

**CITY OF CRAIG
COUNCIL AGENDA
JUNE 6, 2019
COUNCIL CHAMBERS 7:00 PM**

ROLL CALL

Mayor Tim O'Connor, Dave Creighton, Hannah Bazinet, Jim See, Julie McDonald, Mike Douville, Jan Trojan

CONSENT AGENDA

Items listed below will be enacted by one motion. If separate discussion is desired on an item, that item may be removed and placed on the regular meeting agenda.

- None

HEARING FROM THE PUBLIC

- Open for public comment
- Public hearing on Ordinances and Resolutions

REPORTS FROM CITY OFFICIALS

- Mayor
- Administrator
- Treasurer
- Aquatic Manager
- City Clerk
- City Planner
- Fire/EMS Coordinator
- Harbormaster
- Library
- Police Chief
- Public Works
- Parks and Rec
- Parks and Public Facilities

READING OF CORRESPONDENCE

- 1) APCM April Report
- 2) Thank you from CCSD
- 3) U.S. Reliance on China's Rare Earth Metals
- 4) Alaska Roadless Rule Newsletter
- 5) Public Hearing on POW- Unit 2 Wolf Harvest
- 6) Request to Purchase City Property-Jim Seley

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

- 1) Resolution 19-10, Supporting Management of Roadside Vegetation Without Herbicides, Pesticides, or Spray Defoliant

**CITY OF CRAIG
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UNFINISHED BUSINESS

- 1) Harbor Development- Craig Cannery Site

NEW BUSINESS

- 1) Consider Approval, FY18 Audit
- 2) Discussion of Public Notification for Referendum on October Municipal Ballot
- 3) Consider Employee Health Insurance Renewal Options

ADJOURNMENT

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: May 31, 2019
RE: May Staff Report

1. Craig EMS

The city made an offer to fill the EMS vacancy, and the applicant has accepted the position. Chaundell has started training. The new position will be one day per week as a dispatcher at Craig Police Department, and four days per week at Craig EMS.

2. Access Easement to Wastewater Treatment Plant

I met again recently with staff from Shaan-Seet Inc. to discuss renewing an easement that provides the city access across Shaan-Seet Inc. property to the municipal wastewater treatment plant. The city and SSI agreed to a 20-year access easement in the late 1990s, and the term of the easement is now expired. SSI is interested in working with the city to renew the access easement. I provided the corporation with a draft renewal for our further discussion and am working with SSI on finalizing terms of the easement renewal. SSI is concerned about public access across the easement area onto SSI property on Cemetery Island. I will continue to work with SSI to try to address their concerns, and to maintain access by city staff to the site.

3. Visit from Dr. Al Gross

Mayor O'Connor and I met on May 27 with Dr. Al Gross, who has formed an exploratory committee to consider a run for the US Senate. Dr. Gross had contacted me a few weeks ago to say he would be on Prince of Wales Island for a few days this week, and asked to meet. During our meeting we discussed commercial fisheries management and other state and federal issues.

4. Census 2020

A representative from the US Census Bureau in Juneau called into the recent Prince of Wales Community Advisory Council meeting to brief the group on the Bureau's efforts to ramp up for the 2020 Census effort. The Census Bureau staff asked POWCAC for assistance in counting households in the coming year. The same representative arrived on POW Island on May 29 for an in-person visit to the communities to promote local hire of census workers and establish contacts in each town. The actual census count begins next March.

5. Housing Authority Workshop

The Tlingit and Haida Regional Housing Authority will host a planning workshop in Klawock on June 4 to share housing demand data it has collected in the Craig-Klawock area. THRHA has asked the city to send a representative to the meeting to review the data and provide input to THRHA on local housing needs and efforts to meet the need.

6. Tract P Road

On May 30 I signed a construction agreement with CTA that governs work on the Tract P Road. CTA staff will begin work on the road when ready, and in coordination with city staff.

7. PSN Cost Recovery

Greg McMillen's king salmon cost recovery efforts are underway for 2019 at Port St. Nicholas. The Alaska Department of Fish and Game has increased the number of days per week that commercial trollers may fish for PSN king salmon, and it remains to be seen how that increased effort will affect the quantity of fish caught in the cost recovery fishery. Of course, the city benefits from both the fish captured in the cost recovery fishery, and from king salmon caught by trollers and landed in Craig.

8. PSN Road Fee Litigation

I spent time this week working with the city attorney on a response to a complaint filed in Superior Court by six property owners at Port St. Nicholas to the city's PSN Road maintenance fee ordinance. The city's response is due to the court next week. If any council member would like a copy of the complaint and the city's filed response, contact me and I will make them available.

9. 2016 Pink Salmon Disaster Relief Fund

For the past year, city staff has followed the slow approval process that is to provide for distribution of the Fund. As of today's date, I have no news on the status of how or when this funding is to be distributed. I believe the city is eligible to receive a share of the fund but the details as to any subsequent payment remain unknown until the federal government approves the general distribution plan.

10. Travel Schedule

June 12-18: Personal travel.

August 22-29: Personal travel.

September 17-21: Southeast Conference meeting in Sitka.

City of Craig Memorandum

To: City Mayor & City Council

From: Joyce Mason, Treasurer

Date: May 31, 2019

RE: Monthly Report

The April monthly financial reports are will be emailed to you on Monday June 3, as I was called for jury duty this week and was not able to finish them in time for this report.

The city has received the quote for the liability, vehicle and equipment, and structure insurance. I have attached a comparison of last year's rates and the proposed FY 2020 rates. The rates have increased considerably due to the underwriters increases. We are currently working with Davies-Barry on means to decrease the premium. We will bring the final proposal to the council the next meeting.

I am almost done preparing a fiscal year 2019 supplemental budget for the June 18th meeting.

	<u>Utility Billing for May</u>		
	# Customers	Consumption	\$ Amount Billed
In city limits	351	2,742,166	\$67,983.23
Outside city limits	97	412,000	\$ 8,502.32

If you have any questions please contact me at finance@craigak.com

City of Craig
 FY19 / FY 20 Insurance Compare
 5/22/19

	2019	2020		
Property				
Building, Contents Docks	55,807.86	68,865.99	Values >5%	% Inc.
Mobile Equipment	1,672.63	1,716.01		
Earthquake & Flood	9,166.58	9,797.81		
Equipment Breakdown Coverage	1,313.80	0.00		
Total	67,960.87	80,379.81	\$12,418.94	15%
Liability				
Other	8,870.83	47,841.02		
Police	15,408.99			
Employment	1,565.44			
Total	25,845.26	47,841.02	\$21,995.76	46%
Automobile				
Liability	11,349.10	11,643.56		
Physical Damage	8,708.54	8,934.51		
Total	20,057.64	20,578.07	\$520.43	3%
Workers Compensation	56,508.25	58,376.50	\$1,868.25	3%
TOTAL	\$170,372.02	\$207,175.40	\$36,803.38	18%

City Of Craig

Memorandum

To: Mayor O'Connor & Craig City Council

From: Jessica Holloway; Aquatic manager

RE: June Report

Date: May 30, 2019

May started super busy but ended very slow. I think the weather had a lot to do with it.

We ended school lessons and started to prep for our annual shut down. The shutdown will take place starting the night of May 31st and will continue through until we reopen on June 17th. During our shut down we drain all three pools and paint two out of the three. We all do a top to bottom clean of everything and fix a lot of the things that need fixing that cannot be done while operational. This year there isn't a lot of fixing that needs to be done but there is a lot of cleaning and painting. We plan to paint the big pool and the kiddy pool basin on Sunday the 9th of June. We loving call this day "stinky paint day" and ask that nobody comes into the building without letting us know so we are able to set them up with a mask. That will give the paint the needed time to cure before refilling starting on the 13th. Refilling is a 2 day process. This also gives ample time for the big pool to reach swimming temp in order to open on the 17th.

I will be in Juneau June 19th- 24th. I am going to be in and out of the pool on the 18th doing prep and getting everything ready. I will return to work on the 26th.

Swim team will be taking a month off from the pool in June. Some of the kids will still be swimming but the bulk of the team is looking forward to the break. Chris and I sat down and we have decided to change the afternoon schedule starting in July. Last year we tried having swim practice later on a couple days to try and encourage more out of town people to join. That didn't work out the way the swim team had hoped. Currently we have an open swim directly after school on Tuesdays and Thursdays. Swim practice will now be starting after school each week day, with the open swim to return in the evenings. With the new schedule the swim team will be getting a little more pool time or dryland time, whichever way they choose to use it.

All in all there has not been a whole lot going on in our world. We hope to have a fun and enjoyable summer.

If you have any questions or concerns please feel free to call or e mail.

City of Craig Memorandum

Date: May 30, 2019
To: Mayor O'Connor and Craig City Council
From: Kassi Mackie, City Clerk
Re: Clerk's Report

Website

If you have anything you think should be highlighted on the website, please let Brian or I know.

NW Clerks Institute

As the council may recall, I attended Professional Development IV last year in Tacoma, WA. This institute will include 32 clerks from WA, OR and AK and is an intense 3.5-day training on a topic geared towards more "seasoned" clerks (agenda attached). I applied for and received a scholarship to cover registration, meals, housing and most all my travel costs. I will be gone June 6-13 at this training with two personal days at the beginning of my trip to see my parents.

Premium Credit Application

The (preliminary) total loss control savings this year was \$15,961.27. This credit is largely due to employee participation in the safety program. A huge thank you to all departments that participated!

Newsletter

I will be compiling information for the upcoming summer newsletter. If you have anything you would like highlighted, please let me know.

Upcoming leave

June 6-13, Northwest Clerks Institute/personal

Next Meeting

June 20th (if required)

July 4th -The council should consider an alternate date for this meeting or cancelling altogether.

Resignation

I have officially submitted my resignation from this position effective August 9th. I had hoped to stay a bit longer, but Dan has decided to pursue his graduate degree (a decision I couldn't be prouder of!). We are looking forward to life's next adventure, wish us luck!

I am excited to assist in training a recruit for this position prior to leaving. I would like to thank the council and administration for a fantastic (nearly) 7 years here at the City of Craig. I have gleaned so much knowledge from this position and have thoroughly enjoyed working with all of you. I would especially like to thank the council and administration for all the years of support in my continued education, and I hope that this encouragement of attendance at training opportunities doesn't ever cease. I hope my work here has been a benefit to you all, as working with you and being a part of this community has been to me.

Schedule of Sessions

Monday, June 10

11:00-1:00 PM	Registration - Thomas Hall Lobby
1:00-1:15 PM	Welcome & Orientation - WSC Rotunda
1:15-5:00 PM	Connection Exercise
	Leadership Strengths - WSC Rotunda
5:00 PM	Reception - Upper Marshall Hall

Tuesday, June 11

7:00-8:00 AM	Breakfast - Wheelock Student Center
8:00-8:15 AM	Connection Exercise - WSC Rotunda
8:15 -8:30 AM	Reflections from Day One - WSC Rotunda
8:30-8:50 AM	Looking at Things From a Different Perspective - Nine Dots - WSC Rotunda
8:50- noon	Management vs. Leadership - WSC Rotunda
12:00-1:00 PM	Lunch- Wheelock Student Center
1:00-3:00 PM	Developing Trust-WSC Rotunda
3:00-3:15 PM	Break
3:00-3:15 PM	The Power of Courage, Resiliency and Vulnerability
5:00 PM	Evening free (no dinner on campus)

Schedule of Sessions

Wednesday, June 12

7:00-8:00 AM	Breakfast - Wheelock Student Center
8:00-8:15 AM	Connection Exercise - WSC Rotunda
8:15-8:30 AM	Reflections from Day Two - WSC Rotunda
8:15-noon	Values and Ethics - WSC Rotunda
12:00-1:00 PM	Lunch-Wheelock Student Center
1:00-3:00 PM	Critical Thinking and Creative Problem Solving Risk Taking - WSC Rotunda
3:00-3:15 PM	Break
3:15-5:00 PM	Emotional Intelligence - WSC Rotunda
5:00 PM	Banquet-WSC Rotunda

Thursday, June 13

7:00-8:00 AM	Breakfast - Wheelock Student Center
8:00-8:15 AM	Connection Exercise - WSC Rotunda
8:15-8:30 AM	Reflections from Day Three - WSC Rotunda
8:30-9:45 AM	Using My Leadership Strengths and Competencies More Effectively for Greater Influence and Positive Impact - WSC Rotunda
9:45-10:00 AM	Break
10:00-11:30 AM	Final Exercise - BAGS
11:30-noon	Wrap Up & Evaluations
noon-1:00 PM	Lunch - WSC Check-out - Thomas Hall Lobby

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: May 30, 2019
RE: Planning Department Staff Report – May 2019

1. **Craig Harbor Development.** Staff has been taking public comment and planning commission discussion regarding the overall site development. The planning commission formed a public working group to help provide some input to the planning commission on the upland development. In May I met with the Harbor Advisory Committee to talk about the new harbor facilities. Based on input from staff and the harbor committee the city has put out a survey to all harbor users to gather input on slip sizes, parking, harbor amenities, and other issues related to the harbor design. The survey is currently available on the city web site, at the Craig Harbor office and at city hall. We will leave the survey open until August in order to get maximum participation. The results will be compiled in August and the harbor committee will discuss the results and begin to put together a design list in September. The planning commission will likely meet with the harbor committee for a workshop to talk about overlapping upland/harbor development issues and the planning commission will likely be ready to provide some comments/recommendations to the council regarding the upland development at that time. There is a discussion memo in the packet for the June 6, 2019 meeting regarding the harbor development.
2. **Tract P Access Road.** The Craig Tribal Association has been working on the design and construction of a new access road on Tract P from Cold Storage Road, running behind the tribal hall to Easy Street. CTA has started work in the area and will continue to work on the road throughout the current construction season. Planning and Public Works staff will continue to work with CTA throughout the construction project.
3. **Sidewalk Development.** CTA has been working on a project to provide funding for design and construction of pedestrian improvements (sidewalks) on several streets in Craig. The design for the new sidewalks was submitted by RP Kinney. Currently CTA is working with R&M Engineering to tweak the design in a couple of locations to ensure road width and proper storm water drainage in a couple of places. Staff is scheduled to meet with R&M on May 30th on the issue. CTA will likely start construction shortly on some of the sidewalk segments.
4. **Commercial Marijuana in Craig.**

Marijuana Retail Establishments. Thee Treasure Chest LLC (Kit Kraft and John Wright) are continuing the work related to remodeling of the space at 9th and Water Street for their retail establishment. No estimated date has been set for opening the shop. The applicant will still have to complete any plan review required for construction, remodel the space and

complete a final inspection by the AMCO before they can open for business.

Jaquie Weatherbee has still not initiated an application with the state at this time. Based on conditions in the approved conditional use permit, if she does not have a license approved by July 11, 2019 the conditional use permit will be voided. At this point it is very unlikely that a license will be approved by this date.

There have not been any other applications for conditional use permits related to commercial marijuana in Craig. Staff will continue to monitor the state website for progress on these applications.

There has been an application initiated for a marijuana retail store and at least two cultivation sites in Klawock, most located in the Mary Jackson Subdivision.

5. Skateboard Park. Based on direction from the city council I have started the process of looking at interest, evaluating sites, and generally moving forward with the planning for a skateboard park here in Craig. A public hearing is scheduled with the planning commission on February 28, 2019 to take initial input about a number of proposed locations. The planning commission has determined that either the park at East Hamilton Drive (across from the totem park) or the old water tank site on Spruce Street adjacent to the recreation center would be good locations for a new skatepark. We are currently advertising for skate park users interested in helping us look at concept designs for the two locations selected. The user group will report back to the planning commission at a future commission meeting so the planning commission can recommend a site and move the project forward.
6. Travel and Leave Schedule:
 - a. I will be taking some personal vacation time from June 29 – July 7 for visiting family.



CITY COUNCIL REPORT

MAY 30TH 2019

TRAINING AND EVENTS

- We sent 4 Volunteers to Sitka with our Haunted House funds for the regional Symposium. John Moots was awarded the lifetime achievement award “neighbor helping neighbor”.

EMS & FIRE CALLS

- During the month of April, we had 6 volunteers spend over 50 hours on 16 calls for EMS.
- We responded to a hour Fire in Naukati this month and assisted homeowner with Red Cross assistance. The week before we responded to Klawock for a house fire involving a trailer. Both homes were complete losses.
- We responded to the Jail several times for Blood Draws.

IMPORTANT OTHER INFO

- We received a donation from the Honolulu Fire Department. We are still unpacking it, but they donated dozens of used turnouts and other supplies for us.
- We are trying to get caught up on billing and other duties.
- Minnie Ellison did except the full-time position of EMS assistant. She started full time May 30, 2019. She will wait the 6 months probationary period before she obtains benefits.
- We are working through a grant for gurney upgrade.
- Public facilities helped us fix an expensive piece of equipment this month saved us thousands!! Thanks you Doug.
- Overall we continue to do our best for the City of Craig.



To: Craig City Council

From: Hans Hjort, Harbor Master

Date: May 30, 2019

RE: June Staff Report

Harbor department report June 2019

The boat yard has been keeping the harbor staff very busy. The machine had a problem last week. A pilot operated check valve that controls the hydraulic cylinders that lift the machine failed. We had the part on hand and were able to change it the next day. That particular valve had been changed July 2018. We have been working with Richard Klein to come up with a better valve. He has found a valve that is rated at 5000psi vs the 3000psi valve that was originally installed by the manufacture. We intend to install this valve and then order all the fittings necessary to retro fit the rest of the machine with the higher rated valve. We expect this to solve this problem.

The North Cove lighting project is moving forward. The Contractor Tongass Electric is still working on submittals for the project. Morris Engineering Group is reviewing the submittals. The contractor plans to begin work the beginning of July. They expect the project to last 3-4 weeks.

Parts for the City dock crane are on the way. We are now waiting for them to show up and to schedule with CMI to make the repairs. We are hoping to be done with the repair work by the middle of June.

Diversified Diving Service came and replaced 6 shackles on the breakwater. They also installed approximately 70ft of new 2 inch chain. The chain sections were replaced on the South West and North West anchors.

We have replaced the ground wire that runs to the False Island ice house. The old wire was not insulated and was failing due to exposure to salt water. The new wire is insulated and is rated to be submerged.

Our ice house operator Daniel Jackson should be here around the 15th of June. We always look forward to his arrival.

We are trying to keep up with maintenance and lawn care as well. The boat yard and ice house takes up a large majority of our staff's time.

4/25/19-5/29/19

Volunteer Hours: 40

Patron Visits: 1265

Circulation: 2275

Computer Usage: 307

Tests Proctored: 2

Meetings: 4

OWL Video Conferences: 1 Attendance: 22

Alaska Digital Library Usage: 86

Story Times: 5 Attendance: 80

Inter-Library Loans: 24

Library Programs:

- Every Friday, 10:00 am: Preschool Story Time
- Every Wednesday, 10:00am: Head Start Story Time
- Dolly Parton Imagination Library—Continuous Registrations
- May 24th—OWL Story Time: Zoo's Clues with the Buffalo Zoo

SLICE Training:

I was able to attend the Small Library Institute of Continuing Education in Juneau May 6-9, and I have included a report from that trip.

Summer Reading Program 2019:

Summer Reading is coming up so fast! I am VERY excited for this program, and I really hope it will be fun and memorable for all who participate. The program runs June 15th-August 17th. There will be small prizes awarded for specific amounts of time spent reading, awesome activities and movie nights to attend, grand prizes for the top readers, and a raffle at the end for some very cool telescopes! I became Library Director halfway through last year's Summer Reading Program, and I can't wait to celebrate my first year in Craig with this year's program. 😊

SLICE Training Report

Every year the Alaska State Library hosts one of two trainings: the Small Library Institute of Management (SLIM) or the Small Library Institute of Continuing Education (SLICE). These programs are designed for library directors and other library workers in Alaska who do not have a degree in Library Science. This year at SLICE there were eleven participants representing Cordova, Seldovia, Cold Bay, Sutton, Edna Bay, Coffman Cove, Hollis, Dillingham, Gustavus, Naknek, and, of course, Craig. It was an absolute joy to get to know each person and to learn about their libraries and communities.

For the first two days of the training, we worked on emotional intelligence with Catherine McHugh of McHugh Management Consulting. While I had considered myself to have a relatively high level of emotional intelligence before the workshop, I learned a great deal more about this concept, how it is important in a leadership position, and where I have a lot of room for improvement. One of the most interesting topics we discussed was the “ladder of inference”: within any interaction with another person we observe data (what people say, their nonverbal behavior, etc.), select data (what am I paying attention to/ignoring?), label data (making assumptions based on my own mindset/values), evaluate data (draw conclusions), and then respond based on our evaluations. This often leads us to form inaccurate opinions of a person or situation, and these opinions influence our future interactions. I was able to identify multiple situations in the past where I had unknowingly ‘climbed the ladder’, and I am hoping to avoid that snare in the future.

The second half of the training focused on skills and resources we need to be able to advocate for our libraries, as well as key leadership skills. We had a short workshop on creating infographics that are helpful in presenting library statistics in a meaningful way, and then we were tasked with creating and presenting a PowerPoint about our library. The goal of this exercise was to provide us with a tool to bring back to our communities and present to our city councils, community partners, various funding sources, or any other audience that has an interest in the library. I plan on editing and adding to my presentation and then using it to advocate for a larger library building.

I am beyond grateful for the opportunity to attend SLICE, and I very much hope to attend SLIM next spring. The state library does a wonderful job of supporting Alaska librarians, and I feel much more confident in my role here. My goal is to serve the city of Craig as Library Director to the best of my ability and to never stop trying to improve myself and the library.

**CITY OF CRAIG
MEMORANDUM**



Date: May 30, 2019
To: Honorable Tim O'Connor, Craig City Council
Fr: RJ Ely, Police Chief
Re: Staff Report / April & May 2019

RJ Ely

ACTIVITY

Activity from March 27, 2019 through April 30, 2019. Dispatch Center took the following amount of calls for service:

Craig	917
Klawock	261
AST	3

Activity from May 1, 2019 through May 30, 2019. Dispatch Center took the following amount of calls for service.

Craig	694
Klawock	292
AST	9

DEPARTMENT OF MOTOR VEHICLES

Activity increasing, drop offs, road testing as summer approaches.

If all goes as planned, by July 1, 2019 we will again be able to offer the Motorcycle Road Test. Ofc. Page is set to attend training, in June to be able to administer this road test. Ofc. page is also CDL Road administer certified.

DISPATCHER(S)

Minnie Ellison has completed training and working solo shifts.

OFFICER(S)

Still seeking another officer, several have applied and backgrounds are being completed.

OTHER

Through Grant Funding, have acquired new drug testing kits, P.B.T.'s and radars; all have been installed and are in use.

Steps taken to acquire new Radio Console, as well set up and install. As well new ballistic vests have been ordered, for all officers.

I attended 2019 DHSEM Preparedness Conference; GIS Technology in Disasters, Cybersecurity, Dealing with Social Media, AKEMA, Mass Notification Systems and Cyber Attacks in Alaska

CITY OF CRAIG MEMORANDUM



PED / Pretrial Enforcement Division oversight has been moved back to Juneau. I have met with the prior supervisor, of PED when Ketchikan did oversight; PED wanting Craig PD to take over all POW PED. If state willing to pay enough and it's beneficial to City, CPD might end up taking all of POW.

Ofc. Bixler was at the Sitka Police Academy for two weeks, assisting with training of new officers that are attending this year's academy.

Had another Radio Console fail, losing one radio frequency the dispatch center monitors. With spare parts, able to temp fix and new hardware ordered, to fix Console. New part obtained, installed and we are again able to monitor all 5 frequencies.

Klawock PD has hired a new officer, Jessi Whittom. She has completed all required training, at CPD for digital fingerprinting, bookings and DUI Processing.

Fire suppression system at PD has leaking issue. Steps have been taken, to have system inspected, repaired. All staff have completed training and refresher training on evacuation protocols for inmates.

Sgt. Medina spoke at the Prince of Wales Health Network Youth Leadership Project, United Island Recovery Festival in my absence.

Public works Report

I. Streets and Alleys:

- a. Conduit installation at Cemetery Island complete.
- b. Street sweeping as required.
- c. Pot holes filled as required.
- d. Causeway graded as required

II. Sewer:

- a. Daily and Monthly General maintenance and sampling at the wastewater treatment plant as required.
- b. Repair work to waste water treatment plant roof by public facilities personnel.
- c. Repair to force main at Crab Creek as required.

III. Water:

- a. Daily and Monthly General maintenance and sampling at the water treatment plant and distribution system as required.
- b. Monthly water meter reading completed as required on 05/29/19.
- c. Water meter repair and/or replace as required.
- d. Treatment train "A" has been repaired and is ready for service.

IV. Equipment:

- a) New Motor grader in at public works.

V. Solid Waste:

- a. Weekly pick-up process performed as require.
- b. Spring cleanup week completed as required.
 - General Solid Waste: (x20) loads
 - Wood waste: (X20) loads
 - Metal waste: (x8) loads
 - White goods: (x4) items

VI. Requests:

Public works Report

VII. Projects:

- a. Assist Public Facilities in removal of tree in Triangle Park.(Complete)
- b. Safety Program review
- c. Re-grade False Island boat haul-out parking lot before early April.
- d. Finish Cove Street pavement-early summer 2019.
- e. Fire Hydrant installation on PSN Road- Spring 2019
- f. Secondary containment system for used oil installed as required. (Complete)

Craig Recreation Report for City Council Meeting June 6, 2019
Oh boy, has it been busy! Volleyball is popular! Regular activities continue.

A special event for Thorne Bay School was skating -63 kids and about 15 adults. I had enough skates and blades for all! Thanks to Kim Baxter and Barb Moots we got them all taken care of in a timely manner. They all went to the pool, and had PAPA's Pizza at the ballpark.



Teacher Dodgeball was a fun time! They filled in for the Craig Police, who were busy. Dodgeball will continue at 4pm on Thursdays.



POW Marathon was a wonderful event. I announced at the end and promoted rec events. Sunday of Memorial Weekend the Blessing of the Fleet was a success. Thanks to all the boats, Father Augustine, Bill Altland and Ralph Mackie. All gear groups made an appearance.

Project graduation in the Craig City Gym May 30-31.



Babysitting class June 3-7. A \$1,000 grant from the POW Behavioral Health Network will help fund the program. Kim Baxter is teaching the class, Chaundell Piburn and Duane Woods from Craig EMS with teach 1st aid and CPR.

Wednesday June 5 is the last day of school, a water battle is planned!

Karate Seminar will be at the City Gym June 6-9th from 9am to 3pm.



The City Flower baskets are planted and hung. Thanks for the help from Kim Baxter and the after-school kids. Nick helped hang the baskets!

4th of July is coming together thanks to our wonderful committee. Hannah Bazinet, Betty Kubik and Raina Bjerke. Ducks are being sold and donations coming in!



The Salmon Derby has started and the Social planning is underway. Kathy Peavey is doing the decorations. Ann Marie Adams is getting the raffle donations. Robin Thomas is doing the food. The event will be held at the Craig City Gym,

The Recovery Fair was held at the Craig High School. Winston Johnson gave a Break Dance demo. He holds class on Saturdays at 9:30am at the City Gym. I participated in the talk on drugs, promoting dodgeball and other healthy activities.



Michelle and I will both be gone the week of June 10-14. I am also on Jury Duty thru June. Kim is helping clean out the Youth Center and Gym. I have solved my email issues and can now check my craigrec@aptalaska.net account. Summer programming will start June 18th with skating on Tuesday and Dodgeball on Thursdays at 4pm. Outdoor adventures are in the planning stages. Girl Scout Camp at the Recreation Center the end of July, Soccer is also coming up in July!. I will continue to keep the kids busy and safe.

Submitted by Victoria Merritt



Parks & Public Facilities

5/31/2019

Staff Report –May 2019

To: Craig Mayor and City Council

From: Douglas Ward

Current Projects Underway:

1. Ensley Park playground equipment installation.
2. Police Department building Fire suppression system repair.
3. Triangle park grass and wood chips. Grass is planted and growing. Chips will be done at the same time we chip Ensley Park.
4. Annual wood boiler maintenance. Wood boiler was shut down 5/30/19
5. One of the propane boilers is down at the Aquatic center. We are in the process of procuring repair parts.
6. Ballfield restroom project. Fixtures for the restrooms have been ordered. There was a 5 week lead time. We are approximately at the 4 week mark.
7. Mowing and weed eating throughout the city and parks.
8. New roll-up door in bay#2 at Fire hall.

As always, don't hesitate to call or contact me anytime for questions or concerns.

CITY OF CRAIG

Account Statement - Period Ending April 30, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT
Registered Investment Adviser

ACCOUNT ACTIVITY

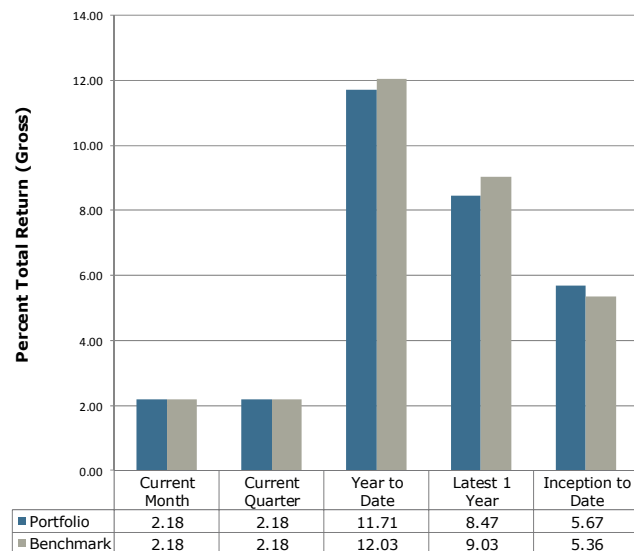
Portfolio Value on 03-31-19	10,465,384
Contributions	0
Withdrawals	-2,616
Change in Market Value	221,210
Interest	6,586
Dividends	0
Portfolio Value on 04-30-19	10,690,564

MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Bill Lierman, CFA®
Contact Phone Number:	907/272 -7575

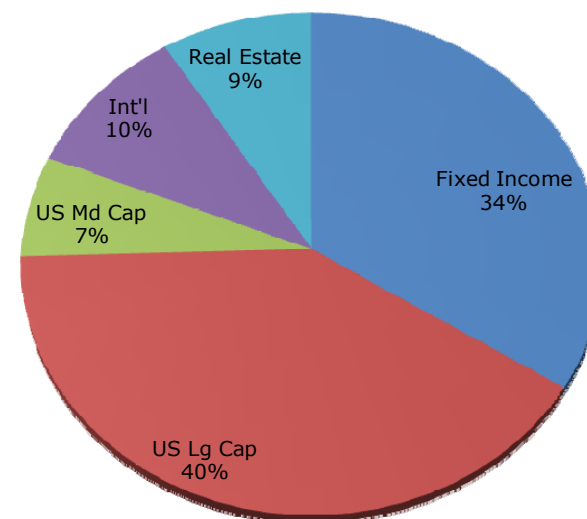
INVESTMENT PERFORMANCE

Current Account Benchmark:
Equity Blend



Performance is Annualized for Periods Greater than One Year

PORTFOLIO COMPOSITION



Clients are encouraged to compare this report with the official statement from their custodian.

Alaska Permanent Capital Management Co.
PORTFOLIO SUMMARY AND TARGET
CITY OF CRAIG
April 30, 2019

Asset Class & Target	Market Value	% Assets	Range
FIXED INCOME (34%)			
US Fixed Income (34.0%)	3,414,256	31.9	20% to 45%
Cash (0.0%)	224,906	2.1	na
Subtotal:	3,639,162	34.0	
EQUITY (56%)			
US Large Cap (40.0%)	4,327,974	40.5	30% to 50%
US Mid Cap (6.0%)	694,037	6.5	0% to 10%
Developed International Equity (10.0%)	1,070,532	10.0	5% to 15%
Subtotal:	6,092,544	57.0	
ALTERNATIVE INVESTMENTS (10%)			
Real Estate (10.0%)	958,858	9.0	5% to 15%
Subtotal:	958,858	9.0	
TOTAL PORTFOLIO	10,690,564	100	

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
April 30, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
FNMA & FHLMC									
4,065	FHLMC POOL G14203 4.000% Due 04-01-26 Accrued Interest	104.56	4,250	103.20	4,195	0.04	163	14	2.61
			4,250		4,208	0.04		14	
CASH AND EQUIVALENTS									
	CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT		224,906		224,906	2.10			
CORPORATE BONDS									
100,000	HSBC USA INC 2.375% Due 11-13-19	99.61	99,608	99.82	99,816	0.93	2,375	1,108	2.72
50,000	NBC UNIVERSAL MEDIA LLC 4.375% Due 04-01-21	109.20	54,602	103.12	51,561	0.48	2,187	182	2.69
50,000	AMERICAN EXPRESS CREDIT 2.250% Due 05-05-21	99.92	49,962	99.23	49,617	0.46	1,125	550	2.64
50,000	GILEAD SCIENCES INC 1.950% Due 03-01-22	96.28	48,141	97.89	48,944	0.46	975	162	2.73
50,000	UNITEDHEALTH GROUP INC 2.875% Due 03-15-22	102.56	51,279	100.41	50,205	0.47	1,437	184	2.73
50,000	COMCAST CORP 2.850% Due 01-15-23	101.83	50,917	100.52	50,260	0.47	1,425	420	2.70
50,000	AFLAC INC 3.625% Due 06-15-23	106.03	53,016	103.42	51,710	0.48	1,812	685	2.74
50,000	BANK OF NEW YORK MELLON 2.200% Due 08-16-23	97.83	48,916	97.07	48,537	0.45	1,100	229	2.93
50,000	JPMORGAN CHASE & CO 3.875% Due 02-01-24	105.18	52,590	104.06	52,031	0.49	1,937	484	2.95
50,000	METLIFE INC 3.600% Due 04-10-24	105.46	52,732	103.88	51,940	0.49	1,800	105	2.75
50,000	WELLS FARGO & COMPANY 3.300% Due 09-09-24	99.88	49,941	101.04	50,519	0.47	1,650	238	3.09
50,000	APPLIED MATERIALS INC 3.900% Due 10-01-25	107.96	53,978	105.25	52,623	0.49	1,950	162	3.00
50,000	TARGET CORP 2.500% Due 04-15-26 Accrued Interest	96.45	48,223	97.24	48,619	0.45	1,250	56	2.94
			713,908		710,953	6.65		4,566	
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
14,720	SPDR S&P 500 ETF	145.76	2,145,639	294.02	4,327,974	40.48	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
3,525	ISHARES CORE S&P MIDCAP 400 ETF	108.07	380,963	196.89	694,037	6.49	NA		

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
April 30, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
INTERNATIONAL EQUITY FUNDS/ETF									
8,575	ISHARES ETF CORE MSCI EAFE	56.65	485,797	62.56	536,452	5.02	NA		
8,000	ISHARES MSCI EAFE INDEX FUND	61.59	492,725	66.76	534,080	5.00	NA		
			978,522		1,070,532	10.01			
REAL ESTATE									
11,500	JPMORGAN BETABUILDERS MSCI US REIT ETF	76.56	880,392	83.38	958,858	8.97	NA		
U.S. TREASURY									
150,000	US TREASURY NOTES 1.750% Due 10-31-20	99.91	149,866	99.16	148,740	1.39	2,625	7	2.32
175,000	US TREASURY NOTES 1.875% Due 12-15-20	99.17	173,549	99.30	173,784	1.63	3,281	1,235	2.31
100,000	US TREASURY NOTES 2.125% Due 08-15-21	99.29	99,291	99.70	99,699	0.93	2,125	440	2.26
75,000	US TREASURY NOTES 2.000% Due 10-31-21	99.92	74,943	99.39	74,546	0.70	1,500	4	2.25
100,000	US TREASURY NOTES 2.000% Due 11-15-21	99.76	99,762	99.41	99,406	0.93	2,000	923	2.24
125,000	US TREASURY NOTES 2.125% Due 06-30-22	97.13	121,416	99.64	124,551	1.17	2,656	888	2.24
150,000	US TREASURY NOTES 1.625% Due 11-15-22	97.79	146,686	97.87	146,806	1.37	2,437	1,124	2.25
150,000	US TREASURY NOTES 2.625% Due 02-28-23	99.73	149,593	101.33	151,992	1.42	3,937	663	2.26
125,000	US TREASURY NOTES 2.500% Due 08-15-23	98.87	123,590	100.93	126,157	1.18	3,125	647	2.27
170,000	US TREASURY NOTES 1.375% Due 08-31-23	99.92	169,867	96.30	163,718	1.53	2,337	400	2.27
115,000	US TREASURY NOTES 2.125% Due 03-31-24	98.81	113,630	99.26	114,147	1.07	2,444	212	2.29
100,000	US TREASURY NOTES 2.375% Due 08-15-24	100.23	100,227	100.33	100,328	0.94	2,375	492	2.31
100,000	US TREASURY NOTES 2.000% Due 08-15-25	98.81	98,807	97.81	97,813	0.91	2,000	414	2.38
40,000	US TREASURY NOTES 2.625% Due 12-31-25	99.90	39,962	101.45	40,581	0.38	1,050	351	2.39
100,000	US TREASURY NOTES 2.500% Due 02-28-26	100.40	100,397	100.68	100,684	0.94	2,500	421	2.39
100,000	US TREASURY NOTES 1.625% Due 05-15-26	101.05	101,055	94.96	94,965	0.89	1,625	750	2.41
150,000	US TREASURY NOTES 2.000% Due 11-15-26	97.14	145,717	97.07	145,599	1.36	3,000	1,384	2.43
125,000	US TREASURY NOTES 2.250% Due 11-15-27	95.20	118,996	98.29	122,861	1.15	2,812	1,297	2.47

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
April 30, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
80,000	US TREASURY NOTES 3.125% Due 11-15-28	102.02	81,613	105.24	84,194	0.79	2,500	1,153	2.50
125,000	US TREASURY NOTES 2.625% Due 02-15-29 Accrued Interest	99.82	124,774	101.02	126,275	1.18	3,281	680	2.51
			2,333,740		13,488	0.13		13,488	
					2,350,336	21.99			
AGENCIES									
100,000	FHLMC 1.700% Due 09-29-20	99.73	99,730	99.05	99,051	0.93	1,700	151	2.39
100,000	FEDERAL HOME LOAN BANK - STEP UP 2.000% Due 11-14-22	99.86	99,865	98.76	98,758	0.92	2,000	922	2.37
100,000	FEDERAL FARM CREDIT BANK 2.850% Due 04-24-25	100.00	100,000	99.60	99,605	0.93	2,850	55	2.92
50,000	FHLB 3.625% Due 03-19-27 Accrued Interest	99.82	49,910	100.01	50,005	0.47	1,812	211	3.62
					1,340	0.01		1,340	
			349,505		348,759	3.26			
TOTAL PORTFOLIO			8,011,826		10,690,564	100	79,163	19,408	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 04-01-19 To 04-30-19

Trade Date	Settle Date	Security	Quantity	Trade Amount
DEPOSITS AND EXPENSES				
CASH AND EQUIVALENTS				
04-01-19	04-01-19	CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT		1,221.88
MANAGEMENT FEES				
04-30-19	04-30-19	MANAGEMENT FEES		2,672.64
				3,894.52
INTEREST				
AGENCIES				
04-24-19	04-24-19	FEDERAL FARM CREDIT BANK 2.850% Due 04-24-25		1,425.00
CASH AND EQUIVALENTS				
04-15-19	04-15-19	CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT		26.37
CORPORATE BONDS				
04-01-19	04-01-19	APPLIED MATERIALS INC 3.900% Due 10-01-25		975.00
04-01-19	04-01-19	NBC UNIVERSAL MEDIA LLC 4.375% Due 04-01-21		1,093.75
04-10-19	04-10-19	METLIFE INC 3.600% Due 04-10-24		900.00
04-15-19	04-15-19	TARGET CORP 2.500% Due 04-15-26		625.00
				<hr/> 3,593.75
FNMA & FHLMC				
04-15-19	04-15-19	FHLMC POOL G14203 4.000% Due 04-01-26		13.85

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 04-01-19 To 04-30-19

Trade Date	Settle Date	Security	Quantity	Trade Amount
U.S. TREASURY				
04-30-19	04-30-19	US TREASURY NOTES 2.000% Due 10-31-21		750.00
04-30-19	04-30-19	US TREASURY NOTES 1.750% Due 10-31-20		1,312.50
				2,062.50
				7,121.47
PRINCIPAL PAYDOWNS				
FNMA & FHLMC				
04-15-19	04-15-19	FHLMC POOL G14203 4.000% Due 04-01-26	89.55	89.55
				89.55
SALES, MATURITIES, AND CALLS				
DOMESTIC LARGE CAP EQUITY FUNDS/ETF				
04-25-19	04-29-19	SPDR S&P 500 ETF	225.0000	65,784.28
				65,784.28
WITHDRAW				
CASH AND EQUIVALENTS				
04-23-19	04-23-19	CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT		2,616.35
04-30-19	04-30-19	DIVIDEND ACCRUAL		18,428.96
				21,045.31
				21,045.31

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
CITY OF CRAIG
From 04-01-19 Through 04-30-19

Date	Quantity	Security	Avg. Cost Basis	Proceeds	Gain Or Loss
04-15-19	89.55	FHLMC POOL G14203 4.000% Due 04-01-26	93.64	89.55	-4.09
04-25-19	225.0000	SPDR S&P 500 ETF	32,796.80	65,784.28	32,987.48
TOTAL GAINS					32,987.48
TOTAL LOSSES					-4.09
			32,890.43	65,873.83	32,983.40

Alaska Permanent Capital Management Co.

CASH LEDGER

CITY OF CRAIG

From 04-01-19 To 04-30-19

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
CASH RECEIVABLE					
04-01-19			Beginning Balance		1,221.88
04-01-19	04-01-19	wd	Transfer to	CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT	-1,221.88
04-30-19			Ending Balance		0.00
CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT					
04-01-19			Beginning Balance		134,876.31
04-01-19	04-01-19	dp	Interest	APPLIED MATERIALS INC 3.900% Due 10-01-25	975.00
04-01-19	04-01-19	dp	Interest	NBC UNIVERSAL MEDIA LLC 4.375% Due 04-01-21	1,093.75
04-01-19	04-01-19	dp	Transfer from	CASH RECEIVABLE	1,221.88
04-10-19	04-10-19	dp	Interest	METLIFE INC 3.600% Due 04-10-24	900.00
04-15-19	04-15-19	dp	Interest	TARGET CORP 2.500% Due 04-15-26	625.00
04-15-19	04-15-19	dp	Interest	FHLMC POOL G14203 4.000% Due 04-01-26	13.85
04-15-19	04-15-19	dp	Paydown	FHLMC POOL G14203 4.000% Due 04-01-26	89.55
04-15-19	04-15-19	dp	Interest	CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT	26.37
04-23-19	04-23-19	wd	Withdrawal	from Portfolio	-2,616.35
04-24-19	04-24-19	dp	Interest	FEDERAL FARM CREDIT BANK 2.850% Due 04-24-25	1,425.00
04-25-19	04-29-19	dp	Sale	SPDR S&P 500 ETF	65,784.28
04-30-19	04-30-19	dp	Transfer from	DIVIDEND ACCRUAL	18,428.96
04-30-19	04-30-19	dp	Interest	US TREASURY NOTES 2.000% Due 10-31-21	750.00

Alaska Permanent Capital Management Co.

CASH LEDGER

CITY OF CRAIG

From 04-01-19 To 04-30-19

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
04-30-19	04-30-19	dp	Interest	US TREASURY NOTES 1.750% Due 10-31-20	1,312.50
04-30-19			Ending Balance		224,906.10
DIVIDEND ACCRUAL					
04-01-19			Beginning Balance		18,428.96
04-30-19	04-30-19	wd	Transfer to	CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT	-18,428.96
04-30-19			Ending Balance		0.00

CITY OF CRAIG - SCHOOL FUNDS

Account Statement - Period Ending April 30, 2019



ALASKA PERMANENT
CAPITAL MANAGEMENT
Registered Investment Adviser

ACCOUNT ACTIVITY

Portfolio Value on 03-31-19	2,507,280
Contributions	0
Withdrawals	0
Change in Market Value	2,932
Interest	2,168
Dividends	0
Portfolio Value on 04-30-19	2,512,380

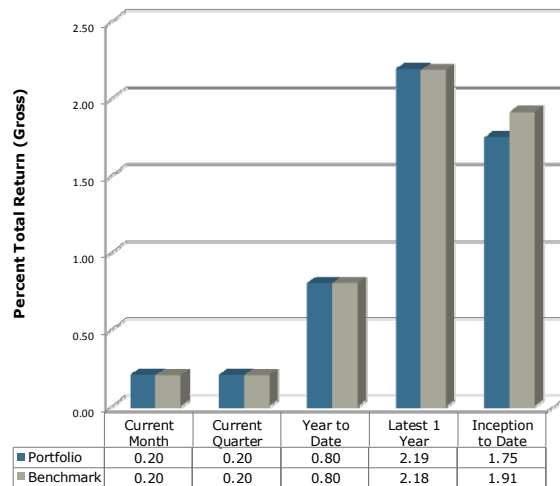
MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Bill Llerman, CFA®
Contact Phone Number:	907/272-7575

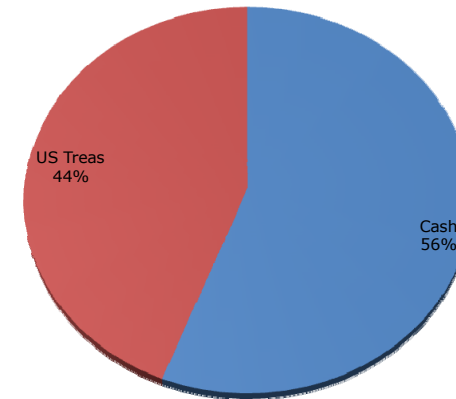
PORTFOLIO COMPOSITION

INVESTMENT PERFORMANCE

Current Account Benchmark:
T-Bill shown for reference



Performance is Annualized for Periods Greater than One Year



Fixed Income Portfolio Statistics

Average Quality: AAA Yield to Maturity: 1.85% Average Maturity: 0.28 Yrs

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG - SCHOOL FUNDS
April 30, 2019

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CASH AND EQUIVALENTS									
	CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT		592,286		592,286	23.57			
U.S. TREASURY									
560,000	US TREASURY NOTES 1.625% Due 07-31-19	99.25	555,810	99.80	558,863	22.24	9,100	2,262	2.42
550,000	US TREASURY NOTES 1.375% Due 01-15-20 Accrued Interest	99.08	544,923	99.26	545,919	21.73	7,562	2,214	2.43
			1,100,733		1,109,259	44.15	0.18	4,477	
TREASURY BILLS									
405,000	US TREASURY BILLS 0.000% Due 05-14-19	99.63	403,501	99.91	404,652	16.11	NA	0	2.26
410,000	US TREASURY BILLS 0.000% Due 09-19-19	98.98	405,822	99.07	406,183	16.17	NA	0	2.44
			809,324		810,835	32.27		0	
TOTAL PORTFOLIO			2,502,343		2,512,380	100	16,662	4,477	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG - SCHOOL FUNDS
From 04-01-19 To 04-30-19

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
TREASURY BILLS				
04-16-19	04-17-19	US TREASURY BILLS 0.000% Due 09-19-19	410,000	405,822.10
				405,822.10
INTEREST				
CASH AND EQUIVALENTS				
04-15-19	04-15-19	CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT		70.84
U.S. TREASURY				
04-30-19	04-30-19	US TREASURY NOTES 1.625% Due 04-30-19		4,468.75
				4,539.59
SALES, MATURITIES, AND CALLS				
TREASURY BILLS				
04-16-19	04-16-19	US TREASURY BILLS 0.000% Due 04-16-19	405,000	405,000.00
U.S. TREASURY				
04-30-19	04-30-19	US TREASURY NOTES 1.625% Due 04-30-19	550,000	550,000.00
				955,000.00

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
CITY OF CRAIG - SCHOOL FUNDS
From 04-01-19 Through 04-30-19

Date	Quantity	Security	Avg. Cost Basis	Proceeds	Gain Or Loss
04-16-19	405,000	US TREASURY BILLS 0.000% Due 04-16-19	404,227.11	405,000.00	772.89
04-30-19	550,000	US TREASURY NOTES 1.625% Due 04-30-19	546,935.81	550,000.00	3,064.19
TOTAL GAINS					3,837.08
TOTAL LOSSES					0.00
			951,162.92	955,000.00	3,837.08

Alaska Permanent Capital Management Co.
CASH LEDGER
CITY OF CRAIG - SCHOOL FUNDS
From 04-01-19 To 04-30-19

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT					
04-01-19			Beginning Balance		38,568.47
04-15-19	04-15-19	dp	Interest	CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT	70.84
04-16-19	04-16-19	dp	Sale	US TREASURY BILLS 0.000% Due 04-16-19	405,000.00
04-16-19	04-17-19	wd	Purchase	US TREASURY BILLS 0.000% Due 09-19-19	-405,822.10
04-30-19	04-30-19	dp	Interest	US TREASURY NOTES 1.625% Due 04-30-19	4,468.75
04-30-19	04-30-19	dp	Sale	US TREASURY NOTES 1.625% Due 04-30-19	550,000.00
04-30-19			Ending Balance		592,285.96



Craig City School District

P.O. Box 800, Craig, Alaska 99921
www.craigschools.com
Phone (907) 826.3274
FAX (907) 826.3322

Chris Reitan, Superintendent
Jackie Hanson, Elem./MS Principal
Kim Brand, HS Principal
Mollie Harings, PACE Principal

May 17, 2019

Dear Mayor O'Connor and City of Craig Council Members,

On behalf of Craig City School District, I want to thank the Craig City Council for approving the local contribution for the district's FY 20 operating costs during last night's Council meeting. The \$642,949 local contribution for FY 20 is significantly above the required local minimum contribution and this dedicated funding stream is critical for our operations and ensures continuity with our educational programs.

During these precarious economic times within our state, the value the Council has placed on our K-12 educational program is truly appreciated. What a privilege it is to live and work within a community that invests so strongly in our children.

In closing, thank you.

Sincerely,

Chris Reitan, CCSD Superintendent
Email: creitan@craigschools.com

Cc: CCSD School Board

Reuters [Business News](#)
May 29, 2019 /

Pentagon seeks funds to reduce U.S. reliance on China's rare earth metals

[Phil Stewart](#), [Andrea Shalal](#)

WASHINGTON (Reuters) - The U.S. Defense Department is seeking new federal funds to bolster domestic production of rare earth minerals and reduce dependence on China, the Pentagon said on Wednesday, amid mounting concern in Washington about Beijing's role as a supplier.

The Pentagon's request was outlined in a report that has been sent to the White House and briefed to Congress, said Air Force Lieutenant Colonel Mike Andrews, a Pentagon spokesman.

Rare earths are a group of 17 chemical elements used in both consumer products, from iPhones to electric car motors, and critical military applications including jet engines, satellites and lasers.

Rising tensions between the United States and China have sparked concerns that Beijing could use its dominant position as a supplier of rare earths for leverage in the trade war between the world's top two economic powers.

Between 2004 and 2017, China accounted for 80% of U.S. rare earth imports. Few alternative suppliers have been able to compete with China, which is home to 37% of global rare earths reserves.

"The department continues to work closely with the president, Congress and U.S. industry to improve U.S. competitiveness in the mineral market," Andrews told Reuters.

He gave no details but said the report was tied to a federal program designed to bolster domestic production capabilities through targeted economic incentives.

While China has so far not explicitly said it would restrict rare earths sales to the United States, Chinese media has strongly implied this will happen.

In a commentary headlined "United States, don't underestimate China's ability to strike back," the official People's Daily noted the United States' "uncomfortable" dependence on rare earths from China.

"Will rare earths become a counter weapon for China to hit back against the pressure the United States has put on for no reason at all? The answer is no mystery," it said.

GROWING CONCERN

John Neuffer, president of the Semiconductor Industry Association, said the chances of China restricting rare earth exports were growing.

“I do expect the other shoe to drop,” he told an event hosted by the Washington International Trade Association.

The Pentagon has repeatedly flagged its concerns about American reliance on China for rare earth minerals, including in a 2018 report on vulnerabilities in the U.S. defense industrial base.

The Pentagon said the latest report was a Defense Production Act III rare earths mineral report. According to a Pentagon website, that program gives the U.S. president “broad authority to ensure the timely availability of essential domestic industrial resources to support national defense and homeland security requirements through the use of highly tailored economic incentives.”

John Luddy, vice president for national security policy at the Aerospace Industries Association, said U.S. government funding could be used to bolster production, processing capacity and stockpiling of critical supplies.

Industry officials liken Washington’s potential role to the way government funding ensures the capability to launch sensitive military and intelligence satellites into space - another costly initiative.

The Defense Department accounts for about 1% of U.S. demand, which in turn accounts for about 9% of global demand for rare earths, according to a 2016 report from the congressional U.S. Government Accountability Office.

Raytheon Co, Lockheed Martin Corp and BAE Systems Plc all make sophisticated missiles that use rare earths metals in their guidance systems and sensors.

Rare earth minerals are also essential in other military equipment such as jet engines, lasers and night vision devices.

California’s Mountain Pass mine is the only operating U.S. rare earths facility. But MP Materials, owner of Mountain Pass, ships the roughly 50,000 tonnes of rare earth concentrate it extracts each year from California to China for processing.

At least three U.S.-based companies have rare earth processing plants under construction or in the planning stages, including one that is set to open next year at Mountain Pass mine to produce about 5,000 tonnes of two popular types of rare earths annually, according to a source familiar with the matter.

The other two aren’t expected to open until 2022 at the earliest.

Reporting by Phil Stewart and Andrea Shalal; additional reporting by Ernest Scheyder and David Brunnstrom; editing by Jonathan Oatis, Sonya Hepinstall and Cynthia Osterman



Southeast Alaska Subsistence Regional Advisory Council meeting held on March 19, 2019, in Wrangell, AK.



As Alaska’s Regional Forester, I am listening to the voices of Alaskans through public participation, collaboration, and ensuring the availability of timely

information as we work through the steps of the rulemaking process. With publication of regular project updates in bulletins, speaking engagements across the region with tribes, stakeholder groups, the Southeast Alaska Subsistence Resource Advisory Council, and regular cooperating agency meetings, I continue to engage with the state and the nation’s citizens who value Alaska’s extraordinary national forests. I also recognize the forests provide residents with important resources, jobs, culture, and connection.

To help keep you informed, we are regularly updating the project website with

frequently asked questions, project timeline, and maps, and publishing a bi-monthly Alaska Roadless Rule Bulletin. Dates for the upcoming public comment period and schedule of community meetings following the publication of the proposed rule and the draft environmental impact statement will be posted as soon as they are available. Upon request, we will also provide groups with a presentation about the project and the latest updates. I welcome your participation, questions, and comments. I commit to openness and transparency in our work.

For the latest information, I invite you to sign up to receive regular project updates: https://public.govdelivery.com/accounts/USDAFS/subscriber/new?topic_id=NEPA_54511_S.

David E. Schmid, Regional Forester

MAY/JUNE 2019

This bulletin provides information to the public about the current status of the Alaska Roadless Rulemaking project. Subscribe to the bulletin here:

[Alaska Roadless Rule Bulletin](#)

WHAT'S NEW

How do public comments affect the final rule?

The notice-and-comment process enables anyone to submit a comment on any part of the proposed rule. This process is not like a ballot initiative or an up-or-down vote in a legislature. Public comments are most useful when they offer ideas, opportunities or concerns followed by a reason based on experience, facts, or science. Public comments are used to assist the agency in accurately disclosing the cultural and environmental effects of the proposed rule and alternatives.

Public comments received during the upcoming 60-day public comment period will be integrated into the project record and responded to in the final environmental impact statement. Comments received outside of the 60-day public comment period will

be accepted, but will not be formally responded to within the final environmental impact statement.

At the end of the rulemaking process, the agency must base its reasoning and conclusions on the rulemaking record, consisting of the comments, scientific data, expert opinions, and facts accumulated during the pre-rule and proposed rulemaking stages.

Instructions for providing comments during the official comment period can be found here: <https://cara.ecosystem-management.org/Public/CommentInput?Project=54511>

If you are interested in reading comments received during the initial scoping period, you can view them here: <https://cara.ecosystem-management.org/Public/ReadingRoom?Project=54511>

To read a summary of the public comments received during the initial scoping period, visit: https://www.fs.usda.gov/nfs/11558/www/nepa/109834_FSPLT3_4631713.pdf

For a map of existing inventoried roadless areas, visit: https://www.fs.usda.gov/nfs/11558/www/nepa/109834_FSPLT3_4470897.pdf

For more info on rulemaking visit, https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf

Alaska Roadless Rule



Request A Speaker

The Forest Service’s Alaska Region has speakers available to provide an overview on the Alaska Roadless Rulemaking project and answer your questions. Contact Dru Fenster at dru.fenster@usda.gov, 907-209-2094, or akroadlessrule@fs.fed.us to request a speaker.



Chad VanOrmer, Director, Ecosystems Planning and Budget for the Forest Service Alaska Region, speaks with the public at a recent engagement session in Juneau.

Did You Know?

The final decision about the Alaska Roadless Rule will be made by the U.S. Secretary of Agriculture. The Alaska Regional Forester has important input and influence and will ensure the Region is represented throughout the rulemaking process.



Information Resources

○ Websites:

- [Alaska Region Roadless](#)
- [Project Website](#)
- [Roadless Area Conservation](#)
- [Other FAQs](#)

○ Contacts:

- Request a speaker 907-209-2094
- Project coordinator 907-586-9344

○ Email:

- akroadlessrule@fs.fed.us
- robin.dale@usda.gov (project coordinator)
- nicole.r.grewe@usda.gov (public engagement)
- dru.fenster@usda.gov (speakers & media)



Frequently Asked Questions



When will a summary of proposed alternatives for the Alaska Roadless Rulemaking be made available, and will there be an opportunity to review them and provide comments?

The alternatives will be identified and discussed in the Draft Environmental Impact Statement (DEIS). The DEIS is expected to be published in mid-summer 2019, followed by a 60-day public comment period.

The Forest Service recognizes the importance of subsistence use of fish and wildlife by rural Alaskans. We will hold subsistence hearings during the public comment period in order to gather input on the Roadless Rule’s effect on subsistence resources.

Alaska Roadless Rulemaking Milestones



- State of Alaska Rulemaking Petition
- USDA Responds to Petition
- Start Tribal Consultations
- Notice of Intent to begin Rulemaking
- Public Meetings and Opportunity for Written Comments
- Initiate Cooperating Agency Memorandums
- Alaska’s Citizen Advisory Committee
- Written Comments Available
- Cooperating Agency Meetings



- Monthly Updates and Engagement Opportunities Available
- Written Public Comment Summary Available
- Finalize Cooperating Agency Memorandums
- Tribal and Alaska Native Corporations Consultations
- Draft Environmental Impact Statement Available
- Public Meetings • Subsistence Hearings
- Opportunity for 60-day Written Comments



- Monthly Updates and Engagement Opportunities Available
- Final Environmental Impact Statement Available
- Final Alaska Roadless Rule published



2018

2019

2020



Federal Subsistence Board News Release



U.S. Fish and Wildlife Service
Bureau of Land Management
National Park Service
Bureau of Indian Affairs

Forest Service

For Immediate Release:
May 23, 2019

Contact: Jennifer Hardin
(907) 786-3677 or (800) 478-1456
jennifer_hardin@fws.gov

Public Hearing Announced for Wildlife Temporary Special Action Request WSA19-02 for Unit 2 Wolves

A public hearing is scheduled for 5:00–7:00 p.m. on Tuesday, June 25, 2019, at the Prince of Wales Vocational and Technical Education Center, 6565 Boundary Road, Klawock, to receive public testimony on a Temporary Special Action request received by the Federal Subsistence Board (Board).

Temporary Special Action request WSA19-02, submitted by the Southeast Alaska Subsistence Regional Advisory Council, requests that the Board change the sealing period for wolf hunting and trapping from “within 14 days of harvest” to “within 30 days of the end of the season,” and remove language referencing a “combined Federal-State harvest quota” for wolves in Unit 2. These changes are in line with recent changes implemented by the Alaska Board of Game.

At this meeting, the public will have an opportunity to provide testimony to representatives of the Federal Subsistence Management Program. The public is welcome and encouraged to attend this meeting in person or by calling the telephone number provided below. When prompted, enter the passcode. Comments will be forwarded to the Board for consideration on this Temporary Special Action request.

Public hearing information is as follows:

Klawock

Tuesday, June 25, 2019, 5:00–7:00 p.m.
Prince of Wales Vocational and Technical Education Center
6565 Boundary Road, Klawock
Teleconference: Toll Free: (888) 566-1030
Passcode: 3344290

The Board is committed to providing access to this public meeting for all participants. Please direct requests for sign language interpreting services or other accommodation needs to the Office of Subsistence Management at (800) 478-1456 or (907) 786-3888 or by e-mail subsistence@fws.gov at least seven business days prior to the meeting.

Information about the Federal Subsistence Management Program may be found on the web at www.doi.gov/subsistence or by visiting www.facebook.com/subsistencealaska.

Missing out on the latest Federal subsistence issues? If you’d like to receive emails and notifications on the Federal Subsistence Management Program you may subscribe for regular updates by emailing fws-fsb-subsistence-request@lists.fws.gov.

-###-

From: [James Seley](#)
To: [Jon Bolling](#); [Brian Templin](#)
Subject: Lot 2 expansion - offer
Date: Thursday, May 23, 2019 6:49:56 PM
Attachments: [Att. A lot 2 purchase.pdf](#)
[Attachment B lot 2 purchase.pdf](#)

The City of Craig - Box 725
Craig City Council Members
Mayor Tim O'Connor

Jim Seley
P.O.Box 414

Attn, Jon Bolling and Brian Templin

Hello,

I own lot 2 Block 27 on Front Street. The lot is located between Dockside Cafe(lot 3) and the City owned parcel that includes a public utility and two or three parking spaces (lot 1).

Historically Lot 2 used to extend 60.26 feet from back to front which would nowadays be towards the middle of the Front street. An easement was provided for the owner to the west side of the lot to compensate the owner in order to build and maintain a suitable R.O.W. for Front street. But When the lot changed owners the easement vanished and the tiny lot became even smaller. Several years ago I purchased the lot from First bank in hopes of having additional space for the Trophy Palace Suites on the other side of the street.

Last week I finally constructed a small fence on two sides of the substandard lot in order to secure it plus provide a suitable and safe area to develop to any future needs. It is quite obvious that the sub standard lot will need to grow in order to have a chance to offer the best suitable purpose for the commercially zoned area.

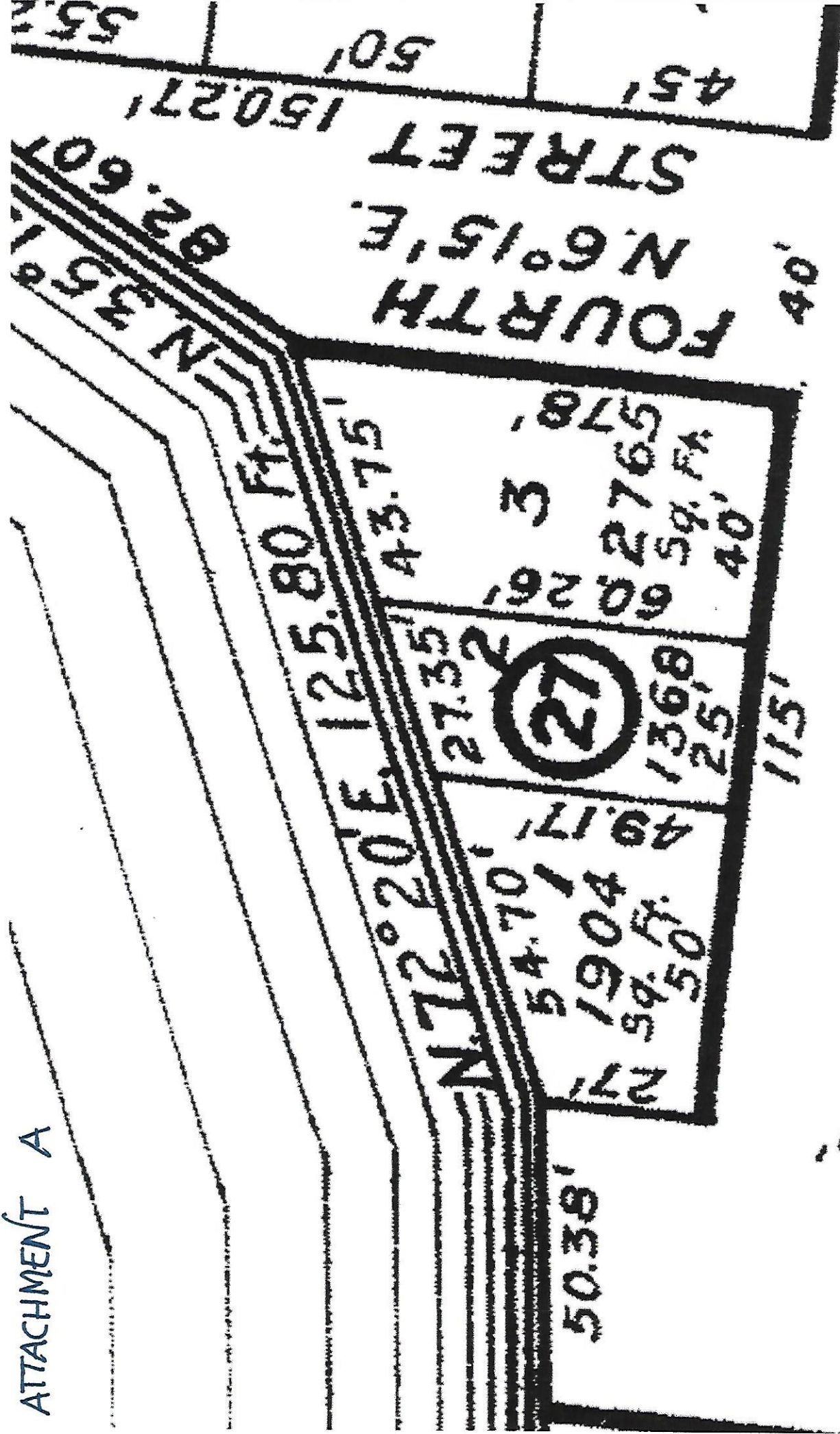
Therefore I would like to offer the City of Craig an amount equal to the appraised values per square footage of the same nature according to our property tax valuations for as much of lot 1 as possible. I understand that the City will need to keep a buffer area in order to meet the growing needs of the utility sewer and water station at that intersection of the public utilities.

Attached are two plans.

Attachment A shows Block 27 as existing.

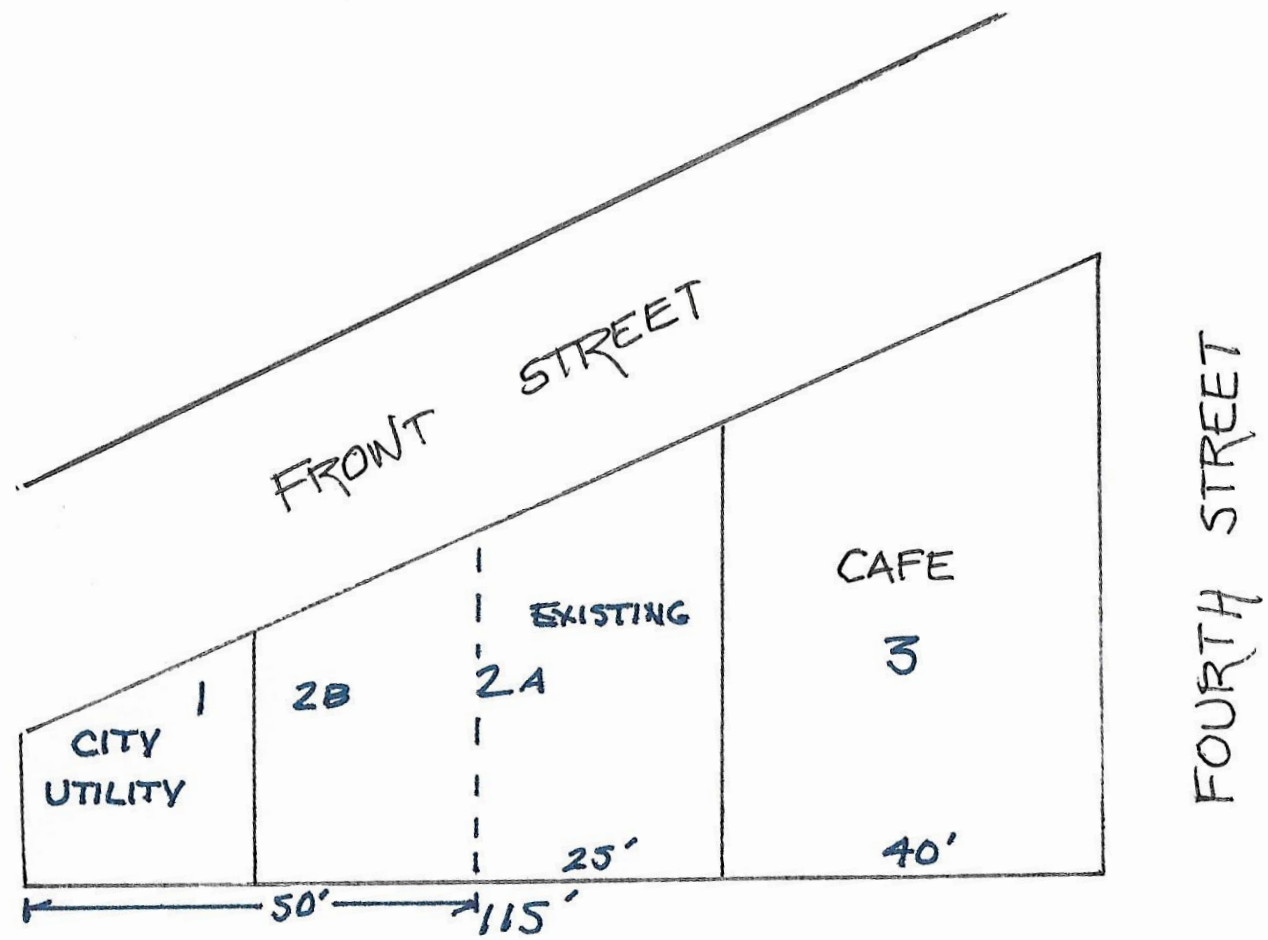
Att. B shows Block 27 as a approved purchase could/would allow.

ATTACHMENT A



2101

ATTACHMENT B



CRAIG KLAWOCK HIGHWAY

Sponsor: Councilwoman Jan Trojan

**CITY OF CRAIG
RESOLUTION 19-10**

**SUPPORTING MANAGEMENT OF ROADSIDE VEGETATION WITHOUT
THE USE OF HERBICIDES, PESTICIDES, OR SPRAY DEFOLIANTS**

WHEREAS, the use of herbicides along Alaska's roads and highways is a subject of great concern among the residents of Southeast Alaska; and,

WHEREAS, Public and private lands and waterways adjacent to Alaska's roadways allow access to fish, wildlife, berries and many other naturally occurring resources that provide food, economic, lifestyle and cultural benefits to many Alaskans; and,

WHEREAS, use of herbicides, pesticides and other spray defoliants threaten the efforts of the Alaska Seafood Marketing Institute and commercial fishing groups that successfully promote the wild and natural condition Alaska seafood due to risks of run off of pesticide and herbicides from treated roadsides into adjacent salmon streams; and,

WHEREAS, the City of Craig city applauds efforts to eradicate invasive plants on Prince of Wales Island and believes that mechanical means of eradication are the best first choice in addressing invasive plant species.

NOW, THEREFORE, BE IT THEREFORE RESOLVED, that the Craig City Council calls for private, state, and federal agencies with land management authority on Prince of Wales Island to implement mechanical means first and foremost to address invasive species and other flora that are problematic to ecosystems and maintaining roads.

BE IT FURTHER RESOLVED, that the City of Craig requests private, state, and federal land managers first hold public hearings prior to any effort to apply chemical treatments to flora on Prince of Wales Island.

APPROVED this 4th day of June, 2019

MAYOR TIM O'CONNOR

ATTEST _____
KASSI MACKIE, CITY CLERK

**CITY OF CRAIG
RESOLUTION 13-20**

**SUPPORTING MANAGEMENT OF ROADSIDE VEGETATION WITHOUT
THE USE OF HERBICIDES, PESTICIDES, OR SPRAY DEFOLIANTS**

WHEREAS, the Southeast Conference of Mayor's was formed to provide Southeast Alaskan communities with a unified voice when addressing issues that impact this region and the state; and,

WHEREAS, the use of herbicides by the Alaska Department of Transportation along Alaska's roads and highways is a subject of great concern among the residents of Southeast Alaska; and,

WHEREAS, Public and private lands and waterways adjacent to Alaska's roadways allow access to fish, wildlife, berries and many other naturally occurring resources that provide food, economic, lifestyle and cultural benefits to many Alaskans; and,

WHEREAS, Regulations developed by the Alaska Department of Environmental Conservation and the Alaska Department of Transportation, effective March 7, 2013, do not provide for sufficient public comment on the use of herbicides along Alaska's roadways and public lands; and,

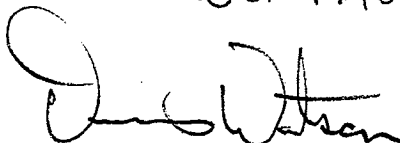
WHEREAS, the regulations allow a ban on public comments in many unjustified circumstances, such as spraying on stream banks that can then leach toxins into fishing streams and lakes; spraying uphill of groundwater and residential or other water well supplies; spraying in areas the state doesn't realize children frequent, even if it is just children of one or a few families; and,

WHEREAS, use of the State of Alaska's use of herbicides, pesticides and other spray defoliants threaten the efforts of the Alaska Seafood Marketing Institute and commercial fishing groups that successfully promote the wild and natural condition Alaska seafood due to risks of runoff of pesticide and herbicides from treated roadsides into adjacent salmon streams.

NOW, THEREFORE, BE IT THEREFORE RESOLVED, that the Southeast Conference of Mayors requests that the regulations covering the use of herbicides along Alaska roadways be amended to provide for public comment

BE IT FURTHER RESOLVED, that the Southeast Conference of Mayors requests that the Alaska Department of Transportation and the Alaska Department of Environmental Conservation meet with representatives from Southeast communities to discuss the impacts of the use of herbicides along the region's roadways.

APPROVED Oct. 17, 2013

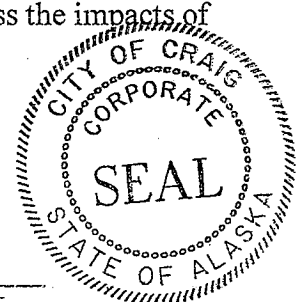


MAYOR DENNIS WATSON

ATTEST



KASSI KNOCK, CITY CLERK



**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: May 30, 2019
RE: Resolution 19-10

Attached you will find Resolution 19-10. The resolution advocates for mechanical removal of noxious plants from POW, as opposed to spraying pesticides to control the spread of targeted flora.

The resolution supports prior statements by the city regarding control of invasive and other plants, including City of Craig Resolution 13-20 (copy attached).

Councilwoman Jan Trojan has sponsored the resolution and can speak to its merits.

If the resolution is approved, staff will forward it to entities with land management authorities on Prince of Wales Island.

Recommendation

That the council move to adopt the resolution, and follow with a discussion of this policy matter prior to voting.

**CITY OF CRAIG
MEMORANDUM**

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: May 29, 2019
RE: Harbor Development – Craig Cannery Site

This memo is for information only and no action is necessary at this time.

As the council is aware we are working toward design and construction of a new harbor at the Craig Cannery Site. We are currently working with a number of existing and potential funding agencies to complete parts of the design and construction projects. This memo is to briefly outline where we are with the different parts of the project and advise the council on funding needs to move forward.

Design and Engineering. Design and engineering needs to be completed for the harbor general navigation features (GNF) (breakwaters), harbor local support facilities (LSF) (floats, piers, upland harbor support facilities, etc.), and the general upland improvements (roads, utilities, etc.)

General Navigation Improvements. We are working with the US Army Corps of Engineers (USACE) for final design of the breakwaters and harbor basin. This design project is estimated to cost approximately \$870,000. The cost of the project will be shared between the USACE (90%) and the city (10%) with some of the funds repaid to the USACE by the city over 30 years (10%). The USACE has some federal funding in hand (\$235,000) and we have secured approval for reprogramming of the remainder of the funds from other completed Alaska projects (\$550,000). The USACE tells us that this will provide all of the federal funding needed for the general navigation design. The city has already forwarded \$65,000 to the USACE from a previous state grant as part of the cost share. The city will likely need to provide an additional \$15,000 - \$20,000 in local funds to complete this design. The additional city funding will likely be needed toward the end of the current fiscal year or beginning of next fiscal year. Cost/funding for the GNF design breaks down as follows:

Total GNF Design: \$870,000 (approximate)	
Current USACE Funding:	\$235,000
Additional USACE Funding secured:	\$550,000
Current obligated city funding:	\$ 65,000
Additional city funding required:	\$ 20,000

Local Support Facilities. None of the cost of designing LSF will be paid by the USACE. We will not know the exact cost of this design but based on standard percentage of construction costs we will need about \$315,000 for the in-water design and an additional \$100,000 - \$150,000 for design of roads and utilities on the uplands associated with the harbor. In 2017 we applied for a Community Development Block Grant for \$315,000 to complete the in-water design. We scored very well but did not get the grant. We were the first non-selected project

on the list. Staff intends to submit a new grant application during the current design and upland design. The total grant request will be about \$325,000. In order for the grant application to be competitive the city should be prepared to provide at least 25% match, which would be about \$100,000 in funding. If approved we will sign a grant agreement in April/May 2020. Local funding will be needed at the end of the current fiscal year or the beginning of the next fiscal year. If the grant is not approved then the city may have to provide additional funding for this design. Cost/funding for LSF design breaks down as follows:

Total LSF Design: \$400,000 (approximate)	
Current city funding:	\$0
CDBG Funding (if approved)	\$325,000
Proposed FY20 city funding:	\$100,000

Construction. At the end of the design phase both the USACE and the city will move to construction if funds have been made available. Funding breakdown (including sources) is as follows for construction of the GNF, LSF, and upland features that support the harbor (this cost does not include renovation of existing buildings or construction of new buildings):

Total Construction Cost: \$40,300,000 (2015 estimate)	
USACE (federal) Cost Share:	\$27,800,000
Non-Federal Share (state legislative grant)	\$10,500,000
US Economic Development Administration	\$ 2,000,000

Staff will continue to work with federal and state legislators to make construction funding available when needed.

Project Timeline:

Task	Oct '19	Nov '19	Dec '19	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Jul '21	Jan '22	Jul '22
Sign cost share agreement with USACE	█																		
USACE at 35% design (approx)					█														
Provide additional city funds to USACE for GNF Design								█	█	█									
USACE GNF Design		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█			
Submit CDBG Application for LSF Design		█																	
Sign CDBG Award OR Secure Local Funding for LSF Design							█	█											
A/E Contracted LSF Design									█	█	█	█	█	█	█	█			
Submit EDA Pre-Application (construction)	█																		
Submit EDA Full Application (construction)							█												
GNF Construction																█	█	█	
LSF Construction																	█	█	█

Conclusion. As the council is aware, the project is large, complex, and costly but has great potential for Craig's future. Over the next eight months the council should take some opportunities to talk about how to ensure that enough funding is in place to keep the project moving forward. Specifically, the council should keep the following milestones/tasks in mind:

1. USACE funding match. The city will be expected to match 10% of the cost of the USACE design work on the general navigation features. The total city share is likely to be about \$85,000. We have already provided the USACE with \$65,000 toward our share of the cost and we may be able to reduce the cash contribution some if there is need for in-kind contributions to help the USACE with their work. The \$65,000 currently funded to the USACE should be enough to match the majority of the work and the remaining funds will likely need to be ready sometime between May and July 2020. **The council will need to consider either a \$20,000 supplemental budget item for the fiscal year starting July 1, 2019 or adding the cost into the budget for the fiscal year starting July 1, 2020.**
2. Local Support Facilities Design Funding. As noted above, staff will be applying for a CDBG grant later this year (November) for the majority of the design money for the harbor design (floats, piers, upland support, utilities, etc.). If the CDBG grant approved and awarded (April – May 2020) the city will need to provide about \$100,000 match to the grant. If the grant is not awarded the city should consider using other funds to fund the entirety of the design, about \$425,000 total. **We should know in April 2020 if we will be awarded a CDBG grant and either the match (\$100,000), or the full design cost (\$425,000) should be considered in the budget for the fiscal year starting July 1, 2020.**
3. Construction funding. Staff will continue to work with the federal delegation to secure the USACE federal funding, the Alaska legislature to secure a portion of the non-federal construction funding, and the Economic Development Administration to secure additional construction funding over the next 18 - 24 months. **Staff will likely need the council to occasionally adopt resolutions or letters of support throughout this process.**
4. Additional potential funding items. There is a great deal of conversation going on currently with the planning commission and harbor advisory committee regarding the potential harbor design and recommendations about development of the upland. The council or staff may ask for additional studies, surveys, or assessments (i.e. building assessments, site condition assessments, conceptual drawings, etc.) based on input from the planning commission and harbor committee. **If the council determines that these additional assessments or drawings are necessary moving forward, then the council will need to consider appropriating the funding for them.** The planning commission and harbor committee should be prepared to make recommendations on harbor and upland design/development by the end of this year.

May 30, 2019

To: City Mayor and City Council

From: Joyce Mason

Our auditor, Christine Harrington has completed the fiscal year 2018 financial audit. I have included a copy of the audit for your review.

The city had no reportable issues this year as to the financial reporting or the city operations. The best section and the easiest to understand, is the Management Discussion and Analysis section. This section summaries the activity for the year.

If you have any questions as you review the audit please contact me.

Recommendation: A motion to accept the City of Craig fiscal year 2018 audit as presented by Christine Harrington, CPA.

CITY OF CRAIG, ALASKA
BASIC FINANCIAL STATEMENTS

For the fiscal year ended

June 30, 2018

Prepared by:

Department of Finance

CITY OF CRAIG, ALASKA
BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018
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BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018
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FINANCIAL SECTION

CHRISTINE E. HARRINGTON

Certified Public Accountant, LLC

329 Harbor Drive, Suite 210, P.O. Box 1328 Sitka, Alaska 99835 (907) 747-5500

INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Craig, Alaska

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Craig, 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 Craig, Alaska'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 judgement, including the assessment of the risk 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Craig, 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 6 in the financial statements, in 2018 the City of Craig, Alaska adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. My 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 management's discussion and analysis on pages 6 -16, the budgetary comparison on page 58, and the Schedules of Net Pension Liability, Net OPEB Liability and Pension and OPEB Contributions on pages 59 - 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Craig, Alaska's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

Other Reporting Required by Government Auditing Standards

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

Christine E. Harrington

Sitka, Alaska
May 24, 2019

CITY OF CRAIG, ALASKA

Management's Discussion and Analysis June 30, 2018

As management of the City of Craig, we offer readers of the City of Craig's financial statements this narrative overview and analysis of the financial activities of the City of Craig for the fiscal year ended June 30, 2018.

Financial Highlights

- The assets and deferred outflows of the City of Craig exceeded its liabilities at the close of the most recent fiscal year by \$60,131,588. Of this amount, \$12,806,670 (*unrestricted*) may be used to meet the government's ongoing obligations to residents and creditors.
- The government's total net position decreased by \$2,082,713. Governmental type activities decreased by \$1,416,774 and business type activities decreased by \$665,939.
- As of the close of the current fiscal year, the City of Craig's governmental funds reported combined ending fund balances of \$16,704,114 an increase of \$804,666 in comparison with the prior year. Approximately 19% of this amount (\$3,178,267) is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,178,267 or approximately 94% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Craig's basic financial statements. The City of Craig's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

- *Government-wide financial statements* provide both short-term and long-term information about the City's overall financial condition in a summary format.
- *Fund financial statements* focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Craig's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City of Craig's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases

or decreases in net position may serve as a useful indicator of whether the financial position of the City of Craig is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of Craig that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Craig include general government, public safety, streets, public parks and facilities, planning and zoning, library, recreation and aquatic center, voluntary fire and emergency medical services. The business-type activities of the City of Craig include utilities, leased lots and ice house at JT Brown Industrial Park, and harbors.

The government-wide financial statements include not only the City of Craig itself (known as the *primary government*), but also a legally separate school district for which the City of Craig is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18 through 20 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Craig, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Craig can be divided into three categories: governmental funds, proprietary funds, and special revenue funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources; as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund

balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Craig maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the endowment fund and the national forest receipts fund, all of which are considered to be major funds. Data from other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements immediately following the notes to the basic financial statements.

The City of Craig adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21 through 24 of this report.

Proprietary funds. The City of Craig uses an enterprise fund to report the same functions presented as business-type activities in the government-wide financial statements. The City of Craig uses an enterprise fund to account for its sewer, water, garbage, leased lots at JT Brown Industrial Park, icehouse, and docks and harbors.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund departments are combined into a single, aggregated presentation. Individual fund data for each of these enterprise fund departments is provided in the form of a combining statement elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25 through 29 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 56 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and enterprise funds are presented following the notes to the financial statements. Combining statements and schedules can be found on page 66 through 71 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Craig, assets and deferred outflows exceeded liabilities by \$60,131,588 at the close of the most recent fiscal year. Net position decreased by \$815,399 from 2017 to 2018.

The following table provides a summary of the City's net assets:

City of Craig Net Position June 30, 2018

Assets	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current & other assets	\$ 18,955,344	\$ 19,250,853	\$ 4,225,565	\$ 128,331	\$ 19,379,184	\$ 19,379,184
Capital assets	27,305,860	28,225,997	17,868,213	22,552,210	45,174,073	50,778,207
Total assets	46,261,204	47,476,850	22,093,778	22,680,541	68,354,982	70,157,391
Deferred outflows of resources	276,801	477,925	77,315	156,491	354,116	634,416
Total Assets and Deferred Outflows	46,538,005	47,954,775	22,171,093	22,837,032	68,709,098	70,791,807
Liabilities						
Long-term liabilities	\$ 1,734,296	\$ 4,534,445	\$ 386,296	\$ 1,338,276	\$ 2,120,592	\$ 5,872,721
Other liabilities	4,962,596	3,110,159	1,046,792	184,825	6,009,388	3,294,984
Total liabilities	6,696,892	7,644,604	1,433,088	1,523,101	8,129,980	9,167,705
Deferred Inflows	341,219	30,085	106,311	46,259	447,530	
Total Liabilities and Deferred Inflows	7,038,111	7,674,689	1,539,399	1,569,360	8,577,510	9,167,705
Net Position						
Net Invested in capital assets,	25,496,292	26,657,679	21,823,110	22,952,210	47,319,402	49,609,889
Restricted	5,516	5,512			5,516	5,512
Unrestricted	13,998,086	13,616,895	(1,191,416)	(1,648,307)	12,806,670	11,968,588
Total Net Position	\$ 39,499,894	\$ 40,280,086	\$ 20,631,694	\$ 21,303,903	\$ 60,131,588	\$ 61,583,989

By far the largest portion of the City of Craig's net position (79 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Craig uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Craig's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Craig's net position (18 percent) represents the City's endowment funds, which have been committed for certain uses by City Council ordinance. The remaining balance of unrestricted net assets (\$1,803,948) may be used to meet the government's ongoing obligations to residents and creditors.

At the end of the current fiscal year, the City of Craig is able to report positive balances in all of the categories of net position for the governmental activities. While business-type activities are designed to generate revenue to offset most or all of the direct operating costs, some departments may not fully recover the costs of operations. The general fund will cover budget shortfalls for departments when necessary. The combining statement for the departments within the enterprise fund, which follow the notes to the financial statements, provide more detail for individual business-type activities.

Governmental Activities.

During fiscal year 2018, the City of Craig's net position decreased by \$300,646 for governmental activities. Highlights of governmental activities net position changes are as follows:

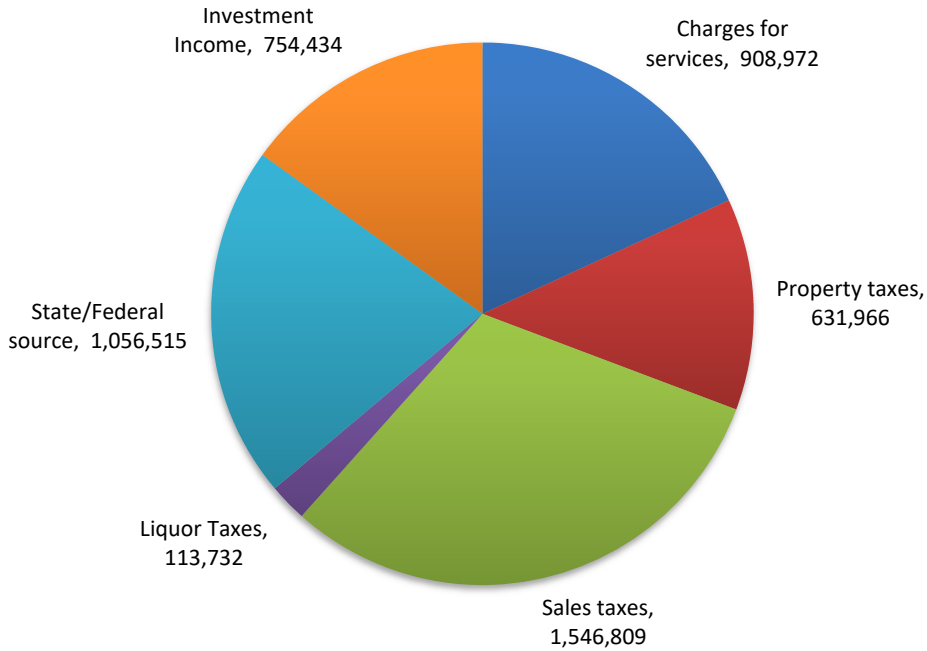
- Revenues for the City's governmental activities decreased 55% due to less grant funds and 2017 one-time city property sales.
- The sales tax revenue increased by 2.0%.
- The restricted Endowment fund recorded \$721,588 increase in revenue as the equity investments had a positive trend in the markets.
- The governmental expenditures decreased by 15% (\$885,976). Non capital expenditures decreased \$911,567.
- The capital outlay for the governmental funds was the purchase of vehicles. The reduction in the capital assets is due to depreciation.

City of Craig
Changes in Net Position
For the year ended June 30, 2018

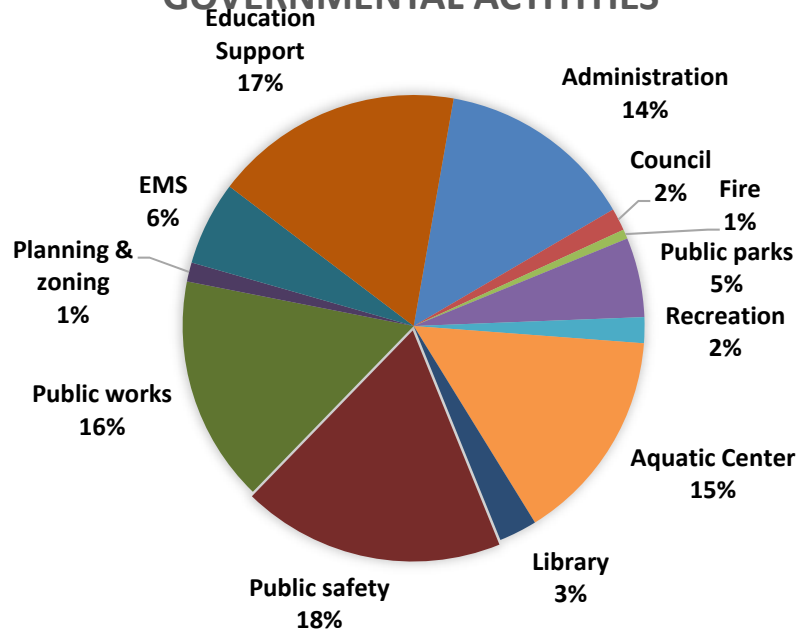
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for services	908,972	1,441,486	\$ 1,612,408	\$ 1,517,608	\$ 2,521,380	2,959,094
Property taxes	631,966	619,765			631,966	619,765
Sales taxes	1,546,809	1,577,131			1,546,809	1,577,131
Liquor Taxes	113,732	114,397			113,732	114,397
State/Federal source	1,056,515	2,350,446	17,911	66,498	1,074,426	2,416,944
Investment Income	754,434	888,182	25	12	754,459	888,194
Other	-	-			-	-
Total Revenue	5,012,428	6,991,407	1,630,344	1,584,118	6,642,772	8,575,525
Expenses						
Administration	715,661	885,668			715,661	885,668
Council	81,272	143,803			81,272	143,803
Fire	34,285	41,141			34,285	41,141
Public parks	288,494	286,009			288,494	286,009
Recreation	93,895	99,381			93,895	99,381
Aquatic Center	777,423	726,181			777,423	726,181
Library	138,640	169,750			138,640	169,750
Public safety	952,983	1,287,595			952,983	1,287,595
Public works	820,817	916,830			820,817	916,830
Planning & zoning	69,195	151,757			69,195	151,757
EMS	305,137	335,917			305,137	335,917
Education Support	905,046	1,024,792			905,046	1,024,792
Sewer			445,846	486,798	445,846	486,798
Water			652,084	741,597	652,084	741,597
Garbage			303,432	323,394	303,432	323,394
JT Brown Industrial Park/Icehouse			453,474	455,122	453,474	455,122
Harbor			402,466	410,037	402,466	410,037
Cannery			18,021	17,035	18,021	17,035
Total Expenses	5,182,848	6,068,824	2,275,323	2,433,983	7,458,171	8,502,807
Increase in net position before transfers	(170,420)	922,583	(644,979)	(849,865)	(815,399)	72,718
Transfers	(130,226)		130,226		-	-
Increase (decrease) in net position	(300,646)	922,583	(514,753)	(849,865)	(815,399)	72,718
Net position, July 1, 2017, as restated	39,800,540	38,877,957	21,146,447	21,996,312	60,946,987	60,874,269
Net position, June 30, 2018	\$ 39,499,894	\$ 39,800,540	\$ 20,631,694	\$ 21,146,447	\$ 60,131,588	\$ 60,946,987

Expenses and Program Revenues - Governmental Activities

Revenue by Source - Governmental Activities



EXPENDITURES BY DEPARTMENT - GOVERNMENTAL ACTIVITIES

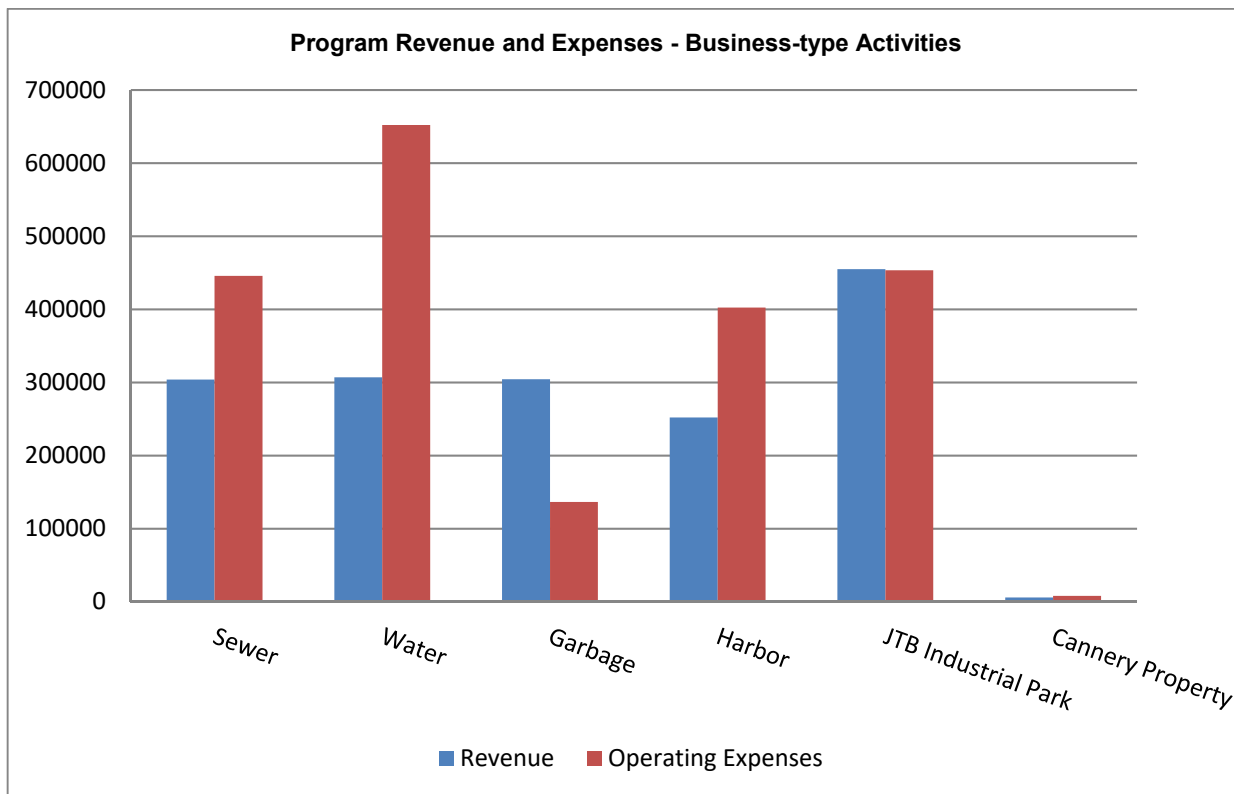


Business-type activities

Business-type activities decreased the City of Craig net position by \$514,753. Key elements of this decrease are as follows.

- Revenue remained constant with 2018
- Expenses for business-type activities decreased in 2018 due less on demand repairs and maintenance to assets.
- Depreciation is a non-cash expense that is recorded to reflect the approximate devaluation of property and equipment over time. The concept is designed to match the cost of assets more accurately with the revenues that are generated by the assets. Most of the City’s main capital improvement projects have been and will continue to be funded through grant projects. Readers can expect that the business-type activities do not generate enough revenue to offset the non-cash expense of depreciation.
- In order to replace capital assets in the future, the City Council and management intend to seek external funding for large capital projects. The City Council authorized any surplus funds to be put aside in a reserve fund for future projects.

The following graph shows the comparison of the revenues to expenses of the business-type activities.



Financial Analysis of the Government's Funds

As noted earlier, the City of Craig uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Craig's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Craig's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The primary sources of revenue for the governmental funds are:

Property Tax	\$ 631,966
Sales Tax	1,660,541
General services	908,972

Property taxes and sales taxes support general fund operations. Property and sales taxes are also available to support school funding. Twenty percent of sales tax is used to operate the Craig Aquatic Center and Recreation Department. In recent history, National Forest Receipts funding has provided full-funding for local school support.

Proprietary (Enterprise) Funds. Enterprise funds for the City of Craig are the same as the business-type activities. Detailed fund statements are provided following the notes to the financial statements.

General Fund Budgetary Highlights

The City of Craig's budget was amended with a supplemental budget in June 2018. The governmental fund expenditures were increased \$161,006 due to health insurance premiums and fleet maintenance. The enterprise fund expenses were increased \$77,537 due to increased Wastewater plant repairs and harbor repairs. Revenue for the enterprise fund increased \$139,618 due to wastewater fees and harbor services.

Capital Asset and Debt Administration

City of Craig Net Capital Assets

As of June 30, 2018

	Governmental Funds		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 90,864	\$ 90,864	\$ 3,954,898	\$ 3,954,898	\$ 4,045,762	\$ 4,045,762
Buildings	31,206,787	31,206,787	7,701,393	7,649,488	38,908,180	38,856,275
Equipment	2,237,454	2,211,863	1,138,464	1,159,415	3,375,918	3,371,278
Infrastructure	7,143,562	7,143,562				
Harbors			4,008,333	4,009,226	4,008,333	4,009,226
Water/Sewer Sys			18,841,146	18,861,218	18,841,146	18,861,218
Sewer plant			4,246,636	4,187,737	4,246,636	4,187,737
Construction in Progress	220,650	220,650	400,000	399,999	620,650	620,649
Total Assets	40,899,317	40,873,726	40,290,870	40,221,981	74,046,625	81,095,707
<i>Accumulated depreciation</i>	(13,593,457)	(12,336,211)	(18,067,760)	(17,269,771)	(31,661,217)	(29,605,982)
Net Capital Assets	\$ 27,305,860	\$ 28,537,515	\$ 22,223,110	\$ 22,952,210	\$ 42,385,408	\$ 51,489,725

Additional information on the City of Craig's capital assets is found in Note 3.C of the notes to the financial statements starting on page 39 of this report.

Long-term debt.

Bonds. In March, 2016 the City of Craig issued General Obligation Bond for \$1,810,000 with a premium of \$205,368. At the end of the current fiscal year, the City of Craig had total bonded debt outstanding of \$1,635,000 backed by the full faith and credit of the government.

Notes Payable. In 1999, the City borrowed funds from the State of Alaska to upgrade the wastewater plant. The City owes \$117,347 on two notes, which are due in fiscal year 2020. The City makes one annual payment to the State on those notes. In May 2005, the State implemented an interest rate reduction approved by the legislature; these loans now carry an interest rate of 1.5%. The City has two loans (\$113,900, \$233,274) with Alaska Department of Water for water line improvements which is due in 2031 and 2033, respectively. Additional information on the City of Craig's long-term debt is found in note 3.E starting on page 42 of this report.

Economic Factors and Rates for Next Fiscal Year

The major fish processing plant only processed fish the summer of 2018 for a short time, which will affect the business fish tax.

Online sales will be taxed, but estimates are unavailable.

The health insurance has increased 14%.

Infrastructure will need additional repairs such as the water plant and parks

The inflation rate has increased from 1% to 4% for Alaska.

These factors were taken into account when adopting the FY 2019 governmental budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Craig's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 500 Third Street, PO Box 725, Craig, Alaska 99921.

BASIC FINANCIAL STATEMENTS

CITY OF CRAIG, ALASKA

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Craig City School District
ASSETS				
Cash and investments	\$ 2,212,297	\$ 27,962	\$ 2,240,259	\$ 3,011,603
Receivables (net of allowance for uncollectibles)	488,729	156,758	645,487	500,874
Internal balances	314,052	(314,052)	-	-
Prepaid items	5,013	-	5,013	107,885
Inventories	-	-	-	37,698
Restricted assets:				
Temporarily restricted:				
Cash and investments	15,893,653	-	15,893,653	-
Federal and State of Alaska receivables	14,910	-	14,910	-
Interest receivable	26,690	-	26,690	-
Capital assets not being depreciated	311,514	4,354,898	4,666,412	-
Other capital assets, net of accumulated depreciation	26,994,346	17,868,212	44,862,558	351,440
Total assets	46,261,204	22,093,778	68,354,982	4,009,500
DEFERRED OUTFLOWS				
Deferred outflows related to pension	218,025	64,725	282,750	386,717
Deferred outflows related to OPEB	58,776	12,590	71,366	110,039
Total deferred outflows	276,801	77,315	354,116	496,756
Total assets and deferred outflows	\$ 46,538,005	\$ 22,171,093	\$ 68,709,098	\$ 4,506,256
LIABILITIES				
Accounts payable and other current liabilities	\$ 287,150	\$ 120,026	\$ 407,176	\$ 271,138
Unearned revenue	12,587	-	12,587	154,976
Liabilities payable from restricted assets	1,951,497	-	1,951,497	-
Noncurrent liabilities:				
Due within one year				
Bonds and notes payable, including unamortized premium	75,268	78,225	153,493	-
Due in more than one year				
Bonds and notes payable, including unamortized premium	1,734,296	386,296	2,120,592	-
Net pension obligation	2,271,911	730,824	3,002,735	3,855,231
Net OPEB obligation	364,183	117,717	481,900	444,117
Total liabilities	6,696,892	1,433,088	8,129,980	4,725,462
DEFERRED INFLOWS				
Deferred inflows related to pension	169,383	53,490	222,873	458,877
Deferred inflows related to OPEB	171,836	52,821	224,657	287,975
Total deferred inflows	341,219	106,311	447,530	746,852
NET POSITION				
Invested in capital assets, net of related debt	25,496,292	21,823,110	47,319,402	351,440
Restricted for:				
Public safety	5,516	-	5,516	-
Unrestricted	13,998,086	(1,191,416)	12,806,670	(1,317,498)
Total net position	39,499,894	20,631,694	60,131,588	(966,058)
Total liabilities, deferred inflows and net position	\$ 46,538,005	\$ 22,171,093	\$ 68,709,098	\$ 4,506,256

CITY OF CRAIG, ALASKA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Government activities:				
Administration	\$ 715,661	\$ 98,738	\$ 24,608	\$ -
Council	81,272	-	973	-
Fire	34,285	-	10,000	-
Parks and Recreation	1,159,812	115,746	9,125	-
Library	138,640	1,282	12,725	-
Police	952,983	428,742	21,218	-
Public Works	820,817	92,900	6,102	-
Planning	69,195	11,770	39,963	-
Medical Services	305,137	159,794	2,483	-
Support	905,046	-	488,643	-
Total governmental activities	<u>5,182,848</u>	<u>908,972</u>	<u>615,840</u>	<u>-</u>
Business-type activities:				
Sewer	445,846	300,055	3,805	-
Water	652,084	300,488	6,612	-
Garbage	303,432	302,508	1,784	-
Harbor	402,466	247,626	4,492	-
Marine Industrial Park	453,474	453,626	1,218	-
Cannery Property	18,021	8,105	-	-
Total business type activities	<u>2,275,323</u>	<u>1,612,408</u>	<u>17,911</u>	<u>-</u>
Total primary government	<u>\$ 7,458,171</u>	<u>\$ 2,521,380</u>	<u>\$ 633,751</u>	<u>\$ -</u>
Component Units:				
Craig City School District	<u>\$ 8,126,343</u>	<u>\$ 33,841</u>	<u>\$ 1,554,530</u>	<u>\$ 143,130</u>
Total component units	<u>\$ 8,126,343</u>	<u>\$ 33,841</u>	<u>\$ 1,554,530</u>	<u>\$ 143,130</u>

General revenues:
Property taxes
Sales and other taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Other

Total general revenues and transfers

Change in net position

Net position - beginning -restated

Net position - end

Net (Expenses) Revenues and
Changes in Net Assets

Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	Craig City School District
\$ (592,315)	\$ -	\$ (592,315)	-
(80,299)	-	(80,299)	-
(24,285)	-	(24,285)	-
(1,034,941)	-	(1,034,941)	-
(124,633)	-	(124,633)	-
(503,023)	-	(503,023)	-
(721,815)	-	(721,815)	-
(17,462)	-	(17,462)	-
(142,860)	-	(142,860)	-
(416,403)	-	(416,403)	-
(3,658,036)	-	(3,658,036)	-
-	(141,986)	(141,986)	-
-	(344,984)	(344,984)	-
-	860	860	-
-	(150,348)	(150,348)	-
-	1,370	1,370	-
-	(9,916)	(9,916)	-
-	(645,004)	(645,004)	-
(3,658,036)	(645,004)	(4,303,040)	-
			(6,394,842)
			(6,394,842)
631,966	-	631,966	-
1,660,541	-	1,660,541	-
440,675	-	440,675	6,341,037
754,434	25	754,459	3,394
(130,226)	130,226	-	235,608
3,357,390	130,251	3,487,641	6,580,039
(300,646)	(514,753)	(815,399)	185,197
39,800,540	21,146,447	60,946,987	(1,151,255)
\$ 39,499,894	\$ 20,631,694	\$ 60,131,588	\$ (966,058)

CITY OF CRAIG, ALASKA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	<u>General</u>	<u>Endowment</u>	<u>National Forest Receipts</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Equity in central treasury	\$ 2,212,297	\$ -	\$ -	\$ -	\$ 2,212,297
Receivables:					
Customer	127,196	-	-	-	127,196
Taxes	383,823	-	-	-	383,823
Less allowance for doubtful accounts	(22,290)	-	-	-	(22,290)
Due from other funds	776,975	-	-	-	776,975
Prepaid items	5,013	-	-	-	5,013
Restricted assets:					
Equity in central treasury	-	-	446,574	21,989	468,563
Cash and cash equivalents	-	527,260	3,098,141	1,793,048	5,418,449
Investments	-	10,006,641	-	-	10,006,641
State of Alaska and Federal government receivables	-	-	-	14,910	14,910
Interest receivable	-	18,534	8,156	-	26,690
Total assets	<u>\$ 3,483,014</u>	<u>\$ 10,552,435</u>	<u>\$ 3,552,871</u>	<u>\$ 1,829,947</u>	<u>\$ 19,418,267</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 128,338	\$ -	\$ -	\$ -	\$ 128,338
Accrued payroll and related	80,615	-	-	-	80,615
Accrued leave	78,193	-	-	-	78,193
Deferred revenue	12,587	-	-	-	12,587
Liabilities payable from restricted assets:					
Accounts payable	-	2,517	-	-	2,517
Deferred revenue	-	-	1,941,480	7,500	1,948,980
Due to other funds	-	897	-	462,026	462,923
Total liabilities	<u>299,733</u>	<u>3,414</u>	<u>1,941,480</u>	<u>469,526</u>	<u>2,714,153</u>
Fund balances:					
Nonspendable	5,013	-	-	-	5,013
Restricted	-	-	1,611,391	5,516	1,616,907
Committed	-	10,549,021	-	1,354,905	11,903,926
Unassigned	3,178,268	-	-	-	3,178,268
Total fund balances	<u>3,183,281</u>	<u>10,549,021</u>	<u>1,611,391</u>	<u>1,360,421</u>	<u>16,704,114</u>
Total liabilities and fund balances	<u>\$ 3,483,014</u>	<u>\$ 10,552,435</u>	<u>\$ 3,552,871</u>	<u>\$ 1,829,947</u>	<u>\$ 19,418,267</u>

CITY OF CRAIG, ALASKA

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

YEAR ENDED JUNE 30, 2018

Total fund balances of governmental funds \$ 16,704,114

Total net assets reported for the governmental activities
in the Statement of Net Assets 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 the following

Land	\$	90,864
Buildings		31,206,787
Equipment		2,237,454
Infrastructure		7,143,562
Construction in progress		220,650
		40,899,317
Accumulated depreciation		(13,593,457)

Total capital assets, net 27,305,860

Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. Long-term liabilities reported in these statements are:

Long-term debt		(1,635,000)
Unamortized bond premiums		(174,564)
Net pension and OPEB liabilities		(2,636,094)

Total long-term liabilities (4,445,658)

Certain changes in net pension liabilities and net OPEB liabilities are deferred rather than recognized immediately. These items are amortized over time.

Deferred outflows related to pensions		218,021
Deferred inflows related to pensions		(169,383)
Deferred outflows related to OPEB		58,776
Deferred inflows related to OPEB		(171,836)

Total deferred pension & OPEB items (64,422)

Total net position of governmental funds \$ 39,499,894

CITY OF CRAIG, ALASKA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Endowment</u>	<u>National Forest Receipts</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Real and personal	\$ 631,966	\$ -	\$ -	\$ -	\$ 631,966
Sales and bed	1,546,809	-	-	-	1,546,809
Liquor	113,732	-	-	-	113,732
State sources	213,525	-	-	23,988	237,513
Federal sources	297,940	-	488,643	22,724	809,307
Charges for services	598,194	-	-	-	598,194
Fines, forfeitures and penalties	14,247	-	-	-	14,247
Investment income	3,862	721,588	28,127	857	754,434
Uses of property	67,774	-	-	-	67,774
Licenses and permits	92,782	-	-	-	92,782
Other	8,138	-	-	132,547	140,685
Total revenue	<u>3,588,969</u>	<u>721,588</u>	<u>516,770</u>	<u>180,116</u>	<u>5,007,443</u>
EXPENDITURES					
Current:					
Administration	686,507	35,694	-	-	722,201
Council	82,249	-	-	-	82,249
Planning	72,112	-	-	900	73,012
Parks and facilities	288,494	-	-	-	288,494
Public works	301,897	-	28,372	-	330,269
Police	910,907	-	-	37,410	948,317
Emergency medical services	213,852	-	-	-	213,852
Fire	19,191	-	-	-	19,191
Library	124,380	-	-	11,107	135,487
Recreation	93,895	-	-	-	93,895
Aquatic facilities	376,915	-	-	-	376,915
Hatchery	57,210	-	-	17,657	74,867
Support	-	-	553,823	-	553,823
Debt service	134,388	-	-	-	134,388
Capital outlay	25,591	-	-	-	25,591
Total expenditures	<u>3,387,588</u>	<u>35,694</u>	<u>582,195</u>	<u>67,074</u>	<u>4,072,551</u>
Excess (deficit) of revenues over (under) expenditures	201,381	685,894	(65,425)	113,042	934,892
OTHER FINANCING SOURCES (USES)					
Transfers in	416,780	-	127,158	409,510	953,448
Transfers out	(536,668)	(370,650)	-	(176,356)	(1,083,674)
Total other financing sources (uses)	<u>(119,888)</u>	<u>(370,650)</u>	<u>127,158</u>	<u>233,154</u>	<u>(130,226)</u>
Net change in fund balances	81,493	315,244	61,733	346,196	804,666
Fund balances, beginning of year	<u>3,101,788</u>	<u>10,233,777</u>	<u>1,549,658</u>	<u>1,014,225</u>	<u>15,899,448</u>
Fund balances, end of year	<u>\$ 3,183,281</u>	<u>\$ 10,549,021</u>	<u>\$ 1,611,391</u>	<u>\$ 1,360,421</u>	<u>\$ 16,704,114</u>

CITY OF CRAIG, ALASKA
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances -- total governmental funds	\$	804,666
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Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and should be reported as depreciation. This is the amount by which capital outlay exceeds depreciation in the current period.

Expenditures for capital outlay	\$ 25,591		
Less current year depreciation	<u>(1,257,246)</u>		(1,231,655)

The issuance of long-term debt (e.g., notes payable) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond and loan payments	60,000		
Amortization of bond premium	<u>10,268</u>		70,268

Changes in net pension liability, net OPEB liability and related accounts can increase or decrease net position. This is the net increase in equity due to changes in net pension liability, net OPEB liability, and the related deferred outflows and inflows

		<u>56,075</u>
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Change in net position of governmental activities	\$	<u><u>(300,646)</u></u>
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CITY OF CRAIG, ALASKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Enterprise Fund</u>	<u>Total Proprietary Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 27,962	\$ 27,962
Receivables:		
Accounts	<u>156,758</u>	<u>156,758</u>
Total current assets	<u>184,720</u>	<u>184,720</u>
Noncurrent assets:		
Capital assets:		
Property, plant and equipment	39,890,871	39,890,871
Less accumulated depreciation	<u>(18,067,761)</u>	<u>(18,067,761)</u>
	21,823,110	21,823,110
Construction work-in-progress	<u>400,000</u>	<u>400,000</u>
Total noncurrent assets	<u>22,223,110</u>	<u>22,223,110</u>
Total assets	<u>22,407,830</u>	<u>22,407,830</u>
Deferred outflows of resources		
Pension related	64,725	64,725
OPEB related	<u>12,590</u>	<u>12,590</u>
Total deferred outflows	<u>77,315</u>	<u>77,315</u>
Total assets and deferred outflows	<u>\$ 22,485,145</u>	<u>\$ 22,485,145</u>

CITY OF CRAIG, ALASKA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018
(continued)

	<u>Enterprise Fund</u>	<u>Total Proprietary Funds</u>
LIABILITIES		
Current liabilities:		
Due to other funds	\$ 314,052	\$ 314,052
Accounts payable and accrued liabilities	113,669	113,669
Interest payable	6,357	6,357
Current portion of:		
Long-term notes payable	<u>78,225</u>	<u>78,225</u>
Total current liabilities	512,303	512,303
Noncurrent liabilities:		
Notes payable, net of current portion	386,296	386,296
Net pension obligation	730,824	730,824
Net OPEB obligation	<u>117,717</u>	<u>117,717</u>
Total noncurrent liabilities	<u>1,234,837</u>	<u>1,234,837</u>
Total liabilities	1,747,140	1,747,140
Deferred inflows of resources		
Pension related	53,490	53,490
OPEB related	<u>52,821</u>	<u>52,821</u>
Total deferred inflows	<u>106,311</u>	<u>106,311</u>
NET POSITION		
Investment in capital assets, net of related debt	21,823,110	21,823,110
Unrestricted	<u>(1,191,416)</u>	<u>(1,191,416)</u>
Total net position	<u>20,631,694</u>	<u>20,631,694</u>
Total liabilities, deferred inflows and net position	<u>\$ 22,485,145</u>	<u>\$ 22,485,145</u>

CITY OF CRAIG, ALASKA

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Fund	Total Proprietary Funds
	<u> </u>	<u> </u>
Operating revenue:		
Charges for services	\$ 1,612,408	\$ 1,612,408
Operating expenses:		
Salaries and benefits	719,773	719,773
Insurance	50,522	50,522
Utilities	182,770	182,770
Contractual services	204,253	204,253
Repairs and maintenance	49,827	49,827
Materials and supplies	113,261	113,261
Travel and per diem	5,769	5,769
Small equipment	18,346	18,346
Other	34,491	34,491
Depreciation	886,771	886,771
	<u>2,265,783</u>	<u>2,265,783</u>
Total operating expenses		
Operating loss	(653,375)	(653,375)
Nonoperating revenues (expenses):		
Investment income	25	25
Interest expense	(9,540)	(9,540)
Noncapital grants	17,911	17,911
	<u>8,396</u>	<u>8,396</u>
Total nonoperating revenue (expenses)		
Income before contributions and transfers	(644,979)	(644,979)
Transfers in	<u>130,226</u>	<u>130,226</u>
Change in net position	(514,753)	(514,753)
Net position - beginning -restated	<u>21,146,447</u>	<u>21,146,447</u>
Total net assets - end	<u>\$ 20,631,694</u>	<u>\$ 20,631,694</u>

CITY OF CRAIG, ALASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Enterprise Fund</u>	<u>Total Proprietary Funds</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,597,481	\$ 1,597,481
Payments to suppliers	(642,012)	(642,012)
Payments to employees	<u>(715,247)</u>	<u>(715,247)</u>
Net cash provided by operating activities	<u>240,222</u>	<u>240,222</u>
Cash flows from noncapital financing activities:		
Repayments to the General Fund	(177,357)	(177,357)
Transfers from other funds	<u>130,226</u>	<u>130,226</u>
Net cash used by noncapital financing activities	<u>(47,131)</u>	<u>(47,131)</u>
Cash flows from capital and related financing activities:		
Capital expenditures	(157,671)	(157,671)
Interest paid	(8,173)	(8,173)
Repayment of notes payable	(77,260)	(77,260)
Government grants for construction	<u>50,000</u>	<u>50,000</u>
Net cash used by capital and related financing activities	<u>(193,104)</u>	<u>(193,104)</u>
Cash flows from investing activities:		
Interest received	<u>25</u>	<u>25</u>
Net cash provided by investing activities	<u>25</u>	<u>25</u>
Net increase in cash and cash equivalents	12	12
Cash and cash equivalents, beginning of the year	<u>27,950</u>	<u>27,950</u>
Cash and cash equivalents, end of year	<u>\$ 27,962</u>	<u>\$ 27,962</u>

CITY OF CRAIG, ALASKA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
(continued)

	Enterprise Fund	Total Proprietary Funds
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (653,375)	\$ (653,375)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	886,771	886,771
Noncapital grants	17,911	17,911
Changes in assets and liabilities		
Increase in accounts receivable	(15,913)	(15,913)
Decrease in inventory	946	946
Increase in accounts payable	11,094	11,094
Increase in OPEB liability	492	492
Decrease in pension liability	(7,704)	(7,704)
Total adjustments	893,597	893,597
Net cash provided by operating activities	\$ 240,222	\$ 240,222

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Craig, Alaska ("City") is a first-class city incorporated March 1, 1922. The City operates under a Council-Mayor form of government. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government. The City has no blended component units.

Discretely presented component units. The Craig City School District (District) is responsible for elementary and secondary education within the government's jurisdiction. The members of the District's governing board are elected by the voters. However, the District is fiscally dependent upon the City because the City's Council approves the District's budget. The City provides operating support from real and personal property tax assessments and other sources. The funds are used for the operation of the school system. Complete financial statements for the District may be obtained at the administrative office.

Craig City School District
P.O. Box 800
Craig, Alaska 99921

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of net position presents the financial condition of the governmental and business-types activities of the City at year-end. The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement Focus

The government-wide financial statements are reported using the *economic resources measurement focus*. All assets and all liabilities of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 1. - continued

Governmental fund financial statements are reported using the *current financial resources measurement focus*. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transaction" means expected to be received within sixty days of year-end.

Revenues - Non-exchange Transactions - Nonexchange transactions, in which the City receives value without directly, giving equal value, in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenues from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions also must be available (i.e., collected within sixty days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual, property taxes, sales taxes, interest and federal and state grants.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 1. - continued

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Financial Statement Presentation

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Endowment Fund was established with monies from the federal Southeast Alaska Disaster Fund and federal payments in lieu of entitlement lands. The principal and interest are being retained in the fund for future use.

The National Forest Receipts Fund accounts for Federal funds passed-through the State of Alaska. Receipts are based upon timber sales on Federal lands in Alaska. The funds are used for schools, roads, search and rescue and fire suppression.

The City has only one proprietary fund which combines the operations of the sewer, water, garbage, harbor, marine industrial park, and cannery property.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Equity in Central Treasury

Equity in central treasury represents a fund's equity in cash and investments of the central treasury of the City. For funds with a negative equity in the central treasury, the amount is shown as an interfund payable to the General Fund.

Cash and Cash Equivalents

For purposes of the statement of cash flows for the proprietary funds, the City has defined cash and cash equivalents as the equity maintained in the central treasury since the various funds use the central treasury essentially as a demand deposit account and the cash accounts maintained within the enterprise fund.

Investments

Craig Municipal Code 3.14.030 authorizes the City to invest its operating funds in the following securities:

1. Federally insured or fully collateralized certificates of deposit of bank and credit unions maturing within two years;
2. U.S. Government treasury, agency and instrumentality securities;
3. Notes or bonds issued by the State of Alaska or its political subdivisions or other states of the United States, maturing within two years, with a credit rating of A-/A3 or better from two national rating agencies, maturing within two years;
4. Repurchase agreements collateralized by U.S. Treasury securities and marked-to-market. If repurchase agreements are overnight investments or if securities are collateralized in excess of 102%, marked-to-market is not necessary;
5. A state investment pool formed within the State of Alaska and comprised of agencies of the state and/or its political subdivisions;
6. Money market mutual funds whose portfolios consist entirely of U.S. Government securities.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 1. - continued

Craig Municipal Code 3.15.050 authorizes the City to invest its endowment funds in the following securities:

1. U.S. Government treasury, agency and instrumentality securities;
2. Notes or bonds issued by the State of Alaska or its political subdivisions or other states of the United States, maturing within two years, with a credit rating of A-/A3 or better from two national rating agencies;
3. Federally insured or fully collateralized certificates of deposit of banks and credit unions, maturing within two years;
4. Repurchase agreements collateralized by U.S. Treasury securities and marked-to-market. If repurchase agreements are overnight investments or if securities are collateralized in excess of 102%, marked-to-market is not necessary;
5. A state investment pool formed within the State of Alaska and comprised of agencies of the State and/or its political subdivisions;
6. Money market mutual funds whose portfolios consist entirely of U.S. government securities;
7. Any of the following:
 - a. Mortgage-backed and asset-backed obligations denominated in U.S. dollars with a credit rating of A-/A3 or better from two national ratings agencies;
 - b. Corporate debt obligations of U.S. domiciled corporations denominated in U.S. dollars with a rating of A-/A3 or better from at least two national rating agencies;
 - c. Convertible debt obligations of U.S. domiciled corporations denominated in U.S. dollars with a credit rating of A-/A3 or better from two national rating agencies;
 - d. Common and preferred stock of U.S. domiciled corporations listed on a national exchange or NASDAQ with a minimum capitalization of five hundred million dollars or a mutual fund that invests in these stocks.

Investments are stated at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. All of the City's investments have established market values. As a result, fair value and market value are the same.

Receivables

All trades and property tax receivables are shown net of an allowance for uncollectible accounts. Property taxes are levied and statements are mailed on July 1 of each year. Amounts under \$50 are payable in one installment on September 30. Larger amounts can be paid in two installments, one-half on September 30 and the remaining balance on December 31. Property taxes attach as an enforceable lien on the property when assessed. Property tax revenue is recognized when levied to the extent that it results in current receivables.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

Assets in the Endowment Fund are reported as restricted. These assets can only be expended with the consent of the City Council. The City's municipal code allows the Council to appropriate up to four percent of the endowment fund's five-year average market value to specific projects each year.

Assets in other non-major governmental funds are restricted by grant agreements, bond covenants or by the City's municipal code.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 1. - continued

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City did not have any projects requiring interest capitalization in 2018.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Sewer and Water systems	40 - 50
Harbor improvements	16
Buildings	50
Machinery and equipment	5 - 10
Furnishings	5
Docks	40
Infrastructure	20

Infrastructure acquired before June 30, 2003 has not been capitalized.

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discounts on the government-wide Statement of Net Position.

Bond issuance costs are recognized as an outflow of resources in the reporting period in which they are paid.

At the government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as debt service expenditures.

Pensions and Other Postemployment Benefits

For purposes of measuring the net position and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS 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.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 1. - continued

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred inflow of resources represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflow and inflow of resources consist of certain pension and OPEB related accounts.

Fund balances

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

Nonspendable

The portion of a fund balance that cannot be spent because it is either: (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment.

Restricted

The portion of fund balance that has constraints placed on the use of resources that are either: (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

The portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action, such as an ordinance, of the City Council and remain binding unless removed by ordinance or resolution. Commitments may be changed or lifted only by the City Council taking formal action.

Assigned

The portion of a fund balance that includes amounts that are constrained by the government's intent to be used for specific purposes that are neither restricted or committed.

Unassigned

The portion of fund balance that includes amounts that do not fall into one of the above four categories.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balances are depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows.

Net Investment in Capital Assets

Net investment in capital assets, net of accumulated depreciation, reduced by the expended and outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Restricted Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted Net Position

This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 1. - continued

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Prior to June 15 the City Administrator submits a proposed operating budget for the fiscal year beginning July 1 to the City Council. The operating budget includes proposed expenditures and the means to finance them. Annual appropriated budgets are adopted for the general fund; municipal land sales, police drug forfeiture and national forest receipts special revenue funds and each of the enterprise fund departments. Public hearings are conducted and prior to June 30 the budget is legally adopted as a non-permanent ordinance by the City Council.

Authority to transfer appropriated expenditures within and between departments and between funds is held by the City Council. Transfers of up to \$10,000 of expenditures annually to different budgeted line items within a department can be made by the City Administrator. Other transfers require an amendment to the budget ordinance.

All annual appropriations lapse at fiscal yearend. Project-length financial plans are adopted for all capital projects. Special revenue fund budgets are approved when the Council accepts grant funds from the State of Alaska.

The operating budget for the Craig City School District is approved by the Craig School Board. The budget is then submitted to the City Council for final approval.

B. Differences Between Actual Revenues and Expenditures and Actual on a Budgetary Basis for the General Fund

The General Fund revenues and expenditures reported on page 23 of the basic financial statements differ from the amounts reported on page 58 in the column headed "actual amounts on a budgetary basis" due to timing differences in the recognition of sales tax revenue, on-behalf of payment made by the State of Alaska into PERS for the City of Craig and the recognition of uncollectible receivables which are not budgeted.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

As of June 30, 2018, the City had the following deposits and investments:

Cash on hand	\$	1,731
Carrying amount of deposits		6,094,923
Carrying amount of investments		<u>12,037,258</u>
	\$	<u><u>18,133,912</u></u>

Deposits and investments were reported in the Statement of Net Assets as follows:

Cash and investments	\$	2,240,259
Cash and investments - Temporarily Restricted		<u>15,893,653</u>
	\$	<u><u>18,133,912</u></u>

Custodial Credit Risk - Investments

For an investment, this is the risk that in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of outside parties. All of the City's investments subject to custodial credit risk are held by the City's agent in its name.

The credit quality ratings of the City's investments subject to custodial credit risk as of June 30, 2018, as described by the nationally recognized statistical rating organization Standard & Poor's are shown below:

	<u>Credit Rating</u>	<u>Investment Fair Value</u>	<u>% of Total</u>
U.S. Treasury	AA+	\$ 4,006,084	33.28
U.S. Agency Securities	AA+	448,544	3.73
Corporate securities	A- to AA-	832,581	6.92
Money market funds	not rated	32,561	.27
Exchange Traded Funds	not rated	<u>6,717,489</u>	<u>55.80</u>
		<u><u>\$ 12,037,259</u></u>	<u><u>100.00</u></u>

Concentration of Credit Risk. The City's investment policy states that one of the general objectives of investing will be to diversify the portfolio so that potential losses on individual securities will be minimized. The policy does not limit the investment in any one security to a percentage of the total portfolio.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. It is the City's policy to mitigate this risk by requiring that all demand deposits be fully collateralized by securities pledged but not held in the City's name by an agent of the financial institution holding the demand deposits. Of the bank balance at June 30, 2018, \$908,466 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$4,962,920 was subject to a collateral agreement.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has a formal investment policy that limits certain investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City currently hold no investments to which the limit applies. Certificates of deposit are limited to two-year maturities. They are included with deposits rather than investments.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 3. - continued

As of June 30, 2018, investments subject to interest rate risk had the following maturities:

Investment Type	Less than 1 year	1 – 2 Years	2 – 5 Years	Greater than 5 Years
Corporate securities	\$ 49,884	\$ 99,020	\$ 295,363	\$ 388,314
U.S. Treasury securities	1,441,726	928,424	881,704	754,230
U.S. Agency securities	253,192	-	97,765	97,587
 Total Investments Subject to Interest Rate Risk	 \$ 1,744,802	 \$ 1,027,444	 \$ 1,274,832	 \$ 1,240,131

B. RECEIVABLES

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregate columns. Below is the detail of receivables including the applicable allowance for uncollectible accounts:

	General	Enterprise	Nonmajor and other funds	Total
Taxes	\$ 383,822	\$ -	\$ -	\$ 383,822
State of Alaska	-	-	14,910	14,910
Customer	127,196	191,799	-	318,995
Interest	-	-	26,690	26,690
 Total receivables	 511,018	 191,799	 41,600	 744,417
Less allowance for doubtful accounts	(22,290)	(35,041)	-	(57,331)
 Total net receivables	 \$ 488,728	 \$ 156,758	 \$ 41,600	 \$ 687,086

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 3. - continued

C. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental Activities			-	
Capital Assets, not being depreciated:				
Land	\$ 90,864	\$ -	\$ -	\$ 90,864
Construction-in-progress	220,650	-	-	220,650
Total capital assets not being depreciated	311,514	-	-	311,514
Capital assets, being depreciated				
Buildings	31,206,787	-	-	31,206,787
Infrastructure	7,143,562	-	-	7,143,562
Equipment	2,211,863	25,591	-	2,237,454
Total capital assets, being depreciated	40,562,212	25,591	-	40,587,803
Less accumulated depreciation for				
Buildings	(10,168,315)	(807,422)	-	(10,975,737)
Infrastructure	(918,930)	(357,176)	-	(1,276,106)
Equipment	(1,248,966)	(92,648)	-	(1,341,614)
Total accumulated depreciation	(12,336,211)	(1,257,246)	-	(13,593,457)
Total capital assets, being depreciated, net	28,226,001	(1,231,655)	-	26,994,346
Governmental activities capital assets, net	\$ 28,537,515	\$ (1,231,655)	\$ -	\$ 27,305,860

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 3. - continued

C. CAPITAL ASSETS - continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities			\$	\$
Capital assets, not being depreciated:				
Land	\$ 3,954,898	\$ -	\$ -	\$ 3,954,898
Construction-in-progress	399,999	1	-	400,000
Total capital assets not being depreciated	4,354,897	1	-	4,354,898
Capital assets, being depreciated				
Buildings	7,649,488	51,905	-	7,701,393
Equipment	1,159,415	25,591	(46,542)	1,138,464
Harbors	4,009,226	-	(893)	4,008,333
Water and sewer system	18,861,218	21,271	(41,343)	18,841,146
Sewer plant	4,187,737	58,899	-	4,246,636
Total capital assets, being depreciated	35,867,084	157,666	(88,778)	35,935,972
Less accumulated depreciation for				
Buildings	(1,785,692)	(238,583)	-	(2,024,275)
Equipment	(815,205)	(50,149)	46,542	(818,812)
Harbors	(2,999,982)	(62,779)	893	(3,061,868)
Water and sewer system	(8,946,885)	(394,687)	41,347	(9,300,225)
Sewer plant	(2,722,007)	(140,573)	-	(2,862,580)
Total accumulated depreciation	(17,269,771)	(886,771)	88,782	(18,067,760)
Total capital assets, being depreciated, net	18,597,313	(729,105)	4	17,868,212
Business-type activities capital assets, net	\$ 22,952,210	\$ (729,104)	\$ 4	\$ 22,223,110

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 3. - continued

C. CAPITAL ASSETS - continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Administration	\$ 9,194
Fire	15,094
Library	3,426
Police	15,545
Public works	489,506
Parks and recreation	278,554
Planning	515
School support	351,223
Medical services	<u>94,189</u>
Total depreciation expense - governmental activities	<u>\$ 1,257,246</u>

Business - type activities:

Sewer	\$ 243,329
Water	299,309
Garbage	25,025
Harbor	63,590
Marine industrial park	240,196
Cannery property	<u>15,322</u>
Total depreciation expense -business type activities	<u>\$ 886,771</u>

Construction commitments

The City has no active construction projects as of June 30, 2018.

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from other funds		
General Fund	Nonmajor Governmental Funds	\$ 462,026
General Fund	Enterprise Fund	314,052
General Fund	Endowment	<u>897</u>
		<u>\$ 776,975</u>

Amounts due between the General Fund and nonmajor governmental funds result from negative equity in central treasury because expenditures are made prior to the receipt of revenue, as in the case of funds that account for the activity of noncapital grants. In addition, some of the funds have not reimbursed the General Fund for expenditures made for the Land Development and Equipment Funds.

CITY OF CRAIG, ALASKA
NOTES TO FINANCIAL STATEMENTS

Note 3. - continued

Amounts due from the Enterprise Fund result from inadequate revenue to cover operating and capital expenses in prior years.

Interfund Transfers:

Transfer out	Transfer in				Total
	General Fund	National Forest Receipts Fund	Nonmajor Governmental Funds	Enterprise Fund	
General Fund	\$ -	127,158	409,510	-	536,668
Nonmajor governmental funds	-	-	-	-	-
	46,130	-	-	130,226	176,356
Endowment Fund	370,650	-	-	-	370,650
	<u>\$ 416,780</u>	<u>\$ 127,158</u>	<u>\$ 409,510</u>	<u>\$ 130,226</u>	<u>\$ 1,083,674</u>

E. LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In FY15, the City issued bonds to renovate the aquatic center. The bonds were issued at a premium of \$205,368. The premium is being amortized over the life of the bonds at \$10,268 each year.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. 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 fund the bond purchases.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities: Renovation of Aquatic Center		
\$1,810,000 2015 Series One, final payment due October 1, 2034	3.0 to 5.0%	<u>\$ 1,635,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 3. - continued

Year Ending June 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 65,000	\$ 71,887
2020	65,000	69,287
2021	70,000	66,237
2022	70,000	62,737
2023	75,000	59,112
2024-2028	450,000	232,439
2029-2033	575,000	109,615
2034-2035	<u>265,000</u>	<u>9,182</u>
Total	<u>\$ 1,635,000</u>	<u>\$ 680,496</u>

Business-Type Activities

State of Alaska, Department of Environmental Conservation Loan Program

The City borrowed funds from the State of Alaska to upgrade the wastewater and water distribution systems.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
\$440,316 note payable for wastewater treatment improvements; \$33,104 due annually on August 10 of each year through 2019	1.5%	\$ 64,748
\$357,696 note payable for wastewater treatment improvements; \$26,892 due annually on August 10 of each year through 2019	1.5%	52,598
\$150,000 note payable for water distribution improvement system through the Alaska Drinking Water Fund; \$8,737 (except for the first payment of \$7,403) due annually on August 1 of each year.	1.5%	113,901
\$259,193 note payable for water distribution improvements system through the Alaska Drinking Water Fund; \$15,097 due annually on June 24 of each year	1.5%	<u>233,274</u>
		<u>464,521</u>
Total debt - governmental and business-type		<u>\$ 2,099,521</u>

Annual debt service requirements to maturity for all business type notes payable is as follows:

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 3. - continued

Year Ending June 30,

	<u>Principal</u>	<u>Interest</u>
2019	\$ 78,225	\$ 6,967
2020	79,203	5,794
2021	20,201	4,606
2022	20,309	4,303
2023	20,420	3,999
2024-2028	103,812	15,365
2029-2033	103,473	7,412
2034-2036	<u>38,878</u>	<u>1,166</u>
 Total	 <u>\$ 464,521</u>	 <u>\$ 49,612</u>

Changes in long-term liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Government activities:					
Bonds payable:					
GO Bonds	\$ 1,695,000	\$ -	\$ (60,000)	\$ 1,635,000	\$ 65,000
Issuance premiums	<u>184,832</u>	<u>-</u>	<u>(10,268)</u>	<u>174,564</u>	<u>10,268</u>
Total bonds payable	<u>1,879,832</u>	<u>-</u>	<u>(70,268)</u>	<u>1,809,564</u>	<u>75,268</u>
Net OPEB liability	556,602	-	(192,419)	364,183	-
Net pension liability	<u>2,724,881</u>	<u>-</u>	<u>(452,970)</u>	<u>2,271,911</u>	<u>-</u>
Government activities Long-term liabilities	<u>\$ 5,161,315</u>	<u>\$ -</u>	<u>\$ (715,657)</u>	<u>\$ 4,445,658</u>	<u>\$ 75,268</u>
Business-type activities					
Notes payable					
State of Alaska	\$ 541,780	\$ -	\$ (77,259)	\$ 464,521	\$ 78,225
Total notes payable	541,780	-	(77,259)	464,521	78,225
Net OPEB liability	177,071	-	(59,354)	117,717	-
Net pension liability	<u>873,726</u>	<u>-</u>	<u>(142,902)</u>	<u>730,824</u>	<u>-</u>
Business-type activities Long-term liabilities	<u>\$ 1,592,577</u>	<u>\$ -</u>	<u>\$ (279,515)</u>	<u>\$ 1,313,602</u>	<u>\$ 78,225</u>

Interest expense on all long-term debt was \$82,513 for the year ended June 30, 2018. The entire amount was charged to expense in the Statement of Activities.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 3. - continued

F. FUND BALANCE

Fund balance, reported in the aggregate on the governmental funds balance sheet, is subject to the following constraints:

	General Fund	Endow- ment Fund	National Forest Receipts Fund	Nonmajor Govern- mental Funds	Total
Nonspendable					
Prepaid items	\$ 5,013	\$ -	\$ -	\$ -	\$ 5,013
Restricted					
Police	-	-	-	5,516	5,516
Schools	-	-	1,611,391	-	1,611,391
Committed					
Library services	-	-	-	1,493	1,493
Hatchery support	-	-	-	105,953	105,953
Operating and capital support	-	10,549,021	-	1,247,459	11,796,480
Unassigned	3,178,268	-	-	-	3,178,268
Total fund balances	\$ 3,183,281	\$ 10,549,021	\$ 1,611,391	\$ 1,360,421	16,704,114

NOTE 4. OTHER INFORMATION

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City has not accrued a liability for claims and judgements at June 30, 2018 because the amount of potential claims at year end was determined to be immaterial. The City made no claim payments during FY 2018.

Effective January 1, 1989 the City was self-insured with respect to unemployment claims made by former employees. The City accounts for claims on a pay-as-you-go basis.

B. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Alaska and the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 4. - continued

C. PERS Defined Benefit (DB) Pension Plan

General Information About the Plan

The City participates in the State of 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 to provide pension, postemployment healthcare, death and disability benefits. Benefits and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board is responsible for prescribing policies and adopting regulations and for performing other activities necessary to carry out the provisions of the PERS system.

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

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary time the number of years of service. The multiplier is increased at longevity milestone markers for most employees. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria of calculation of the average monthly salary. A complete benefit comparison chart is available at the website noted above.

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

Historical Information

In April 2008 the Alaska Legislature passed Senate Bill (SB) 125 which converted the existing PERS 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 again all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statutes 39.35.255 require 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 a special funding situation as defined by GASB, and the City has recorded all pension related liabilities, deferred inflows/outflows, and disclosures on this basis.

The City records the related on-behalf contributions as revenue and expense or expenditure as prescribed by GAAP, based on the relevant basis of accounting for the related fund type.

It is important to note that the Alaska Legislature has the power and authority to change the statutes mention in the previous paragraph through legislative process.

Employee Contribution Rates

City 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.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 4. - continued

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 the rate paid by all participating employers. This rate was capped at 22% by the Alaska Legislature in 2008. The rate is applied to all wages attributable to employees participating in the Plan. In addition, the wages of employees participating in the defined contribution plan discussed later are subject to a percentage which is the difference between the required contribution rate and 22%. This amount is referred as the Defined Benefit Unfunded Liability or DBUL contribution to the defined benefit plan.

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. Prior to July 1, 2015, there were no constraints or restriction on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percentage of pay method over a closed 25-year term which ends in 2039. This will result in lower ARM Board rates in future years.

On-behalf Contribution Rate: This is the rate normally paid by the State as an on-behalf payment under the current statute. The statute requires the State of contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Contractual Rate.

In the governmental fund financial statements, on-behalf contribution amounts have been recognized as revenue and expenditures. In government-wide financial statements, on-behalf of amounts reflect revenue and expenses only during the measurement period in which the Plan recognizes payments, resulting in a one-year timing lag between the cash transfers and revenue and expense recognition. In the proprietary funds, on-behalf of amounts are recorded as revenue and expenses on the same basis in both the fund and the government-wide financial statements.

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 GASB Rate uses an 8.00% pension discount rate and a 4.3% 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.

The City's contribution rates for FY2018 were determined as part of the June 30, 2015 actuarial valuation and are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	17.12%	20.13%	3.01%	29.07%
Other postemployment benefits	4.88%	4.88%	-	66.85%
Total contribution rates	<u>22.00%</u>	<u>25.01%</u>	<u>3.01%</u>	<u>95.92%</u>

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 4. – continued

For the year ended June 30, 2018, the City was credited with the following contributions to the pension plan:

	Measurement Period FY17	FY18
	<hr/>	<hr/>
Employer contributions (including DBUL)	\$ 173,706	\$ 197,107
Non-employer contributions	75,311	57,230
	<hr/>	<hr/>
Total PERS contributions	<u>\$ 249,017</u>	<u>\$ 254,337</u>

In addition, employee contributions to the Plan totaled \$40,408 during the year ended June 30, 2018.

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. The amount recognized by the City as its proportionate share of the net pension liability, the related State proportion, and the total were as follows:

	<u>2018</u>
City's proportionate share of the NPL	\$ 3,002,735
State's proportionate share of the NPL associated with the City	<u>1,118,498</u>
Total net pension liability	<u>\$ 4,121,233</u>

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net pension liability as of that date. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to the pension plan relative the projected contributions of all participating entities, including the State, actuarially determined. As of the June 30, 2018 measurement date, the City's proportion of the net pension liability was 0.05809%, which was a decrease of 0.00629% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the City recognized pension expense of \$135,643. In addition, the City recognized on-behalf of revenue of \$75,311. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 4. – continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ -	\$ (53,986)
Changes in assumptions	-	-
Net difference between projected and actual earnings		
on pension plan investments	80,544	-
Change in proportion and differences between City		
contributions and proportionate share of contributions	5,099	(168,887)
City contributions subsequent to the measurement date	<u>197,107</u>	<u>-</u>
 Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	 <u>\$ 282,750</u>	 <u>\$ (222,873)</u>

The amount reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to 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 ended June 30	
2019	\$ (212,156)
2020	83,871
2021	37,651
2022	(46,596)

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal - Level Percentage of Payroll
Amortization Method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for peace officers/fire fighters 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 at 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%

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 4. - continued

Mortality Pre-termination - Based on the 2010-2013 actual mortality experience
 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 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 investment expenses and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equities	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 8.0%. 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 benefits 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.

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8% 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 or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u> (7%)	<u>Current</u> <u>Discount rate</u>	<u>1% Increase</u> (9%)
City's proportionate share Of the net pension liability	\$ 3,944,370	\$ 3,002,736	\$ 2,207,561

Pension Plan Fiduciary Net Position

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

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 4. - continued

D. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV defined contribution plan. This plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan discussed 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 insurance premiums and other eligible medical expenses not covered by the medical plan. The Plan is included in the comprehensive annual report for PERS which is available at the following website, <http://doa.alaska.gov/drj>.

Contributions to the defined contribution plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual payments to the PERS system require that the City contribute 22%. After deducting the defined contribution pension plan contributions and related OPEB contributions, the remaining amount (the DBUL) is deposited into the defined benefit 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 with five years of service.

Employee Contribution Rate

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

Employer Contribution Rates

The City was required to contribute 5% of the covered salary for the year ended June 30, 2018.

The City and employee contributions for pensions for the year ended June 30, 2018 were \$52,667 and \$86,963, respectively. The City contributions are recognized as pension expense/expenditure.

E. Other Post-Employment Benefit (OPEB) Plans

As part of its participation in the PERS DB Plan (Tiers I, II, III), 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 for 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 of PERS. The Plans are administered by the State of Alaska, Department of Administration.

Employer Contribution Rates

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

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

	Measurement Period FY17	FY18
	<u> </u>	<u> </u>
Total Employer Contributions	\$ 81,730	\$ 56,185

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 4. - continued

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

At June 30, 2018, The City reported a liability for its proportionate share of the net OPEB liability (NOL) that reflected a reduction of 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:

	<u>2018</u>
City's proportionate share of the NOL – ARHCT	\$ 490,984
City's proportionate share of NOL – RMP	5,278
City's proportionate share of NOL - ODD	<u>(14,362)</u>
Total City proportionate share of NOL	481,900
State's proportionate share of the NOL associated with the City	<u>182,679</u>
Total net OPEB liability	<u><u>\$ 664,579</u></u>

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

	<u>June 30,2017 Measurement Date Employer Proportion</u>	<u>June 30, 2018 Measurement Date Employer Proportion</u>	<u>Change</u>
City's proportionate share of the net OPEB liability			
ARHCT	0.06434%	0.05812%	(0.00622)%
RMP	0.10905%	0.10122%	(0.00783)%
ODD	0.10905%	0.10122%	(0.00783)%

As a result of its requirement to contribute to the Plan, the City recognized OPEB expense of \$68,395 and no on-behalf of revenue. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 4. – continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ -	\$ (26,941)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(157,218)
Change in proportion and differences between City contributions and proportionate share of contributions	1,164	(40,498)
City contributions subsequent to the measurement date	<u>70,202</u>	<u>-</u>
 Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	 <u>\$ 71,366</u>	 <u>\$ (224,657)</u>

The amount reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction to 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 as OPEB expense as follows:

Year ended June 30	
2019	\$ (76,149)
2020	(68,779)
2021	(39,298)
2022	(39,297)
2023	7
Thereafter	23

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal - Level Percentage of Payroll
Amortization Method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for peace officers/fire fighters 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 at go to zero at 2039.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 4. – continued

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%.
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 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 healthcare plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equities	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 OPEB liability was 8.0%. 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 benefits 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.

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net OPEB liability calculated using the discount rate of 8% 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 or 1-percentage-point higher than the current rate:

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 4. – continued

	<u>1% Decrease</u> (7%)	<u>Current</u> <u>Discount rate</u>	<u>1% Increase</u> (9%)
City's proportionate share Of the net OPEB liability			
ARHCT	\$ 1,050,758	\$ 490,984	\$ 20,128
RMP	24,728	5,278	(9,909)
ODD	(12,965)	(14,362)	(15,503)

OPEB Plan Fiduciary Net Position

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

Defined Contribution OPEB

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

Employer Contribution Rates

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

	<u>Other</u> <u>Tier IV</u>	<u>Police/Fire</u> <u>Tier IV</u>
Retiree medical plan	1.03%	1.03%
Occupational death and disability plan	<u>0.16%</u>	<u>0.43%</u>
Total contribution rate	<u><u>1.19%</u></u>	<u><u>1.46%</u></u>

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. State statute 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 \$66,042 in DC OPEB costs.

CITY OF CRAIG, ALASKA

NOTES TO FINANCIAL STATEMENTS

Note 5. New Accounting Pronouncements

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

GASB 83 - Certain Asset Retirement Obligations - Effective for year-end June 30, 2019, with earlier application encouraged - The 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 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 Costs 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 to 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 separated 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.

Note 6. Change in Accounting Principle

As discussed in Note 4C 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, 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 beginning net position as follows:

	Govern- mental Activities	Business- Type Activities	Total
OPEB liability, beginning of year	\$ (556,602)	\$ (177,071)	\$ (733,673)
Deferred outflow of resources	77,056	19,615	96,671
Effect of change in accounting principle	(479,546)	(157,456)	(637,002)
Net position, before restatement	40,280,086	21,303,903	61,583,989
Net position as restated	<u>\$ 39,800,540</u>	<u>\$ 21,146,447</u>	<u>\$ 60,946,987</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRAIG, ALASKA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Real and personal	\$ 622,000	\$ 631,900	\$ 631,966	\$ 66
Sales and bed	1,499,000	1,566,900	1,546,809	(20,091)
Liquor	120,000	113,500	113,732	232
State sources	148,842	197,907	161,110	(36,797)
Federal sources	265,500	287,940	300,940	13,000
Charges for services	444,584	561,244	595,194	33,950
Fines, forfeitures and penalties	10,000	14,000	14,247	247
Investment income	1,000	4,000	3,862	(138)
Uses of property	72,000	67,770	67,774	4
Licenses and permits	69,100	94,300	92,782	(1,518)
Other	5,000	3,500	8,138	4,638
Total revenues	3,257,026	3,542,961	3,536,554	(6,407)
EXPENDITURES				
Current:				
Administration	668,859	686,840	671,597	15,243
Council	100,741	82,650	81,107	1,543
Planning	84,848	70,490	68,658	1,832
Parks and facilities	252,932	293,820	282,850	10,970
Public works	282,246	310,020	300,604	9,416
Police	899,301	917,950	895,704	22,246
Emergency medical services	172,932	206,705	202,244	4,461
Fire	29,195	19,590	19,191	399
Library	125,293	129,380	123,736	5,644
Recreation	99,366	98,931	91,924	7,007
Aquatic facilities	363,702	377,934	371,784	6,150
Hatchery	45,000	65,000	57,210	7,790
Debt service	134,389	134,500	134,388	112
Capital outlay	-	26,000	25,591	409
Total expenditures	3,258,804	3,419,810	3,326,588	93,222
Excess (deficit) of revenues over (under) expenditures	(1,778)	123,151	209,966	86,815
OTHER FINANCING SOURCES (USES)				
Transfers in	217,379	416,780	416,780	-
Transfers out	(200,000)	(536,668)	(536,668)	-
Total other financing sources (uses)	17,379	(119,888)	(119,888)	-
Net change in fund balances	15,601	3,263	90,078	86,815
Fund balances, beginning of year	3,101,788	3,101,788	3,101,788	-
Fund balances, end of year	\$ 3,117,389	\$ 3,105,051	\$ 3,191,866	\$ 86,815

CITY OF CRAIG, ALASKA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PUBLIC EMPLOYEES RETIREMENT SYSTEM

June 30, 2018, 2017, 2016, and 2015

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of net pension liability	.05809%	0.06438%	0.06072%	0.03545%
City's proportionate share of the net pension liability	\$ 3,002,736	\$ 3,598,637	\$ 2,945,168	\$ 1,653,479
State of Alaska proportionate share of net pension liability	<u>1,170,000</u>	<u>454,277</u>	<u>791,170</u>	<u>1,562,450</u>
Total net pension liability	\$ 4,172,736	\$ 4,052,914	\$ 3,736,338	\$ 3,215,929
City's covered-employee payroll	\$ 608,534	\$ 609,523	\$ 699,061	\$ 755,381
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	493%	590%	421%	219%
Plan fiduciary net position as a percentage of the total pension liability	63.37%	59.55%	63.96%	62.37%

CITY OF CRAIG, ALASKA
SCHEDULE OF PENSION CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
June 30, 2018, 2017, 2016, and 2015

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 197,107	\$ 173,706	\$ 145,754	\$ 143,028
Contributions in relation to the contractually required contribution	<u>(197,107)</u>	<u>(173,706)</u>	<u>(145,754)</u>	<u>(143,028)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 590,521	\$ 608,534	\$ 609,523	\$ 699,061
Contributions as a percentage of covered-employee payroll	33.38%	28.54%	23.91%	20.46%

CITY OF CRAIG, ALASKA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PLAN

June 30, 2018

	<u>2018</u>
City's proportion of net OPEB liability	0.05812%
City's proportionate share of the net OPEB liability	\$ 490,984
State of Alaska's proportionate share of the net OPEB liability	<u>666,000</u>
Total net OPEB liability	1,156,984
City's covered-employee payroll	\$ 608,534
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	81%
Plan fiduciary net position as a percentage of the total OPEB liability	89.91%

CITY OF CRAIG, ALASKA

SCHEDULE OF OPEB CONTRIBUTIONS

PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PLAN

June 30, 2018

	<u>2018</u>
Contractually required contribution	\$ 56,185
Contributions in relation to the contractually required contribution	<u>(56,185)</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	590,521
Contributions as a percentage of covered-employee payroll	9.51%

CITY OF CRAIG, ALASKA

Notes to Required Supplementary Information

Note 1. Budgetary Comparison Schedule – General Fund

The budgetary comparison schedules are presented on the modified accrual basis of accounting. Actual amounts have been adjusted to reflect timing differences for the recognition of sales tax revenue and items which are not budget including on-behalf of payments made by the State of Alaska and bad debt writeoffs.

Note 2. Public Employees Retirement System Pension Plan - Schedule of Proportionate Share of Net Pension Liability

The schedule 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 or assumptions from the prior measurement date.

There were no changes in the allocation methodology.

Note 3. Public Employees Retirement System Pension Plan - Schedule of City Contributions

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

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

The schedule 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 or assumptions from the prior measurement date.

There were no changes in the allocation methodology.

Note 5. Public Employees Retirement System OPEB Plan – Schedule of the City's Information on the Net OPEB Liability

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

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

ADDITIONAL SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Facilities Development Fund - This fund accounts for amounts set aside for special projects for facilities that the City is developing. Current projects which are being developed include: a marine memorial park; improvements to the Port St. Nick Hatchery, future maintenance on the medical clinic and a program to acquire fishing quota shares.

Police Drug Forfeiture Fund - This fund accounts for amounts received from the disposal of assets pursuant to drug convictions.

Land Development Fund - This fund accounts for the utility development, appraisal, and platting for City owned lots. The lots will eventually be sold to the general public.

Equipment Fund - This fund accounts for amounts set aside in prior years in various other funds for equipment replacement. Each year, department managers submit requests for equipment upgrades to be paid for by this fund.

Salmon Derby Fund - This fund accounts for proceeds from the annual Salmon Derby and related prize payments. The net proceeds generated by the derby support the Port St. Nicolas Salmon Hatchery.

Local Emergency Planning/Homeland Security - This fund accounts for a grant from the State of Alaska, Division of Homeland Security and Emergency Management. The purpose of the grant is to fund the preparation and maintenance of a local emergency plan.

State of Alaska Library Assistance Grant - This fund accounts for a grant from the State of Alaska, Department of Education for public library purposes including the purchase of materials and books

Library Grant IML - This fund accounts for a grant from the Institute of Library and Museum Services passed through Craig Community Association to provide basic library services to Native Americans.

Library Special Projects - This fund accounts for donations from patrons that wish to have a new library constructed. The project is just in the initial stage of development.

CITY OF CRAIG, ALASKA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

Special Revenue Funds

	Facilities Development Fund	Police Drug Forfeiture	Land Development Fund	Equipment Fund
ASSETS				
Equity in central treasury	\$ 14,635	\$ -	\$ -	\$ -
Cash and cash equivalents	70,900	5,568	864,012	752,476
Receivables, net of allowance for uncollectibles	600	-	-	-
Total assets	<u>\$ 86,135</u>	<u>\$ 5,568</u>	<u>\$ 864,012</u>	<u>\$ 752,476</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-
Due to other funds	-	52	296,457	158,707
Total liabilities	-	52	296,457	158,707
Fund balances:				
Restricted	-	5,516	-	-
Committed	86,135	-	567,555	593,769
Total fund balances	<u>86,135</u>	<u>5,516</u>	<u>567,555</u>	<u>593,769</u>
Total liabilities and fund balances	<u>\$ 86,135</u>	<u>\$ 5,568</u>	<u>\$ 864,012</u>	<u>\$ 752,476</u>

Salmon Derby Fund	Local Emergency Planning/ Homeland Security	Library Special Project	Total Nonmajor Governmental Funds
\$ 5,861	\$ -	\$ 1,493	\$ 21,989
100,092	-	-	1,793,048
-	14,310		14,910
\$ 105,953	\$ 14,310	\$ 1,493	\$ 1,829,947
\$ -	\$ -	\$ -	\$ -
-	7,500	-	7,500
-	6,810	-	462,026
-	14,310	-	469,526
-	-	-	5,516
105,953	-	1,493	1,354,905
105,953	-	1,493	1,360,421
\$ 105,953	\$ 14,310	\$ 1,493	\$ 1,829,947

CITY OF CRAIG, ALASKA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

Special Revenue Funds

	Facilities Special Revenue	Police Drug Forfeiture	Land Development Fund	Equipment Fund
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-
Investment income	3	4	521	269
Other	3,600	-	92,900	-
Total revenues	3,603	4	93,421	269
EXPENDITURES				
Current:				
Planning	-	-	900	-
Public works	-	-	-	-
Police	-	-	-	-
Library	-	-	-	-
Hatchery	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	900	-
Excess (deficit) of revenues over expenditures	3,603	4	92,521	269
Other financing sources(uses):				
Transfers in	-	-	-	409,510
Transfers out	-	-	-	(158,707)
Total other financing sources (uses)	-	-	-	250,803
Net change in fund balances	3,603	4	92,521	251,072
Fund balance, beginning of year	82,532	5,512	475,034	342,697
Fund balance, end of year	<u>\$ 86,135</u>	<u>\$ 5,516</u>	<u>\$ 567,555</u>	<u>\$ 593,769</u>

<u>Salmon Derby Fund</u>	<u>Local Emergency Planning/ Homeland Security</u>	<u>State of Alaska Library Grants</u>	<u>IMLS Library Grants</u>	<u>Library Special Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 15,500	\$ 8,488	\$ -	\$ -	23,988
-	20,200	-	2,524	-	22,724
60	-	-	-	-	857
<u>34,241</u>	<u>1,710</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>132,547</u>
34,301	37,410	8,488	2,524	96	180,116
-	-	-	-	-	900
-	-	-	-	-	-
-	37,410	-	-	-	37,410
-	-	8,488	2,524	95	11,107
<u>17,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,657</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>17,657</u>	<u>37,410</u>	<u>8,488</u>	<u>2,524</u>	<u>95</u>	<u>67,074</u>
16,644	-	-	-	1	113,042
-	-	-	-	-	409,510
<u>(17,649)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,356)</u>
<u>(17,649)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,154</u>
(1,005)	-	-	-	1	346,196
<u>106,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,492</u>	<u>1,014,225</u>
<u>\$ 105,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,493</u>	<u>\$ 1,360,421</u>

Enterprise Fund Departments

An enterprise fund is a proprietary fund and is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs of providing services to the general public on a continuing basis be financed primarily through user charges.

The Enterprise Fund accounts for the following activities:

1. Sewer, water and garbage service to the residents of Craig,
2. Operation of a municipal boat harbor and dock financed by moorage and storage fees,
3. Operation of a marine industrial park financed by tenant property rental fees,
4. Development of a facility on the site of the former Wards Cove cannery.

CITY OF CRAIG, ALASKA

COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN DEPARTMENT NET POSITION

ENTERPRISE FUND

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Sewer Department</u>	<u>Water Department</u>	<u>Garbage Department</u>	<u>Harbor Department</u>	<u>Marine Industrial Park Department</u>	<u>Cannery Property Department</u>	<u>Total</u>
Operating revenue:							
Charges for services	\$ 300,055	\$ 300,488	\$ 302,508	\$ 247,626	\$ 453,626	\$ 8,105	\$ 1,612,408
Operating expenses:							
Salaries and benefits	117,306	197,255	78,243	198,551	128,418	-	719,773
Insurance	4,764	7,896	3,312	22,478	11,112	960	50,522
Utilities	48,579	55,789	-	30,935	45,903	1,564	182,770
Contractual services	7,599	8,560	185,290	957	1,847	-	204,253
Repairs and maintenance	3,559	3,630	3,607	31,110	7,785	136	49,827
Materials and supplies	7,817	70,978	7,835	19,274	7,318	39	113,261
Travel and per diem	300	1,316	-	4,153	-	-	5,769
Small equipment	5,180	-	-	2,596	10,570	-	18,346
Other	4,976	248	120	28,822	325	-	34,491
Depreciation	243,329	299,309	25,025	63,590	240,196	15,322	886,771
Total operating expenses	<u>443,409</u>	<u>644,981</u>	<u>303,432</u>	<u>402,466</u>	<u>453,474</u>	<u>18,021</u>	<u>2,265,783</u>
Operating income (loss)	(143,354)	(344,493)	(924)	(154,840)	152	(9,916)	(653,375)
Nonoperating revenues (expenses):							
Investment income	25	-	-	-	-	-	25
Interest expense	(2,437)	(7,103)	-	-	-	-	(9,540)
Noncapital grants	3,805	6,612	1,784	4,492	1,218	-	17,911
Total nonoperating revenue (expenses)	<u>1,393</u>	<u>(491)</u>	<u>1,784</u>	<u>4,492</u>	<u>1,218</u>	<u>-</u>	<u>8,396</u>
Income (loss) before contributions and transfers	(141,961)	(344,984)	860	(150,348)	1,370	(9,916)	(644,979)
Transfers in	53,140	21,271	-	55,815	-	-	130,226
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ (88,821)</u>	<u>\$ (323,713)</u>	<u>\$ 860</u>	<u>\$ (94,533)</u>	<u>\$ 1,370</u>	<u>\$ (9,916)</u>	<u>\$ (514,753)</u>

CITY OF CRAIG, ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

Grantor and Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture			
Forest Service Schools and Road Cluster			
Passed through the State of Alaska, Department of Commerce Community and Economic Development National Forest Receipts - Municipal & Regional Assistance	10.665		<u>498,643</u>
Total Department of Agriculture			498,643
Department of Homeland Security			
Passed through the State of Alaska, Department of Military and Veterans Affairs			
State Homeland Security Program	97.067	EMW-2017-55-00048-501	5,650
Emergency Medical Services	97.042	EMS-2017-EP-00002-501	<u>14,550</u>
Total Department of Homeland Security			20,200
Department of the Interior			
Payment in Lieu of Taxes	15.226		<u>287,940</u>
Total Department of the Interior			287,940
Institute of Museum and Library Services National Endowment for the Humanities Pass- Through Programs			
Passed through the Craig Community Association Native American and Native Hawaiian Library Services	45.311		<u>2,524</u>
Total National Endowment for the Humanities			<u>2,524</u>
Total Federal Financial Assistance			<u>\$ 809,307</u>

See notes to the schedule of expenditures
of federal awards.

CITY OF CRAIG, ALASKA

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Note A – General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of the City of Craig, Alaska (“City”) for the year ended June 30, 2018. The City’s reporting entity is defined in Note 1 of the City’s June 30, 2018 basic financial statements.

Note B – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using a basis of accounting which is consistent with the basic financial statements, as described in Note 1 of the City’s basic financial statements.

Note C – Basis of Presentation

The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Uniform Guidance. Because the schedule presents only portions of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

Note D. Indirect Cost Rate

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

Note E – Subrecipients

The City provided no Federal awards to a subrecipient during the fiscal year.

**Note F – Reconciliation of Schedule of State Financial Assistance to the Basic Financial Statements
Federal**

Federal financial assistance revenues reported in the City of Craig, Alaska’s basic financial statements are included with operating grants and contributions and grants and contributions not restricted to specific programs. The following is a reconciliation between the amounts report in the Statement of Activities from those sources and the total expenditures of Federal awards reported in Schedule of Expenditures of Federal Awards:

Operating grants and contributions	\$ 615,840
Grants and contributions not restricted to a specific purpose	<u>440,675</u>
Total from Statement of Activities	1,056,515
State of Alaska awards	(242,498)
Reimbursements from federal and State agencies	<u>(4,710)</u>
Total expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 809,307</u>

COMPLIANCE REPORTS

CHRISTINE E. HARRINGTON

Certified Public Accountant, LLC

329 Harbor Drive, Suite 210, P.O. Box 1328 Sitka, Alaska 99835 (907) 747-5500

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

Members of the City Council
City of Craig, Alaska

I 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 City of Craig, 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 Craig, Alaska's basic financial statements and have issued my report thereon dated May 24, 2019.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Craig, Alaska's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Members of the City Council
City of Craig, Alaska

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Christine E Harrington

Sitka, Alaska
May 24, 2019

CHRISTINE E. HARRINGTON

Certified Public Accountant, LLC

329 Harbor Drive, Suite 210, P.O. Box 1328 Sitka, Alaska 99835 (907) 747-5500

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the City Council
City of Craig, Alaska

Report on Compliance for Each Major Federal Program

I have audited the City of Craig, Alaska's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Craig, Alaska's major federal programs for the year ended June 30, 2018. The City of Craig, Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance of each of the City of Craig, Alaska's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Craig, Alaska's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination on the City of Craig, Alaska's compliance.

Opinion on Each Major Federal Program

In my opinion, the City of Craig, Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Members of the City Council
City of Craig, Alaska

Other Matters

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with *Uniform Guidance* and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. My opinion on each major federal program is not modified with respect to these matters.

The City of Craig, Alaska's response to the noncompliance finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The City of Craig, Alaska's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City of Craig, Alaska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City of Craig, Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Craig, Alaska's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Christine E Harrington

Sitka, Alaska
May 24, 2019

City of Craig, Alaska

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

Section I - Summary of audit results:

Financial Statements:

Type of report issued on financial statements	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified	No (none reported)
Noncompliance material to the financial statements noted	No

Federal Financial Assistance:

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	No (none reported)

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

Audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)	No
--	----

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.665	National Forest Receipts

Dollar threshold used to distinguish between a major program:	\$750,000
---	-----------

Auditee qualifies as low risk auditee	No
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City of Craig, Alaska

Schedule of Findings and Questioned Costs, continued

Year Ended June 30, 2018

Section II - Financial Statement Findings Required to be Reported in Accordance with *Governmental Auditing Standards*:

None noted

Section III - Federal Award Findings and Question Costs

Finding 2018-001

CFDA Number and Name: Not applicable

Questioned Costs: N/A

Finding

Criteria: Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits* (Uniform Guidance), Subpart F, Sec. 512, requires the City to submit its single audit reporting package to the federal clearing house no later than 9 months after fiscal year-end.

Condition and context: The federal reporting deadline for the City's single audit reporting package was March 31, 2019; however, the City did not issue its single auditing reporting package until May 24, 2019 because it failed to determine that it met the federal reporting threshold of \$750,000 of federal expenditures during the year ended June 30, 2018.

Effect: The late submission affects all federal programs the City administered, however, this finding does not result in a deficiency of internal control over compliance or noncompliance for the individual federal programs, as this was not caused by the programs' administration.

Cause: As discussed above, the City failed to make the determination that the amount of federal expenditures exceeded the submission threshold of \$750,000.

Recommendation: The City should identify all federal expenditures at the end of the fiscal year in order to determine whether or not those expenditures are equal to or exceed the submission threshold of \$750,000.

Agency Response: Concur

The City will develop a system to monitor the amount of federal funds expended and timely determine if a federal single audit reporting package is required to be submitted. This determination will ensure that the package is submitted by the due date.

Section IV - Disposition of Prior Year Findings and Question Costs

No prior year findings and questioned costs

Section V - Corrective Action Plan

See agency response above.

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
 From: Jon Bolling, City Administrator
 Date: May 30, 2019
 RE: Referendum Scheduled for October Municipal Election

Background

As the council will recall, at its September 20, 2018 meeting it approved Ordinance No. 713. The ordinance puts before the Craig electorate the question of whether to raise the city’s sales tax rate from 5% to 6%. A copy of the ordinance is attached. The question will appear on the municipal ballot this October.

The ordinance calls for increasing the sales tax rate from five to six percent, provided that the revenue raised from the additional one percentage point is used to offset costs of owning and operating the Craig Aquatic Center. A summary of Ordinance 713 is included below.

Summary

The ordinance would increase support for the pool by one percentage point. The graphic below delineates the current and proposed designations for sales tax receipts.

<u>Current Designation</u>		<u>Proposed Designation</u>	
School Support	1.0%	School Support	1.0%
Aquatic Center Support	0.5%	Aquatic Center Support	1.5%
Recreation Support	0.5%	Recreation Support	0.5%
Undesignated	<u>3.0%</u>	Undesignated	<u>3.0%</u>
Tax rate	5.0%	Tax Rate	6.0%

Table 1 below displays the designated use of city sales tax currently, and the designated uses of sales tax receipts if Ordinance 713 is approved by Craig voters. Note that each one percentage point of sales tax generates about \$300,000 annually.

Table 1

	Sales Tax Rate	Total Revenue Generated	Portion Designated For Pool	Portion Designated for Schools	Portion Designated for Recreation	Undesignated
Current	5%	\$1,500,000	\$150,000	\$300,000	\$150,000	\$900,000
Proposed	6%	\$1,800,000	\$450,000	\$300,000	\$150,000	\$900,000

Table 2 below summarizes the revenues and expenditures for the aquatic center for the current fiscal year, and the prior four fiscal years.

Table 2

	2015	2016	2017	2018	2019	Average
Expense	\$540,111	\$478,465	\$441,795	\$498,091	\$661,056	\$523,904
Revenue	\$67,089	\$49,917	\$49,457	\$43,692	\$55,000	\$53,031
Diference	(\$473,022)	(\$428,548)	(\$392,338)	(\$454,399)	(\$606,056)	(\$470,873)
Note: FY 2019 numbers are preliminary.						

The expense row in Table 2 includes all operating and debt service expenses. As the tables show, on some occasions the amount of expenses over revenue at the aquatic center is less than the projected revenue resulting from implementation of Ordinance 713. If the sales tax increase is ultimately implemented, in those years where the tax revenue designated for the aquatic center is greater than the department's deficit, staff would hold the excess in a reserve account for later use at the pool. The ballot language in the ordinance allows the proposed revenue to be used for operational or capital expenses at the aquatic center.

Public Notice

The council should consider how best to make Craig residents aware of the ballot measure prior to the October election. Staff can follow council direction as to preparation of materials, including issuance of a newsletter on the topic, public postings in the community, dissemination of materials at the city's web site, and perhaps other options. The council discussion should also include the timing of publishing materials as to the ballot measure.

Recommendation

That the council provide direction to staff on preparing and disseminating materials regarding the sales tax increase proposition scheduled for the October ballot, and set timelines for publication.

Sponsor: Councilman Michael Douville

CITY OF CRAIG
ORDINANCE NO. 713

MODIFYING SALES TAX CODE (3.08)
TO INCREASE SALES TAX RATE TO SIX PERCENT (6%)

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CRAIG, ALASKA:

Section 1. Classification. Section 4 of this ordinance is of a general and permanent nature and shall become a part of the Craig Municipal Code (CMC).

Section 2. Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of this ordinance_ and the application to other persons or circumstances shall not be affected thereby.

Section 3. Effective Date. (a) Section 4 of this ordinance changing CMC 3.08.020.B, shall become effective on January 1, 2019, if the proposition required by Section 5 of this ordinance is approved by a majority of the qualified voters of the City voting on the proposition at the regular municipal election scheduled for October 2, 2018.

(b) Section 5 of this ordinance authorizing the submission of the ballot proposition to the qualified voters of the City of Craig, shall be effective immediately upon adoption of this ordinance.

Section 4. Action. This ordinance amends 3.08.020 (B) by deleting those words that are capitalized and in brackets and adding those that are underlined as follows:

3.08.020 Levy of sales tax - rate. (B). The tax is levied in the amount of [FIVE] six percent of the sales price of all retail sales made, of all rents paid and of the amount paid for services performed within the city.

Section 5. Election. At the regular election to be held on October 1, 2019, the following question shall be placed before the qualified voters of the City of Craig:

PROPOSITION NO.
SALES TAX

Shall the City of Craig, Alaska increase its sales tax rate from five percent to six percent, if the sales tax revenue generated by the rate increase is dedicated to funding the Craig Aquatic Center?

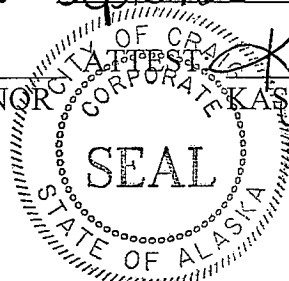
YES []

NO []

APPROVED this 20th day of September, 2018.


MAYOR TIMOTHY O'CONNOR


KASSI MACKIE - CITY CLERK



**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: May 31, 2019
RE: Employee Health Insurance Benefit Renewal

Each year the city considers renewal options for the employee health insurance benefit. Among the renewal options for the coming fiscal year is to continue our current Premera Heritage Select group coverage at a cost decrease of 1.95%, or renew with a similar Premera Heritage Select Plan in a different group for a cost decrease of about 17.4 percent.

The similar plan would still allow visits to out of network providers, like our current plan, and offers comparable prescription costs as compared to our current plan. While there are not many other differences in coverage, perhaps the most notable difference is a higher limit to the out of pocket cost (from \$5,000 to \$6,000), that will affect employees who use the medical benefit frequently. The deductible remains the same, and I would not expect the city to change its practice of reimbursing employees all but \$500 of the \$3,000 deductible through the city's health reimbursement plan.

Depending on which plan the city renews with, the lower premium cost plan could save employees between \$209 and \$856 per year in benefit premium costs, depending on the level of coverage selected by the employee. The city could end up spending approximately \$68,000 less for the benefit.

The health insurance benefit is very important to employees, and changes to it can cause some anxiety. In light of that, employees who have questions about the proposed renewal were encouraged to pose their policy questions to our insurance broker to get informed feedback on the proposed change, and to make their preferences known. I am still waiting to hear from our employees as to their individual preferences on the renewal.

A three-page copy of the renewal offer is attached. The pages can be confusing to read. A quick summary is below.

	<u>Group</u>	<u>Plan</u>	<u>Detail</u>
Current:	Political Subdivision (APS)	Heritage Select	Page 1, Table 2
Proposed:	50+ Pooling Plans	Heritage Select	Page 2, Table 1

In short, there are two groups the city can renew with: the Political Subdivision Group, and the 50+ Pooling Plans. Within each of these groups are two types of plans, Heritage Select (the plan the city has now) and Heritage Plus. The city is currently within the Political Subdivision Group. The large cost savings potential would come if the city changed to the 50+ Pooling Plans Group.

Recommendation

That the council, by motion, approve the employee health insurance renewal using the 50+ Pooling Plans Group, Heritage Select plan.

City of Craig 2019 Renewal

Tiers	EE	ES	ESC	EC	Total
# in Tiers	14	3	6	1	24

Poly Sub Rates

This Poly sub plan has a \$3000 deductible, 20% coinsurance to an out of pocket of \$5000. Family coverage is 3x the individual deductible and 2 x the out of pocket. The Prescription drug plan is \$20 generic/\$40 preferred brand/\$80 non-preferred brand.

Current APS	Heritage Select required hospital based services to be preferred. To be able to get the office copay, a preferred provider is needed.				
3000/20/5000/35 preferred 20/40/80	927.71	2131.55	2965.76	1761.91	38939.06
Dental 100/80/50/2000	<u>61.74</u>	<u>125.85</u>	<u>172.67</u>	<u>108.57</u>	<u>2386.5</u>
Totals	1017.28	2321.35	3227.41	1923.33	42193.76

Renewal of APS	Heritage Select - Renewal of current plan.					
3000/20/5000 20/40/80	931.31	2139.79	2977.24	1768.74	39089.89	3.90%
Dental 100/80/50/2000	<u>58.96</u>	<u>120.19</u>	<u>164.9</u>	<u>103.68</u>	<u>2279.09</u>	-4.50%
Totals	990.27	2259.98	3142.14	1872.42	41368.98	-1.95%

Renewal of APS	Heritage Plus requires that all providers be preferred providers.					
3000/20/5000 20/40/80	889.8	2044.34	2844.49	1689.93	37347.09	-4.09%
Dental 100/80/50/2000	<u>58.96</u>	<u>120.19</u>	<u>164.9</u>	<u>103.68</u>	<u>2279.09</u>	-4.50%
Totals	948.76	2164.53	3009.39	1793.61	39626.18	-6.09%

Renewal of APS	HSA Heritage Plus is an HSA qualified plan with the free RX drug plans. When the overall deductible is \$1350 or more, then contributions can be made to an HSA.					
3000/20/6000	874.52	2009.25	2795.66	1660.93	36705.92	-5.73%
Dental 100/80/50/2000	<u>58.96</u>	<u>120.19</u>	<u>164.9</u>	<u>103.68</u>	<u>2279.09</u>	-4.50%
Totals	933.48	2129.44	2960.56	1764.61	38985.01	-7.60%

50+ Pooling Plans

Heritage Select Plans

Note with these plans a drug plan is selected separately. This dental plan doesn't apply the preventive costs to the annual max. Also note that Heritage Select Plans in this pool do not have office copays.

Plan has RX Essentials drug plan. \$10 for preferred generic/\$25 for preferred brand drugs/\$45 oreferred specialty drugs/30% for non preferred drugs

3000/20/6000	735.23	1654.27	2205.69	1286.65	29776.82	
RX Essentials						
10/25/45/30%	<u>77.25</u>	<u>173.81</u>	<u>231.75</u>	<u>135.19</u>	<u>3128.62</u>	
Medical total	812.48	1828.08	2437.44	1421.84	32905.44	-15.50
Dental Optima 2000	<u>43.77</u>	<u>93.91</u>	<u>155.84</u>	<u>107.82</u>	<u>1937.37</u>	-18.82
Medical Dental total	856.25	1921.99	2593.28	1529.66	34842.81	-17.42

Same plan but RX is Preferred Choice \$15 generic/\$30 preferred brand/\$50 nonpreferred brand name/30% for specialty drugs

3000/20/6000	735.23	1654.27	2205.69	1286.65	29776.82	
Preferred RX Choice						
15/30/50/30%	<u>89.56</u>	<u>201.51</u>	<u>268.68</u>	<u>156.73</u>	<u>3627.18</u>	
Medical total	824.79	1855.78	2474.37	1443.38	33404.00	-14.21
Dental Optima 2000	<u>43.77</u>	<u>93.91</u>	<u>155.84</u>	<u>107.82</u>	<u>1937.37</u>	-18.82
Medical Dental total	868.56	1949.69	2630.21	1551.20	35341.37	-16.24

Same plan but RX is Preferred Choice \$20 generic/\$40 preferred brand/\$60 nonpreferred brand name/30% for specialty drugs

3000/20/6000	735.23	1654.27	2205.69	1286.65	29776.82	
Preferred RX Choice						
20/40/60	<u>85.17</u>	<u>191.63</u>	<u>255.51</u>	<u>149.05</u>	<u>3449.38</u>	
Medical total	820.40	1845.90	2461.20	1435.70	33226.20	-14.67
Dental Optima 2000	<u>43.77</u>	<u>93.91</u>	<u>155.84</u>	<u>107.82</u>	<u>1937.37</u>	-18.82
Medical Dental total	864.17	1939.81	2617.04	1543.52	35163.57	-16.66

Heritage Plus Plans

Note with these plans a drug plan is selected separately. This dental plan doesn't apply the preventive costs to the annual max. Also note that Heritage Plus Plans in this pool have office copays. Requires that providers be in network.

These plans have office copays, \$30 for a PCP (primary care physician) and \$65 for specialty doctors. Doctors at Peacehealth and SEARHC are in network.

Same drugs plan descriptions for the above plans.

3000/20/6000/30/65	719.75	1619.44	2159.25	1259.56	29149.88	
<i>RX Essentials</i>						
10/25/45/30	<u>77.25</u>	<u>173.81</u>	<u>231.75</u>	<u>135.19</u>	<u>3128.62</u>	
Medical total	797	1793.25	2391	1394.75	32278.5	-17.11
Dental Optima 2000	<u>43.77</u>	<u>93.91</u>	<u>155.84</u>	<u>107.82</u>	<u>1937.37</u>	-18.82
Medical Dental total	840.77	1887.16	2546.84	1502.57	34215.87	-18.91

3000/20/6000/30/65	719.75	1619.44	2159.25	1259.56	29149.88	
<i>Preferred RX Choice</i>						
15/30/50/30%	<u>89.56</u>	<u>201.51</u>	<u>268.68</u>	<u>156.73</u>	<u>3627.18</u>	
Medical total	809.31	1820.95	2427.93	1416.29	32777.06	-15.82
Dental Optima 2000	<u>43.77</u>	<u>93.91</u>	<u>155.84</u>	<u>107.82</u>	<u>1937.37</u>	-18.82
Medical Dental total	853.08	1914.86	2583.77	1524.11	34714.43	-17.73

3000/20/6000/30/65	719.75	1619.44	2159.25	1259.56	29149.88	
<i>Preferred RX Choice</i>						
20/40/60	<u>85.17</u>	<u>191.63</u>	<u>255.51</u>	<u>149.05</u>	<u>3449.38</u>	
Medical total	804.92	1811.07	2414.76	1408.61	32599.26	-16.28
Dental Optima 2000	<u>43.77</u>	<u>93.91</u>	<u>155.84</u>	<u>107.82</u>	<u>1937.37</u>	-18.82
Medical Dental total	848.69	1904.98	2570.6	1516.43	34536.63	-18.15

This plan is an HSA qualified plan and looks like the above Heritage Select Plans, **except** that it is a Heritage Plus plan, meaning it requires the use of a preferred provider. The drug plan includes the free HSA drugs.

HSA EMB 3000/20/5000	773.08	1739.43	2319.24	1352.89	31309.74	-19.59
Dental Optima 2000	<u>43.77</u>	<u>93.91</u>	<u>155.84</u>	<u>107.82</u>	<u>1937.37</u>	-18.82
	816.85	1833.34	2475.08	1460.71	33247.11	-21.20