



## City of Sand Point, Alaska

Basic Financial Statements, Required  
Supplementary Information,  
and Supplementary Information  
Year Ended June 30, 2013

## City of Sand Point, Alaska

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Basic Financial Statements, Required Supplementary Information, and  
Supplementary Information  
Year Ended June 30, 2013

# 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

### 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, 2013, 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. 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, 2013, 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.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, in 2013, the City of Sand Point, Alaska, adopted the provisions of Governmental Accounting Standards Board (GASB) Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and the provisions of GASB Statement number 65, *Items Previously Reported as Assets and Liabilities*. These provisions have been retrospectively applied to all periods presented in these financial statements. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Supplementary Information*

Our audit for the year ended June 30, 2013 was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole for the year ended June 30, 2013.

City of Sand Point, Alaska's basic financial statements for the year ended June 30, 2012 (not presented herein), were audited by other auditors whose report thereon dated December 20, 2012, expressed 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 report of the other auditors dated December 20, 2012, stated that the individual fund financial statements and schedules for the year ended June 30, 2012 were subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

*BDO USA, LLP*

Anchorage, Alaska  
February 20, 2014

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## Basic Financial Statements

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## City of Sand Point, Alaska

## Statement of Net Position

<i>June 30, 2013</i>	Govern- mental Activities	Business- type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 2,259,716	\$ 1,796,459	\$ 4,056,175
Receivable from Aleutians East Borough	-	1,000,000	1,000,000
Accounts receivable, net	218,100	161,822	379,922
Restricted cash	-	969,452	969,452
Internal balances	1,325,733	(1,325,733)	-
Investment in Southwest Governments, LLC	280,063	-	280,063
Capital assets not being depreciated	-	3,215,740	3,215,740
Other capital assets, net of accumulated depreciation	7,423,565	4,281,664	11,705,229
<b>Total Assets</b>	<b>\$ 11,507,177</b>	<b>\$ 10,099,404</b>	<b>\$ 21,606,581</b>
<b>Liabilities and Net Position</b>			
Liabilities:			
Accounts payable	\$ 133,306	\$ 1,389,856	\$ 1,523,162
Accrued liabilities	46,802	1,119	47,921
Unearned revenue	1,950	454,032	455,982
Noncurrent liabilities:			
Due within one year:			
Accrued leave	82,636	17,370	100,006
Bonds payable	-	55,000	55,000
Due in more than one year -			
landfill closure costs payable	-	83,790	83,790
Bonds payable, net of current portion	-	2,560,000	2,560,000
Bond premium, net	-	414,322	414,322
<b>Total liabilities</b>	<b>264,694</b>	<b>4,975,489</b>	<b>5,240,183</b>
Net position:			
Net investment in capital assets	7,423,565	5,437,534	12,861,099
Unrestricted (deficit)	3,818,918	(313,619)	3,505,299
<b>Total net position</b>	<b>11,242,483</b>	<b>5,123,915</b>	<b>16,366,398</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 11,507,177</b>	<b>\$ 10,099,404</b>	<b>\$ 21,606,581</b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

## Statement of Activities

Year Ended June 30, 2013	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Busi- ness- type Activities	Total
<b>Functions</b>							
Governmental activities:							
General government	\$ 1,124,301	\$ 76,312	\$ 65,810	\$ -	\$ (982,179)	\$ -	\$ (982,179)
Parks and recreation	54,155	-	5,015	-	(49,140)	-	(49,140)
Public safety	541,577	-	65,512	-	(476,065)	-	(476,065)
Public works	1,147,924	159,972	70,502	814,058	(103,392)	-	(103,392)
Health clinic	38,838	33,680	-	-	(5,158)	-	(5,158)
Community development	29,861	17,174	-	-	(12,687)	-	(12,687)
<b>Total governmental activities</b>	<b>2,936,656</b>	<b>287,138</b>	<b>206,839</b>	<b>814,058</b>	<b>(1,628,621)</b>	<b>-</b>	<b>(1,628,621)</b>
Business-type activities:							
Bingo	599,078	587,305	12,154	-	-	381	381
Boat harbor	596,499	547,018	48,459	1,000,000	-	998,978	998,978
Refuse collection	298,421	148,112	16,437	-	-	(133,872)	(133,872)
Water and sewer	563,543	182,498	17,312	-	-	(363,733)	(363,733)
<b>Total business-type activities</b>	<b>2,057,541</b>	<b>1,464,933</b>	<b>94,362</b>	<b>1,000,000</b>	<b>-</b>	<b>501,754</b>	<b>501,754</b>
<b>Total</b>	<b>\$ 4,994,197</b>	<b>\$ 1,752,071</b>	<b>\$ 301,201</b>	<b>\$ 1,814,058</b>	<b>(1,628,621)</b>	<b>501,754</b>	<b>(1,126,867)</b>
General revenues:							
Taxes:							
Sales taxes					1,110,351	-	1,110,351
Local raw fish taxes					570,554	-	570,554
Accommodations taxes					7,216	-	7,216
Grants and entitlements not restricted to a specific purpose							
					624,222	-	624,222
Investment income					18,590	-	18,590
Other					91,879	-	91,879
Transfers					(100,000)	100,000	-
<b>Total general revenues and transfers</b>					<b>2,322,812</b>	<b>100,000</b>	<b>2,422,812</b>
Change in net position					694,191	601,754	1,295,945
<b>Beginning net position</b>					<b>10,548,292</b>	<b>4,522,161</b>	<b>15,070,453</b>
<b>Ending net position</b>					<b>\$11,242,483</b>	<b>\$5,123,915</b>	<b>\$ 16,366,398</b>

See accompanying notes to basic financial statements.

## City of Sand Point, Alaska

## Governmental Funds

## Balance Sheet

<i>June 30, 2013</i>	Major Funds			Total Governmental Funds
	General	School Loop Capital Project	Nonmajor Funds	
<b>Assets</b>				
Cash and investments	\$ 1,654,874	\$ 469,115	\$ 135,727	\$ 2,259,716
Receivables:				
Sales tax	85,023	-	-	85,023
Fish tax	116,735	-	-	116,735
Other	13,611	-	2,731	16,342
Investment in Southwest Governments, LLC	280,063	-	-	280,063
Due from other funds	336,919	-	-	336,919
Advance to other funds	988,814	-	-	988,814
<b>Total Assets</b>	<b>\$ 3,476,039</b>	<b>\$ 469,115</b>	<b>\$ 138,458</b>	<b>\$ 4,083,612</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 94,468	\$ -	\$ 38,838	\$ 133,306
Unearned revenue	1,950	-	-	1,950
Accrued liabilities	46,802	-	-	46,802
<b>Total liabilities</b>	<b>143,220</b>	<b>-</b>	<b>38,838</b>	<b>182,058</b>
Fund balances:				
Nonspendable:				
Investment in Southwest Governments, LLC	280,063	-	-	280,063
Advance to other funds	988,814	-	-	988,814
Assigned:				
Silver Salmon Derby	-	-	23,074	23,074
Clinic	-	-	76,546	76,546
Capital projects	-	469,115	-	469,115
Unassigned	2,063,942	-	-	2,063,942
<b>Total fund balances</b>	<b>3,332,819</b>	<b>469,115</b>	<b>99,620</b>	<b>3,901,554</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,476,039</b>	<b>\$ 469,115</b>	<b>\$ 138,458</b>	<b>\$ 4,083,612</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, 2013*

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Total fund balances for governmental funds		\$ 3,901,554
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	1,403,041	
Equipment and vehicles	1,894,397	
Total capital assets	11,888,075	
Accumulated depreciation	(4,464,510)	
Total capital assets, net		7,423,565
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.		
		(82,636)
<b>Total net position of governmental activities</b>		<b>\$ 11,242,483</b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

## Governmental Funds

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

Year Ended June 30, 2013	Major Funds			Total Governmental Funds
	General	School Loop Capital Project	Nonmajor Funds	
<b>Revenues:</b>				
Taxes	\$ 1,688,121	\$ -	\$ -	\$ 1,688,121
State of Alaska	817,016	814,058	-	1,631,074
Federal government	8,695	-	33,680	42,375
Investment income	18,590	-	-	18,590
Other revenues	241,634	91,879	17,174	350,687
<b>Total revenues</b>	<b>2,774,056</b>	<b>905,937</b>	<b>50,854</b>	<b>3,730,847</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	757,335	-	-	757,335
Parks and recreation	83,324	-	-	83,324
Public safety	592,399	-	-	592,399
Public works	1,048,453	-	-	1,048,453
Health clinic	-	-	38,838	38,838
Community development	-	-	17,632	17,632
Capital outlay	-	170,453	-	170,453
<b>Total expenditures</b>	<b>2,481,511</b>	<b>170,453</b>	<b>56,470</b>	<b>2,708,434</b>
Excess of revenues over (under) expenditures	292,545	735,484	(5,616)	1,022,413
Other financing uses - transfers out	(100,000)	-	-	(100,000)
Net change in fund balances	192,545	735,484	(5,616)	922,413
<b>Beginning fund balances (deficit)</b>	<b>3,140,274</b>	<b>(266,369)</b>	<b>105,236</b>	<b>2,979,141</b>
<b>Ending fund balances</b>	<b>\$ 3,332,819</b>	<b>\$ 469,115</b>	<b>\$ 99,620</b>	<b>\$ 3,901,554</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, 2013*

Net change in fund balances - total governmental funds	\$ 922,413
<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 (\$570,540) exceeded capital outlays (\$336,387) in the current year.</p>	(234,153)
<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. This is the decrease in accrued leave.</p>	<u>5,931</u>
<b>Change in net position of governmental activities</b>	<u>\$ 694,191</u>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

Enterprise Funds  
Statement of Net Position

June 30, 2013	Major Funds				Total Enterprise Funds
	Bingo	Boat Harbor	Refuse Collection	Water and Sewer	
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 134,622	\$ 1,282,586	\$ 379,251	\$ -	\$ 1,796,459
Receivable from Aleutians East Borough	-	1,000,000	-	-	1,000,000
Accounts receivable, net	-	102,935	32,530	26,357	161,822
<b>Total current assets</b>	<b>134,622</b>	<b>2,385,521</b>	<b>411,781</b>	<b>26,357</b>	<b>2,958,281</b>
Restricted cash - capital projects	-	969,452	-	-	969,452
Capital assets:					
Buildings and improvements	-	498,446	12,000	4,572,242	5,082,688
Equipment and vehicles	14,541	636,262	502,610	201,881	1,355,294
Sanitary landfill	-	-	1,996,889	-	1,996,889
Construction in progress	-	3,215,740	-	-	3,215,740
Less accumulated depreciation	(12,464)	(526,949)	(1,455,203)	(2,158,591)	(4,153,207)
<b>Net capital assets</b>	<b>2,077</b>	<b>3,823,499</b>	<b>1,056,296</b>	<b>2,615,532</b>	<b>7,497,404</b>
<b>Total Assets</b>	<b>\$ 136,699</b>	<b>\$ 7,178,472</b>	<b>\$ 1,468,077</b>	<b>\$ 2,641,889</b>	<b>\$ 11,425,137</b>
<b>Liabilities and Net Position</b>					
Liabilities:					
Current liabilities:					
Accounts payable	\$ -	\$ 1,381,408	\$ 746	\$ 7,702	\$ 1,389,856
Accrued leave	616	11,117	1,279	4,358	17,370
Accrued payroll	1,119	-	-	-	1,119
Unearned revenue	-	454,032	-	-	454,032
Current portion of bonds payable	-	55,000	-	-	55,000
Due to other funds	336,919	-	-	-	336,919
<b>Total current liabilities</b>	<b>338,654</b>	<b>1,901,557</b>	<b>2,025</b>	<b>12,060</b>	<b>2,254,296</b>
Long term liabilities:					
Advance from other funds	-	-	-	988,814	988,814
Bonds payable, net of current portion	-	2,560,000	-	-	2,560,000
Bond premium, net	-	414,322	-	-	414,322
Landfill closure costs payable	-	-	83,790	-	83,790
<b>Total liabilities</b>	<b>338,654</b>	<b>4,875,879</b>	<b>85,815</b>	<b>1,000,874</b>	<b>6,301,222</b>
Net position:					
Net investment in capital assets	2,077	1,763,629	1,056,296	2,615,532	5,437,534
Unrestricted (deficit)	(204,032)	538,964	325,966	(974,517)	(313,619)
<b>Total net position (deficit)</b>	<b>(201,955)</b>	<b>2,302,593</b>	<b>1,382,262</b>	<b>1,641,015</b>	<b>5,123,915</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 136,699</b>	<b>\$ 7,178,472</b>	<b>\$ 1,468,077</b>	<b>\$ 2,641,889</b>	<b>\$ 11,425,137</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)

Year Ended June 30, 2013	Major Funds				Total Enterprise Funds
	Bingo	Boat Harbor	Refuse Collection	Water and Sewer	
Operating revenues - charges for services	\$ 587,305	\$ 547,018	\$ 148,112	\$ 182,498	\$ 1,464,933
Operating expenses:					
Salaries and benefits	100,774	439,556	145,534	152,920	838,784
Services and supplies	495,396	82,477	56,479	268,956	903,308
Depreciation	2,908	66,526	96,408	141,667	307,509
Total operating expenses	599,078	588,559	298,421	563,543	2,049,601
Operating loss	(11,773)	(41,541)	(150,309)	(381,045)	(584,668)
Nonoperating revenues (expenses):					
State PERS relief	12,154	48,459	16,437	17,312	94,362
Debt issuance costs	-	(7,940)	-	-	(7,940)
Net nonoperating revenues (expenses)	12,154	40,519	16,437	17,312	86,422
Income (loss) before capital contributions and transfers	381	(1,022)	(133,872)	(363,733)	(498,246)
Capital contributions	-	1,000,000	-	-	1,000,000
Transfer in	-	100,000	-	-	100,000
Change in net position	381	1,098,978	(133,872)	(363,733)	601,754
<b>Beginning</b> net position (deficit)	(202,336)	1,203,615	1,516,134	2,004,748	4,522,161
<b>Ending</b> net position (deficit)	\$ (201,955)	\$ 2,302,593	\$ 1,382,262	\$ 1,641,015	\$ 5,123,915

See accompanying notes to basic financial statements.

## City of Sand Point, Alaska

Enterprise Funds  
Statement of Cash Flows

Year Ended June 30, 2013	Major Funds				Total Enterprise Funds
	Bingo	Boat Harbor	Refuse Collection	Water and Sewer	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 587,305	\$ 413,849	\$ 145,314	\$ 190,161	\$ 1,336,629
Payments for goods and services	(495,396)	(68,353)	(47,248)	(270,469)	(881,466)
Payments for salaries and benefits	(88,004)	(390,483)	(131,410)	(134,040)	(743,937)
<b>Net cash flows from operating activities</b>	<b>3,905</b>	<b>(44,987)</b>	<b>(33,344)</b>	<b>(214,348)</b>	<b>(288,774)</b>
<b>Cash Flows from Noncapital Financing Activities</b>					
Decrease in due to other funds	(4,023)	-	-	-	(4,023)
Increase in advance from other funds	-	-	-	253,586	253,586
<b>Net cash flows from noncapital financing activities</b>	<b>(4,023)</b>	<b>-</b>	<b>-</b>	<b>253,586</b>	<b>249,563</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Additions to capital assets	-	(1,804,415)	(9,227)	(39,238)	(1,852,880)
Transfers in	-	100,000	-	-	100,000
Proceeds of bond issuance	-	3,021,382	-	-	3,021,382
Capital grant advances	-	454,032	-	-	454,032
<b>Net cash flows from capital and related financing activities</b>	<b>-</b>	<b>1,770,999</b>	<b>(9,227)</b>	<b>(39,238)</b>	<b>1,722,534</b>
<b>Net increase (decrease) in cash and investments</b>	<b>(118)</b>	<b>1,726,012</b>	<b>(42,571)</b>	<b>-</b>	<b>1,683,323</b>
<b>Beginning cash and investments</b>	<b>134,740</b>	<b>526,026</b>	<b>421,822</b>	<b>-</b>	<b>1,082,588</b>
<b>Ending cash and investments</b>	<b>\$ 134,622</b>	<b>\$ 2,252,038</b>	<b>\$ 379,251</b>	<b>\$ -</b>	<b>\$ 2,765,911</b>
<b>Reconciliation of operating loss to net cash flows from operating activities:</b>					
Operating loss	\$ (11,773)	\$ (41,541)	\$ (150,309)	\$ (381,045)	\$ (584,668)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:					
Depreciation	2,908	66,526	96,408	141,667	307,509
Noncash expense - PERS relief	12,154	48,459	16,437	17,312	94,362
(Increase) decrease in assets - accounts receivable (net)	-	(52,638)	(2,798)	7,663	(47,773)
Increase (decrease) in liabilities:					
Accounts payable	-	14,124	(79)	(1,513)	12,532
Accrued leave	(503)	614	(2,313)	1,568	(634)
Accrued payroll	1,119	-	-	-	1,119
Unearned revenue	-	(80,531)	-	-	(80,531)
Landfill closure costs payable	-	-	9,310	-	9,310
<b>Net cash flows from operating activities</b>	<b>\$ 3,905</b>	<b>\$ (44,987)</b>	<b>\$ (33,344)</b>	<b>\$ (214,348)</b>	<b>\$ (288,774)</b>

See accompanying notes to basic financial statements.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

June 30, 2013

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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.

### *Fund Types and Major Funds*

The City reports the following major governmental funds:

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

*School Loop Capital Project Fund* - to account for the School Loop Capital Project to include state, federal, and local funding sources.

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.

### *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*

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 to indicate that it is not available for general appropriation.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *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	20-40
Machinery	5-10
Vehicles	5-10
Infrastructure assets	50

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### *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.

### *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.

### *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.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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*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.

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

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Change in Accounting Principle*

The City has adopted the provisions of the Governmental Accounting Standards Board's statements number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and number 65, *Items Previously Reported as Assets and Liabilities*. The effect on the financial statements of the adoption of the provisions of these statements was to present a statement of net position rather than a statement of net assets, as presented in previous periods.

## 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, 2013.

	Totals
Deposit accounts and cash on hand	\$ 2,133,277
Pooled investment	2,892,350
	<hr/> \$ 5,025,627

	Totals
Cash and investments	\$ 4,056,175
Restricted cash	969,452
	<hr/> \$ 5,025,627

*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, 2013, \$250,000 of the City's 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.

### *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, a company that owns and rents an office building in Anchorage, Alaska. At June 30, 2013, the City's investment in the LLC was \$280,063. This investment is considered noncurrent, and accordingly, an equal amount of fund balance of the General Fund is shown as nonspendable.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### 3. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

<i>Year ended June 30,</i>	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated -</i>				
Construction in progress	\$ 1,113,177	\$ 170,453	\$ 1,283,630	\$ -
<i>Capital assets being depreciated:</i>				
Buildings	8,590,637	-	-	8,590,637
Improvements other than buildings	48,548	1,354,493	-	1,403,041
Equipment and vehicles	1,799,326	95,071	-	1,894,397
<b>Total assets being depreciated</b>	<b>10,438,511</b>	<b>1,449,564</b>	<b>-</b>	<b>11,888,075</b>
Less accumulated depreciation for:				
Buildings	2,621,704	429,532	-	3,051,236
Improvement other than buildings	21,071	40,225	-	61,326
Equipment and vehicles	1,251,195	100,753	-	1,351,948
<b>Total accumulated depreciation</b>	<b>3,893,970</b>	<b>570,540</b>	<b>-</b>	<b>4,464,510</b>
<b>Total capital assets being depreciated, net</b>	<b>6,544,541</b>	<b>879,024</b>	<b>-</b>	<b>7,423,565</b>
<b>Governmental Activity Capital Assets, Net</b>	<b>\$ 7,657,718</b>	<b>\$ 1,049,477</b>	<b>\$ 1,283,630</b>	<b>\$ 7,423,565</b>
<b>Business-Type Activities</b>				
<i>Capital assets not being depreciated -</i>				
Construction in progress	\$ 63,810	\$ 3,151,930	\$ -	\$ 3,215,740
<i>Capital assets being depreciated</i>				
Buildings and improvements	5,036,735	45,953	-	5,082,688
Equipment and vehicles	1,333,971	21,323	-	1,355,294
Landfill	1,996,889	-	-	1,996,889
<b>Total assets being depreciated</b>	<b>8,367,595</b>	<b>67,276</b>	<b>-</b>	<b>8,434,871</b>
Less accumulated depreciation for:				
Buildings and improvements	2,002,857	144,232	-	2,147,089
Equipment and vehicles	844,394	100,875	-	945,269
Landfill	998,446	62,403	-	1,060,849
<b>Total accumulated depreciation</b>	<b>3,845,697</b>	<b>307,510</b>	<b>-</b>	<b>4,153,207</b>
<b>Total capital assets being depreciated, net</b>	<b>4,521,898</b>	<b>(240,234)</b>	<b>-</b>	<b>4,281,664</b>
<b>Business-Type Activity Capital Assets, Net</b>	<b>\$ 4,585,708</b>	<b>\$ 2,911,696</b>	<b>\$ -</b>	<b>\$ 7,497,404</b>



**City of Sand Point, Alaska**  
**Notes to Basic Financial Statements**

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Depreciation expense was charged to the functions as follows:

<b>Governmental Activities</b>	
General government	\$ 410,323
Parks and recreation	3,927
Public safety	40,086
Public works	103,975
Community development	12,229
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 570,540</b>
 <b>Business Type Activities</b>	
Bingo	\$ 2,908
Boat harbor	66,526
Refuse collection	96,408
Water and sewer	141,667
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$ 307,509</b>

**4. 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 \$55,000 to \$175,000 through 2038	2%-5% (before rebate)	\$ 2,615,000

# 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
2014	\$ 55,000	\$ 105,822
2015	60,000	120,580
2016	65,000	118,180
2017	65,000	115,580
2018	70,000	112,980
2019-2023	390,000	518,300
2024-2028	500,000	421,900
2029-2033	625,000	284,400
2034-2038	785,000	122,000
<b>Total</b>	<b>\$ 2,615,000</b>	<b>\$ 1,919,742</b>

Changes in long term liabilities for the year ended June 30, 2013 follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
<b>Governmental Activities -</b>					
Compensated absences	\$ 88,568	\$ 124,551	\$ 130,483	\$ 82,636	\$ 82,636

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
<b>Business-type Activities</b>					
General obligation bonds	\$ -	\$ 2,615,000	\$ -	\$ 2,615,000	\$ 55,000
Bond premium	-	414,322	-	414,322	-
Landfill closure liability	74,480	9,310	-	83,790	-
Accrued leave	18,004	27,885	28,519	17,370	17,370
<b>Total Business-Type Activities</b>	<b>\$ 92,484</b>	<b>\$ 3,066,517</b>	<b>\$ 28,519</b>	<b>\$ 3,130,482</b>	<b>\$ 72,370</b>

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### 5. Fund Balances

Fund balances, reported for the major funds and nonmajor funds in the aggregation on the governmental funds balance sheet are subject to the following constraints:

<i>June 30, 2013</i>	General Fund	School Loop Capital Project Fund	Nonmajor Funds	Totals
<b>Nonspendable:</b>				
Investment in Southwest Governments, LLC	\$ 280,063	\$ -	\$ -	\$ 280,063
Advance to other funds	988,814	-	-	988,814
<b>Total nonspendable</b>	<b>1,268,877</b>	<b>-</b>	<b>-</b>	<b>1,268,877</b>
<b>Assigned:</b>				
Silver Salmon Derby	-	-	23,074	23,074
Clinic	-	-	76,546	76,546
Capital projects	-	469,115	-	469,115
<b>Total assigned</b>	<b>-</b>	<b>469,115</b>	<b>99,620</b>	<b>568,735</b>
<b>Unassigned</b>	<b>2,063,942</b>	<b>-</b>	<b>-</b>	<b>2,063,942</b>
<b>Total Fund Balances</b>	<b>\$ 3,332,819</b>	<b>\$ 469,115</b>	<b>\$ 99,620</b>	<b>\$ 3,901,554</b>

### 6. Interfund Balances

A schedule of interfund balances and transfers for the year ended June 30, 2013, follows:

*June 30, 2013*

#### Due To Other Funds

Due to the General Fund from Bingo Enterprise Fund for operating costs	\$ 366,919
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#### Advance to Other Funds

Advance from the General Fund to the Water and Sewer Enterprise Fund for capital and operating costs	\$ 988,814
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#### Transfers

Transfer from the General Fund to the Boat Harbor Enterprise Fund for capital costs	\$ 100,000
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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 7. 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.

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 legislation 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.

That same year, the State of Alaska passed additional legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

#### *Employee Contribution Rates*

Regular employees are required to contribute 6.75% of their annual covered salary (2.97% for pension and 3.78% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.29% for pension and 4.21% for healthcare).

#### *Employer and Other Contribution Rates*

There are three contribution rates associated with the pension and healthcare contributions and related liabilities:

*Contractual Rate:* This is the required funding rate for participating employers. The contractual rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate includes all PERS participating wages, including those wages attributable to employees in the defined contribution plan.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

*ARM Board Adopted Rate:* This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined to calculate annual funding requirements of the Plan, without regard to the statutory rate cap. There are no constraints or restrictions on the actuarial cost method or other assumptions used in this valuation, other than those established and agreed to by the ARM Board.

Current legislation provides that the State of Alaska will contribute the difference between the ARM Board adopted rate and the contractual (statutory) rate. These additional contributions are recognized by each employer as an on-behalf payment and are reflected as revenue and expense/expenditure within the financial statements.

*GASB 43 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. For FY13, the rate uses an 8.00% pension discount rate and a 6.88% healthcare discount rate. Additionally, the GASB 43 rate disregards all future Medicare Part D payments.

The GASB 43 rate differs significantly from the ARM Board adopted rate as a direct result of differences in the actuarial valuation methodology and assumptions.

Contribution rates for the year ended June 30, 2013 were determined as part of the June 30, 2010 actuarial valuation and are as follows:

<i>June 30, 2013</i>	Contractual Rate	ARM Board Adopted Rate	GASB 43 Rate
Pension	9.67%	15.75%	24.95%
Postemployment healthcare	12.33%	20.09%	39.93%
<b>Total contribution rate</b>	<b>22.00%</b>	<b>35.84%</b>	<b>64.88%</b>

### *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 13.84% of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, the City has recorded the State on-behalf payment in the amount of \$168,475 as revenue and expense/expenditures in these financial statements. However, because the City is not statutorily obligated for these payments, this amount is excluded from pension and OPEB cost as described here.

<i>Year ended June 30,</i>	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	City Contributions	% of TBC Contributed
2013	\$ 87,826	\$ 111,986	\$ 199,812	\$ 199,812	100%
2012	57,211	69,668	126,879	126,879	100%
2011	68,716	123,865	192,581	192,581	100%

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 8. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. The Plan 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 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.

#### *Employee Contribution Rates*

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

#### *Employer Contribution Rates*

The City is required to contribute the following amounts based on covered salary:

<i>June 30, 2013</i>	Other Tier IV	Police/Fire Tier IV
Individual account	5.00%	5.00%
Retiree medical plan	0.48%	0.48%
Occupational death and disability benefits	0.14%	0.99%
	5.62%	6.47%

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In addition, the employer must contribute to 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, 2012, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,848 per year for each full-time employee, and \$1.18 per hour for part-time employees.

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, 2013 were \$53,960 and \$43,154, respectively.

### 9. 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

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The City has estimated the closure and post closure costs to be \$242,060 with an estimated remaining life through 2030. At June 30, 2013, the City has recognized \$83,790 of this liability on the statement of net position, an increase of \$9,310 from the prior year. The City will recognize the remaining estimated cost of closure and post closure care of \$158,270 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 2013. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The remaining life of the landfill is estimated to be approximately 17 years.

At June 30, 2013 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.

### 10. 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 firefighters group accident coverage with insurance companies placed through APEI. The City has no coverage for potential losses from environmental damages.

APEI is a public entity risk pool organized to share risks among its members. Its bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's deposit contribution in comparison to the aggregate deposit contributions of all members. There were no supplemental assessments made during the year ended June 30, 2013.

### 11. 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.

### 12. 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 68 will result in the biggest reporting change. Actual impacts have not yet been determined:

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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GASB 66 - Technical Corrections - 2012 - Effective for year-end June 30, 2014 - This statement contains certain technical corrections to prior GASB statements on the topics of Risk Financing, Operating Leases, Loan Purchases, and Servicing Fees.

GASB 67 - Financial Reporting for Pension Plans - Effective for year-end June 30, 2014 - This statement changes the reporting and disclosure requirements for government Pension Plans. This statement modifies the Plan-side reporting.

GASB 68 - Accounting and Financial Reporting for Pensions - Effective for year-end June 30, 2015 - This statement changes the reporting and disclosure requirements for governments that participate in pension plans. This statement modifies the participating employer side reporting in connection with the Plan side reporting at GASB 67.

GASB 69 - Government Combinations and Disposals of Government Operations - Effective for year-end June 30, 2015 - This statement contains certain disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and effects of these transactions.

GASB 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees - Effective for year-end June 30, 2014 - This statement contains reporting requirements when a government financially guarantees the obligations of another government, non-profit, or private entity without receiving equal value in exchange.



## 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, 2013</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Taxes	\$ 1,765,000	\$ 1,757,500	\$ 1,688,121	\$ (69,379)
State of Alaska	518,188	549,927	817,016	267,089
Federal government	20,000	7,500	8,695	1,195
Investment income	-	-	18,590	18,590
Other revenues	187,000	174,500	241,634	67,134
<b>Total revenues</b>	<b>2,490,188</b>	<b>2,489,427</b>	<b>2,774,056</b>	<b>284,629</b>
<b>Expenditures - current:</b>				
General government	755,240	753,040	757,335	(4,295)
Parks and recreation	55,875	55,875	83,324	(27,449)
Public safety	529,535	533,718	592,399	(58,681)
Public works	971,558	1,026,792	1,048,453	(21,661)
<b>Total expenditures</b>	<b>2,312,208</b>	<b>2,369,425</b>	<b>2,481,511</b>	<b>(112,086)</b>
Excess of revenues over expenditures	177,980	120,002	292,545	172,543
Other financing uses - transfers out	(100,000)	(100,000)	(100,000)	-
Net change in fund balance	<u>\$ 77,980</u>	<u>\$ 20,002</u>	192,545	<u>\$ 172,543</u>
<b>Beginning fund balance</b>			<u>3,140,274</u>	
<b>Ending fund balance</b>			<u>\$ 3,332,819</u>	

## Supplementary Information

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## City of Sand Point, Alaska

General Fund  
Balance Sheet

<i>June 30,</i>	2013	2012
<b>Assets</b>		
Cash and investments	\$ 1,654,874	\$ 1,474,358
Receivables:		
Sales tax	85,023	50,159
Fish tax	116,735	216,751
Other	13,611	67,817
Investment in Southwest Governments, LLC	280,063	321,859
Due from other funds	336,919	340,942
Advance to other funds	988,814	735,228
<b>Total Assets</b>	<b>\$ 3,476,039</b>	<b>\$ 3,207,114</b>
<b>Liabilities and Fund Balance</b>		
Liabilities:		
Accounts payable	\$ 94,468	\$ 24,830
Unearned revenue	1,950	1,950
Accrued liabilities	46,802	40,060
<b>Total liabilities</b>	<b>143,220</b>	<b>66,840</b>
Fund balance:		
Nonspendable:		
Investment in Southwest Governments, LLC	280,063	321,859
Advance to other funds	988,814	735,228
Unassigned	2,063,942	2,083,187
<b>Total fund balance</b>	<b>3,332,819</b>	<b>3,140,274</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,476,039</b>	<b>\$ 3,207,114</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>	2013			2012
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
<b>Taxes:</b>				
Sales taxes	\$ 850,000	\$ 1,110,351	\$ 260,351	\$ 983,972
Local raw fish taxes	900,000	570,554	(329,446)	1,041,664
Accommodation taxes	7,500	7,216	(284)	19,614
<b>Total taxes</b>	<b>1,757,500</b>	<b>1,688,121</b>	<b>(69,379)</b>	<b>2,045,250</b>
<b>State of Alaska:</b>				
Shared fisheries and raw fish tax	337,198	337,198	-	229,620
Fish resource landing tax	-	76,195	76,195	75,977
Library grant	6,500	6,500	-	6,500
Community grant	-	-	-	30,000
KSDP grant	-	-	-	74,000
State revenue sharing	206,229	210,829	4,600	195,196
State PERS relief	-	186,294	186,294	127,315
State business license refund	-	-	-	5,000
<b>Total State of Alaska</b>	<b>549,927</b>	<b>817,016</b>	<b>267,089</b>	<b>743,608</b>
Federal government - emergency management grants	7,500	8,695	1,195	15,000
Investment income	-	18,590	18,590	12,278
<b>Other revenues:</b>				
Building rental	85,000	139,526	54,526	112,609
Equipment rental	20,000	20,446	446	4,169
Business licenses	2,500	2,375	(125)	2,475
EMS fund	4,000	7,690	3,690	3,350
Sweatshirt sales	-	1,105	1,105	580
Anchorage office	20,000	-	(20,000)	20,000
Local donation	-	5,350	5,350	55,406
Other	43,000	65,142	22,142	75,519
<b>Total other revenues</b>	<b>174,500</b>	<b>241,634</b>	<b>67,134</b>	<b>274,108</b>
<b>Total revenues</b>	<b>2,489,427</b>	<b>2,774,056</b>	<b>284,629</b>	<b>3,090,244</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>	2013			2012
	Budget	Actual	Variance	Actual
<b>Expenditures:</b>				
General government:				
Legislative:				
Salaries	\$ 36,000	\$ 37,600	\$ (1,600)	\$ 37,329
Fringe benefits	85,409	81,245	4,164	88,109
Travel and per diem	15,000	15,547	(547)	12,247
Dues and fees	8,000	7,287	713	7,670
<b>Total legislative</b>	<b>144,409</b>	<b>141,679</b>	<b>2,730</b>	<b>145,355</b>
Administration:				
Salaries	248,132	255,410	(7,278)	240,702
Fringe benefits	82,299	119,712	(37,413)	107,170
Contractual services	10,000	18,657	(8,657)	34,815
Travel and per diem	12,500	30,045	(17,545)	9,800
Telephone	10,000	12,556	(2,556)	11,062
Postage	5,000	6,764	(1,764)	6,589
Supplies	12,500	16,000	(3,500)	21,129
Equipment and maintenance	11,000	23,029	(12,029)	24,364
Dues and fees	3,000	5,548	(2,548)	10,863
Audit	35,000	36,036	(1,036)	37,076
Legal	12,000	23,815	(11,815)	7,333
Insurance	105,000	17,086	87,914	87,374
Bank service charges	8,000	7,610	390	9,218
Freight/speed paks	3,000	3,747	(747)	3,092
Elections	2,000	1,688	312	1,050
Donations	17,000	13,097	3,903	82,781
Hospitality	3,000	3,881	(881)	3,806
Library	3,700	2,716	984	4,699
Fuel	1,000	564	436	177
Other	24,500	17,695	6,805	9,412
<b>Total administration</b>	<b>608,631</b>	<b>615,656</b>	<b>(7,025)</b>	<b>712,512</b>
<b>Total general government</b>	<b>753,040</b>	<b>757,335</b>	<b>(4,295)</b>	<b>857,867</b>

## City of Sand Point, Alaska

## General Fund

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

Years Ended June 30,	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Parks and recreation:				
Salaries	\$ 38,000	\$ 27,034	\$ 10,966	\$ 17,624
Fringe benefits	12,875	7,541	5,334	4,477
Supplies	-	43,749	(43,749)	-
Donations	5,000	5,000	-	5,000
<b>Total parks and recreation</b>	<b>55,875</b>	<b>83,324</b>	<b>(27,449)</b>	<b>27,101</b>
Public safety:				
Police:				
Salaries	241,811	292,036	(50,225)	213,531
Fringe benefits	106,657	139,835	(33,178)	116,842
Dispatchers	20,000	25,694	(5,694)	24,298
Travel and per diem	10,000	17,354	(7,354)	4,139
Telephone	8,000	7,925	75	8,808
Supplies	5,000	5,054	(54)	6,401
Equipment	5,000	5,368	(368)	10,300
Equipment maintenance	5,000	6,475	(1,475)	9,678
Dues and fees	2,500	2,816	(316)	4,540
Fuel	10,000	20,044	(10,044)	16,975
Freight/speed paks	500	2,289	(1,789)	1,489
Relocation costs	10,000	11,244	(1,244)	-
Dog expense	-	965	(965)	676
<b>Total police</b>	<b>424,468</b>	<b>537,099</b>	<b>(112,631)</b>	<b>417,677</b>
Fire:				
Salaries	20,000	-	20,000	-
Fringe benefits	10,000	-	10,000	-
Volunteer stipends	7,500	8,550	(1,050)	8,200
Travel and per diem	500	-	500	-
Dues and fees	1,250	-	1,250	-
Contractual services	5,000	6,000	(1,000)	6,000
Telephone	5,000	3,862	1,138	1,665
Supplies	7,000	2,244	4,756	530
Equipment	6,000	2,563	3,437	2,831
Equipment maintenance	10,000	-	10,000	4,510
Fireboat	2,500	-	2,500	-
Freight	1,000	-	1,000	1,085
Fuel	2,000	272	1,728	488
Utilities	1,000	5,553	(4,553)	498
<b>Total fire</b>	<b>78,750</b>	<b>29,044</b>	<b>49,706</b>	<b>25,807</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>	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety, continued:				
Animal control:				
Salaries	\$ 12,000	\$ 14,255	\$ (2,255)	\$ 749
Fringe benefits	5,000	4,678	322	1,547
Supplies	2,500	2,581	(81)	-
Fuel	3,000	1,209	1,791	-
Travel and per diem	3,000	2,952	48	-
Utilities	1,000	-	1,000	-
Freight	1,000	185	815	-
Equipment	3,000	396	2,604	-
<b>Total animal control</b>	<b>30,500</b>	<b>26,256</b>	<b>4,244</b>	<b>2,296</b>
<b>Total public safety</b>	<b>533,718</b>	<b>592,399</b>	<b>(58,681)</b>	<b>445,780</b>
Public works:				
General:				
Salaries	250,483	292,742	(42,259)	272,984
Fringe benefits	118,559	176,924	(58,365)	147,516
Contractual	25,000	-	25,000	-
Travel and per diem	5,000	2,302	2,698	3,846
Telephone	3,000	2,749	251	2,348
Supplies	30,000	16,306	13,694	29,813
Equipment	50,000	32,913	17,087	14,820
Equipment maintenance	60,000	56,923	3,077	21,893
Equipment fuel	20,000	21,951	(1,951)	23,004
Dues and fees	30,000	570	29,430	859
Street lights	40,000	15,167	24,833	37,233
Utilities	1,500	-	1,500	19
Fuel	15,000	18,949	(3,949)	17,517
Repairs	8,000	-	8,000	7,420
Relocation costs	-	-	-	2,500
Freight/speed paks	20,000	14,114	5,886	21,926
<b>Total general</b>	<b>676,542</b>	<b>651,610</b>	<b>24,932</b>	<b>603,698</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>	2013			2012
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works, continued:				
Facilities:				
Salaries	\$ 70,000	\$ 87,331	\$ (17,331)	\$ 58,792
Fringe benefits	30,000	58,205	(28,205)	37,501
Dues and fees	-	1,140	(1,140)	2,460
Municipal building:				
Supplies	8,000	8,088	(88)	4,360
Dues and fees	1,500	-	1,500	-
Utilities	20,000	9,329	10,671	14,935
Equipment	6,000	6,453	(453)	2,988
Fuel	50,000	58,253	(8,253)	57,905
Repairs	80,000	88,891	(8,891)	5,105
Freight/speed paks	10,000	14,567	(4,567)	1,898
City houses:				
Supplies	3,000	19	2,981	3,374
Fuel	7,500	15,306	(7,806)	3,400
Equipment	1,000	4,081	(3,081)	690
Repairs	15,000	8,766	6,234	-
Freight/speed paks	1,500	-	1,500	963
RATNET building - utilities	750	607	143	769
Fire hall - utilities	7,500	-	7,500	6,980
Clinic facility:				
Supplies	1,000	180	820	1,281
Repairs	7,500	3,351	4,149	568
Fuel	-	7,276	(7,276)	3,751
Freight	1,000	53	947	331
4-plex:				
Supplies	2,000	190	1,810	56
Equipment	2,000	-	2,000	-
Fuel	10,000	13,505	(3,505)	14,108
Utilities	7,500	2,608	4,892	3,732
Repairs	1,000	364	636	967
Teen center:				
Fuel	1,500	4,543	(3,043)	6,119
Utilities	2,500	3,737	(1,237)	2,416
Repairs	2,500	-	2,500	76
<b>Total facilities</b>	<b>350,250</b>	<b>396,843</b>	<b>(46,593)</b>	<b>235,525</b>
<b>Total public works</b>	<b>1,026,792</b>	<b>1,048,453</b>	<b>(21,661)</b>	<b>839,223</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>	2013		2012	
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Total expenditures	\$2,369,425	\$ 2,481,511	\$ (112,086)	\$ 2,169,971
Excess of revenues over expenditures	120,002	292,545	172,543	920,273
Other financing uses - transfers out	(100,000)	(100,000)	-	(100,000)
Net change in fund balance	<u>\$ 20,002</u>	192,545	<u>\$ 172,543</u>	820,273
<b>Beginning</b> fund balance		<u>3,140,274</u>		<u>2,320,001</u>
<b>Ending</b> fund balance		<u>\$ 3,332,819</u>		<u>\$ 3,140,274</u>

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

<i>June 30, 2013</i>	Special Revenue Funds		Total Nonmajor Governmental Funds
	Silver Salmon Derby	Clinic Operations	
<b>Assets</b>			
Cash and investments	\$ 23,074	\$ 112,653	\$ 135,727
Accounts receivable	-	2,731	2,731
<b>Total Assets</b>	<b>\$ 23,074</b>	<b>\$ 115,384</b>	<b>\$ 138,458</b>
<b>Liabilities and Fund Balances</b>			
Liabilities - accounts payable	\$ -	\$ 38,838	\$ 38,838
Fund balances:			
Assigned:			
Silver Salmon Derby	23,074	-	23,074
Clinic	-	76,546	76,546
Total fund balances	23,074	76,546	99,620
<b>Total Liabilities and Fund Balances</b>	<b>\$ 23,074</b>	<b>\$ 115,384</b>	<b>\$ 138,458</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, 2013</i>			
Revenues:			
Federal government	\$ -	\$ 33,680	\$ 33,680
Other revenues	17,174	-	17,174
<b>Total revenues</b>	<b>17,174</b>	<b>33,680</b>	<b>50,854</b>
Expenditures:			
Health clinic	-	38,838	38,838
Community development	17,632	-	17,632
<b>Total expenditures</b>	<b>17,632</b>	<b>38,838</b>	<b>56,470</b>
Net change in fund balances	(458)	(5,158)	(5,616)
<b>Beginning</b> fund balances	<b>23,532</b>	<b>81,704</b>	<b>105,236</b>
<b>Ending</b> fund balances	<b>\$ 23,074</b>	<b>\$ 76,546</b>	<b>\$ 99,620</b>

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

<i>June 30,</i>	2013	2012
<b>Assets</b>		
Current assets - cash and investments	\$ 134,622	\$ 134,740
Capital assets:		
Equipment and vehicles	14,541	14,541
Less accumulated depreciation	(12,464)	(9,556)
Net capital assets	2,077	4,985
<b>Total Assets</b>	<b>\$ 136,699</b>	<b>\$ 139,725</b>
<b>Liabilities and Net Position (Deficit)</b>		
Liabilities:		
Accrued leave	\$ 616	\$ 1,119
Accrued payroll	1,119	-
Due to other funds	336,919	340,942
Total liabilities	338,654	342,061
Net position:		
Investment in capital assets	2,077	4,985
Unrestricted (deficit)	(204,032)	(207,321)
Total net position (deficit)	(201,955)	(202,336)
<b>Total Liabilities and Net Position</b>	<b>\$ 136,699</b>	<b>\$ 139,725</b>

## City of Sand Point, Alaska

## Bingo Enterprise Fund

## Statement of Revenues, Expenses and Changes in Deficit

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Pull tab revenue	\$ 530,253	\$ 638,972
Bingo revenue	55,270	38,808
Concessions	1,782	1,561
<b>Total operating revenues</b>	<b>587,305</b>	<b>679,341</b>
Operating expenses:		
Salaries and benefits	100,774	104,805
Telephone	1,238	932
Supplies	458	404
Depreciation	2,908	2,908
Concessions	1,552	1,808
Equipment and equipment maintenance	-	3,699
Dues and fees	808	1,106
Bank service charges	3,521	2,527
Freight/speed paks	125	894
Payouts to winners	466,594	525,290
Prizes	7,314	7,185
Pull tab tax	3,331	4,792
Pull tab purchases	10,455	15,010
Donations	-	50,645
<b>Total operating expenses</b>	<b>599,078</b>	<b>722,005</b>
Operating loss	(11,773)	(42,664)
Nonoperating revenues - State PERS relief	12,154	10,521
Change in net position	381	(32,143)
<b>Beginning deficit</b>	<b>(202,336)</b>	<b>(170,193)</b>
<b>Ending deficit</b>	<b>\$ (201,955)</b>	<b>\$ (202,336)</b>

## City of Sand Point, Alaska

Bingo Enterprise Fund  
Statement of Cash Flows

<i>Years Ended June 30,</i>	2013	2012
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 587,305	\$ 679,341
Payments for goods and services	(495,396)	(614,348)
Payments for salaries and benefits	(88,004)	(93,165)
<b>Net cash flows from operating activities</b>	<b>3,905</b>	<b>(28,172)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Increase (decrease) in due to other funds	(4,023)	43,940
<b>Net increase (decrease) in cash and investments</b>	<b>(118)</b>	<b>15,768</b>
<b>Beginning cash and investments</b>	<b>134,740</b>	<b>118,972</b>
<b>Ending cash and investments</b>	<b>\$ 134,622</b>	<b>\$ 134,740</b>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (11,773)	\$ (42,664)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	2,908	2,908
Noncash expense - PERS relief	12,154	10,521
Increase (decrease) in liabilities:		
Accrued leave	(503)	1,119
Accrued payroll	1,119	-
Accounts payable	-	(56)
<b>Net cash flows from operating activities</b>	<b>\$ 3,905</b>	<b>\$ (28,172)</b>

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

<i>June 30,</i>	2013	2012
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 1,282,586	\$ 526,026
Receivable from Aleutians East Borough	1,000,000	-
Accounts receivable, net of allowance of \$78,091 (\$53,806 in 2012)	102,935	50,297
<b>Total current assets</b>	<b>2,385,521</b>	<b>576,323</b>
Restricted cash - capital projects	969,452	-
Capital assets:		
Building and floats	498,446	491,732
Equipment and vehicles	636,262	624,166
Construction in progress	3,215,740	63,810
Less accumulated depreciation	(526,949)	(460,423)
<b>Net capital assets</b>	<b>3,823,499</b>	<b>719,285</b>
<b>Total Assets</b>	<b>\$ 7,178,472</b>	<b>\$ 1,295,608</b>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 1,381,408	\$ 959
Accrued leave	11,117	10,503
Current portion of bonds payable	55,000	-
Unearned revenue	454,032	80,531
<b>Total current liabilities</b>	<b>1,901,557</b>	<b>91,993</b>
Long-term liabilities:		
Bonds payable, net of current portion	2,560,000	-
Bond premium, net of accumulated amortization	414,322	-
<b>Total liabilities</b>	<b>4,875,879</b>	<b>91,993</b>
Net position:		
Net investment in capital assets	1,763,629	719,285
Unrestricted	538,964	484,330
<b>Total net position</b>	<b>2,302,593</b>	<b>1,203,615</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 7,178,472</b>	<b>\$ 1,295,608</b>



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

<i>Years Ended June 30,</i>	2013	2012
Operating revenues:		
Moorage	\$ 253,901	\$ 189,399
Travel lift	84,725	101,222
Wharfage	49,318	39,094
Van storage	17,548	18,371
Electricity	4,451	9,604
Penalties and interest	4,131	3,501
Rents	123,572	197,494
Other	9,372	7,860
<b>Total operating revenues</b>	<b>547,018</b>	<b>566,545</b>
Operating expenses:		
Salaries and benefits	439,556	431,634
Contractual	5,236	3,793
Travel and per diem	2,633	2,252
Telephone	3,046	2,813
Supplies	7,574	3,730
Depreciation	66,526	63,112
Equipment and equipment maintenance	26,207	147,352
Dues and fees	240	3,370
Utilities	16,491	27,634
Fuel	15,936	17,223
Repairs	2,820	20,315
Freight/speed paks	2,294	14,553
<b>Total operating expenses</b>	<b>588,559</b>	<b>737,781</b>
Operating loss	(41,541)	(171,236)
Nonoperating revenues (expenses):		
State PERS relief	48,459	39,804
Debt issuance costs	(7,940)	-
<b>Net nonoperating revenues (expenses)</b>	<b>40,519</b>	<b>39,804</b>
Loss before capital contributions and transfers	(1,022)	(131,432)
Capital contributions	1,000,000	-
Transfer in	100,000	-
Change in net position	1,098,978	(131,432)
<b>Beginning net position</b>	<b>1,203,615</b>	<b>1,335,047</b>
<b>Ending net position</b>	<b>\$ 2,302,593</b>	<b>\$ 1,203,615</b>

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

<i>Years Ended June 30,</i>	2013	2012
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 413,849	\$ 635,762
Payments for goods and services	(68,353)	(252,081)
Payments for salaries and benefits	(390,483)	(391,349)
<b>Net cash flows from operating activities</b>	<b>(44,987)</b>	<b>(7,668)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from bond issuance	3,021,382	-
Transfers In	100,000	-
Additions to capital assets	(1,804,415)	(27,900)
Capital grant advances	454,032	-
<b>Net cash flows from capital and related financing activities</b>	<b>1,770,999</b>	<b>(27,900)</b>
Net increase (decrease) in cash and investments	1,726,012	(35,568)
<b>Beginning cash and investments</b>	<b>526,026</b>	<b>561,594</b>
<b>Ending cash and investments</b>	<b>\$ 2,252,038</b>	<b>\$ 526,026</b>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (41,541)	\$ (171,236)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	66,526	63,112
Noncash expense - PERS relief	48,459	39,804
Increase in assets -		
accounts receivable (net)	(52,638)	(11,314)
Increase (decrease) in liabilities:		
Accounts payable	14,124	(9,046)
Accrued leave	614	481
Unearned revenue	(80,531)	80,531
<b>Net cash flows from operating activities</b>	<b>\$ (44,987)</b>	<b>\$ (7,668)</b>

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

<i>June 30,</i>	2013	2012
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 379,251	\$ 421,822
Accounts receivable, net of allowance of \$9,245 (\$9,245 in 2012)	32,530	29,732
<b>Total current assets</b>	<b>411,781</b>	<b>451,554</b>
Capital assets:		
Buildings	12,000	12,000
Equipment and vehicles	502,610	493,383
Sanitary landfill	1,996,889	1,996,889
Less accumulated depreciation	(1,455,203)	(1,358,795)
<b>Net capital assets</b>	<b>1,056,296</b>	<b>1,143,477</b>
<b>Total Assets</b>	<b>\$ 1,468,077</b>	<b>\$ 1,595,031</b>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 746	\$ 825
Accrued leave	1,279	3,592
<b>Total current liabilities</b>	<b>2,025</b>	<b>4,417</b>
Landfill closure costs payable	83,790	74,480
<b>Total liabilities</b>	<b>85,815</b>	<b>78,897</b>
Net position:		
Investment in capital assets	1,056,296	1,143,477
Unrestricted	325,966	372,657
<b>Total net position</b>	<b>1,382,262</b>	<b>1,516,134</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,468,077</b>	<b>\$ 1,595,031</b>

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

<i>Years Ended June 30,</i>	2013	2012
Operating revenues - user charges	\$ 148,112	\$ 158,115
Operating expenses:		
Salaries and benefits	145,534	151,079
Travel and per diem	-	740
Supplies	2,231	5,905
Equipment and equipment maintenance	29,315	22,376
Dues and fees	1,185	150
Utilities	4,909	5,617
Fuel	3,623	4,999
Repairs	499	438
Freight/speed paks	5,407	3,154
Landfill closure expense	9,310	9,310
Depreciation	96,408	93,823
<b>Total operating expenses</b>	<b>298,421</b>	<b>297,591</b>
Operating loss	(150,309)	(139,476)
Nonoperating revenues - State PERS relief	16,437	14,006
Change in net position	(133,872)	(125,470)
<b>Beginning net position</b>	<b>1,516,134</b>	<b>1,641,604</b>
<b>Ending net position</b>	<b>\$ 1,382,262</b>	<b>\$ 1,516,134</b>

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

<i>Years Ended June 30,</i>	2013	2012
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 145,314	\$ 159,255
Payments for goods and services	(47,248)	(43,849)
Payments for salaries and benefits	(131,410)	(134,914)
<b>Net cash flows from operating activities</b>	<b>(33,344)</b>	<b>(19,508)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Additions to capital assets	(9,227)	-
Net decrease in cash and investments	(42,571)	(19,508)
<b>Beginning cash and investments</b>	<b>421,822</b>	<b>441,330</b>
<b>Ending cash and investments</b>	<b>\$ 379,251</b>	<b>\$ 421,822</b>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (150,309)	\$ (139,476)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	96,408	93,823
Noncash expense - PERS relief	16,437	14,006
(Increase) decrease in assets -		
accounts receivable (net)	(2,798)	1,140
Increase (decrease) in liabilities:		
Accounts payable	(79)	(470)
Accrued leave	(2,313)	2,159
Landfill closure costs payable	9,310	9,310
<b>Net cash flows from operating activities</b>	<b>\$ (33,344)</b>	<b>\$ (19,508)</b>

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

<i>June 30,</i>	2013	2012
<b>Assets</b>		
Current assets -		
accounts receivable, net of allowance of \$15,813 (\$15,813 in 2012)	\$ 26,357	\$ 34,020
Capital assets:		
Buildings and improvements	4,572,242	4,533,003
Equipment and vehicles	201,881	201,881
Less accumulated depreciation	(2,158,591)	(2,016,923)
Net capital assets	2,615,532	2,717,961
<b>Total Assets</b>	<b>\$ 2,641,889</b>	<b>\$ 2,751,981</b>
<b>Liabilities and Net Position</b>		
Current liabilities:		
Accounts payable	\$ 7,702	\$ 9,215
Accrued leave	4,358	2,790
Total current liabilities	12,060	12,005
Advance from other funds	988,814	735,228
Total liabilities	1,000,874	747,233
Net position:		
Investment in capital assets	2,615,532	2,717,961
Unrestricted (deficit)	(974,517)	(713,213)
Total net position	1,641,015	2,004,748
<b>Total Liabilities and Net Position</b>	<b>\$ 2,641,889</b>	<b>\$ 2,751,981</b>

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

<i>Years Ended June 30,</i>	2013	2012
Operating revenues - user charges	\$ 182,498	\$ 187,741
Operating expenses:		
Salaries and benefits	152,920	155,528
Travel and per diem	12,665	6,281
Telephone	4,413	3,231
Supplies	20,758	40,579
Equipment and equipment maintenance	39,643	10,478
Dues and fees	7,050	10,672
Utilities	133,688	113,325
Fuel	36,515	35,389
Repairs	3,464	-
Freight/speed paks	10,760	10,969
Depreciation	141,667	132,455
Total operating expenses	563,543	518,907
Operating loss	(381,045)	(331,166)
Nonoperating revenues - State PERS relief	17,312	14,633
Change in net position	(363,733)	(316,533)
<b>Beginning net position</b>	2,004,748	2,321,281
<b>Ending net position</b>	<b>\$ 1,641,015</b>	<b>\$ 2,004,748</b>

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

<i>Years Ended June 30,</i>	2013	2012
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 190,161	\$ 187,453
Payments for goods and services	(270,469)	(240,140)
Payments for salaries and benefits	(134,040)	(139,668)
<b>Net cash flows from operating activities</b>	<b>(214,348)</b>	<b>(192,355)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Increase in advance from other funds	253,586	233,298
<b>Cash Flows from Capital and Related Financing Activities</b>		
Additions to capital assets	(39,238)	(40,943)
Net increase in cash and investments	-	-
<b>Beginning</b> cash and investments	-	-
<b>Ending</b> cash and investments	<b>\$ -</b>	<b>\$ -</b>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (381,045)	\$ (331,166)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	141,667	132,455
Noncash expense - PERS relief	17,312	14,633
(Increase) decrease in assets -		
Accounts receivable (net)	7,663	(288)
Increase (decrease) in liabilities:		
Accounts payable	(1,513)	(9,216)
Accrued leave	1,568	1,227
<b>Net cash flows from operating activities</b>	<b>\$ (214,348)</b>	<b>\$ (192,355)</b>