



City of Sand Point, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information and Single Audit Reports
Year Ended June 30, 2015

City of Sand Point, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information and Single Audit Reports
Year Ended June 30, 2015

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, 2015, and the related notes to the financial statements, which collectively comprise the City of Sand Point's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska, as of June 30, 2015, 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.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, in 2015 the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. 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 the budgetary comparison information on page 36 and the Schedules of Net Pension Liability, and Pension Contributions on pages 37 through 38, 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 requires 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, 2015 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 Schedule of State Financial Assistance and the combining and individual fund financial statements and schedules listed in the table of contents for the year ended June 30, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of State Financial Assistance is required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. 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, 2015.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Sand Point as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 3, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2014 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of the June 30, 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2016, on our consideration of City of Sand Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sand Point's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
February 25, 2016

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Basic Financial Statements

City of Sand Point, Alaska
Statement of Net Position

<i>June 30, 2015</i>	Govern- mental Activities	Business- type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 2,435,711	\$ 536,470	\$ 2,972,181
Accounts receivable, net	163,026	166,262	329,288
Internal balances	957,781	(957,781)	-
Investment in Southwest Governments, LLC	273,036	-	273,036
Capital assets not being depreciated	-	44,080	44,080
Other capital assets, net of accumulated depreciation	9,466,329	13,748,394	23,214,723
Total Assets	13,295,883	13,537,425	26,833,308
Deferred Outflows of Resources - pension related	77,547	46,863	124,410
Total Assets and Deferred Outflows of Resources	\$ 13,373,430	\$ 13,584,288	\$ 26,957,718
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	\$ 61,341	\$ 10,520	\$ 71,861
Accrued liabilities	66,240	1,618	67,858
Accrued interest payable	-	39,393	39,393
Noncurrent liabilities:			
Due within one year:			
Accrued leave	37,846	43,534	81,380
Bonds payable	-	65,000	65,000
Due in more than one year:			
Landfill closure costs payable	-	112,477	112,477
Bonds payable, net of current portion	-	2,435,000	2,435,000
Bond premium, net of accumulated amortization	-	381,175	381,175
Net pension liability	768,222	464,266	1,232,488
Total Liabilities	933,649	3,552,983	4,486,632
Deferred Inflows of Resources - pension related	88,755	53,639	142,394
Net Position			
Net investment in capital assets	9,466,329	10,911,299	20,377,628
Unrestricted (deficit)	2,884,697	(933,633)	1,951,064
Total Net Position	12,351,026	9,977,666	22,328,692
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,373,430	\$ 13,584,288	\$ 26,957,718

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Statement of Activities

Year Ended June 30, 2015	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	Business- type Activities	Total
Governmental Activities							
General government	\$ 1,269,861	\$ 108,550	\$ 29,296	\$ -	\$ (1,132,015)	\$ -	\$ (1,132,015)
Parks and recreation	39,734	-	-	-	(39,734)	-	(39,734)
Public safety	475,062	-	13,915	-	(461,147)	-	(461,147)
Public works	1,101,825	147,594	23,263	2,834,314	1,903,346	-	1,903,346
Health clinic	2,731	32,776	-	-	30,045	-	30,045
Community development	31,081	22,274	-	-	(8,807)	-	(8,807)
Total Governmental Activities	2,920,294	311,194	66,474	2,834,314	291,688	-	291,688
Business-type Activities							
Bingo	602,347	681,404	-	-	-	79,057	79,057
Boat harbor	1,055,081	664,658	24,513	39,238	-	(326,672)	(326,672)
Refuse collection	289,719	164,305	7,826	-	-	(117,588)	(117,588)
Water and sewer	384,638	202,189	3,817	-	-	(178,632)	(178,632)
Total Business-Type Activities	2,331,785	1,712,556	36,156	39,238	-	(543,835)	(543,835)
Total	\$ 5,252,079	\$ 2,023,750	\$ 102,630	\$ 2,873,552	291,688	(543,835)	(252,147)
General Revenues							
Taxes:							
Sales taxes					914,519	-	914,519
Local raw fish taxes					535,093	-	535,093
Accommodation taxes					14,158	-	14,158
Payment in lieu of taxes					150,000	-	150,000
Grants and entitlements not restricted to a specific purpose					480,603	-	480,603
Transfers					(229,086)	229,086	-
Total General Revenues and Transfers					1,865,287	229,086	2,094,373
Change in net position					2,156,975	(314,749)	1,842,226
Beginning net position, as restated (Note 15)					10,194,051	10,292,415	20,486,466
Ending net position					\$ 12,351,026	\$ 9,977,666	\$ 22,328,692

See accompanying notes to basic financial statements.

City of Sand Point, Alaska
Governmental Funds
Balance Sheet

<i>June 30, 2015</i>	Major Funds			Total Governmental Funds
	General	Sand Point Roads Capital Project Fund	Nonmajor Funds	
Assets				
Cash and investments	\$ 1,918,114	\$ 384,081	\$ 133,516	\$ 2,435,711
Receivables:				
Sales tax	90,166	-	-	90,166
Fish tax	68,319	-	-	68,319
Other	4,541	-	-	4,541
Investment in Southwest Governments, LLC	273,036	-	-	273,036
Advance to other funds	939,827	-	-	939,827
Due from other funds	17,954	-	-	17,954
Total Assets	\$ 3,311,957	\$ 384,081	\$ 133,516	\$ 3,829,554
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 61,341	\$ -	\$ -	\$ 61,341
Accrued liabilities	66,240	-	-	66,240
Total Liabilities	127,581	-	-	127,581
Fund Balances				
Nonspendable:				
Investment in Southwest Governments, LLC	273,036	-	-	273,036
Advance to other funds	939,827	-	-	939,827
Assigned:				
Silver Salmon Derby	-	-	17,542	17,542
Clinic	-	-	115,974	115,974
Capital projects	-	384,081	-	384,081
Next year's budget	432,351	-	-	432,351
Unassigned	1,539,162	-	-	1,539,162
Total Fund Balances	3,184,376	384,081	133,516	3,701,973
Total Liabilities and Fund Balances	\$ 3,311,957	\$ 384,081	\$ 133,516	\$ 3,829,554

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, 2015

Total fund balances for governmental funds		\$ 3,701,973
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:		
Buildings	\$ 8,590,637	
Improvements other than buildings	4,531,869	
Equipment and vehicles	2,037,859	
Total capital assets	15,160,365	
Accumulated depreciation	(5,694,036)	
Total capital assets, net		9,466,329
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Accrued leave	(37,846)	
Net pension liability	(768,222)	
Total noncurrent liabilities		(806,068)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows of resources related to pensions	77,547	
Deferred inflows of resources related to pensions	(88,755)	
Total deferred pension items		(11,208)
Total Net Position of Governmental Activities		\$ 12,351,026

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, 2015	Major Funds			Total Governmental Funds
	General	Sand Point Capital Project Fund	Roads Nonmajor Funds	
Revenues				
Taxes	\$ 1,463,770	\$ -	\$ -	\$ 1,463,770
State of Alaska	750,711	2,634,314	-	3,385,025
Other revenues	463,434	200,000	55,050	718,484
Total Revenues	2,677,915	2,834,314	55,050	5,567,279
Expenditures				
Current:				
General government	1,000,379	-	-	1,000,379
Parks and recreation	28,848	-	-	28,848
Public safety	524,772	-	-	524,772
Public works	1,071,951	-	-	1,071,951
Clinic operations	-	-	2,731	2,731
Community development	-	-	18,852	18,852
Capital outlay	-	2,919,348	-	2,919,348
Total Expenditures	2,625,950	2,919,348	21,583	5,566,881
Excess of revenues over (under) expenditure	51,965	(85,034)	33,467	398
Other Financing Uses - transfers out	(229,086)	-	-	(229,086)
Net change in fund balances	(177,121)	(85,034)	33,467	(228,688)
Beginning fund balances	3,361,497	469,115	100,049	3,930,661
Ending fund balances	\$ 3,184,376	\$ 384,081	\$ 133,516	\$ 3,701,973

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, 2015

Net change in fund balances - total governmental funds	\$ (228,688)
<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 capital outlays (\$3,060,691) exceeded depreciation (\$659,573) in the current year.</p>	
	2,401,118
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>	
Increase in accrued leave	(6,472)
Net increase in net pension liability and related deferred accounts	(8,983)
	(15,455)
Change in Net Position of Governmental Activities	\$ 2,156,975

See accompanying notes to basic financial statements.

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

<i>June 30, 2015</i>	Major Funds				Total Enterprise Funds
	Bingo	Boat Harbor	Refuse Collection	Water and Sewer	
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and investments	\$ 133,918	\$ -	\$ 400,429	\$ 2,123	\$ 536,470
Accounts receivable, net	-	94,044	41,411	30,807	166,262
Total Current Assets	133,918	94,044	441,840	32,930	702,732
Noncurrent Assets					
Buildings and improvements	-	10,795,390	19,400	4,572,242	15,387,032
Equipment and vehicles	14,541	613,642	498,629	177,509	1,304,321
Sanitary landfill	-	-	1,996,889	-	1,996,889
Construction in progress	-	44,080	-	-	44,080
Less accumulated depreciation	(14,541)	(871,108)	(1,644,038)	(2,410,161)	(4,939,848)
Total Noncurrent Assets	-	10,582,004	870,880	2,339,590	13,792,474
Total Assets	133,918	10,676,048	1,312,720	2,372,520	14,495,206
Deferred Outflows of Resources related to pensions	-	31,773	10,143	4,947	46,863
Total Assets and Deferred Outflows of Resources	\$ 133,918	\$ 10,707,821	\$ 1,322,863	\$ 2,377,467	\$ 14,542,069
Liabilities, Deferred Inflows of Resources and Net Position					
Liabilities					
Current Liabilities					
Accounts payable	\$ -	\$ 4,861	\$ 665	\$ 4,994	\$ 10,520
Accrued leave	-	37,820	2,824	2,890	43,534
Accrued payroll	1,618	-	-	-	1,618
Accrued interest payable	-	39,393	-	-	39,393
Current portion of bonds payable	-	65,000	-	-	65,000
Due to other funds	-	17,954	-	-	17,954
Total Current Liabilities	1,618	165,028	3,489	7,884	178,019
Noncurrent Liabilities					
Advance from other funds	176,561	-	-	763,266	939,827
Bonds payable, net of current portion	-	2,435,000	-	-	2,435,000
Bond premium, net	-	381,175	-	-	381,175
Landfill closure costs payable	-	-	112,477	-	112,477
Net pension liability	-	314,770	100,484	49,012	464,266
Total Noncurrent Liabilities	176,561	3,130,945	212,961	812,278	4,332,745
Total Liabilities	178,179	3,295,973	216,450	820,162	4,510,764
Deferred Inflows of Resources related to pensions	-	36,367	11,609	5,663	53,639
Net Position (Deficit)					
Net investment in capital assets	-	7,700,829	870,880	2,339,590	10,911,299
Unrestricted (deficit)	(44,261)	(325,348)	223,924	(787,948)	(933,633)
Total Net Position (Deficit)	(44,261)	7,375,481	1,094,804	1,551,642	9,977,666
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 133,918	\$ 10,707,821	\$ 1,322,863	\$ 2,377,467	\$ 14,542,069

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, 2015	Major Funds			Total Enterprise Funds	
	Bingo	Boat Harbor	Refuse Collection		Water and Sewer
Operating Revenues	\$ 681,404	\$ 664,658	\$ 164,305	\$ 202,189	\$ 1,712,556
Operating Expenses					
Salaries and benefits	38,349	485,353	146,084	117,586	787,372
Services and supplies	563,005	106,494	47,227	123,221	839,947
Depreciation	993	373,398	96,408	143,831	614,630
Total Operating Expenses	602,347	965,245	289,719	384,638	2,241,949
Operating income (loss)	79,057	(300,587)	(125,414)	(182,449)	(529,393)
Nonoperating Revenues (Expenses)					
State PERS relief	-	24,513	7,826	3,817	36,156
Interest expense	-	(89,836)	-	-	(89,836)
Net Nonoperating Revenues (Expenses)	-	(65,323)	7,826	3,817	(53,680)
Income (loss) before capital contributions and transfers	79,057	(365,910)	(117,588)	(178,632)	(583,073)
Capital contributions	-	39,238	-	-	39,238
Transfers in	42,104	-	12,679	174,303	229,086
Change in net position	121,161	(326,672)	(104,909)	(4,329)	(314,749)
Beginning net position (deficit), as restated (Note 15)	(165,422)	7,702,153	1,199,713	1,555,971	10,292,415
Ending net position (deficit)	\$ (44,261)	\$ 7,375,481	\$ 1,094,804	\$ 1,551,642	\$ 9,977,666

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended June 30, 2015	Major Funds				Total Enterprise Funds
	Bingo	Boat Harbor	Refuse Collection	Water and Sewer	
Cash Flows from (for) Operating Activities					
Receipts from customers	\$ 681,404	\$ 608,086	\$ 145,945	\$ 191,771	\$ 1,627,206
Payments for goods and services	(563,484)	(248,275)	(28,231)	(128,422)	(968,412)
Payments for salaries and benefits	(36,826)	(437,887)	(138,343)	(111,027)	(724,083)
Net cash flows from (for) operating activities	81,094	(78,076)	(20,629)	(47,678)	(65,289)
Cash Flows from (for) Noncapital Financing Activities					
Transfers in	42,104	-	12,679	174,303	229,086
Decrease in advances from other funds	(135,779)	-	-	(124,502)	(260,281)
Net cash flows from (for) noncapital financing activities	(93,675)	-	12,679	49,801	(31,195)
Cash Flows for Capital and Related Financing Activities					
Additions to capital assets	-	(421,789)	-	-	(421,789)
Principal paid on long-term debt	-	(60,000)	-	-	(60,000)
Interest paid on long-term debt	-	(107,209)	-	-	(107,209)
Increase in due to other funds	-	17,954	-	-	17,954
Capital contributions received	-	498,471	-	-	498,471
Net cash flows for capital and related financing activities	-	(72,573)	-	-	(72,573)
Net increase (decrease) in cash and investments	(12,581)	(150,649)	(7,950)	2,123	(169,057)
Beginning cash and investments	146,499	150,649	408,379	-	705,527
Ending cash and investments	\$ 133,918	\$ -	\$ 400,429	\$ 2,123	\$ 536,470
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities					
Operating income (loss)	\$ 79,057	\$ (300,587)	\$ (125,414)	\$ (182,449)	\$ (529,393)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:					
Depreciation	993	373,398	96,408	143,831	614,630
Noncash expense - PERS relief	-	24,513	7,826	3,817	36,156
(Increase) decrease in assets and deferred outflows of resources:					
Accounts receivable (net)	-	(56,572)	(18,360)	(10,418)	(85,350)
Deferred outflows of resources related to pensions	-	(5,860)	(1,871)	(912)	(8,643)
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable	(479)	(141,781)	(381)	(5,201)	(147,842)
Accrued leave	-	19,271	(1,261)	2,166	20,176
Accrued payroll	1,523	-	-	-	1,523
Landfill closure costs payable	-	-	19,377	-	19,377
Net pension liability	-	(26,825)	(8,562)	(4,177)	(39,564)
Deferred inflows of resources related to pensions	-	36,367	11,609	5,665	53,641
Net Cash Flows from (for) Operating Activities	\$ 81,094	\$ (78,076)	\$ (20,629)	\$ (47,678)	\$ (65,289)

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Notes to Basic Financial Statements

June 30, 2015

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

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

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

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

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

Major Funds

The City reports the following major governmental 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.

Sand Point Roads Capital Project Fund - Reports the construction activity related to the *Sand Point Road Projects*.

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.

The Refuse Collection Enterprise fund did not meet the quantitative criteria for major fund presentation: however the City has elected to report this fund as major for consistency with prior years and due to public interest.

Cash and Cash Equivalents

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

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.

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

Compensated Absences

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

Unearned Revenue

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

Long-term Debt

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

Pensions

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

Fund Balances

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

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

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

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

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

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

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

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.

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, 2015.

	Totals
Deposit accounts and cash on hand	\$ 575,840
Pooled investment	2,396,341
Total Cash and Investments	\$ 2,972,181

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, 2015, \$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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

Investments

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

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

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The 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, 2015, the City's investment in the LLC was \$273,036. This investment is considered noncurrent, and accordingly, an equal amount of fund balance of the General Fund is shown as nonspendable. In 2015, the City recorded \$41,511 in dividend and investment earnings related to this item, which is included in other revenue.

3. Receivables, and Allowance for Uncollectible Accounts

The City maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful accounts. At June 30, 2015, receivables for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Boat Harbor Enterprise Fund	Refuse Collection Enterprise Fund	Water and Sewer Enterprise Fund
Accounts	\$ -	\$ 191,329	\$ 63,802	\$ 56,225
Sales and Fish Taxes	158,485	-	-	-
Other	4,541	-	-	-
Total receivables	163,026	191,329	63,802	56,225
Less allowance for uncollectible accounts	(-)	(97,285)	(22,391)	(25,418)
Net Receivables	\$ 163,026	\$ 94,044	\$ 41,411	\$ 30,807

City of Sand Point, Alaska

Notes to Basic Financial Statements

4. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities				
<i>Capital assets not being depreciated -</i>				
Construction in progress	\$ -	\$ 2,919,348	\$ 2,919,348	\$ -
<i>Capital assets being depreciated:</i>				
Buildings	8,590,637	-	-	8,590,637
Improvements other than buildings	1,535,736	2,996,133	-	4,531,869
Equipment and vehicles	1,973,301	64,558	-	2,037,859
Total assets being depreciated	12,099,674	3,060,691	-	15,160,365
Less accumulated depreciation for:				
Buildings	3,480,768	429,532	-	3,910,300
Improvement other than buildings	75,729	123,305	-	199,034
Equipment and vehicles	1,477,966	106,736	-	1,584,702
Total accumulated depreciation	5,034,463	659,573	-	5,694,036
Total capital assets being depreciated, net	7,065,211	2,401,118	-	9,466,329
Governmental Activity Capital Assets, Net	\$ 7,065,211	\$ 5,320,466	\$ 2,919,348	\$ 9,466,329
Business-Type Activities				
<i>Capital assets not being depreciated -</i>				
Construction in progress	\$ 10,095,929	\$ 416,489	\$ 10,468,338	\$ 44,080
<i>Capital assets being depreciated</i>				
Buildings and improvements	4,913,394	10,473,638	-	15,387,032
Equipment and vehicles	1,304,321	-	-	1,304,321
Landfill	1,996,889	-	-	1,996,889
Total assets being depreciated	8,214,604	10,473,638	-	18,688,242
Less accumulated depreciation for:				
Buildings and improvements	2,233,895	449,491	-	2,683,386
Equipment and vehicles	968,071	102,736	-	1,070,807
Landfill	1,123,252	62,403	-	1,185,655
Total accumulated depreciation	4,325,218	614,630	-	4,939,848
Total capital assets being depreciated, net	3,889,386	9,859,008	-	13,748,394
Business-Type Activity Capital Assets, Net	\$ 13,985,315	\$10,275,497	\$ 10,468,338	\$ 13,792,474

City of Sand Point, Alaska

Notes to Basic Financial Statements

In 2015, the Harbor Fund capitalized \$29,945 in construction period interest.

Depreciation expense was charged to the functions as follows for the year ended June 30, 2015:

Governmental Activities	
General government	\$ 421,847
Parks and recreation	8,973
Community development	12,229
Public safety	39,335
Public works	177,189

Total Depreciation Expense - Governmental Activities	\$ 659,573
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Business Type Activities	
Boat harbor	\$ 373,398
Refuse collection	96,408
Water and sewer	143,831
Bingo	993

Total Depreciation Expense - Business-Type Activities	\$ 614,630
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5. Long-Term Debt

General Obligation Bonds

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

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

Bonds currently outstanding are as follows:

Business-Type Activities	Interest Rates	Outstanding Balance
Small boat harbor - \$2,615,000, 2013 Series One general obligation bonds, due in annual principal payments of \$65,000 to \$175,000 through 2038	2%-5%	\$ 2,500,000

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
2016	\$ 65,000	\$ 118,180
2017	65,000	115,580
2018	70,000	112,980
2019	70,000	110,180
2020	75,000	106,680
2021-2025	430,000	484,000
2026-2030	550,000	370,650
2031-2035	680,000	223,890
2036-2038	495,000	50,500
Total	\$ 2,500,000	\$ 1,692,640

Changes in long term liabilities for the year ended June 30, 2015 follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental Activities					
Accrued leave	\$ 31,374	\$ 64,690	\$ 58,218	\$ 37,846	\$ 37,846
Net pension liability	833,691	-	65,469	768,222	-
Total Governmental Activities	\$ 865,065	\$ 64,690	\$ 123,687	\$ 806,068	\$ 37,846
Business-type Activities					
General obligation bonds	\$ 2,560,000	\$ -	\$ 60,000	\$ 2,500,000	\$ 65,000
Bond premium	397,748	-	16,573	381,175	-
Landfill closure liability	93,100	19,377	-	112,477	-
Accrued leave	23,358	47,969	27,793	43,534	43,534
Net pension liability	503,832	-	39,566	464,266	-
Total Business-Type Activities	\$ 3,578,038	\$ 67,346	\$ 143,932	\$ 3,501,452	\$ 108,534

City of Sand Point, Alaska

Notes to Basic Financial Statements

6. Fund Balances

Fund balances, reported for the individual major fund, and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2015:

	General Fund	Sand Point Roads	Nonmajor Funds	Totals
Nonspendable:				
Investment in Southwest Governments, LLC	\$ 273,036	\$ -	\$ -	\$ 273,036
Advance to other funds	939,827	-	-	939,827
Total nonspendable	1,212,863	-	-	1,212,863
Assigned:				
Next year's budget	432,351	-	-	432,351
Silver Salmon Derby Clinic	-	-	115,974	115,974
Sand Point Road Projects	-	384,081	-	384,081
Total assigned	432,351	384,081	133,516	949,948
Unassigned	1,539,162	-	-	1,539,162
Total Fund Balances	\$ 3,184,376	\$ 384,081	\$ 133,516	\$ 3,701,973

7. Interfund Balances

A schedule of interfund balances and transfers for the year ended June 30, 2015, follows:

Advance to Other Funds

Advances from the General Fund to:

Water and Sewer Enterprise Fund for capital and operating costs	\$	763,266
Bingo Enterprise Fund for operations		176,561
Total Advances to Other Funds	\$	939,827

Transfers

Transfer from the General Fund to:

Refuse Collection Enterprise Fund for operating expenses	\$	12,679
Bingo Enterprise Fund for operating expenses		42,104
Water and Sewer Enterprise Fund for operating expenses		174,303
Total Transfers to Other Funds	\$	229,086

City of Sand Point, Alaska

Notes to Basic Financial Statements

8. Defined Benefit (DB) Pension Plan

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

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

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

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

Historical Context and Special Funding Situation

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

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board.

Although current statutes call for the State of Alaska to contribute to the Plan, the Alaska Department of Law has determined that the statute does not create a legal obligation to assume the liabilities of the Plan; rather it establishes a contribution mechanism to provide employer relief against the rising contribution rates. This relief payment is subject to funding availability, and therefore not legally mandated. As a result, the State has determined that the Plan is *not* in a special funding situation.

Management of the City strongly disagrees with the State's position and believes that AS 39.35.255 constitutes a special funding situation under GASB 68 rules and has recorded all pension related liabilities, deferred inflows/outflows, and disclosures on this basis, pending a final legal determination, as may be required to settle the matter.

City of Sand Point, Alaska

Notes to Basic Financial Statements

The City records the on-behalf contributions as revenue and expense/expenditures in the fund financial statements. However, the expenditures are adjusted to deferred outflows in the enterprise funds and government-wide financial statements.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (Police and firefighters are required to contribute 7.5% of their annual covered salary. Non-Teacher School District employees are required to contribute 9.6% of their annual covered salary.

Employer and Other Contribution Rates

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

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

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. However, in 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the On-behalf Contribution Rate for 2015 significantly exceeds the statutory amount. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. On the enterprise fund and government-wide financial statements, the on-behalf amounts are included in revenue, but are recorded as deferred outflows, rather than pension expense.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB rate disregards all future Medicare Part D payments. For FY15, the rate uses an 8.00% pension discount rate and a 4.90% healthcare discount rate.

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

Contribution rates for the year ended June 30, 2015 were determined in the June 30, 2012 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	12.54%	25.09%	42.41%	33.05%
Postemployment healthcare (see Note 10)	9.46%	18.94%	- %	55.07%
Total Contribution Rates	22.00%	44.03%	42.41%	88.12%

In 2015, the City was credited with the following contributions into the pension plan.

	Measurement Period	
	City FY14	City FY15
Employer contributions (including DBUL)	\$ 101,464	\$ 96,066
Nonemployer contributions (on-behalf)	95,979	514,588
Total Contributions	\$ 197,443	\$ 610,654

In addition, employee contributions to the Plan totaled \$28,915 during the City fiscal year.

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

At June 30, 2015, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

	2015
City proportionate share of NPL	\$ 1,232,488
State's proportionate share of NPL associated with the City	1,167,143
Total Net Pension Liability	\$ 2,399,631

City of Sand Point, Alaska

Notes to Basic Financial Statements

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At June 30, 2014, the City's proportion was .02612478 percent, which was an increase of .0009549 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$206,201 and on-behalf revenue of \$95,979 for support provided by the State. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (142,394)
Changes in proportion and differences between City contributions and proportionate share of contributions	28,344	-
City contributions subsequent to the measurement date	96,066	-
Total Deferred Outflows and Deferred Inflows of Resources	\$ 124,410	\$ (142,394)

The \$114,050 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,

2016	\$	(13,795)
2017		(29,058)
2018		(35,599)
2019		(35,598)

City of Sand Point, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2014. The actuarial valuation for the year ended June 30, 2014 (latest available) was prepared by Buck Consultants. The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2005 to June 30, 2009, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Inflation	3.12%
Salary Increases	Graded by service, from 6.36% to 4.12% for Peace Officers/Firefighters. Graded by age and service, from 9.6% to 3.62% for all others.
Investment Return / Discount Rate	8.00% net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and real rate of return over 4.88%.
Mortality	Rates based on the 1994 Group Annuity Mortality Table, sex distinct, 1994 Base year without margin projected to 2013 using Projection Scale AA, 80% of the male table and 60% of the female table for pre-termination mortality for Peace officers/fire fighters. 75% for male and 55% for female for pre-termination for all others; and 100% for males and 1-year set-forward for females for post-termination.

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

<i>Asset Class</i>	<i>Long-Term Expected Real Rate of Return</i>
Domestic equity	6.77%
International equity	7.50%
Private equity	10.86%
Fixed income	2.05%
Real estate	3.63%
Absolute return	4.80%

City of Sand Point, Alaska

Notes to Basic Financial Statements

Discount Rate

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

Discount Rate Sensitivity

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

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	0.02642478%	\$ 1,616,029	\$ 1,232,488	\$ 909,511

Pension Plan Fiduciary Net Position

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

9. Defined Contribution (DC) Pension Plan

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

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

Benefit Terms

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

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended June 30, 2015, the City was required to contribute 5% of covered salary into the Plan.

The City and employee contributions to PERS for pensions for the year ended June 30, 2015 were \$34,491 and \$55,186, respectively. The City contribution amount was recognized as pension expense/expenditures.

10. Other Post-Employment Benefit (OPEB) Plans

Defined Benefit OPEB

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

Employer Contribution Rate

The City is required to contribute 9.46% of covered payroll into the OPEB plan. Employees do not contribute.

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. In 2015, there were no on-behalf contributions into the OPEB Plan; however, on-behalf contributions to the OPEB Plan in 2014 and 2013 were \$73,657 and \$78,517, respectively.

<i>Year Ended June 30,</i>	<i>Annual OPEB Costs</i>	<i>City Contributions</i>	<i>% of Costs Contributed</i>
2015	\$ 72,473	\$ 72,473	100 %
2014	\$ 96,163	\$ 96,163	100 %
2013	\$ 111,997	\$ 111,997	100 %

City of Sand Point, Alaska

Notes to Basic Financial Statements

Defined Contribution OPEB

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

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2015 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.66%	1.66%
Occupational death and disability benefits	0.22%	1.06%
Total Contribution Rates	1.88%	2.72%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2014, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,961 per year for each full-time employee, and \$1.26 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2015, the City contributed \$43,090 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

11. Landfill Closure and Postclosure Liability

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

The City has estimated the closure and post closure costs to be \$345,000 with an estimated remaining life through 2027. At June 30, 2015, the City has recognized \$112,477 of this liability on the statement of net position, an increase of \$19,377 from the prior year. The City will recognize the remaining estimated cost of closure and post closure care of \$232,523 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 2015. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The remaining life of the landfill is estimated to be approximately 12 years.

City of Sand Point, Alaska

Notes to Basic Financial Statements

At June 30, 2015 the City has not committed or assigned any fund balance to fund the cost of closure and post closure monitoring, nor have any assets been restricted for this purpose.

12. Risk Management

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

The City is a member of Alaska Public Entity Insurance (APEI), a governmental insurance pool. APEI provides the City coverage for property, including building and contents, automobiles, mobile equipment, data processing equipment and boiler and machinery; casualty, including general liability, public officials and employees liability, law enforcement professional liability, auto liability and employee benefit liability; workers' compensation, including employers liability; and commercial blanket bond. The City maintains supplemental marine insurance and 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, 2015.

13. Contingencies

Grants

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

14. New Accounting Pronouncements

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

GASB 72 - Fair Value Measurement and Application - Effective for year-end June 30, 2016 - This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This statement is expected to primarily affect investment disclosures.

GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - This statement contains certain clarifications and amendments to GASB 67 and 68 as well as establishing requirements for both defined benefit and defined contribution pensions not within

City of Sand Point, Alaska

Notes to Basic Financial Statements

the scope of GASB 68. Effective for fiscal year end June 30, 2016—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for year ending June 30, 2017.

GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans - Effective for year-end June 30, 2017, with earlier application encouraged - This statement contains reporting financial reporting guidelines for Postemployment Benefit Plans. This is the Plan side requirements applicable to OPEB benefits and generally brings the OPEB reporting rules into alignment with the new GASB 67 Pension rules.

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

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - Effective for year-end June 30, 2016, with earlier application encouraged - This statement clarifies the hierarchy of generally accepted accounting principles to be used in the preparation of state and local government financial statements. This statement supersedes the previous hierarchy established in GASB 55.

15. Change in Accounting Principle

As discussed in Note 7 to the financial statements, the City participates in the Alaska Public Employees Retirement System (PERS) plan. In 2015 the City adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, which, among other accounting and reporting criteria, requires the City to recognize its proportional share of the Net Pension Liability (and related deferred inflow/outflow accounts), as of the beginning of the City's fiscal year. As a result of the implementation of this statement, the City has recorded an opening balance adjustment to reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

	Opening Net Position (Deficit), as Originally Presented	Change in Accounting Principle Adjustment	Opening Net Position (Deficit), as Restated
Governmental Activities	\$ 10,964,498	\$ (770,447)	\$ 10,194,051
Business-type Activities	10,758,023	(465,608)	10,292,415
Water and Sewer Enterprise Fund	1,605,123	(49,152)	1,555,971
Refuse Collection Enterprise Fund	1,300,487	(100,774)	1,199,713
Boat Harbor Enterprise Fund	8,017,835	(315,682)	7,702,153
Bingo Enterprise Fund	(165,422)	-	(165,422)

Required Supplementary Information

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

<i>Year Ended June 30, 2015</i>	Original Budget	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Final Budget
Revenues						
Taxes	\$ 1,716,000	\$ 1,716,000	\$ 1,463,770	\$ -	\$ 1,463,770	\$ (252,230)
State of Alaska	459,376	459,376	750,711	(320,748)	429,963	(29,413)
Federal government	7,500	7,500	-	-	-	(7,500)
Other revenues	360,000	360,000	463,434	-	463,434	103,434
Total Revenues	2,542,876	2,542,876	2,677,915	(320,748)	2,357,167	(185,709)
Expenditures - Current						
General government	1,007,622	1,007,622	1,000,379	(121,415)	878,964	128,658
Parks and recreation	41,179	41,179	28,848	-	28,848	12,331
Public safety	666,250	666,250	524,772	(74,608)	450,164	216,086
Public works	1,085,257	1,085,257	1,071,951	(124,725)	947,226	138,031
Total Expenditures	2,800,308	2,800,308	2,625,950	(320,748)	2,305,202	495,106
Excess of revenues over (under) expenditures	(257,432)	(257,432)	51,965	-	51,965	309,397
Other Financing Uses - transfers out	(229,086)	(229,086)	(229,086)	-	(229,086)	-
Net change in fund balance	<u>\$ (486,518)</u>	<u>\$ (486,518)</u>	(177,121)	<u>\$ -</u>	<u>\$ (177,121)</u>	<u>\$ 309,397</u>
Beginning fund balance			<u>3,361,497</u>			
Ending fund balance			<u>\$ 3,184,376</u>			

See accompanying notes to Required Supplementary Information.

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

<i>June 30,</i>	2015
City's proportion of the net pension liability	0.02642478%
City's proportionate share of the net pension liability	\$ 1,232,488
State of Alaska proportionate share of the net pension liability	<u>\$ 1,167,143</u>
Total net pension liability	<u>\$ 2,399,631</u>
City's covered-employee payroll	\$ 1,491,172
City's proportionate share of the net pension liability as a percentage of covered-employee payroll	83%
Plan fiduciary net position as a percentage of the total pension liability	62.37%

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska
Public Employees Retirement System
Schedule of City Contributions

<i>Year Ended June 30,</i>	2015
Contractually required contribution	\$ 96,066
Contributions in relation to the contractually required contribution	<u>\$ 96,066</u>
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 1,452,921
Contributions as a percentage of covered-employee payroll	<u>6.612%</u>

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska

Notes to Required Supplementary Information

June 30, 2015

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

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

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

This table is presented based on the Plan measurement date. For June 30, 2015, the Plan measurement date is June 30, 2014.

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

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

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

3. Public Employees Retirement System - Schedule of City Contributions

This table is based on the City's contributions during fiscal year 2015. These contributions are reported as a deferred outflow on the June 30, 2015 basic financial statements.

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

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Supplementary Information

City of Sand Point, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2015	2014
Assets		
Cash and investments	\$ 1,918,114	\$ 1,698,445
Receivables:		
Sales tax	90,166	104,812
Fish tax	68,319	64,463
Other	4,541	28,688
Prepays	-	29,731
Investment in Southwest Governments, LLC	273,036	271,525
Due from other funds	17,954	-
Advance to other funds	939,827	1,200,108
Total Assets	\$ 3,311,957	\$ 3,397,772
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 61,341	\$ 23,756
Unearned revenue	-	1,950
Accrued liabilities	66,240	10,569
Total Liabilities	127,581	36,275
Fund Balance		
Nonspendable:		
Prepaid items	-	29,731
Investment in Southwest Governments, LLC	273,036	271,525
Advance to other funds	939,827	1,200,108
Assigned - next year's budget	432,351	490,267
Unassigned	1,539,162	1,369,866
Total Fund Balance	3,184,376	3,361,497
Total Liabilities and Fund Balance	\$ 3,311,957	\$ 3,397,772

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

<i>Year Ended June 30,</i>	2015					2014
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
Revenues						
Taxes:						
Sales taxes	\$ 901,000	\$ 914,519	\$ -	\$ 914,519	\$ 13,519	\$ 953,363
Local raw fish taxes	800,000	535,093	-	535,093	(264,907)	715,745
Accommodation taxes	15,000	14,158	-	14,158	(842)	21,509
Total taxes	1,716,000	1,463,770	-	1,463,770	(252,230)	1,690,617
State of Alaska:						
Shared fisheries and raw fish tax	45,000	-	-	-	(45,000)	-
Fish resource landing tax	260,000	274,072	-	274,072	14,072	326,324
Library grants	10,500	6,650	-	6,650	(3,850)	7,799
State revenue sharing	143,876	149,241	-	149,241	5,365	142,933
State PERS relief	-	320,748	(320,748)	-	-	110,942
State liquor licenses	-	-	-	-	-	2,500
Total State of Alaska	459,376	750,711	(320,748)	429,963	(29,413)	590,498
Federal Government:						
Public library assistance passed through State	-	-	-	-	-	2,793
Emergency management grants	7,500	-	-	-	(7,500)	3,419
Total Federal Government	7,500	-	-	-	(7,500)	6,212
Other revenues:						
Payment in lieu of taxes - local sources	150,000	150,000	-	150,000	-	150,000
Building rental	125,000	134,942	-	134,942	9,942	150,168
Grant revenue - not state or federal	-	57,290	-	57,290	57,290	-
Equipment rental	15,000	12,652	-	12,652	(2,348)	22,510
Business licenses	2,500	2,775	-	2,775	275	2,475
EMS fund	500	2,000	-	2,000	1,500	2,000
Sweatshirt sales	-	-	-	-	-	25
Anchorage office	20,000	21,511	-	21,511	1,511	28,000
Local donation	-	750	-	750	750	1,200
Other	47,000	81,514	-	81,514	34,514	62,506
Total other revenues	360,000	463,434	-	463,434	103,434	418,884
Total Revenues	2,542,876	2,677,915	(320,748)	2,357,167	(185,709)	2,706,211

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

<i>Year Ended June 30,</i>	2015					2014
	Final	Actual	Budget to	Actual	Variance	Actual
	Budget	GAAP	GAAP	Budgetary	with Budget	GAAP
		Basis	Difference	Basis		Basis
Expenditures						
General government:						
Legislative:						
Salaries	\$ 39,600	\$ 36,075	\$ -	\$ 36,075	\$ 3,525	\$ 36,125
Fringe benefits	96,000	105,211	(16,684)	88,527	7,473	92,072
Travel and per diem	12,000	8,003	-	8,003	3,997	9,356
Dues and fees	3,000	2,725	-	2,725	275	3,957
Total legislative	150,600	152,014	(16,684)	135,330	15,270	141,510
Administration:						
Salaries	220,262	226,449	-	226,449	(6,187)	338,704
Contractual services	38,000	18,250	-	18,250	19,750	18,625
Fringe benefits	66,080	207,968	(104,731)	103,237	(37,157)	126,434
Travel and per diem	28,000	16,806	-	16,806	11,194	27,012
Telephone	14,000	13,336	-	13,336	664	14,932
Postage	6,000	4,806	-	4,806	1,194	6,513
Supplies	8,000	12,302	-	12,302	(4,302)	10,068
Equipment	15,000	18,202	-	18,202	(3,202)	19,174
Equipment maintenance	4,000	6,383	-	6,383	(2,383)	6,805
Dues and fees	4,000	20,519	-	20,519	(16,519)	13,831
Anchorage office	10,000	10,589	-	10,589	(589)	9,368
Sales tax audit	10,000	-	-	-	10,000	-
Audit	40,000	54,980	-	54,980	(14,980)	36,086
Legal	15,000	54,283	-	54,283	(39,283)	16,399
Insurance	140,000	125,604	-	125,604	14,396	137,545
Bank service charges	12,000	28,249	-	28,249	(16,249)	11,381
Fuel	1,200	1,560	-	1,560	(360)	1,408
Freight/speed paks	3,000	2,322	-	2,322	678	2,879
Elections	2,000	761	-	761	1,239	976
Donations	20,000	12,848	-	12,848	7,152	13,408
Hospitality	3,000	3,187	-	3,187	(187)	3,159
Library	3,700	2,852	-	2,852	848	5,962
Event costs	10,000	5,591	-	5,591	4,409	10,780
Airport leases	3,200	-	-	-	3,200	-
Bond payment	180,580	-	-	-	180,580	-
Other	-	518	-	518	(518)	3,826
Total administration	857,022	848,365	(104,731)	743,634	113,388	835,275
Total general government	1,007,622	1,000,379	(121,415)	878,964	128,658	976,785

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

<i>Year Ended June 30,</i>	2015					2014	
	Final	Actual	Budget to	Actual	Variance	Actual	
	Budget	GAAP	GAAP	Budgetary	with Budget	GAAP	
		Basis	Difference	Basis		Basis	Basis
Expenditures, continued							
Parks and recreation:							
Salaries	\$ 37,436	\$ 26,551	\$ -	\$ 26,551	\$ 10,885	\$ 27,018	
Fringe benefits	3,743	2,297	-	2,297	1,446	5,497	
Total parks and recreation	41,179	28,848	-	28,848	12,331	32,515	
Public safety:							
Police:							
Salaries	360,000	252,761	-	252,761	107,239	267,208	
911 dispatchers	20,000	25,865	-	25,865	(5,865)	23,236	
Fringe benefits	126,000	155,625	(74,608)	81,017	44,983	113,543	
Travel and per diem	15,000	4,282	-	4,282	10,718	6,113	
Telephone	8,500	8,707	-	8,707	(207)	8,724	
Supplies	5,000	4,110	-	4,110	890	3,428	
Police dog	2,500	624	-	624	1,876	413	
Equipment	35,000	4,960	-	4,960	30,040	33,344	
Equipment maintenance	8,500	7,246	-	7,246	1,254	6,021	
Dues and fees	2,500	1,660	-	1,660	840	1,181	
Fuel	20,000	13,226	-	13,226	6,774	10,928	
Freight/speed paks	500	391	-	391	109	715	
Relocation costs	4,000	552	-	552	3,448	1,602	
Total police	607,500	480,009	(74,608)	405,401	202,099	476,456	
Emergency services:							
Volunteer stipend	7,500	4,250	-	4,250	3,250	6,650	
Contractual	5,000	5,500	-	5,500	(500)	6,225	
Travel and per diem	500	-	-	-	500	365	
Telephone	3,000	3,538	-	3,538	(538)	3,439	
Supplies	2,000	1,118	-	1,118	882	489	
Equipment	4,000	-	-	-	4,000	3,502	
Equipment maintenance	2,500	384	-	384	2,116	645	
Equipment fuel	1,000	53	-	53	947	186	
Dues and fees	750	-	-	-	750	-	
Utilities	500	-	-	-	500	-	
Freight	500	-	-	-	500	200	
Total emergency services	27,250	14,843	-	14,843	12,407	21,701	

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

<i>Year Ended June 30,</i>	2015					2014
	Actual	Budget to	Actual	Variance	Actual	
	GAAP	GAAP	Budgetary	with Budget	GAAP	
	Basis	Difference	Basis		Basis	
Final						
Budget						
Expenditures, continued						
Public safety, continued:						
Fire:						
Salaries	\$ 12,000	\$ 15,700	\$ -	\$ 15,700	\$ (3,700)	20,980
Fringe	4,000	4,186	-	4,186	(186)	\$ 7,971
Telephone	1,000	698	-	698	302	677
Fireboat	1,500	1,242	-	1,242	258	269
Supplies	2,500	16	-	16	2,484	297
Equipment	2,500	-	-	-	2,500	1,425
Equipment maintenance	2,500	3,423	-	3,423	(923)	275
Equipment fuel	1,000	540	-	540	460	363
Dues and fees	500	-	-	-	500	-
Utilities	3,500	3,847	-	3,847	(347)	3,671
Freight	500	29	-	29	471	676
Total fire	31,500	29,681	-	29,681	1,819	36,604
Animal control:						
Salaries	-	-	-	-	-	9,375
Fringe benefits	-	-	-	-	-	1,921
Supplies	-	-	-	-	-	13
Equipment maintenance	-	-	-	-	-	135
Fuel	-	239	-	239	(239)	1,736
Total animal control	-	239	-	239	(239)	13,180
Total public safety	666,250	524,772	(74,608)	450,164	216,086	547,941
Public works:						
General:						
Salaries	292,036	312,464	-	312,464	(20,428)	206,456
Contractual	10,000	-	-	-	10,000	-
Fringe benefits	137,253	209,805	(88,186)	121,619	15,634	141,880
Travel and per diem	2,500	1,650	-	1,650	850	4,095
Telephone	2,000	3,507	-	3,507	(1,507)	2,868
Supplies	20,000	25,431	-	25,431	(5,431)	12,717
Equipment	55,000	4,755	-	4,755	50,245	24,612
Equipment maintenance	50,000	73,736	-	73,736	(23,736)	66,603
Equipment fuel	15,000	846	-	846	14,154	20,045
Dues and fees	1,000	293	-	293	707	84
Street lights	15,000	17,646	-	17,646	(2,646)	12,407
Utilities	1,500	-	-	-	1,500	-
Fuel	15,000	13,641	-	13,641	1,359	27,037
Repairs	5,000	1,647	-	1,647	3,353	-
Freight/speed paks	10,000	13,358	-	13,358	(3,358)	7,028
Total general	631,289	678,779	(88,186)	590,593	40,696	525,832

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

<i>Year Ended June 30,</i>	2015					2014	
	Final	Actual	Budget to	Actual	Variance	Actual	
	Budget	GAAP	GAAP	Budgetary	with Budget	GAAP	
		Basis	Difference	Basis		Basis	Basis
Expenditures, continued							
Public works, continued:							
Facilities:							
Salaries	\$ 118,992	\$ 79,004	\$ -	\$ 79,004	\$ 39,988	\$ 79,223	
Fringe benefits	49,976	77,730	(36,539)	41,191	8,785	44,584	
Municipal building:							
Supplies	10,000	13,543	-	13,543	(3,543)	11,164	
Equipment	1,000	61,353	-	61,353	(60,353)	833	
Equipment maintenance	2,500	1,137	-	1,137	1,363	3,270	
Dues and fees	1,500	15	-	15	1,485	94	
Utilities	10,000	8,211	-	8,211	1,789	7,845	
Fuel	50,000	39,661	-	39,661	10,339	43,289	
Repairs	90,000	32,446	-	32,446	57,554	44,865	
Boardwalk repairs	10,000	-	-	-	10,000	-	
Freight/speed paks	15,000	21,862	-	21,862	(6,862)	7,211	
City houses:							
Supplies	3,500	11	-	11	3,489	450	
Equipment	1,500	-	-	-	1,500	2,310	
Hamik rental	12,000	12,000	-	12,000	-	6,000	
Fuel	15,000	13,500	-	13,500	1,500	14,083	
Repairs	13,000	1,520	-	1,520	11,480	3,755	
Freight/speed paks	3,500	-	-	-	3,500	78	
Utilities	5,000	2,930	-	2,930	2,070	597	
RATNET building - utilities	500	556	-	556	(56)	412	
Clinic facility:							
Supplies	1,000	800	-	800	200	222	
Repairs	8,000	3,816	-	3,816	4,184	38,257	
Freight	1,000	98	-	98	902	76	
4-plex:							
Supplies	1,000	-	-	-	1,000	151	
Equipment	1,000	-	-	-	1,000	1,260	
Utilities	3,000	2,601	-	2,601	399	2,071	
Fuel	15,000	10,894	-	10,894	4,106	11,866	
Repairs	1,000	102	-	102	898	1,784	
Teen center:							
Utilities	3,500	5,015	-	5,015	(1,515)	3,955	
Fuel	4,000	3,013	-	3,013	987	4,701	
Repairs	2,500	1,354	-	1,354	1,146	6,215	
Total facilities	453,968	393,172	(36,539)	356,633	97,335	340,621	
Total public works	1,085,257	1,071,951	(124,725)	947,226	138,031	866,453	

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

<i>Year Ended June 30,</i>	2015					2014
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
Expenditures, continued						
Total Expenditures	\$ 2,800,308	\$ 2,625,950	\$ (320,748)	\$ 2,305,202	\$ 495,106	2,423,694
Excess of revenues over (under) expenditures	(257,432)	51,965	-	51,965	309,397	282,517
Other Financing Uses - transfers out	(229,086)	(229,086)	-	(229,086)	-	(253,839)
Net change in fund balance	<u>\$ (486,518)</u>	(177,121)	<u>\$ -</u>	<u>\$ (177,121)</u>	<u>\$ 309,397</u>	28,678
Beginning fund balance		<u>3,361,497</u>				<u>3,332,819</u>
Ending fund balance		<u>\$ 3,184,376</u>				<u>\$3,361,497</u>

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

<i>June 30, 2015</i>	Special Revenue Funds		Total Nonmajor Governmental Funds
	Silver Salmon Derby	Clinic Operations	
Assets			
Cash and investments	\$ 17,542	\$ 115,974	\$ 133,516
Total Assets	\$ 17,542	\$ 115,974	\$ 133,516
Fund Balances			
Assigned:			
Silver Salmon Derby	17,542	-	17,542
Clinic	-	115,974	115,974
Total Fund Balances	\$ 17,542	\$ 115,974	\$ 133,516

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

	<u>Special Revenue Funds</u>		Total Nonmajor Govern- mental Funds
	Silver Salmon Derby	Clinic Operations	
<i>Year Ended June 30, 2015</i>			
Revenues			
Other revenues	22,274	\$ 32,776	55,050
Total Revenues	22,274	32,776	55,050
Expenditures			
Community development	18,852	-	18,852
Clinic operations	-	2,731	2,731
Total Expenditures	18,852	2,731	21,583
Net change in fund balances	3,422	30,045	33,467
Beginning fund balances	14,120	85,929	100,049
Ending fund balances	\$ 17,542	\$ 115,974	\$ 133,516

City of Sand Point, Alaska

Bingo Enterprise Fund
Statement of Net Deficit

<i>June 30,</i>	2015	2014
Assets		
Current Assets - cash and investments	\$ 133,918	\$ 146,499
Noncurrent Assets		
Equipment and vehicles	14,541	14,541
Less accumulated depreciation	(14,541)	(13,548)
Total Noncurrent Assets	-	993
Total Assets	\$ 133,918	\$ 147,492
Liabilities and Net Deficit		
Current Liabilities		
Accrued payroll	\$ 1,618	\$ 95
Accounts payable	-	479
Total Current Liabilities	1,618	574
Noncurrent Liabilities		
Advance from other funds	176,561	312,340
Total Liabilities	178,179	312,914
Net Deficit		
Investment in capital assets	-	993
Unrestricted (deficit)	(44,261)	(166,415)
Total Net Deficit	(44,261)	(165,422)
Total Liabilities and Net Deficit	\$ 133,918	\$ 147,492

City of Sand Point, Alaska
Bingo Enterprise Fund
Statement of Revenues, Expenses and Changes in Deficit

<i>Year Ended June 30,</i>	2015	2014
Operating Revenues		
Pull tab revenue	\$ 619,444	\$ 551,647
Bingo revenue	61,894	41,899
Concessions	66	641
Other operating revenues	-	231
Total Operating Revenues	681,404	594,418
Operating Expenses		
Salaries and benefits	38,349	60,046
Travel and per diem	-	2,942
Telephone	1,539	1,217
Supplies	992	1,426
Depreciation	993	1,084
Dues and fees	639	3,500
Bank service charges	2,815	2,383
Freight/speed paks	380	226
Prizes and payouts	537,762	474,963
Pull tab tax	5,041	4,596
Pull tab purchases	13,837	11,008
Total Operating Expenses	602,347	563,391
Operating income	79,057	31,027
Nonoperating Revenues - State PERS relief	-	5,506
Income before transfers	79,057	36,533
Transfers in	42,104	-
Change in net deficit	121,161	36,533
Beginning deficit	(165,422)	(201,955)
Ending deficit	\$ (44,261)	\$ (165,422)

City of Sand Point, Alaska

Bingo Enterprise Fund
Statement of Cash Flows

<i>Year Ended June 30,</i>	2015	2014
Cash Flows from Operating Activities		
Receipts from customers	\$ 681,404	\$ 594,418
Payments for goods and services	(563,484)	(501,782)
Payments for salaries and benefits	(36,826)	(56,180)
Net cash flows from operating activities	81,094	36,456
Cash Flows from (for) Noncapital Financing Activities		
Transfers in	42,104	-
Decrease in advances from other funds	(135,779)	(24,579)
Net cash flows from (for) noncapital financing activities	(93,675)	(24,579)
Net increase in cash and investments	(12,581)	11,877
Beginning cash and investments	146,499	134,622
Ending cash and investments	\$ 133,918	\$ 146,499
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating income	\$ 79,057	\$ 31,027
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	993	1,084
Noncash expense - PERS relief	-	5,506
Increase (decrease) in liabilities:		
Accrued leave	-	(616)
Accrued payroll	1,523	(1,024)
Accounts payable	(479)	479
Net Cash Flows from Operating Activities	\$ 81,094	\$ 36,456

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

<i>June 30,</i>	2015	2014
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ -	\$ 50,649
Grants and contracts receivable	-	459,233
Accounts receivable, net of allowance of \$97,285 (\$96,822 in 2014)	94,044	37,472
Total Current Assets	94,044	547,354
Restricted Cash - capital projects	-	100,000
Noncurrent Assets		
Building and floats	10,795,390	321,752
Equipment and vehicles	613,642	613,642
Construction in progress	44,080	10,095,929
Less accumulated depreciation	(871,108)	(497,710)
Total Noncurrent Assets	10,582,004	10,533,613
Total Assets	10,676,048	11,180,967
Deferred Outflows of Resources related to pensions	31,773	-
Total Assets and Deferred Outflows of Resources	\$ 10,707,821	\$ 11,180,967
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 4,861	\$ 146,642
Accrued leave	37,820	18,549
Accrued interest payable	39,393	40,193
Current portion of bonds payable	65,000	60,000
Due to other funds	17,954	-
Total Current Liabilities	165,028	265,384
Noncurrent Liabilities		
Bonds payable, net of current portion	2,435,000	2,500,000
Bond premium, net of accumulated amortization	381,175	397,748
Net pension liability	314,770	-
Total Noncurrent Liabilities	3,130,945	2,897,748
Total Liabilities	3,295,973	3,163,132
Deferred Inflows of Resources related to pensions	36,367	-
Net Position		
Net investment in capital assets	7,700,829	7,575,865
Unrestricted (deficit)	(325,348)	441,970
Total Net Position	7,375,481	8,017,835
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 10,707,821	\$ 11,180,967

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

<i>Year Ended June 30,</i>	2015	2014
Operating Revenues		
Moorage	\$ 266,977	\$ 172,199
Travel lift	79,410	82,444
Wharfage	61,425	75,608
Van storage	17,576	19,512
Electricity	23,389	5,525
Penalties and interest	5,557	5,352
Rents	115,310	109,815
Harbor electric fee	22,724	-
Other operating revenues	72,290	133,483
Total Operating Revenues	664,658	603,938
Operating Expenses		
Salaries and benefits	485,353	462,175
Contractual	6,341	33,280
Travel and per diem	-	3,125
Telephone	4,923	3,437
Supplies	8,359	9,878
Depreciation	373,398	66,929
Equipment and equipment maintenance	12,601	18,835
Dues and fees	850	249
Utilities	40,192	40,176
Fuel	16,800	17,624
Repairs	12,735	18,387
Freight/speed paks	3,693	4,040
Other operating expenses	-	4,769
Total Operating Expenses	965,245	682,904
Operating loss	(300,587)	(78,966)
Nonoperating Revenues (Expenses)		
State PERS relief	24,513	32,531
Loss on disposal of capital asset	-	(101,045)
Interest expense	(89,836)	-
Net Nonoperating Revenues (Expenses)	(65,323)	(68,514)
Loss before capital contributions	(365,910)	(147,480)
Capital contributions	39,238	5,862,722
Change in net position	(326,672)	5,715,242
Beginning net position, as restated (Note 15)	7,702,153	2,302,593
Ending net position	\$ 7,375,481	\$ 8,017,835

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

<i>Year Ended June 30,</i>	2015	2014
Cash Flows from (for) Operating Activities		
Receipts from customers	\$ 608,086	\$ 669,401
Payments for goods and services	(248,275)	(388,566)
Payments for salaries and benefits	(437,887)	(422,212)
Net cash flows from (for) operating activities	(78,076)	(141,377)
Cash Flows for Capital and Related Financing Activities		
Principal paid on long-term debt	(60,000)	(55,000)
Interest paid on long-term debt	(107,209)	(124,396)
Additions to capital assets	(421,789)	(6,730,073)
Capital contributions received	498,471	4,949,457
Increase in due to other funds	17,954	-
Net cash flows for capital and related financing activities	(72,573)	(1,960,012)
Net decrease in cash and investments	(150,649)	(2,101,389)
Beginning cash and investments	150,649	2,252,038
Ending cash and investments	\$ -	\$ 150,649
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	\$ (300,587)	\$ (78,966)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	373,398	66,929
Noncash expense - PERS relief	24,513	32,531
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(56,572)	65,463
Deferred outflows of resources related to pensions	(5,860)	
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(141,781)	(234,766)
Accrued leave	19,271	7,432
Net pension liability	(26,825)	-
Deferred inflows of resources related to pensions	36,367	-
Net Cash Flows for Operating Activities	\$ (78,076)	\$ (141,377)

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

<i>June 30,</i>	2015	2014
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 400,429	\$ 408,379
Accounts receivable, net of allowance of \$22,391 (\$21,233 in 2014)	41,411	23,051
Total Current Assets	441,840	431,430
Noncurrent Assets		
Buildings	19,400	19,400
Equipment and vehicles	498,629	498,629
Sanitary landfill	1,996,889	1,996,889
Less accumulated depreciation	(1,644,038)	(1,547,630)
Total Noncurrent Assets	870,880	967,288
Total Assets	1,312,720	1,398,718
Deferred Outflows of Resources related to pensions	10,143	-
Total Assets and Deferred Outflows of Resources	\$ 1,322,863	\$ 1,398,718
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 665	\$ 1,046
Accrued leave	2,824	4,085
Total Current Liabilities	3,489	5,131
Noncurrent Liabilities		
Landfill closure costs payable	112,477	93,100
Net pension liability	100,484	-
Total Noncurrent Liabilities	212,961	93,100
Total Liabilities	216,450	98,231
Deferred Inflows of Resources related to pensions	11,609	-
Net Position		
Investment in capital assets	870,880	967,288
Unrestricted	223,924	333,199
Total Net Position	1,094,804	1,300,487
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,322,863	\$ 1,398,718

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

<i>Year Ended June 30,</i>	2015	2014
Operating Revenues - user charges	\$ 164,305	\$ 142,950
Operating Expenses		
Salaries and benefits	146,084	142,795
Supplies	1,245	2,042
Equipment and equipment maintenance	17,002	12,407
Dues and fees	150	11,739
Utilities	3,982	4,033
Fuel	4,268	4,353
Repairs	793	-
Freight/speed paks	410	1,924
Landfill closure expense	19,377	9,310
Depreciation	96,408	96,408
Total Operating Expenses	289,719	285,011
Operating loss	(125,414)	(142,061)
Nonoperating Revenues - State PERS relief	7,826	9,855
Loss before transfers	(117,588)	(132,206)
Transfers in	12,679	50,431
Change in net position	(104,909)	(81,775)
Beginning net position, as restated (Note 15)	1,199,713	1,382,262
Ending net position	\$ 1,094,804	\$ 1,300,487

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

<i>Year Ended June 30,</i>	2015	2014
Cash Flows for Operating Activities		
Receipts from customers	\$ 145,945	\$ 152,429
Payments for goods and services	(28,231)	(36,198)
Payments for salaries and benefits	(138,343)	(130,134)
Net cash flows for operating activities	(20,629)	(13,903)
Cash Flows from Noncapital Financing Activities		
Transfers in	12,679	50,431
Cash Flows for Capital and Related Financing Activities		
Additions to capital assets	-	(7,400)
Net increase (decrease) in cash and investments	(7,950)	29,128
Beginning cash and investments	408,379	379,251
Ending cash and investments	\$ 400,429	\$ 408,379
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	\$ (125,414)	\$ (142,061)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	96,408	96,408
Noncash expense - PERS relief	7,826	9,855
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(18,360)	9,479
Deferred outflows of resources related to pensions	(1,871)	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(381)	300
Accrued leave	(1,261)	2,806
Landfill closure costs payable	19,377	9,310
Net pension liability	(8,562)	-
Deferred inflows of resources related to pensions	11,609	-
Net Cash Flows for Operating Activities	\$ (20,629)	\$ (13,903)

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

<i>June 30,</i>	2015	2014
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and Investments	\$ 2,123	\$ -
Accounts receivable, net of allowance of \$25,418 (\$24,932 in 2014)	30,807	20,389
Total Current Assets	32,930	20,389
Noncurrent Assets - capital assets		
Buildings and improvements	4,572,242	4,572,242
Equipment and vehicles	177,509	177,509
Less accumulated depreciation	(2,410,161)	(2,266,330)
Total Noncurrent Assets	2,339,590	2,483,421
Total Assets	2,372,520	2,503,810
Deferred Outflows of Resources related to pensions	4,947	-
Total Assets and Deferred Outflows of Resources	\$ 2,377,467	\$ 2,503,810
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 4,994	\$ 10,195
Accrued leave	2,890	724
Total Current Liabilities	7,884	10,919
Noncurrent Liabilities		
Advance from other funds	763,266	887,768
Net pension liability	49,012	-
Total Noncurrent Liabilities	812,278	887,768
Total Liabilities	820,162	898,687
Deferred Inflows of Resources related to pensions	5,663	-
Net Position		
Investment in capital assets	2,339,590	2,483,421
Unrestricted (deficit)	(787,948)	(878,298)
Total Net Position	1,551,642	1,605,123
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,377,467	\$ 2,503,810

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

<i>Year Ended June 30,</i>	2015	2014
Operating Revenues - user charges	\$ 202,189	\$ 197,012
Operating Expenses		
Salaries and benefits	117,586	132,632
Travel and per diem	11,222	2,780
Telephone	3,966	4,550
Supplies	19,547	15,976
Equipment and equipment maintenance	10,502	29,802
Dues and fees	7,204	6,214
Utilities	33,660	71,165
Fuel	27,434	29,562
Repairs	3,212	2,543
Freight/speed paks	6,474	8,961
Depreciation	143,831	142,930
Total Operating Expenses	384,638	447,115
Operating loss	(182,449)	(250,103)
Nonoperating Revenues - State PERS relief	3,817	10,803
Loss before transfers	(178,632)	(239,300)
Transfers in	174,303	203,408
Change in net position	(4,329)	(35,892)
Beginning net position, as restated (Note 15)	1,555,971	1,641,015
Ending net position	\$ 1,551,642	\$ 1,605,123

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

<i>Year Ended June 30,</i>	2015	2014
Cash Flows for Operating Activities		
Receipts from customers	\$ 191,771	\$ 202,980
Payments for goods and services	(128,422)	(169,060)
Payments for salaries and benefits	(111,027)	(125,463)
Net cash flows for operating activities	(47,678)	(91,543)
Cash Flows from Noncapital Financing Activities		
Transfers in	174,303	203,408
Decrease in advance from other funds	(124,502)	(101,046)
Net cash flows from noncapital financing activities	49,801	102,362
Cash Flows for Capital and Related Financing Activities		
Additions to capital assets	-	(10,819)
Net increase in cash and investments	2,123	-
Beginning cash and investments	-	-
Ending cash and investments	\$ 2,123	\$ -
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	\$ (182,449)	\$ (250,103)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	143,831	142,930
Noncash expense - PERS relief	3,817	10,803
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(10,418)	5,968
Deferred outflows of resources related to pensions	(912)	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(5,201)	2,493
Accrued leave	2,166	(3,634)
Net pension liability	(4,177)	-
Deferred inflows of resources related to pensions	5,665	-
Net Cash Flows for Operating Activities	\$ (47,678)	\$ (91,543)

City of Sand Point, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2015

Name of Award	Grant Number	Total Grant Award	State Share of Expenditures
Department of Transportation and Public Facilities			
Sand Point Small Boat Harbor Renovation Project	12-HG-002	\$ 4,901,960	<u>\$ 39,238</u>
Department of Commerce, Community, and Economic Development			
*Sand Point Road Rehabilitation	13-GO-013	2,500,000	2,500,000
*State Revenue Sharing	N/A	149,241	149,241
*School Loop Road Reconstruction Phase I	09-DC-525	1,000,000	134,314
Fisheries Resource Landing Tax	2014	4,394	4,394
FY15 Shared Fish Tax	2015	32,755	<u>32,755</u>
Total Department of Commerce, Community, and Economic Development			<u>2,820,704</u>
Department of Education and Early Development			
Public Library Assistance grant	N/A	6,650	<u>6,650</u>
Department of Revenue			
*Raw fish tax	2014	236,923	<u>236,923</u>
Department of Administration			
*PERS on behalf	N/A	514,588	<u>514,588</u>
Total State Financial Assistance			<u>\$ 3,618,103</u>

*Major Program

City of Sand Point, Alaska

Notes to Schedules of State Financial Assistance *Year Ended June 30, 2015*

1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state grant activity of City of Sand Point, Alaska under programs of the state government for the year ended December 31, 2015. The information in the Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City of Sand Point, Alaska, it is not intended to and does not present the financial position, changes in net position or cash flows of City of Sand Point, Alaska.

Except as otherwise noted, expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

2. PERS On-Behalf

The City has recorded \$514,588 in PERS On-Behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payment appropriated and transferred into the plan during 2015.

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in the year appropriated and transferred to the plan. However, in the government-wide and enterprise fund financial statements, which report on a full-accrual basis, GASB 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one year timing difference between the cash contribution and revenue and expense recognition by the City.

As a result of this perspective and timing difference, amounts reported in the government-wide and enterprise fund financial statements do not agree to the total amount reported on the Schedule of State Financial Assistance.

Single Audit Section



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

Honorable Mayor and City Council
City of Sand Point, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Sand Point's basic financial statements, and have issued our report thereon dated February 25, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
February 25, 2016



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3601 C Street, Suite 600
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Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and City Council
City of Sand Point, Alaska

Report on Compliance for Each Major State Program

We have audited the City of Sand Point's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the City of Sand Point's major state programs for the year ended June 30, 2015. The City of Sand Point's major state programs are identified in the accompanying Schedule of State Financial Assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, City of Sand Point complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

BDO USA, LLP

Anchorage, Alaska
February 25, 2016

City of Sand Point, Alaska
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)
Noncompliance material to financial statements noted?	___ yes	<u>X</u> no

State Financial Assistance

Internal control over major programs:		
Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)

Type of auditor's report issued on compliance for major programs: Unmodified

Dollar threshold used to distinguish a state major program: \$ 75,000

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

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

Section III - State Award Findings and Questioned Costs

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

City of Sand Point, Alaska
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Government Auditing Standards Findings

There were no *Government Auditing Standards* findings reported in FY14.

Federal Award Findings and Questioned Costs

There was no federal single audit in FY14.

State of Alaska Award Findings and Questioned Costs

Finding 2014-001 State revenue sharing disclosure - significant deficiency in internal control over compliance and noncompliance

Agency: Department of Commerce, Community, and Economic Development

Status: This finding was resolved in 2015.

City of Sand Point, Alaska
Corrective Action Plan
Year Ended June 30, 2015

Government Auditing Standards Findings

There were no findings during 2015; therefore, no corrective action plan is required.

State Award Findings and Questioned Costs

There were no findings during 2015; therefore, no corrective action plan is required.