



## City of Sand Point, Alaska

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

Year Ended June 30, 2019

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

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

Year Ended June 30, 2019

# 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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 44 and 45 and the Schedules of Net Pension and OPEB Liability and Pension and OPEB Contributions on pages 46 and 47, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Supplementary Information***

Our audit for the year ended June 30, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sand Point's basic financial statements. The individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for the year ended June 30, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Sand Point as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated January 24, 2019 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, 2018 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, 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 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, 2018.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sand Point's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sand Point's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
March 2, 2020

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## **Basic Financial Statements**

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## City of Sand Point, Alaska

### Statement of Net Position

<i>June 30, 2019</i>	Govern- mental Activities	Business- type Activities	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Cash and investments	\$ 2,666,587	\$ 575,539	\$ 3,242,126
Accounts receivable, net	743,231	128,164	871,395
Internal balances	1,088,007	(1,088,007)	-
Investment in Southwest Governments, LLC	291,013	-	291,013
Capital assets not being depreciated	40,000	51,226	91,226
Other capital assets, net of accumulated depreciation	6,680,066	12,281,729	18,961,795
<b>Total Assets</b>	<b>11,508,904</b>	<b>11,948,651</b>	<b>23,457,555</b>
<b>Deferred Outflows of Resources</b>			
Pension related	275,161	127,517	402,678
Other postemployment benefits related	150,843	64,562	215,405
<b>Total Deferred Outflows of Resources</b>	<b>426,004</b>	<b>192,079</b>	<b>618,083</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 11,934,908</b>	<b>\$ 12,140,730</b>	<b>\$ 24,075,638</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Accounts payable	\$ 135,864	\$ 10,837	\$ 146,701
Accrued liabilities	57,678	1,979	59,657
Unearned revenue	325	-	325
Accrued interest payable	-	35,560	35,560
Noncurrent liabilities:			
Due within one year:			
Accrued leave	61,309	15,315	76,624
Bonds payable	-	75,000	75,000
Due in more than one year:			
Landfill closure costs payable	-	145,046	145,046
Bonds payable, net of current portion	-	2,155,000	2,155,000
Bond premium, net of accumulated amortization	-	314,884	314,884
Net pension liability	1,548,134	757,652	2,305,786
Net other postemployment benefits liability	323,181	148,243	471,424
<b>Total Liabilities</b>	<b>2,126,491</b>	<b>3,659,516</b>	<b>5,786,007</b>
<b>Deferred Inflows of Resources</b>			
Pension related	30,908	26,963	57,871
Other postemployment benefits related	125,737	60,969	186,706
<b>Total Deferred Inflows of Resources</b>	<b>156,645</b>	<b>87,932</b>	<b>244,577</b>
<b>Net Position</b>			
Net investment in capital assets	6,720,066	9,788,071	16,508,137
Unrestricted (deficit)	2,931,706	(1,394,789)	1,536,917
<b>Total Net Position</b>	<b>9,651,772</b>	<b>8,393,282</b>	<b>18,045,054</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 11,934,908</b>	<b>\$ 12,140,730</b>	<b>\$ 24,075,638</b>

*See accompanying notes to basic financial statements.*

**City of Sand Point, Alaska**  
**Statement of Activities**

Year Ended June 30, 2019	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	
<b>Governmental Activities</b>							
General government	\$ 1,299,018	\$ 99,901	\$ 6,753	\$ -	\$ (1,192,364)	\$ -	\$ (1,192,364)
Parks and recreation	29,810	-	-	-	(29,810)	-	(29,810)
Public safety	670,432	-	6,924	-	(663,508)	-	(663,508)
Public works	1,054,476	235,626	8,444	-	(810,406)	-	(810,406)
Health clinic	-	537,968	-	-	537,968	-	537,968
Community development	110,839	30,335	-	-	(80,504)	-	(80,504)
<b>Total Governmental Activities</b>	<b>3,164,575</b>	<b>903,830</b>	<b>22,121</b>	<b>-</b>	<b>(2,238,624)</b>	<b>-</b>	<b>(2,238,624)</b>
<b>Business-type Activities</b>							
Bingo	706,570	728,569	-	-	-	21,999	21,999
Boat harbor	1,110,027	640,002	5,655	-	-	(464,370)	(464,370)
Water and sewer	378,438	217,045	988	1,189,787	-	1,029,382	1,029,382
Refuse	231,746	168,880	2,447	-	-	(60,419)	(60,419)
Rock crusher	7,320	-	-	-	-	(7,320)	(7,320)
<b>Total Business-type Activities</b>	<b>2,434,101</b>	<b>1,754,496</b>	<b>9,090</b>	<b>1,189,787</b>	<b>-</b>	<b>519,272</b>	<b>519,272</b>
<b>Total</b>	<b>\$ 5,598,676</b>	<b>\$ 2,658,326</b>	<b>\$ 31,211</b>	<b>\$ 1,189,787</b>	<b>(2,238,624)</b>	<b>519,272</b>	<b>(1,719,352)</b>
<b>General Revenues</b>							
Taxes:							
Sales taxes					745,315	-	745,315
Local raw fish taxes					463,850	-	463,850
Accommodation taxes					8,751	-	8,751
Payment in lieu of taxes					150,000	-	150,000
Grants and entitlements not restricted to a specific purpose					442,406	-	442,406
Investment income					77,116	-	77,116
<b>Transfers</b>					<b>(94,000)</b>	<b>94,000</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>1,793,438</b>	<b>94,000</b>	<b>1,887,438</b>
Change in net position					(445,186)	613,272	168,086
<b>Net Position, beginning</b>					<b>10,096,958</b>	<b>7,780,010</b>	<b>17,876,968</b>
<b>Net Position, ending</b>					<b>\$ 9,651,772</b>	<b>\$ 8,393,282</b>	<b>\$ 18,045,054</b>

*See accompanying notes to basic financial statements.*

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

	Major Funds		Nonmajor Fund		Total Governmental Funds
	General	Clinic Operations Special Revenue	Silver Salmon Derby Special Revenue		
<i>June 30, 2019</i>					
<b>Assets</b>					
Cash and investments	\$ 2,324,066	\$ 323,801	\$ 18,720	\$	2,666,587
Receivables:					
Sales tax	89,409	-	-		89,409
Fish tax	89,712	-	-		89,712
Other	26,142	537,968	-		564,110
Investment in Southwest Governments, LLC	291,013	-	-		291,013
Advances to other funds	1,099,457	-	-		1,099,457
Due from other funds	12,775	-	-		12,775
<b>Total Assets</b>	<b>\$ 3,932,574</b>	<b>\$ 861,769</b>	<b>\$ 18,720</b>	<b>\$</b>	<b>4,813,063</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 19,335	\$ 116,529	\$ -	\$	135,864
Accrued liabilities	57,678	-	-		57,678
Unearned revenue	325	-	-		325
Due to other funds	24,058	-	167		24,225
<b>Total Liabilities</b>	<b>101,396</b>	<b>116,529</b>	<b>167</b>		<b>218,092</b>
<b>Deferred Inflows of Resources -</b>					
Unavailable lease payments	-	230,558	-		230,558
<b>Fund Balances</b>					
Nonspendable:					
Investment in Southwest Governments, LLC	291,013	-	-		291,013
Advances to other funds	1,099,457	-	-		1,099,457
Assigned:					
Silver Salmon Derby	-	-	18,553		18,553
Clinic	-	514,682	-		514,682
Next year's budget	290,000	-	-		290,000
Unassigned	2,150,708	-	-		2,150,708
<b>Total Fund Balances</b>	<b>3,831,178</b>	<b>514,682</b>	<b>18,553</b>		<b>4,364,413</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,932,574</b>	<b>\$ 861,769</b>	<b>\$ 18,720</b>	<b>\$</b>	<b>4,813,063</b>

*See accompanying notes to basic financial statements.*

**City of Sand Point, Alaska**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Position**  
*June 30, 2019*

Total fund balances for governmental funds		\$ 4,364,413
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:		
Land	\$ 40,000	
Buildings	8,726,286	
Improvements other than buildings	4,568,069	
Equipment and vehicles	<u>1,937,113</u>	
Total capital assets	15,271,468	
Accumulated depreciation	<u>(8,551,402)</u>	
Total capital assets, net		6,720,066
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds - unavailable clinic lease receivables		
		230,558
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	(61,309)	
Net pension liability	(1,548,134)	
Net other postemployment benefits liability	<u>(323,181)</u>	
Total noncurrent liabilities		(1,932,624)
Certain changes in net pension and net other postemployment benefits liabilities are deferred rather than recognized immediately. These items are amortized over time:		
Deferred outflows of resources related to pensions	275,161	
Deferred inflows of resources related to pensions	(30,908)	
Deferred outflows of resources related to other postemployment benefits	150,843	
Deferred inflows of resources related to other postemployment benefits	<u>(125,737)</u>	
Total deferred pension and other postemployment benefits items		<u>269,359</u>
<b>Total Net Position of Governmental Activities</b>		<b><u>\$ 9,651,772</u></b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

## Governmental Funds

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

Year Ended June 30, 2019	Major Fund		Nonmajor Fund		Total Governmental Funds
	General	Clinic Operations Special Revenue	Silver Salmon Derby Special Revenue		
<b>Revenues</b>					
Taxes	\$ 1,217,916	\$ -	\$ -	\$ 1,217,916	
State of Alaska	467,062	-	-	467,062	
Federal government	30,816	-	-	30,816	
Other revenues	562,643	307,410	30,335	900,388	
<b>Total Revenues</b>	<b>2,278,437</b>	<b>307,410</b>	<b>30,335</b>	<b>2,616,182</b>	
<b>Expenditures</b>					
Current:					
General government	861,023	-	-	861,023	
Parks and recreation	22,007	-	-	22,007	
Public safety	632,231	-	-	632,231	
Public works	769,191	-	-	769,191	
Community development	-	67,105	31,505	98,610	
<b>Total Expenditures</b>	<b>2,284,452</b>	<b>67,105</b>	<b>31,505</b>	<b>2,383,062</b>	
Excess of revenues over (under) expenditures	(6,015)	240,305	(1,170)	233,120	
<b>Other Financing Uses - transfers out</b>	<b>(94,000)</b>	<b>-</b>	<b>-</b>	<b>(94,000)</b>	
Net change in fund balances	(100,015)	240,305	(1,170)	139,120	
<b>Fund Balances, beginning</b>	<b>3,931,193</b>	<b>274,377</b>	<b>19,723</b>	<b>4,225,293</b>	
<b>Fund Balances, ending</b>	<b>\$ 3,831,178</b>	<b>\$ 514,682</b>	<b>\$ 18,553</b>	<b>\$ 4,364,413</b>	

See accompanying notes to basic financial statements.

**City of Sand Point, Alaska**  
**Reconciliation of Change in Fund Balances of Governmental Funds**  
**to Statement of Activities**  
*Year Ended June 30, 2019*

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Net change in fund balances - total governmental funds	\$ 139,120
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$741,455) exceeded capital outlays in the current year.	
	(741,455)
Revenues in the statement of activities that do not provide current financial resources are deferred in the governmental funds - unavailable clinic lease receivables	230,558
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.	
Increase in accrued leave	(22,635)
Increase in net pension liability and related deferred outflows and inflows of resources	(35,559)
Increase in net other postemployment benefits liability and related deferred outflows and inflows of resources	(15,215)
	(445,186)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (445,186)</b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

Enterprise Funds  
Statement of Net Position

June 30, 2019	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Bingo	Boat Harbor	Water and Sewer	Refuse	Rock Crusher	
<b>Assets and Deferred Outflows of Resources</b>						
<b>Current Assets</b>						
Cash and investments	\$ 67,629	\$ -	\$ -	\$ 507,910	\$ -	\$ 575,539
Accounts receivable, net	-	84,697	20,788	22,679	-	128,164
Due from other funds	24,058	-	-	-	-	24,058
<b>Total Current Assets</b>	<b>91,687</b>	<b>84,697</b>	<b>20,788</b>	<b>530,589</b>	<b>-</b>	<b>727,761</b>
<b>Noncurrent Assets</b>						
Buildings and improvements	-	10,795,390	5,762,029	19,400	-	16,576,819
Equipment and vehicles	14,541	613,944	177,509	498,629	36,600	1,341,223
Sanitary landfill	-	-	-	1,996,889	-	1,996,889
Construction in progress	-	51,226	-	-	-	51,226
Less accumulated depreciation	(14,541)	(2,710,493)	(2,950,983)	(1,943,155)	(14,030)	(7,633,202)
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>8,750,067</b>	<b>2,988,555</b>	<b>571,763</b>	<b>22,570</b>	<b>12,332,955</b>
<b>Total Assets</b>	<b>91,687</b>	<b>8,834,764</b>	<b>3,009,343</b>	<b>1,102,352</b>	<b>22,570</b>	<b>13,060,716</b>
<b>Deferred Outflows of Resources:</b>						
Pension related	-	78,900	14,933	33,684	-	127,517
Other postemployment benefits related	-	40,700	6,876	16,986	-	64,562
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>119,600</b>	<b>21,809</b>	<b>50,670</b>	<b>-</b>	<b>192,079</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 91,687</b>	<b>\$ 8,954,364</b>	<b>\$ 3,031,152</b>	<b>\$ 1,153,022</b>	<b>\$ 22,570</b>	<b>\$ 13,252,795</b>



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

<i>June 30, 2019</i>	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Bingo	Boat Harbor	Water and Sewer	Refuse	Rock Crusher	
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ -	\$ 7,330	\$ 3,091	\$ 416	\$ -	\$ 10,837
Accrued leave	-	5,005	467	9,843	-	15,315
Accrued payroll	1,979	-	-	-	-	1,979
Accrued interest payable	-	35,560	-	-	-	35,560
Current portion of bonds payable	-	75,000	-	-	-	75,000
Due to other funds	-	-	-	-	12,608	12,608
<b>Total Current Liabilities</b>	<b>1,979</b>	<b>122,895</b>	<b>3,558</b>	<b>10,259</b>	<b>12,608</b>	<b>151,299</b>
<b>Noncurrent Liabilities</b>						
Advance from other funds	-	513,191	586,266	-	-	1,099,457
Bonds payable, net of current portion	-	2,155,000	-	-	-	2,155,000
Bond premium, net	-	314,884	-	-	-	314,884
Landfill closure costs payable	-	-	-	145,046	-	145,046
Net pension liability	-	477,449	86,099	194,104	-	757,652
Net other postemployment benefits liability	-	95,442	15,262	37,539	-	148,243
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>3,555,966</b>	<b>687,627</b>	<b>376,689</b>	<b>-</b>	<b>4,620,282</b>
<b>Total Liabilities</b>	<b>1,979</b>	<b>3,678,861</b>	<b>691,185</b>	<b>386,948</b>	<b>12,608</b>	<b>4,771,581</b>
<b>Deferred Inflows of Resources</b>						
Pension related	-	19,539	2,259	5,165	-	26,963
Other postemployment benefits related	-	39,870	6,114	14,985	-	60,969
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>59,409</b>	<b>8,373</b>	<b>20,150</b>	<b>-</b>	<b>87,932</b>
<b>Net Position</b>						
Net investment in capital assets	-	6,205,183	2,988,555	571,763	22,570	9,788,071
Unrestricted (deficit)	89,708	(989,089)	(656,961)	174,161	(12,608)	(1,394,789)
<b>Total Net Position</b>	<b>89,708</b>	<b>5,216,094</b>	<b>2,331,594</b>	<b>745,924</b>	<b>9,962</b>	<b>8,393,282</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 91,687</b>	<b>\$ 8,954,364</b>	<b>\$ 3,031,152</b>	<b>\$ 1,153,022</b>	<b>\$ 22,570</b>	<b>\$ 13,252,795</b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

## Enterprise Funds

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

Year Ended June 30, 2019	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Bingo	Boat Harbor	Water and Sewer	Refuse	Rock Crusher	
<b>Operating Revenues</b>	\$ 728,569	\$ 640,002	\$ 217,045	\$ 168,880	\$ -	\$ 1,754,496
<b>Operating Expenses</b>						
Salaries and benefits	41,211	342,034	85,621	134,712	-	603,578
Services and supplies	665,359	208,302	129,285	31,397	-	1,034,343
Depreciation	-	450,678	163,532	65,637	7,320	687,167
<b>Total Operating Expenses</b>	706,570	1,001,014	378,438	231,746	7,320	2,325,088
Operating income (loss)	21,999	(361,012)	(161,393)	(62,866)	(7,320)	(570,592)
<b>Nonoperating Revenues (Expenses)</b>						
State PERS relief	-	5,655	988	2,447	-	9,090
Interest expense	-	(109,013)	-	-	-	(109,013)
<b>Net Nonoperating Revenues (Expenses)</b>	-	(103,358)	988	2,447	-	(99,923)
Income (loss) before contributions and transfers	21,999	(464,370)	(160,405)	(60,419)	(7,320)	(670,515)
Capital contributions	-	-	1,189,787	-	-	1,189,787
Transfers in	-	-	70,000	24,000	-	94,000
Change in net position	21,999	(464,370)	1,099,382	(36,419)	(7,320)	613,272
<b>Net Position, beginning,</b>	67,709	5,680,464	1,232,212	782,343	17,282	7,780,010
<b>Net Position, ending</b>	\$ 89,708	\$ 5,216,094	\$ 2,331,594	\$ 745,924	\$ 9,962	\$ 8,393,282

See accompanying notes to basic financial statements.

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

Year Ended June 30, 2019	Major Funds				Nonmajor Fund	Total
	Bingo	Boat Harbor	Water and Sewer	Refuse	Rock Crusher	Enterprise Funds
<b>Cash Flows from (for) Operating Activities</b>						
Receipts from customers	\$ 728,569	\$ 619,511	\$ 206,488	\$ 159,449	\$ -	\$ 1,714,017
Payments for goods and services	(665,359)	(209,095)	(129,639)	(26,879)	-	(1,030,972)
Payments for salaries and benefits	(40,430)	(329,879)	(81,898)	(125,663)	-	(577,870)
<b>Net cash flows from (for) operating activities</b>	<b>22,780</b>	<b>80,537</b>	<b>(5,049)</b>	<b>6,907</b>	<b>-</b>	<b>105,175</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>						
Increase in due from other funds	(24,058)	-	-	-	-	(24,058)
Transfers in	-	-	70,000	24,000	-	94,000
<b>Net cash flows from (for) noncapital financing activities</b>	<b>(24,058)</b>	<b>-</b>	<b>70,000</b>	<b>24,000</b>	<b>-</b>	<b>69,942</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>						
Principal paid on long-term debt	-	(70,000)	-	-	-	(70,000)
Interest paid on long-term debt	-	(126,752)	-	-	-	(126,752)
Increase in advances	(20,576)	116,215	(64,951)	-	-	30,688
<b>Net cash flows from (for) capital and related financing activities</b>	<b>(20,576)</b>	<b>(80,537)</b>	<b>(64,951)</b>	<b>-</b>	<b>-</b>	<b>(166,064)</b>
<b>Net increase (decrease) in cash and investments</b>	<b>(21,854)</b>	<b>-</b>	<b>-</b>	<b>30,907</b>	<b>-</b>	<b>9,053</b>
<b>Cash and Investments, beginning</b>	<b>89,483</b>	<b>-</b>	<b>-</b>	<b>477,003</b>	<b>-</b>	<b>566,486</b>
<b>Cash and Investments, ending</b>	<b>\$ 67,629</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 507,910</b>	<b>\$ -</b>	<b>\$ 575,539</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities</b>						
Operating income (loss)	\$ 21,999	\$ (361,012)	\$ (161,393)	\$ (62,866)	\$ (7,320)	\$ (570,592)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:						
Depreciation	-	450,678	163,532	65,637	7,320	687,167
Noncash expense - PERS relief	-	5,655	988	2,447	-	9,090
(Increase) decrease in assets and deferred outflows of resources:						
Accounts receivable, net	-	(20,491)	(10,557)	(9,431)	-	(40,479)
Deferred outflows of resources related to pension	-	(38,602)	(6,745)	(16,706)	-	(62,053)
Deferred outflows of resources related to other postemployment benefits	-	(30,174)	(5,272)	(13,059)	-	(48,505)
Increase (decrease) in liabilities and deferred inflows of resources:						
Accounts payable	-	(793)	(354)	121	-	(1,026)
Accrued leave	-	(6,481)	467	985	-	(5,029)
Accrued payroll	781	-	-	-	-	781
Landfill closure costs payable	-	-	-	4,397	-	4,397
Net pension liability	-	85,387	14,919	36,953	-	137,259
Net other postemployment benefits liability	-	32,260	5,637	13,962	-	51,859
Deferred inflows of resources related to pension	-	(37,693)	(6,586)	(16,313)	-	(60,592)
Deferred inflows of resources related to other postemployment benefits	-	1,803	315	780	-	2,898
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 22,780</b>	<b>\$ 80,537</b>	<b>\$ (5,049)</b>	<b>\$ 6,907</b>	<b>\$ -</b>	<b>\$ 105,175</b>
<b>Supplemental Disclosure of Cash Flow Information</b>						
Contributed capital assets	\$ -	\$ -	\$ 1,189,787	\$ -	\$ -	\$ 1,189,787

*See accompanying notes to basic financial statements.*

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

June 30, 2019

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### 1. Summary of Significant Accounting Policies

#### *Reporting Entity*

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

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

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

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

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

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

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

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

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 90 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.

*Clinic Operations Special Revenue Fund* - to account for operations of the Sand Point Health Clinic facility.

The City reports the following major proprietary funds:

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

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

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

*Refuse Enterprise Fund* - to account for activities of the refuse services. Although this fund did not meet the quantitative requirements of a major fund, management has decided to present as a major fund to maintain year-to-year consistency in financial reporting.

### **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

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### *Receivables and Payables*

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

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

### *Capital Assets*

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

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

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

### *Accrued Leave*

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

### *Unearned Revenue*

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

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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

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

### ***Pension Plan and Other Postemployment Benefits (OPEB) Plan***

For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, 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.

### ***Deferred Outflows of Resources and Deferred Inflows of Resources***

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

In addition to the liabilities, the financial statements may also present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until later. The City reports certain unavailable revenues (such as unavailable lease payments), pension and OPEB related items as deferred inflows of resources. Pension and OPEB items are amortized as a reduction of expense over varying periods of time based on their nature.

### ***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

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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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.

### ***Net Position***

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

*Net investment in capital assets* - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

*Unrestricted* - This consists of net position that does not meet the definition of restricted or net investment in capital assets.

### ***Use of Estimates***

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

### ***Budgetary Accounting***

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



# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *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, 2019.

	Totals
Deposit accounts and cash on hand	\$ 393,080
Charles Schwab investment	534,080
Pooled investment	2,314,966
<b>Total Cash and Investments</b>	<b>\$ 3,242,126</b>

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a policy for custodial credit risk. At June 30, 2019, \$250,000 of the City’s Wells Fargo bank deposits were insured by the Federal Deposit Insurance Corporation and \$500,000 of the City’s investments in Charles Schwab were insured by the Securities Investor Protection Corporation. The remaining balance of deposits were uninsured and uncollateralized. The Pooled Investment (AMLIP, see below) is not subject to custodial credit risk.

### *Investments*

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

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

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The City’s investment in AMLIP of \$2,314,966 is measured at net asset value, as of June 30, 2019. Management believes these values approximate fair value.

The fair values of the City’s equity securities at year-end are \$524,220.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

*Fair Value Measurement*

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The equity securities held by the City at June 30, 2019 are all considered to be Level 1.

**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, 2019, the City's investment in the LLC was \$291,013. This investment is considered noncurrent, and accordingly, an equal amount of fund balance of the General Fund is shown as nonspendable. In 2019, the City's share of earnings of Southwest Governments, LLC was \$16,102, which is included in other revenue.

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

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

The City maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful accounts. At June 30, 2019, receivables for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Clinic Operations Special Revenue Fund	Boat Harbor Enterprise Fund	Water and Sewer Enterprise Fund	Refuse Enterprise Fund	Totals
Accounts	\$ -	\$ -	\$ 178,314	\$ 34,588	\$ 29,248	\$ 242,150
Sales and fish taxes	179,121	-	-	-	-	179,121
Grants	8,239	-	-	-	-	8,239
Leases	-	537,968	-	-	-	537,968
Other	17,903	-	-	-	-	17,903
<b>Total receivables</b>	<b>205,263</b>	<b>537,968</b>	<b>178,314</b>	<b>34,588</b>	<b>29,248</b>	<b>985,381</b>
Less allowance for uncollectible accounts	-	-	(93,617)	(13,800)	(6,569)	(113,986)
<b>Net Receivables</b>	<b>\$ 205,263</b>	<b>\$ 537,968</b>	<b>\$ 84,697</b>	<b>\$ 20,788</b>	<b>\$ 22,679</b>	<b>\$ 871,395</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### 4. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

<b>Governmental Activities</b>	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Capital assets not being depreciated:</i>				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
<i>Capital assets being depreciated:</i>				
Buildings	8,726,286	-	-	8,726,286
Improvements other than buildings	4,568,069	-	-	4,568,069
Equipment and vehicles	1,937,113	-	-	1,937,113
<b>Total assets being depreciated</b>	<b>15,231,468</b>	<b>-</b>	<b>-</b>	<b>15,231,468</b>
Less accumulated depreciation for:				
Buildings	5,202,287	436,314	-	5,638,601
Improvement other than buildings	898,380	234,473	-	1,132,853
Equipment and vehicles	1,709,280	70,668	-	1,779,948
<b>Total accumulated depreciation</b>	<b>7,809,947</b>	<b>741,455</b>	<b>-</b>	<b>8,551,402</b>
<b>Total capital assets being depreciated, net</b>	<b>7,421,521</b>	<b>(741,455)</b>	<b>-</b>	<b>6,680,066</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 7,461,521</b>	<b>\$ (741,455)</b>	<b>\$ -</b>	<b>\$ 6,720,066</b>

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

<b>Business-type Activities</b>	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
<i>Capital assets not being depreciated:</i>				
construction in progress	\$ 51,226	\$ -	\$ -	\$ 51,226
<i>Capital assets being depreciated:</i>				
Buildings and improvements	15,387,032	1,189,787	-	16,576,819
Equipment and vehicles	1,341,223	-	-	1,341,223
Landfill	1,996,889	-	-	1,996,889
<b>Total assets being depreciated</b>	<b>18,725,144</b>	<b>1,189,787</b>	<b>-</b>	<b>19,914,931</b>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	4,339,520	596,386	-	4,935,906
Equipment and vehicles	1,233,651	28,378	-	1,262,029
Landfill	1,372,864	62,403	-	1,435,267
<b>Total accumulated depreciation</b>	<b>6,946,035</b>	<b>687,167</b>	<b>-</b>	<b>7,633,202</b>
<b>Total capital assets being depreciated, net</b>	<b>11,779,109</b>	<b>502,620</b>	<b>-</b>	<b>12,281,729</b>
<b>Business-type Activity Capital Assets, net</b>	<b>\$ 11,830,335</b>	<b>\$ 502,620</b>	<b>\$ -</b>	<b>\$ 12,332,955</b>

Depreciation expense was charged to the functions as follows for the year ended June 30, 2019:

### Governmental Activities

General government	\$ 428,187
Parks and recreation	7,803
Community development	12,229
Public safety	20,286
Public works	272,950

**Total Depreciation Expense - Governmental Activities** **\$ 741,455**

### Business-type Activities

Boat harbor	\$ 450,678
Refuse collection	65,637
Water and sewer	163,532
Rock Crusher	7,320

**Total Depreciation Expense - Business-type Activities** **\$ 687,167**

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 5. Operating Leases

The City of Sand Point has leased to Eastern Aleutians Tribe the Sand Point Health Clinic. The carrying value of the leased assets at June 30, 2019 was \$2,688,752, with a cost of \$8,056,881 and accumulated depreciation of \$5,368,129. The lease is at a fixed rate of \$307,410 per year and is effective through September 30, 2021. Future minimum payments to be received are as follows:

*Year Ending June 30,*

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2020	\$ 307,410
2021	307,410
2022	76,853
<b>Total</b>	<b>\$ 691,673</b>

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Subsequent to year-end, the City received payment from Eastern Aleutians Tribe effective for the period of October 1, 2017 to September 30, 2018. The City has not received payment for the period of October 1, 2018 to June 30, 2019. The City has recognized a receivable and corresponding deferred inflow of resources equal to the amount considered unavailable in the Clinic Operations Special Revenue Fund. In 2019, the City recognized lease revenue of \$307,410 and \$537,968 in the Clinic Operations Special Revenue Fund and Governmental Activities Statement of Activities, respectively.

### 6. Long-term Debt

#### *General Obligation Bonds*

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

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

Bonds currently outstanding are as follows:

<b>Business-type Activities</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>
Small boat harbor - \$2,615,000, 2013 Series One general obligation bonds, due in annual principal payments of \$75,000 to \$175,000 through 2038	2%-5%	\$ 2,230,000

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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

<b>Business-type Activities</b>		Principal	Interest
<i>Fiscal Year</i>			
2020	\$	75,000	\$ 106,680
2021		80,000	103,680
2022		80,000	100,480
2023		85,000	97,280
2024		90,000	93,880
2025-2029		525,000	396,900
2030-2034		650,000	254,770
2035-2038		645,000	82,750
<b>Total</b>	<b>\$</b>	<b>2,230,000</b>	<b>\$ 1,236,420</b>

Changes in long-term liabilities for the year ended June 30, 2019 follows:

<b>Governmental Activities</b>	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Accrued leave	\$ 38,674	\$ 83,565	\$ 60,930	\$ 61,309	\$ 61,309

<b>Business-type Activities</b>	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
General obligation bonds	\$ 2,300,000	\$ -	\$ 70,000	\$ 2,230,000	\$ 75,000
Bond premium	331,458	-	16,574	314,884	-
Landfill closure liability	140,649	4,397	-	145,046	-
Accrued leave	20,344	26,914	31,943	15,315	15,315
<b>Total Business-type Activities</b>	<b>\$ 2,792,451</b>	<b>\$ 31,311</b>	<b>\$ 118,517</b>	<b>\$ 2,705,245</b>	<b>\$ 90,315</b>

For governmental activities, accrued leave is generally liquidated by the General Fund.

The City amortizes bond premiums using the straight-line method, which approximates the effective interest method.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### 7. 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, 2019:

	General Fund	Clinic Operations Special Revenue Fund	Nonmajor Funds	Total
<b>Nonspendable:</b>				
Investment in Southwest Governments, LLC	\$ 291,013	\$ -	\$ -	\$ 291,013
Advance to other funds	1,099,457	-	-	1,099,457
<b>Total nonspendable</b>	<b>1,390,470</b>	<b>-</b>	<b>-</b>	<b>1,390,470</b>
<b>Assigned:</b>				
Next year's budget	290,000	-	-	290,000
Silver Salmon Derby	-	-	18,553	18,553
Clinic	-	514,682	-	514,682
<b>Total assigned</b>	<b>290,000</b>	<b>514,682</b>	<b>18,553</b>	<b>823,235</b>
<b>Unassigned</b>	<b>2,150,708</b>	<b>-</b>	<b>-</b>	<b>2,150,708</b>
<b>Total Fund Balances</b>	<b>\$ 3,831,178</b>	<b>\$ 514,682</b>	<b>\$ 18,553</b>	<b>\$ 4,364,413</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 8. Interfund Balances

A schedule of interfund balances and transfers for the year ended June 30, 2019, follows:

#### Due to Other Funds

Due to the General Fund from the Enterprise Funds to cover operating expenses and capital costs:

Rock Crusher Enterprise Fund	\$	12,608
Silver Salmon Derby Special Revenue Fund		167

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Total Due to the General Fund 12,775

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Due to the Bingo Enterprise Fund from the General Fund to cover short-term advances

24,058

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**Total Due to Other Funds** \$ 36,833

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#### Advances to Other Funds

Advances from the General Fund to:

Water and Sewer Enterprise Fund for capital and operating costs	\$	586,266
Boat Harbor Enterprise Fund for operations		513,191

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**Total Advances to Other Funds** \$ 1,099,457

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#### Transfers

Transfers from the General Fund to:

Water and Sewer Enterprise Fund for operating expenses	\$	70,000
Refuse Enterprise Fund for operating expenses		24,000

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**Total Transfers to Other Funds** \$ 94,000

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### 9. Retirement Plans

#### (a) Defined Benefit (DB) Pension Plan

##### General Information About the Plan

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

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/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 postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit



# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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(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 postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

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

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

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan’s past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

The City recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

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

Regular employees are required to contribute 6.75% of their annual covered salary. Police officers and firefighters are required to contribute 7.50% of their annual covered salary.

### ***Employer and Other Contribution Rates***

There are several contribution rates associated with the pension contributions 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, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. 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 employee payroll are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

***ARM Board Adopted Rate:*** This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

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

*GASB Rate:* This is the rate used to determine the long-term pension liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For 2019, the rate uses an 8% pension 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.

Contribution rates for the year ended June 30, 2019 were determined in the June 30, 2016 actuarial valuations. The City's contribution rates for the 2019 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	16.17%	23.21%	5.58%
Postemployment healthcare (ARHCT)	5.83%	4.37%	0.00%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>27.58%</b>	<b>5.58%</b>

In 2019, the City was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2017 to June 30, 2018	City Fiscal Year July 1, 2018 to June 30, 2019
Employer contributions (including DBUL)	\$ 135,172	\$ 136,277
Nonemployer contributions (on-behalf)	38,414	78,267
<b>Total Contributions</b>	<b>\$ 173,586</b>	<b>\$ 214,544</b>

In addition, employee contributions to the Plan totaled \$21,664 during the City's fiscal year.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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

At June 30, 2019, 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 portion of the net pension liability that was associated with the City were as follows:

	2019
City proportionate share of NPL	\$ 2,305,786
State's proportionate share of NPL associated with the City	666,582
<b>Total Net Pension Liability</b>	<b>\$ 2,972,368</b>

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net pension liability 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 the June 30, 2018 measurement date, the City's proportion was 0.04640 percent, which was an increase of 0.010913 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$355,595 and on-behalf revenue of \$31,210 for support provided by the State. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (57,871)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	50,924	-
Changes in proportion and differences between City contributions and proportionate share of contributions	215,477	-
City contributions subsequent to the measurement date	136,277	-
<b>Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 402,678</b>	<b>\$ (57,871)</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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The \$136,277 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, 2020. 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 Ending June 30,*

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2020	\$ 222,375
2021	27,845
2022	(39,457)
2023	(2,233)
2024	-
Thereafter	-
<hr/>	
<b>Total Amortization</b>	<b>\$ 208,530</b>

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### ***Actuarial Assumptions***

The total pension liability for the measurement period ended June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

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Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	For peace officer/firefighter, increases range from 9.66% to 4.92% based on service. For all others, increases range from 8.55% to 4.34% based on age and service.
Allocation methodology	Amounts for FY 2018 were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the fiscal years 2019 to 2039 to the Plan. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. Post-termination - 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation report are the same as those used in the June 30, 2016 actuarial valuation.

### ***Long-Term Expected Rate of Return***

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. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

### ***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.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### ***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 8.00%, 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 one percentage-point lower or one percentage-point higher 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	0.04640%	\$ 3,053,442	\$ 2,305,786	\$ 1,673,359

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

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

### ***(b) 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, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

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

### ***Benefit Terms***

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2019 to cover a portion of the City’s employer match contributions. For the year ended June 30, 2019, forfeitures reduced pension expense by \$44,699.

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

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

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Employer Contribution Rate*

For the year ended June 30, 2019, 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, 2019 were \$49,671 and \$79,473, respectively. The City contribution amount was recognized as pension expense/expenditures.

### *(c) Defined Benefit OPEB Plans*

As part of its participation in PERS, the City participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is a self-insured and self-funded and provides major medical coverage to retirees of the DB Plan. The ARHCT plan was closed to all new entrants effective July 1, 2006. Benefits vary by Tier level. The RMP is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

### *Contribution Rates*

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2019 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	5.83%	5.83%
Retiree Medical Plan	0.94%	0.94%
Occupational Death and Disability Benefits	0.26%	0.76%
<b>Total Contribution Rates</b>	<b>7.03%</b>	<b>7.53%</b>

In 2019, the City was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2017 to June 30, 2018	City Fiscal Year July 1, 2018 to June 30, 2019
Employer contributions - ARHCT	\$ 38,529	\$ 49,104
Employer contributions - RMP	8,318	9,338
Employer contributions - ODD	981	4,557
<b>Total Contributions</b>	<b>\$ 47,828</b>	<b>\$ 62,999</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans***

At June 30, 2019, the City reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB 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:

	2019
City's proportionate share of NOL - ARHCT	\$ 476,203
City's proportionate share of NOL - RMP	9,079
City's proportionate share of NOL (Asset) - ODD	(13,858)
<b>Total City's Proportionate Share of NOL (Asset)</b>	<b>\$ 471,424</b>
State's proportionate share of the ARHCT NOL associated with the City	138,071
<b>Total Net OPEB Liabilities</b>	<b>\$ 609,495</b>

The total OPEB liabilities for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net OPEB liabilities as of that date. The City's proportion of the net OPEB liabilities were based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2017 Measurement Date Employer Proportion	June 30, 2018 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.03550%	0.04640%	0.1090%
RMP	0.07161%	0.07135%	(0.00026)%
ODD	0.07161%	0.07135%	(0.00026)%

As a result of its requirement to contribute to the plans, the City recognized OPEB expense of \$169,108 and on-behalf revenue of \$18,126 for support provided by the State associated with the ARHCT plan.



# City of Sand Point, Alaska

## Notes to Basic Financial Statements

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (55,276)
Changes in assumptions	76,451	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(102,723)
Changes in proportion and differences between City contributions and proportionate share of contributions	75,955	(28,707)
City contributions subsequent to the measurement date	62,999	-
<b>Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ 215,405</b>	<b>\$ (186,706)</b>

The \$62,999 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

*Year Ending June 30,*

2020	\$	(645)
2021		1,713
2022		(33,445)
2023		(2,151)
2024		58
Thereafter		170
<b>Total Amortization</b>	<b>\$</b>	<b>(34,300)</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total OPEB liability for each plan the measurement period ended June 30, 2018 was determined by actuarial valuations as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

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Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for Peace Officer/ Firefighter. Graded by service from 8.55% to 4.34% for all others
Allocation methodology	Amounts for 2018 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drug: 9.0% grading down to 4.0% RDS/EGWP:6.5% grading down to 4.0%
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination - 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 valuation with the following exceptions:

1. The medical trend rate assumption was updated to reflect anticipated increases in costs based on recent survey data.
2. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### ***Long-Term Expected Rate of Return***

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare 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 rates of return for each major asset class included in the plans' targeted asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

### ***Discount rate***

The discount rate used to measure the total OPEB liability for each plan 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 fiduciary net position of each plan 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 plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

### ***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate***

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the respective plan's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher 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 OPEB liability (asset):				
ARHCT	0.04640%	\$ 964,073	\$ 476,203	\$ 67,269
RMP	0.07135%	\$ 27,113	\$ 9,079	\$ (4,987)
ODD	0.07135%	\$ (13,013)	\$ (13,858)	\$ (14,553)

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### ***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates***

The following presents the City’s proportionate share of the net OPEB liabilities calculated using the healthcare cost trend rates, as well as what the City’s proportionate share of the respective plan’s net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City’s proportionate share of the net OPEB liability (asset):				
ARHCT	0.04640%	\$ 9,244)	\$ 476,203	\$ 1,038,701
RMP	0.07135%	\$ (7,719)	\$ 9,079	\$ 31,561
ODD	0.07135%	\$ n/a	\$ n/a	\$ n/a

### ***OPEB Plan Fiduciary Net Position***

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

### ***(d) Defined Contribution OPEB Plans***

PERS defined contribution members also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expenses to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

### ***Contribution Rate***

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, 2018, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,103 per year for each full-time employee, and \$1.35 per hour for part-time employees. Employees do not contribute to the DC OPEB plans.

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

In 2019, the City contributed \$39,982 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 10. Landfill Closure and Postclosure Liability

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

The City has estimated the closure and postclosure costs to be \$219,800 with an estimated remaining life through 2036. At June 30, 2019, the City has recognized \$145,046 of this liability on the statement of net position, an increase of \$4,397 from the prior year. The City will recognize the remaining estimated cost of closure and postclosure care of \$74,754 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The remaining life of the landfill is estimated to be approximately 17 years.

At June 30, 2019 the City has not committed or assigned any fund balance to fund the cost of closure and postclosure monitoring, nor have any assets been restricted for this purpose.

### 11. Risk Management

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

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

APEI is a public entity risk pool organized to share risks among its members. Its bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's deposit contribution in comparison to the aggregate deposit contributions of all members. There were no supplemental assessments made during the year ended June 30, 2019.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 12. 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.

### 13. 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, and actual impacts have not yet been determined.

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

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

*GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for year-end June 30, 2021, with earlier application encouraged - This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

*GASB 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

*GASB 91 - Conduit Debt Obligations* - Effective for year-end June 30, 2022, with earlier application encouraged - This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

*GASB 92 - Omnibus 2020* - Requirements related Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. Requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for year end June 30, 2021. This statement addresses a variety of practice issues identified during implementation and application of certain GASB statements.

## Required Supplementary Information

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

<i>Year Ended June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 1,231,000	\$ 1,095,000	\$ 1,217,916	\$ 122,916
State of Alaska	737,146	483,886	467,062	(16,824)
Federal government	-	-	30,816	30,816
Other revenues	371,500	429,631	562,643	133,012
<b>Total Revenues</b>	<b>2,339,646</b>	<b>2,008,517</b>	<b>2,278,437</b>	<b>269,920</b>
<b>Expenditures</b>				
General government	1,046,205	1,040,036	861,023	179,013
Parks and recreation	24,000	25,000	22,007	2,993
Public safety	611,900	630,850	632,231	(1,381)
Public works	1,018,900	1,004,650	769,191	235,459
<b>Total Expenditures</b>	<b>2,701,005</b>	<b>2,700,536</b>	<b>2,284,452</b>	<b>416,084</b>
Excess of revenues over (under) expenditures	(361,359)	(692,019)	(6,015)	686,004
<b>Other Financing Uses - transfers out</b>	<b>(94,000)</b>	<b>(94,000)</b>	<b>(94,000)</b>	<b>-</b>
	<u>\$ (455,359)</u>	<u>\$ (786,019)</u>	(100,015)	<u>\$ 686,004</u>
<b>Fund Balance, beginning</b>			<u>3,931,193</u>	
<b>Fund Balance, ending</b>			<u>\$ 3,831,178</u>	

*See accompanying notes to Required Supplementary Information.*



## City of Sand Point, Alaska

## Clinic Operations Special Revenue Fund

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

<i>Year Ended June 30, 2019</i>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues - charges for services	\$ -	\$ -	\$ 307,410	\$ 307,410
Expenditures - health clinic	-	62,412	\$ 67,105	(4,693)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (62,412)</u>	240,305	<u>\$ 302,717</u>
Fund Balance, beginning			<u>274,377</u>	
Fund Balance, ending			<u>\$ 514,682</u>	

*See accompanying notes to Required Supplementary Information.*

**City of Sand Point, Alaska**  
**Public Employees' Retirement System - Pension Plan**

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

<i>Years Ended June 30,</i>	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.04640%	0.03549%	0.04490%	0.04158%	0.02642%
City's Proportionate Share of the Net Pension Liability	\$ 2,305,786	\$ 1,834,527	\$ 2,509,794	\$ 2,016,688	\$ 1,232,488
State of Alaska Proportionate Share of the Net Pension Liability	666,582	682,570	268,000	538,967	1,167,143
Total Net Pension Liability	\$ 2,972,368	\$ 2,517,097	\$ 2,777,794	\$ 2,555,655	\$ 2,399,631
City's Covered Payroll	1,237,346	1,166,419	1,238,644	1,112,644	1,491,172
City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	186.35%	157.28%	202.62%	181.25%	82.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.19%	63.37%	59.55%	63.98%	62.37%

**Schedule of City Contributions**

<i>Years Ended June 30,</i>	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 136,277	\$ 135,172	\$ 114,845	\$ 101,325	\$ 96,066
Contributions Relative to the Contractually Required Contribution	136,277	135,172	114,845	101,325	96,066
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	1,297,484	1,237,346	1,166,419	1,238,644	1,112,644
Contributions as a Percentage of Covered Payroll	10.503%	10.924%	9.846%	8.180%	8.634%

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

*See accompanying notes to Required Supplementary Information.*

**City of Sand Point, Alaska**  
**Public Employees' Retirement System - OPEB Plans**  
**Schedule of the City's Proportionate Share of the Net OPEB Liability**

Years Ended June 30,	ARHCT		RMP		ODD	
	2019	2018	2019	2018	2019	2018
City's Proportion of the Net OPEB Liability	0.04640%	0.03549%	0.07135%	0.07161%	0.07135%	0.07161%
City's Proportionate Share of the Net OPEB Liability	\$ 476,203	\$ 299,802	\$ 9,079	\$ 3,734	\$ (13,858)	\$ (10,161)
State of Alaska Proportionate Share of the Net OPEB Liability	138,071	111,911	-	-	-	-
Total Net OPEB Liability	\$ 614,274	\$ 411,713	\$ 9,079	\$ 3,734	\$ (13,858)	\$ (10,161)
City's Covered Payroll	1,237,346	1,166,419	1,237,346	1,166,419	1,237,346	1,166,419
City's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	38.49%	25.70%	0.73%	0.32%	-1.12%	-0.87%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	88.12%	89.68%	88.71%	93.98%	270.62%	212.97%

**Schedule of City Contributions**

Years Ended June 30,	ARHCT		RMP		ODD	
	2019	2018	2019	2018	2019	2018
Contractually Required Contributions	\$ 49,104	\$ 38,529	\$ 9,338	\$ 8,318	\$ 4,557	\$ 981
Contributions Relative to the Contractually Required Contribution	49,104	38,529	9,338	8,318	4,557	981
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	1,297,484	1,237,346	1,297,484	1,237,346	1,297,484	1,237,346
Contributions as a Percentage of Covered Payroll	3.785%	3.114%	0.720%	0.672%	0.351%	0.079%

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

*See accompanying notes to Required Supplementary Information.*

# City of Sand Point, Alaska

## Notes to Required Supplementary Information

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### 1. Budgetary Comparison Schedules

The budgetary comparison schedules are presented on the modified accrual basis of accounting.

### 2. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For June 30, 2019, the Plan measurement date is June 30, 2018.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

#### *Schedule of City Contributions*

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

### 3. Public Employees' Retirement System OPEB Plans

#### *Schedule of the City's Proportionate Share of the Net OPEB Liability*

This table is presented based on the Plan measurement date. For June 30, 2019, the Plan measurement date is June 30, 2018.

*Changes in Assumptions:* The medical trend rate assumption used for the ARHCT plan was updated to reflect anticipated increases in costs based on recent survey data. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

#### *Schedule of City Contributions*

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

## Supplementary Information

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## City of Sand Point, Alaska

General Fund  
Balance Sheet

<i>June 30,</i>	2019	2018
<b>Assets</b>		
Cash and investments	\$ 2,324,066	\$ 2,441,310
Receivables:		
Sales tax	89,409	80,363
Fish tax	89,712	58,431
Other	26,142	32,685
Prepaid items	-	699
Investment in Southwest Governments, LLC	291,013	294,911
Due from other funds	12,775	12,608
Advance to other funds	1,099,457	1,068,769
<b>Total Assets</b>	<b>\$ 3,932,574</b>	<b>\$ 3,989,776</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 19,335	\$ 20,919
Unearned revenue	325	-
Accrued liabilities	57,678	37,664
Due to other funds	24,058	-
<b>Total Liabilities</b>	<b>101,396</b>	<b>58,583</b>
<b>Fund Balance</b>		
Nonspendable:		
Prepaid items	-	699
Investment in Southwest Governments, LLC	291,013	294,911
Advance to other funds	1,099,457	1,068,769
Assigned - next year's budget	290,000	290,000
Unassigned	2,150,708	2,276,814
<b>Total Fund Balance</b>	<b>3,831,178</b>	<b>3,931,193</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,932,574</b>	<b>\$ 3,989,776</b>

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

<i>Years Ended June 30,</i>	2019			2018
	Final Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Taxes:				
Sales taxes	\$ 706,000	\$ 745,315	\$ 39,315	\$ 683,063
Local raw fish taxes	375,000	463,850	88,850	585,675
Accommodation taxes	14,000	8,751	(5,249)	16,030
<b>Total taxes</b>	<b>1,095,000</b>	<b>1,217,916</b>	<b>122,916</b>	<b>1,284,768</b>
State of Alaska:				
Shared fisheries and raw fish tax	40,788	43,790	3,002	-
Fish resource landing tax	300,000	273,104	(26,896)	513,560
Library grants	7,000	-	(7,000)	-
Community assistance program	92,598	92,596	(2)	98,363
State PERS relief	40,000	55,472	15,472	25,793
Other state grants	-	-	-	21,250
State liquor licenses	3,500	2,100	(1,400)	2,500
<b>Total State of Alaska</b>	<b>483,886</b>	<b>467,062</b>	<b>(16,824)</b>	<b>661,466</b>
Federal Government	-	30,816	30,816	12,840
Other revenues:				
Payment in lieu of taxes - local sources	150,000	150,000	-	150,000
Building rental	140,000	125,899	(14,101)	146,060
Equipment rental	47,878	109,727	61,849	37,943
Business licenses	4,000	3,025	(975)	1,650
EMS fund	15,000	-	(15,000)	17,472
Anchorage office	-	16,102	16,102	23,026
Local donations	47,753	47,753	-	3,500
Contributions	-	-	-	100,000
Investment income	25,000	77,116	52,116	50,888
Other	-	33,021	33,021	25,505
<b>Total other revenues</b>	<b>429,631</b>	<b>562,643</b>	<b>133,012</b>	<b>556,044</b>
<b>Total Revenues</b>	<b>2,008,517</b>	<b>2,278,437</b>	<b>269,920</b>	<b>2,515,118</b>

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

Years Ended June 30,	2019			2018
	Final Budget	Actual	Variance with Budget	Actual
<b>Expenditures</b>				
General government:				
Legislative:				
Salaries	\$ 42,000	\$ 36,175	\$ 5,825	\$ 36,150
Fringe benefits	74,200	45,640	28,560	87,248
Travel and per diem	20,000	20,386	(386)	12,980
Dues and fees	4,000	1,970	2,030	4,076
<b>Total legislative</b>	<b>140,200</b>	<b>104,171</b>	<b>36,029</b>	<b>140,454</b>
Administration:				
Salaries	250,000	350,411	(100,411)	338,959
Contractual services	85,000	10,250	74,750	43,122
Fringe benefits	72,000	96,142	(24,142)	72,224
Travel and per diem	20,000	14,321	5,679	19,654
Telephone	15,000	16,595	(1,595)	16,595
Postage	3,000	3,243	(243)	3,494
Supplies	8,500	4,954	3,546	11,223
Equipment	10,000	2,269	7,731	11,897
Equipment maintenance	6,500	8,226	(1,726)	8,840
Dues and fees	10,000	11,033	(1,033)	11,388
Anchorage office	10,000	9,201	799	10,039
Audit	50,000	58,052	(8,052)	61,890
Legal	6,000	3,659	2,341	14,255
Insurance	134,581	133,988	593	121,841
Bank service charges	10,000	9,156	844	8,225
Fuel	4,000	1,548	2,452	1,708
Freight/speed paks	3,000	2,088	912	3,130
Elections	1,000	986	14	987
Donations	-	5,514	(5,514)	6,000
Hospitality	3,000	1,509	1,491	1,470
Library	2,500	1,239	1,261	1,140
Event costs	10,000	6,082	3,918	6,115
Airport leases	3,325	-	3,325	-
Bond payment	180,180	-	180,180	-
Other	2,250	6,386	(4,136)	4,371
<b>Total administration</b>	<b>899,836</b>	<b>756,852</b>	<b>142,984</b>	<b>778,567</b>
<b>Total general government</b>	<b>1,040,036</b>	<b>861,023</b>	<b>179,013</b>	<b>919,021</b>



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

<i>Years Ended June 30,</i>	2019			2018
	Final Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Parks and recreation:				
Salaries	\$ 21,500	\$ 20,218	\$ 1,282	\$ 21,805
Fringe benefits	2,500	1,749	751	1,886
Equipment	1,000	40	960	32
<b>Total parks and recreation</b>	<b>25,000</b>	<b>22,007</b>	<b>2,993</b>	<b>23,723</b>
Public safety:				
Police:				
Salaries	337,000	359,581	(22,581)	246,272
911 dispatchers	25,000	23,946	1,054	24,586
Contractual services	-	-	-	18,455
Fringe benefits	100,000	129,986	(29,986)	87,227
Travel and per diem	46,000	40,853	5,147	28,335
Telephone	10,000	10,740	(740)	10,400
Supplies	5,000	3,381	1,619	3,213
Equipment	25,000	3,497	21,503	22,149
Equipment maintenance	10,000	5,536	4,464	9,335
Dues and fees	3,500	7,546	(4,046)	11,813
Fuel	6,500	4,698	1,802	3,791
Freight/speed paks	1,000	745	255	773
<b>Total police</b>	<b>569,000</b>	<b>590,509</b>	<b>(21,509)</b>	<b>466,349</b>
Emergency services:				
Volunteer stipend	12,000	8,800	3,200	10,850
Contractual	6,000	6,000	-	5,500
Travel and per diem	1,200	-	1,200	-
Telephone	3,200	3,645	(445)	3,797
Supplies	2,000	963	1,037	212
Equipment	2,500	-	2,500	7,581
Equipment maintenance	1,500	1,003	497	622
Equipment fuel	1,000	258	742	136
Dues and fees	500	2,886	(2,386)	75
Freight	500	135	365	49
<b>Total emergency services</b>	<b>30,400</b>	<b>23,690</b>	<b>6,710</b>	<b>28,822</b>

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

<i>Years Ended June 30,</i>	2019			2018
	Final Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public safety, continued:				
Fire:				
Telephone	\$ 750	\$ 739	\$ 11	\$ 746
Fireboat	700	11,638	(10,938)	2,370
Supplies	1,000	537	463	94
Equipment	20,000	-	20,000	18,482
Equipment maintenance	3,500	1,785	1,715	38
Equipment fuel	1,000	120	880	50
Dues and fees	500	-	500	-
Utilities	1,500	2,007	(507)	1,175
Freight	2,500	1,206	1,294	2,050
<b>Total fire</b>	<b>31,450</b>	<b>18,032</b>	<b>13,418</b>	<b>25,005</b>
<b>Total public safety</b>	<b>630,850</b>	<b>632,231</b>	<b>(1,381)</b>	<b>520,176</b>
Public works:				
General:				
Salaries	350,000	341,382	8,618	260,133
Contractual	55,000	-	55,000	48,075
Fringe benefits	74,000	76,177	(2,177)	62,363
Travel and per diem	3,000	-	3,000	697
Telephone	6,000	5,681	319	6,000
Supplies	15,000	10,728	4,272	9,985
Equipment	25,000	480	24,520	(1,201)
Equipment maintenance	55,000	28,218	26,782	23,347
Equipment fuel	10,000	9,651	349	6,853
Dues and fees	500	40	460	330
Utilities	17,000	19,135	(2,135)	16,365
Fuel	25,000	9,326	15,674	18,664
Repairs	75,000	91	74,909	136,831
Freight/speed paks	10,000	6,630	3,370	8,537
<b>Total general</b>	<b>720,500</b>	<b>507,539</b>	<b>212,961</b>	<b>596,979</b>

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

Years Ended June 30,	2019			2018
	Final Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public works, continued:				
Facilities:				
Salaries	\$ 88,000	\$ 91,832	\$ (3,832)	\$ 91,504
Fringe benefits	47,000	53,268	(6,268)	50,996
Municipal building:				
Supplies	12,000	12,762	(762)	12,242
Equipment	3,000	930	2,070	3,190
Equipment maintenance	1,500	3,957	(2,457)	217
Dues and fees	300	-	300	268
Utilities	17,500	20,072	(2,572)	18,410
Fuel	30,000	29,620	380	29,224
Repairs	25,000	3,885	21,115	15,106
Freight/speed paks	4,500	2,167	2,333	5,496
City houses:				
Supplies	500	-	500	294
Equipment	500	-	500	-
Fuel	10,000	21,100	(11,100)	17,961
Repairs	3,500	100	3,400	2,200
Freight/speed paks	1,000	-	1,000	509
Utilities	13,000	4,308	8,692	3,388
RATNET building - utilities	750	289	461	698
Clinic facility:				
Supplies	300	-	300	-
Freight/speed paks	300	-	300	-
Repairs	2,000	1,264	736	3,371
4-plex:				
Supplies	500	134	366	498
Equipment	1,500	-	1,500	1,645
Utilities	3,000	1,519	1,481	3,117
Fuel	12,000	9,788	2,212	8,075
Freight/speed paks	1,000	-	1,000	-
Repairs	1,000	380	620	2,592
Teen center:				
Utilities	1,500	1,466	34	1,266
Fuel	2,500	2,811	(311)	2,038
Repairs	500	-	500	-
<b>Total facilities</b>	<b>284,150</b>	<b>261,652</b>	<b>22,498</b>	<b>274,305</b>
<b>Total public works</b>	<b>1,004,650</b>	<b>769,191</b>	<b>235,459</b>	<b>871,284</b>

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

<i>Years Ended June 30,</i>	2019			2018
	Final Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
<b>Total Expenditures</b>	\$ 2,700,536	\$ 2,284,452	\$ 416,084	\$ 2,334,204
Excess of revenues over (under) expenditures	(692,019)	(6,015)	686,004	180,914
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	103,037
Transfers out	(94,000)	(94,000)	-	(75,000)
Net change in fund balance	<u>\$ (786,019)</u>	(100,015)	<u>\$ 686,004</u>	208,951
Fund Balance, beginning		<u>3,931,193</u>		<u>3,722,242</u>
Fund Balance, ending		<u>\$ 3,831,178</u>		<u>\$ 3,931,193</u>

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

<i>June 30,</i>	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and investments	\$ 67,629	\$ 89,483
Due from other funds	24,058	-
<b>Total Current Assets</b>	<b>91,687</b>	<b>89,483</b>
<b>Noncurrent Assets</b>		
Equipment and vehicles	14,541	14,541
Less accumulated depreciation	(14,541)	(14,541)
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 91,687</b>	<b>\$ 89,483</b>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities - accrued payroll</b>	<b>\$ 1,979</b>	<b>\$ 1,198</b>
<b>Noncurrent Liabilities</b>		
Advance from other funds	-	20,576
<b>Total Liabilities</b>	<b>1,979</b>	<b>21,774</b>
<b>Net Position</b>		
Unrestricted	89,708	67,709
<b>Total Net Position</b>	<b>89,708</b>	<b>67,709</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 91,687</b>	<b>\$ 89,483</b>

## City of Sand Point, Alaska

## Bingo Enterprise Fund

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

<i>Years Ended June 30,</i>	2019	2018
<b>Operating Revenues</b>		
Pull tab revenue	\$ 681,431	\$ 522,763
Bingo revenue	47,138	36,305
Other operating revenues	-	56
<b>Total Operating Revenues</b>	<b>728,569</b>	<b>559,124</b>
<b>Operating Expenses</b>		
Salaries and benefits	41,211	37,094
Telephone	1,766	859
Supplies	744	1,457
Dues and fees	813	3,433
Bank service charges	2,681	2,350
Freight/speed paks	355	279
Prizes and payouts	568,465	436,622
Pull tab tax	5,302	4,152
Donations	61,865	15,437
Utilities	(121)	786
Pull tab purchases	23,489	16,387
<b>Total Operating Expenses</b>	<b>706,570</b>	<b>518,856</b>
Income before transfers	21,999	40,268
Transfers out	-	(103,037)
Change in net position	21,999	(62,769)
<b>Net Position, beginning</b>	<b>67,709</b>	<b>130,478</b>
<b>Net Position, ending</b>	<b>\$ 89,708</b>	<b>\$ 67,709</b>

## City of Sand Point, Alaska

### Bingo Enterprise Fund Statement of Cash Flows

<i>Years Ended June 30,</i>	2019	2018
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 728,569	\$ 559,124
Payments for goods and services	(665,359)	(482,074)
Payments for salaries and benefits	(40,430)	(37,427)
<b>Net cash flows from operating activities</b>	<b>22,780</b>	<b>39,623</b>
<b>Cash Flows for Noncapital Financing Activities</b>		
Increase in due from other funds	(24,058)	-
Transfers out	-	(103,037)
<b>Net cash flows for noncapital financing activities</b>	<b>(24,058)</b>	<b>(103,037)</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Increase in advances	(20,576)	(155,985)
<b>Net decrease in cash and investments</b>	<b>(21,854)</b>	<b>(219,399)</b>
<b>Cash and Investments, beginning</b>	<b>89,483</b>	<b>308,882</b>
<b>Cash and Investments, ending</b>	<b>\$ 67,629</b>	<b>\$ 89,483</b>
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>		
Operating income	\$ 21,999	\$ 40,268
Adjustments to reconcile operating income to net cash flows from operating activities:		
Increase (decrease) in liabilities:		
Accrued payroll	781	(333)
Accounts payable	-	(312)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 22,780</b>	<b>\$ 39,623</b>

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

<i>June 30,</i>	2019	2018
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Accounts receivable, net of allowance of \$93,617 (\$70,968 in 2018)	\$ 84,697	\$ 64,206
<b>Noncurrent Assets</b>		
Building and floats	10,795,390	10,795,390
Equipment and vehicles	613,944	613,944
Construction in progress	51,226	51,226
Less accumulated depreciation	(2,710,493)	(2,259,815)
<b>Total Noncurrent Assets</b>	<b>8,750,067</b>	<b>9,200,745</b>
<b>Total Assets</b>	<b>8,834,764</b>	<b>9,264,951</b>
<b>Deferred Outflows of Resources</b>		
Pension related	78,900	40,298
Other postemployment benefits related	40,700	10,526
<b>Total Deferred Outflows of Resources</b>	<b>119,600</b>	<b>50,824</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 8,954,364</b>	<b>\$ 9,315,775</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 7,330	\$ 8,122
Accrued leave	5,005	11,486
Accrued interest payable	35,560	36,726
Current portion of bonds payable	75,000	70,000
<b>Total Current Liabilities</b>	<b>122,895</b>	<b>126,334</b>
<b>Noncurrent Liabilities</b>		
Bonds payable, net of current portion	2,155,000	2,230,000
Bond premium, net of accumulated amortization	314,884	331,458
Net pension liability	477,449	392,062
Net other postemployment benefits liability	95,442	63,182
Advance from other funds	513,191	396,976
<b>Total Noncurrent Liabilities</b>	<b>3,555,966</b>	<b>3,413,678</b>
<b>Total Liabilities</b>	<b>3,678,861</b>	<b>3,540,012</b>
<b>Deferred Inflows of Resources</b>		
Pension related	19,539	57,232
Other postemployment benefits related	39,870	38,067
<b>Total Deferred Inflows of Resources</b>	<b>59,409</b>	<b>95,299</b>
<b>Net Position</b>		
Net investment in capital assets	6,205,183	6,569,287
Unrestricted (deficit)	(989,089)	(888,823)
<b>Total Net Position</b>	<b>5,216,094</b>	<b>5,680,464</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 8,954,364</b>	<b>\$ 9,315,775</b>



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

<i>Years Ended June 30,</i>	2019	2018
<b>Operating Revenues</b>		
Moorage	\$ 245,795	\$ 218,320
Travel lift	84,849	101,909
Wharfage	63,909	122,003
Van storage	17,329	17,185
Electricity	46,547	35,978
Penalties and interest	8,515	6,451
Rents	136,800	152,460
Harbor electric fee	10,725	10,360
Other operating revenues, net	25,533	18,539
<b>Total Operating Revenues</b>	<b>640,002</b>	<b>683,205</b>
<b>Operating Expenses</b>		
Salaries and benefits	342,034	338,262
Contractual	1,051	1,240
Telephone	5,110	5,467
Supplies	8,272	6,453
Depreciation	450,678	455,599
Equipment and equipment maintenance	59,042	79,201
Dues and fees	409	314
Utilities	78,320	96,659
Fuel	11,848	12,881
Repairs	9,958	10,531
Freight/speed paks	11,643	7,890
Bad debt expense	22,649	14,425
<b>Total Operating Expenses</b>	<b>1,001,014</b>	<b>1,028,922</b>
Operating loss	(361,012)	(345,717)
<b>Nonoperating Revenues (Expenses)</b>		
State PERS relief	5,655	17,486
Interest expense	(109,013)	(112,047)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(103,358)</b>	<b>(94,561)</b>
Change in net position	(464,370)	(440,278)
<b>Net Position, beginning</b>	<b>5,680,464</b>	<b>6,120,742</b>
<b>Net Position, ending</b>	<b>\$ 5,216,094</b>	<b>\$ 5,680,464</b>

## City of Sand Point, Alaska

Boat Harbor Enterprise Fund  
Statement of Cash Flows

<i>Years Ended June 30,</i>	2019	2018
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 619,511	\$ 670,155
Payments for goods and services	(209,095)	(234,302)
Payments for salaries and benefits	(329,879)	(377,563)
<b>Net cash flows from operating activities</b>	<b>80,537</b>	<b>58,290</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(70,000)	(70,000)
Interest paid on long-term debt	(126,752)	(129,553)
Decrease in due to other funds	-	(255,713)
Increase in advances	116,215	396,976
<b>Net cash flows for capital and related financing activities</b>	<b>(80,537)</b>	<b>(58,290)</b>
Net increase in cash and investments	-	-
<b>Cash and Investments, beginning</b>	<b>-</b>	<b>-</b>
<b>Cash and Investments, ending</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Operating Loss to Net Cash Flows for Operating Activities</b>		
Operating loss	\$ (361,012)	\$ (345,717)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	450,678	455,599
Noncash expense - PERS relief	5,655	17,486
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(20,491)	(13,050)
Deferred outflows of resources related to pensions	(38,602)	55,837
Deferred outflows of resources related to other postemployment benefit	(30,174)	3,228
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(793)	759
Accrued leave	(6,481)	(12,619)
Net pension liability	85,387	(145,428)
Net other postemployment benefits liability	32,260	(47,113)
Deferred inflows of resources related to pensions	(37,693)	51,241
Deferred inflows of resources related to other postemployment benefits	1,803	38,067
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 80,537</b>	<b>\$ 58,290</b>

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

<i>June 30,</i>	2019	2018
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 507,910	\$ 477,003
Accounts receivable, net of allowance of \$6,569 (\$3,837 in 2018)	22,679	13,248
<b>Total Current Assets</b>	<b>530,589</b>	<b>490,251</b>
<b>Noncurrent Assets</b>		
Buildings	19,400	19,400
Equipment and vehicles	498,629	498,629
Sanitary landfill	1,996,889	1,996,889
Less accumulated depreciation	(1,943,155)	(1,877,518)
<b>Total Noncurrent Assets</b>	<b>571,763</b>	<b>637,400</b>
<b>Total Assets</b>	<b>1,102,352</b>	<b>1,127,651</b>
<b>Deferred Outflows of Resources</b>		
Pension related	33,684	16,978
Other postemployment benefits related	16,986	3,927
<b>Total Deferred Outflows of Resources</b>	<b>50,670</b>	<b>20,905</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,153,022</b>	<b>\$ 1,148,556</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 416	\$ 295
Accrued leave	9,843	8,858
<b>Total Current Liabilities</b>	<b>10,259</b>	<b>9,153</b>
<b>Noncurrent Liabilities</b>		
Landfill closure costs payable	145,046	140,649
Net pension liability	194,104	157,151
Net other postemployment benefits liability	37,539	23,577
<b>Total Noncurrent Liabilities</b>	<b>376,689</b>	<b>321,377</b>
<b>Total Liabilities</b>	<b>386,948</b>	<b>330,530</b>
<b>Deferred Inflows of Resources</b>		
Pension related	5,165	21,478
Other postemployment benefits related	14,985	14,205
<b>Total Deferred Inflows of Resources</b>	<b>20,150</b>	<b>35,683</b>
<b>Net Position</b>		
Investment in capital assets	571,763	637,400
Unrestricted	174,161	144,943
<b>Total Net Position</b>	<b>745,924</b>	<b>782,343</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 1,153,022</b>	<b>\$ 1,148,556</b>

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

<i>Years Ended June 30,</i>	2019	2018
<b>Operating Revenues - user charges</b>	\$ 168,880	\$ 131,140
<b>Operating Expenses</b>		
Salaries and benefits	134,712	115,229
Supplies	1,132	568
Equipment and equipment maintenance	16,057	8,978
Dues and fees	110	141
Utilities	1,547	1,148
Fuel	4,201	3,404
Repairs	359	-
Freight/speed paks	862	1,365
Landfill closure expense	4,397	4,397
Bad debt expense	2,732	-
Depreciation	65,637	62,633
<b>Total Operating Expenses</b>	<b>231,746</b>	<b>197,863</b>
Operating loss	(62,866)	(66,723)
<b>Nonoperating Revenues - State PERS relief</b>	<b>2,447</b>	<b>6,525</b>
Loss before transfers	(60,419)	(60,198)
Transfers in	24,000	24,000
Change in net position	(36,419)	(36,198)
<b>Net Position, beginning</b>	<b>782,343</b>	<b>818,541</b>
<b>Net Position, ending</b>	<b>\$ 745,924</b>	<b>\$ 782,343</b>

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

<i>Years Ended June 30,</i>	2019	2018
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 159,449	\$ 144,272
Payments for goods and services	(26,879)	(15,560)
Payments for salaries and benefits	(125,663)	(122,910)
<b>Net cash flows from operating activities</b>	<b>6,907</b>	<b>5,802</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in	24,000	24,000
<b>Net increase in cash and investments</b>	<b>30,907</b>	<b>29,802</b>
<b>Cash and Investments, beginning</b>	<b>477,003</b>	<b>447,201</b>
<b>Cash and Investments, ending</b>	<b>\$ 507,910</b>	<b>\$ 477,003</b>
<b>Reconciliation of Operating Loss to Net Cash Flows from Operating Activities</b>		
Operating loss	\$ (62,866)	\$ (66,723)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	65,637	62,633
Noncash expense - PERS relief	2,447	6,525
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(9,431)	13,132
Deferred outflows of resources related to pensions	(16,706)	20,836
Deferred outflows of resources related to other postemployment benefits	(13,059)	1,205
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	121	43
Accrued leave	985	2,276
Landfill closure costs payable	4,397	4,398
Net pension liability	36,953	(54,268)
Net other postemployment benefits liability	13,962	(17,581)
Deferred inflows of resources related to pensions	(16,313)	19,121
Deferred inflows of resources related to other postemployment benefits	780	14,205
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 6,907</b>	<b>\$ 5,802</b>

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

<i>June 30,</i>	2019	2018
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Accounts receivable, net of allowance of \$13,800 (\$6,791 in 2018)	\$ 20,788	\$ 10,231
<b>Noncurrent Assets</b>		
Buildings and improvements	5,762,029	4,572,242
Equipment and vehicles	177,509	177,509
Less accumulated depreciation	(2,950,983)	(2,787,451)
<b>Total Noncurrent Assets</b>	<b>2,988,555</b>	<b>1,962,300</b>
<b>Total Assets</b>	<b>3,009,343</b>	<b>1,972,531</b>
<b>Deferred Outflows of Resources</b>		
Pension related	14,933	8,188
Other postemployment benefits related	6,876	1,604
<b>Total Deferred Outflows of Resources</b>	<b>21,809</b>	<b>9,792</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 3,031,152</b>	<b>\$ 1,982,323</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,091	\$ 3,445
Accrued leave	467	-
<b>Total Current Liabilities</b>	<b>3,558</b>	<b>3,445</b>
<b>Noncurrent Liabilities</b>		
Advance from other funds	586,266	651,217
Net pension liability	86,099	71,180
Net other postemployment benefits liability	15,262	9,625
<b>Total Noncurrent Liabilities</b>	<b>687,627</b>	<b>732,022</b>
<b>Total Liabilities</b>	<b>691,185</b>	<b>735,467</b>
<b>Deferred Inflows of Resources</b>		
Pension related	2,259	8,845
Other postemployment benefits related	6,114	5,799
<b>Total Deferred Inflows of Resources</b>	<b>8,373</b>	<b>14,644</b>
<b>Net Position</b>		
Investment in capital assets	2,988,555	1,962,300
Unrestricted (deficit)	(656,961)	(730,088)
<b>Total Net Position</b>	<b>2,331,594</b>	<b>1,232,212</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 3,031,152</b>	<b>\$ 1,982,323</b>

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

<i>Years Ended June 30,</i>	2019	2018
<b>Operating Revenues - User charges</b>	\$ 217,045	\$ 180,600
<b>Operating Expenses</b>		
Salaries and benefits	85,621	98,797
Travel and per diem	3,395	10,648
Telephone	5,357	5,944
Supplies	17,212	13,684
Contractual	-	118
Equipment and equipment maintenance	15,924	5,815
Dues and fees	8,808	7,489
Utilities	31,013	19,384
Fuel	21,183	14,445
Repairs	11,071	26,208
Freight/speed paks	8,313	10,851
Bad debt expense	7,009	-
Depreciation	163,532	115,883
<b>Total Operating Expenses</b>	<b>378,438</b>	<b>329,266</b>
Operating loss	(161,393)	(148,666)
<b>Nonoperating Revenues - State PERS relief</b>	<b>988</b>	<b>2,663</b>
Loss before capital contributions and transfers	(160,405)	(146,003)
Capital contributions	1,189,787	-
Transfers in	70,000	51,000
Change in net position	1,099,382	(95,003)
<b>Net Position, beginning</b>	<b>1,232,212</b>	<b>1,327,215</b>
<b>Net Position, ending</b>	<b>\$ 2,331,594</b>	<b>\$ 1,232,212</b>

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

<i>Years Ended June 30,</i>	2019	2018
<b>Cash Flows for Operating Activities</b>		
Receipts from customers	\$ 206,488	\$ 221,477
Payments for goods and services	(129,639)	(128,152)
Payments for salaries and benefits	(81,898)	(104,182)
<b>Net cash flows for operating activities</b>	<b>(5,049)</b>	<b>(10,857)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in	70,000	51,000
<b>Cash Flows from (for) Capital and Related Financing Activities</b>		
Increase (decrease) in advances from other funds	(64,951)	(112,049)
<b>Net increase (decrease) in cash and investments</b>	<b>-</b>	<b>(71,906)</b>
<b>Cash and Investments, beginning</b>	<b>-</b>	<b>71,906</b>
<b>Cash and Investments, ending</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Operating Loss to Net Cash Flows for Operating Activities</b>		
Operating loss	\$ (161,393)	\$ (148,666)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	163,532	115,883
Noncash expense - PERS relief	988	2,663
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(10,557)	40,877
Deferred outflows of resources related to pensions	(6,745)	8,505
Deferred outflows of resources related to other postemployment benefits	(5,272)	491
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(354)	(13,566)
Accrued leave	467	(1,320)
Net pension liability	14,919	(22,152)
Net other postemployment benefits liability	5,637	(7,176)
Deferred inflows of resources related to pensions	(6,586)	7,805
Deferred inflows of resources related to other postemployment benefits	315	5,799
<b>Net Cash Flows for Operating Activities</b>	<b>\$ (5,049)</b>	<b>\$ (10,857)</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Contributed capital assets	\$ 1,189,787	\$ -



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

<i>June 30,</i>	2019	2018
<b>Assets</b>		
<b>Noncurrent Assets</b>		
Equipment and vehicles	\$ 36,600	\$ 36,600
Less accumulated depreciation	(14,030)	(6,710)
<b>Total Assets</b>	<b>\$ 22,570</b>	<b>\$ 29,890</b>
<b>Liabilities</b>		
<b>Current Liabilities - due to other funds</b>	<b>\$ 12,608</b>	<b>\$ 12,608</b>
<b>Net Position</b>		
Investment in capital assets	22,570	29,890
Unrestricted (deficit)	(12,608)	(12,608)
<b>Total Net Position</b>	<b>9,962</b>	<b>17,282</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 22,570</b>	<b>\$ 29,890</b>

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

<i>Year Ended June 30,</i>	2019	2018
<b>Operating Revenues - gravel sales</b>	\$ -	\$ 900
<b>Operating Expenses</b>		
Equipment and equipment maintenance	-	2,071
Depreciation	7,320	6,710
<b>Total Operating Expenses</b>	7,320	8,781
Change in net position	(7,320)	(7,881)
<b>Net Position, beginning</b>	17,282	25,163
<b>Net Position, ending</b>	\$ 9,962	\$ 17,282

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

<i>Year Ended June 30,</i>	2019	2018
<b>Cash Flows for Operating Activities</b>		
Receipts from customers	\$ -	\$ 900
Payments for goods and services	-	(2,866)
<b>Net cash flows for operating activities</b>	-	(1,966)
<b>Cash Flows for Capital and Related Financing Activities</b>		
Additions to capital assets	-	(36,600)
Increase in due to other funds	-	12,608
<b>Net cash flows for capital and related financing activities</b>	-	(23,992)
Net decrease in cash and investments	-	(25,958)
<b>Cash and Investments, beginning</b>	-	25,958
<b>Cash and Investments, ending</b>	\$ -	\$ -
<b>Reconciliation of Operating Loss to Net Cash Flows for Operating Activities</b>		
Operating loss	\$ (7,320)	\$ (7,881)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	7,320	6,710
Decrease in liabilities - accounts payable	-	(795)
<b>Net Cash Flows for Operating Activities</b>	\$ -	\$ (1,966)

## City of Sand Point, Alaska

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Passed-Through Entity Identifying Number	Total Grant Award	Provided to Subrecipients	Total Federal Expend- itures
<b>US Department of Justice</b>					
Public Safety Partnerships and Community Policing Grants	16.710		\$ 125,000	\$ -	\$ 30,816
Passed through the State of Alaska Department of Public Safety - Edward Byrne Memorial Justice Assistance Grant Program	16.738	19-JAG4	3,500	-	3,494
<b>Environmental Protection Agency</b>					
Passed through the Alaska Native Tribal Health Consortium Clean Water State Revolving Fund Cluster - Capitalization Grants for Clean Water State - Revolving Funds	66.458	AN 13-NZ4	1,546,926	-	1,189,787
<b>Executive Office of the President</b>					
Passed through the State of Alaska Department of Public Safety - High Intensity Drug Trafficking Areas Program	95.001	None	18,344	-	535
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 1,224,632</b>	

**1. Basis of Presentation**

The schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City of Sand Point, Alaska (the City). The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

## 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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska (City of Sand Point) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Sand Point's basic financial statements, and have issued our report thereon dated March 2, 2020.

### **Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*BDO USA, LLP*

Anchorage, Alaska  
March 2, 2020



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3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

Honorable Mayor and City Council  
City of Sand Point, Alaska

### **Report on Compliance for Each Major Federal Program**

We have audited City of Sand Point's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Sand Point's major federal programs for the year ended June 30, 2019. City of Sand Point's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Our responsibility is to express an opinion on compliance for each of City of Sand Point's major federal 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 federal 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 federal program. However, our audit does not provide a legal determination of City of Sand Point's compliance.

#### ***Opinion on Each Major Federal 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 federal programs for the year ended June 30, 2019.



## Report on Internal Control Over Compliance

Management of 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 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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 federal 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 federal 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 have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

City of Sand Point's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. City of Sand Point's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*BDO USA, LLP*

Anchorage, Alaska  
March 2, 2020



# City of Sand Point, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2019

### Section III - Federal Award Findings and Questioned Costs

**Finding 2019-001**      **Equipment and Real Property Management - Material Weakness in Internal Control over Compliance**

Agency: Environmental Protection Agency  
Pass-Through Entity: Alaska Native Tribal Health Consortium  
Pass-Through Entity  
Identifying Number: AN 13-NZ4

CFDA: 66.458  
Program: Capitalization Grants for Clean Water State Revolving Funds  
Award Year: FY 2013

*Criteria:* Per the Office of Management and Budget (OMB) Uniform Guidance (UG) Compliance Supplement, recipients of federal financial assistance are required to include all federal financial assistance on the Schedule of Expenditures of Federal Awards (SEFA) in the year in which such assistance is received.

*Condition:* The City has not initially identified donated property of \$1,189,787 as eligible financial assistance for inclusion in the calculation of whether the City met the threshold for an audit in accordance with Uniform Guidance. As a result of this omission, the City did not recognize the requirement for a federal single audit performed in accordance with the Uniform Guidance in advance of the auditor's engagement.

*Context:* The City received a large donation of a capital asset this year, which is unusual. This was not initially identified as an award that would be included in the scope of the Uniform Guidance audit. The auditors received information that the donation was funded with federal monies during the audit fieldwork, and an evaluation determined it was required to be reported on the SEFA. This then triggered an audit in accordance with the Uniform Guidance for the year ended June 30, 2019.

*Cause:* The nature of the donation was unusual, and it was not identified as reportable federal funding at the time the auditor was engaged.

*Effect:* The City did not initially engage the auditor to perform an audit in accordance with the Uniform Guidance. Had the award not been identified for inclusion on the SEFA, the City may not have had an audit in accordance with the Uniform Guidance as required.

*Questioned costs:* None.

## City of Sand Point, Alaska

### Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2019

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*Recommendation:* We recommend controls be established to ensure that in instances where the City receives donated property, procedures are performed to verify whether such property was acquired from a federal source for proper inclusion in the SEFA if required.

*Views of responsible officials:* Management concurs with the finding. See corrective action plan.

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# City of Sand Point



**Finding 2019-001**

**Equipment and Real Property Management - Material Weakness in Internal Control over Compliance**

*Corrective Action Plan:*

Contact Person: Jordan Keeler, City Administrator  
Management will incorporate and communicate checklists and other procedures to ensure when the City receives donated property that procedures verify whether such property was acquired from a federal source.

*Expected Completion Date:*

June 30, 2020.