b>Total</b>		<u>\$45,000.00</u>	<u>\$900.00</u>	<u>\$0.00</u>	<u>\$44,100.00</u>	<u>2.00%</u>
<b>Total ROCK CRUSHER ENTERPRISE FUND</b>		<u>\$45,000.00</u>	<u>\$900.00</u>	<u>\$0.00</u>	<u>\$44,100.00</u>	<u>2.00%</u>
<b>WATER/SEWER OPERATIONS</b>						
Active	R 61-202 FINES AND PENALTYS	\$2,500.00	\$1,325.27	\$50.29	\$1,174.73	53.01%
Active	R 61-206 WATER/SEWER REVENUE	\$190,000.00	\$124,822.25	\$14,776.20	\$65,177.75	65.70%
Active	R 61-234 SB 46 PERS RELIEF	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 61-235 TRANSFER IN	\$59,000.00	\$0.00	\$0.00	\$59,000.00	0.00%
Active	R 61-243 USDA GRANT REVENUE	\$23,516.00	\$23,516.00	\$0.00	\$0.00	100.00%
Active	R 61-270 ON BEHALF REVENUE PE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
<b>Total</b>		<u>\$275,016.00</u>	<u>\$149,663.52</u>	<u>\$14,826.49</u>	<u>\$125,352.48</u>	<u>54.42%</u>
<b>Total WATER/SEWER OPERATIONS</b>		<u>\$275,016.00</u>	<u>\$149,663.52</u>	<u>\$14,826.49</u>	<u>\$125,352.48</u>	<u>54.42%</u>
<b>HARBOR/PORT OPERATIONS</b>						
Active	R 62-201 INTEREST INCOME	\$0.00	\$3,493.02	\$108.70	-\$3,493.02	0.00%
Active	R 62-203 OTHER REVENUE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 62-210 HARBOR/MOORAGE	\$225,000.00	\$159,578.60	\$3,161.75	\$65,421.40	70.92%
Active	R 62-211 HARBOR/TRAVELLIFT	\$95,000.00	\$75,106.60	\$4,122.00	\$19,893.40	79.06%
Active	R 62-212 BOAT HARBOR/RENTS	\$85,000.00	\$61,775.60	\$17,172.10	\$23,224.40	72.68%
Active	R 62-215 HARBOR/WHARFAGE	\$90,000.00	\$78,506.28	\$3,194.08	\$11,493.72	87.23%
Active	R 62-219 HARBOR ELEC SERVICE F	\$8,000.00	\$5,527.98	\$469.21	\$2,472.02	69.10%
Active	R 62-220 HARBOR/ELEC DEPOSIT	\$2,000.00	\$111.55	\$100.00	\$1,888.45	5.58%
Active	R 62-221 HARBOR/VAN STORAGE	\$22,000.00	\$16,941.20	\$0.00	\$5,058.80	77.01%
Active	R 62-222 HARBOR/STALL ELECTRIC	\$35,000.00	\$22,351.75	\$6,469.35	\$12,648.25	63.86%
Active	R 62-223 HARBOR/ELECTRICITY	\$4,000.00	\$1,655.93	\$0.00	\$2,344.07	41.40%
Active	R 62-224 GEARSHED LOCKER REN	\$15,000.00	\$9,978.13	\$4,860.00	\$5,021.87	66.52%
Active	R 62-234 SB 46 PERS RELIEF	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 62-235 TRANSFER IN	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 62-237 HARBOR STORAGE	\$5,000.00	\$1,526.55	\$604.80	\$3,473.45	30.53%
Active	R 62-270 ON BEHALF REVENUE PE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 62-285 EQUIPMENT RENTAL	\$30,000.00	\$27,736.22	\$1,050.50	\$2,263.78	92.45%
<b>Total</b>		<u>\$616,000.00</u>	<u>\$464,289.41</u>	<u>\$41,312.49</u>	<u>\$151,710.59</u>	<u>75.37%</u>
<b>Total HARBOR/PORT OPERATIONS</b>		<u>\$616,000.00</u>	<u>\$464,289.41</u>	<u>\$41,312.49</u>	<u>\$151,710.59</u>	<u>75.37%</u>
<b>REFUSE COLLECTION</b>						
Active	R 65-202 FINES AND PENALTYS	\$1,500.00	\$653.09	\$25.63	\$846.91	43.54%
Active	R 65-204 REFUSE COLLECTION	\$140,000.00	\$90,860.62	\$11,290.01	\$49,139.38	64.90%
Active	R 65-234 SB 46 PERS RELIEF	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Active	R 65-235 TRANSFER IN	\$24,000.00	\$0.00	\$0.00	\$24,000.00	0.00%
Active	R 65-270 ON BEHALF REVENUE PE	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
<b>Total</b>		<u>\$165,500.00</u>	<u>\$91,513.71</u>	<u>\$11,315.64</u>	<u>\$73,986.29</u>	<u>55.30%</u>
<b>Total REFUSE COLLECTION</b>		<u>\$165,500.00</u>	<u>\$91,513.71</u>	<u>\$11,315.64</u>	<u>\$73,986.29</u>	<u>55.30%</u>
<b>Report Total</b>		<u>\$4,158,234.00</u>	<u>\$2,887,153.83</u>	<u>\$164,949.63</u>	<u>\$1,271,080.17</u>	<u>69.43%</u>

CITY OF SAND POINT

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**\*Fund Summary -  
Budget to Actual©**

FEBRUARY 17-18

	17-18	FEBRUARY	17-18	17-18	17-18
	YTD Budget	MTD Amount	YTD Amount	YTD Balance	% YTD Budget
<b>FUND 01 GENERAL FUND</b>					
Revenue	\$2,396,306.00	\$56,911.45	\$1,667,777.51	\$728,528.49	69.60%
Expenditure	\$2,876,300.00	\$112,795.14	\$1,683,727.82	\$1,192,572.18	58.54%
		-\$55,883.69	-\$15,950.31		
<b>FUND 02 BINGO FUND</b>					
Revenue	\$595,000.00	\$35,699.00	\$427,981.25	\$167,018.75	71.93%
Expenditure	\$535,850.00	\$31,810.34	\$392,498.73	\$143,351.27	73.25%
		\$3,888.66	\$35,482.52		
<b>FUND 03 SILVER SALMON DERBY</b>					
Revenue	\$3,000.00	\$0.00	\$34,151.63	-\$31,151.63	138.39%
Expenditure	\$30,000.00	\$0.00	\$22,556.67	\$7,443.33	75.19%
		\$0.00	\$11,594.96		
<b>FUND 10 CLINIC OPERATIONS/MAINTENANCE</b>					
Revenue	\$62,412.00	\$4,884.56	\$50,876.80	\$11,535.20	81.52%
Expenditure	\$36,412.00	\$0.00	\$0.00	\$36,412.00	0.00%
		\$4,884.56	\$50,876.80		
<b>FUND 61 WATER/SEWER OPERATIONS</b>					
Revenue	\$275,016.00	\$14,826.49	\$149,663.52	\$125,352.48	54.42%
Expenditure	\$267,618.00	\$25,332.33	\$153,882.38	\$113,735.62	57.50%
		-\$10,505.84	-\$4,218.86		
<b>FUND 62 HARBOR/PORT OPERATIONS</b>					
Revenue	\$616,000.00	\$41,312.49	\$464,289.41	\$151,710.59	75.37%
Expenditure	\$590,500.00	\$102,831.28	\$429,538.19	\$160,961.81	72.74%
		-\$61,518.79	\$34,751.22		
<b>FUND 65 REFUSE COLLECTION</b>					
Revenue	\$165,500.00	\$11,315.64	\$91,513.71	\$73,986.29	55.30%
Expenditure	\$165,350.00	\$10,430.01	\$94,172.74	\$71,177.26	56.95%
		\$885.63	-\$2,659.03		
<b>Report Total</b>		-\$118,249.47	\$109,877.30		

# Memo

To: Mayor Gardner  
City Council Members  
Sand Point Residents

From: Lamar Cotten  
Interim City Administrator

Date: April 6, 2018

Subj: Monthly Report for April 2018

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Here is a brief overview on a series issues that I-with assistance of the Mayor and staff- have been working on over the last month or so.

## **New Dock Design and Future Construction**

The project continues to move ahead on the new schedule mentioned below. The speed of internal reviews by both the state and federal has somewhat delayed the project. However, the project construction schedule is still set at early 2019 with a completion date of fall 2019. Mark Hickey and I will continue to monitor the issue.

## **New Boat Harbor Future Construction**

The final design for the inner harbor improvements by Moffatt and Nichol is completed. The project approach entails a design-built approach with two separate contracts to (1) furnish/fabricate materials and (2) installation. The estimated cost is \$6.3 million. This is the city's number one CIP priority. I have attached a possible funding strategic in the packet.

## **EAT Clinic Lease Update.**

I continue to work with EAT staff on the 105(1) lease issues ranging from original cost projections to comparable leasing rates for office space. As mentioned in past correspondence, Sand Point is the first EAT community to seek lease funds of its health clinic. According to EAT-ED, we should expect an answer in the next 90 days. As the first step, EAT will submit a draft leasing contract for our review. Then, if the city agrees to the draft contract, EAT will use the document as a starting point in its negotiation with

the federal funders. There is no obligation on the federal funders to agree to the draft lease. My hunch is that the draft lease will serve as a negotiation starting point.

### **Airport Certification Part 139**

The city and the state continue to work on sorting the different roles and responsibilities of the state, air carrier and city. One key change is that DOTPF is looking seriously at handling all aspects of airport operations with the exception of the city fire suppression vessel. If this approach is agreed upon, it alleviates the sticky issue of possible city liability matters. DOTPF also promised to present in the next few weeks a final number on ticket fees and we both would work on the details of use of the CSP vessel. Furthermore, the state agreed to cover the “step-up cost” of the Part 139 process that Pen Air had initially agreed to cover. The cost will be covered by existing state funds.

### **City Administrator Candidate Search**

Done.

### **TDX-AHFC-Energy Assistance-Follow-up and**

Per discussions with John Lyons and Glen, I have met or been on phone with TDX and Scott Waterman Alaska Housing Finance Corporation (AHFC)-Energy Program Manager about an energy conversion system for the municipal building to allow for more use of lower priced wind energy. Mr. Lyons committed to researching any grants TDX could find to address this issue. Mr. Waterman stated that AHFC may be of assistance. The first step is to complete an energy audit for the building as well as possibly other city facilities. AEB has completed a similar task for the Sand Point School and the AEB office.

Initially Mr. Lyons was to attend the April CSP council meeting, however with the passing of his father last week, he has rescheduled for the May meeting. Upon his return to Anchorage, I will continue to work with him on this matter.

Last but not least, in a brief phone conversation this week, Mr. Lyons inquired about if the city had interest in possibly purchasing the TDC utility. In short, I said I would pass along the question to the mayor and council. I hope to have more information on the matter for the CSP April meeting.

### **Other**

I have worked with staff on outgoing letters to city administrator candidates thank you letters. I interviewed a W/S director candidate and in turn recommended the city mayor and public works director to interview him in Sand Point. I attended the March TDX and

city council meeting as well as introduce Jordan Keeler to a few AEB elected and appointed officials. I have sent on a daily basis relevant material to Jordan. State community assistance program (the new name for revenue sharing) documents were sent in and accepted by the state. I'm still working on vessel needs assessment survey for the Sand Point fleet. I will have a draft survey for council review at the May meeting.

Last but not least, while in Sand Point in early March, I was fortunate enough to witness a snow machine fly by my apartment window in the middle of a snowy night followed later by the city snow plow doing its job of maintaining the streets. It's still nice to know nothing should surprise me about life on Popof Island.



# SAND POINT DEPARTMENT of PUBLIC SAFETY



Post Office Box 423  
Sand Point, Alaska 99661  
EMAIL: [sppd@arctic.net](mailto:sppd@arctic.net)

## MEMORANDUM

To: Honorable Glen Gardner, Mayor, City of Sand Point  
Mr. Jordan Keeler, City Administrator, City of Sand Point  
Mr. Danny Cumberlidge, City Councilperson, City of Sand Point  
Mr. Allan Starnes, City Councilperson, City of Sand Point  
Ms. Shirley Brown, City Councilperson, City of Sand Point  
Mr. Jack Foster Jr, City Councilperson, City of Sand Point  
Ms. Marita Gundersen, City Councilperson, City of Sand Point  
Mr. Emil Mobeck, City Councilperson, City of Sand Point

From: Denise Mobeck, Administrative Assistant

Date: March 5, 2018

Ref: Department of Public Safety's Monthly Report for February 2018

### Police Department

- Hal Henning, Chief of Police
- Brent Nierman, Police Sergeant
- Thomas Slease, Investigator
- Dave Anderson, Police Officer

#### **Administrative Assistant**

- Denise Mobeck/weekday 911 Dispatcher

#### **Dispatchers**

- Anne Christine Nielsen, 911 Dispatcher
- Alfred 'Jesse' Pesterkoff, 911 Dispatcher



## Police Division Activity

MARCH 2018

4 cases was generated

- Felony eluding, reckless driving, trespass & hit & run
- Burglary
- Found pistol
- Kidnapping, assault & trespass

Information cases were generated

- Underage person on 4-wheeler
- Courtesy transports
- Civil matter
- Theft
- Paper service
- Drug intel received

There were 2 persons jailed

- Felony eluding, reckless driving, trespass & hit & run
- Kidnapping, assault & trespass

There were 46 calls to 911

- 11 MOC/clinic needed
- 4 ambulance needed
- 16 mis-dial or hang ups
- 2 assault
- 2 drunken person removal
- 1 burglary
- 1 attempted kidnapping, assault and trespass
- 4 miscellaneous officer assistance
- 1 drunken disturbance
- 2 test calls on 911 system
- 2 REDDI report of drunk driver

Other Officer Activity

- Prisoner transport to airport
- Building checks
- Bar checks
- Noise complaint
- Welfare checks

## INTERNET UPDATE

The new donated internet service from DRS was installed last week and we are working on getting our records management, APSIN and the fingerprinting system up and running. The company who will install the system will be flying out from Florida the 1st week of May to set up the system and train our staff on its use. We should be up and running on Live Scan Fingerprinting when they leave.

## SCHOOL RESOURCE OFFICER

We have been working with the School and have secured an office to be used by the School Resource Officer (SRO). The SRO has been assigned to Officer Anderson and we are working with the AEBSD to see if they will cover the cost to send Officer Anderson to SRO School in July. I should have an update on this next council meeting.

## DRUG TASK FORCE

Inv. Sleese is doing great things with the WAANT Unit and also made a couple arrests the past few weeks along with building several cases on new information. I'm quite pleased with the results coming from our partnership.

## FIRE TRUCK

We put a request in to the Unalaska Fire Department to receive the 1992 Pierce Arrow truck they are replacing. The truck is in excellent condition and is far superior to anything we have right now. The truck is free to the city they donate it to, all we would need to do is put it on the Ferry and ship it over. I have attached the letter of request and the flyer with the info and pictures of the truck.

## **EMS Division**

### **Chief of EMS Division:**

- Denise Mobeck, EMS Chief

### **EMS Activity: 5 runs**

Rescue1 transported 3 patients to clinic

Rescue1 transported 1 patient to airport for medevac

Rescue1 responded to patient

Thank you to our volunteers that respond in a very short amount of time from being dispatched. Anyone that would like to become certified as an ETT or EMT, we will be having an upcoming class in May. If anyone is interested in becoming an ambulance driver call Denise at 383-3700. Drivers must be at least 21 years of age.

A CPR/BLS class will be held the first week of May, please call Denise at the office to sign up. The cost is \$25

## **Fire Division**

### **Chief of Fire Division:**

- Vacant, administrative duties being fulfilled by police administrative assistant.

### **Fire Activity:**

- Recruitment efforts continue as the department seeks to fill the vacant fire chief position.
- All monthly incident reports were filed with the State Fire Marshal's Office meeting obligations and maintaining agency certification.

# PUBLIC WORKS DIRECTOR

No report given at this time.

# WATER/SEWER SUPERVISOR

No report given at this time.

## Robert E. Galovin Small Boat Harbor 04-03-18

All is going okay at the harbor, boats and crews are starting to move around more all the time.

Crew has been busy.

Oiled and greased both Boat Lifts and rest of machinery.

Dump runs regularly.

Opened up the harbor shower rooms for the fleet.

Maintenance guy is remodeling ladies shower room at harbor (thank you Ken).

The harbor crews restroom will be done sometime soon.

Hired two new day guys to work at the harbor, have one person as a temporary Nightwatchman (Knute in hospital), one full time.

Helped Water & Sewer dept. with a water leak.

Crew worked on street lights.

Crew will have the fresh water turned on to the float system very soon.

Crew dressed up a place near the containers for drag gear storage (with help from Public Works dept.).

Crew changed oil pump on the big Boat Lift, 150 AMO, working better than before.

Parts for the Grove crane scheduled to be here April 6, 2018.

Crew hauled used oils to public works.

That's all I have to report.

Richard Kochuten Sr.  
Sand Point Harbor Master

**STUDENT  
REPRESENTATIVE**

# HEARINGS, ORDINANCES AND RESOLUTIONS



# OLD BUSINESS

# FY17 AUDIT RESULTS



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

**Basic Financial Statements, Required  
Supplementary Information, Supplementary  
Information, and Government Auditing  
Standards Reports  
Year Ended June 30, 2017**

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

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Basic Financial Statements, Required Supplementary Information,  
Supplementary Information, and  
Government Auditing Standards Reports

Year Ended June 30, 2017

# City of Sand Point, Alaska

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# City of Sand Point, Alaska

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3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report**

Honorable Mayor and City Council  
City of Sand Point, Alaska

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Sand Point's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 36 and the Schedules of Net Pension Liability and Pension Contributions on pages 37 through 39, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Supplementary and Other Information***

Our audit for the year ended June 30, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules for the year ended June 30, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Sand Point as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated February 25, 2017 which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2018 on our consideration of City of Sand Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

BDO USA, LLP

Anchorage, Alaska  
January 9, 2018

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## **Basic Financial Statements**

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## City of Sand Point, Alaska

## Statement of Net Position

<i>June 30, 2017</i>	Govern- mental Activities	Business- type Activities	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Cash and investments	\$ 2,413,160	\$ 853,947	\$ 3,267,107
Accounts receivable, net	202,992	128,644	331,636
Internal balances	1,195,540	(1,195,540)	-
Investment in Southwest Governments, LLC	271,885	-	271,885
Capital assets not being depreciated	-	51,226	51,226
Other capital assets, net of accumulated depreciation	7,967,041	12,383,334	20,350,375
<b>Total Assets</b>	<b>12,050,618</b>	<b>12,221,611</b>	<b>24,272,229</b>
<b>Deferred Outflows of Resources - related to pensions</b>	<b>298,252</b>	<b>150,642</b>	<b>448,894</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 12,348,870</b>	<b>\$ 12,372,253</b>	<b>\$ 24,721,123</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Accounts payable	\$ 31,018	\$ 25,733	\$ 56,751
Accrued liabilities	110,490	1,531	112,021
Unearned revenue	4,538	-	4,538
Accrued interest payable	-	37,660	37,660
Noncurrent liabilities:			
Due within one year :			
Accrued leave	58,018	32,007	90,025
Bonds payable	-	70,000	70,000
Due in more than one year :			
Landfill closure costs payable	-	136,251	136,251
Bonds payable, net of current portion	-	2,300,000	2,300,000
Bond premium, net of accumulated amortization	-	348,030	348,030
Net pension liability	1,667,553	842,241	2,509,794
<b>Total Liabilities</b>	<b>1,871,617</b>	<b>3,793,453</b>	<b>5,665,070</b>
<b>Deferred Inflows of Resources - related to pensions</b>	<b>18,588</b>	<b>9,388</b>	<b>27,976</b>
<b>Net Position</b>			
Net investment in capital assets	7,967,041	9,716,530	17,683,571
Unrestricted (deficit)	2,491,624	(1,147,118)	1,344,506
<b>Total Net Position</b>	<b>10,458,665</b>	<b>8,569,412</b>	<b>19,028,077</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 12,348,870</b>	<b>\$ 12,372,253</b>	<b>\$ 24,721,123</b>

See accompanying notes to basic financial statements.

## City of Sand Point, Alaska

## Statement of Activities

Year Ended June 30, 2017	Program Revenues			Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants & Contri- butions	Govern- mental Activities	Business- type Activities	Total
<b>Governmental Activities</b>						
General government	\$ 1,436,956	\$ 68,613	\$ 10,341	\$ (1,358,002)	\$ -	\$ (1,358,002)
Parks and recreation	27,492	-	-	(27,492)	-	(27,492)
Public safety	641,254	-	6,959	(634,295)	-	(634,295)
Public works	1,092,037	194,791	11,151	(886,095)	-	(886,095)
Health clinic	-	40,932	-	40,932	-	40,932
Community development	50,562	32,920	-	(17,642)	-	(17,642)
<b>Total Governmental Activities</b>	<b>3,248,301</b>	<b>337,256</b>	<b>28,451</b>	<b>(2,882,594)</b>	<b>-</b>	<b>(2,882,594)</b>
<b>Business-type Activities</b>						
Bingo	562,410	632,681	-	-	70,271	70,271
Boat harbor	1,213,612	741,959	9,176	-	(462,477)	(462,477)
Water and sewer	431,677	222,538	25,109	-	(184,030)	(184,030)
Refuse	278,560	125,697	3,609	-	(149,254)	(149,254)
Rock crusher	7,785	32,948	-	-	25,163	25,163
<b>Total Business-type Activities</b>	<b>2,494,044</b>	<b>1,755,823</b>	<b>37,894</b>	<b>-</b>	<b>(700,327)</b>	<b>(700,327)</b>
<b>Total</b>	<b>\$ 5,742,345</b>	<b>\$ 2,093,079</b>	<b>\$ 66,345</b>	<b>(2,882,594)</b>	<b>(700,327)</b>	<b>(3,582,921)</b>

**General Revenues**

Taxes:			
Sales taxes	725,362	-	725,362
Local raw fish taxes	590,065	-	590,065
Accommodation taxes	8,843	-	8,843
Payment in lieu of taxes	150,000	-	150,000
Grants and entitlements not restricted to a specific purpose	397,039	-	397,039
Transfers	(52,500)	52,500	-
<b>Total General Revenues and Transfers</b>	<b>1,818,809</b>	<b>52,500</b>	<b>1,871,309</b>
Change in net position	(1,063,785)	(647,827)	(1,711,612)
<b>Net Position, beginning</b>	<b>11,522,450</b>	<b>9,217,239</b>	<b>20,739,689</b>
<b>Net Position, ending</b>	<b>\$ 10,458,665</b>	<b>\$ 8,569,412</b>	<b>\$ 19,028,077</b>

See accompanying notes to basic financial statements.

**City of Sand Point, Alaska**  
**Governmental Funds**  
**Balance Sheet**

<i>June 30, 2017</i>	<u>Major Fund</u> General	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 2,197,871	\$ 215,289	\$ 2,413,160
Receivables:			
Sales tax	79,274	-	79,274
Fish tax	109,955	-	109,955
Other	13,763	-	13,763
Investment in Southwest Governments, LLC	271,885	-	271,885
Advance to other funds	939,827	-	939,827
Due from other funds	255,713	-	255,713
<b>Total Assets</b>	<b>\$ 3,868,288</b>	<b>\$ 215,289</b>	<b>\$ 4,083,577</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 31,018	\$ -	\$ 31,018
Accrued liabilities	110,490	-	110,490
Unearned revenue	4,538	-	4,538
<b>Total Liabilities</b>	<b>146,046</b>	<b>-</b>	<b>146,046</b>
<b>Fund Balances</b>			
Nonspendable:			
Investment in Southwest Governments, LLC	271,885	-	271,885
Advance to other funds	939,827	-	939,827
Assigned:			
Silver Salmon Derby	-	16,212	16,212
Clinic	-	199,077	199,077
Next year's budget	71,400	-	71,400
Unassigned	2,439,130	-	2,439,130
<b>Total Fund Balances</b>	<b>3,722,242</b>	<b>215,289</b>	<b>3,937,531</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,868,288</b>	<b>\$ 215,289</b>	<b>\$ 4,083,577</b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

### Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

*June 30, 2017*

Total fund balances for governmental funds		\$ 3,937,531
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:		
Buildings	\$ 8,590,637	
Improvements other than buildings	4,531,870	
Equipment and vehicles	1,897,965	
Total capital assets	15,020,472	
Accumulated depreciation	(7,053,431)	
Total capital assets, net		7,967,041
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	(58,018)	
Net pension liability	(1,667,553)	
Total noncurrent liabilities		(1,725,571)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows of resources related to pensions	298,252	
Deferred inflows of resources related to pensions	(18,588)	
Total deferred pension items		279,664
<b>Total Net Position of Governmental Activities</b>		<b>\$ 10,458,665</b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

## Governmental Funds

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

<i>Year Ended June 30, 2017</i>	Major Fund General	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 1,324,270	\$ -	\$ 1,324,270
State of Alaska	402,703	-	402,703
Federal government	28,218	-	28,218
Other revenues	413,404	73,852	487,256
<b>Total Revenues</b>	<b>2,168,595</b>	<b>73,852</b>	<b>2,242,447</b>
<b>Expenditures</b>			
Current:			
General government	866,556	-	866,556
Parks and recreation	20,987	-	20,987
Public safety	544,408	-	544,408
Public works	672,948	-	672,948
Community development	-	38,333	38,333
<b>Total Expenditures</b>	<b>2,104,899</b>	<b>38,333</b>	<b>2,143,232</b>
Excess of revenues over expenditures	63,696	35,519	99,215
<b>Other Financing Sources (Uses)</b>			
Transfers out	(52,500)	-	(52,500)
Net change in fund balances	11,196	35,519	46,715
<b>Fund Balances, beginning</b>	<b>3,711,046</b>	<b>179,770</b>	<b>3,890,816</b>
<b>Fund Balances, ending</b>	<b>\$ 3,722,242</b>	<b>\$ 215,289</b>	<b>\$ 3,937,531</b>

*See accompanying notes to basic financial statements.*



## City of Sand Point, Alaska

### Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities

*Year Ended June 30, 2017*

---

Net change in fund balances - total governmental funds	\$	46,715
<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 (\$760,753) exceeded capital outlays (\$33,084) in the current year and other miscellaneous transactions (\$1,325).</p>		
		(728,994)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Increase in accrued leave		(11,992)
Net increase in net pension liability and related deferred accounts		(369,514)
		<hr/>
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>(1,063,785)</u></b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

Enterprise Funds  
Statement of Net Position

June 30, 2017	Major Funds				Nonmajor Funds	Total Enterprise Funds
	Bingo	Boat Harbor	Water and Sewer	Refuse		
<b>Assets and Deferred Outflows of Resources</b>						
<b>Current Assets</b>						
Cash and investments	\$ 308,882	\$ -	\$ 71,906	\$ 447,201	\$ 25,958	\$ 853,947
Accounts receivable, net	-	51,156	51,108	26,380	-	128,644
<b>Total Current Assets</b>	<b>308,882</b>	<b>51,156</b>	<b>123,014</b>	<b>473,581</b>	<b>25,958</b>	<b>982,591</b>
<b>Noncurrent Assets</b>						
Buildings and improvements	-	10,795,390	4,572,242	19,400	-	15,387,032
Equipment and vehicles	14,541	613,944	177,509	498,629	-	1,304,623
Sanitary landfill	-	-	-	1,996,889	-	1,996,889
Construction in progress	-	51,226	-	-	-	51,226
Less accumulated depreciation	(14,541)	(1,804,216)	(2,671,568)	(1,814,885)	-	(6,305,210)
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>9,656,344</b>	<b>2,078,183</b>	<b>700,033</b>	<b>-</b>	<b>12,434,560</b>
<b>Total Assets</b>	<b>308,882</b>	<b>9,707,500</b>	<b>2,201,197</b>	<b>1,173,614</b>	<b>25,958</b>	<b>13,417,151</b>
Deferred Outflows of Resources, related to pensions	-	96,135	16,693	37,814	-	150,642
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 308,882</b>	<b>\$ 9,803,635</b>	<b>\$ 2,217,890</b>	<b>\$ 1,211,428</b>	<b>\$ 25,958</b>	<b>\$ 13,567,793</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 312	\$ 7,363	\$ 17,011	\$ 252	\$ 795	\$ 25,733
Accrued leave	-	24,105	1,320	6,582	-	32,007
Accrued payroll	1,531	-	-	-	-	1,531
Accrued interest payable	-	37,660	-	-	-	37,660
Current portion of bonds payable	-	70,000	-	-	-	70,000
Due to other funds	-	255,713	-	-	-	255,713
<b>Total Current Liabilities</b>	<b>1,843</b>	<b>394,841</b>	<b>18,331</b>	<b>6,834</b>	<b>795</b>	<b>422,644</b>
<b>Noncurrent Liabilities</b>						
Advance from other funds	176,561	-	763,266	-	-	939,827
Bonds payable, net of current portion	-	2,300,000	-	-	-	2,300,000
Bond premium, net	-	348,030	-	-	-	348,030
Landfill closure costs payable	-	-	-	136,251	-	136,251
Net pension liability	-	537,490	93,332	211,419	-	842,241
<b>Total Noncurrent Liabilities</b>	<b>176,561</b>	<b>3,185,520</b>	<b>856,598</b>	<b>347,670</b>	<b>-</b>	<b>4,566,349</b>
<b>Total Liabilities</b>	<b>178,404</b>	<b>3,580,361</b>	<b>874,929</b>	<b>354,504</b>	<b>795</b>	<b>4,988,993</b>
Deferred Inflows of Resources, related to pensions	-	5,991	1,040	2,357	-	9,388
<b>Net Position (Deficit)</b>						
Net investment in capital assets	-	6,938,314	2,078,183	700,033	-	9,716,530
Unrestricted (deficit)	130,478	(721,031)	(736,262)	154,534	25,163	(1,147,118)
<b>Total Net Position</b>	<b>130,478</b>	<b>6,217,283</b>	<b>1,341,921</b>	<b>854,567</b>	<b>25,163</b>	<b>8,569,412</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 308,882</b>	<b>\$ 9,803,635</b>	<b>\$ 2,217,890</b>	<b>\$ 1,211,428</b>	<b>\$ 25,958</b>	<b>\$ 13,567,793</b>

See accompanying notes to basic financial statements.

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

<i>Year Ended June 30, 2017</i>	Major Funds				Nonmajor Funds	Total Enterprise Funds
	Bingo	Boat Harbor	Water and Sewer	Refuse		
<b>Operating Revenues</b>	\$ 632,681	\$ 741,959	\$ 222,538	\$ 125,697	\$ 32,948	\$ 1,755,823
<b>Operating Expenses</b>						
Salaries and benefits	34,620	406,005	142,873	169,339	-	752,837
Services and supplies	527,790	229,813	161,995	33,093	7,785	960,476
Depreciation	-	463,081	126,809	76,128	-	666,018
<b>Total Operating Expenses</b>	562,410	1,098,899	431,677	278,560	7,785	2,379,331
Operating income (loss)	70,271	(356,940)	(209,139)	(152,863)	25,163	(623,508)
<b>Nonoperating Revenues (Expenses)</b>						
State PERS relief	-	9,176	1,593	3,609	-	14,378
Interest expense	-	(114,713)	-	-	-	(114,713)
<b>Net Nonoperating Revenues (Expenses)</b>	-	(105,537)	1,593	3,609	-	(100,335)
Income (loss) before capital contributions and transfers	70,271	(462,477)	(207,546)	(149,254)	25,163	(723,843)
Capital contributions	-	-	23,516	-	-	23,516
Transfers in	-	-	52,500	-	-	52,500
Change in net position	70,271	(462,477)	(131,530)	(149,254)	25,163	(647,827)
<b>Net Position (Deficit), beginning</b>	60,207	6,679,760	1,473,451	1,003,821	-	9,217,239
<b>Net Position, ending</b>	\$ 130,478	\$ 6,217,283	\$ 1,341,921	\$ 854,567	\$ 25,163	\$ 8,569,412

*See accompanying notes to basic financial statements.*

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

Year Ended June 30, 2017	Major Funds				Nonmajor Funds	Total Enterprise Funds
	Bingo	Boat Harbor	Water and Sewer	Refuse		
<b>Cash Flows from (for) Operating Activities</b>						
Receipts from customers	\$ 632,681	\$ 785,848	\$ 230,299	\$ 168,628	\$ 32,948	\$ 1,850,404
Payments for goods and services	(527,478)	(227,993)	(155,092)	(29,053)	(6,990)	(946,606)
Payments for salaries and benefits	(34,774)	(363,888)	(126,138)	(121,847)	-	(646,647)
<b>Net cash flows from (for) operating activities</b>	<b>70,429</b>	<b>193,967</b>	<b>(50,931)</b>	<b>17,728</b>	<b>25,958</b>	<b>257,151</b>
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers in	-	-	52,500	-	-	52,500
<b>Cash Flows from (for) Capital and Related Financing Activities</b>						
Additions to capital assets	-	(5,302)	-	-	-	(5,302)
Capital contributions	-	-	23,516	-	-	23,516
Principal paid on long-term debt	-	(65,000)	-	-	-	(65,000)
Interest paid on long-term debt	-	(132,151)	-	-	-	(132,151)
Increase in due to other funds	-	8,486	-	-	-	8,486
<b>Net cash flows from (for) capital and related financing activities</b>	<b>-</b>	<b>(193,967)</b>	<b>23,516</b>	<b>-</b>	<b>-</b>	<b>(170,451)</b>
Net increase (decrease) in cash and investments	70,429	-	25,085	17,728	25,958	139,200
<b>Cash and Investments, beginning</b>	<b>238,453</b>	<b>-</b>	<b>46,821</b>	<b>429,473</b>	<b>-</b>	<b>714,747</b>
<b>Cash and Investments, ending</b>	<b>\$ 308,882</b>	<b>\$ -</b>	<b>\$ 71,906</b>	<b>\$ 447,201</b>	<b>\$ 25,958</b>	<b>\$ 853,947</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities</b>						
Operating income (loss)	\$ 70,271	\$(356,940)	\$(209,139)	\$(152,863)	\$ 25,163	\$(623,508)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:						
Depreciation	-	463,081	126,809	76,128	-	666,018
Noncash expense - PERS relief	-	9,176	1,593	3,609	-	10,769
(Increase) decrease in assets and deferred outflows of resources:						
Accounts receivable, net	-	43,889	7,761	42,931	-	94,581
Deferred outflows of resources related to pensions	-	9,713	(1,704)	(1,680)	-	6,329
Increase (decrease) in liabilities and deferred inflows of resources:						
Accounts payable	312	1,820	6,903	(358)	795	9,472
Accrued leave	-	(1,853)	(175)	2,569	-	541
Accrued payroll	(154)	-	-	-	-	(154)
Landfill closure costs payable	-	-	-	4,398	-	4,398
Net pension liability	-	29,118	18,072	43,004	-	90,194
Deferred inflows of resources related to pensions	-	(4,037)	(1,051)	(10)	-	(5,098)
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 70,429</b>	<b>\$ 193,967</b>	<b>\$ (50,931)</b>	<b>\$ 17,728</b>	<b>\$ 25,958</b>	<b>\$ 253,542</b>

*See accompanying notes to basic financial statements.*

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

June 30, 2017

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### 1. Summary of Significant Accounting Policies

#### *Reporting Entity*

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

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

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

#### *Government-Wide and Fund Financial Statements*

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

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

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

The government-wide and proprietary fund financial statements report using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only to the extent they have matured.

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

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

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

### **Major Funds**

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

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

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

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

*Refuse Enterprise Fund* - to account for activities of the refuse services.

### **Cash and Cash Equivalents**

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

### **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.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Receivables and Payables*

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

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

### *Capital Assets*

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

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

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

### *Compensated Absences*

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

### *Unearned Revenue*

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

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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

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

### ***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### ***Fund Balances***

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

*Nonspendable fund balance* - This classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

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

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

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

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

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



# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Use of Estimates*

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

### *Budgetary Accounting*

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

The budget is enacted at the department level. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United State of America.

### *Grants and Other Intergovernmental Revenues*

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

## 2. Cash and Investments

### *Reconciliation of Deposit and Investment Balances*

The following is a reconciliation of the City’s deposit and investment balances to the financial statements as of June 30, 2017.

	Totals
Deposit accounts and cash on hand	\$ 982,881
Pooled investment	2,284,226
<b>Total Cash and Investments</b>	<b>\$ 3,267,107</b>

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a policy for custodial credit risk. At June 30, 2017, \$250,000 of the City’s Wells Fargo bank deposits and \$250,000 of the City’s Alaska USA bank deposits were insured by the Federal Deposit Insurance Corporation. The remaining balance of deposits were uninsured and uncollateralized. The Pooled Investment (AMLIP, see below) is not subject to custodial credit risk.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### *Investments*

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

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

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The City's investment in AMLIP of \$2,284,226 is measured at net asset value, as of June 30, 2017. Management believes these values approximate fair value.

The City has investments in certificate of deposits totaling \$405,592 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2017.

### *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, 2017, the City's investment in the LLC was \$271,885. This investment is considered noncurrent, and accordingly, an equal amount of fund balance of the General Fund is shown as nonspendable. In 2017, the City received \$20,007 in cash distributions and its share of earnings of Southwest Governments, LLC was \$14,160, which is included in other revenue.

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

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

The City maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful accounts. At June 30, 2017, receivables for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Boat Harbor Enterprise Fund	Water and Sewer Enterprise Fund	Refuse	Nonmajor Funds	Totals
Accounts	\$ 8,867	\$ 107,699	\$ 45,908	\$ 34,020	-	\$ 196,494
Sales and fish taxes	189,229	-	-	-	-	189,229
Grants	-	-	23,516	-	-	23,516
Other	4,896	-	-	-	-	4,896
<b>Total receivables</b>	<b>202,992</b>	<b>107,699</b>	<b>69,424</b>	<b>34,020</b>	<b>-</b>	<b>414,135</b>
Less allowance for uncollectible accounts	-	(56,543)	(18,316)	(7,640)	-	(82,499)
<b>Net Receivables</b>	<b>\$ 202,992</b>	<b>\$ 51,156</b>	<b>\$ 51,108</b>	<b>\$ 26,380</b>	<b>-</b>	<b>\$ 331,636</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### 4. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>Governmental Activities</b>				
<i>Capital assets being depreciated:</i>				
Buildings	\$ 8,590,637	\$ -	\$ -	\$ 8,590,637
Improvements other than buildings	4,531,869			4,531,869
Equipment and vehicles	1,997,618	33,084	132,736	1,897,966
<b>Total assets being depreciated</b>	<b>15,120,124</b>	<b>33,084</b>	<b>132,736</b>	<b>15,020,472</b>
Less accumulated depreciation for:				
Buildings	4,339,832	429,532	-	4,769,364
Improvement other than buildings	431,697	232,663	-	664,360
Equipment and vehicles	1,652,560	98,558	131,411	1,619,707
<b>Total accumulated depreciation</b>	<b>6,424,089</b>	<b>760,753</b>	<b>131,411</b>	<b>7,053,431</b>
<b>Total capital assets being depreciated, net</b>	<b>8,696,035</b>	<b>727,669</b>	<b>1,325</b>	<b>7,967,041</b>
<b>Governmental Activity Capital Assets, net</b>	<b>\$ 8,696,035</b>	<b>\$ 727,669</b>	<b>\$ 1,325</b>	<b>\$ 7,967,041</b>
<b>Business-type Activities</b>				
<i>Capital assets not being depreciated -</i>				
Construction in progress	\$ 51,226	\$ -	\$ -	\$ 51,226
<i>Capital assets being depreciated</i>				
Buildings and improvements	15,387,032	-	-	15,387,032
Equipment and vehicles	1,304,321	5,302	5,000	1,304,623
Landfill	1,996,889	-	-	1,996,889
<b>Total assets being depreciated</b>	<b>18,688,242</b>	<b>5,302</b>	<b>5,000</b>	<b>18,688,544</b>
Less accumulated depreciation for:				
Buildings and improvements	3,238,046	554,661		3,792,707
Equipment and vehicles	1,158,087	48,954	4,999	1,202,042
Landfill	1,248,058	62,403		1,310,461
<b>Total accumulated depreciation</b>	<b>5,644,191</b>	<b>666,018</b>	<b>5,000</b>	<b>6,305,210</b>
<b>Total capital assets being depreciated, net</b>	<b>13,044,051</b>	<b>(660,716)</b>	<b>-</b>	<b>12,383,334</b>
<b>Business-type Activity Capital Assets, net</b>	<b>\$ 13,095,277</b>	<b>\$ (660,716)</b>	<b>\$ -</b>	<b>\$ 12,434,560</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows for the year ended June 30, 2017:

<b>Governmental Activities</b>	
General government	\$ 426,639
Parks and recreation	7,803
Community development	12,229
Public safety	37,584
Public works	276,498
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 760,753</b>
 <b>Business type Activities</b>	
Boat harbor	\$ 463,081
Refuse collection	76,128
Water and sewer	126,809
<b>Total Depreciation Expense - Business-type Activities</b>	<b>\$ 666,018</b>

### 5. Long-term Debt

#### *General Obligation Bonds*

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

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

Bonds currently outstanding are as follows:

<b>Business-type Activities</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>
Small boat harbor - \$2,615,000, 2013 Series One general obligation bonds, due in annual principal payments of \$65,000 to \$175,000 through 2038	3.8%-5%	\$ 2,370,000

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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

### Business-type Activities

<i>Fiscal Year</i>	Principal	Interest
2018	\$ 70,000	\$ 112,980
2019	70,000	110,180
2020	75,000	106,680
2021	80,000	103,680
2022	80,000	100,480
2023-2025	270,000	280,540
2026-2030	550,000	370,650
2031-2035	680,000	223,890
2036-2038	495,000	50,500
<b>Total</b>	<b>\$ 2,370,000</b>	<b>\$ 1,459,580</b>

Changes in long-term liabilities for the year ended June 30, 2017 follows:

<b>Governmental Activities</b>	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Accrued leave	\$ 46,026	\$ 60,293	\$ 48,301	\$ 58,018	\$ 58,018
Net pension liability	1,264,641	402,912	-	1,667,553	-
<b>Total Governmental Activities</b>	<b>\$ 1,310,667</b>	<b>\$ 463,205</b>	<b>\$ 48,301</b>	<b>\$ 1,725,571</b>	<b>\$ 58,018</b>

<b>Business-type Activities</b>	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
General obligation bonds	\$ 2,435,000	\$ -	\$ 65,000	\$ 2,370,000	\$ 70,000
Bond premium	364,602	-	16,572	348,030	16,572
Landfill closure liability	131,854	4,397	-	136,251	-
Accrued leave	31,466	24,302	23,761	32,007	32,007
Net pension liability	752,047	90,194	-	842,241	-
<b>Total Business-type Activities</b>	<b>\$ 3,714,969</b>	<b>\$ 118,893</b>	<b>\$ 105,333</b>	<b>\$ 3,728,529</b>	<b>\$ 118,579</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### 6. Fund Balances

Fund balances, reported for the individual major fund, and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2017:

	General Fund	Nonmajor Funds	Totals
<b>Nonspendable:</b>			
Investment in Southwest Governments, LLC	\$ 271,885	\$ -	\$ 271,885
Advance to other funds	939,827	-	939,827
<b>Total nonspendable</b>	<b>1,211,712</b>	<b>-</b>	<b>1,211,712</b>
<b>Assigned:</b>			
Next year's budget	71,400	-	71,400
Silver Salmon Derby Clinic	-	16,212	16,212
	-	199,077	199,077
<b>Total assigned</b>	<b>71,400</b>	<b>215,289</b>	<b>286,689</b>
<b>Unassigned</b>	<b>2,439,130</b>	<b>-</b>	<b>2,439,130</b>
<b>Total Fund Balances</b>	<b>\$ 3,722,242</b>	<b>\$ 215,289</b>	<b>\$ 3,937,531</b>

### 7. Interfund Balances

A schedule of interfund balances and transfers for the year ended June 30, 2017, follows:

#### Due from Other Funds

Due from the Boat Harbor Enterprise Fund to the General Fund for operating expenses and capital costs	\$ 255,713
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#### Advance to Other Funds

Advances from the General Fund to:	
Water and Sewer Enterprise Fund for capital and operating costs	\$ 763,266
Bingo Enterprise Fund for operations	176,561

<b>Total Advances to Other Funds</b>	<b>\$ 939,827</b>
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#### Transfers

Transfer from the General Fund to - Water and Sewer Enterprise Fund for operating expenses	\$ 52,500
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<b>Total Transfers to Other Funds</b>	<b>\$ 52,500</b>
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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 8. Defined Benefit (DB) Pension Plan

#### *General Information About the Plan*

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

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

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

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

#### *Historical Context and Special Funding Situation*

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against *all* PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows and outflows of resources, and disclosures on this basis.

The City records the on-behalf contributions as revenue and expense/expenditures in the fund financial statements.

It is important to note that the legislature has the power and the authority to change the aforementioned statute through the legislative process.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### ***Employee Contribution Rates***

Regular employees are required to contribute 6.75% of their annual covered salary (Police and firefighters are required to contribute 7.5% of their annual covered salary).

### ***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 contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

***ARM Board Adopted Rate:*** This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2016, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

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

***GASB Rate:*** This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY17, the rate uses an 8.00% pension discount rate and a 4.30% healthcare discount rate.



# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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

Contribution rates for the year ended June 30, 2017 were determined in the June 30, 2014 actuarial valuation and are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	14.96%	20.34%	4.14%	24.49%
Postemployment healthcare (see Note 10)	7.04%	5.80%	0.00%	56.64%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>26.14%</b>	<b>4.14%</b>	<b>81.13%</b>

In 2017, the City was credited with the following contributions to the pension plan.

	Measurement Period City FY16	City FY17
Employer contributions (including DBUL)	\$ 101,325	\$ 114,845
Nonemployer contributions (on-behalf)	46,690	51,025
<b>Total Contributions</b>	<b>\$ 148,015</b>	<b>\$ 165,870</b>

In addition, employee contributions to the Plan totaled \$25,939 during the City's fiscal year.

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

At June 30, 2017, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

	2017
City proportionate share of NPL	\$ 2,509,794
State's proportionate share of NPL associated with the City	268,000
<b>Total Net Pension Liability</b>	<b>\$ 2,777,794</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At June 30, 2017, the City's proportion was 0.4490 percent, which was an increase of 0.00332 percent from its proportion measured as of prior measurement date.

For the year ended June 30, 2017, the City recognized pension expense of \$575,784 and on-behalf revenue of \$42,850 for support provided by the State. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 231	\$ (27,976)
Changes in assumptions	11,576	-
Net difference between projected and actual earnings on pension plan investments	246,701	-
Changes in proportion and differences between City contributions and proportionate share of contributions	75,540	-
City contributions subsequent to the measurement date	114,845	-
<b>Total Deferred Outflows and Deferred Inflows of Resources</b>	<b>\$ 448,893</b>	<b>\$ (27,976)</b>

The \$97,032 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

*Year End June 30,*

2018		\$ 97,032
2019		43,064
2020		100,852
2021		65,124

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total pension liability for the measurement period ended June 30, 2016 (City fiscal year 2017) was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2016. The actuarial assumptions used in the June 30, 2014 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

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Actuarial Cost Method	Entry Age Normal - Level Percentage of Payroll
Asset Valuation Method	Invested assets are reported at fair value.
Allocation Methodology	Amounts for FY16 were allocated to employers based on the projected present value of contributions for FY2017-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00% per year (geometric), compounded annually, net of expenses
Salary Scale	Inflation - 3.12% per year Productivity - 0.50% per year Peace Officer/Firefighter - graded by years of service from 9.66% to 4.92% Central All others - graded by age and years of service from 8.55% to 4.34%
Total Inflation	Measured by the consumer price index for urban and clerical workers for Anchorage and is assumed to increase 3.12% annually.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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

<i>Asset Class</i>	Long-term Expected Real Rate of Return
Domestic equity	5.35%
Global equity (non-us)	5.55%
Private equity	6.25%
Fixed income	0.80%
Real estate	3.65%
Alternative equity	4.70%

### ***Discount Rate***

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

### ***Discount Rate Sensitivity***

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 3,232,487	\$ 2,509,794	\$ 1,900,235

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

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

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 9. Defined Contribution (DC) Pension Plan

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

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

#### ***Benefit Terms***

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

#### ***Employee Contribution Rate***

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

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

For the year ended June 30, 2017, the City was required to contribute 5% of covered salary into the Plan. In addition, during 2017, the State on-behalf contribution rate for OPEB was 1.56%.

The City and employee contributions to PERS for pensions for the year ended June 30, 2017 were \$37,262 and \$59,619, respectively. The City contribution amount was recognized as pension expense/expenditures.

### 10. Other Post-Employment Benefit (OPEB) Plans

#### ***Defined Benefit OPEB***

As part of its participation in the PERS DB Plan (Tiers I, II, III), the City participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The Plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan described earlier in these notes.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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

The City is required to contribute 8.75% of covered payroll into the OPEB plan. Employees do not contribute to the DB OPEB plans.

### ***Annual Postemployment Healthcare Cost***

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. There were no on-behalf contributions to the OPEB Plan in 2017; however, on-behalf contributions to the OPEB plan in 2016 and 2015 were \$19,993 and \$0, respectively.

Actual contributions into the Plan for the last three years were as follows.

<i>Year Ended June 30,</i>	Annual OPEB Costs	City Contributions	% of Costs Contributed
2017	\$ 34,046	\$ 34,046	100 %
2016	\$ 66,843	\$ 66,843	100 %
2015	\$ 72,473	\$ 72,473	100 %

### ***Defined Contribution OPEB***

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

### ***Employer Contribution Rates***

Employees do not contribute to the DC OPEB plans. Employer contribution rates were as follows for the year ended June 30, 2017:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.18%	1.18%
Occupational death and disability benefits	0.17%	0.49%
<b>Total Contribution Rates</b>	<b>1.35%</b>	<b>1.67%</b>

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2016, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,049 per year for each full-time employee, and \$1.31 per hour for part-time employees.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Annual Postemployment Healthcare Cost*

In FY17, the City contributed \$41,651 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

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

The City operates a local landfill. State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, generally accepted accounting principles require that the City report a portion of these closure and postclosure care costs each period based on landfill capacity used as of each balance sheet date.

The City has estimated the closure and post closure costs to be \$219,800 with an estimated remaining life through 2036. At June 30, 2017, the City has recognized \$136,251 of this liability on the statement of net position, an increase of \$4,397 from the prior year. The City will recognize the remaining estimated cost of closure and post closure care of \$83,549 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2017. 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 19 years.

At June 30, 2017 the City has not committed or assigned any fund balance to fund the cost of closure and post closure monitoring, nor have any assets been restricted for this purpose.

### **12. Risk Management**

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

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

APEI is a public entity risk pool organized to share risks among its members. Its bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's deposit contribution in comparison to the aggregate deposit contributions of all members. There were no supplemental assessments made during the year ended June 30, 2017.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 13. Contingencies

#### *Grants*

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

### 14. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 75 will result in the biggest reporting change. However, actual impacts have not yet been determined

*GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - Effective for year-end June 30, 2018, with earlier application encouraged - This statement contains accounting and financial reporting guidelines for OPEB related activities at the participating employer level and generally brings the OPEB reporting rules into alignment with the new GASB 68 Pension rules.

*GASB 81 - Irrevocable Split-Interest Agreements* - Effective for year-end June 30, 2018, with earlier application encouraged - This statement establishes recording and recognition criteria for governments who receive resources pursuant to an irrevocable split-interest agreement.

*GASB 83 - Certain Asset Retirement Obligations* - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses accounting and financial reporting for certain asset retirement obligations that are legally enforceable liabilities associated with the retirement of a tangible capital asset.

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

*GASB 85 - Omnibus* - Effective for year-end June 30, 2018, with earlier application encouraged - This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. Issues covered include blending of component units, goodwill, fair value measurement and application, and postemployment benefits.

*GASB 86 - Certain Debt Extinguishment Issues* - Effective for year-end June 30, 2018, with earlier application encouraged - This statement addresses accounting and financial reporting for in-substance defeasance of debt when only existing resources are used, as well as accounting and financial reporting for prepaid insurance on extinguished debt.

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



## Required Supplementary Information

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

<i>Year Ended June 30, 2017</i>	Original Budget	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Final Budget
<b>Revenues</b>						
Taxes	\$ 1,496,500	\$ 1,496,500	\$ 1,324,270	\$ -	\$ 1,324,270	\$ (172,230)
State of Alaska	427,760	427,760	402,703	(33,882)	368,821	(58,939)
Federal government	-	-	28,218	-	28,218	28,218
Other revenues	422,500	422,500	413,404	-	413,404	(9,096)
<b>Total Revenues</b>	<b>2,346,760</b>	<b>2,346,760</b>	<b>2,168,595</b>	<b>(33,882)</b>	<b>2,134,713</b>	<b>(212,047)</b>
<b>Expenditures - Current</b>						
General government	1,051,160	1,051,160	866,556	-	866,556	184,604
Parks and recreation	25,500	25,500	20,987	-	20,987	4,513
Public safety	520,000	520,000	544,408	-	544,408	(24,408)
Public works	940,950	940,950	672,948	-	672,948	268,002
<b>Total Expenditures</b>	<b>2,537,610</b>	<b>2,537,610</b>	<b>2,104,899</b>	<b>-</b>	<b>2,104,899</b>	<b>432,711</b>
Excess of revenues over (under) expenditures	(190,850)	(190,850)	63,696	(33,882)	29,814	220,664
<b>Other Financing (Uses) Sources:</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	(52,500)	(52,500)	-	(52,500)	-
<b>Net Other Financing (Uses) Sources</b>	<b>-</b>	<b>(52,500)</b>	<b>(52,500)</b>	<b>-</b>	<b>(52,500)</b>	<b>-</b>
	<u>\$ (190,850)</u>	<u>\$ (243,350)</u>	11,196	<u>\$ (33,882)</u>	<u>\$ (22,686)</u>	<u>\$ 220,664</u>
<b>Fund Balance, beginning</b>			<u>3,711,046</u>			
<b>Fund Balance, ending</b>			<u>\$ 3,722,242</u>			

*See accompanying notes to Required Supplementary Information.*

**City of Sand Point, Alaska**  
**Public Employees Retirement System (PERS)**  
**Schedule of the City's Information on the Net Pension Liability**

<i>Years Ended June 30,</i>	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 Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.04158%	\$ 2,016,688	\$ 538,967	\$ 2,555,655	\$ 1,112,644	181%	63.98%
2017	0.04490%	\$ 2,509,794	\$ 268,000	\$ 2,777,794	\$ 1,238,644	203%	59.55%

*See accompanying notes to Required Supplementary Information.*

**City of Sand Point, Alaska**  
**Public Employees Retirement System (PERS)**  
**Schedule of the City's Contributions**

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 101,325	\$ 101,325	\$ -	\$ 1,238,890	8.18%
2017	\$ 114,845	\$ 114,845	\$ -	\$ 1,166,419	9.85%

*See accompanying notes to Required Supplementary Information.*

# City of Sand Point, Alaska

## Notes to Required Supplementary Information

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

The General Fund Budgetary Comparison Schedule is presented on the modified accrual basis of accounting. The City did not budget for the PERS on-behalf contribution; however accounting principles generally accepted in the United States, require that on-behalf revenue and expenditures be reported in the financial statements, resulting in a budgetary to GAAP basis difference. The PERS on-behalf represents the only reconciling item from budgetary to GAAP basis.

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

This table is presented based on the Plan measurement date. For June 30, 2017, the Plan measurement date is June 30, 2016.

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

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

There was a significant change in the allocation methodology. For the measurement period ended June 30, 2014, the liability was allocated to participating employers based on actual contributions for 2014. For the measurement period ended June 30, 2016, the liability is allocated based on projected contributions for fiscal years 2017-2039, as calculated in the June 30, 2014 actuarial valuation.

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

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

This table is intended to present 10 years of information. Additional years' information will be included as it becomes available.

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## Supplementary Information

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## City of Sand Point, Alaska

General Fund  
Balance Sheet

<i>June 30,</i>	2017	2016
<b>Assets</b>		
Cash and investments	\$ 2,197,871	\$ 2,137,341
Receivables:		
Sales tax	79,274	85,343
Fish tax	109,955	78,884
Other	13,763	59,794
Investment in Southwest Governments, LLC	271,885	277,725
Due from other funds	255,713	247,227
Advance to other funds	939,827	939,827
<b>Total Assets</b>	<b>\$ 3,868,288</b>	<b>\$ 3,826,141</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 31,018	\$ 21,749
Unearned revenue	4,538	-
Accrued liabilities	110,490	93,346
<b>Total Liabilities</b>	<b>146,046</b>	<b>115,095</b>
<b>Fund Balance</b>		
Nonspendable:		
Investment in Southwest Governments, LLC	271,885	277,725
Advance to other funds	939,827	939,827
Assigned - next year's budget	71,400	190,000
Unassigned	2,439,130	2,303,494
<b>Total Fund Balance</b>	<b>3,722,242</b>	<b>3,711,046</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,868,288</b>	<b>\$ 3,826,141</b>



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

<i>Years Ended June 30,</i>	2017					2016
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
<b>Revenues</b>						
Taxes:						
Sales taxes	\$ 860,000	\$ 725,362	\$ -	\$ 725,362	\$ (134,638)	\$ 822,316
Local raw fish taxes	620,000	590,065	-	590,065	(29,935)	605,736
Accommodation taxes	16,500	8,843	-	8,843	(7,657)	14,020
<b>Total taxes</b>	<b>1,496,500</b>	<b>1,324,270</b>	<b>-</b>	<b>1,324,270</b>	<b>(172,230)</b>	<b>1,442,072</b>
State of Alaska:						
Shared fisheries and raw fish tax	35,000	35,222	-	35,222	222	34,947
Fish resource landing tax	250,000	239,248	-	239,248	(10,752)	270,014
Library grants	4,200	-	-	-	(4,200)	-
State revenue sharing	87,060	89,751	-	89,751	2,691	134,653
State PERS relief	40,000	33,882	(33,882)	-	(40,000)	42,213
Other state grants	7,500	-	-	-	(7,500)	-
State liquor licenses	4,000	4,600	-	4,600	600	-
<b>Total State of Alaska</b>	<b>427,760</b>	<b>402,703</b>	<b>(33,882)</b>	<b>368,821</b>	<b>(58,939)</b>	<b>481,827</b>
Federal Government	-	28,218	-	28,218	28,218	51,590
Other revenues:						
Payment in lieu of taxes - local sources	150,000	150,000	-	150,000	-	150,000
Building rental	139,500	163,907	-	163,907	24,407	148,887
Gravel sales	10,000	-	-	-	(10,000)	-
Equipment rental	15,000	30,884	-	30,884	15,884	31,130
Business licenses	3,500	1,850	-	1,850	(1,650)	4,225
EMS fund	500	-	-	-	(500)	2,857
Anchorage office	20,000	14,160	-	14,160	(5,840)	22,689
Local donation	-	5,768	-	5,768	5,768	4,540
Other	84,000	46,835	-	46,835	(37,165)	97,890
<b>Total other revenues</b>	<b>422,500</b>	<b>413,404</b>	<b>-</b>	<b>413,404</b>	<b>(9,096)</b>	<b>462,218</b>
<b>Total Revenues</b>	<b>2,346,760</b>	<b>2,168,595</b>	<b>(33,882)</b>	<b>2,134,713</b>	<b>(212,047)</b>	<b>2,437,707</b>

**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>	2017					2016
Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis	
<b>Expenditures</b>						
General government:						
Legislative:						
Salaries	\$ 42,000	\$ 37,510	\$ -	\$ 37,510	\$ 4,490	\$ 36,373
Fringe benefits	73,800	87,860	-	87,860	(14,060)	86,466
Travel and per diem	12,000	13,772	-	13,772	(1,772)	15,109
Dues and fees	4,000	3,249	-	3,249	751	5,837
<b>Total legislative</b>	<b>131,800</b>	<b>142,391</b>	<b>-</b>	<b>142,391</b>	<b>(10,591)</b>	<b>143,785</b>
Administration:						
Salaries	327,680	333,672	-	333,672	(5,992)	291,085
Contractual services	38,000	-	-	-	38,000	29,822
Fringe benefits	53,600	78,441	-	78,441	(24,841)	113,456
Travel and per diem	20,000	17,903	-	17,903	2,097	18,966
Telephone	14,000	19,075	-	19,075	(5,075)	13,689
Postage	5,000	4,657	-	4,657	343	4,682
Supplies	10,000	9,222	-	9,222	778	11,398
Equipment	5,000	6,018	-	6,018	(1,018)	20,032
Equipment maintenance	4,000	6,366	-	6,366	(2,366)	10,358
Dues and fees	10,000	11,858	-	11,858	(1,858)	12,409
Anchorage office	10,000	8,667	-	8,667	1,333	9,331
Audit	32,000	73,943	-	73,943	(41,943)	30,845
Legal	16,000	3,790	-	3,790	12,210	6,737
Insurance	130,000	112,691	-	112,691	17,309	127,499
Bank service charges	10,000	12,047	-	12,047	(2,047)	12,925
Fuel	4,000	2,081	-	2,081	1,919	4,181
Freight/speed paks	3,000	2,437	-	2,437	563	1,474
Elections	800	770	-	770	30	664
Donations	15,000	6,609	-	6,609	8,391	12,150
Hospitality	5,000	3,213	-	3,213	1,787	4,959
Library	2,500	1,243	-	1,243	1,257	1,985
Event costs	20,000	5,941	-	5,941	14,059	19,114
Airport leases	3,200	-	-	-	3,200	-
Bond payment	180,580	-	-	-	180,580	-
Other	-	3,521	-	3,521	(3,521)	6,922
<b>Total administration</b>	<b>919,360</b>	<b>724,165</b>	<b>-</b>	<b>724,165</b>	<b>195,195</b>	<b>764,683</b>
<b>Total General Government</b>	<b>1,051,160</b>	<b>866,556</b>	<b>-</b>	<b>866,556</b>	<b>184,604</b>	<b>908,468</b>

**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>	2017					2016
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
<b>Expenditures, continued</b>						
Parks and recreation:						
Salaries	\$ 23,000	\$ 19,316	\$ -	\$ 19,316	\$ 3,684	\$ 21,306
Fringe benefits	2,500	1,671	-	1,671	829	1,904
Supplies	-	-	-	-	-	275
<b>Total parks and recreation</b>	<b>25,500</b>	<b>20,987</b>	<b>-</b>	<b>20,987</b>	<b>4,513</b>	<b>23,485</b>
Public safety:						
Police:						
Salaries	285,000	221,090	-	221,090	63,910	284,771
911 dispatchers	25,000	25,990	-	25,990	(990)	24,947
Contractual services	-	60,336	-	60,336	(60,336)	-
Fringe benefits	95,000	104,080	-	104,080	(9,080)	106,063
Travel and per diem	8,000	13,801	-	13,801	(5,801)	8,451
Telephone	9,000	11,937	-	11,937	(2,937)	9,463
Supplies	5,000	3,769	-	3,769	1,231	6,711
Equipment	20,000	9,022	-	9,022	10,978	6,876
Equipment maintenance	8,500	18,690	-	18,690	(10,190)	7,686
Dues and fees	2,500	1,472	-	1,472	1,028	6,962
Fuel	16,000	8,803	-	8,803	7,197	9,613
Freight/speed paks	500	3,061	-	3,061	(2,561)	1,576
Relocation costs	4,000	9,432	-	9,432	(5,432)	3,114
<b>Total police</b>	<b>478,500</b>	<b>491,483</b>	<b>-</b>	<b>491,483</b>	<b>(12,983)</b>	<b>476,233</b>
Emergency services:						
Volunteer stipend	7,500	9,250	-	9,250	(1,750)	6,150
Contractual	5,000	6,300	-	6,300	(1,300)	6,000
Travel and per diem	500	850	-	850	(350)	-
Telephone	3,500	3,702	-	3,702	(202)	3,599
Supplies	2,000	821	-	821	1,179	739
Equipment	2,500	-	-	-	2,500	735
Equipment maintenance	2,500	-	-	-	2,500	1,039
Equipment fuel	1,000	243	-	243	757	75
Dues and fees	500	100	-	100	400	22
Utilities	500	-	-	-	500	-
Freight	500	68	-	68	432	547
<b>Total emergency services</b>	<b>26,000</b>	<b>21,334</b>	<b>-</b>	<b>21,334</b>	<b>4,666</b>	<b>18,906</b>

**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>	2017					2016
Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis	
<b>Expenditures, continued</b>						
Public safety, continued:						
Fire:						
Fringe benefits	\$ 2,000	\$ -	\$ -	\$ 2,000		\$ -
Telephone	1,000	729	-	729	271	712
Fireboat	1,500	-	-	-	1,500	1,173
Supplies	1,000	98	-	98	902	-
Equipment	2,500	-	-	-	2,500	-
Equipment maintenance	3,500	28,550	-	28,550	(25,050)	417
Equipment fuel	1,000	66	-	66	934	120
Dues and fees	500	-	-	-	500	-
Utilities	2,000	1,093	-	1,093	907	1,668
Freight	500	1,055	-	1,055	(555)	-
<b>Total fire</b>	<b>15,500</b>	<b>31,591</b>	<b>-</b>	<b>31,591</b>	<b>(16,091)</b>	<b>4,090</b>
<b>Total public safety</b>	<b>520,000</b>	<b>544,408</b>	<b>-</b>	<b>544,408</b>	<b>(24,408)</b>	<b>499,229</b>
Public works:						
General:						
Salaries	316,000	279,818	-	279,818	36,182	254,292
Contractual	5,000	-	-	-	5,000	5,828
Fringe benefits	70,600	63,035	-	63,035	7,565	82,977
Travel and per diem	3,000	909	-	909	2,091	1,031
Telephone	3,000	5,285	-	5,285	(2,285)	3,751
Supplies	20,000	13,258	-	13,258	6,742	12,374
Equipment	60,000	1,314	-	1,314	58,686	507
Equipment maintenance	55,000	16,827	-	16,827	38,173	30,642
Equipment fuel	20,000	7,292	-	7,292	12,708	9,583
Dues and fees	500	110	-	110	390	61
Street lights	20,000	2,619	-	2,619	17,381	16,306
Utilities	1,500	14,405	-	14,405	(12,905)	-
Fuel	20,000	11,512	-	11,512	8,488	44,150
Repairs	7,500	2,766	-	2,766	4,734	516
Freight/speed paks	12,500	7,985	-	7,985	4,515	7,587
<b>Total general</b>	<b>614,600</b>	<b>427,135</b>	<b>-</b>	<b>427,135</b>	<b>187,465</b>	<b>469,605</b>

**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>	2017					2016
Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis	
<b>Expenditures, continued</b>						
Public works, continued:						
Facilities:						
Salaries	\$ 84,000	\$ 94,922	\$ -	\$ 94,922	\$ (10,922)	\$ 87,524
Fringe benefits	33,600	52,947	-	52,947	(19,347)	58,169
Municipal building:						
Supplies	15,000	9,630	-	9,630	5,370	12,822
Equipment	2,500	312	-	312	2,188	1,361
Equipment maintenance	1,500	641	-	641	859	414
Dues and fees	500	-	-	-	500	-
Utilities	10,000	11,108	-	11,108	(1,108)	7,995
Fuel	50,000	27,547	-	27,547	22,453	31,677
Repairs	55,000	3,848	-	3,848	51,152	21,393
Freight/speed paks	10,000	2,165	-	2,165	7,835	5,190
City houses:						
Supplies	1,500	25	-	25	1,475	-
Equipment	500	723	-	723	(223)	1,534
Fuel	15,000	17,918	-	17,918	(2,918)	7,819
Repairs	8,000	910	-	910	7,090	741
Freight/speed paks	2,500	88	-	88	2,412	1,207
Utilities	5,000	1,906	-	1,906	3,094	2,155
RATNET building - utilities	750	357	-	357	393	535
Clinic facility:						
Supplies	500	-	-	-	500	-
Repairs	2,000	1,814	-	1,814	186	1,774
Freight	500	-	-	-	500	-
4-plex:						
Supplies	1,000	786	-	786	214	-
Equipment	1,500	831	-	831	669	1,799
Utilities	3,000	1,721	-	1,721	1,279	1,638
Fuel	12,000	9,035	-	9,035	2,965	8,753
Repairs	1,000	1,458	-	1,458	(458)	1,649
Teen center:						
Utilities	4,000	2,602	-	2,602	1,398	2,659
Fuel	4,000	2,244	-	2,244	1,756	2,729
Repairs	1,500	275	-	275	1,225	300
<hr/>						
Total facilities	326,350	245,813	-	245,813	80,537	261,837
<hr/>						
Total public works	940,950	672,948	-	672,948	268,002	731,442

**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>	2017					2016
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
<b>Expenditures, continued</b>						
<b>Total Expenditures</b>	\$ 2,537,610	\$ 2,104,899	\$ -	\$ 2,104,899	\$ 432,711	\$ 2,162,624
Excess of revenues over (under) expenditures	(190,850)	63,696	(33,882)	29,814	(220,664)	275,083
<b>Other Financing Sources (Uses)</b>						
Transfers out	(52,500)	(52,500)	-	(52,500)	-	(132,494)
Transfers in	-	-	-	-	-	384,081
<b>Net Other Financing Sources (Uses)</b>	(52,500)	(52,500)	-	(52,500)	-	251,587
Net change in fund balance	<u>\$ (243,350)</u>	11,196	<u>\$ (33,882)</u>	<u>\$ (22,686)</u>	<u>\$ (220,664)</u>	526,670
<b>Beginning, fund balance</b>		<u>3,711,046</u>				<u>3,184,376</u>
<b>Ending, fund balance</b>		<u>\$ 3,722,242</u>				<u>\$ 3,711,046</u>

**City of Sand Point, Alaska**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**

<i>June 30, 2017</i>	Special Revenue Funds		Total Nonmajor Governmental Funds
	Silver Salmon Derby	Clinic Operations	
<b>Assets</b>			
Cash and investments	\$ 16,212	\$ 199,077	\$ 215,289
<b>Fund Balances</b>			
Assigned:			
Silver Salmon Derby	\$ 16,212	\$ -	\$ 16,212
Clinic	-	199,077	199,077
<b>Total Fund Balances</b>	<b>\$ 16,212</b>	<b>\$ 199,077</b>	<b>\$ 215,289</b>

**City of Sand Point, Alaska**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

	Special Revenue Funds		Total Nonmajor Govern- mental Funds
	Silver Salmon Derby	Clinic Operations	
<i>Year Ended June 30, 2017</i>			
<b>Revenues</b>			
Other revenues	\$ 32,920	\$ 40,932	\$ 73,852
<b>Expenditures</b>			
Community development	38,333	-	38,333
Net change in fund balances	(5,413)	40,932	35,519
Fund Balances, beginning	21,625	158,145	179,770
Fund Balances, ending	\$ 16,212	\$ 199,077	\$ 215,289



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

<i>June 30,</i>	<i>2017</i>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and investments	\$ 25,958
<b>Total Assets</b>	<b>\$ 25,958</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 795
<b>Total Liabilities</b>	<b>795</b>
<b>Net Position</b>	
Unrestricted	25,163
<b>Total Net Position</b>	<b>25,163</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 25,958</b>

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

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<i>Year Ended June 30,</i>	<i>2017</i>
<b>Operating Revenues - gravel sales</b>	<b>\$ 32,948</b>
<b>Operating Expenses</b>	
Equipment and equipment maintenance	1,394
Rock royalty	6,391
<b>Total Operating Expenses</b>	<b>7,785</b>
Change in net position	25,163
<b>Net Position, beginning</b>	<b>-</b>
<b>Net Position, ending</b>	<b>\$ 25,163</b>

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

<i>Year Ended June 30,</i>	2017
<b>Cash Flows From (For) Operating Activities</b>	
Receipts from customers	\$ 32,948
Payments for goods and services	(6,990)
<b>Net cash flows from (for) operating activities</b>	<b>25,958</b>
Net increase (decrease) in cash and investments	25,958
<b>Cash and Investments, beginning</b>	<b>-</b>
<b>Cash and Investments, ending</b>	<b>\$ 25,958</b>
<b>Reconciliation of Operating Loss to Net Cash Flows From (For) Operating Activities</b>	
Operating income	\$ 25,163
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:	
Increase (decrease) in liabilities:	
Accounts payable	795
<b>Net Cash Flows From (For) Operating Activities</b>	<b>\$ 25,958</b>

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

<i>June 30,</i>	2017	2016
<b>Assets</b>		
<b>Current Assets - cash and investments</b>	\$ 308,882	\$ 238,453
<b>Noncurrent Assets</b>		
Equipment and vehicles	14,541	14,541
Less accumulated depreciation	(14,541)	(14,541)
<b>Total Assets</b>	<b>\$ 308,882</b>	<b>\$ 238,453</b>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 312	\$ -
Accrued payroll	1,531	1,685
<b>Noncurrent Liabilities</b>		
Advance from other funds	176,561	176,561
<b>Total Liabilities</b>	<b>178,404</b>	<b>178,246</b>
<b>Net Position</b>		
Unrestricted (deficit)	130,478	60,207
<b>Total Net Position (Deficit)</b>	<b>130,478</b>	<b>60,207</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 308,882</b>	<b>\$ 238,453</b>

## City of Sand Point, Alaska

## Bingo Enterprise Fund

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

<i>Years Ended June 30,</i>	2017	2016
<b>Operating Revenues</b>		
Pull tab revenue	\$ 587,848	\$ 696,227
Bingo revenue	38,819	50,613
Other operating revenues	6,014	3,814
<b>Total Operating Revenues</b>	<b>632,681</b>	<b>750,654</b>
<b>Operating Expenses</b>		
Salaries and benefits	34,620	36,909
Telephone	888	1,441
Supplies	553	285
Equipment and equipment maintenance	3,514	-
Dues and fees	1,104	5,135
Bank service charges	3,520	3,098
Freight/speed paks	370	81
Prizes and payouts	489,140	580,233
Pull tab tax	4,136	3,151
Donations	9,624	-
Utilities	166	-
Pull tab purchases	14,775	15,853
<b>Total Operating Expenses</b>	<b>562,410</b>	<b>646,186</b>
Change in net position	70,271	104,468
<b>Net Position (Deficit), beginning</b>	<b>60,207</b>	<b>(44,261)</b>
<b>Net Position (Deficit), ending</b>	<b>\$ 130,478</b>	<b>\$ 60,207</b>

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

<i>Years Ended June 30,</i>	2017	2016
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 632,681	\$ 750,654
Payments for goods and services	(527,478)	(609,277)
Payments for salaries and benefits	(34,774)	(36,842)
<b>Net cash flows from operating activities</b>	<b>70,429</b>	<b>104,535</b>
<b>Cash and Investments, beginning</b>	<b>238,453</b>	<b>133,918</b>
<b>Cash and Investments, ending</b>	<b>\$ 308,882</b>	<b>\$ 238,453</b>
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>		
Operating income	\$ 70,271	\$ 104,468
Adjustments to reconcile operating income to net cash flows from operating activities:		
Increase (decrease) in liabilities:		
Accrued payroll	(154)	67
Accounts payable	312	-
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 70,429</b>	<b>\$ 104,535</b>

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

<i>June 30,</i>	2017	2016
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Accounts receivable, net of allowance of \$56,543 (\$105,055 in 2016)	\$ 51,156	\$ 95,045
<b>Noncurrent Assets</b>		
Building and floats	10,795,390	10,795,390
Equipment and vehicles	613,944	613,642
Construction in progress	51,226	51,226
Less accumulated depreciation	(1,804,216)	(1,346,135)
<b>Total Noncurrent Assets</b>	<b>9,656,344</b>	<b>10,114,123</b>
<b>Total Assets</b>	<b>9,707,500</b>	<b>10,209,168</b>
<b>Deferred Outflows of Resources, related to pensions</b>	<b>96,135</b>	<b>105,848</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 9,803,635</b>	<b>\$ 10,315,016</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 7,363	\$ 5,543
Accrued leave	24,105	25,958
Accrued interest payable	37,660	38,526
Current portion of bonds payable	70,000	65,000
Due to other funds	255,713	247,227
<b>Total Current Liabilities</b>	<b>394,841</b>	<b>382,254</b>
<b>Noncurrent Liabilities</b>		
Bonds payable, net of current portion	2,300,000	2,370,000
Bond premium, net of accumulated amortization	348,030	364,602
Net pension liability	537,490	508,372
<b>Total Noncurrent Liabilities</b>	<b>3,185,520</b>	<b>3,242,974</b>
<b>Total Liabilities</b>	<b>3,580,361</b>	<b>3,625,228</b>
<b>Deferred Inflows of Resources, related to pensions</b>	<b>5,991</b>	<b>10,028</b>
<b>Net Position</b>		
Net investment in capital assets	6,938,314	7,314,521
Unrestricted (deficit)	(721,031)	(634,761)
<b>Total Net Position</b>	<b>6,217,283</b>	<b>6,679,760</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 9,803,635</b>	<b>\$ 10,315,016</b>

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

<i>Years Ended June 30,</i>	2017	2016
<b>Operating Revenues</b>		
Moorage	\$ 228,891	\$ 208,424
Travel lift	95,196	86,209
Wharfage	220,143	34,058
Van storage	16,150	18,544
Electricity	39,726	31,990
Penalties and interest	6,084	5,173
Rents	106,384	132,118
Harbor electric fee	8,904	9,015
Other operating revenues	20,481	28,021
<b>Total Operating Revenues</b>	<b>741,959</b>	<b>553,552</b>
<b>Operating Expenses</b>		
Salaries and benefits	406,005	543,386
Contractual	509	-
Travel and per diem	-	1,214
Telephone	4,635	4,781
Supplies	7,079	6,199
Depreciation	463,081	475,027
Equipment and equipment maintenance	44,647	22,158
Dues and fees	1,284	680
Utilities	92,798	70,166
Fuel	14,290	12,124
Repairs	4,128	12,650
Freight/speed paks	3,900	4,202
Bad debt expense	56,543	-
Other operating expenses	-	2,684
<b>Total Operating Expenses</b>	<b>1,098,899</b>	<b>1,155,271</b>
Operating loss	(356,940)	(601,719)
<b>Nonoperating Revenues (Expenses)</b>		
State PERS relief	9,176	23,311
Interest expense	(114,713)	(117,313)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(105,537)</b>	<b>(94,002)</b>
Change in net position	(462,477)	(695,721)
<b>Net Position, beginning</b>	<b>6,679,760</b>	<b>7,375,481</b>
<b>Net Position, ending</b>	<b>\$ 6,217,283</b>	<b>\$ 6,679,760</b>



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

<i>Years Ended June 30,</i>	2017	2016
<b>Cash Flows for Operating Activities</b>		
Receipts from customers	\$ 785,848	\$ 552,551
Payments for goods and services	(227,993)	(136,176)
Payments for salaries and benefits	(363,888)	(438,749)
<b>Net cash flows for operating activities</b>	<b>193,967</b>	<b>(22,374)</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(65,000)	(65,000)
Interest paid on long-term debt	(132,151)	(134,753)
Additions to capital assets	(5,302)	(7,146)
Proceeds from disposal of capital assets	-	-
Capital contributions received	-	-
Increase (decrease) in due to other funds	8,486	229,273
<b>Net cash flows from (for) capital and related financing activities</b>	<b>(193,967)</b>	<b>22,374</b>
Net increase in cash and investments	-	-
<b>Cash and Investments, beginning</b>	<b>-</b>	<b>-</b>
<b>Cash and Investments, ending</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Operating Loss to Net Cash Flows for Operating Activities</b>		
Operating loss	\$ (356,940)	\$ (601,719)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	463,081	475,027
Noncash expense - PERS relief	9,176	23,311
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	43,889	(1,001)
Deferred outflows of resources related to pensions	9,713	(74,075)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	1,820	682
Accrued leave	(1,853)	(11,862)
Net pension liability	29,118	193,602
Deferred inflows of resources related to pensions	(4,037)	(26,339)
<b>Net Cash Flows for Operating Activities</b>	<b>\$ 193,967</b>	<b>\$ (22,374)</b>

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

<i>June 30,</i>	2017	2016
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 447,201	\$ 429,473
Accounts receivable, net of allowance of \$7,640 ((\$20,074 in 2016))	26,380	69,311
<b>Total Current Assets</b>	<b>473,581</b>	<b>498,784</b>
<b>Noncurrent Assets</b>		
Buildings	19,400	19,400
Equipment and vehicles	498,629	498,629
Sanitary landfill	1,996,889	1,996,889
Less accumulated depreciation	(1,814,885)	(1,738,756)
<b>Total Noncurrent Assets</b>	<b>700,033</b>	<b>776,162</b>
<b>Total Assets</b>	<b>1,173,614</b>	<b>1,274,946</b>
<b>Deferred Outflows of Resources, related to pensions</b>	<b>37,814</b>	<b>36,134</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,211,428</b>	<b>\$ 1,311,080</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 252	\$ 610
Accrued leave	6,582	4,013
<b>Total Current Liabilities</b>	<b>6,834</b>	<b>4,623</b>
<b>Noncurrent Liabilities</b>		
Landfill closure costs payable	136,251	131,854
Net pension liability	211,419	168,415
<b>Total Noncurrent Liabilities</b>	<b>347,670</b>	<b>300,269</b>
<b>Total Liabilities</b>	<b>354,504</b>	<b>304,892</b>
<b>Deferred Inflows of Resources, related to pensions</b>	<b>2,357</b>	<b>2,367</b>
<b>Net Position</b>		
Investment in capital assets	700,033	776,162
Unrestricted	154,534	227,659
<b>Total Net Position</b>	<b>854,567</b>	<b>1,003,821</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 1,211,428</b>	<b>\$ 1,311,080</b>

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

<i>Years Ended June 30,</i>	2017	2016
<b>Operating Revenues - user charges</b>	\$ 125,697	\$ 178,226
<b>Operating Expenses</b>		
Salaries and benefits	169,339	161,453
Supplies	585	581
Equipment and equipment maintenance	10,103	11,562
Dues and fees	150	150
Utilities	860	1,539
Fuel	5,311	2,821
Repairs	2,269	-
Freight/speed paks	1,778	82
Landfill closure expense	4,397	19,377
Bad debt expense	7,640	-
Depreciation	76,128	94,718
<b>Total Operating Expenses</b>	<b>278,560</b>	<b>292,283</b>
Operating loss	(152,863)	(114,057)
<b>Nonoperating Revenues - State PERS relief</b>	<b>3,609</b>	<b>8,179</b>
Loss before transfers	(149,254)	(105,878)
Transfers in	-	14,894
Change in net position	(149,254)	(90,984)
<b>Net Position, beginning</b>	<b>1,003,821</b>	<b>1,094,805</b>
<b>Net Position, ending</b>	<b>\$ 854,567</b>	<b>\$ 1,003,821</b>

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

<i>Years Ended June 30,</i>	2017	2016
<b>Cash Flows From (For) Operating Activities</b>		
Receipts from customers	\$ 168,628	\$ 150,326
Payments for goods and services	(29,053)	(16,789)
Payments for salaries and benefits	(121,847)	(119,387)
<b>Net cash flows from (for) operating activities</b>	<b>17,728</b>	<b>14,150</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in	-	14,894
<b>Net increase (decrease) in cash and investments</b>	<b>17,728</b>	<b>29,044</b>
<b>Cash and Investments, beginning</b>	<b>429,473</b>	<b>400,429</b>
<b>Cash and Investments, ending</b>	<b>\$ 447,201</b>	<b>\$ 429,473</b>
<b>Reconciliation of Operating Loss to Net Cash Flows From (For) Operating Activities</b>		
Operating loss	\$ (152,863)	\$ (114,057)
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:		
Depreciation	76,128	94,718
Noncash expense - PERS relief	3,609	8,179
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	42,931	(27,900)
Deferred outflows of resources related to pensions	(1,680)	(25,991)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(358)	(55)
Accrued leave	2,569	1,189
Landfill closure costs payable	4,398	19,378
Net pension liability	43,004	67,931
Deferred inflows of resources related to pensions	(10)	(9,242)
<b>Net Cash Flows From (For) Operating Activities</b>	<b>\$ 17,728</b>	<b>\$ 14,150</b>

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

<i>June 30,</i>	2017	2016
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and Investments	\$ 71,906	\$ 46,821
Accounts receivable, net of allowance of \$18,316 (\$23,324 in 2016)	51,108	58,869
<b>Total Current Assets</b>	<b>123,014</b>	<b>105,690</b>
<b>Noncurrent Assets</b>		
Buildings and improvements	4,572,242	4,572,242
Equipment and vehicles	177,509	177,509
Less accumulated depreciation	(2,671,568)	(2,544,759)
<b>Total Noncurrent Assets</b>	<b>2,078,183</b>	<b>2,204,992</b>
<b>Total Assets</b>	<b>2,201,197</b>	<b>2,310,682</b>
<b>Deferred Outflows of Resources</b> related to pensions	16,693	14,989
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,217,890</b>	<b>\$ 2,325,671</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 17,011	\$ 10,108
Accrued leave	1,320	1,495
<b>Total Current Liabilities</b>	<b>18,331</b>	<b>11,603</b>
<b>Noncurrent Liabilities</b>		
Advance from other funds	763,266	763,266
Net pension liability	93,332	75,260
<b>Total Noncurrent Liabilities</b>	<b>856,598</b>	<b>838,526</b>
<b>Total Liabilities</b>	<b>874,929</b>	<b>850,129</b>
<b>Deferred Inflows of Resources</b> , related to pensions	1,040	2,091
<b>Net Position</b>		
Investment in capital assets	2,078,183	2,204,992
Unrestricted (deficit)	(736,262)	(731,541)
<b>Total Net Position</b>	<b>1,341,921</b>	<b>1,473,451</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 2,217,890</b>	<b>\$ 2,325,671</b>

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

<i>Years Ended June 30,</i>	2017	2016
<b>Operating Revenues - User charges</b>	\$ 222,538	\$ 204,977
<b>Operating Expenses</b>		
Salaries and benefits	142,873	122,980
Travel and per diem	11,029	8,939
Telephone	5,500	3,837
Supplies	19,505	33,472
Contractual	31,523	31,477
Equipment and equipment maintenance	22,073	28,582
Dues and fees	6,508	6,345
Utilities	10,676	15,397
Fuel	14,759	20,950
Repairs	13,058	10,725
Freight/speed paks	9,048	10,361
Bad debt expense	18,316	-
Depreciation	126,809	134,598
<b>Total Operating Expenses</b>	431,677	427,663
Operating loss	(209,139)	(222,686)
<b>Nonoperating Revenues - State PERS relief</b>	1,593	3,161
Loss before capital contributions and transfers	(207,546)	(219,525)
Capital contributions	23,516	23,734
Transfers in	52,500	117,600
Change in net position	(131,530)	(78,191)
<b>Net Position, beginning</b>	1,473,451	1,551,642
<b>Net Position, ending</b>	\$ 1,341,921	\$ 1,473,451

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

<i>Years Ended June 30,</i>	2017	2016
<b>Cash Flows for Operating Activities</b>		
Receipts from customers	\$ 230,299	\$ 176,915
Payments for goods and services	(155,092)	(164,971)
Payments for salaries and benefits	(126,138)	(108,580)
<b>Net cash flows for operating activities</b>	<b>(50,931)</b>	<b>(96,636)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital contributions received	23,516	23,734
Transfers in	52,500	117,600
<b>Net cash flows from noncapital financing activities</b>	<b>76,016</b>	<b>141,334</b>
<b>Net increase in cash and investments</b>	<b>25,085</b>	<b>44,698</b>
<b>Cash and Investments, beginning</b>	<b>46,821</b>	<b>2,123</b>
<b>Cash and Investments, ending</b>	<b>\$ 71,906</b>	<b>\$ 46,821</b>
<b>Reconciliation of Operating Loss to Net Cash Flows for Operating Activities</b>		
Operating loss	\$ (209,139)	\$ (222,686)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	126,809	134,598
Noncash expense - PERS relief	1,593	3,161
(Increase) decrease in assets and deferred outflows of resources :		
Accounts receivable (net)	7,761	(28,062)
Deferred outflows of resources related to pensions	(1,704)	(10,042)
Increase (decrease) in liabilities and deferred inflows of resources :		
Accounts payable	6,903	5,114
Accrued leave	(175)	(1,395)
Net pension liability	18,072	26,248
Deferred inflows of resources related to pensions	(1,051)	(3,572)
<b>Net Cash Flows for Operating Activities</b>	<b>\$ (50,931)</b>	<b>\$ (96,636)</b>



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

Honorable Mayor and City Council  
City of Sand Point, Alaska

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska (City of Sand Point) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Sand Point's basic financial statements, and have issued our report thereon dated January 9, 2018.

### **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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sand Point's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sand Point's internal control.

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*BDO USA, LLP*

Anchorage, Alaska  
January 9, 2018

# The City of Sand Point

## Schedule of Findings and Responses

Year Ended June 30, 2017

### Section I - Summary of Auditor's Results

#### Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  (none reported)

Noncompliance material to financial statements noted?  yes  no

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


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



City of Sand Point, Alaska

# AUDIT WRAP UP

June 30, 2017



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (City Assembly) and, if appropriate, management of the Government and is not intended and should not be used by anyone other than these specified parties.

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3601 C Street, Suite 600  
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January 9, 2018

Honorable Mayor and City Council  
Sand Point, Alaska

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On August 1, 2017 we presented an overview of our plan for the audit of the financial statements of City of Sand Point as of and for the year ended June 30, 2017, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the City's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the City and look forward to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

*BDO USA, LLP*

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# Discussion Outline

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# Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2017. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- We have issued an unmodified opinion on the financial statements and released our report on January 9, 2018.
- Our responsibility for other information in documents containing the City's audited financial statements (management's discussion and analysis, budgetary comparisons and schedules of pension amounts) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the City and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- All records and information requested by BDO were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of City personnel throughout the course of our work.

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# Results of Our Audit

## ACCOUNTING PRACTICES, POLICIES AND ESTIMATES

The following summarizes the more significant required communications related to our audit concerning the City's accounting practices, policies and estimates:

The City's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- A summary of recently issued accounting pronouncements is included in Note 14 to the City's financial statements.
- There were no changes in significant accounting policies and practices during the year ended June 30, 2017.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The City's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are listed below:

### Significant accounting estimates include:

**Collectability of Outstanding Accounts Receivables** - Many of the City's accounts receivables are from granting agencies; these are considered by management to be 100% collectible. Customer accounts receivables are reviewed by management periodically to determine a reasonable amount of allowance, based on known factors, past history, and age of the outstanding amount.

**Landfill Closure and Post Closure Care Costs** - The City has recorded a liability for its estimate of costs to close and monitor the landfill. The liability is based on the remaining useful life of the landfill and the estimated costs based on landfill capacity as of year-end.

**Pension Liabilities** - The pension liability is estimated based on actuarial and other actual contribution data provided to the City by the PERS Plan Administrators.

- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in fiscal year 2017.
- We did not identify any transactions for which there was a lack of authoritative guidance.

## CORRECTED AND UNCORRECTED MISSTATEMENTS

Please see the "Schedule of Corrected misstatements" attached to the representation letter for a detail of the corrected misstatements.

There were no identified uncorrected misstatements.

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# Results of Our Audit

## QUALITY OF THE CITY'S FINANCIAL REPORTING

The following assess the quality of the City's financial reporting:

- Qualitative aspects of significant accounting policies and practices
  - We concur with the City's interpretation and application of generally accepted accounting principles and practices derived from the standards set by the Governmental Accounting Standards Board (GASB).
- Our conclusions regarding significant accounting estimates
  - We concur with the City's accounting for significant estimates as noted above.
- Financial statement presentation
  - To our knowledge all necessary disclosures have been included in the footnotes to the financial statements.
- New accounting pronouncements
  - There were no new accounting pronouncements implemented in fiscal year 2017.
- Alternative accounting treatments
  - We did not identify any accounting treatments that did not comply with generally accepted accounting principles and standards set by GASB.



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# Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the City’s internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
<b>Deficiency in Internal Control</b>	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.
<b>Significant Deficiency</b>	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
<b>Material Weakness</b>	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.

# Other Required Communications

Following is a summary of those required items, along with specific discussion points as they pertain to the City:

Requirement	Discussion Points
<b>Significant changes to planned audit strategy or significant risks initially identified</b>	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
<b>Obtain information from those charged with governance relevant to the audit</b>	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the City's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
<b>Nature and extent of specialized skills or knowledge needed related to significant risks</b>	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
<b>Consultations with other accountants</b>	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
<b>Significant findings and issues arising during the audit in connection with the City's related parties</b>	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
<b>Disagreements with management</b>	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the City's financial statements or to our auditor's report.
<b>Significant difficulties encountered during the audit</b>	There were no significant difficulties encountered during the audit.
<b>Other matters significant to the oversight of the City's financial reporting process, including complaints or concerns regarding accounting or auditing matters</b>	There are no other matters that we consider significant to the oversight of the City's financial reporting process that have not been previously communicated.
<b>Representations requested from management</b>	Please refer to the management representation letter.

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# Independence Communication

Our engagement letter to you dated August 28, 2017 describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards*, with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the City with respect to independence as agreed to by the City. Please refer to that letter for further information.

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# GASB Standards Effective in 2018 - 2020

## **GASB STATEMENT NO. 75, ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

- Establishes measurement criteria for the Other Postemployment Benefits (OPEB) liability of state and local governments and mirrors the requirements of GASB 68.
- For plans administered through trust governments must recognize the net OPEB liability.
- For plans not administered through trust the government must recognize the total OPEB liability.
- The pronouncement will be effective starting with years ending June 30, 2018.

## **GASB STATEMENT NO. 83, CERTAIN ASSET RETIREMENT OBLIGATIONS**

- Establishes measurement criteria for recording a liability for the retirement or removal of certain assets such as:
  - ✓ Nuclear power plants
  - ✓ Sewage treatment facilities
  - ✓ Coal-fired power plant
  - ✓ Wind turbines
  - ✓ X-ray machines
- Governments with legal obligations to perform future asset retirement activities related to its tangible capital assets would be required to recognize a liability.
- A liability and corresponding deferred outflow is recorded when the liability is both incurred and reasonable estimable.
- The liability is based on best estimate of current value of outlays expected to be incurred.
- Must be both an external obligating event, such as a court judgment or federal, state or local law; and an internal obligating event, such as contamination or retirement.
- The pronouncement will be effective starting with years ending June 30, 2019.

## **GASB STATEMENT NO. 84, FIDUCIARY ACTIVITIES**

- Establishes criteria for reporting fiduciary activities that focuses on whether the government controls the assets and the fiduciary relationship with the beneficiaries.
- The statement describes four fiduciary funds:
  1. Pension and OPEB funds
  2. Investment trust funds
  3. Private-purpose trust funds
  4. Custodial funds
- Custodial funds replace agency funds for activities that are not held in trust.
- For activities for which a trust agreement exists, an investment trust fund or private purpose trust fund will be used.

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# GASB Standards Effective in 2018 -2020

- Pension funds not held in trust would be classified as custodial funds.
- The pronouncement will be effective starting with years ending December 31, 2019.

## GASB STATEMENT NO. 85, *OMNIBUS 2017*

- Addresses several practice issues that have been identified during implementation of certain GASB Statements:
  1. Blending a component unit when the primary government is a business-type activity that reports in a single column.
  2. Reporting amounts previously reported as goodwill and negative goodwill.
  3. Classifying real estate held by insurance entities.
  4. Measuring certain money market instruments at amortized cost.
  5. Timing of the measurement of pension or OPEB liabilities and expenditures in governmental fund financial statements.
  6. Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
  7. Presenting payroll-related measures in RSI for OPEB plans and employers that provide OPEB.
  8. Classifying employer-paid member contributions for OPEB.
  9. Simplifying certain aspects of the alternative measurement method for OPEB.
  10. Accounting and reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.
- The pronouncement will be effective starting with years ending June 30, 2018.

## GASB STATEMENT NO. 86, *CERTAIN DEBT EXTINGUISHMENT ISSUES*

- Resolves issue of how to record in-substance defeasance of debt when solely existing resources are used.
- Current standards only address reporting requirements when debt is extinguished using bond proceeds.
- When cash or other existing resources are placed in an irrevocable trust to extinguish debt it is considered to be in-substance defeasance, assuming all criteria are met.
- The difference between the reacquisition price and the net carrying amount of the debt will be recognized as a separately identified gain or loss in the period of defeasance. This differs from current practice when debt is extinguished using bond proceeds, whereby the difference is deferred.
- Payments to the escrow agent from existing resources should be reported as debt service expenditures in governmental fund types.
- The pronouncement will be effective starting with years ending June 30, 2018.

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# GASB Standards Effective in 2018 -2020

## GASB STATEMENT NO. 87, *LEASES*

- This standard will require recognition of certain lease assets and liabilities for leases that are currently classified as operating leases.
- Eliminates the distinction between operating and capital leases - all leases will be recorded on the statement of net position/balance sheet.
- New definition of a lease - a contract that conveys the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction.
- Excludes leases that transfer ownership under a bargain purchase option or service concession arrangements that are covered by GASB Statement No. 60.
- Lessees would recognize a lease liability and an intangible right-to-use lease asset which would be amortized in a systematic and reasonable manner over the shorter of the lease term or the useful life of the underlying asset. Short-term leases are excluded.
- Lessor would recognize lease receivable and deferred inflow of resources which would be recognized as revenue in a systematic and rational manner over the term of the lease.
- The pronouncement will be effective starting with years ending December 31, 2020.

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# Attachment

- Management representation letter



January 9, 2018

BDO USA, LLP

3601 "C" Street Suite 600

Anchorage, Alaska 99503

Ladies and gentlemen:

We are providing this letter in connection with your audits of the financial statements of the City of Sand Point (the City), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, as entered on the first page, the following representations made to you during your audit:

The City was not required to have a federal or state single audit in FY17 as state and federal funding was under threshold.

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 28, 2017, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.



- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, 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.
- (3) The financial statements include all properly classified funds and other financial information of the primary government and all component units required to be included in the financial reporting entity by accounting principles generally accepted in the United States of America. All funds required to be presented as major funds are identified and presented as such.
- (4) We have made available to you:
  - (a) All financial records, and related data, as agreed upon in the terms of the aforementioned audit engagement letter.
  - (b) All additional information that you have requested from us for the purpose of the audit.
  - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - (d) Minutes of the meetings of the City Assembly that were held from July 1, 2016 to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. All financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit as listed in Attachment A - "Schedule of Audit Adjustments" have been corrected. We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.
- (7) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud or noncompliance. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud or noncompliance. We have no knowledge of any:
  - (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
  - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.

- (c) Allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or others.
  - (d) Instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.
- (8) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund balance/net position.
- (9) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:
- (a) The identity of related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
  - (c) Guarantees, whether written or oral, under which the City is contingently liable.
  - (d) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with accounting principles generally accepted in the United States of America. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances.
  - (e) The effects of all known actual or possible litigation, claims, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America, including:
    - Pending or anticipated tax refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
    - Written or oral guarantees, endorsements, or unused letters of credit;
    - Unusual guarantees; or
    - Labor claims or negotiations.

Accounting principles generally accepted in the United States of America require loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if

the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.

(f) Commitments, such as:

- Major capital asset purchase agreements;
- More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
- Deferred compensation, bonuses, pensions plans, or severance pay; or
- Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;

(g) Joint ventures or other participations, the detailed transactions of which are not carried on our books.

(10) There are no:

- (a) Violations or possible violations of budget ordinances, laws or regulations and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects could be material to the financial statements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
- (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
- (c) Restrictions of net position that were not properly authorized and approved, or reclassifications of net position that have not been properly reflected in the financial statements.

(11) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.

(12) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

(13) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.

- (14) We have complied with all aspects of contractual agreements, including debt covenants, that would have a material effect on the financial statements in the event of noncompliance. We have also complied with the SEC disclosure rules for reporting annual financial information and material events to repositories in accordance with SEC Rule N.240, 15c2-12.
- (15) No discussions have taken place with your firm's personnel regarding employment with the City.
- (16) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- (17) Components of net position (net investment in capital assets, restricted and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- (18) Revenues are appropriately classified in the statement of activities within program revenues, contributions, and general revenues. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- (19) In regards to the assistance provided in drafting the financial statements performed by you, we have: (1) assumed all management responsibilities, (2) designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services, (3) evaluated the adequacy and results of the services performed, and (4) accepted responsibility for the results of the services.
- (20) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United State of America and we believe it is fairly presented. The methods of measurement and presentation of the supplementary information have not changed from the prior period and we have disclosed to you any significant assumptions underlying the measurement and presentation of the supplementary information.

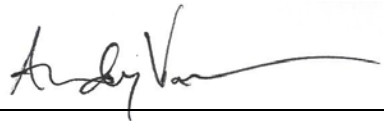
If the budgetary comparison schedules and combining financial statements are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

- (21) Required supplementary information is measured and presented in accordance with prescribed guidelines.
- (22) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:
  - We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
  - If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.

- We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.
- We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
- Our web site, which contains the electronic financial statements, will advise the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.

To the best of our knowledge and belief, no events have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned financial statements.

Very truly yours,



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Andrew Varner, City Administrator

**CITY OF SAND POINT**

Year End: June 30, 2017

Adjusting Journal Entries

Date: 7/1/2016 To 6/30/2017

Number	Date	Type	Name	Account No	Debit	Credit
AJE 1	6/30/2017	N	DUE FROM OTHER FUND	01-000-000-055 01	9,019.24	
AJE 1	6/30/2017	N	OTHER REVENUE	01-000-000-203 01		-9,019.24
AJE 1	6/30/2017	N	DUE TO OTHER FUNDS	62-000-000-160 62	5,302.61	
AJE 1	6/30/2017	N	EQUIPMENT	62-600-000-500 62		-5,302.61
Correct mispostings to DTF accounts						
AJE 2	6/30/2017	N	DEFERRED OUTFLOW F	61-000-000-090 61	1,704.00	
AJE 2	6/30/2017	N	DEFERRED INFLOW FOR	61-000-000-170 61	1,051.00	
AJE 2	6/30/2017	N	NET PENSION LIABILITY	61-000-000-171 61		-18,072.00
AJE 2	6/30/2017	N	On-Behalf Revenue Pension	61-000-000-904 61	304.00	
AJE 2	6/30/2017	N	Pension Expense	61-000-000-905 61	15,013.00	
AJE 2	6/30/2017	N	DEFERRED OUTFLOW F	62-000-000-090 62		-9,713.00
AJE 2	6/30/2017	N	DEFERRED INFLOW FOR	62-000-000-170 62	4,037.00	
AJE 2	6/30/2017	N	NET PENSION LIABILITY	62-000-000-171 62		-29,118.00
AJE 2	6/30/2017	N	On Behalf Revenue Pension	62-000-000-904 62	1,751.00	
AJE 2	6/30/2017	N	Pension Expense	62-000-000-905 62	33,043.00	
AJE 2	6/30/2017	N	DEFERRED OUTFLOW F	65-000-000-090 65	1,680.00	
AJE 2	6/30/2017	N	DEFERRED INFLOW FOR	65-000-000-170 65	10.00	
AJE 2	6/30/2017	N	NET PENSION LIABILITY	65-000-000-171 65		-43,004.00
AJE 2	6/30/2017	N	On-Behalf Revenue Pension	65-000-000-904 65	689.00	
AJE 2	6/30/2017	N	Pension Expense	65-000-000-905 65	40,625.00	
Post GASB 68 entries						
AJE 3	6/30/2017	N	SB 46 PERS RELIEF	01-000-000-234 01		-33,882.00
AJE 3	6/30/2017	N	FRINGE BENEFITS PAYR	01-100-000-350 01	1,640.88	
AJE 3	6/30/2017	N	FRINGE BENEFITS PAYR	01-200-000-350 01	10,673.77	
AJE 3	6/30/2017	N	FRINGE BENEFITS PAYR	01-300-010-350 01	8,289.95	
AJE 3	6/30/2017	N	FRINGE BENEFITS PAYR	01-500-000-350 01	9,125.20	
AJE 3	6/30/2017	N	FRINGE BENEFITS PAYR	01-800-000-350 01	4,152.20	
AJE 3	6/30/2017	N	Pension Expense	61-000-000-905 61	1,897.48	
AJE 3	6/30/2017	N	SB 46 PERS Relief	61-100-000-235 61		-1,897.48
AJE 3	6/30/2017	N	Pension Expense	62-000-000-905 62	10,927.47	
AJE 3	6/30/2017	N	SB 46 PERS Relief	62-100-000-235 62		-10,927.47
AJE 3	6/30/2017	N	Pension Expense	65-000-000-905 65	4,298.25	
AJE 3	6/30/2017	N	SB 46 PERS Relief	65-100-000-235 65		-4,298.25
Book PERS relief						
PBC 1	6/30/2017	N	GENERAL FUND/WELLS	01-000-000-002 01	7,086.56	
PBC 1	6/30/2017	N	FUEL	01-200-000-420 01	520.00	
PBC 1	6/30/2017	N	EQUIPMENT FUEL	01-300-020-560 01	67.60	
PBC 1	6/30/2017	N	DIESEL	01-500-000-440 01		-5,143.44
PBC 1	6/30/2017	N	DIESEL	01-500-000-440 01		-7,086.56
PBC 1	6/30/2017	N	EQUIPMENT FUEL	01-500-000-560 01	3,698.38	
PBC 1	6/30/2017	N	EQUIPMENT FUEL	01-500-000-560 01	857.46	
PBC 1	6/30/2017	N	GENERAL FUND/WELLS	61-000-000-002 61		-91.00
PBC 1	6/30/2017	N	EQUIPMENT FUEL	61-700-000-560 61	91.00	
PBC 1	6/30/2017	N	GENERAL FUND/WELLS	62-000-000-002 62		-1,823.24
PBC 1	6/30/2017	N	EQUIPMENT FUEL	62-600-000-560 62	1,823.24	
PBC 1	6/30/2017	N	GENERAL FUND/WELLS	65-000-000-002 65		-5,172.33
PBC 1	6/30/2017	N	EQUIPMENT FUEL	65-500-000-560 65	5,172.33	
PBC Entry 1 - To transfer diesel to correct accounts						

PBC 2	6/30/2017	N	GENERAL FUND/WELLS	01-000-000-002 01	20,798.96	
PBC 2	6/30/2017	N	STOVE OIL	01-500-000-430 01		-20,798.96
PBC 2	6/30/2017	N	GENERAL FUND/WELLS	61-000-000-002 61		-11,553.08
PBC 2	6/30/2017	N	FUEL	61-700-000-420 61	1,558.08	
PBC 2	6/30/2017	N	FUEL	61-700-000-420 61	9,894.20	
PBC 2	6/30/2017	N	EQUIPMENT FUEL	61-700-000-560 61	100.80	
PBC 2	6/30/2017	N	GENERAL FUND/WELLS	62-000-000-002 62		-7,606.56
PBC 2	6/30/2017	N	FUEL	62-600-000-420 62	7,534.56	
PBC 2	6/30/2017	N	EQUIPMENT FUEL	62-600-000-560 62	72.00	
PBC 2	6/30/2017	N	GENERAL FUND/WELLS	65-000-000-002 65		-1,639.32
PBC 2	6/30/2017	N	FUEL	65-500-000-420 65	919.32	
PBC 2	6/30/2017	N	FUEL	65-500-080-420 65	720.00	

PBC Entry 2 - To transfer stove

oil to correct accounts

PBC 3	6/30/2017	N	FUEL	01-300-010-420 01	174.60	
PBC 3	6/30/2017	N	FUEL	01-500-000-420 01	1,980.00	
PBC 3	6/30/2017	N	FUEL	01-500-000-420 01	828.04	
PBC 3	6/30/2017	N	STOVE OIL	01-500-000-430 01		-51,165.72
PBC 3	6/30/2017	N	STOVE OIL	01-500-000-430 01		-828.04
PBC 3	6/30/2017	N	EQUIPMENT FUEL	01-500-000-560 01	2,443.32	
PBC 3	6/30/2017	N	FUEL	01-800-050-420 01	25,829.28	
PBC 3	6/30/2017	N	FUEL	01-800-055-420 01	2,244.24	
PBC 3	6/30/2017	N	FUEL	01-800-060-420 01	9,034.92	
PBC 3	6/30/2017	N	FUEL	01-800-070-420 01	2,174.76	
PBC 3	6/30/2017	N	FUEL	01-800-070-420 01	3,272.40	
PBC 3	6/30/2017	N	FUEL	01-800-071-420 01	4,012.20	

PBC Entry 3 - To transfer stove

oil to correct accounts

RJE 1	6/30/2017	N	CHECKING ACCOUNT/CA	01-000-000-001 01		-255,714.19
RJE 1	6/30/2017	N	DUE FROM OTHER FUND	01-000-000-055 01	255,714.19	
RJE 1	6/30/2017	N	GENERAL FUND/WELLS	62-000-000-002 62	255,714.19	
RJE 1	6/30/2017	N	Due to/from	62-000-000-DTF 62		-255,714.19

to reclass negative cash balance

in harbor fund as due to/from general fund

**789,570.68 -789,570.68**

**Net Income (Loss)**

**##**

# NEW BUSINESS



# UAA – SBDC ASSISTANCE PROPOSAL

# Memo

To: Glen Gardner, Mayor  
City Council Members

From: Lamar Cotten, Interim City Administrator

April 3, 2018

Re: UAA Small Business Development Center (SBDC) Training

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## **Background**

SBDC has been provided a variety of business training programs in a number of small and large communities throughout the state. Attached please find a broad menu of options SBDC can provide Sand Point.

## **Recommendation.**

As initial steps, I would recommend:

1. The community business survey. This survey would give the city a snap shot of overall interest in training as well as specific needs. I would also not restrict the survey to just current business owners but would encourage individual who may be considering starting a business or just want to better manage their own finances. (cost: \$750.00)
2. Community Outreach. If the survey identifies clear and valid interest in some level business training, one-one private advising, have SBDC staff spend two days in Sand Point for such activities. (cost: \$1,500. plus, travel)
3. Train the Training. At this time, I would not bother with this option.
4. Tailored distance training and outreach. This task would entail four training sessions via internet tailored to the needs identified by the survey. (cost: \$2,500.00)

5. Remote Business Center. At this time, I would not bother with option.

Please note, in my conversations SBDC staff, their agency is seeking a USDA grant to assist communities with possible cost. We should have at least a tentative idea about the matter by our council meeting date.

April 3, 2018

Re: Sand Point Business Assistance Proposal

Dear Mr. Cotton,

Thank you for reaching out to me regarding the potential for the Alaska SBDC to provide business assistance services to the city of Sand Point. Our organization has a 30+ year history of working with Alaskan businesses in hundreds of communities across the state and have developed a variety of trainings and tools specifically for assisting businesses in rural Alaska. I have outlined several options with cost estimates below for you to look over. Please let me know if you would like additional information on any of them, or if you would like us to propose different options based on other requirements.

**Community business survey (approximate cost - \$750)** – The Alaska SBDC will partner with the City of Sand Point and other stakeholders in the region where possible to conduct a survey of all of the businesses and entrepreneurs in the area. The survey will consist of 5-10 questions relating to the kinds of assistance businesses need, the method that they would prefer to receive trainings or outreach, and other pertinent information to help the Alaska SBDC tailor a more targeted business development program to local businesses. The survey would be conducted both online and paper surveys.

**Community Outreach (approximate cost - \$1,500 plus travel costs)** – The Alaska SBDC will send our Rural Business Development Advisor to Sand Point for two days of outreach, workshop training, one on one business advising and follow-up meetings stemming from the survey results. The advisor will use this opportunity to deploy workshop materials that will be developed specific to the community's needs, and to determine whether or not further refinement is necessary. He will also determine if there are any local stakeholders that can assist in future outreach or training. The workshop topics will be determined through the survey results, but will likely include starting a business, business financials and other core topics.

**Train the Trainers (approximate cost - \$1,500 plus travel costs, no travel expenses needed if it's added to Community Outreach)** – The Alaska SBDC will deploy a business advisor to train on the ground stakeholders and community leaders in how to better assist businesses in the community. Over the course of 1-1.5 days, the trainer will go over basics of business assistance, existing tools and resources available, provide a series of templates for small businesses and other resources and information that will allow participants to be community resources for businesses in Sand Point.

**Tailored distance training and outreach (approximate cost - \$2,500)** – The Alaska SBDC will develop a series of four workshops based on the survey results of what local businesses are interested in and will deploy the training via the internet to businesses in Sand Point. The training will be available to individuals in their homes, or through a central location that will need to be determined. The frequency of the workshops (weekly, monthly, quarterly) and the length of the workshops will depend on the responses to the business survey on

how local business owners prefer to receive information. The Alaska SBDC will track attendance, survey participants after each class to ensure quality control and will send packages of printed materials for each participant before the workshops.

**Remote Business Center (approximate cost \$5,000 annually)** – The Alaska SBDC will deploy a remote business center to Sand Point. This will consist of a computer, printer and scanner as well as a package of software for remote access and telecommunications. The computer will also be loaded with business assistance software and templates developed by the Alaska SBDC. This computer will be located within a partner organization such as a local Chamber, local government office, library or other institution. Sand Point business owners will be able to schedule time with a business advisor who will be able to access and operate the computer and peripherals remotely. Once the business owner sits at the desk, the advisor can start the machine, open a skype call, transfer documents to and from the computer and even operate the printer and scanner. The machine will automatically delete any information from the session after it ends to protect the client's confidentiality. The Alaska SBDC is working on partnering with the Division of Community and Regional Affairs, the Small Business Administration and other business and economic development organizations to expand the services provided through these remote business centers in the future.

We are delighted for this partnership opportunity, which I believe will result in tangible results in your local businesses and will give the Alaska SBDC an opportunity to further expand our outreach and assistance in rural Alaska. If you have further questions about any of these proposals or the Alaska Small Business Development Center in general, I am happy to speak further.

Sincerely,



Jon Bittner  
Executive Director

# ATIA PROPOSAL

# Memo

To: Glen Gardner, Mayor  
City Council Members

From: Lamar Cotten, Interim City Administrator

April 3, 2018

Re: Alaska Travel Industry Association (ATIA) Possible Presentation

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## **Background**

Per council request, I contacted ATIA\* about a presentation on the ABC's of tourism development in Sand Point. They responded by offering to conduct a workshop shop on this issue. As noted in the attached letter, ideally, they would like to have two presenters (a staff member and ATIA board member). They also need travel cost covered.

My recommendations are:

1. Set up a time for the May council workshop or an evening meeting not in conflict with the council meeting;
2. Have staff and the mayor flush out an agenda with ATIA so the meeting is not a cookie-cutter approach but something meaningful to the audience.
3. The meeting presentation should include the cruise line visits in September, 2018 and May 2019 as well as other relevant topics.
4. The city staff or mayor need to make the pitch to Pen Air to cover the cost since it mutually benefits both parties.

\*ATIA provides tourism training via a grant from the state of Alaska.



April 3, 2018

Glen Gardner, Jr.  
City of Sand Point  
249 Main Street  
Sand Point, AK 99661

Dear Mr. Gardner,

The Alaska Travel Industry Association (ATIA) is the state's largest non-profit trade association dedicated to promoting and growing Alaska travel as a major economic force in the state. ATIA has approximately 700 members from all regions representing various tourism sectors, business models and sizes. ATIA regularly advocates on national and state issues impacting the travel industry and provides learning resources for members to grow and develop their tourism product. ATIA also manages and certifies businesses partaking in sustainable tourism through our Adventure Green Alaska program.

We have been in discussions with Mr. Cotton about helping to develop the tourism resource in Sand Point. We have a variety of online education tools and offer important sessions during our Annual Convention held every October. Additionally, we could provide a seminar or host a round-table discussion with industry leaders either in Anchorage or via Skype.

ATIA can also provide resources and references with established tour operators. Prior to that, we are happy to offer workshop in Sand Point with an ATIA staff member and board member. Topics could include an overview of visitors to Alaska, tourism trends, barriers and opportunities to developing rural tourism product and sustainable tourism initiatives.

For an in-person workshop in Sand Point, we would need travel provided from Anchorage to Sand Point for two persons. For additional information please visit [Alaskatia.org](http://Alaskatia.org) and [AdventureGreenAlaska.org](http://AdventureGreenAlaska.org).

Thank you for your consideration and please do not hesitate to contact me should you have any questions.

Best regards,

A handwritten signature in black ink that reads "Jillian Simpson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jillian Simpson  
Vice President



NEW SAND POINT BOAT  
HARBOR FUNDING  
STRATEGY

# Memo

To: Glen Gardner, Mayor  
City Council Members

From: Lamar Cotten, Interim City Administrator

Date: April 3, 2018

Re: Funding Strategy for New Sand Point Boat Harbor

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## Background

The City of Sand Point (CSP) seeks \$6.3 million to complete its large vessel boat harbor. In past days, projects were built with a combination of state, federal, AEB and to lesser extent CSP funds. Those days are, unfortunately gone. The state with a few exceptions is no longer a major financial player. The few capital dollars it spends mainly serve as match for federal airport and road projects. Moreover, if more state funds are available for capital projects it will have stronger competition for school funding and other priorities.

Consequently, CSP needs to rethink its funding strategy. Listed below are some pieces of such a strategy.

**1. AEB hold a bond election for community projects.** This could entail the following.

- Each community would advance a project to AEB for inclusion on the bond;
- Assembly would decide which projects to include and the amount the borough would cover;
- Generally speaking, AEB could only include a portion of the cost (say a third/half of the cost).
- If the election is held and the public approves of the bond, this only serves a first step.

- Only the assembly can appropriate funds including issuing debt even if the election vote was 100% in favor of the bond.
- The bond election however, helps the communities obtain other funds (foundations, tribal, federal and maybe state). The fact that borough voters want to move head gives us a sizable advantage. In this very competitive market, we need every advantage possible.
- Upon obtaining the other needs funds (the remaining one third/one-half), AEB may (but again may not) be able to issue debt for our city and perhaps other communities if they too have obtained non-AEB fund.
- This approach also spreads out AEB bond debt because it may take some time for all six communities to find funds.

So, for example let's say the assembly places a bond for \$10,000,000 with the following hypothetical breakout. On the ballot is only one question. Something to the effect, "do you support authorizing the assembly to issue debt to support all of the following project." Yes/No. You can't just vote for your community projects. It's all or none. So again, the assembly then has the authority but not the obligation to issue debt for none or some combination of projects on its own time schedules.

Community:

- A.-\$3,000,000 for project U
- B.-\$2,000,000 for project V
- C.-\$2,000,000 for project W
- D.-\$1,000,000 for project X
- E.-\$1,000,000 for project Y
- F.-\$1,000,000 for project Z

**2. Re-think Grant Writing Approach.** Grant writing takes time and energy. It's unrealistic and not necessarily wise to expect the administrator to spend a sizable amount of his time just writing grants. A better use may be for him to supervise a group of local residents who have good analytical and writing skills to be hired as contract employees. Such individuals may work full-time elsewhere but would complete our work separate from their current jobs. This approach also benefits the city indirectly by having local individuals to become more familiarized with city operations. Independent grant writers would be paid on a hourly basis.

**3. Develop a direct relationship with our Federal Congressional Delegation.** Too often its assumed that only by traveling back to D.C. can local governments develop a relationship with the federal delegation members. I would disagree with that assumption. All three delegation members are in Anchorage on a regular basis and can make time for

CSP representatives with less distraction of the D.C. pace. Furthermore, we need to introduce Sand Point with our own narrative. Senator Sullivan for example, has never visited Sand Point. He needs to be invited for such a trip this summer. This needs to be an ongoing relationship with follow-up contact with delegation staff. The delegation and respective staff members need to have a clearer understanding of Sand Point and its leaders.

**4. Development of a concise executive summary document.** As a standard rule for all of our requests, we need a concise project summary including a photo or two, budget estimate, permitting status, work completed to date as well as examples of CSP paying for its old boat harbor bond and the local government tax structure. (i.e. we pay 2% AEB fish tax as well as our 2% fish tax and local sales taxes.) Lastly, we need to pitch this project as a benefit to larger boats including Tridents. Put another way, we are not looking for a handout. We are looking for a partnership.

**5. Don't overlook state and national foundations.** Again, CSP needs to develop a relationship with these possible funders. As with #4, we need to tell our story and follow-up with such groups even if we are denied funding.

# PUBLIC COMMENTS

# COUNCIL COMMENTS

# ADJOURNMENT

**FYI**