

CITY OF SAND POINT, ALASKA

**Basic Financial Statements
and Supplementary Information**

Year Ended June 30, 2010

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CITY OF SAND POINT, ALASKA

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CITY OF SAND POINT, ALASKA

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Independent Auditor's Report

Honorable Mayor and City Council
City of Sand Point, Alaska

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not recorded certain capital assets in the harbor, refuse collection and water and sewer business-type funds. Accounting principles generally accepted in the United States of America require that capital assets be accounted for in the business-type activities to which they relate, which would increase the assets and net asset balances in the harbor, refuse collection and water and sewer business-type funds. The amount by which this departure would affect the assets and net asset balances of the harbor, refuse collection and water and sewer business-type funds is not reasonably determinable.

In our opinion, except for the effects of not recording certain capital assets in the harbor, refuse collection, and water and sewer business-type funds as described in the preceding paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the harbor, refuse collection, and water and sewer business-type funds of the City of Sand Point, Alaska, as of June 30, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor and City Council
City of Sand Point, Alaska

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, except for the harbor, refuse collection, and water and sewer funds, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

City of Sand Point has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sand Point's basic financial statements. The accompanying combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Mikunda, Cottrell & Co.

Anchorage, Alaska
October 26, 2010

BASIC FINANCIAL STATEMENTS

CITY OF SAND POINT, ALASKA

Statement of Net Assets

June 30, 2010

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and investments	\$ 1,550,007	1,063,509	2,613,516
Accounts receivable (net)	1,694	166,286	167,980
Investment in Southwest Governments, LLC	296,611	-	296,611
Internal balances	673,384	(673,384)	-
Capital assets not being depreciated	731,418	-	731,418
Other capital assets, net of accumulated depreciation	<u>7,254,698</u>	<u>3,513,794</u>	<u>10,768,492</u>
 Total assets	 \$ <u>10,507,812</u>	 <u>4,070,205</u>	 <u>14,578,017</u>
<u>Liabilities</u>			
Liabilities:			
Accounts payable	-	305	305
Accrued liabilities	5,300	-	5,300
Deferred revenue	4,681	-	4,681
Noncurrent liabilities:			
Due within one year - accrued leave	54,760	14,332	69,092
Due in more than one year - landfill closure costs payable	-	55,860	55,860
Total liabilities	<u>64,741</u>	<u>70,497</u>	<u>135,238</u>
<u>Net Assets</u>			
Invested in capital assets	7,986,116	3,513,794	11,499,910
Unrestricted	<u>2,456,955</u>	<u>485,914</u>	<u>2,942,869</u>
Total net assets	<u>10,443,071</u>	<u>3,999,708</u>	<u>14,442,779</u>
 Total liabilities and net assets	 \$ <u>10,507,812</u>	 <u>4,070,205</u>	 <u>14,578,017</u>

See accompanying notes to basic financial statements.

CITY OF SAND POINT, ALASKA
Statement of Activities
Year Ended June 30, 2010

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,149,232	22,855	37,440	-	(1,088,937)	-	(1,088,937)
Parks and recreation	20,063	-	-	-	(20,063)	-	(20,063)
Public safety	407,524	-	16,000	-	(391,524)	-	(391,524)
Public works	769,420	125,214	-	-	(644,206)	-	(644,206)
Health clinic	31,138	64,795	-	-	33,657	-	33,657
Community development	33,461	28,631	-	-	(4,830)	-	(4,830)
Total governmental activities	2,410,838	241,495	53,440	-	(2,115,903)	-	(2,115,903)
Business-type activities:							
Bingo	646,368	713,375	-	-	-	67,007	67,007
Boat harbor	473,650	340,516	-	-	-	(133,134)	(133,134)
Refuse collection	257,388	162,095	-	-	-	(95,293)	(95,293)
Water and sewer	313,069	179,971	-	390,640	-	257,542	257,542
Total business-type activities	1,690,475	1,395,957	-	390,640	-	96,122	96,122
Total	\$ 4,101,313	1,637,452	53,440	390,640	(2,115,903)	96,122	(2,019,781)
General revenues:							
Taxes:							
Sales taxes					\$ 673,355	-	673,355
Local raw fish taxes					500,689	-	500,689
Accommodations taxes					6,938	-	6,938
Grants and entitlements not restricted to a specific purpose					551,844	16,574	568,418
Investment income					20,187	-	20,187
Transfers					200,000	(200,000)	-
Total general revenues and transfers					1,953,013	(183,426)	1,769,587
Change in net assets					(162,890)	(87,304)	(250,194)
Net assets at beginning of year					10,605,961	4,087,012	14,692,973
Net assets at end of year					\$ 10,443,071	3,999,708	14,442,779

See accompanying notes to basic financial statements.

CITY OF SAND POINT, ALASKA
 Governmental Funds
 Balance Sheet
 June 30, 2010

	<u>Major Fund</u>		<u>Total Governmental Funds</u>
<u>Assets</u>	<u>General</u>	<u>Nonmajor Funds</u>	<u>Funds</u>
Cash and investments	\$ 1,226,367	323,640	1,550,007
Receivables - other	1,694	-	1,694
Investment in Southwest Governments, LLC	296,611	-	296,611
Due from other funds	<u>673,384</u>	<u>-</u>	<u>673,384</u>
 Total assets	 <u>\$ 2,198,056</u>	 <u>323,640</u>	 <u>2,521,696</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accrued liabilities	5,300	-	5,300
Deferred revenue	<u>1,950</u>	<u>2,731</u>	<u>4,681</u>
Total liabilities	<u>7,250</u>	<u>2,731</u>	<u>9,981</u>
Fund balances:			
Reserved for investment in Southwest Governments, LLC	296,611	-	296,611
Unreserved and undesignated:			
General Fund	1,894,195	-	1,894,195
Special revenue funds	<u>-</u>	<u>320,909</u>	<u>320,909</u>
Total fund balances	<u>2,190,806</u>	<u>320,909</u>	<u>2,511,715</u>
 Total liabilities and fund balances	 <u>\$ 2,198,056</u>	 <u>323,640</u>	 <u>2,521,696</u>

See accompanying notes to basic financial statements.

CITY OF SAND POINT, ALASKA
 Reconciliation of Governmental Funds Balance Sheet
 to Statement of Net Assets
 June 30, 2010

Total fund balances for governmental funds \$ 2,511,715

Total net assets reported for governmental activities in the
 Statement of Net Assets 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:

Construction in progress	\$ 731,418	
Buildings	8,346,057	
Improvements other than buildings	23,148	
Equipment and vehicles	<u>1,696,826</u>	
Total capital assets	10,797,449	
Accumulated depreciation	<u>(2,811,333)</u>	
Total capital assets, net		7,986,116

Long-term liabilities are not due and payable in the current
 period and therefore are not reported as fund liabilities.
 This liability consists of accrued leave.

(54,760)

Total net assets of governmental activities \$ 10,443,071

CITY OF SAND POINT, ALASKA
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Year Ended June 30, 2010

	<u>Major Fund</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Nonmajor Funds</u>	
Revenues:			
Taxes	\$ 1,180,982	-	1,180,982
State of Alaska	560,494	-	560,494
Federal government	44,790	33,657	78,447
Investment income	20,187	-	20,187
Other revenues	<u>148,069</u>	<u>59,769</u>	<u>207,838</u>
Total revenues	<u>1,954,522</u>	<u>93,426</u>	<u>2,047,948</u>
Expenditures:			
Current:			
General government	763,490	-	763,490
Parks and recreation	16,078	-	16,078
Public safety	416,077	-	416,077
Public works	850,697	-	850,697
Clinic operations	-	31,138	31,138
Community development	138,315	28,650	166,965
Capital outlay	-	<u>248,564</u>	<u>248,564</u>
Total expenditures	<u>2,184,657</u>	<u>308,352</u>	<u>2,493,009</u>
Excess of revenues over (under) expenditures	(230,135)	(214,926)	(445,061)
Other financing sources (uses):			
Transfers in	200,000	248,564	448,564
Transfers out	<u>(248,564)</u>	-	<u>(248,564)</u>
Net other financing sources (uses)	<u>(48,564)</u>	<u>248,564</u>	<u>200,000</u>
Net change in fund balances	(278,699)	33,638	(245,061)
Beginning fund balances	<u>2,469,505</u>	<u>287,271</u>	<u>2,756,776</u>
Ending fund balances	\$ <u>2,190,806</u>	<u>320,909</u>	<u>2,511,715</u>

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, 2010

Net change in fund balances - total governmental funds \$ (245,061)

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$599,353) exceeded depreciation (\$513,947) in the current year.

85,406

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. This is the amount of the increase in accrued leave

(3,235)

Change in net assets of governmental activities \$ (162,890)

See accompanying notes to basic financial statements.

CITY OF SAND POINT, ALASKA
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2010

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Revenues:				
Taxes	\$ 1,515,100	1,515,100	1,180,982	(334,118)
State of Alaska	486,250	471,118	560,494	89,376
Federal government	20,000	48,790	44,790	(4,000)
Investment income	35,000	3,500	20,187	16,687
Other revenues	<u>128,500</u>	<u>106,500</u>	<u>148,069</u>	<u>41,569</u>
Total revenues	<u>2,184,850</u>	<u>2,145,008</u>	<u>1,954,522</u>	<u>(190,486)</u>
Expenditures - current:				
General government	670,100	676,100	763,490	(87,390)
Parks and recreation	22,000	27,500	16,078	11,422
Public safety	404,300	421,800	416,077	5,723
Public works	963,600	953,800	850,697	103,103
Community development	<u>-</u>	<u>-</u>	<u>138,315</u>	<u>(138,315)</u>
Total expenditures	<u>2,060,000</u>	<u>2,079,200</u>	<u>2,184,657</u>	<u>(105,457)</u>
Excess of revenues over (under) expenditures	124,850	65,808	(230,135)	(295,943)
Other financing sources (uses):				
Transfers in	-	-	200,000	200,000
Transfers out	<u>(325,000)</u>	<u>(230,000)</u>	<u>(248,564)</u>	<u>(18,564)</u>
Net other financing sources (uses)	<u>(325,000)</u>	<u>(230,000)</u>	<u>(48,564)</u>	<u>181,436</u>
Net change in fund balance	\$ <u>(200,150)</u>	<u>(164,192)</u>	(278,699)	<u>(114,507)</u>
Beginning fund balance			<u>2,469,505</u>	
Ending fund balance			\$ <u>2,190,806</u>	

See accompanying notes to basic financial statements.

CITY OF SAND POINT, ALASKA
 Enterprise Funds
 Statement of Net Assets
 June 30, 2010

<u>Assets</u>	<u>Major Funds</u>				<u>Total Enterprise Funds</u>
	<u>Bingo</u>	<u>Boat Harbor</u>	<u>Refuse Collection</u>	<u>Water and Sewer</u>	
Current assets:					
Cash and investments	\$ 43,922	653,793	365,794	-	1,063,509
Accounts receivable, net	<u>-</u>	<u>47,451</u>	<u>82,364</u>	<u>36,471</u>	<u>166,286</u>
Total current assets	<u>43,922</u>	<u>701,244</u>	<u>448,158</u>	<u>36,471</u>	<u>1,229,795</u>
Capital assets:					
Buildings and improvements	-	491,732	-	1,446,309	1,938,041
Equipment and vehicles	28,493	555,466	493,383	160,937	1,238,279
Sanitary landfill	-	-	1,996,889	-	1,996,889
Less accumulated depreciation	<u>(17,691)</u>	<u>(339,456)</u>	<u>(1,163,945)</u>	<u>(138,323)</u>	<u>(1,659,415)</u>
Net capital assets	<u>10,802</u>	<u>707,742</u>	<u>1,326,327</u>	<u>1,468,923</u>	<u>3,513,794</u>
Total assets	\$ <u>54,724</u>	<u>1,408,986</u>	<u>1,774,485</u>	<u>1,505,394</u>	<u>4,743,589</u>
<u>Liabilities and Net Assets</u>					
Liabilities:					
Current liabilities:					
Accounts payable	-	-	-	305	305
Accrued leave	-	9,651	1,293	3,388	14,332
Due to other funds	<u>247,401</u>	<u>-</u>	<u>-</u>	<u>425,983</u>	<u>673,384</u>
Total current liabilities	<u>247,401</u>	<u>9,651</u>	<u>1,293</u>	<u>429,676</u>	<u>688,021</u>
Long term liabilities -					
landfill closure costs payable	<u>-</u>	<u>-</u>	<u>55,860</u>	<u>-</u>	<u>55,860</u>
Total liabilities	<u>247,401</u>	<u>9,651</u>	<u>57,153</u>	<u>429,676</u>	<u>743,881</u>
Net assets:					
Invested in capital assets	10,802	707,742	1,326,327	1,468,923	3,513,794
Unrestricted (deficit)	<u>(203,479)</u>	<u>691,593</u>	<u>391,005</u>	<u>(393,205)</u>	<u>485,914</u>
Total net assets (deficit)	<u>(192,677)</u>	<u>1,399,335</u>	<u>1,717,332</u>	<u>1,075,718</u>	<u>3,999,708</u>
Total liabilities and net assets	\$ <u>54,724</u>	<u>1,408,986</u>	<u>1,774,485</u>	<u>1,505,394</u>	<u>4,743,589</u>

See accompanying notes to basic financial statements.

CITY OF SAND POINT, ALASKA
 Enterprise Funds
 Statement of Revenues, Expenses and Changes in Net Assets (Deficit)
 Year Ended June 30, 2010

	Major Funds				Total Enterprise Funds
	<u>Bingo</u>	<u>Boat Harbor</u>	<u>Refuse Collection</u>	<u>Water and Sewer</u>	
Operating revenues - charges for services \$	<u>713,375</u>	<u>340,516</u>	<u>162,095</u>	<u>179,971</u>	<u>1,395,957</u>
Operating expenses:					
Salaries and benefits	61,516	317,138	106,646	80,770	566,070
Services and supplies	582,937	92,977	47,473	183,835	907,222
Depreciation	<u>1,915</u>	<u>63,535</u>	<u>103,269</u>	<u>48,464</u>	<u>217,183</u>
Total operating expenses	<u>646,368</u>	<u>473,650</u>	<u>257,388</u>	<u>313,069</u>	<u>1,690,475</u>
Operating income (loss)	67,007	(133,134)	(95,293)	(133,098)	(294,518)
Nonoperating revenues - State PERS relief	<u>733</u>	<u>9,684</u>	<u>3,191</u>	<u>2,966</u>	<u>16,574</u>
Income (loss) before contributions and transfers	67,740	(123,450)	(92,102)	(130,132)	(277,944)
Capital contributions	-	-	-	390,640	390,640
Transfers out	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Change in net assets	(132,260)	(123,450)	(92,102)	260,508	(87,304)
Beginning net assets (deficit)	<u>(60,417)</u>	<u>1,522,785</u>	<u>1,809,434</u>	<u>815,210</u>	<u>4,087,012</u>
Ending net assets (deficit)	\$ <u>(192,677)</u>	<u>1,399,335</u>	<u>1,717,332</u>	<u>1,075,718</u>	<u>3,999,708</u>

See accompanying notes to basic financial statements.

CITY OF SAND POINT, ALASKA

Enterprise Funds

Statement of Cash Flows

Year Ended June 30, 2010

	Major Funds				Total Enterprise Funds
	Bingo	Boat Harbor	Refuse Collection	Water and Sewer	
Cash flows from operating activities:					
Receipts from customers	\$ 713,375	376,795	157,983	222,306	1,470,459
Payments for goods and services	(582,937)	(92,977)	(38,163)	(224,480)	(938,557)
Payments for salaries and benefits	(60,783)	(306,873)	(102,814)	(77,457)	(547,927)
Net cash flows from operating activities	<u>69,655</u>	<u>(23,055)</u>	<u>17,006</u>	<u>(79,631)</u>	<u>(16,025)</u>
Cash flows from noncapital financing activities:					
Nonoperating revenues	-	128,970	-	-	128,970
Transfers out	(200,000)	-	-	-	(200,000)
Increase (decrease) in due to other funds	<u>60,783</u>	<u>-</u>	<u>-</u>	<u>(311,009)</u>	<u>(250,226)</u>
Net cash flows from noncapital financing activities	<u>(139,217)</u>	<u>128,970</u>	<u>-</u>	<u>(311,009)</u>	<u>(321,256)</u>
Cash flows from capital and related financing activities:					
Additions to property, plant, and equipment	(5,419)	(18,998)	-	-	(24,417)
Capital contributions received	<u>-</u>	<u>7,677</u>	<u>-</u>	<u>390,640</u>	<u>398,317</u>
Net cash flows from capital and related financing activities	<u>(5,419)</u>	<u>(11,321)</u>	<u>-</u>	<u>390,640</u>	<u>373,900</u>
Net increase (decrease) in cash and investments	(74,981)	94,594	17,006	-	36,619
Beginning cash and investments	<u>118,903</u>	<u>559,199</u>	<u>348,788</u>	<u>-</u>	<u>1,026,890</u>
Ending cash and investments	\$ <u>43,922</u>	<u>653,793</u>	<u>365,794</u>	<u>-</u>	<u>1,063,509</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	\$ 67,007	(133,134)	(95,293)	(133,098)	(294,518)
Adjustments to reconcile operating loss to net cash provided by (used) operating activities:					
Depreciation	1,915	63,535	103,269	48,464	217,183
Noncash expense - PERS relief	733	9,684	3,191	2,966	16,574
(Increase) decrease in assets - accounts receivable (net)	-	36,279	(4,112)	42,335	74,502
Increase (decrease) in liabilities:					
Accounts payable	-	-	-	(40,645)	(40,645)
Accrued leave	-	581	641	347	1,569
Landfill closure costs payable	-	-	9,310	-	9,310
Net cash flows from operating activities	\$ <u>69,655</u>	<u>(23,055)</u>	<u>17,006</u>	<u>(79,631)</u>	<u>(16,025)</u>

See accompanying notes to basic financial statements.

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements

June 30, 2010

(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 assets 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 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 including restricted investment income; 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.

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

Summary of Significant Accounting Policies, continued

Measurement Focus, Basis of Accounting, and Basis of Presentation

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

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.

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

Fund Types and 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.

Refuse Collection Enterprise Fund - to account for refuse collection.

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

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

Summary of Significant Accounting Policies, continued

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.

Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." These balances represent the numerous transactions that occur during the course of operations between individual funds for goods provided or services rendered.

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. The City does not have infrastructure assets recorded for water and sewer or boat harbor funds. 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 in operations.

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

Buildings	20 - 40
Machinery and equipment	5 - 10
Vehicles	5 - 10
Infrastructure assets	50

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.

Deferred Revenue

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

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

Summary of Significant Accounting Policies, continued

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 assets. Governmental fund financial statements recognize proceeds of debt and premiums as other financing sources of the current period.

Fund Equity

Governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The designated fund balance in governmental funds is for specific projects as designated by the City Council.

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.

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 upon expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

(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, 2010.

	<u>Totals</u>
Cash accounts	\$ 118,693
Pooled investments	<u>2,494,823</u>
	<u>\$ 2,613,516</u>

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

Cash and Investments, continued

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk. At June 30, 2010, all of the City's bank balance was insured by the Federal Deposit Insurance Corporation and, therefore, not exposed to custodial credit risk.

Investments

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 share value of investments in the AMLIP is approximately equal to fair value.

Southwest Governments, LLC

The City holds a 20% interest in Southwest Governments, LLC, which is a company that owns and rents an office building in Anchorage, Alaska. At June 30, 2010, the City's investment in the LLC was \$296,611. Because this investment is considered noncurrent, fund balance of the General Fund has been reserved in an amount equal to the City's investment in the LLC.

(3) **Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance July 1, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2010</u>
<u>Governmental activities</u>				
<i>Capital assets not being depreciated -</i>				
Construction in progress	\$ <u>349,350</u>	<u>382,068</u>	<u>-</u>	<u>731,418</u>
<i>Capital assets being depreciated:</i>				
Buildings	8,346,057	-	-	8,346,057
Improvements other than buildings	23,148	-	-	23,148
Equipment and vehicles	<u>1,479,541</u>	<u>217,285</u>	<u>-</u>	<u>1,696,826</u>
Total assets being depreciated	<u>9,848,746</u>	<u>217,285</u>	<u>-</u>	<u>10,066,031</u>
Less accumulated depreciation for:				
Buildings	1,352,942	416,098	-	1,769,040
Improvements other than buildings	9,259	2,314	-	11,573
Equipment and vehicles	<u>935,185</u>	<u>95,535</u>	<u>-</u>	<u>1,030,720</u>
Total accumulated depreciation	<u>2,297,386</u>	<u>513,947</u>	<u>-</u>	<u>2,811,333</u>
Total capital assets being depreciated, net	<u>7,551,360</u>	<u>(296,662)</u>	<u>-</u>	<u>7,254,698</u>
Governmental activity capital assets, net	\$ <u>7,900,710</u>	<u>85,406</u>	<u>-</u>	<u>7,986,116</u>

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

Capital Assets, continued

Certain capital assets of the boat harbor, refuse collection, and water and sewer have not been recorded in the respective funds. As a result, the information for business-type activity capital assets below is incomplete.

	Balance July 1, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2010</u>
<u>Business-type activities</u>				
<i>Capital assets not being depreciated –</i> construction in progress	\$ <u>1,435,558</u>	<u>-</u>	<u>1,435,558</u>	<u>-</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	502,483	1,435,558	-	1,938,041
Equipment and vehicles	1,213,862	24,417	-	1,238,279
Landfill	<u>1,996,889</u>	<u>-</u>	<u>-</u>	<u>1,996,889</u>
Total assets being depreciated	<u>3,713,234</u>	<u>1,459,975</u>	<u>-</u>	<u>5,173,209</u>
Less accumulated depreciation for:				
Building and improvements	55,311	57,327	-	112,638
Equipment and vehicles	575,684	97,453	-	673,137
Landfill	<u>811,237</u>	<u>62,403</u>	<u>-</u>	<u>873,640</u>
Total accumulated depreciation	<u>1,442,232</u>	<u>217,183</u>	<u>-</u>	<u>1,659,415</u>
Total capital assets being depreciated, net	<u>2,271,002</u>	<u>1,242,792</u>	<u>-</u>	<u>3,513,794</u>
Business-type activity capital assets, net	\$ <u>3,706,560</u>	<u>1,242,792</u>	<u>1,435,558</u>	<u>3,513,794</u>

Depreciation expense was charged to the functions as follows:

Governmental activities

General government	\$ 402,844
Parks and recreation	2,315
Public safety	36,497
Public works	<u>72,291</u>
Total depreciation expense - governmental activities	\$ <u>513,947</u>

Business-type activities

Boat harbor	63,535
Refuse collection	103,269
Water and sewer	48,464
Bingo	<u>1,915</u>
Total depreciation expense - business-type activities	\$ <u>217,183</u>

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

(4) **Long Term Debt**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2010:

	Balance July 1, <u>2009</u>	<u>Additions</u>	<u>Retired</u>	Balance June 30, <u>2010</u>	Due Within <u>One Year</u>
<u>Governmental Activities</u>					
Accrued leave	\$ <u>51,525</u>	<u>48,370</u>	<u>45,135</u>	<u>54,760</u>	<u>54,760</u>
<u>Business-Type Activities</u>					
Landfill closure liability	\$ 46,550	9,310	-	55,860	-
Accrued leave	<u>12,763</u>	<u>19,121</u>	<u>17,552</u>	<u>14,332</u>	<u>14,332</u>
Total business-type activities	\$ <u>59,313</u>	<u>28,431</u>	<u>17,552</u>	<u>70,192</u>	<u>14,332</u>

(5) **Interfund Balances and Transfers**

A schedule of transfers and interfund balances for the year ended June 30, 2010, follows:

Transfers :

Transfer from Bingo Enterprise Fund to the General Fund for investment purposes	\$ 200,000
Transfer from General Fund to School Loop Road Capital Project Fund	<u>248,564</u>
Total transfers to other funds	\$ <u>448,564</u>

Due to other funds:

Due to the General Fund from the Bingo Enterprise Fund for operating expenses	247,401
Due to the General Fund from the Water and Sewer Enterprise Fund for operating expenses	<u>425,983</u>
Total amount due to other funds	\$ <u>673,384</u>

(6) **Defined Benefit Pension Plan**

The City participates in the 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 to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

Defined Benefit Pension Plan, continued

The plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. The report is available at the following address:

Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, Alaska 99811-0203

Conversion to Cost Sharing

In April 2008, the Alaska Legislature passed Senate Bill (SB) 125 which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers. The cost-sharing plan requires a uniform employer contribution rate of 22% of active member wages, subject to a wage floor. Legislation provides for State contributions in the event that the annually calculated and board adopted rate, which includes a provision to pay down the past-service liability, exceeds 22%. Any such additional contributions are recognized by each employer as an on-behalf payment.

In addition, in fiscal year 2008, the State of Alaska passed legislation (SB 123) which requires that the employer contribution be calculated on all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

Funding Policy

Regular employees are required to contribute 6.75% of their annual covered salary (2.50% for pension and 4.25% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (2.78% for pension and 4.72% for healthcare).

The funding policy provides for periodic employer contributions based on actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay both pension and postemployment healthcare benefits when due.

Under current legislation, the employer contribution rate is statutorily capped at 22%, however, the State of Alaska contributes any amount over 22% such that the total contribution equals the Alaska Retirement Management Board adopted rate, generally consistent with the actuarially determined rate.

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

Defined Benefit Pension Plan, continued

Funding Policy, continued

The City's contribution rates for 2010 were determined as part of the June 30, 2007 actuarial valuation and are as follows:

	Contractual <u>Rate</u>	ARM Board Adopted <u>Rate</u>	GASB 45* <u>Rate</u>
Pension	8.16%	10.25%	10.72%
Postemployment healthcare	<u>13.84%</u>	<u>17.40%</u>	<u>53.96%</u>
Total contribution rate	<u>22.00%</u>	<u>27.65%</u>	<u>64.68%</u>

* This rate uses a 4.5% OPEB discount rate and disregards all future Medicare Part D payments.

The significant actuarial information and assumptions used in the most recent valuation of the plan follow:

Valuation Date	June 30, 2009
Actuarial Cost Method	Entry age normal Level percentage of pay for pension Level dollar for healthcare
Amortization Method	Level dollar, closed
Equivalent Single Amortization Period	20 years
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	8.25% pension, 4.70% healthcare
Salary Scale	<i>Peace Officers/Firefighters</i> Merit: 2.5% per year for first 6 years, 0.5% thereafter Productivity: 0.5% per year <i>Others</i> Merit: 5.5% per year grading down to 1.5% after 5 years, for more than 6 years of service, 1.0% grading down to 0% Productivity: 0.5% per year
Payroll Growth	4.0%
Inflation	3.5%
Health Cost Trend	Medical: 7.5% in FY10 trending downward by variable amounts to 5.8% in FY25 Prescription drugs: 9.6% in FY10 trending downward by variable amounts to 5.8% in FY25

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

Defined Benefit Pension Plan, continued

Funding Policy, continued

The State of Alaska Public Employees' Retirement System retiree healthcare benefits are partially funded. The PERS plan uses the percentage of ARC methodology in the development of the investment rate of return.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial values of assets.

Projected benefits for financial reporting purposes do not incorporate any potential effects of legal or contractual funding limitations.

Annual Pension and Postemployment Healthcare Cost

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska contributed approximately 5.65% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the City has recorded the State contribution in the amount of \$45,461 as a PERS on-behalf payment. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here. Only two years of information are available at this time.

<u>Year</u> <u>Ended</u> <u>June 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Total</u> <u>Benefit</u> <u>Cost</u> <u>(TBC)</u>	<u>City</u> <u>Contri-</u> <u>butions</u>	<u>% of</u> <u>TBC</u> <u>Contributed</u>
2010	\$ 56,954	\$ 96,599	\$ 153,553	\$ 153,553	100%
2009	51,552	114,851	166,403	166,403	100%

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

(7) Defined Contribution Pension Plan

The State of Alaska Legislature approved Senate Bill 141 to create the Public Employees' Retirement System (PERS) Tier IV for employees hired after July 1, 2006 or for employees converting from the PERS Tier I, II or III defined benefit plans. The plan is administered by the State of Alaska, Department of Administration, and 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. Employees are required to contribute 8.0% of their annual covered salary, and the City is required to make the following contributions:

	<u>Others</u> <u>Tier IV</u>	<u>Police/Fire</u> <u>Tier IV</u>
Individual account	5.00%	5.00%
Health reimbursement arrangement (HRA) *	3.00	3.00
Retiree medical plan	0.99	0.99
Occupational death and disability benefits	<u>0.58</u>	<u>1.33</u>
	<u>9.57 %</u>	<u>10.32%</u>

*Health Reimbursement Arrangement – AS 39.30.370 requires that the employer contribute “an amount equal to three percent of the average employer’s average annual employee compensation.” For actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period.

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contribution for the year ended June 30, 2010 were \$26,792 and \$19,727, respectively.

(8) 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.

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

Landfill Closure and Postclosure Liability, continued

The City has estimated the closure and postclosure costs to be \$242,060 with an estimated remaining life through 2030. At June 30, 2010, the City has recognized \$55,860 of this liability on the balance sheet, an increase of \$9,310 from the prior year. The City will recognize the remaining estimated cost of closure and postclosure care of \$186,200 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. 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 20 years.

At June 30, 2010 the City has not reserved or designated any fund balance to fund the cost of closure and postclosure monitoring, nor have any assets been restricted for this purpose.

(9) **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 the Alaska Municipal League Joint Insurance Association (JIA), a governmental insurance pool established by the Alaska Municipal League. The JIA 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 firefighters group accident coverage with insurance companies placed through JIA. The City has no coverage for potential losses from environmental damages.

The JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's deposit contribution in comparison to the aggregate deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2010.

(10) **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.

CITY OF SAND POINT, ALASKA

Notes to Basic Financial Statements, continued

(11) **New Accounting Pronouncements**

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

- GASB 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*
- GASB 57 – *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*
- GASB 58 – *Accounting and Financial Reporting for Chapter 9 Bankruptcies*
- GASB 59 – *Financial Instruments Omnibus*

Of these statements, GASB 54 – *Fund Balance Reporting and Governmental Fund Type Definitions* will have a significant impact on the City's future financial reporting presentation. This statement will recategorize all existing fund balance classifications into five new categories:

- ✓ Nonspendable
- ✓ Restricted
- ✓ Committed
- ✓ Assigned
- ✓ Unassigned

The statement will require an analysis of all funds of the City to determine ongoing compliance with fund type categories as defined in the statement. GASB Statement 54 will be in effect for the City's financial statements for the year ended June 30, 2011.

Statements 57 through 59 are not expected to have any material impact on the financial statements.

SUPPLEMENTARY INFORMATION

CITY OF SAND POINT, ALASKA
 General Fund
 Balance Sheet
 June 30, 2010
 (With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash and investments	\$ 1,226,367	1,268,496
Receivables - other	1,694	1,694
Investment in Southwest Governments, LLC	296,611	279,350
Due from other funds	<u>673,384</u>	<u>923,610</u>
 Total assets	 \$ <u>2,198,056</u>	 <u>2,473,150</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Deferred revenue	1,950	1,950
Accrued liabilities	<u>5,300</u>	<u>1,695</u>
Total liabilities	<u>7,250</u>	<u>3,645</u>
Fund balance:		
Reserved for investment in Southwest Governments, LLC	296,611	279,350
Unreserved and undesignated	<u>1,894,195</u>	<u>2,190,155</u>
Total fund balance	<u>2,190,806</u>	<u>2,469,505</u>
 Total liabilities and fund balance	 \$ <u>2,198,056</u>	 <u>2,473,150</u>

CITY OF SAND POINT, ALASKA

General Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

Year Ended June 30, 2010

(With Comparative Amounts for 2009)

	2010		Variance Positive (Negative)	2009
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes:				
Sales taxes	\$ 800,100	673,355	(126,745)	718,017
Local raw fish taxes	700,000	500,689	(199,311)	662,287
Accommodation taxes	15,000	6,938	(8,062)	8,875
Total taxes	<u>1,515,100</u>	<u>1,180,982</u>	<u>(334,118)</u>	<u>1,389,179</u>
State of Alaska:				
Shared fisheries and raw fish tax	294,675	294,674	(1)	276,405
Fish resource landing tax	22,721	80,910	58,189	26,582
Library grants	6,350	8,650	2,300	7,000
State revenue sharing	144,872	144,872	-	147,123
State PERS relief	-	28,888	28,888	71,121
State business license refund	2,500	2,500	-	-
Total State of Alaska	<u>471,118</u>	<u>560,494</u>	<u>89,376</u>	<u>528,231</u>
Federal government:				
Emergency management grants	20,000	16,000	(4,000)	30,500
ARRA stimulus grant - insurance	28,790	28,790	-	-
Total Federal government	<u>48,790</u>	<u>44,790</u>	<u>(4,000)</u>	<u>30,500</u>
Investment income	<u>3,500</u>	<u>20,187</u>	<u>16,687</u>	<u>50,681</u>
Other revenues:				
Building rental	80,000	119,079	39,079	102,390
Equipment rental	10,000	6,135	(3,865)	19,671
Business licenses	2,500	2,675	175	2,150
Local donation	1,000	-	(1,000)	-
Other	13,000	20,180	7,180	93,453
Total other revenues	<u>106,500</u>	<u>148,069</u>	<u>41,569</u>	<u>217,664</u>
Total revenues	<u>2,145,008</u>	<u>1,954,522</u>	<u>(190,486)</u>	<u>2,216,255</u>

CITY OF SAND POINT, ALASKA

General Fund

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

	2010		Variance Positive (Negative)	2009
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures:				
General government:				
Legislative:				
Salaries	\$ 36,000	36,000	-	36,000
Fringe benefits	58,000	68,834	(10,834)	61,701
Travel and per diem	15,000	11,779	3,221	11,241
Dues and fees	<u>5,000</u>	<u>5,341</u>	<u>(341)</u>	<u>2,817</u>
Total legislative	<u>114,000</u>	<u>121,954</u>	<u>(7,954)</u>	<u>111,759</u>
Administration:				
Salaries	208,025	225,112	(17,087)	208,231
Fringe benefits	58,000	64,032	(6,032)	73,959
Contractual services	14,000	13,817	183	12,000
School Loop road	-	-	-	124,355
Travel and per diem	10,000	12,273	(2,273)	9,029
Telephone	6,500	7,200	(700)	8,345
Postage	5,000	7,346	(2,346)	6,067
Supplies	12,500	33,929	(21,429)	24,074
Equipment and maintenance	21,000	50,506	(29,506)	24,212
Dues and fees	5,000	3,057	1,943	10,585
Audit	25,340	25,389	(49)	23,500
Legal	6,000	6,516	(516)	4,770
Insurance	154,265	154,265	-	162,327
Bank service charges	5,000	6,744	(1,744)	3,347
Freight/speed paks	1,000	823	177	4,018
Elections	570	570	-	675
Donations	15,000	14,992	8	10,328
Hospitality	500	415	85	30
Library	3,700	5,972	(2,272)	3,627
Anchorage office	-	-	-	8,724
Fuel	700	585	115	-
Other	<u>10,000</u>	<u>7,993</u>	<u>2,007</u>	<u>377</u>
Total administration	<u>562,100</u>	<u>641,536</u>	<u>(79,436)</u>	<u>722,580</u>
Total general government	<u>676,100</u>	<u>763,490</u>	<u>(87,390)</u>	<u>834,339</u>

CITY OF SAND POINT, ALASKA

General Fund

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

	2010		Variance Positive (Negative)	2009
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Parks and recreation:				
Salaries	\$ 17,000	14,387	2,613	12,097
Fringe benefits	5,000	1,258	3,742	1,386
Donations	5,500	433	5,067	4,000
Total parks and recreation	<u>27,500</u>	<u>16,078</u>	<u>11,422</u>	<u>17,483</u>
Public safety:				
Police:				
Salaries	210,000	199,594	10,406	167,376
Fringe benefits	75,000	79,381	(4,381)	75,246
Dispatchers	-	6,900	(6,900)	29,800
Travel and per diem	4,000	3,614	386	5,729
Telephone	6,000	6,830	(830)	7,741
Supplies	6,000	7,350	(1,350)	7,979
Equipment	35,000	32,539	2,461	1,218
Equipment maintenance	12,000	12,776	(776)	2,506
Dues and fees	2,500	2,487	13	3,877
Fuel	7,000	9,334	(2,334)	6,059
Freight/speed paks	500	166	334	113
Relocation costs	5,000	4,473	527	8,966
Total police	<u>363,000</u>	<u>365,444</u>	<u>(2,444)</u>	<u>316,610</u>
Fire:				
Volunteer stipends	5,000	8,250	(3,250)	4,050
Dispatchers	29,000	-	29,000	-
Travel and per diem	-	1,946	(1,946)	-
Contractual services	9,600	9,800	(200)	9,177
Telephone	5,000	1,699	3,301	1,725
Supplies	1,000	4,046	(3,046)	282
Equipment	7,000	10,748	(3,748)	1,026
Equipment maintenance	500	(462)	962	71
Insurance	-	7,480	(7,480)	7,184
Freight	700	413	287	-
Fuel	500	279	221	-
Utilities	500	281	219	-
Total fire	<u>58,800</u>	<u>44,480</u>	<u>14,320</u>	<u>23,515</u>

CITY OF SAND POINT, ALASKA

General Fund

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

	2010		Variance Positive (Negative)	2009
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Salaries	\$ -	3,140	(3,140)	-
Fringe benefits	-	1,376	(1,376)	-
Supplies	-	1,196	(1,196)	-
Fuel	-	441	(441)	-
Total animal control	-	6,153	(6,153)	-
Total public safety	421,800	416,077	5,723	340,125
Public works:				
General:				
Salaries	275,000	197,405	77,595	210,196
Fringe benefits	100,000	84,465	15,535	101,715
Travel and per diem	4,000	4,001	(1)	2,211
Telephone	3,000	3,067	(67)	3,541
Supplies	15,000	15,597	(597)	10,771
Equipment	170,000	155,852	14,148	7,334
Equipment maintenance	80,000	57,682	22,318	58,471
Equipment fuel	15,000	11,142	3,858	21,193
Dues and fees	40,000	9,224	30,776	4,384
Street lights	20,000	22,334	(2,334)	26,195
Utilities	500	191	309	307
Fuel	10,000	10,321	(321)	7,457
Repairs	7,000	5,461	1,539	6,824
Freight/speed paks	20,000	18,902	1,098	8,708
Dump clean-up costs	-	34,774	(34,774)	-
Total general	759,500	630,418	129,082	469,307
Facilities:				
Salaries	60,000	65,461	(5,461)	41,317
Fringe benefits	22,000	30,914	(8,914)	19,652
Municipal building:				
Supplies	8,000	10,379	(2,379)	11,742
Utilities	10,000	10,419	(419)	9,233
Equipment	-	2,392	(2,392)	-

CITY OF SAND POINT, ALASKA
 General Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual, continued

	2010		Variance Positive (Negative)	2009
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Expenditures, continued:				
Public works, continued:				
Facilities, continued:				
Municipal building, continued:				
Fuel	\$ 50,000	55,332	(5,332)	51,704
Repairs	10,000	10,370	(370)	9,415
Freight/speed paks	2,500	2,089	411	635
City houses:				
Supplies	500	115	385	737
Fuel	4,000	3,374	626	3,423
Equipment	500	1,080	(580)	-
Repairs	1,000	-	1,000	758
Freight/speed paks	500	-	500	-
RATNET building - utilities	300	143	157	554
Fire hall - utilities	5,500	5,723	(223)	4,364
Clinic facility:				
Telephone	-	2,228	(2,228)	1,088
Supplies	-	-	-	821
Repairs	-	88	(88)	3,899
4-plex:				
Supplies	2,000	206	1,794	800
Equipment	2,000	1,473	527	-
Fuel	8,000	9,373	(1,373)	5,985
Utilities	5,500	3,514	1,986	5,429
Repairs	2,000	768	1,232	178
Capital outlay - 4-plex	-	-	-	289,176
Teen center:				
Fuel	-	1,831	(1,831)	-
Utilities	-	33	(33)	-
Repairs	-	2,974	(2,974)	-
Total facilities	<u>194,300</u>	<u>220,279</u>	<u>(25,979)</u>	<u>460,910</u>
Total public works	<u>953,800</u>	<u>850,697</u>	<u>103,103</u>	<u>930,217</u>
Community development:				
Contribution to Aleutian Pacific Seafoods	-	4,811	(4,811)	-
Capital outlay - gear shed	-	133,504	(133,504)	-
Total community development	<u>-</u>	<u>138,315</u>	<u>(138,315)</u>	<u>-</u>

CITY OF SAND POINT, ALASKA
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, continued

	2010		Variance Positive (Negative)	2009
	Budget	Actual		Actual
Expenditures, continued:				
Total expenditures	\$ <u>2,079,200</u>	<u>2,184,657</u>	<u>(105,457)</u>	<u>2,122,164</u>
Excess of revenues over (under) expenditures	65,808	(230,135)	(295,943)	94,091
Other financing sources (uses):				
Transfers in	-	200,000	200,000	-
Transfers out	<u>(230,000)</u>	<u>(248,564)</u>	<u>(18,564)</u>	<u>-</u>
Net other financing sources (uses)	<u>(230,000)</u>	<u>(48,564)</u>	<u>181,436</u>	<u>-</u>
Net change in fund balance	\$ <u>(164,192)</u>	<u>(278,699)</u>	<u>(114,507)</u>	94,091
Beginning fund balance		<u>2,469,505</u>		<u>2,375,414</u>
Ending fund balance		\$ <u>2,190,806</u>		<u>2,469,505</u>

CITY OF SAND POINT, ALASKA
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2010

	<u>Special Revenue Funds</u>			Total
	Sea Lion <u>Mitigation</u>	Silver Salmon <u>Derby</u>	Clinic <u>Operations</u>	Nonmajor Governmental <u>Funds</u>
<u>Assets</u>				
Cash and investments	\$ <u>221,932</u>	<u>26,100</u>	<u>75,608</u>	<u>323,640</u>
<u>Liabilities and Fund Balances</u>				
Liabilities - deferred revenue	<u>-</u>	<u>-</u>	<u>2,731</u>	<u>2,731</u>
Fund balances - unreserved	<u>221,932</u>	<u>26,100</u>	<u>72,877</u>	<u>320,909</u>
Total liabilities and fund balances	\$ <u>221,932</u>	<u>26,100</u>	<u>75,608</u>	<u>323,640</u>

CITY OF SAND POINT, ALASKA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2010

	Special Revenue Funds			School Loop Road Capital Project Fund	Total Nonmajor Govern- mental Funds
	Sea Lion Mitigation	Silver Salmon Derby	Clinic Operations		
Revenues:					
Federal government	\$ -	-	33,657	-	33,657
Other revenues	-	28,631	31,138	-	59,769
Total revenues	-	28,631	64,795	-	93,426
Expenditures:					
Clinic operations	-	-	31,138	-	31,138
Community development	-	28,650	-	-	28,650
Capital outlay	-	-	-	248,564	248,564
Total expenditures	-	28,650	31,138	248,564	308,352
Excess of revenues over (under) expenditures	-	(19)	33,657	(248,564)	(214,926)
Other financing sources - transfers in	-	-	-	248,564	248,564
Net change in fund balances	-	(19)	33,657	-	33,638
Fund balances at beginning of year	221,932	26,119	39,220	-	287,271
Fund balances at end of year	\$ 221,932	26,100	72,877	-	320,909

CITY OF SAND POINT, ALASKA
 Bingo Enterprise Fund
 Statement of Net Assets
 June 30, 2010
 (With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current assets - cash and investments	\$ <u>43,922</u>	<u>118,903</u>
Capital assets:		
Equipment and vehicles	28,493	23,074
Less accumulated depreciation	<u>(17,691)</u>	<u>(15,776)</u>
Net capital assets	<u>10,802</u>	<u>7,298</u>
 Total assets	 \$ <u>54,724</u>	 <u>126,201</u>
<u>Liabilities and Net Assets</u>		
Current liabilities - due to other funds	<u>247,401</u>	<u>186,618</u>
Net assets:		
Invested in capital assets	10,802	7,298
Unrestricted (deficit)	<u>(203,479)</u>	<u>(67,715)</u>
Total net assets (deficit)	<u>(192,677)</u>	<u>(60,417)</u>
 Total liabilities and net assets	 \$ <u>54,724</u>	 <u>126,201</u>

CITY OF SAND POINT, ALASKA
 Bingo Enterprise Fund
 Statement of Revenues, Expenses and Changes in Deficit
 Year Ended June 30, 2010
 (With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Pull tab revenue	\$ 651,223	429,884
Bingo revenue	61,329	31,937
Concessions	114	2,130
Other	<u>709</u>	<u>75</u>
Total operating revenues	<u>713,375</u>	<u>464,026</u>
Operating expenses:		
Salaries and benefits	61,516	60,917
Travel and per diem	661	-
Telephone	741	804
Supplies	1,109	61
Depreciation	1,915	1,824
Concessions	483	2,138
Equipment and equipment maintenance	1,857	1,460
Dues and fees	864	1,010
Bank service charges	2,369	1,030
Freight/speed paks	274	181
Payouts to winners	551,159	377,145
Prizes	3,452	3,897
Pull tab tax	6,380	3,639
Pull tab purchases	<u>13,588</u>	<u>7,324</u>
Total operating expenses	<u>646,368</u>	<u>461,430</u>
Operating income	67,007	2,596
Nonoperating revenues - State PERS relief	<u>733</u>	<u>2,497</u>
Income before transfers and special item	67,740	5,093
Transfers out	(200,000)	-
Special item - write-off NPO/OPEB	<u>-</u>	<u>1,747</u>
Change in net assets	(132,260)	6,840
Beginning deficit	<u>(60,417)</u>	<u>(67,257)</u>
Ending deficit	\$ <u>(192,677)</u>	<u>(60,417)</u>

CITY OF SAND POINT, ALASKA
 Bingo Enterprise Fund
 Statement of Cash Flows
 Year Ended June 30, 2010
 (With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Receipts from customers	\$ 713,375	464,026
Payments for goods and services	(582,937)	(398,689)
Payments for salaries and benefits	<u>(60,783)</u>	<u>(58,420)</u>
Net cash flows from operating activities	<u>69,655</u>	<u>6,917</u>
Cash flows from noncapital financing activities:		
Transfers out	(200,000)	-
Increase in due to other funds	<u>60,783</u>	<u>58,420</u>
Net cash flows from noncapital financing activities	<u>(139,217)</u>	<u>58,420</u>
Cash flows from capital and related financing activities - additions to property, plant and equipment	<u>(5,419)</u>	<u>(9,122)</u>
Net increase (decrease) in cash and investments	(74,981)	56,215
Beginning cash and investments	<u>118,903</u>	<u>62,688</u>
Ending cash and investments	\$ <u><u>43,922</u></u>	<u><u>118,903</u></u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 67,007	2,596
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	1,915	1,824
Noncash expense - PERS relief	<u>733</u>	<u>2,497</u>
Net cash flows from operating activities	\$ <u><u>69,655</u></u>	<u><u>6,917</u></u>

CITY OF SAND POINT, ALASKA
 Boat Harbor Enterprise Fund
 Statement of Net Assets
 June 30, 2010
 (With Comparative Amounts for 2009)

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and investments	\$ 653,793	559,199
Receivables:		
Grants	-	136,647
Accounts, net of allowance of \$53,538 (\$28,402 in 2009)	<u>47,451</u>	<u>83,730</u>
Total current assets	<u>701,244</u>	<u>779,576</u>
Capital assets:		
Building and floats	491,732	491,732
Equipment and vehicles	555,466	536,468
Less accumulated depreciation	<u>(339,456)</u>	<u>(275,921)</u>
Net capital assets	<u>707,742</u>	<u>752,279</u>
Total assets	\$ <u>1,408,986</u>	<u>1,531,855</u>
<u>Liabilities and Net Assets</u>		
Current liabilities - accrued leave	<u>9,651</u>	<u>9,070</u>
Net assets:		
Invested in capital assets	707,742	752,279
Unrestricted	<u>691,593</u>	<u>770,506</u>
Total net assets	<u>1,399,335</u>	<u>1,522,785</u>
Total liabilities and net assets	\$ <u>1,408,986</u>	<u>1,531,855</u>

CITY OF SAND POINT, ALASKA
Boat Harbor Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2010
(With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Moorage	\$ 120,959	151,025
Travel lift	70,110	64,467
Wharfage	44,684	108,559
Van storage	15,319	13,322
Electricity	2,076	367
Penalties and interest	4,367	4,849
Rents	83,001	72,432
Other revenues - recovery of uncollectible accounts	-	50,559
Total operating revenues	<u>340,516</u>	<u>465,580</u>
Operating expenses:		
Salaries and benefits	317,138	301,769
Contractual	15,932	100
Travel and per diem	1,738	5,676
Telephone	2,787	2,235
Supplies	4,562	4,158
Depreciation	63,535	58,384
Equipment and equipment maintenance	28,939	11,710
Dues and fees	2,714	983
Utilities	16,921	15,599
Fuel	13,997	6,530
Repairs	2,007	29,106
Freight/speed paks	1,443	4,581
Other	1,937	466
Total operating expenses	<u>473,650</u>	<u>441,297</u>
Operating income (loss)	(133,134)	24,283
Nonoperating revenues (expenses):		
State PERS relief	9,684	23,839
State grant - building repairs and upgrades	-	128,970
Building repairs and upgrades	-	(128,970)
Net nonoperating revenues (expenses)	<u>9,684</u>	<u>23,839</u>
Income (loss) before special item	(123,450)	48,122
Special item - write-off NPO/OPEB	-	25,114
Change in net assets	(123,450)	73,236
Beginning net assets	<u>1,522,785</u>	<u>1,449,549</u>
Ending net assets	<u>\$ 1,399,335</u>	<u>1,522,785</u>

CITY OF SAND POINT, ALASKA
Boat Harbor Enterprise Fund
Statement of Cash Flows
Year Ended June 30, 2010
(With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Receipts from customers	\$ 376,795	457,400
Payments for goods and services	(92,977)	(88,821)
Payments for salaries and benefits	<u>(306,873)</u>	<u>(282,976)</u>
Net cash flows from operating activities	<u>(23,055)</u>	<u>85,603</u>
Cash flows from noncapital financing activities:		
State operating grant received	128,970	-
Nonoperating expenses	<u>-</u>	<u>(128,970)</u>
Net cash flows from noncapital financing activities	<u>128,970</u>	<u>(128,970)</u>
Cash flows from capital and related financing activities:		
Additions to property, plant, and equipment	(18,998)	(71,641)
Capital contributions received	<u>7,677</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(11,321)</u>	<u>(71,641)</u>
Net increase (decrease) in cash and investments	94,594	(115,008)
Beginning cash and investments	<u>559,199</u>	<u>674,207</u>
Ending cash and investments	\$ <u><u>653,793</u></u>	<u><u>559,199</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ (133,134)	24,283
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	63,535	58,384
Noncash expense - PERS relief	9,684	23,839
(Increase) decrease in assets - accounts receivable (net)	36,279	(8,180)
Increase (decrease) in liabilities:		
Accounts payable	-	(7,677)
Accrued leave	581	(2,375)
Net pension/OPEB obligation	<u>-</u>	<u>(2,671)</u>
Net cash flows from operating activities	\$ <u><u>(23,055)</u></u>	<u><u>85,603</u></u>

CITY OF SAND POINT, ALASKA
 Refuse Collection Enterprise Fund
 Statement of Net Assets
 June 30, 2010
 (With Comparative Amounts for 2009)

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and investments	\$ 365,794	348,788
Accounts receivable, net of allowance of \$6,078 (\$6,078 in 2009)	82,364	78,252
Total current assets	448,158	427,040
Capital assets:		
Equipment and vehicles	493,383	493,383
Sanitary landfill	1,996,889	1,996,889
Less accumulated depreciation	(1,163,945)	(1,060,676)
Net capital assets	1,326,327	1,429,596
Total assets	\$ 1,774,485	1,856,636
<u>Liabilities and Net Assets</u>		
Liabilities:		
Current liabilities - accrued leave	1,293	652
Landfill closure costs payable	55,860	46,550
Total liabilities	57,153	47,202
Net assets:		
Invested in capital assets	1,326,327	1,429,596
Unrestricted	391,005	379,838
Total net assets	1,717,332	1,809,434
Total liabilities and net assets	\$ 1,774,485	1,856,636

CITY OF SAND POINT, ALASKA
Refuse Collection Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2010
(With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
Operating revenues - user charges	\$ <u>162,095</u>	<u>175,894</u>
Operating expenses:		
Salaries and benefits	106,646	125,541
Travel and per diem	2,776	-
Supplies	4,710	133
Landfill closure expense	9,310	9,310
Depreciation	103,269	101,254
Equipment and equipment maintenance	21,361	22,981
Dues and fees	344	167
Utilities	870	-
Fuel	5,318	-
Repairs	1,617	-
Freight/speed paks	1,167	502
Bad debts	-	2,088
Total operating expenses	<u>257,388</u>	<u>261,976</u>
Operating loss	(95,293)	(86,082)
Nonoperating revenues:		
State PERS relief	3,191	11,188
Old landfill closure grant revenue	-	41,098
Total nonoperating revenues	<u>3,191</u>	<u>52,286</u>
Loss before special item	(92,102)	(33,796)
Special item - write-off NPO/OPEB	<u>-</u>	<u>8,633</u>
Change in net assets	(92,102)	(25,163)
Beginning net assets	<u>1,809,434</u>	<u>1,834,597</u>
Ending net assets	\$ <u>1,717,332</u>	<u>1,809,434</u>

CITY OF SAND POINT, ALASKA
 Refuse Collection Enterprise Fund
 Statement of Cash Flows
 Year Ended June 30, 2010
 (With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Receipts from customers	\$ 157,983	108,177
Payments for goods and services	(38,163)	(25,871)
Payments for salaries and benefits	<u>(102,814)</u>	<u>(122,560)</u>
Net cash flows from operating activities	<u>17,006</u>	<u>(40,254)</u>
Cash flows from noncapital financing activities - nonoperating revenues	<u>-</u>	<u>41,098</u>
Cash flows from capital and related financing activities:		
Capital contributions received	-	15,181
Additions to property plant and equipment	<u>-</u>	<u>(48,351)</u>
Net cash flows from capital and related financing activities	<u>-</u>	<u>(33,170)</u>
Net increase (decrease) in cash and investments	17,006	(32,326)
Beginning cash and investments	<u>348,788</u>	<u>381,114</u>
Ending cash and investments	\$ <u>365,794</u>	<u>348,788</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (95,293)	(86,082)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	103,269	101,254
Noncash expense - PERS relief	3,191	11,188
(Increase) decrease in assets - accounts receivable (net)	(4,112)	(67,717)
Increase (decrease) in liabilities:		
Accrued leave	641	(6,882)
Net pension/OPEB obligation	-	(1,325)
Landfill closure costs payable	<u>9,310</u>	<u>9,310</u>
Net cash flows from operating activities	\$ <u>17,006</u>	<u>(40,254)</u>

CITY OF SAND POINT, ALASKA
 Water and Sewer Enterprise Fund
 Statement of Net Assets
 June 30, 2010
 (With Comparative Amounts for 2009)

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets - accounts receivable, net of allowance of \$11,559 (\$11,559 in 2009)	\$ <u>36,471</u>	<u>78,806</u>
Capital assets:		
Buildings and improvements	1,446,309	10,751
Equipment and vehicles	160,937	160,937
Construction in progress	-	1,435,558
Less accumulated depreciation	<u>(138,323)</u>	<u>(89,859)</u>
Net capital assets	<u>1,468,923</u>	<u>1,517,387</u>
 Total assets	 \$ <u><u>1,505,394</u></u>	 <u><u>1,596,193</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	305	40,950
Accrued leave	3,388	3,041
Due to other funds	<u>425,983</u>	<u>736,992</u>
Total current liabilities	<u>429,676</u>	<u>780,983</u>
Net assets:		
Invested in capital assets	1,468,923	1,517,387
Unrestricted (deficit)	<u>(393,205)</u>	<u>(702,177)</u>
Total net assets	<u>1,075,718</u>	<u>815,210</u>
 Total liabilities and net assets	 \$ <u><u>1,505,394</u></u>	 <u><u>1,596,193</u></u>

CITY OF SAND POINT, ALASKA
Water and Sewer Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2010
(With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
Operating revenues - user charges	\$ <u>179,971</u>	<u>197,659</u>
Operating expenses:		
Salaries and benefits	80,770	116,534
Travel and per diem	3,199	4,041
Telephone	3,472	2,464
Supplies	20,527	19,885
Equipment and equipment maintenance	29,017	36,902
Dues and fees	13,821	18,063
Utilities	88,361	37,456
Fuel	18,230	13,204
Repairs	4,258	5,920
Freight/speed paks	2,950	4,283
Depreciation	48,464	12,574
Other	-	1,380
Total operating expenses	<u>313,069</u>	<u>272,706</u>
Operating loss	(133,098)	(75,047)
Nonoperating revenues:		
State PERS relief	2,966	10,976
Other	-	649
Total nonoperating revenues	<u>2,966</u>	<u>11,625</u>
Loss before contributions and special item	(130,132)	(63,422)
Capital contributions	390,640	-
Special item - write-off NPO/OPEB	<u>-</u>	<u>8,360</u>
Change in net assets	260,508	(55,062)
Beginning net assets	<u>815,210</u>	<u>870,272</u>
Ending net assets	\$ <u><u>1,075,718</u></u>	<u><u>815,210</u></u>

CITY OF SAND POINT, ALASKA
 Water and Sewer Enterprise Fund
 Statement of Cash Flows
 Year Ended June 30, 2010
 (With Comparative Amounts for 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Receipts from customers	\$ 222,306	134,259
Payments for goods and services	(224,480)	(146,671)
Payments for salaries and benefits	<u>(77,457)</u>	<u>(110,100)</u>
Net cash flows from operating activities	<u>(79,631)</u>	<u>(122,512)</u>
Cash flows from noncapital financing activities:		
Increase (decrease) in due to other funds	(311,009)	339,514
Nonoperating revenues	<u>-</u>	<u>649</u>
Net cash flows from noncapital financing activities	<u>(311,009)</u>	<u>340,163</u>
Cash flows from capital and related financing activities:		
Additions to property, plant, and equipment	-	(266,050)
Capital contributions received	<u>390,640</u>	<u>48,399</u>
Net cash flows from capital and related financing activities	<u>390,640</u>	<u>(217,651)</u>
Net increase in cash and investments	-	-
Beginning cash and investments	<u>-</u>	<u>-</u>
Ending cash and investments	\$ <u><u>-</u></u>	<u><u>-</u></u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (133,098)	(75,047)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	48,464	12,574
Noncash expense - PERS relief	2,966	10,976
(Increase) decrease in assets -		
Accounts receivable (net)	42,335	(63,400)
Increase (decrease) in liabilities:		
Accounts payable	(40,645)	(3,073)
Accrued leave	<u>347</u>	<u>(4,542)</u>
Net cash flows from operating activities	\$ <u><u>(79,631)</u></u>	<u><u>(122,512)</u></u>