



City of Sand Point, Alaska

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

Year Ended June 30, 2018

City of Sand Point, Alaska

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

Year Ended June 30, 2018

City of Sand Point, Alaska

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City of Sand Point, Alaska

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Independent Auditor's Report

Honorable Mayor and City Council
City of Sand Point, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Sand Point's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 11 to the financial statements, in 2018 the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 42 and the Schedules of Net Pension and OPEB Liability and Pension and OPEB Contributions on pages 43 through 46, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary and Other Information

Our audit for the year ended June 30, 2018 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules for the year ended June 30, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Sand Point as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated January 9, 2018 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, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2019, on our consideration of City of Sand Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sand Point's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Sand Point's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
January 24, 2019

Basic Financial Statements

City of Sand Point, Alaska

Statement of Net Position

<i>June 30, 2018</i>	Govern- mental Activities	Business- type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 2,735,410	\$ 566,486	\$ 3,301,896
Accounts receivable, net	171,479	87,685	259,164
Prepaid items	699	-	699
Internal balances	1,081,377	(1,081,377)	-
Investment in Southwest Governments, LLC	294,911	-	294,911
Capital assets not being depreciated	40,000	51,226	91,226
Other capital assets, net of accumulated depreciation	7,421,521	11,779,109	19,200,630
Total Assets	11,745,397	11,403,129	23,148,526
Deferred Outflows of Resources			
Pension related	124,162	65,464	189,626
Other postemployment benefits related	32,815	16,057	48,872
Total Deferred Outflows of Resources	156,977	81,521	238,498
Total Assets and Deferred Outflows of Resources	\$ 11,902,374	\$ 11,484,650	\$ 23,387,024
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	\$ 20,919	\$ 11,862	\$ 32,781
Accrued liabilities	37,664	1,198	38,862
Accrued interest payable	-	36,726	36,726
Noncurrent liabilities:			
Due within one year:			
Accrued leave	38,674	20,344	59,018
Bonds payable	-	70,000	70,000
Due in more than one year:			
Landfill closure costs payable	-	140,649	140,649
Bonds payable, net of current portion	-	2,230,000	2,230,000
Bond premium, net of accumulated amortization	-	331,458	331,458
Net pension liability	1,214,134	620,393	1,834,527
Net other postemployment benefits liability	196,991	96,384	293,375
Total Liabilities	1,508,382	3,559,014	5,067,396
Deferred Inflows of Resources			
Pension related	178,350	87,555	265,905
Other postemployment benefits related	118,684	58,071	176,755
Total Deferred Inflows of Resources	297,034	145,626	442,660
Net Position			
Net investment in capital assets	7,461,521	9,198,877	16,660,398
Unrestricted (deficit)	2,635,437	(1,418,867)	1,216,570
Total Net Position	10,096,958	7,780,010	17,876,968
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 11,902,374	\$ 11,484,650	\$ 23,387,024

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Statement of Activities

Year Ended June 30, 2018	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants & Contri- butions	Govern- mental Activities	Business- type Activities	Total
Governmental Activities						
General government	\$ 1,239,105	\$ 222,041	\$ 18,420	\$ (998,644)	\$ -	\$ (998,644)
Parks and recreation	31,526	-	-	(31,526)	-	(31,526)
Public safety	495,031	-	16,238	(478,793)	-	(478,793)
Public works	933,506	184,003	19,857	(729,646)	-	(729,646)
Health clinic	-	75,300	-	75,300	-	75,300
Community development	42,870	34,152	-	(8,718)	-	(8,718)
Total Governmental Activities	2,742,038	515,496	54,515	(2,172,027)	-	(2,172,027)
Business-type Activities						
Bingo	518,856	559,124	-	-	40,268	40,268
Boat harbor	1,140,969	683,205	17,486	-	(440,278)	(440,278)
Water and sewer	329,266	180,600	2,663	-	(146,003)	(146,003)
Refuse	197,863	131,140	6,525	-	(60,198)	(60,198)
Rock crusher	8,781	900	-	-	(7,881)	(7,881)
Total Business-type Activities	2,195,735	1,554,969	26,674	-	(614,092)	(614,092)
Total	\$ 4,937,773	\$ 2,070,465	\$ 81,189	(2,172,027)	(614,092)	(2,786,119)
General Revenues						
Taxes:						
Sales taxes				683,063	-	683,063
Local raw fish taxes				585,675	-	585,675
Accommodation taxes				16,030	-	16,030
Payment in lieu of taxes				150,000	-	150,000
Grants and entitlements not restricted to a specific purpose				648,513	-	648,513
Transfers				28,037	(28,037)	-
Total General Revenues and Transfers				2,111,318	(28,037)	2,083,281
Change in net position				(60,709)	(642,129)	(702,838)
Net Position, beginning, as restated (Note 11)				10,157,667	8,422,139	18,579,806
Net Position, ending				\$ 10,096,958	\$ 7,780,010	\$ 17,876,968

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Governmental Funds

Balance Sheet

	Major Fund	Nonmajor	Total
<i>June 30, 2018</i>	General	Funds	Governmental Funds
Assets			
Cash and investments	\$ 2,441,310	\$ 294,100	\$ 2,735,410
Receivables:			
Sales tax	80,363	-	80,363
Fish tax	58,431	-	58,431
Other	32,685	-	32,685
Prepaid items	699	-	699
Investment in Southwest Governments, LLC	294,911	-	294,911
Advance to other funds	1,068,769	-	1,068,769
Due from other funds	12,608	-	12,608
Total Assets	\$ 3,989,776	\$ 294,100	\$ 4,283,876
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 20,919	\$ -	\$ 20,919
Accrued liabilities	37,664	-	37,664
Total Liabilities	58,583	-	58,583
Fund Balances			
Nonspendable:			
Prepaid items	699	-	699
Investment in Southwest Governments, LLC	294,911	-	294,911
Advance to other funds	1,068,769	-	1,068,769
Assigned:			
Silver Salmon Derby	-	19,723	19,723
Clinic	-	274,377	274,377
Next year's budget	290,000	-	290,000
Unassigned	2,276,814	-	2,276,814
Total Fund Balances	3,931,193	294,100	4,225,293
Total Liabilities and Fund Balances	\$ 3,989,776	\$ 294,100	\$ 4,283,876

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, 2018

Total fund balances for governmental funds		\$ 4,225,293
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:		
Land	\$ 40,000	
Buildings	8,726,286	
Improvements other than buildings	4,568,069	
Equipment and vehicles	<u>1,937,113</u>	
Total capital assets	15,271,468	
Accumulated depreciation	<u>(7,809,947)</u>	
Total capital assets, net		<u>7,461,521</u>
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	(38,674)	
Net pension liability	(1,214,134)	
Net other postemployment benefits liability	<u>(196,991)</u>	
Total noncurrent liabilities		<u>(1,449,799)</u>
Certain changes in net pension and net other postemployment benefits liabilities are deferred rather than recognized immediately. These items are amortized over time:		
Deferred outflows of resources related to pensions	124,162	
Deferred inflows of resources related to pensions	(178,350)	
Deferred outflows of resources related to other postemployment benefits	32,815	
Deferred inflows of resources related to other postemployment benefits	<u>(118,684)</u>	
Total deferred pension and other postemployment benefits items		<u>(140,057)</u>
Total Net Position of Governmental Activities		<u>\$ 10,096,958</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 Fund	Nonmajor	Total
<i>Year Ended June 30, 2018</i>	General	Funds	Governmental Funds
Revenues			
Taxes	\$ 1,284,768	\$ -	\$ 1,284,768
State of Alaska	661,466	-	661,466
Federal government	12,840	-	12,840
Other revenues	556,044	109,452	665,496
Total Revenues	2,515,118	109,452	2,624,570
Expenditures			
Current:			
General government	919,021	-	919,021
Parks and recreation	23,723	-	23,723
Public safety	520,176	-	520,176
Public works	871,284	-	871,284
Community development	-	30,641	30,641
Total Expenditures	2,334,204	30,641	2,364,845
Excess of revenues over expenditures	180,914	78,811	259,725
Other Financing Sources (Uses)			
Transfers in	103,037	-	103,037
Transfers out	(75,000)	-	(75,000)
Net change in fund balances	208,951	78,811	287,762
Fund Balances, beginning	3,722,242	215,289	3,937,531
Fund Balances, ending	\$ 3,931,193	\$ 294,100	\$ 4,225,293

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, 2018

Net change in fund balances - total governmental funds	\$ 287,762
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 (\$756,516) exceeded capital outlays (\$250,996) in the current year.	
	(505,520)
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	19,344
Decrease in net pension liability and related deferred outflows and inflows of resources	119,567
Decrease in net other postemployment benefits liability and related deferred outflows and inflows of resources	18,138
	<hr/>
Change in Net Position of Governmental Activities	<u>\$ (60,709)</u>

See accompanying notes to basic financial statements.

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

	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Bingo	Boat Harbor	Water and Sewer	Refuse		
June 30, 2018						
Assets and Deferred Outflows of Resources						
Current Assets						
Cash and investments	\$ 89,483	\$ -	\$ -	\$ 477,003	\$ -	\$ 566,486
Accounts receivable, net	-	64,206	10,231	13,248	-	87,685
Total Current Assets	89,483	64,206	10,231	490,251	-	654,171
Noncurrent Assets						
Buildings and improvements	-	10,795,390	4,572,242	19,400	-	15,387,032
Equipment and vehicles	14,541	613,944	177,509	498,629	36,600	1,341,223
Sanitary landfill	-	-	-	1,996,889	-	1,996,889
Construction in progress	-	51,226	-	-	-	51,226
Less accumulated depreciation	(14,541)	(2,259,815)	(2,787,451)	(1,877,518)	(6,710)	(6,946,035)
Total Noncurrent Assets	-	9,200,745	1,962,300	637,400	29,890	11,830,335
Total Assets	89,483	9,264,951	1,972,531	1,127,651	29,890	12,484,506
Deferred Outflows of Resources:						
Pension related	-	40,298	8,188	16,978	-	65,464
Other postemployment benefits related	-	10,526	1,604	3,927	-	16,057
Total Deferred Outflows of Resources	-	50,824	9,792	20,905	-	81,521
Total Assets and Deferred Outflows of Resources	\$ 89,483	\$ 9,315,775	\$ 1,982,323	\$ 1,148,556	\$ 29,890	\$ 12,566,027
Liabilities, Deferred Inflows of Resources and Net Position						
Current Liabilities						
Accounts payable	\$ -	\$ 8,122	\$ 3,445	\$ 295	\$ -	\$ 11,862
Accrued leave	-	11,486	-	8,858	-	20,344
Accrued payroll	1,198	-	-	-	-	1,198
Accrued interest payable	-	36,726	-	-	-	36,726
Current portion of bonds payable	-	70,000	-	-	-	70,000
Due to other funds	-	-	-	-	12,608	12,608
Total Current Liabilities	1,198	126,334	3,445	9,153	12,608	152,738
Noncurrent Liabilities						
Advance from other funds	20,576	396,976	651,217	-	-	1,068,769
Bonds payable, net of current portion	-	2,230,000	-	-	-	2,230,000
Bond premium, net	-	331,458	-	-	-	331,458
Landfill closure costs payable	-	-	-	140,649	-	140,649
Net pension liability	-	392,062	71,180	157,151	-	620,393
Net other postemployment benefits liability	-	63,182	9,625	23,577	-	96,384
Total Noncurrent Liabilities	20,576	3,413,678	732,022	321,377	-	4,487,653
Total Liabilities	21,774	3,540,012	735,467	330,530	12,608	4,640,391
Deferred Inflows of Resources						
Pension related	-	57,232	8,845	21,478	-	87,555
Other postemployment benefits related	-	38,067	5,799	14,205	-	58,071
Total Deferred Inflows of Resources	-	95,299	14,644	35,683	-	145,626
Net Position (Deficit)						
Net investment in capital assets	-	6,569,287	1,962,300	637,400	29,890	9,198,877
Unrestricted (deficit)	67,709	(888,823)	(730,088)	144,943	(12,608)	(1,418,867)
Total Net Position	67,709	5,680,464	1,232,212	782,343	17,282	7,780,010
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 89,483	\$ 9,315,775	\$ 1,982,323	\$ 1,148,556	\$ 29,890	\$ 12,566,027

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2018	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Bingo	Boat Harbor	Water and Sewer	Refuse		
Operating Revenues	\$559,124	\$ 683,205	\$ 180,600	\$ 131,140	\$ 900	\$ 1,554,969
Operating Expenses						
Salaries and benefits	37,094	338,262	98,797	115,229	-	589,382
Services and supplies	481,762	235,061	114,586	20,001	2,071	853,481
Depreciation	-	455,599	115,883	62,633	6,710	640,825
Total Operating Expenses	518,856	1,028,922	329,266	197,863	8,781	2,083,688
Operating income (loss)	40,268	(345,717)	(148,666)	(66,723)	(7,881)	(528,719)
Nonoperating Revenues (Expenses)						
State PERS relief	-	17,486	2,663	6,525	-	26,674
Interest expense	-	(112,047)	-	-	-	(112,047)
Net Nonoperating Revenues (Expenses)	-	(94,561)	2,663	6,525	-	(85,373)
Income (loss) before transfers	40,268	(440,278)	(146,003)	(60,198)	(7,881)	(614,092)
Transfers in	-	-	51,000	24,000	-	75,000
Transfers out	(103,037)	-	-	-	-	(103,037)
Change in net position	(62,769)	(440,278)	(95,003)	(36,198)	(7,881)	(642,129)
Net Position, beginning, as restated (Note 11)	130,478	6,120,742	1,327,215	818,541	25,163	8,422,139
Net Position, ending	\$ 67,709	\$ 5,680,464	\$ 1,232,212	\$ 782,343	\$ 17,282	\$ 7,780,010

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended June 30, 2018	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Bingo	Boat Harbor	Water and Sewer	Refuse		
Cash Flows from (for) Operating Activities						
Receipts from customers	\$ 559,124	\$ 670,155	\$ 221,477	\$ 144,272	\$ 900	\$ 1,595,928
Payments for goods and services	(482,074)	(234,302)	(128,152)	(15,560)	(2,866)	(862,954)
Payments for salaries and benefits	(37,427)	(377,563)	(104,182)	(122,910)	-	(642,082)
Net cash flows from (for) operating activities	39,623	58,290	(10,857)	5,802	(1,966)	90,892
Cash Flows from Noncapital Financing Activities						
Transfers in	-	-	51,000	24,000	-	75,000
Transfers out	(103,037)	-	-	-	-	(103,037)
Net cash flows from (for) noncapital financing activities	(103,037)	-	51,000	24,000	-	(28,037)
Cash Flows for Capital and Related Financing Activities						
Additions to capital assets	-	-	-	-	(36,600)	(36,600)
Principal paid on long-term debt	-	(70,000)	-	-	-	(70,000)
Interest paid on long-term debt	-	(129,553)	-	-	-	(129,553)
Increase in due to other funds	-	(255,713)	-	-	12,608	(243,105)
Increase (decrease) in advances	(155,985)	396,976	(112,049)	-	-	128,942
Net cash flows for capital and related financing activities	(155,985)	(58,290)	(112,049)	-	(23,992)	(350,316)
Net increase (decrease) in cash and investments	(219,399)	-	(71,906)	29,802	(25,958)	(287,461)
Cash and Investments, beginning	308,882	-	71,906	447,201	25,958	853,947
Cash and Investments, ending	\$ 89,483	\$ -	\$ -	\$ 477,003	\$ -	\$ 566,486
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities						
Operating income (loss)	\$ 40,268	\$ (345,717)	\$ (148,666)	\$ (66,723)	\$ (7,881)	\$ (528,719)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:						
Depreciation	-	455,599	115,883	62,633	6,710	640,825
Noncash expense - PERS relief	-	17,486	2,663	6,525	-	26,674
(Increase) decrease in assets and deferred outflows of resources:						
Accounts receivable, net	-	(13,050)	40,877	13,132	-	40,959
Deferred outflows of resources related to postemployment benefits	-	55,837	8,505	20,836	-	85,178
Deferred outflows of resources related to other postemployment benefits	-	3,228	491	1,205	-	4,924
Increase (decrease) in liabilities and deferred inflows of resources:						
Accounts payable	(312)	759	(13,566)	43	(795)	(13,871)
Accrued leave	-	(12,619)	(1,320)	2,276	-	(11,663)
Accrued payroll	(333)	-	-	-	-	(333)
Landfill closure costs payable	-	-	-	4,398	-	4,398
Net pension liability	-	(145,428)	(22,152)	(54,268)	-	(221,848)
Net other postemployment benefits liability	-	(47,113)	(7,176)	(17,581)	-	(71,870)
Deferred inflows of resources related to postemployment benefits	-	51,241	7,805	19,121	-	78,167
Deferred inflows of resources related to other postemployment benefits	-	38,067	5,799	14,205	-	58,071
Net Cash Flows from (for) Operating Activities	\$ 39,623	\$ 58,290	\$ (10,857)	\$ 5,802	\$ (1,966)	\$ 90,892

See accompanying notes to basic financial statements.

City of Sand Point, Alaska

Notes to Basic Financial Statements

June 30, 2018

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

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

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

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

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

Major Funds

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

Bingo Enterprise Fund - to account for gaming activities.

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

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

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

Cash and Cash Equivalents

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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 receivable” is offset by nonspendable fund balance in the General Fund to indicate that it is not available for general appropriation.

Capital Assets

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

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

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

Compensated Absences

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

Unearned Revenue

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

Long-term Debt

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

Pension Plan and Other Postemployment Benefits (OPEB) Plan

For purposes of measuring the net pension and OPEB liability, 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.

Fund Balances

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

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

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

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

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

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

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

Use of Estimates

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

Budgetary Accounting

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

The budget is enacted at the department level, the City does not budget for on-behalf payments made by the State of Alaska towards the Alaska Public Employees' Retirement System. Otherwise, the budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Grants and Other Intergovernmental Revenues

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

2. Cash and Investments

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of June 30, 2018.

	Totals
Deposit accounts and cash on hand	\$ 473,172
Charles Schwab investment	514,416
Pooled investment	2,314,308
Total Cash and Investments	\$ 3,301,896

City of Sand Point, Alaska

Notes to Basic Financial Statements

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, 2018, \$250,000 of the City's Wells Fargo bank deposits were insured by the Federal Deposit Insurance Corporation and \$500,000 of the City's investments in Charles Schwab were insured by the Securities Investor Protection Corporation. The remaining balance of deposits were uninsured and uncollateralized. The Pooled Investment (AMLIP, see below) is not subject to custodial credit risk.

Investments

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

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

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The City's investment in AMLIP of \$2,314,308 is measured at net asset value, as of June 30, 2018. Management believes these values approximate fair value.

The fair values of the City's equity securities at year-end are \$514,416.

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. Equity securities 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, 2018, the City's investment in the LLC was \$294,911. This investment is considered noncurrent, and accordingly, an equal amount of fund balance of the General Fund is shown as nonspendable. In 2018, the City's share of earnings of Southwest Governments, LLC was \$23,026, 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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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, 2018, 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	Boat Harbor Enterprise Fund	Water and Sewer Enterprise Fund	Refuse Enterprise Fund	Totals
Accounts	\$ 18,987	\$ 135,174	\$ 17,022	\$ 17,085	\$ 188,268
Sales and fish taxes	138,794	-	-	-	138,794
Grants	7,704	-	-	-	7,704
Other	5,994	-	-	-	5,994
Total receivables	171,479	135,174	17,022	17,085	340,760
Less allowance for uncollectible accounts	-	(70,968)	(6,791)	(3,837)	(81,596)
Net Receivables	\$ 171,479	\$ 64,206	\$ 10,231	\$ 13,248	\$ 259,164

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City of Sand Point, Alaska

Notes to Basic Financial Statements

4. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

Governmental Activities	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<i>Capital assets not being depreciated:</i>				
Land	\$ -	\$ 40,000	\$ -	\$ 40,000
<i>Capital assets being depreciated:</i>				
Buildings	8,590,637	135,649	-	8,726,286
Improvements other than buildings	4,531,869	36,200	-	4,568,069
Equipment and vehicles	1,897,966	39,147	-	1,937,113
Total assets being depreciated	15,020,472	210,996	-	15,231,468
Less accumulated depreciation for:				
Buildings	4,769,364	432,923	-	5,202,287
Improvement other than buildings	664,360	234,020	-	898,380
Equipment and vehicles	1,619,707	89,573	-	1,709,280
Total accumulated depreciation	7,053,431	756,516	-	7,809,947
Total capital assets being depreciated, net	7,987,041	(545,520)	-	7,421,521
Governmental Activity Capital Assets, net	\$ 7,967,041	\$ (505,520)	\$ -	\$ 7,461,521

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City of Sand Point, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<i>Capital assets not being depreciated:</i>				
construction in progress	\$ 51,226	\$ -	\$ -	\$ 51,226
<i>Capital assets being depreciated:</i>				
Buildings and improvements	15,387,032	-	-	15,387,032
Equipment and vehicles	1,304,623	36,600	-	1,341,223
Landfill	1,996,889	-	-	1,996,889
Total assets being depreciated	18,688,544	36,600	-	18,725,144
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	3,792,707	546,813	-	4,339,520
Equipment and vehicles	1,202,042	31,609	-	1,233,651
Landfill	1,310,461	62,403	-	1,372,864
Total accumulated depreciation	6,305,210	640,825	-	6,946,035
Total capital assets being depreciated, net	12,383,334	(604,225)	-	11,779,109
Business-type Activity Capital Assets, net	\$ 12,434,560	\$ (604,225)	\$ -	\$ 11,830,335

Depreciation expense was charged to the functions as follows for the year ended June 30, 2018:

Governmental Activities	
General government	\$ 427,162
Parks and recreation	7,803
Community development	12,229
Public safety	31,730
Public works	277,592
Total Depreciation Expense - Governmental Activities	\$ 756,516
Business-type Activities	
Boat harbor	\$ 455,599
Refuse collection	62,633
Water and sewer	115,883
Rock Crusher	6,710
Total Depreciation Expense - Business-type Activities	\$ 640,825

City of Sand Point, Alaska

Notes to Basic Financial Statements

5. Long-term Debt

General Obligation Bonds

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

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

Bonds currently outstanding are as follows:

Business-type Activities	Interest Rates	Outstanding Balance
Small boat harbor - \$2,615,000, 2013 Series One general obligation bonds, due in annual principal payments of \$70,000 to \$175,000 through 2038	2%-5%	\$ 2,300,000

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

Business-type Activities <i>Fiscal Year</i>	Principal	Interest
2019	\$ 70,000	\$ 110,180
2020	75,000	106,680
2021	80,000	103,680
2022	80,000	100,480
2023	85,000	97,280
2024-2028	500,000	421,900
2029-2033	625,000	284,400
2034-2038	785,000	122,000
Total	\$ 2,300,000	\$ 1,346,600

City of Sand Point, Alaska

Notes to Basic Financial Statements

Changes in long-term liabilities for the year ended June 30, 2018 follows:

Governmental Activities	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Accrued leave	\$ 58,018	\$ 65,111	\$ 84,455	\$ 38,674	\$ 38,674
Net pension liability	1,667,553	-	453,419	1,214,134	-
Net other postemployment benefits liability	-	196,991	-	196,991	-
Total Governmental Activities	\$ 1,725,571	\$ 262,102	\$ 537,874	\$ 1,449,799	\$ 38,674

Business-type Activities	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
General obligation bonds	\$ 2,370,000	\$ -	\$ 70,000	\$ 2,300,000	\$ 70,000
Bond premium	348,030	-	16,572	331,458	16,572
Landfill closure liability	136,251	4,387	-	140,649	-
Accrued leave	32,007	26,907	38,570	20,344	20,344
Net pension liability	842,241	-	221,848	620,393	-
Net other postemployment benefits liability	-	96,384	-	96,384	-
Total Business-type Activities	\$ 3,728,529	\$ 127,689	\$ 346,990	\$ 3,509,228	\$ 106,916

City of Sand Point, Alaska

Notes to Basic Financial Statements

6. Fund Balances

Fund balances, reported for the individual major fund, and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2018:

	General Fund	Nonmajor Funds	Totals
Nonspendable:			
Investment in Southwest Governments, LLC	\$ 294,911	\$ -	\$ 294,911
Advance to other funds	1,068,769	-	1,068,769
Prepays	699	-	699
Total nonspendable	1,364,379	-	1,364,379
Assigned:			
Next year's budget	290,000	-	290,000
Silver Salmon Derby	-	19,723	19,723
Clinic	-	274,377	274,377
Total assigned	290,000	294,100	584,100
Unassigned	2,276,814	-	2,276,814
Total Fund Balances	\$ 3,931,193	\$ 294,100	\$ 4,225,293

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City of Sand Point, Alaska

Notes to Basic Financial Statements

7. Interfund Balances

A schedule of interfund balances and transfers for the year ended June 30, 2018, follows:

Due to Other Funds

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

12,608

Total Due from Other Funds

\$ 12,608

Advance to Other Funds

Advances from the General Fund to:

Water and Sewer Enterprise Fund for capital and operating costs

\$ 651,217

Boat Harbor Enterprise Fund for operations

396,976

Bingo Enterprise Fund for operations

20,576

Total Advances to Other Funds

\$ 1,068,769

Transfers

Transfer from the General Fund to:

Water and Sewer Enterprise Fund for operating expenses

\$ 51,000

Refuse Enterprise Fund for operating expenses

24,000

Transfer from the Bingo Enterprise Fund to the General Fund
for operating and donations expense

103,037

Total Transfers to Other Funds

\$ 178,037

8. Retirement Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

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

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

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (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

City of Sand Point, Alaska

Notes to Basic Financial Statements

benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

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

Historical Context and Special Funding Situation

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

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan’s past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

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

It is important to note that the Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police 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 and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

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

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities

City of Sand Point, Alaska

Notes to Basic Financial Statements

using a level percent of pay method over a closed 25-year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

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

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY18, the rate uses an 8% pension discount rate and a 4.30% healthcare discount rate.

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

Contribution rates for the year ended June 30, 2018 were determined in the June 30, 2015 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	17.12%	21.90%	3.01%	29.07%
Other postemployment benefits	4.88%	3.11%	0.00%	66.85%
Total Contribution Rates	22.00%	25.01%	3.01%	95.92%

In 2018, the City was credited with the following contributions to the pension plan.

	Measurement Period City FY17	City FY18
Employer contributions (including DBUL)	\$ 57,019	\$ 61,776
Nonemployer contributions (on-behalf)	57,826	73,396
Total Contributions	\$ 114,845	\$ 135,172

In addition, employee contributions to the Plan totaled \$24,218 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, 2018, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

2018

City proportionate share of NPL	\$	1,834,527
State's proportionate share of NPL associated with the City		682,570
Total Net Pension Liability	\$	2,517,097

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2017 measurement date, the City's proportion was 0.03549 percent, which was a decrease of -0.00941 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$(42,898) and on-behalf revenue of \$54,177 for support provided by the State. At June 30, 2018, 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	\$ -	\$ (32,983)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	49,208	-
Changes in proportion and differences between City contributions and proportionate share of contributions	5,246	(232,922)
City contributions subsequent to the measurement date	135,172	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	\$ 189,626	\$ (265,905)

City of Sand Point, Alaska

Notes to Basic Financial Statements

The \$135,172 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, 2019. 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,

2019	\$ (257,228)
2020	51,241
2021	23,003
2022	(28,467)

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial cost method	Entry age normal; level dollar normal cost basis
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for peace officer/ firefighter Graded by age and service, from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

City of Sand Point, Alaska

Notes to Basic Financial Statements

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 real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	26%	8.83%
Global ex-U.S. equity	22%	7.79%
Intermediate Treasuries	13%	1.29%
Opportunistic	5%	4.76%
Real assets	17%	4.94%
Absolute return	7%	4.76%
Private equity	9%	12.02%
Cash equivalents	1%	0.63%

Discount Rate

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

Discount Rate Sensitivity

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

	<i>Proportional Share</i>	<i>1% Decrease (9.00%)</i>	<i>Current Discount Rate (8.00%)</i>	<i>1% Increase (9.00%)</i>
City's proportionate share of the net pension liability	0.03549 %	\$ 2,409,821	\$ 1,834,527	\$ 1,348,714

City of Sand Point, Alaska

Notes to Basic Financial Statements

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

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

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

Benefit Terms

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

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended June 30, 2018, 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, 2018 were \$40,377 and \$64,604, respectively. The City contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit and Other Postemployment Benefit (OPEB) Plan

As part of its participation in the PERS DB Plan (Tiers I, II, III), which is a cost-sharing multiple employer plan, the City participates in the Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is self-funded and provides major medical coverage to retirees of the DB Plan. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration.

City of Sand Point, Alaska

Notes to Basic Financial Statements

Employer Contribution Rate

The City is required to contribute 4.88% of covered payroll into the OPEB plan. Employees do not contribute.

In 2018, the City was credited with the following contributions to the OPEB plan.

	Measurement Period City FY17	City FY18
Employer contributions	\$ 63,863	\$ 47,828
Nonemployer contributions (on-behalf)	-	-
Total Contributions	\$ 63,863	\$ 47,828

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the City reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

	2018
City's proportionate share of NOL - ARHCT	\$ 299,802
City's proportionate share of NOL - RMP	3,734
City's proportionate share of NOL - ODD	(10,161)
State's proportionate share of the NOL associated with the City	111,911
Total Net OPEB Liabilities	\$ 405,286

The total OPEB liabilities for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 to calculate the net OPEB liabilities as of that date. The City's proportion of the net OPEB liabilities were based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2016 Measurement Date Employer Proportion	June 30, 2017 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB liability:			
ARHCT	0.04493%	0.03549%	(0.00944)%
RMP	0.07947%	0.07161%	(0.00786)%
ODD	0.07947%	0.07161%	(0.00786)%

City of Sand Point, Alaska

Notes to Basic Financial Statements

As a result of its requirement to contribute to the Plan, the City recognized OPEB expense of \$21,428 and on-behalf revenue of \$17,584 for support provided by the State. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources Related to OPEB Plans	Deferred Inflows of Resources Related to OPEB Plans
Difference between expected and actual experience	\$ -	\$ (16,497)
Changes in assumptions	-	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(96,334)
Changes in proportion and differences between City contributions and proportionate share of contributions	1,044	(63,924)
City contributions subsequent to the measurement date	47,828	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB	\$ 48,872	\$ (176,755)

The \$47,828 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,

2019	\$ (68,212)
2020	(59,385)
2021	(24,075)
2022	(24,075)
2023	9
Thereafter	27

Actuarial Assumptions

The total OPEB liability for the measurement period ended June 30, 2017 (City fiscal year 2018) was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

City of Sand Point, Alaska

Notes to Basic Financial Statements

Actuarial cost method	Entry age normal; level dollar normal cost basis
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service from 9.66% to 4.92% for peace officer/ firefighter. Graded by service from 8.55% to 4.34% for all others.
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019 - FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical; 8.8% grading down to 4.4% Post-65 medical; 5.8% grading down to 4.0% Prescription drug; 5.4% grading down to 4.0% =
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

The long-term expected rate of return on OPEB 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 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 real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	26%	8.83%
Global ex-U.S. equity	22%	7.79%
Intermediate Treasuries	13%	1.29%
Opportunistic	5%	4.76%
Real assets	17%	4.94%
Absolute return	7%	4.76%
Private equity	9%	12.02%
Cash equivalents	1%	0.63%

City of Sand Point, Alaska

Notes to Basic Financial Statements

Discount rate

The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity

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

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net OPEB liability:				
ARHCT	0.03549%	\$ 641,608	\$ 299,802	\$ 12,296
RMP	0.07161%	\$ 17,495	\$ 3,734	\$ (7,011)
ODD	0.07161%	\$ (9,172)	\$ (10,161)	\$ (10,968)

Healthcare Cost Trend Rates Sensitivity

The following presents the City's proportionate share of the net OPEB liability calculated using the healthcare cost trend rate, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability:				
ARHCT	0.03549%	\$ (33,256)	\$ 299,802	\$ 700,218
RMP	0.07161%	\$ (9,244)	\$ 3,734	\$ 21,123
ODD	0.07161%	\$ -	\$ (10,161)	\$ -

OPEB Plan Fiduciary Net Position

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

City of Sand Point, Alaska

Notes to Basic Financial Statements

(d) Defined Contribution OPEB Plans

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

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2018 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.03%	1.03%
Occupational death and disability benefits	0.16%	0.43%
Total Contribution Rates	1.19%	1.46%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2017, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,084 per year for each full-time employee, and \$1.34 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2018, the City contributed \$32,946 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

9. Landfill Closure and Postclosure Liability

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

The City has estimated the closure and postclosure costs to be \$219,800 with an estimated remaining life through 2036. At June 30, 2018, the City has recognized \$140,649 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 \$79,151 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2018. 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 18 years.

At June 30, 2018 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.

City of Sand Point, Alaska

Notes to Basic Financial Statements

10. Risk Management

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

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

APEI is a public entity risk pool organized to share risks among its members. Its bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's deposit contribution in comparison to the aggregate deposit contributions of all members. There were no supplemental assessments made during the year ended June 30, 2018.

11. Change in Accounting Principle

As discussed in Note 8 to the financial statements, the City participates in the Alaska Public Employees' Retirement System (PERS) plan. In 2018 the City adopted the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which, among other accounting and reporting criteria, requires the City to recognize its proportional share of the Net Other Postemployment Benefits Liability (and related deferred inflow/outflow accounts), as of the beginning of the City's fiscal year. As a result of the implementation of this statement, the City has recorded an opening balance adjustment to reflect opening balance OPEB liabilities and related accounts and to decrease opening net position as follows:

	Opening Net Position, as Originally Presented	Change in Accounting Principle Adjustment	Opening Net Position, as Restated
Governmental Activities	\$ 10,458,665	\$ (300,998)	\$ 10,157,667
Business-type Activities	8,569,412	(147,273)	8,422,139
Water and Sewer Enterprise Fund	1,341,921	(14,706)	1,327,215
Refuse Collection Enterprise Fund	854,567	(36,026)	818,541
Boat Harbor Enterprise Fund	6,217,283	(96,541)	6,120,742

City of Sand Point, Alaska

Notes to Basic Financial Statements

12. Contingencies

Grants

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

13. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined.

GASB 83 - Certain Asset Retirement Obligations - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses accounting and financial reporting for certain asset retirement obligations that are legally enforceable liabilities associated with the retirement of a tangible capital asset.

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

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

GASB 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses note disclosures related to debt, clarifies which liabilities to include when disclosing information related to debt, and defines debt for the purpose of disclosure. It requires additional essential information related to debt be disclosed in the notes, as well as information for direct borrowings and direct placements.

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

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

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, 2018</i>	Original Budget	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Final Budget
Revenues						
Taxes	\$ 1,185,500	\$ 1,185,500	\$ 1,284,768	\$ -	\$ 1,284,768	\$ 99,268
State of Alaska	704,269	704,269	661,466	(25,793)	635,673	(68,596)
Federal government	-	-	12,840	-	12,840	12,840
Other revenues	546,500	546,500	556,044	-	556,044	9,544
Total Revenues	2,436,269	2,436,269	2,515,118	(25,793)	2,489,325	53,056
Expenditures - Current						
General government	1,199,380	1,199,380	919,021	(25,793)	893,228	306,152
Parks and recreation	24,000	24,000	23,723	-	23,723	277
Public safety	583,200	583,200	520,176	-	520,176	63,024
Public works	985,450	985,450	871,284	-	871,284	114,166
Total Expenditures	2,792,030	2,792,030	2,334,204	(25,793)	2,308,411	483,619
Excess of revenues over (under) expenditures	(355,761)	(355,761)	180,914	-	180,914	536,675
Other Financing Sources (Uses):						
Transfers in	-	-	103,037	-	103,037	-
Transfers out	-	(75,000)	(75,000)	-	(75,000)	-
Net Other Financing Sources (Uses)	-	(75,000)	28,037	-	28,037	-
	\$ (355,761)	\$ (430,761)	208,951	\$ -	\$ 208,951	\$ 639,712
Fund Balance, beginning			3,722,242			
Fund Balance, ending			\$ 3,931,193			

See accompanying notes to Required Supplementary Information.

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

<i>Years Ended June 30,</i>	City's Proportion of the net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.03549%	\$ 1,834,527	\$ 682,570	\$ 2,517,097	\$ 1,166,419	157%	63.37%
2017	0.04490%	\$ 2,509,794	\$ 268,000	\$ 2,777,794	\$ 1,238,644	203%	59.55%
2016	0.04158%	\$ 2,016,688	\$ 538,967	\$ 2,555,655	\$ 1,112,644	181%	63.98%
2015	0.02642%	\$ 1,232,488	\$ 1,167,143	\$ 2,399,631	\$ 1,491,172	83%	62.37%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska
Public Employees' Retirement System (PERS) Pension Plan
Schedule of the City's Contributions

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 135,172	\$ 135,172	\$ -	\$ 1,237,346	10.92%
2017	\$ 114,845	\$ 114,845	\$ -	\$ 1,166,419	9.85%
2016	\$ 101,325	\$ 101,325	\$ -	\$ 1,238,890	8.18%
2015	\$ 96,066	\$ 96,066	\$ -	\$ 1,452,921	6.61%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska
Public Employees' Retirement System (PERS) OPEB Plan
Schedule of the City's Information on the Net OPEB Liability

<i>Years Ended June 30,</i>	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	3.54900%	\$ 293,375	\$ 111,911	\$ 405,286	\$ 1,166,419	25.15%	89.68%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska
Public Employees' Retirement System (PERS) OPEB Plan
Schedule of the City's Contributions

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 47,828	\$ 47,828	\$ -	\$ 1,237,346	3.87%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*
2009	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

City of Sand Point, Alaska

Notes to Required Supplementary Information

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

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

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

This table is presented based on the Plan measurement date. For June 30, 2018, the Plan measurement date is June 30, 2017.

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

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

There were no changes in allocation methodology.

3. Public Employees' Retirement System Pension Plan - 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.

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

This table is presented based on the Plan measurement date. For June 30, 2018, the Plan measurement date is June 30, 2017.

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

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

There were no changes in allocation methodology.

5. Public Employees' Retirement System OPEB Plan - 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.

Both pension tables are intended to present 10 years of information. Additional years' information will be added to the schedules as it becomes available.

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Supplementary Information

City of Sand Point, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2018	2017
Assets		
Cash and investments	\$ 2,441,310	\$ 2,197,871
Receivables:		
Sales tax	80,363	79,274
Fish tax	58,431	109,955
Other	32,685	13,763
Prepaid items	699	-
Investment in Southwest Governments, LLC	294,911	271,885
Due from other funds	12,608	255,713
Advance to other funds	1,068,769	939,827
Total Assets	\$ 3,989,776	\$ 3,868,288
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 20,919	\$ 31,018
Unearned revenue	-	4,538
Accrued liabilities	37,664	110,490
Total Liabilities	58,583	146,046
Fund Balance		
Nonspendable:		
Prepaid items	699	-
Investment in Southwest Governments, LLC	294,911	271,885
Advance to other funds	1,068,769	939,827
Assigned - next year's budget	290,000	71,400
Unassigned	2,276,814	2,439,130
Total Fund Balance	3,931,193	3,722,242
Total Liabilities and Fund Balance	\$ 3,989,776	\$ 3,868,288

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>	2018					2017
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
Revenues						
Taxes:						
Sales taxes	\$ 701,500	\$ 683,063	\$ -	\$ 683,063	\$ (18,437)	\$ 725,362
Local raw fish taxes	470,000	585,675	-	585,675	115,675	590,065
Accommodation taxes	14,000	16,030	-	16,030	2,030	8,843
Total taxes	1,185,500	1,284,768	-	1,284,768	99,268	1,324,270
State of Alaska:						
Shared fisheries and raw fish tax	53,000	-	-	-	(53,000)	35,222
Fish resource landing tax	458,906	513,560	-	513,560	54,654	239,248
Library grants	7,000	-	-	-	(7,000)	-
Community assistance program	98,363	98,363	-	98,363	-	89,751
State PERS relief	40,000	25,793	(25,793)	-	(40,000)	33,882
Other state grants	43,500	21,250	-	21,250	(22,250)	-
State liquor licenses	3,500	2,500	-	2,500	(1,000)	4,600
Total State of Alaska	704,269	661,466	(25,793)	635,673	(68,596)	402,703
Federal Government	-	12,840	-	12,840	12,840	28,218
Other revenues:						
Payment in lieu of taxes - local sources	150,000	150,000	-	150,000	-	150,000
Building rental	140,000	146,060	-	146,060	6,060	163,907
Equipment rental	20,000	37,943	-	37,943	17,943	30,884
Business licenses	4,000	1,650	-	1,650	(2,350)	1,850
EMS fund	10,000	17,472	-	17,472	7,472	-
Anchorage office	20,000	23,026	-	23,026	3,026	14,160
Local donations	2,500	3,500	-	3,500	1,000	5,768
Contributions	170,000	100,000	-	100,000	(70,000)	5,768
Other	30,000	76,393	-	76,393	46,393	46,835
Total other revenues	546,500	556,044	-	556,044	9,544	413,404
Total Revenues	2,436,269	2,515,118	(25,793)	2,489,325	53,056	2,168,595

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

Years Ended June 30,		2018				2017
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
Expenditures						
General government:						
Legislative:						
Salaries	\$ 42,000	\$ 36,150	\$ -	\$ 36,150	\$ 5,850	\$ 37,510
Fringe benefits	74,200	87,248	-	87,248	(13,048)	87,860
Travel and per diem	14,000	12,980	-	12,980	1,020	13,772
Dues and fees	3,000	4,076	-	4,076	(1,076)	3,249
Total legislative	133,200	140,454	-	140,454	(7,254)	142,391
Administration:						
Salaries	260,000	338,959	(25,793)	313,166	(53,166)	333,672
Contractual services	140,000	43,122	-	43,122	96,878	-
Fringe benefits	148,200	72,224	-	72,224	75,976	78,441
Travel and per diem	18,000	19,654	-	19,654	(1,654)	17,903
Telephone	14,000	16,595	-	16,595	(2,595)	19,075
Postage	5,000	3,494	-	3,494	1,506	4,657
Supplies	8,500	11,223	-	11,223	(2,723)	9,222
Equipment	30,000	11,897	-	11,897	18,103	6,018
Equipment maintenance	4,000	8,840	-	8,840	(4,840)	6,366
Dues and fees	-	11,388	-	11,388	(11,388)	11,858
Anchorage office	10,000	10,039	-	10,039	(39)	8,667
Audit	43,000	61,890	-	61,890	(18,890)	73,943
Legal	14,000	14,255	-	14,255	(255)	3,790
Insurance	130,000	121,841	-	121,841	8,159	112,691
Bank service charges	10,000	8,225	-	8,225	1,775	12,047
Fuel	4,000	1,708	-	1,708	2,292	2,081
Freight/speed paks	3,000	3,130	-	3,130	(130)	2,437
Elections	800	987	-	987	(187)	770
Donations	12,000	6,000	-	6,000	6,000	6,609
Hospitality	3,000	1,470	-	1,470	1,530	3,213
Library	2,500	1,140	-	1,140	1,360	1,243
Event costs	10,000	6,115	-	6,115	3,885	5,941
Airport leases	3,200	-	-	-	3,200	-
Bond payment	182,980	-	-	-	182,980	-
Other	10,000	4,371	-	4,371	5,629	3,521
Total administration	1,066,180	778,567	(25,793)	752,774	313,406	724,165
Total general government	1,199,380	919,021	(25,793)	893,228	306,152	866,556

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

Years Ended June 30,		2018				2017	
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis	
Expenditures, continued							
Parks and recreation:							
Salaries	\$ 21,500	\$ 21,805	\$ -	\$ 21,805	\$ (305)	\$ 19,316	
Fringe benefits	2,500	1,886	-	1,886	614	1,671	
Equipment	-	32	-	32	(32)	-	
Total parks and recreation	24,000	23,723	-	23,723	277	20,987	
Public safety:							
Police:							
Salaries	295,000	246,272	-	246,272	48,728	221,090	
911 dispatchers	25,000	24,586	-	24,586	414	25,990	
Contractual services	20,000	18,455	-	18,455	1,545	60,336	
Fringe benefits	97,350	87,227	-	87,227	10,123	104,080	
Travel and per diem	18,000	28,335	-	28,335	(10,335)	13,801	
Telephone	9,000	10,400	-	10,400	(1,400)	11,937	
Supplies	5,000	3,213	-	3,213	1,787	3,769	
Equipment	25,000	22,149	-	22,149	2,851	9,022	
Equipment maintenance	10,000	9,335	-	9,335	665	18,690	
Dues and fees	3,500	11,813	-	11,813	(8,313)	1,472	
Fuel	15,000	3,791	-	3,791	11,209	8,803	
Freight/speed paks	1,500	773	-	773	727	3,061	
Relocation costs	-	-	-	-	-	9,432	
Total police	524,350	466,349	-	466,349	58,001	491,483	
Emergency services:							
Volunteer stipend	9,500	10,850	-	10,850	(1,350)	9,250	
Contractual	5,000	5,500	-	5,500	(500)	6,300	
Travel and per diem	1,200	-	-	-	1,200	850	
Telephone	3,200	3,797	-	3,797	(597)	3,702	
Supplies	2,000	212	-	212	1,788	821	
Equipment	2,500	7,581	-	7,581	(5,081)	-	
Equipment maintenance	1,500	622	-	622	878	-	
Equipment fuel	1,000	136	-	136	864	243	
Dues and fees	500	75	-	75	425	100	
Utilities	500	-	-	-	500	-	
Freight	500	49	-	49	451	68	
Total emergency services	27,400	28,822	-	28,822	(1,422)	21,334	

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

Years Ended June 30,		2018				2017
	Final	Actual	Budget to	Actual	Variance	Actual
	Budget	GAAP	GAAP	Budgetary	with Budget	GAAP
		Basis	Difference	Basis		Basis
Expenditures, continued						
Public safety, continued:						
Fire:						
Telephone	\$ 750	\$ 746	\$ -	\$ 746	\$ 4	\$ 729
Fireboat	700	2,370	-	2,370	(1,670)	-
Supplies	1,000	94	-	94	906	98
Equipment	20,000	18,482	-	18,482	1,518	-
Equipment maintenance	3,500	38	-	38	3,462	28,550
Equipment fuel	1,000	50	-	50	950	66
Dues and fees	500	-	-	-	500	-
Utilities	1,500	1,175	-	1,175	325	1,093
Freight	2,500	2,050	-	2,050	450	1,055
Total fire	31,450	25,005	-	25,005	6,445	31,591
Total public safety	583,200	520,176	-	520,176	63,024	544,408
Public works:						
General:						
Salaries	325,000	260,133	-	260,133	64,867	279,818
Contractual	50,000	48,075	-	48,075	1,925	-
Fringe benefits	70,600	62,363	-	62,363	8,237	63,035
Travel and per diem	3,000	697	-	697	2,303	909
Telephone	3,000	6,000	-	6,000	(3,000)	5,285
Supplies	15,000	9,985	-	9,985	5,015	13,258
Equipment	25,000	(1,201)	-	(1,201)	26,201	1,314
Equipment maintenance	55,000	23,347	-	23,347	31,653	16,827
Equipment fuel	10,000	6,853	-	6,853	3,147	7,292
Dues and fees	500	330	-	330	170	110
Street lights	8,000	-	-	-	8,000	2,619
Utilities	8,000	16,365	-	16,365	(8,365)	14,405
Fuel	40,000	18,664	-	18,664	21,336	11,512
Repairs	75,000	136,831	-	136,831	(61,831)	2,766
Freight/speed paks	10,000	8,537	-	8,537	1,463	7,985
Total general	698,100	596,979	-	596,979	101,121	427,135

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

Years Ended June 30,				2018				2017	
	Final	Actual	Budget to	Actual				Actual	
	Budget	GAAP	GAAP	Budgetary	Variance			GAAP	
		Basis	Difference	Basis	with Budget			Basis	
Expenditures, continued									
Public works, continued:									
Facilities:									
Salaries	\$ 88,000	\$ 91,504	\$ -	\$ 91,504	\$ (3,504)		\$	94,922	
Fringe benefits	47,000	50,996	-	50,996	(3,996)			52,947	
Municipal building:									
Supplies	12,000	12,242	-	12,242	(242)			9,630	
Equipment	1,500	3,190	-	3,190	(1,690)			312	
Equipment maintenance	1,500	217	-	217	1,283			641	
Dues and fees	-	268	-	268	(268)			-	
Utilities	11,500	18,410	-	18,410	(6,910)			11,108	
Fuel	35,000	29,224	-	29,224	5,776			27,547	
Repairs	25,000	15,106	-	15,106	9,894			3,848	
Freight/speed paks	7,500	5,496	-	5,496	2,004			2,165	
City houses:									
Supplies	1,000	294	-	294	706			25	
Equipment	500	-	-	-	500			723	
Fuel	15,000	17,961	-	17,961	(2,961)			17,918	
Repairs	3,500	2,200	-	2,200	1,300			910	
Freight/speed paks	1,000	509	-	509	491			88	
Utilities	9,500	3,388	-	3,388	6,112			1,906	
RATNET building - utilities	750	698	-	698	52			357	
Clinic facility:									
Repairs	1,600	3,371	-	3,371	(1,771)			1,814	
4-plex:									
Supplies	2,000	498	-	498	1,502			786	
Equipment	1,000	1,645	-	1,645	(645)			831	
Utilities	3,000	3,117	-	3,117	(117)			1,721	
Fuel	12,000	8,075	-	8,075	3,925			9,035	
Repairs	500	2,592	-	2,592	(2,092)			1,458	
Teen center:									
Utilities	2,000	1,266	-	1,266	734			2,602	
Fuel	4,000	2,038	-	2,038	1,962			2,244	
Repairs	1,000	-	-	-	1,000			275	
Total facilities	287,350	274,305	-	274,305	13,045			245,813	
Total public works	985,450	871,284	-	871,284	114,166			672,948	

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>	2018					2017
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
Expenditures, continued						
Total Expenditures	\$ 2,792,030	\$ 2,334,204	\$ (25,793)	\$ 2,308,411	\$ 483,619	\$ 2,104,899
Excess of revenues over (under) expenditures	(355,761)	180,914	-	180,914	536,675	63,696
Other Financing Sources (Uses)						
Transfers in	-	103,037	-	103,037	103,037	-
Transfers out	(75,000)	(75,000)	-	(75,000)	-	(52,500)
Net change in fund balance	<u>\$ (430,761)</u>	208,951	<u>\$ -</u>	<u>\$ 208,951</u>	<u>\$ 639,712</u>	11,196
Fund Balance, beginning		<u>3,722,242</u>				<u>3,711,046</u>
Fund Balance, ending		<u>\$ 3,931,193</u>				<u>\$ 3,722,242</u>

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

	Special Revenue Funds		Total
	Silver	Clinic	Nonmajor
<i>June 30, 2018</i>	Salmon	Operations	Governmental
	Derby		Funds
Assets			
Cash and investments	\$ 19,723	\$ 274,377	\$ 294,100
Fund Balances			
Assigned:			
Silver Salmon Derby	\$ 19,723	\$ -	\$ 19,723
Clinic	-	274,377	274,377
Total Fund Balances	\$ 19,723	\$ 274,377	\$ 294,100

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

	Special Revenue Funds		Total Nonmajor Govern- mental Funds
	Silver Salmon Derby	Clinic Operations	
<i>Year Ended June 30, 2018</i>			
Revenues			
Other revenues	\$ 34,152	\$ 75,300	\$ 109,452
Expenditures			
Community development	30,641	-	30,641
Net change in fund balances	3,511	75,300	78,811
Fund Balances, beginning	16,212	199,077	215,289
Fund Balances, ending	\$ 19,723	\$ 274,377	\$ 294,100

City of Sand Point, Alaska

Bingo Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2018	2017
Assets		
Current Assets - cash and investments	\$ 89,483	\$ 308,882
Noncurrent Assets		
Equipment and vehicles	14,541	14,541
Less accumulated depreciation	(14,541)	(14,541)
Total Assets	\$ 89,483	\$ 308,882
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ -	\$ 312
Accrued payroll	1,198	1,531
Total Current Liabilities	1,198	1,843
Noncurrent Liabilities		
Advance from other funds	20,576	176,561
Total Liabilities	21,774	178,404
Net Position		
Unrestricted	67,709	130,478
Total Net Position	67,709	130,478
Total Liabilities and Net Position	\$ 89,483	\$ 308,882

City of Sand Point, Alaska

Bingo Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2018	2017
Operating Revenues		
Pull tab revenue	\$ 522,763	\$ 587,848
Bingo revenue	36,305	38,819
Other operating revenues	56	6,014
Total Operating Revenues	559,124	632,681
Operating Expenses		
Salaries and benefits	37,094	34,620
Telephone	859	888
Supplies	1,457	553
Equipment and equipment maintenance	-	3,514
Dues and fees	3,433	1,104
Bank service charges	2,350	3,520
Freight/speed paks	279	370
Prizes and payouts	436,622	489,140
Pull tab tax	4,152	4,136
Donations	15,437	9,624
Utilities	786	166
Pull tab purchases	16,387	14,775
Total Operating Expenses	518,856	562,410
Income before transfers	40,268	70,271
Transfers out	(103,037)	-
Change in net position	(62,769)	70,271
Net Position, beginning	130,478	60,207
Net Position, ending	\$ 67,709	\$ 130,478

City of Sand Point, Alaska

Bingo Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2018	2017
Cash Flows from Operating Activities		
Receipts from customers	\$ 559,124	\$ 632,681
Payments for goods and services	(482,074)	(527,478)
Payments for salaries and benefits	(37,427)	(34,774)
Net cash flows from operating activities	39,623	70,429
Cash Flows for Noncapital Financing Activities		
Transfers out	(103,037)	-
Cash Flows for Capital and Related Financing Activities		
Increase in advances	(155,985)	-
Net increase(decrease) in cash and investments	(219,399)	70,429
Cash and Investments, beginning	308,882	238,453
Cash and Investments, ending	\$ 89,483	\$ 308,882
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating income	\$ 40,268	\$ 70,271
Adjustments to reconcile operating income to net cash flows from operating activities:		
Increase (decrease) in liabilities:		
Accrued payroll	(333)	(154)
Accounts payable	(312)	312
Net Cash Flows from Operating Activities	\$ 39,623	\$ 70,429

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

<i>June 30,</i>	2018	2017
Assets and Deferred Outflows of Resources		
Current Assets		
Accounts receivable, net of allowance of \$70,968 (\$56,543 in 2017)	\$ 64,206	\$ 51,156
Noncurrent Assets		
Building and floats	10,795,390	10,795,390
Equipment and vehicles	613,944	613,944
Construction in progress	51,226	51,226
Less accumulated depreciation	(2,259,815)	(1,804,216)
Total Noncurrent Assets	9,200,745	9,656,344
Total Assets	9,264,951	9,707,500
Deferred Outflows of Resources		
Pension related	40,298	96,135
Other postemployment benefits related	10,526	-
Total Deferred Outflows of Resources	50,824	96,135
Total Assets and Deferred Outflows of Resources	\$ 9,315,775	\$ 9,803,635
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 8,122	\$ 7,363
Accrued leave	11,486	24,105
Accrued interest payable	36,726	37,660
Current portion of bonds payable	70,000	70,000
Due to other funds	-	255,713
Total Current Liabilities	126,334	394,841
Noncurrent Liabilities		
Bonds payable, net of current portion	2,230,000	2,300,000
Bond premium, net of accumulated amortization	331,458	348,030
Net pension liability	392,062	537,490
Net other postemployment benefits liability	63,182	-
Advance from other funds	396,976	-
Total Noncurrent Liabilities	3,413,678	3,185,520
Total Liabilities	3,540,012	3,580,361
Deferred Inflows of Resources		
Pension related	57,232	5,991
Other postemployment benefits related	38,067	-
Total Deferred Inflows of Resources	95,299	5,991
Net Position		
Net investment in capital assets	6,569,287	6,938,314
Unrestricted (deficit)	(888,823)	(721,031)
Total Net Position	5,680,464	6,217,283
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 9,315,775	\$ 9,803,635

City of Sand Point, Alaska

Boat Harbor Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2018	2017
Operating Revenues		
Moorage	\$ 218,320	\$ 228,891
Travel lift	101,909	95,196
Wharfage	122,003	220,143
Van storage	17,185	16,150
Electricity	35,978	39,726
Penalties and interest	6,451	6,084
Rents	152,460	106,384
Harbor electric fee	10,360	8,904
Other operating revenues, net	18,539	20,481
Total Operating Revenues	683,205	741,959
Operating Expenses		
Salaries and benefits	338,262	406,005
Contractual	1,240	509
Telephone	5,467	4,635
Supplies	6,453	7,079
Depreciation	455,599	463,081
Equipment and equipment maintenance	79,201	44,647
Dues and fees	314	1,284
Utilities	96,659	92,798
Fuel	12,881	14,290
Repairs	10,531	4,128
Freight/speed paks	7,890	3,900
Bad debt expense	14,425	56,543
Total Operating Expenses	1,028,922	1,098,899
Operating loss	(345,717)	(356,940)
Nonoperating Revenues (Expenses)		
State PERS relief	17,486	9,176
Interest expense	(112,047)	(114,713)
Net Nonoperating Revenues (Expenses)	(94,561)	(105,537)
Change in net position	(440,278)	(462,477)
Net Position, beginning, as restated (Note 11)	6,120,742	6,679,760
Net Position, ending	\$ 5,680,464	\$ 6,217,283

City of Sand Point, Alaska

Boat Harbor Enterprise Fund

Statement of Cash Flows

<i>Years Ended June 30,</i>	2018	2017
Cash Flows from Operating Activities		
Receipts from customers	\$ 670,155	\$ 785,848
Payments for goods and services	(234,302)	(227,993)
Payments for salaries and benefits	(377,563)	(363,888)
Net cash flows from operating activities	58,290	193,967
Cash Flows for Capital and Related Financing Activities		
Principal paid on long-term debt	(70,000)	(65,000)
Interest paid on long-term debt	(129,553)	(132,151)
Additions to capital assets	-	(5,302)
Increase (decrease) in due to other funds	(255,713)	8,486
Increase in advances	396,976	-
Net cash flows for capital and related financing activities	(58,290)	(193,967)
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	\$ (345,717)	\$ (356,940)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	455,599	463,081
Noncash expense - PERS relief	17,486	9,176
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(13,050)	43,889
Deferred outflows of resources related to pensions	55,837	9,713
Deferred outflows of resources related to other postemployment benefit	3,228	
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	759	1,820
Accrued leave	(12,619)	(1,853)
Net pension liability	(145,428)	29,118
Net other postemployment benefits liability	(47,113)	
Deferred inflows of resources related to pensions	51,241	(4,037)
Deferred inflows of resources related to other postemployment benefits	38,067	-
Net Cash Flows from Operating Activities	\$ 58,290	\$ 193,967

City of Sand Point, Alaska

Refuse Collection Enterprise Fund
Statement of Net Position

June 30,	2018	2017
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 477,003	\$ 447,201
Accounts receivable, net of allowance of \$3,837 (\$7,640 in 2017)	13,248	26,380
Total Current Assets	490,251	473,581
Noncurrent Assets		
Buildings	19,400	19,400
Equipment and vehicles	498,629	498,629
Sanitary landfill	1,996,889	1,996,889
Less accumulated depreciation	(1,877,518)	(1,814,885)
Total Noncurrent Assets	637,400	700,033
Total Assets	1,127,651	1,173,614
Deferred Outflows of Resources		
Pension related	16,978	37,814
Other postemployment benefits related	3,927	-
Total Deferred Outflows of Resources	20,905	37,814
Total Assets and Deferred Outflows of Resources	\$ 1,148,556	\$ 1,211,428
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 295	\$ 252
Accrued leave	8,858	6,582
Total Current Liabilities	9,153	6,834
Noncurrent Liabilities		
Landfill closure costs payable	140,649	136,251
Net pension liability	157,151	211,419
Net other postemployment benefits liability	23,577	-
Total Noncurrent Liabilities	321,377	347,670
Total Liabilities	330,530	354,504
Deferred Inflows of Resources		
Pension related	21,478	2,357
Other postemployment benefits related	14,205	-
Total Deferred Inflows of Resources	35,683	2,357
Net Position		
Investment in capital assets	637,400	700,033
Unrestricted	144,943	154,534
Total Net Position	782,343	854,567
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,148,556	\$ 1,211,428

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

<i>Years Ended June 30,</i>	2018	2017
Operating Revenues - user charges	\$ 131,140	\$ 125,697
Operating Expenses		
Salaries and benefits	115,229	169,339
Supplies	568	585
Equipment and equipment maintenance	8,978	10,103
Dues and fees	141	150
Utilities	1,148	860
Fuel	3,404	5,311
Repairs	-	2,269
Freight/speed paks	1,365	1,778
Landfill closure expense	4,397	4,397
Bad debt expense	-	7,640
Depreciation	62,633	76,128
Total Operating Expenses	197,863	278,560
Operating loss	(66,723)	(152,863)
Nonoperating Revenues - State PERS relief	6,525	3,609
Loss before transfers	(60,198)	(149,254)
Transfers in	24,000	-
Change in net position	(36,198)	(149,254)
Net Position, beginning, as restated (Note 11)	818,541	1,003,821
Net Position, ending	\$ 782,343	\$ 854,567

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

<i>Years Ended June 30,</i>	2018	2017
Cash Flows from (for) Operating Activities		
Receipts from customers	\$ 144,272	\$ 168,628
Payments for goods and services	(15,560)	(29,503)
Payments for salaries and benefits	(122,910)	(121,847)
Net cash flows from operating activities	5,802	17,278
Cash Flows from Noncapital Financing Activities		
Transfers in	24,000	-
Net increase in cash and investments	29,802	17,728
Cash and Investments, beginning	447,201	429,473
Cash and Investments, ending	\$ 477,003	\$ 447,201
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating loss	\$ (66,723)	\$ (152,863)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	62,633	76,128
Noncash expense - PERS relief	6,525	3,609
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	13,132	42,931
Deferred outflows of resources related to pensions	20,836	(1,680)
Deferred outflows of resources related to other postemployment benefits	1,205	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	43	(358)
Accrued leave	2,276	2,569
Landfill closure costs payable	4,398	4,398
Net pension liability	(54,268)	43,004
Net other postemployment benefits liability	(17,581)	-
Deferred inflows of resources related to pensions	19,121	(10)
Deferred inflows of resources related to other postemployment benefits	14,205	-
Net Cash Flows from Operating Activities	\$ 5,802	\$ 17,728

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

<i>June 30,</i>	2018	2017
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and Investments	\$ -	\$ 71,906
Accounts receivable, net of allowance of \$6,791 (\$18,316 in 2017)	10,231	51,108
Total Current Assets	10,231	123,014
Noncurrent Assets		
Buildings and improvements	4,572,242	4,572,242
Equipment and vehicles	177,509	177,509
Less accumulated depreciation	(2,787,451)	(2,671,568)
Total Noncurrent Assets	1,962,300	2,078,183
Total Assets	1,972,531	2,201,197
Deferred Outflows of Resources		
Pension related	8,188	16,693
Other postemployment benefits related	1,604	-
Total Deferred Outflows of Resources	9,792	16,693
Total Assets and Deferred Outflows of Resources	\$ 1,982,323	\$ 2,217,890
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 3,445	\$ 17,011
Accrued leave	-	1,320
Total Current Liabilities	3,445	18,331
Noncurrent Liabilities		
Advance from other funds	651,217	763,266
Net pension liability	71,180	93,332
Net other postemployment benefits liability	9,625	-
Total Noncurrent Liabilities	732,022	856,598
Total Liabilities	735,467	874,929
Deferred Inflows of Resources		
Pension related	8,845	1,040
Other postemployment benefits related	5,799	-
Total Deferred Inflows of Resources	14,644	1,040
Net Position		
Investment in capital assets	1,962,300	2,078,183
Unrestricted (deficit)	(730,088)	(736,262)
Total Net Position	1,232,212	1,341,921
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,982,323	\$ 2,217,890

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>	2018	2017
Operating Revenues - User charges	\$ 180,600	\$ 222,538
Operating Expenses		
Salaries and benefits	98,797	142,873
Travel and per diem	10,648	11,029
Telephone	5,944	5,500
Supplies	13,684	19,505
Contractual	118	31,523
Equipment and equipment maintenance	5,815	22,073
Dues and fees	7,489	6,508
Utilities	19,384	10,676
Fuel	14,445	14,759
Repairs	26,208	13,058
Freight/speed paks	10,851	9,048
Bad debt expense	-	18,316
Depreciation	115,883	126,809
Total Operating Expenses	329,266	431,677
Operating loss	(148,666)	(209,139)
Nonoperating Revenues - State PERS relief	2,663	1,593
Loss before capital contributions and transfers	(146,003)	(207,546)
Capital contributions	-	23,516
Transfers in	51,000	52,500
Change in net position	(95,003)	(131,530)
Net Position, beginning, as restated (Note 11)	1,327,215	1,473,451
Net Position, ending	\$ 1,232,212	\$ 1,341,921

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

<i>Years Ended June 30,</i>	2018	2017
Cash Flows for Operating Activities		
Receipts from customers	\$ 221,477	\$ 230,299
Payments for goods and services	(128,152)	(155,092)
Payments for salaries and benefits	(104,182)	(126,138)
Net cash flows for operating activities	(10,857)	(50,931)
Cash Flows from Noncapital Financing Activities		
Transfers in	51,000	52,500
Cash Flows from Capital and Related Financing Activities		
Decrease in advances from other funds	(112,049)	-
Capital contributions received	-	23,516
Net cash flows from capital and related financing activities	(61,049)	76,016
Net increase in cash and investments	(71,906)	25,085
Cash and Investments, beginning	71,906	46,821
Cash and Investments, ending	\$ -	\$ 71,906
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	\$ (148,666)	\$ (209,139)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	115,883	126,809
Noncash expense - PERS relief	2,663	1,593
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	40,877	7,761
Deferred outflows of resources related to pensions	8,505	(1,704)
Deferred outflows of resources related to other postemployment benefits	491	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(13,566)	6,903
Accrued leave	(1,320)	(175)
Net pension liability	(22,152)	18,072
Net other postemployment benefits liability	(7,176)	-
Deferred inflows of resources related to pensions	7,805	(1,051)
Deferred inflows of resources related to other postemployment benefits	5,799	-
Net Cash Flows for Operating Activities	\$ (10,857)	\$ (50,931)

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

<i>June 30,</i>	2018	2017
Assets		
Current Assets - cash and investments	\$ -	\$ 25,958
Noncurrent Assets		
Equipment and vehicles	36,600	-
Less accumulated depreciation	(6,710)	-
Total Assets	\$ 29,890	\$ 25,958
Liabilities		
Current Liabilities		
Accounts payable	\$ -	\$ 795
Due to other funds	12,608	-
Total Liabilities	12,608	795
Net Position		
Net investment in capital assets	29,890	-
Unrestricted (deficit)	(12,608)	25,163
Total Net Position	17,282	25,163
Total Liabilities and Net Position	\$ 29,890	\$ 25,958

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

<i>Year Ended June 30,</i>	2018	2017
Operating Revenues - gravel sales	\$ 900	\$ 32,948
Operating Expenses		
Equipment and equipment maintenance	2,071	1,394
Depreciation	6,710	-
Rock royalty	-	6,391
Total Operating Expenses	8,781	7,785
Change in net position	(7,881)	25,163
Net Position, beginning	25,163	-
Net Position, ending	\$ 17,282	\$ 25,163

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

<i>Year Ended June 30,</i>	2018	2017
Cash Flows from (for) Operating Activities		
Receipts from customers	\$ 900	\$ 32,948
Payments for goods and services	(2,866)	(6,990)
Net cash flows from (for) operating activities	(1,966)	25,958
Cash Flows for Capital and Related Financing Activities		
Additions to capital assets	(36,600)	-
Increase in due to other funds	12,608	-
Net cash flows for capital and related financing activities	(23,992)	-
Net increase (decrease) in cash and investments	(25,958)	25,958
Cash and Investments, beginning	25,958	-
Cash and Investments, ending	\$ -	\$ 25,958
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities		
Operating income (loss)	\$ (7,881)	\$ 25,163
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:		
Depreciation	6,710	-
Increase (decrease) in liabilities:		
Accounts payable	(795)	795
Net Cash Flows from (for) Operating Activities	\$ (1,966)	\$ 25,958

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Government Auditing Standards Reports



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

Honorable Mayor and City Council
City of Sand Point, Alaska

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska (City of Sand Point) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise City of Sand Point's basic financial statements, and have issued our report thereon dated January 24, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
January 24, 2019

City of Sand Point, Alaska

Schedule of Findings and Responses Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(ies) identified?

☐ yes

☒ (none reported)

Noncompliance material to financial statements noted?

☐ yes

☒ 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*.