



City of Sand Point, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information, and Single Audit Reports

Year Ended June 30, 2021

City of Sand Point, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information, and
Single Audit Reports

Year Ended June 30, 2021

City of Sand Point, Alaska

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3601 C Street, Suite 600
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Independent Auditor's Report

Honorable Mayor and City Council
City of Sand Point, Alaska
Sand Point, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited 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 (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and the schedules of the City's proportionate share of the net pension and net OPEB liability or asset and City's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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* 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 basic financial statements. The 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 as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated March 23, 2021 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, 2020 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 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2022, on our consideration of the City'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'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 the City's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
August 31, 2022

Basic Financial Statements

City of Sand Point, Alaska
Statement of Net Position

Exhibit A-1

<i>June 30, 2021</i>	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 3,187,463	\$ 775,804	\$ 3,963,267
Accounts receivable, net	336,836	161,025	497,861
Prepaid expenses	14,580	-	14,580
Restricted cash and investments:			
Bond reserve account	-	93,850	93,850
Cash and investments	-	419,120	419,120
Internal balances	1,415,275	(1,415,275)	-
Investment in Southwest Governments, LLC	305,349	-	305,349
Net OPEB asset	150,615	65,647	216,262
Capital assets not being depreciated	40,000	680,880	720,880
Other capital assets, net of accumulated depreciation	18,553,392	11,023,303	29,576,695
Total Assets	24,003,510	11,804,354	35,807,864
Deferred Outflows of Resources			
Pension related	205,113	89,400	294,513
Other postemployment benefits related	90,554	39,469	130,023
Total Deferred Outflows of Resources	295,667	128,869	424,536
Total Assets and Deferred Outflows of Resources	\$ 24,299,177	\$ 11,933,223	\$ 36,232,400
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	\$ 27,429	\$ 11,724	\$ 39,153
Accrued liabilities	53,098	975	54,073
Unearned revenue	39,579	-	39,579
Accrued interest payable	-	6,280	6,280
Noncurrent liabilities:			
Due within one year:			
Accrued leave	77,095	18,212	95,307
Bonds payable	-	160,000	160,000
Due in more than one year:			
Landfill closure costs payable	-	153,841	153,841
Bonds payable, net of current portion	-	3,095,000	3,095,000
Bond premium, net of accumulated amortization	-	249,151	249,151
Net pension liability	1,710,638	745,598	2,456,236
Net other postemployment benefits liability	4,031	1,757	5,788
Total Liabilities	1,911,870	4,442,538	6,354,408
Deferred Inflows of Resources			
Other postemployment benefits related	123,187	53,692	176,879
Deferred gain on refunding	-	96,868	96,868
Total Deferred Inflows of Resources	123,187	150,560	273,747
Net Position			
Net investment in capital assets	18,593,392	8,616,134	27,209,526
Unrestricted (deficit)	3,670,728	(1,276,009)	2,394,719
Total Net Position	22,264,120	7,340,125	29,604,245
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 24,299,177	\$ 11,933,223	\$ 36,232,400

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Statement of Activities

Year Ended June 30, 2021	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	Total
Governmental Activities							
General government	\$ 1,914,882	\$ 5,733	\$ 563,224	\$ -	\$ (1,345,925)	\$ -	\$ (1,345,925)
Parks and recreation	9,044	-	228,851	-	219,807	-	219,807
Public safety	783,189	57,636	35,672	-	(689,881)	-	(689,881)
Community services	668,503	-	668,503	-	-	-	-
Public works	935,348	122,250	28,378	-	(784,720)	-	(784,720)
Health clinic	2,962	364,774	-	-	361,812	-	361,812
Community development	17,353	-	-	-	(17,353)	-	(17,353)
Total Governmental Activities	4,331,281	550,393	1,524,628	-	(2,256,260)	-	(2,256,260)
Business-type Activities							
Bingo	557,955	627,825	-	-	-	69,870	69,870
Boat harbor	1,026,003	698,820	19,429	-	-	(307,754)	(307,754)
Water and sewer	567,828	236,323	11,384	-	-	(320,121)	(320,121)
Refuse	175,730	180,965	9,072	-	-	14,307	14,307
Total Business-type Activities	2,327,516	1,743,933	39,885	-	-	(543,698)	(543,698)
Total	\$ 6,658,797	\$ 2,294,326	\$ 1,564,513	\$ -	(2,256,260)	(543,698)	(2,799,958)
General Revenues							
Taxes:							
Sales taxes					660,467	-	660,467
Local raw fish taxes					369,311	-	369,311
Accommodation taxes					5,177	-	5,177
Grants and entitlements not restricted to a specific purpose							
Investment income					368,354	-	368,354
Transfers					(70,008)	70,008	-
Total General Revenues and Transfers					1,456,250	70,008	1,526,258
Change in net position					(800,010)	(473,690)	(1,273,700)
Net Position, beginning					23,064,130	7,813,815	30,877,945
Net Position, ending					\$ 22,264,120	\$ 7,340,125	\$ 29,604,245

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, 2021</i>				
Assets				
Cash and investments	\$ 1,619,724	\$ 1,547,164	\$ 20,575	\$ 3,187,463
Receivables:				
Sales tax	84,022	-	305	84,327
Fish tax	121,562	-	-	121,562
Other	130,947	-	-	130,947
Prepaid items	14,580	-	-	14,580
Investment in Southwest Governments, LLC	305,349	-	-	305,349
Advances to other funds	1,394,699	-	-	1,394,699
Due from other funds	20,576	-	-	20,576
Total Assets	\$ 3,691,459	\$ 1,547,164	\$ 20,880	\$ 5,259,503
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 27,429	\$ -	\$ -	\$ 27,429
Accrued liabilities	53,098	-	-	53,098
Unearned revenue	7,000	32,579	-	39,579
Total Liabilities	87,527	32,579	-	120,106
Fund Balances				
Nonspendable:				
Prepaid items	14,580	-	-	14,580
Investment in Southwest Governments, LLC	305,349	-	-	305,349
Advances to other funds	1,394,699	-	-	1,394,699
Assigned:				
Silver Salmon Derby	-	-	20,880	20,880
Clinic	-	1,514,585	-	1,514,585
Unassigned	1,889,304	-	-	1,889,304
Total Fund Balances	3,603,932	1,514,585	20,880	5,139,397
Total Liabilities and Fund Balances	\$ 3,691,459	\$ 1,547,164	\$ 20,880	\$ 5,259,503

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, 2021

Total fund balances for governmental funds		\$ 5,139,397
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	18,717,545	
Equipment and vehicles	<u>2,029,603</u>	
Total capital assets	29,513,434	
Accumulated depreciation	<u>(10,920,042)</u>	
Total capital assets, net		18,593,392
The PERS ARHCT and ODD OPEB Plans have been funded in excess of required contributions. This asset is not a financial resource and therefore is not reported in the funds.		
		150,615
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	(77,095)	
Net pension liability	(1,710,638)	
Net other postemployment benefits liability	<u>(4,031)</u>	
Total noncurrent liabilities		(1,791,764)
Certain changes in net pension and net other postemployment benefits liabilities and assets are deferred rather than recognized immediately. These items are amortized over time:		
Deferred outflows of resources related to pensions	205,113	
Deferred outflows of resources related to other postemployment benefits	90,554	
Deferred inflows of resources related to other postemployment benefits	<u>(123,187)</u>	
Total deferred pension and other postemployment benefits items		<u>172,480</u>
Total Net Position of Governmental Activities		<u>\$ 22,264,120</u>

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

	Major Funds		Nonmajor Fund		Total Governmental Funds
	General	Clinic Operations Special Revenue	Silver Salmon Derby Special Revenue		
<i>Year Ended June 30, 2021</i>					
Revenues					
Taxes	\$ 1,034,955	\$ -	\$ -	\$ -	\$ 1,034,955
State of Alaska	451,041	-	-	-	451,041
Federal government	1,104,267	-	-	-	1,104,267
Other revenues	628,296	364,774	-	-	993,070
Total Revenues	3,218,559	364,774	-	-	3,583,333
Expenditures					
Current:					
General government	903,513	-	-	-	903,513
Parks and recreation	1,241	-	-	-	1,241
Public safety	727,308	-	-	-	727,308
Community services	668,503	-	-	-	668,503
Public works	674,468	-	-	-	674,468
Health clinic	-	2,962	-	-	2,962
Community development	-	-	5,124	-	5,124
Total Expenditures	2,975,033	2,962	5,124	-	2,983,119
Excess of revenues over (under) expenditures	243,526	361,812	(5,124)	-	600,214
Other Financing Uses - transfers out	(85,258)	-	-	-	(85,258)
Net change in fund balances	158,268	361,812	(5,124)	-	514,956
Fund Balances, beginning	3,445,664	1,152,773	26,004	-	4,624,441
Fund Balances, ending	\$ 3,603,932	\$ 1,514,585	\$ 20,880	\$ -	\$ 5,139,397

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, 2021

Net change in fund balances - total governmental funds	\$ 514,956
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 (\$1,324,371) exceeds the capital transfer (\$36,600) in the current year.	
	(1,287,771)
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.	
Decrease in accrued leave	1,320
Change in net pension liability and related deferred outflows and inflows of resources	(132,843)
Change in net other postemployment benefits liability (asset) and related deferred outflows and inflows of resources	104,328
	104,328
Change in Net Position of Governmental Activities	\$ (800,010)

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Enterprise Funds
Statement of Net Position

<i>June 30, 2021</i>	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse	
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and investments	\$ -	\$ -	\$ 182,586	\$ 593,218	\$ 775,804
Accounts receivable, net	126,790	16,009	-	18,226	161,025
Total Current Assets	126,790	16,009	182,586	611,444	936,829
Restricted Cash					
Bond reserve account	93,850	-	-	-	93,850
Cash and investments	419,120	-	-	-	419,120
Total Restricted Cash	512,970	-	-	-	512,970
Net OPEB Asset	31,979	18,737	-	14,931	65,647
Capital Assets					
Buildings and improvements	10,795,390	5,762,029	-	19,400	16,576,819
Equipment and vehicles	748,093	177,509	14,541	498,629	1,438,772
Sanitary landfill	-	-	-	1,996,889	1,996,889
Construction in progress	680,880	-	-	-	680,880
Less accumulated depreciation	(3,608,160)	(3,296,075)	(14,541)	(2,070,401)	(8,989,177)
Total Capital Assets	8,616,203	2,643,463	-	444,517	11,704,183
Total Assets	9,287,942	2,678,209	182,586	1,070,892	13,219,629
Deferred Outflows of Resources					
Pension related	43,550	25,517	-	20,333	89,400
Other postemployment benefits related	19,227	11,265	-	8,977	39,469
Total Deferred Outflows of Resources	62,777	36,782	-	29,310	128,869
Total Assets and Deferred Outflows of Resources	\$ 9,350,719	\$ 2,714,991	\$ 182,586	\$ 1,100,202	\$ 13,348,498

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

<i>June 30, 2021</i>	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse	
Liabilities, Deferred Inflows of Resources and Net Position					
Current Liabilities					
Accounts payable	\$ 4,285	\$ 7,002	\$ -	\$ 437	\$ 11,724
Accrued leave	5,227	3,279	-	9,706	18,212
Accrued payroll	-	-	975	-	975
Accrued interest payable	6,280	-	-	-	6,280
Current portion of bonds payable	160,000	-	-	-	160,000
Due to General Fund	-	-	20,576	-	20,576
Total Current Liabilities	175,792	10,281	21,551	10,143	217,767
Noncurrent Liabilities					
Advances from General Fund	824,130	570,569	-	-	1,394,699
Bonds payable, net of current portion	3,095,000	-	-	-	3,095,000
Bond premium, net	249,151	-	-	-	249,151
Landfill closure costs payable	-	-	-	153,841	153,841
Net pension liability	363,206	212,809	-	169,583	745,598
Net other postemployment benefits liability	856	501	-	400	1,757
Total Noncurrent Liabilities	4,532,343	783,879	-	323,824	5,640,046
Total Liabilities	4,708,135	794,160	21,551	333,967	5,857,813
Deferred Inflows of Resources					
Other postemployment benefits related	26,155	15,325	-	12,212	53,692
Deferred gain on refunding	96,868	-	-	-	96,868
Total Deferred Inflows of Resources	123,023	15,325	-	12,212	150,560
Net Position					
Net investment in capital assets	5,528,154	2,643,463	-	444,517	8,616,134
Unrestricted (deficit)	(1,008,593)	(737,957)	161,035	309,506	(1,276,009)
Total Net Position (Deficit)	4,519,561	1,905,506	161,035	754,023	7,340,125
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 9,350,719	\$2,714,991	\$182,586	\$ 1,100,202	\$ 13,348,498

See accompanying notes to basic financial statements.

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

<i>Year Ended June 30, 2021</i>	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse	Rock Crusher	
Operating Revenues	\$ 698,820	\$ 236,323	\$ 627,825	\$ 180,965	\$ -	\$ 1,743,933
Operating Expenses						
Salaries and benefits	162,517	270,490	36,166	95,042	-	564,215
Services and supplies	292,711	124,792	521,789	17,065	-	956,357
Depreciation	451,902	172,546	-	63,623	-	688,071
Total Operating Expenses	907,130	567,828	557,955	175,730	-	2,208,643
Operating income (loss)	(208,310)	(331,505)	69,870	5,235	-	(464,710)
Nonoperating Revenues (Expenses)						
State PERS relief	19,429	11,384	-	9,072	-	39,885
Debt issuance expense	(43,472)	-	-	-	-	(43,472)
Interest expense	(75,401)	-	-	-	-	(75,401)
Net Nonoperating Revenues (Expenses)	(99,444)	11,384	-	9,072	-	(78,988)
Income (loss) before transfers	(307,754)	(320,121)	69,870	14,307	-	(543,698)
Transfers in	-	60,500	-	12,150	12,608	85,258
Transfers out	-	-	-	-	(15,250)	(15,250)
Change in net position	(307,754)	(259,621)	69,870	26,457	(2,642)	(473,690)
Net Position, beginning	4,827,315	2,165,127	91,165	727,566	2,642	7,813,815
Net Position (Deficit), ending	\$ 4,519,561	\$ 1,905,506	\$ 161,035	\$ 754,023	\$ -	\$ 7,340,125

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended June 30, 2021	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse	
Cash Flows from (for) Operating Activities					
Receipts from customers	\$ 619,718	\$ 231,923	\$ 627,825	\$ 173,265	\$ 1,652,731
Payments for goods and services	(311,296)	(121,278)	(521,789)	(12,374)	(966,737)
Payments for salaries and benefits	(281,103)	(166,088)	(37,603)	(120,390)	(605,184)
Net cash flows from (for) operating activities	27,319	(55,443)	68,433	40,501	80,810
Cash Flows from Noncapital Financing Activities					
Decrease in due from other funds	-	-	25,011	-	25,011
Increase in due to General Fund	-	-	20,576	-	20,576
Increase in advances from General Fund	-	(5,057)	-	-	(5,057)
Transfers in	-	60,500	-	12,150	72,650
Net cash flows from noncapital financing activities	-	55,443	45,587	12,150	113,180
Cash Flows from Capital and Related Financing Activities					
Principal paid on long-term debt	(80,000)	-	-	-	(80,000)
Interest paid on long-term debt	(120,255)	-	-	-	(120,255)
Debt issuance costs paid	(43,472)	-	-	-	(43,472)
Proceeds from debt refunding	2,120,000	-	-	-	2,120,000
Payment to refunded bond escrow agent	(2,094,870)	-	-	-	(2,094,870)
Proceeds from bond issuance	970,000	-	-	-	970,000
Premium from bond issuance	249,151	-	-	-	249,151
Acquisition and construction of capital assets	(815,029)	-	-	-	(815,029)
Increase in advances from General Fund	300,126	-	-	-	300,126
Net cash flows from capital and related financing activities	485,651	-	-	-	485,651
Net increase in cash and investments	512,970	-	114,020	52,651	679,641
Cash and Investments, beginning	-	-	68,566	540,567	609,133
Cash and Investments, ending	\$ 512,970	\$ -	\$ 182,586	\$ 593,218	\$ 1,288,774
Reconciliation of Cash and Investments to Statement of Net Position					
Cash and investments:	\$ -	\$ -	\$ 182,586	\$ 593,218	\$ 775,804
Restricted cash and investments	512,970	-	-	-	512,970
Total Cash and Investments	\$ 512,970	\$ -	\$ 182,586	\$ 593,218	\$ 1,288,774

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

<i>Year Ended June 30, 2021</i>	Major Funds				Total Enterprise Funds
	Boat Harbor	Water and Sewer	Bingo	Refuse	
Reconciliation of Operating Income (Loss) to Net					
Cash Flows from (for) Operating Activities					
Operating income (loss)	\$ (208,310)	\$ (331,505)	\$ 69,870	\$ 5,235	\$ (464,710)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:					
Depreciation	451,902	172,546	-	63,623	688,071
Noncash expense - PERS relief	19,429	11,384	-	9,072	39,885
(Increase) decrease in assets and deferred outflows of resources:					
Accounts receivable, net	(79,102)	(4,400)	-	(7,700)	(91,202)
Net OPEB asset	(27,822)	(16,951)	-	(13,065)	(57,838)
Deferred outflows of resources related to pensions	7,561	(22,525)	-	881	(14,083)
Deferred outflows of resources related to other postemployment benefits	8,633	706	-	3,524	12,863
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable	(18,585)	3,514	-	293	(14,778)
Accrued leave	(2,608)	(1,182)	-	(1,055)	(4,845)
Accrued payroll	-	-	(1,437)	-	(1,437)
Landfill closure costs payable	-	-	-	4,398	4,398
Net pension liability	(84,127)	139,651	-	(11,006)	44,518
Net other postemployment benefits liability	(10,841)	(4,525)	-	(4,849)	(20,215)
Deferred inflows of resources related to pensions	(36,724)	(9,643)	-	(12,876)	(59,243)
Deferred inflows of resources related to other postemployment benefits	7,913	7,487	-	4,026	19,426
Net Cash Flows from (for) Operating Activities	\$ 27,319	\$ (55,443)	\$ 68,433	\$ 40,501	\$ 80,810

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Notes to Basic Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

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

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 Collection Enterprise Fund - to account for activities of the refuse collection.

Bingo Enterprise Fund - to account for gaming activities.

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

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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items. Prepaids are recognized when incurred and the expenditure is recorded in the period that is benefited using the consumption method.

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.

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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

Pension Plan and Other Postemployment Benefits (OPEB) Plans

For purposes of measuring the net pension and net OPEB liabilities and asset, 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 pension and OPEB related items and the deferred gain on bond refunding as deferred inflows of resources. Pension and OPEB items and the deferred gain on bond refunding 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 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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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.

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

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.

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.

Grants and Other Intergovernmental Revenues

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

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, 2021.

	Totals
Deposit accounts and cash on hand	\$ 783,479
Charles Schwab investment	655,068
Pooled investment	3,037,690
Total Cash and Investments	\$ 4,476,237

	Totals
Unrestricted cash and investments	\$ 3,963,267
Restricted cash and investments:	
Cash and investments - restricted	419,120
Bond reserve account	93,850
Total Cash and Investments	\$ 4,476,237

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, 2021, \$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 \$3,037,690 is measured at net asset value, as of June 30, 2021. Management believes these values approximate fair value.

The fair values of the City's equity securities at year-end are \$655,068.

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, 2021 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, 2021, the City's investment in the LLC was \$305,349. This investment is considered noncurrent, and accordingly, an equal amount of fund balance of the General Fund is shown as nonspendable. In 2021, the City's share of the loss of Southwest Governments, LLC was \$(9,123), 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, 2021, 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	Silver Salmon Derby Nonmajor Governmental Fund	Boat Harbor Enterprise Fund	Water and Sewer Enterprise Fund	Refuse Enterprise Fund	Totals
Accounts	\$ 103,165	\$ -	\$ -	\$ 266,934	\$ 26,636	\$ 23,505	\$ 420,240
Sales and fish taxes	205,584	-	305	-	-	-	205,889
Grants	27,782	-	-	-	-	-	27,782
Leases	-	57,364	-	-	-	-	57,364
Total receivables	336,531	57,364	305	266,934	26,636	23,505	711,275
Less allowance for uncollectible accounts	-	(57,364)	-	(140,144)	(10,627)	(5,279)	(213,414)
Net Receivables	\$ 336,531	\$ -	\$ 305	\$ 126,790	\$ 16,009	\$ 18,226	\$ 497,861

City of Sand Point, Alaska

Notes to Basic Financial Statements

4. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental Activities	Balance July 1, 2020	Additions and Transfers	Deletions	Balance June 30, 2021
<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	18,717,545	-	-	18,717,545
Equipment and vehicles	2,063,003	36,600	(70,000)	2,029,603
Total assets being depreciated	29,506,834	36,600	(70,000)	29,473,434
Less accumulated depreciation for:				
Buildings	6,074,915	436,314	-	6,511,229
Improvement other than buildings	1,744,645	798,124	-	2,542,769
Equipment and vehicles	1,846,111	89,933	(70,000)	1,866,044
Total accumulated depreciation	9,665,671	1,324,371	(70,000)	10,920,042
Total capital assets being depreciated, net	19,841,163	(1,287,771)	-	18,553,392
Governmental Activities Capital Assets, net	\$ 19,881,163	\$ (1,287,771)	\$ -	\$ 18,593,392

During the year ended June 30, 2021, the nonmajor Rock Crusher Enterprise Fund transferred \$36,600 of capital assets and \$21,350 of accumulated depreciation to the Governmental Activities.

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City of Sand Point, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance July 1, 2020	Additions	Deletions and Transfers	Balance June 30, 2021
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ -	\$ 680,880	\$ -	\$ 680,880
<i>Capital assets being depreciated:</i>				
Buildings and improvements	16,576,819	-	-	16,576,819
Equipment and vehicles	1,341,223	134,149	(36,600)	1,438,772
Landfill	1,996,889	-	-	1,996,889
Total assets being depreciated	19,914,931	134,149	(36,600)	20,012,480
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	5,542,208	606,303	-	6,148,511
Equipment and vehicles	1,282,578	19,367	(21,350)	1,280,595
Landfill	1,497,670	62,401	-	1,560,071
Total accumulated depreciation	8,322,456	688,071	(21,350)	8,989,177
Total capital assets being depreciated, net	11,592,475	(553,922)	(15,250)	11,023,303
Business-type Activities Capital Assets, net	\$ 11,592,475	\$ 126,958	\$ (15,250)	\$ 11,704,183

Depreciation expense was charged to the functions as follows for the year ended June 30, 2021:

Governmental Activities

General government	\$ 985,258
Parks and recreation	7,803
Community development	12,229
Public safety	39,454
Public works	279,627

Total Depreciation Expense - Governmental Activities **\$ 1,324,371**

Business-type Activities

Boat harbor	\$ 451,902
Refuse collection	63,623
Water and sewer	172,546

Total Depreciation Expense - Business-type Activities **\$ 688,071**

City of Sand Point, Alaska

Notes to Basic Financial Statements

5. Operating Leases

The City of Sand Point has leased the Sand Point Health Clinic to Eastern Aleutians Tribe. The carrying value of the leased assets at June 30, 2021 was \$1,883,064, with a cost of \$8,056,881 and accumulated depreciation of \$6,173,817. The lease is at a fixed rate of \$307,410 per year and is effective through September 30, 2024. Future minimum payments to be received are as follows:

Year Ending June 30,

2022	\$ 307,410
2023	307,410
2024	307,410
2025	76,853
<hr/>	
Total	\$ 999,083

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.

In June 2021, the City issued 2021 Series general obligation bonds of \$2,120,000 to refund \$1,990,000 of outstanding 2013 Series One general obligation bonds that resulted in debt service savings through 2038 of \$359,556 and an economic gain of \$292,286.

Revenue Bonds

In June 2021, the City issued 2021 Series Harbor Revenue Bonds of \$970,000 at a premium of \$249,151 for the construction of a lift station for the Small Boat Harbor. See Note 7 for the revenue bond requirements.

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.

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City of Sand Point, Alaska

Notes to Basic Financial Statements

Bonds currently outstanding are as follows:

Business-type Activities	Interest Rates	Outstanding Balance
Small boat harbor:		
\$2,615,000, 2013 Series One general obligation bonds, due in annual principal payments of \$80,000 to \$85,000 through 2023	2%-5%	\$ 165,000
\$2,120,000, 2021 Series general obligation bonds, due in annual principal payments of \$35,000 to \$160,000 through 2038	0.2%-3%	2,120,000
\$970,000, 2021 Series Harbor Revenue Bonds, due in annual principal payments of \$45,000 to \$90,000 through 2036	0.2%-1.7%	970,000
Total small boat harbor bonds payable		\$ 3,255,000

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

Business-type Activities				
<i>Fiscal Year</i>	Principal	Interest	Total	
2022	\$ 115,000	\$ 44,326	\$	159,326
2023	120,000	42,665		162,665
2024	125,000	38,928		163,928
2025	125,000	38,215		163,215
2026	125,000	37,134		162,134
2027-2031	655,000	157,728		812,728
2032-2036	705,000	88,223		793,223
2037-2038	315,000	9,285		324,285
Total	\$ 2,285,000	\$ 456,504	\$	2,741,504

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

Business-type Activities				
<i>Fiscal Year</i>	Principal	Interest	Total	
2022	\$ 45,000	\$ 44,492	\$	89,492
2023	45,000	44,225		89,225
2024	50,000	41,850		91,850
2025	50,000	39,350		89,350
2026	55,000	36,725		91,725
2027-2031	320,000	138,000		458,000
2032-2036	405,000	48,575		453,575
Total	\$ 970,000	\$ 393,217	\$	1,363,217

City of Sand Point, Alaska

Notes to Basic Financial Statements

Changes in long-term liabilities for the year ended June 30, 2021 follows:

Governmental Activities	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Accrued leave	\$ 78,415	\$ 90,525	\$ 91,845	\$ 77,095	\$ 77,095
<hr/>					
Business-type Activities	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
General obligation bonds	\$ 2,155,000	\$ 2,120,000	\$ 1,990,000	\$ 2,285,000	\$ 115,000
Revenue bonds	-	970,000	-	970,000	45,000
Bond premium	298,312	249,151	298,312	249,151	-
Landfill closure liability	149,443	4,398	-	153,841	-
Accrued leave	23,057	24,351	29,196	18,212	18,212
<hr/>					
Total Business-type Activities	\$ 2,625,812	\$ 3,367,900	\$ 2,317,508	\$ 3,676,204	\$ 178,212

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

The City amortizes bond premiums and deferred gain from refunding using the effective interest method.

7. Revenue Bond Requirements

Pledged Revenue - Harbor Revenue Bonds

The Boat Harbor Enterprise Fund has pledged future customer revenue, net of specified operating expenses, to repay revenue bonds. Proceeds from the bonds provided financing for the harbor lift station, which is still under construction. The bonds are payable solely from harbor lift station customer net revenues and are payable through 2036. The total principal and interest remaining to be paid on the bonds is \$1,363,017. The revenue bonds were issued in June 2021. Unspent bond proceeds as of June 30, 2021 were \$419,120. The harbor lift station is expected to be placed in service in 2022 and revenue will start being generated for repayment of the bonds.

Revenue Requirements

The Harbor revenue bonds also require a rate be maintained at a level that will produce net revenues after certain adjustments, equal to 1.25 times the amount required each year to pay the principal and interest. The City has not fully spent the bond proceeds nor placed the asset in service as of June 30, 2021. The revenue requirements will be applicable once the capital asset is placed in service and revenue is being generated.

City of Sand Point, Alaska

Notes to Basic Financial Statements

8. Fund Balances

Fund balances, reported for the individual major funds, and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2021:

	General Fund	Clinic Operations Special Revenue Fund	Nonmajor Funds	Total
Nonspendable:				
Investment in Southwest Governments, LLC	\$ 305,349	\$ -	\$ -	\$ 305,349
Prepaid items	14,580	-	-	14,580
Advances to other funds	1,394,699	-	-	1,394,699
Total nonspendable	1,714,628	-	-	1,714,628
Assigned:				
Silver Salmon Derby	-	-	20,880	20,880
Clinic	-	1,514,585	-	1,514,585
Total assigned	-	1,514,585	20,880	1,535,465
Unassigned	1,889,304	-	-	1,889,304
Total Fund Balances	\$ 3,603,932	\$ 1,514,585	\$ 20,880	\$ 5,139,397

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City of Sand Point, Alaska

Notes to Basic Financial Statements

9. Interfund Balances

A schedule of interfund balances and transfers for the year ended June 30, 2021, follows:

Due to Other Funds

Due to the General Fund from the Bingo Enterprise Fund to cover operating expenses	\$ 20,576
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Advances to Other Funds

Advances from the General Fund to:	
Water and Sewer Enterprise Fund for capital and operating costs	\$ 570,569
Boat Harbor Enterprise Fund for capital and operating costs	824,130

Total Advances to Other Funds	\$ 1,394,699
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Transfers

Transfers from the General Fund to:	
Water and Sewer Enterprise Fund for operating expenses	\$ 60,500
Refuse Enterprise Fund for operating expenses	12,150
Nonmajor Rock Crusher Enterprise Fund for operating expenses	12,608

Total Transfers from the General Fund	85,258
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Transfer of capital assets from the Nonmajor Rock Crusher Enterprise Fund to:	
Governmental Activities	15,250

Total Transfers	\$ 100,508
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10. Pension and Other Postemployment Benefits 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 an annual comprehensive 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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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 (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 a DB agent-multiple-employer plan to a DB 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 (ARM 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.

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 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% of eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

City of Sand Point, Alaska

Notes to Basic Financial Statements

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined 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 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 a lower ARM Board Rates than previously adopted.

State 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 funds 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.

Contribution rates for the year ended June 30, 2021 were determined in the June 30, 2019 actuarial valuations. The City's contribution rates for the 2021 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	14.57%	26.58%	8.85%
Postemployment healthcare (ARHCT)	7.43%	4.27%	-%
Total Contribution Rates	22.00%	30.85%	8.85%

In 2021, the City was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2019 to June 30, 2020	City Fiscal Year July 1, 2020 to June 30, 2021
Employer contributions (including DBUL)	\$ 126,952	\$ 161,621
Nonemployer contributions (on-behalf)	93,869	118,724
Total Contributions	\$ 220,821	\$ 280,345

In addition, employee contributions to the Plan totaled \$14,917 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, 2021, 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:

City proportionate share of NPL	\$ 2,456,236
State's proportionate share of NPL associated with the City	1,016,740
Total Net Pension Liability	\$ 3,472,976

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2020 measurement date, the City's proportion was 0.04162 percent, which was an increase of 0.00308 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$555,707 and on-behalf revenue of \$131,393 for support provided by the State. At June 30, 2021, 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	\$ 7,792	\$ -
Net difference between projected and actual earnings on pension plan investments	99,969	-
Changes in proportion and differences between City contributions and proportionate share of contributions	25,131	-
City contributions subsequent to the measurement date	161,621	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 294,513	\$ -

City of Sand Point, Alaska

Notes to Basic Financial Statements

The \$161,621 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, 2022. 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,

2022	\$ 34,689
2023	35,156
2024	37,159
2025	25,888
Total Amortization	\$ 132,892

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

City of Sand Point, Alaska

Notes to Basic Financial Statements

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

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, excluding the inflation component of 2.36%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change from the prior measurement date. 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.

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City of Sand Point, Alaska

Notes to Basic Financial Statements

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 7.38%, 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 (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
City’s proportionate share of the net pension liability	0.04162%	\$ 3,193,625	\$ 2,456,236	\$ 1,837,771

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 DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB 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 annual comprehensive financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

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

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, 2021 to cover a portion of the City’s employer match contributions. For the year ended June 30, 2021, forfeitures reduced pension expense by zero.

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

Employer Contribution Rate

For the year ended June 30, 2021, 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, 2021 were \$57,057 and \$91,290, 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, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. 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 annual comprehensive financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

Employer Contribution Rate

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, 2021 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.27%	1.27%
Occupational Death and Disability Benefits	0.31%	0.70%
Total Contribution Rates	1.58%	1.97%

In 2021, the City was credited with the following contributions to the OPEB plans:

	Measurement Period	City Fiscal Year
	July 1, 2019	July 1, 2020
	to	to
	June 30, 2020	June 30, 2021
Employer contributions - ARHCT	\$ 50,708	\$ 16,423
Employer contributions - RMP	14,556	14,492
Employer contributions - ODD	4,486	4,850
Total Contributions	\$ 69,750	\$ 35,765

City of Sand Point, Alaska

Notes to Basic Financial Statements

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

At June 30, 2021, the City reported an asset for its proportionate share of the net OPEB assets (NOA) 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:

City's proportionate share of NOA - ARHCT	\$ 188,371
City's proportionate share of NOA - ODD	27,891
Total City's Proportionate Share of Net OPEB Assets	216,262
State's proportionate share of the ARHCT NOA associated with the City	77,946
Total Net OPEB Assets	\$ 294,208

At June 30, 2021, the City reported a liability for its proportionate share of the net OPEB liability (NOL) associated with the City's participation in the RMP Plan. The amount recognized by the City for its proportionate share was \$5,788.

The total OPEB liabilities (asset) for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net OPEB liabilities (asset) as of that date. The City's proportion of the net OPEB liabilities (asset) is 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, 2019 Measurement Date Employer Proportion	June 30, 2020 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.03848%	0.04160%	0.00312 %
RMP	0.07957%	0.08160%	0.00203 %
ODD	0.11161%	0.10232%	(0.00929)%

For the year ended June 30, 2021, the City recognized OPEB benefit of \$(128,723). Of this amount, \$(50,161) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

Plan	OPEB Expense (Benefit)	On-behalf Revenue
ARHCT	\$ (163,709)	\$ (50,161)
RMP	28,611	-
ODD	6,375	-
Total	\$ (128,723)	\$ (50,161)

City of Sand Point, Alaska

Notes to Basic Financial Statements

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 30	\$ -	\$ 30
Changes in assumptions	-	8,128	-	8,128
Difference between projected and actual investment earnings	75,579	2,592	957	79,128
Changes in proportion and differences between City contributions and proportionate share of contributions	3,992	832	2,148	6,972
City contributions subsequent to the measurement date	16,423	14,492	4,850	35,765
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 95,994	\$ 26,074	\$ 7,955	\$ 130,023

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (15,112)	\$ (1,244)	\$ (9,358)	\$ (25,714)
Changes in assumptions	(131,305)	(14,963)	(408)	(146,676)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(420)	(4,069)	(4,489)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (146,417)	\$ (16,627)	\$ (13,835)	\$ (176,879)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	ARHCT	RMP	ODD	Total
2022	\$ (143,033)	\$ (595)	\$ (1,764)	\$ (145,392)
2023	26,902	(78)	(1,537)	25,287
2024	28,885	(87)	(1,533)	27,265
2025	20,400	(285)	(1,609)	18,506
2026	-	(909)	(1,850)	(2,759)
Thereafter	-	(3,091)	(2,437)	(5,528)
Total Amortization	\$ (66,846)	\$ (5,045)	\$ (10,730)	\$ (82,621)

City of Sand Point, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB liability (asset) for each plan for the measurement period ended June 30, 2020 was determined by actuarial valuations as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2020:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.75% for all others
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation.
Investment rate of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

City of Sand Point, Alaska

Notes to Basic Financial Statements

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amounts included in the Normal Cost for administrative expenses were updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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, excluding the inflation component of 2.36% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2020 was 7.38%. This discount rate used did not change from the prior measurement date. 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 for 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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 7.38%, 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 a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
City's proportionate share of the net OPEB liability (asset):				
ARHCT	0.04160%	\$ 196,561	\$ (188,371)	\$ (507,208)
RMP	0.08160%	\$ 35,856	\$ 5,788	\$ (16,973)
ODD	0.10232%	\$ (26,209)	\$ (27,891)	\$ (29,236)

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 liability (asset) calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports 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	0.04160%	\$ (544,591)	\$ (188,371)	\$ 242,992
RMP	0.08160%	\$ (20,308)	\$ 5,788	\$ 41,284
ODD	0.10232%	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense 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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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, 2020, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,159 per year for each full-time employee, and \$1.38 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2021, the City contributed \$45,245 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

11. Landfill Closure and Postclosure Liability

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

The City has estimated the closure and postclosure costs to be \$219,800, with an estimated remaining life through 2036. At June 30, 2021, the City has recognized \$153,841 of this liability on the statement of net position, an increase of \$4,398 from the prior year. The City will recognize the remaining estimated cost of closure and postclosure care of \$65,959 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. 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 15 years.

At June 30, 2021, 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.

12. Risk Management

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

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

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, 2021.

13. Contingencies

Grants

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

14. Significant Event - Coronavirus Pandemic

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. The Coronavirus pandemic has had a significant impact on the City, as the local economy relies heavily on commercial fishing and taxes levied on fishing landings. Due to the industry response and corresponding restrictions imposed, commercial fishing activity was curtailed during the fiscal year.

Although the City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the City's results of future operations, financial position, and liquidity in fiscal year 2022.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. It also appropriated certain relief funds, for which the City was eligible. At the time of this report, \$1,248,249 has been awarded to the City through the State of Alaska Department of Commerce, Community and Economic Development Coronavirus Relief Fund. As of June 30, 2021, the City has fully spent these monies on direct pandemic mitigation as well as emergency economic relief measures for residents and businesses.

City of Sand Point, Alaska

Notes to Basic Financial Statements

15. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were implemented by the City for 2021 reporting:

GASB Statement No. 84 - Fiduciary Activities - Effective for year-end June 30, 2021. This Statement addresses criteria for identifying and reporting fiduciary activities. There was no change for the City for the year ended June 30, 2021 from implementation of this standard.

GASB Statement No. 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61 - Effective for year-end June 30, 2021. 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. There was no change for the City for the year ended June 30, 2021 from implementation of this standard.

GASB Statement No. 98 - The Annual Comprehensive Financial Report - Effective for year-end June 30, 2022. Earlier application is encouraged. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of annual comprehensive financial report and its acronym in generally accepted accounting principles for state and local governments. The City has chosen to adopt this standard prior to the required implementation date.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 87 - Leases - Effective for year-end June 30, 2022, 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 Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2022. 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 Statement No. 91 - Conduit Debt Obligations - Effective for year-end June 30, 2023. 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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

GASB Statement No. 92 - Omnibus 2020 - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB Statement No. 93 - Replacement of Interbank Offered Rates - The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end June 30, 2021. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end June 30, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements - Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements - Effective for year-end June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This Statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Required Supplementary Information

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

<i>Year Ended June 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 555,000	\$ 753,250	\$ 1,034,955	\$ 281,705
State of Alaska	488,401	359,401	451,041	91,640
Federal government	-	1,117,742	1,104,267	(13,475)
Other revenues	817,612	454,707	628,296	173,589
Total Revenues	1,861,013	2,685,100	3,218,559	533,459
Expenditures				
General government	915,000	911,207	903,513	7,694
Parks and recreation	23,000	23,000	1,241	21,759
Public safety	681,221	813,566	727,308	86,258
Community services	-	811,135	668,503	142,632
Public works	856,110	827,825	674,468	153,357
Total Expenditures	2,475,331	3,386,733	2,975,033	411,700
Excess of revenues over (under) expenditures	(614,318)	(701,633)	243,526	945,159
Other Financing Uses - transfers out	(72,650)	(72,650)	(85,258)	12,608
Net Change in Fund Balance	\$ (686,968)	\$ (774,283)	158,268	\$ 957,767
Fund Balance, beginning			3,445,664	
Fund Balance, ending			\$ 3,603,932	

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, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues - lease income	\$ 307,410	\$ 729,548	\$ 364,774	\$ (364,774)
Expenditures - health clinic	62,412	62,412	2,962	59,450
Net Change in Fund Balance	\$ 244,998	\$ 667,136	361,812	\$ (305,324)
Fund Balance, beginning			1,152,773	
Fund Balance, ending			\$ 1,514,585	

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>	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.04162%	0.03854%	0.04640%	0.03549%	0.04490%	0.04158%	0.26420%
City's Proportionate Share of the Net Pension Liability	\$ 2,456,236	\$ 2,109,755	\$ 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	1,016,740	839,486	666,582	682,570	268,000	538,967	1,167,143
Total Net Pension Liability	\$ 3,472,976	\$ 2,949,241	\$ 2,972,368	\$ 2,517,097	\$ 2,777,794	\$ 2,555,655	\$ 2,399,631
City's Covered Payroll	\$ 1,407,133	\$ 1,297,484	\$ 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	174.56%	162.60%	186.35%	157.28%	202.62%	181.25%	82.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.61%	63.42%	65.19%	63.37%	59.55%	63.98%	62.37%

Schedule of the City's Contributions

<i>Years Ended June 30,</i>	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 161,621	\$ 126,952	\$ 136,277	\$ 135,172	\$ 114,845	\$ 101,325	\$ 96,066
Contributions Relative to the Contractually Required Contribution	161,621	126,952	136,277	135,172	114,845	101,325	96,066
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 1,410,883	\$ 1,407,133	\$ 1,297,484	\$ 1,237,346	\$ 1,166,419	\$ 1,238,644	\$ 1,112,644
Contributions as a Percentage of Covered Payroll	11.455%	9.022%	10.503%	10.924%	9.846%	8.180%	8.634%

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 (Asset)

Years Ended June 30,	ARHCT				RMP				ODD			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.04160%	0.03848%	0.04640%	0.35500%	0.08160%	0.07957%	0.07135%	0.07135%	0.10232%	0.11161%	0.07135%	0.07135%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (188,371)	\$ 57,100	\$ 476,203	\$ 299,802	\$ 5,788	\$ 19,037	\$ 9,079	\$ 3,734	\$ (27,891)	\$ (27,061)	\$ (13,858)	\$ (10,161)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(77,946)	22,689	138,071	111,911	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (266,317)	\$ 79,789	\$ 614,274	\$ 411,713	\$ 5,788	\$ 19,037	\$ 9,079	\$ 3,734	\$ (27,891)	\$ (27,061)	\$ (13,858)	\$ (10,161)
City's Covered Payroll	\$ 266,439	\$ 325,356	\$ 395,951	\$ 395,217	\$ 1,140,694	\$ 841,395	\$ 841,395	\$ 771,202	\$ 1,140,694	\$ 841,395	\$ 841,395	\$ 771,202
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-70.70%	17.55%	120.27%	75.86%	0.51%	2.26%	1.08%	0.48%	-2.45%	-3.22%	-1.65%	-1.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	106.15%	98.13%	88.12%	89.68%	95.23%	83.17%	88.71%	93.98%	283.80%	297.43%	270.62%	212.97%

Schedule of the City's Contributions

Years Ended June 30,	ARHCT				RMP				ODD			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
Contractually Required Contributions	\$ 16,423	\$ 50,708	\$ 49,104	\$ 38,529	\$ 14,492	\$ 14,556	\$ 9,338	\$ 8,318	\$ 4,850	\$ 4,486	\$ 4,557	\$ 981
Contributions Relative to the Contractually Required Contribution	16,423	50,708	49,104	38,529	14,492	14,556	9,338	8,318	4,850	4,486	4,557	981
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 228,825	\$ 266,439	\$ 325,356	\$ 395,951	\$ 1,182,058	\$ 1,140,694	\$ 972,128	\$ 841,395	\$ 1,182,058	\$ 1,140,694	\$ 972,128	\$ 841,395
Contributions as a Percentage of Covered Payroll	7.177%	19.032%	15.092%	9.731%	1.226%	1.276%	0.961%	0.989%	0.410%	0.393%	0.469%	0.117%

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska

Notes to Required Supplementary Information June 30, 2021

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, 2021, the Plan measurement date is June 30, 2020.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

In 2020, the discount rate was lowered from 8% to 7.38%.

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.

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

Schedule of the City's Contributions

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

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

City of Sand Point, Alaska

Notes to Required Supplementary Information, continued

3. Public Employees' Retirement System OPEB Plans

Schedule of the City's Proportionate Share of the Net OPEB Asset and Liability

These tables are presented based on the Plan measurement date. For June 30, 2021, the Plan measurement date is June 30, 2020.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2020, the discount rate was lowered from 8% to 7.38%.

In 2020, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.

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

Schedule of the City's Contributions

These tables are 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.

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

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Supplementary Information

City of Sand Point, Alaska
General Fund
Balance Sheet

<i>June 30,</i>	2021	2020
Assets		
Cash and investments	\$ 1,619,724	\$ 2,496,910
Receivables:		
Sales tax	84,022	66,911
Fish tax	121,562	17,668
Other	130,947	30,304
Prepaid items	14,580	-
Investment in Southwest Governments, LLC	305,349	314,472
Due from other funds	20,576	12,608
Advances to other funds	1,394,699	1,099,630
Total Assets	\$ 3,691,459	\$ 4,038,503
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 27,429	\$ 20,096
Unearned revenue	7,000	497,147
Accrued liabilities	53,098	50,585
Due to other funds	-	25,011
Total Liabilities	87,527	592,839
Fund Balance		
Nonspendable:		
Prepaid items	14,580	-
Investment in Southwest Governments, LLC	305,349	314,472
Advances to other funds	1,394,699	1,099,630
Unassigned	1,889,304	2,031,562
Total Fund Balance	3,603,932	3,445,664
Total Liabilities and Fund Balance	\$ 3,691,459	\$ 4,038,503

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>	2021			2020
	Final Budget	Actual	Variance with Budget	Actual
Revenues				
Taxes:				
Sales taxes	\$ 525,250	\$ 660,467	\$ 135,217	\$ 707,265
Local raw fish taxes	225,000	369,311	144,311	342,687
Accommodation taxes	3,000	5,177	2,177	9,264
Total taxes	753,250	1,034,955	281,705	1,059,216
State of Alaska:				
Shared fisheries and raw fish tax	28,000	7,096	(20,904)	12,742
Fish resource landing tax	234,000	285,956	51,956	161,435
Community assistance program	87,901	75,302	(12,599)	87,901
State PERS relief	-	82,687	82,687	66,780
Other state grants	7,000	-	(7,000)	7,000
State liquor licenses	2,500	-	(2,500)	2,500
Total State of Alaska	359,401	451,041	91,640	338,358
Federal government	1,117,742	1,104,267	(13,475)	275,361
Other revenues (expenses):				
Building rental	110,000	113,389	3,389	169,273
Equipment rental	35,000	7,709	(27,291)	23,096
Business licenses	4,000	2,700	(1,300)	2,900
City dock fees	-	1,152	1,152	-
Southwest Governments, LLC investment income (loss)	5,000	(9,123)	(14,123)	23,459
Local donations	76,669	-	(76,669)	43,612
Investment income	10,038	122,949	112,911	43,176
Other local grants	210,000	328,851	118,851	-
Other	4,000	60,669	56,669	85,916
Total other revenues	454,707	628,296	173,589	391,432
Total Revenues	2,685,100	3,218,559	533,459	2,064,367

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

Years Ended June 30,	2021			2020
	Final Budget	Actual	Variance with Budget	Actual
Expenditures				
General government:				
Legislative:				
Salaries	\$ 36,200	\$ 36,277	\$ (77)	\$ 36,175
Fringe benefits	8,000	7,150	850	(5,414)
Council stipends	36,000	33,500	2,500	38,000
Travel and per diem	5,000	3,721	1,279	12,422
Dues and fees	4,000	1,613	2,387	3,486
Total legislative	89,200	82,261	6,939	84,669
Administration:				
Salaries	379,290	379,578	(288)	376,162
Fringe benefits	90,302	108,032	(17,730)	102,422
Travel and per diem	20,000	10,373	9,627	13,512
Telephone	15,000	13,925	1,075	16,257
Postage	4,500	3,741	759	3,461
Supplies	8,500	5,405	3,095	(38)
Equipment	10,000	6,447	3,553	3,255
Equipment maintenance	3,500	7,480	(3,980)	6,295
Contractual services	9,000	8,250	750	10,250
Dues and fees	4,000	12,725	(8,725)	9,152
Anchorage office	12,000	11,961	39	10,469
Audit	73,000	63,527	9,473	53,594
Legal	10,000	11,753	(1,753)	4,589
Insurance	152,415	152,750	(335)	137,542
Bank service charges	10,000	9,389	611	10,102
Fuel	2,000	749	1,251	1,298
Freight/speed paks	2,000	2,542	(542)	1,234
Elections	1,000	1,020	(20)	947
Hospitality	1,500	1,642	(142)	477
Library	2,500	74	2,426	2,730
Event costs	2,500	3,005	(505)	961
Airport leases	9,000	6,884	2,116	6,884
Total administration	822,007	821,252	755	771,555
Total general government	911,207	903,513	7,694	856,224

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

Years Ended June 30,	2021			2020
	Final Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Parks and recreation:				
Salaries	\$ 20,000	\$ 1,141	\$ 18,859	\$ 14,765
Fringe benefits	2,000	100	1,900	1,277
Equipment	1,000	-	1,000	-
Total parks and recreation	23,000	1,241	21,759	16,042
Public safety:				
Police:				
Salaries	458,476	386,613	71,863	409,572
911 dispatchers	25,000	31,550	(6,550)	25,264
Contractual services	10,000	-	10,000	46,472
Fringe benefits	134,390	150,533	(16,143)	143,385
Travel and per diem	45,000	55,843	(10,843)	31,709
Telephone	12,000	11,159	841	13,155
Supplies	5,000	3,992	1,008	1,538
Equipment	20,000	9,856	10,144	44,873
Equipment maintenance	10,000	6,081	3,919	5,359
Dues and fees	3,500	4,966	(1,466)	717
Fuel	5,000	3,861	1,139	4,808
Freight/speed paks	4,000	832	3,168	3,569
Total police	732,366	665,286	67,080	730,421
Emergency services:				
Volunteer stipend	42,000	33,754	8,246	9,100
Contractual services	-	1,409	(1,409)	6,000
Travel and per diem	-	2,248	(2,248)	355
Telephone	4,500	3,740	760	4,369
Supplies	2,000	2,567	(567)	412
Equipment	2,500	1,000	1,500	1,805
Equipment maintenance	1,500	121	1,379	933
Equipment fuel	1,000	67	933	286
Dues and fees	1,000	847	153	40,120
Freight	1,000	-	1,000	388
Total emergency services	55,500	45,753	9,747	63,768

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

Years Ended June 30,	2021			2020
	Final Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public safety, continued:				
Fire:				
Salaries	\$ 12,000	\$ 10,769	\$ 1,231	\$ -
Fringe benefits	-	939	(939)	-
Telephone	1,000	1,864	(864)	777
Fireboat	700	569	131	-
Supplies	1,000	199	801	10
Equipment	5,000	-	5,000	-
Equipment maintenance	2,000	230	1,770	739
Equipment fuel	500	133	367	91
Dues and fees	500	47	453	-
Utilities	1,500	1,519	(19)	1,380
Freight	1,500	-	1,500	815
Total fire	25,700	16,269	9,431	3,812
Total public safety	813,566	727,308	86,258	798,001
Community services -				
Economic relief payments	811,135	668,503	142,632	-
Public works:				
General:				
Salaries	268,448	231,413	37,035	287,975
Contractual services	15,000	6,385	8,615	10,209
Fringe benefits	59,254	68,523	(9,269)	67,830
Telephone	6,000	5,160	840	5,877
Supplies	15,000	3,942	11,058	7,271
Equipment	25,000	-	25,000	475
Equipment maintenance	55,000	28,357	26,643	29,671
Equipment fuel	10,000	825	9,175	10,697
Dues and fees	500	-	500	109
Utilities	17,000	18,637	(1,637)	17,532
Fuel	15,000	98,542	(83,542)	6,944
Repairs	50,000	124	49,876	-
Travel and per diem	2,000	-	2,000	-
Freight/speed paks	10,000	5,136	4,864	7,235
Total general	548,202	467,044	81,158	451,825

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

Years Ended June 30,	2021			2020
	Final Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public works, continued:				
Facilities:				
Salaries	\$ 92,372	\$ 92,565	\$ (193)	\$ 91,788
Fringe benefits	47,701	60,751	(13,050)	54,955
Municipal building:				
Supplies	12,000	7,736	4,264	9,346
Equipment	3,000	-	3,000	379
Equipment maintenance	4,000	402	3,598	919
Utilities	15,000	18,082	(3,082)	17,493
Fuel	30,000	1,619	28,381	29,818
Repairs	15,000	3,082	11,918	2,862
Telephone	2,500	-	2,500	-
Dues and fees	300	-	300	-
Freight/speed paks	4,500	1,500	3,000	2,366
Employee housing:				
Supplies	500	60	440	31
Equipment	2,000	1,289	711	1,200
Fuel	5,000	-	5,000	4,083
Repairs	2,000	-	2,000	804
Freight/speed paks	1,000	901	99	640
Utilities	4,500	3,447	1,053	4,730
City owned/leased buildings:				
Fuel	3,000	-	3,000	3,785
Repairs	1,500	4,970	(3,470)	125
Utilities	12,000	4,850	7,150	7,710
Freight/speed paks	500	902	(402)	-
Supplies	-	84	(84)	-
RATNET building - utilities	750	398	352	283
Clinic facility:				
Repairs	-	116	(116)	3,306
4-plex:				
Supplies	500	-	500	14
Equipment	1,500	-	1,500	3,061
Utilities	2,000	1,401	599	2,223
Fuel	10,000	1,964	8,036	7,047
Freight/speed paks	1,000	-	1,000	-
Repairs	1,000	-	1,000	2,065
Teen center:				
Utilities	1,500	1,245	255	1,457
Fuel	2,500	60	2,440	2,649
Repairs	500	-	500	-
Total facilities	279,623	207,424	72,199	255,139
Total public works	827,825	674,468	153,357	706,964

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>	2021			2020
	Final Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Total Expenditures	\$ 3,386,733	\$ 2,975,033	\$ 411,700	\$ 2,377,231
Excess of revenues over (under) expenditures	(701,633)	243,526	945,159	(312,864)
Other Financing Uses - transfer out	(72,650)	(85,258)	12,608	(72,650)
Net change in fund balance	<u>\$ (774,283)</u>	158,268	<u>\$ 932,551</u>	(385,514)
Fund Balance, beginning		<u>3,445,664</u>		<u>3,831,178</u>
Fund Balance, ending		<u>\$ 3,603,932</u>		<u>\$ 3,445,664</u>

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

Exhibit G-1

<i>June 30,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Accounts receivable, net of allowance \$140,144 (\$52,712 in 2020)	\$ 126,790	\$ 47,688
Restricted Cash		
Bond reserve account	93,850	-
Cash and investments	419,120	-
Total Restricted Cash	512,970	-
Net OPEB Asset	31,979	4,157
Capital Assets		
Building and floats	10,795,390	10,795,390
Equipment and vehicles	748,093	613,944
Construction in progress	680,880	-
Less accumulated depreciation	(3,608,160)	(3,156,258)
Total Capital Assets	8,616,203	8,253,076
Total Assets	9,287,942	8,304,921
Deferred Outflows of Resources		
Pension related	43,550	51,111
Other postemployment benefits related	19,227	27,860
Total Deferred Outflows of Resources	62,777	78,971
Total Assets and Deferred Outflows of Resources	\$ 9,350,719	\$ 8,383,892
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 4,285	\$ 22,870
Accrued leave	5,227	7,835
Accrued interest payable	6,280	34,560
Current portion of bonds payable	160,000	80,000
Total Current Liabilities	175,792	145,265
Noncurrent Liabilities		
Bonds payable, net of current portion	3,095,000	2,075,000
Bond premium, net of accumulated amortization	249,151	298,312
Net pension liability	363,206	447,333
Net other postemployment benefits liability	856	11,697
Advance from General Fund	824,130	524,004
Total Noncurrent Liabilities	4,532,343	3,356,346
Total Liabilities	4,708,135	3,501,611
Deferred Inflows of Resources		
Pension related	-	36,724
Other postemployment benefits related	26,155	18,242
Deferred gain on refunding	96,868	-
Total Deferred Inflows of Resources	123,023	54,966
Net Position		
Net investment in capital assets	5,528,154	5,799,764
Unrestricted (deficit)	(1,008,593)	(972,449)
Total Net Position	4,519,561	4,827,315
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 9,350,719	\$ 8,383,892

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

<i>Years Ended June 30,</i>	2021	2020
Operating Revenues		
Moorage	\$ 330,707	\$ 185,961
Travel lift	75,855	111,305
Wharfage	20,810	111,529
Van storage	16,667	14,565
Electricity	34,827	42,074
Penalties and interest	4,335	4,461
Rents	184,250	139,611
Harbor electric fee	8,730	8,683
Other operating revenues, net	22,639	17,452
Total Operating Revenues	698,820	635,641
Operating Expenses		
Salaries and benefits	162,517	236,899
Contractual services	9,756	19,494
Telephone	6,201	5,400
Supplies	24,265	13,676
Depreciation	451,902	445,765
Equipment and equipment maintenance	54,085	69,503
Dues and fees	2,951	592
Utilities	70,437	66,397
Fuel	3,815	8,809
Repairs	13,010	5,995
Travel	236	3,659
Freight/speed paks	20,523	8,845
Bad debt expense	87,432	-
Total Operating Expenses	907,130	885,034
Operating loss	(208,310)	(249,393)
Nonoperating Revenues (Expenses)		
State PERS relief	19,429	17,520
Loss on disposal of capital asset	-	(51,226)
Debt issuance expense	(43,472)	-
Interest expense	(75,401)	(105,680)
Net Nonoperating Revenues (Expenses)	(99,444)	(139,386)
Change in net position	(307,754)	(388,779)
Net Position, beginning	4,827,315	5,216,094
Net Position, ending	\$ 4,519,561	\$ 4,827,315

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

<i>Years Ended June 30,</i>	2021	2020
Cash Flows from Operating Activities		
Receipts from customers	\$ 619,718	\$ 672,650
Payments for goods and services	(311,296)	(186,830)
Payments for salaries and benefits	(281,103)	(298,381)
Net cash flows from operating activities	27,319	187,439
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(80,000)	(75,000)
Interest paid on long-term debt	(120,255)	(123,252)
Debt issuance costs paid	(43,472)	-
Proceeds from debt refunding	2,120,000	-
Payment to refunded bond escrow agent	(2,094,870)	-
Increase in bond reserve account	(93,850)	-
Proceeds from bond issuance	970,000	-
Premium from bond issuance	249,151	-
Acquisition and construction of capital assets	(815,029)	-
Increase in advances from General Fund	300,126	10,813
Net cash flows from (for) capital and related financing activities	391,801	(187,439)
Net increase in cash and investments	419,120	-
Cash and Investments, beginning	-	-
Cash and Investments, ending	\$ 419,120	\$ -
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating loss	\$ (208,310)	\$ (249,393)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	451,902	445,765
Noncash expense - PERS relief	19,429	17,520
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(79,102)	37,009
Net OPEB asset	(27,822)	(4,157)
Deferred outflows of resources related to pensions	7,561	27,789
Deferred outflows of resources related to other postemployment benefits	8,633	12,840
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(18,585)	15,540
Accrued leave	(2,608)	2,830
Net pension liability	(84,127)	(30,116)
Net other postemployment benefits liability	(10,841)	(83,745)
Deferred inflows of resources related to pensions	(36,724)	17,185
Deferred inflows of resources related to other postemployment benefits	7,913	(21,628)
Net Cash Flows from Operating Activities	\$ 27,319	\$ 187,439

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

<i>June 30,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Accounts receivable, net of allowance of \$10,627 (\$7,706 in 2020)	\$ 16,009	\$ 11,609
Net OPEB Asset	18,737	1,786
Capital Assets		
Buildings and improvements	5,762,029	5,762,029
Equipment and vehicles	177,509	177,509
Less accumulated depreciation	(3,296,075)	(3,123,529)
Total Capital Assets	2,643,463	2,816,009
Total Assets	2,678,209	2,829,404
Deferred Outflows of Resources		
Pension related	25,517	2,992
Other postemployment benefits related	11,265	11,971
Total Deferred Outflows of Resources	36,782	14,963
Total Assets and Deferred Outflows of Resources	\$ 2,714,991	\$ 2,844,367
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 7,002	\$ 3,488
Accrued leave	3,279	4,461
Total Current Liabilities	10,281	7,949
Noncurrent Liabilities		
Advance from General Fund	570,569	575,626
Net pension liability	212,809	73,158
Net other postemployment benefits liability	501	5,026
Total Noncurrent Liabilities	783,879	653,810
Total Liabilities	794,160	661,759
Deferred Inflows of Resources		
Pension related	-	9,643
Other postemployment benefits related	15,325	7,838
Total Deferred Inflows of Resources	15,325	17,481
Net Position		
Investment in capital assets	2,643,463	2,816,009
Unrestricted (deficit)	(737,957)	(650,882)
Total Net Position	1,905,506	2,165,127
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,714,991	\$ 2,844,367

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>	2021	2020
Operating Revenues - User charges	\$ 236,323	\$ 203,859
Operating Expenses		
Salaries and benefits	270,490	132,183
Travel and per diem	-	863
Telephone	5,059	5,311
Supplies	13,941	13,331
Equipment and equipment maintenance	40,744	33,850
Dues and fees	5,737	9,766
Utilities	32,501	28,982
Fuel	1,303	20,041
Repairs	15,387	13,036
Freight/speed paks	7,199	8,446
Bad debt expense	2,921	-
Depreciation	172,546	172,546
Total Operating Expenses	567,828	438,355
Operating loss	(331,505)	(234,496)
Nonoperating Revenues - State PERS relief	11,384	7,529
Loss before transfers	(320,121)	(226,967)
Transfers in	60,500	60,500
Change in net position	(259,621)	(166,467)
Net Position, beginning	2,165,127	2,331,594
Net Position, ending	\$ 1,905,506	\$ 2,165,127

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

<i>Years Ended June 30,</i>	2021	2020
Cash Flows for Operating Activities		
Receipts from customers	\$ 231,923	\$ 213,038
Payments for goods and services	(121,278)	(133,229)
Payments for salaries and benefits	(166,088)	(129,669)
Net cash flows for operating activities	(55,443)	(49,860)
Cash Flows from Noncapital Financing Activities		
Transfers in	60,500	60,500
Increase (decrease) in advances from General Fund	(5,057)	(10,640)
Net cash flows from noncapital financing activities	55,443	49,860
Net increase in cash and investments	-	-
Cash and Investments, beginning	-	-
Cash and Investments, ending	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	\$ (331,505)	\$ (234,496)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	172,546	172,546
Noncash expense - PERS relief	11,384	7,529
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(4,400)	9,179
Net OPEB asset	(16,951)	(1,786)
Deferred outflows of resources related to pensions	(22,525)	11,941
Deferred outflows of resources related to other postemployment benefits	706	(5,095)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	3,514	397
Accrued leave	(1,182)	3,994
Net pension liability	139,651	(12,941)
Net other postemployment benefits liability	(4,525)	(10,236)
Deferred inflows of resources related to pensions	(9,643)	7,384
Deferred inflows of resources related to other postemployment benefits	7,487	1,724
Net Cash Flows for Operating Activities	\$ (55,443)	\$ (49,860)

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

<i>June 30,</i>	2021	2020
Assets		
Current Assets		
Cash and investments	\$ 182,586	\$ 68,566
Due from other funds	-	25,011
Total Current Assets	182,586	93,577
Capital Assets		
Equipment and vehicles	14,541	14,541
Less accumulated depreciation	(14,541)	(14,541)
Total Capital Assets	-	-
Total Assets	\$ 182,586	\$ 93,577
Liabilities and Net Position		
Current Liabilities		
Accrued payroll	\$ 975	\$ 2,412
Due to General Fund	20,576	-
Total Liabilities	21,551	2,412
Net Position		
Unrestricted	161,035	91,165
Total Liabilities and Net Position	\$ 182,586	\$ 93,577

City of Sand Point, Alaska

Bingo Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2021	2020
Operating Revenues		
Pull tab revenue	\$ 595,901	\$ 527,324
Bingo revenue	31,924	20,799
Total Operating Revenues	627,825	548,123
Operating Expenses		
Salaries and benefits	36,166	34,188
Telephone	938	945
Supplies	379	1,340
Dues and fees	282	1,063
Bank service charges	2,943	2,436
Freight/speed paks	-	4
Prizes and payouts	489,828	429,048
Pull tab tax	3,577	3,550
Donations	10,000	57,705
Utilities	-	60
Pull tab purchases	13,842	16,327
Total Operating Expenses	557,955	546,666
Change in net position	69,870	1,457
Net Position, beginning	91,165	89,708
Net Position, ending	\$ 161,035	\$ 91,165

City of Sand Point, Alaska
Bingo Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2021	2020
Cash Flows from Operating Activities		
Receipts from customers	\$ 627,825	\$ 548,123
Payments for goods and services	(521,789)	(512,478)
Payments for salaries and benefits	(37,603)	(33,755)
Net cash flows from operating activities	68,433	1,890
Cash Flows from (for) Noncapital Financing Activities		
(Increase) decrease in due from other funds	25,011	(953)
Increase in due to General Fund	20,576	-
Net cash flows from (for) noncapital financing activities	45,587	(953)
Net increase in cash and investments	114,020	937
Cash and Investments, beginning	68,566	67,629
Cash and Investments, ending	\$ 182,586	\$ 68,566
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating income	\$ 69,870	\$ 1,457
Adjustments to reconcile operating income to net cash flows from operating activities:		
Increase (decrease) in liabilities -		
Accrued payroll	(1,437)	433
Net Cash Flows from Operating Activities	\$ 68,433	\$ 1,890

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

<i>June 30,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 593,218	\$ 540,567
Accounts receivable, net of allowance of \$5,279 (\$3,049 in 2020)	18,226	10,526
Total Current Assets	611,444	551,093
Net OPEB Asset	14,931	1,866
Capital Assets		
Buildings	19,400	19,400
Equipment and vehicles	498,629	498,629
Sanitary landfill	1,996,889	1,996,889
Less accumulated depreciation	(2,070,401)	(2,006,778)
Total Capital Assets	444,517	508,140
Total Assets	1,070,892	1,061,099
Deferred Outflows of Resources		
Pension related	20,333	21,214
Other postemployment benefits related	8,977	12,501
Total Deferred Outflows of Resources	29,310	33,715
Total Assets and Deferred Outflows of Resources	\$ 1,100,202	\$ 1,094,814
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 437	\$ 144
Accrued leave	9,706	10,761
Total Current Liabilities	10,143	10,905
Noncurrent Liabilities		
Landfill closure costs payable	153,841	149,443
Net pension liability	169,583	180,589
Net other postemployment benefits liability	400	5,249
Total Noncurrent Liabilities	323,824	335,281
Total Liabilities	333,967	346,186
Deferred Inflows of Resources		
Pension related	-	12,876
Other postemployment benefits related	12,212	8,186
Total Deferred Inflows of Resources	12,212	21,062
Net Position		
Investment in capital assets	444,517	508,140
Unrestricted	309,506	219,426
Total Net Position	754,023	727,566
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,100,202	\$ 1,094,814

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

<i>Years Ended June 30,</i>	2021	2020
Operating Revenues - user charges	\$ 180,965	\$ 148,053
Operating Expenses		
Salaries and benefits	95,042	98,760
Supplies	261	418
Equipment and equipment maintenance	5,189	14,453
Dues and fees	250	-
Utilities	1,180	560
Fuel	2,421	3,287
Freight/speed paks	1,137	925
Landfill closure expense	4,397	4,397
Bad debt expense	2,230	-
Depreciation	63,623	63,623
Total Operating Expenses	175,730	186,423
Operating income (loss)	5,235	(38,370)
Nonoperating Revenues - State PERS relief	9,072	7,862
Income (loss) before transfers	14,307	(30,508)
Transfers in	12,150	12,150
Change in net position	26,457	(18,358)
Net Position, beginning	727,566	745,924
Net Position, ending	\$ 754,023	\$ 727,566

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

<i>Years Ended June 30,</i>	2021	2020
Cash Flows from Operating Activities		
Receipts from customers	\$ 173,265	\$ 160,206
Payments for goods and services	(12,374)	(19,915)
Payments for salaries and benefits	(120,390)	(119,784)
Net cash flows from operating activities	40,501	20,507
Cash Flows from Noncapital Financing Activities		
Transfers in	12,150	12,150
Net increase in cash and investments	52,651	32,657
Cash and Investments, beginning	540,567	507,910
Cash and Investments, ending	\$ 593,218	\$ 540,567
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities		
Operating income (loss)	\$ 5,235	\$ (38,370)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	63,623	63,623
Noncash expense - PERS relief	9,072	7,862
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(7,700)	12,153
Net OPEB asset	(13,065)	(1,866)
Deferred outflows of resources related to pensions	881	12,470
Deferred outflows of resources related to other postemployment benefits	3,524	4,485
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	293	(272)
Accrued leave	(1,055)	918
Landfill closure costs payable	4,398	4,397
Net pension liability	(11,006)	(13,515)
Net other postemployment benefits liability	(4,849)	(32,290)
Deferred inflows of resources related to pensions	(12,876)	7,711
Deferred inflows of resources related to other postemployment benefits	4,026	(6,799)
Net Cash Flows from Operating Activities	\$ 40,501	\$ 20,507

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

<i>June 30,</i>	2021	2020
Assets		
Capital Assets		
Equipment and vehicles	\$ -	\$ 36,600
Less accumulated depreciation	-	(21,350)
Total Assets	\$ -	\$ 15,250
Liabilities		
Noncurrent Liabilities - advance from General Fund	\$ -	\$ 12,608
Net Position		
Investment in capital assets	-	15,250
Unrestricted (deficit)	-	(12,608)
Total Net Position (Deficit)	-	2,642
Total Liabilities and Net Position	\$ -	\$ 15,250

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

<i>Years Ended June 30,</i>	2021	2020
Operating Expenses - depreciation	\$ -	\$ 7,320
Operating loss	-	(7,320)
Transfers out	(15,250)	-
Transfers in	12,608	-
Change in net position	(2,642)	(7,320)
Net Position, beginning	2,642	9,962
Net Position (Deficit), ending	\$ -	\$ 2,642

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

<i>Years Ended June 30,</i>	2021	2020
Net increase in cash and investments	\$ -	\$ -
Cash and Investments, beginning	-	-
Cash and Investments, ending	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating loss	\$ -	\$ (7,320)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	-	7,320
Net Cash Flows from Operating Activities	\$ -	\$ -

City of Sand Point, Alaska

Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of the Treasury				
Passed through State of Alaska Department of Commerce, Community and Economic Development - COVID-19 - Coronavirus Relief Fund	21.019	20-CRF-179	\$ -	\$ 1,104,267
Executive Office of the President				
Passed through State of Alaska Department of Public Safety - High Intensity Drug Trafficking Areas	95.001	N/A	-	6,301
Department of Homeland Security				
Passed through the State of Alaska Department of Military and Veteran Affairs - Disaster Grants - Public Assistance (Presidentially Declared Disasters): Dock road earthquake repair	97.036	N/A	-	5,766
Total Expenditures of Federal Awards			\$ -	\$ 1,116,334

See accompanying notes to the Schedule of Expenditures of Federal Awards.

City of Sand Point, Alaska

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City of Sand Point under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation 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 City of Sand Point, it is not intended to and does not present the financial position, changes in net position or cash flows of City of Sand Point.

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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts reflected on the schedules (if any) represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

City of Sand Point has elected to not use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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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
Sand Point, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sand Point, Alaska (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 31, 2022.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
August 31, 2022



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3601 C Street, Suite 600
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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
Sand Point, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Sand Point's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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
August 31, 2022

City of Sand Point, Alaska

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no
Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? ___ yes X no
Significant deficiency(ies) identified? X yes ___ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes X no

Identification of major federal programs:

Federal Assistance

Table with 3 columns: Listing Number, Name of Federal Program or Cluster, Agency. Row 1: 21.019, Coronavirus Relief Fund, Department of the Treasury

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ___ yes X no

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

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

City of Sand Point, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2021

Section III - Federal Award Findings and Questioned Costs

Finding 2021-001 Noncompliance and Significant Deficiency in Internal Controls over Compliance - Activities Allowed and Unallowed, Allowable Costs

Agency Department of the Treasury
Federal Assistance Listing Number 21.019
Program Name Coronavirus Relief Fund
Year FY 2021
Pass-Through Agency State of Alaska Department of Commerce, Community and Economic Development

Pass-Through Entity Identifying Number 20-CRF-179

Criteria Management is responsible to provide reasonable assurance that the costs paid for by federal funds are allowable and in accordance with the types of activities allowed per the compliance supplement.

Condition While the City has in place policies requiring employees have signed and approved pay rates on file, the results of our payroll testing identified 1 payroll disbursements out of a sample of 13 where the actual rate of pay did not match the approved rate of pay.

Cause Internal controls did not effectively ensure that all employees are paid at their approved pay rates prior to payment.

Effect or Potential Effect Federal funds could be expended for unallowed activities and unallowed costs.

Questioned costs None.

Context We noted payroll expenditures recorded in the general ledger that were paid at a rate not consistent with signed and approved payrates on file. Costs paid in excess of approved rates are not allowable in accordance with program requirements.

Identification as a repeat finding This is not a repeat finding.

Recommendation Management should review all personnel files and verify all employees have a current signed and approved pay rate included in their file. We also recommend management adopt a policy requiring all payroll disbursements be reviewed by a separate individual prior to approval for pay to ensure payroll disbursements are made at the appropriate rate for each employee.

Views of Responsible Officials Management concurs with the finding and will adhere to the corrective action plan included in this report.

City of Sand Point Single Audit Responses (Unaudited)



Noncompliance and Significant Deficiency in Internal Controls over Compliance Activities Allowed and Unallowed, Allowable Costs

Finding 2021-001

Corrective Action

Plan:

Contact Person: Jordan Keeler, City Administrator

Management will review all personnel files and verify all employees have a current signed and approved pay rate included in their file. Management will adopt a policy requiring all payroll disbursements be reviewed by two individuals prior to approval for pay to ensure payroll disbursement are made at the appropriate rate for each employee.

Expected Completion

Date:

September 30, 2022.