

CITY OF SAINT PAUL, ALASKA

Basic Financial Statements, Required Supplementary
Information, Supplementary Information, and
Compliance Section
(With Independent Auditor's Report Thereon)

Year Ended December 31, 2025

CITY OF SAINT PAUL, ALASKA

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CITY OF SAINT PAUL, ALASKA

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Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Saint Paul, Alaska
Saint Paul, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saint Paul, Alaska (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter- Loan Repayment Moratorium Status

As discussed in Note IV to the financial statements, the U.S. Department of Commerce revenue bond repayment moratorium expired in September 2016. The City has applied for an additional extension of the moratorium, but has not yet received approval or denial of this request. The financial statements have been prepared assuming the moratorium terms remain in place. If the extension request is not approved, it is unclear what repayment terms would be established which could raise doubts about the City's ability to continue as a going concern. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund on page 44, the Public Employees' Retirement System Schedule of the City's Proportionate Share of the Net Pension and OPEB Liabilities and Assets, the Schedules of City's Contributions and notes to the required supplementary information on pages 45-51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. As listed in the table of contents as Supplementary Information, the combining and individual fund financial statements, Schedule of Expenditures of Federal Awards and notes to the schedule, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and Members of the City Council
City of Saint Paul, Alaska

We also have previously audited, 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, the City's basic financial statements for the year ended December 31, 2024, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The individual fund financial statements and schedules for the year ended December 31, 2024 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2024 basic financial statements. The information was subjected to the audit procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2024 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Anchorage, Alaska
June 10, 2026

BASIC FINANCIAL STATEMENTS

CITY OF SAINT PAUL, ALASKA

Statement of Net Position

December 31, 2025

<u>Assets and Deferred Outflows of Resources</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 6,051,305	4,728,168	10,779,473
Receivables:			
Accounts	36,391	1,074,807	1,111,198
Intergovernmental	678,495	352,324	1,030,819
Interest	16,690	-	16,690
Allowance for doubtful accounts	(9,642)	(14,053)	(23,695)
Internal balances	4,838,037	(4,838,037)	-
Prepaid items	539	2,662	3,201
Inventory	38,942	2,416,252	2,455,194
Noncurrent assets:			
Net pension and OPEB assets	803,233	220,951	1,024,184
Capital assets:			
Land and construction in progress	23,064	3,989,126	4,012,190
Other capital assets, net of depreciation	18,126,569	9,099,866	27,226,435
Total assets	<u>30,603,623</u>	<u>17,032,066</u>	<u>47,635,689</u>
Deferred outflows of resources:			
Pension and OPEB deferrals	132,620	8,786	141,406
Total assets and deferred outflows of resources	<u>\$ 30,736,243</u>	<u>17,040,852</u>	<u>47,777,095</u>
<u>Liabilities and Deferred Inflows of Resources</u>			
Current liabilities:			
Accounts payable	\$ 202,119	203,576	405,695
Line of credit	-	2,335,358	2,335,358
Accrued liabilities	43,390	1,906	45,296
Customer deposits	21,085	21,082	42,167
Unearned revenue	736,988	9,444	746,432
Noncurrent liabilities:			
Due within one year:			
Bulk fuel loan	-	149,425	149,425
Compensated absences	102,715	30,916	133,631
Note payable - USACE	-	39,978	39,978
Due in more than one year:			
Revenue bonds, net of unamortized discount and current portion	-	5,855,878	5,855,878
Note payable - USACE, net of current portion	-	1,380,249	1,380,249
Accrued interest payable	-	1,905,144	1,905,144
Landfill closure and post closure care costs	-	44,168	44,168
Net pension and OPEB liability	1,541,653	268,640	1,810,293
Total liabilities	<u>2,647,950</u>	<u>12,245,764</u>	<u>14,893,714</u>
Deferred inflows of resources:			
Pension and OPEB deferrals	73,439	28,963	102,402
Total liabilities and deferred inflows of resources	<u>2,721,389</u>	<u>12,274,727</u>	<u>14,996,116</u>
<u>Net Position</u>			
Net investment in capital assets	18,149,633	7,233,114	25,382,747
Restricted for debt service and depreciation reserve	-	950,000	950,000
Unrestricted	9,865,221	(3,416,989)	6,448,232
Total net position	<u>28,014,854</u>	<u>4,766,125</u>	<u>32,780,979</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 30,736,243</u>	<u>17,040,852</u>	<u>47,777,095</u>

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Statement of Activities

Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,709,776	739,153	(543)	-	(1,971,166)	-	(1,971,166)
Public safety	149,512	-	-	-	(149,512)	-	(149,512)
Public works	1,401,314	105,142	2,961,419	-	1,665,247	-	1,665,247
Business-type activities:							
Electric	2,673,767	1,918,835	(72)	-	-	(755,004)	(755,004)
Water	355,070	193,676	(36)	43,059	-	(118,371)	(118,371)
Sewer	343,380	174,181	(24)	-	-	(169,223)	(169,223)
Bulk fuel farm	4,211,169	4,048,331	(116)	-	-	(162,954)	(162,954)
Harbor	149,003	30,484	(20)	-	-	(118,539)	(118,539)
Refuse	611,160	176,207	(77)	460,342	-	25,312	25,312
USCG caregiver service	1,077	-	-	-	-	(1,077)	(1,077)
Total business-type activities	8,344,626	6,541,714	(345)	503,401	-	(1,299,856)	(1,299,856)
Total	\$ 12,605,228	7,386,009	2,960,531	503,401	(455,431)	(1,299,856)	(1,755,287)
General revenues and transfers:							
General revenues:							
Sales and fisheries taxes					\$ 687,724	-	687,724
Grant and entitlements not restricted to a specific purpose					241,380	-	241,380
Federal payment in lieu of taxes					93,484	-	93,484
Investment income					236,380	201,415	437,795
Fishery disaster relief					3,757,102	-	3,757,102
Other revenue					107,539	6,389	113,928
Gain on sale of capital assets					5,310	-	5,310
Transfers					(115,771)	115,771	-
Transfer of capital assets					(2,508,729)	2,508,729	-
Total general revenues and transfers					2,504,419	2,832,304	5,336,723
Change in net position					2,048,988	1,532,448	3,581,436
Net position, beginning of year					25,965,866	3,233,677	29,199,543
Net position, end of year					\$ 28,014,854	4,766,125	32,780,979

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Balance Sheet - Governmental Funds

December 31, 2025

<u>Assets</u>	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>USDA RUS Special Revenue Fund</u>	<u>Nonmajor Special Revenue Funds</u>	
Cash and investments	\$ 5,703,569	-	347,736	6,051,305
Receivables:				
Accounts	36,391	-	-	36,391
Intergovernmental	-	444,454	234,041	678,495
Interest	16,690	-	-	16,690
Allowance for doubtful accounts	(9,642)	-	-	(9,642)
Due from other funds	729,921	-	-	729,921
Advances to other funds	4,838,037	-	-	4,838,037
Prepaid items	539	-	-	539
Inventory	38,942	-	-	38,942
Total assets	<u>\$ 11,354,447</u>	<u>444,454</u>	<u>581,777</u>	<u>12,380,678</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 97,754	72,802	31,563	202,119
Accrued liabilities	43,390	-	-	43,390
Customer deposits	21,085	-	-	21,085
Unearned revenue	723,449	-	13,539	736,988
Due to other funds	-	371,652	358,269	729,921
Total liabilities	<u>885,678</u>	<u>444,454</u>	<u>403,371</u>	<u>1,733,503</u>
Fund balances:				
Nonspendable	4,877,518	-	-	4,877,518
Committed	-	-	334,197	334,197
Unassigned	5,591,251	-	(155,791)	5,435,460
Total fund balances	<u>10,468,769</u>	<u>-</u>	<u>178,406</u>	<u>10,647,175</u>
Total liabilities and fund balances	<u>\$ 11,354,447</u>	<u>444,454</u>	<u>581,777</u>	<u>12,380,678</u>

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA
 Reconciliation of Governmental Funds Balance Sheet
 to Statement of Net Position
 December 31, 2025

Total fund balances for governmental funds	\$	10,647,175
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation consist of:		
Construction in progress	\$	23,064
Breakwater		47,642,984
Buildings and improvements		8,669,627
Machinery and equipment		4,288,408
Accumulated depreciation		<u>(42,474,450)</u>
Total capital assets, net of accumulated depreciation		18,149,633
OPEB plans have been funded in excess of required contributions. These contributions are not current financial resources and therefore are not reported in the funds.		
Proportionate share of the collective net pension and OPEB liability:		
PERS		(1,541,653)
Proportionate share of the collective net pension and OPEB asset:		
PERS		803,233
Deferred inflows and outflows of resources are the result of timing differences in the actuarial report:		
Pension and OPEB related assets in the current fiscal year are presented as deferred outflows of resources:		
PERS		132,620
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources:		
PERS		(73,439)
Long-term liabilities, including accrued leave, are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		<u>(102,715)</u>
Total net position of governmental activities	\$	<u><u>28,014,854</u></u>

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended December 31, 2025

	Major Funds			Total Governmental Funds
	General Fund	USDA RUS Special Revenue Fund	Nonmajor Special Revenue Funds	
Revenues:				
Local sources:				
Taxes	\$ 687,724	-	-	687,724
Charges for services	844,295	-	15,445	859,740
Investment income	236,380	-	-	236,380
Fishery disaster relief	3,757,102	-	-	3,757,102
Other	107,539	-	133,915	241,454
Intergovernmental	379,135	1,793,667	1,018,588	3,191,390
Total revenues	<u>6,012,175</u>	<u>1,793,667</u>	<u>1,167,948</u>	<u>8,973,790</u>
Expenditures:				
Current:				
General government	1,747,653	-	-	1,747,653
Public safety	64,183	-	-	64,183
Public works	884,345	115,928	261,085	1,261,358
Capital outlay	-	1,677,774	831,381	2,509,155
Total expenditures	<u>2,696,181</u>	<u>1,793,702</u>	<u>1,092,466</u>	<u>5,582,349</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,315,994</u>	<u>(35)</u>	<u>75,482</u>	<u>3,391,441</u>
Other financing sources (uses):				
Transfers in	-	35	19,468	19,503
Transfers out	(135,274)	-	-	(135,274)
Proceeds from the sale of capital assets	6,150	-	-	6,150
Net other financing sources (uses)	<u>(129,124)</u>	<u>35</u>	<u>19,468</u>	<u>(109,621)</u>
Net change in fund balances	3,186,870	-	94,950	3,281,820
Fund balances, beginning of year	<u>7,281,899</u>	<u>-</u>	<u>83,456</u>	<u>7,365,355</u>
Fund balances, end of year	<u>\$ 10,468,769</u>	<u>-</u>	<u>178,406</u>	<u>10,647,175</u>

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended December 31, 2025

Net change in fund balances - total governmental funds	\$ 3,281,820
Amounts reported for governmental activities in the Statement of Activities are different because:	
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in the unfunded net pension and OPEB liability and assets:	
PERS	215,625
Changes in deferred inflows and outflows of resources are the result of timing differences in the actuarial report and adjustments to reflect employer and non-employer contributions based on the measurement date of the liability.	
PERS	(136,792)
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 reported as depreciation expense.	
Depreciation expense	\$ (1,292,601)
Capital asset additions	2,513,841
Net book value of capital assets sold	(840)
Transfer of capital assets from governmental activities to business-type activities	<u>(2,508,729)</u>
	(1,288,329)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences	<u>(23,336)</u>
Change in net position of governmental activities	\$ <u><u>2,048,988</u></u>

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Enterprise Funds

Statement of Net Position

December 31, 2025

Assets and Deferred Outflows of Resources	Major Funds						Nonmajor Funds	Total
	Electric Utility	Water Utility	Sewer Utility	Bulk Fuel Farm	Harbor	Refuse		
Current assets:								
Cash and investments	\$ 2,632,994	1,910,549	-	975	-	-	183,650	4,728,168
Receivables:								
Accounts	381,046	47,046	42,953	544,329	5,765	51,077	2,591	1,074,807
Intergovernmental	113,117	-	-	-	-	239,207	-	352,324
Allowance for doubtful accounts	(3,067)	(780)	(33)	(4,812)	(3,932)	(1,429)	-	(14,053)
Prepaid items	-	1,070	-	-	1,592	-	-	2,662
Inventory	18,078	-	-	2,394,525	3,649	-	-	2,416,252
Total current assets	<u>3,142,168</u>	<u>1,957,885</u>	<u>42,920</u>	<u>2,935,017</u>	<u>7,074</u>	<u>288,855</u>	<u>186,241</u>	<u>8,560,160</u>
Noncurrent assets:								
Net pension and OPEB asset	<u>47,232</u>	<u>88,375</u>	<u>4,997</u>	<u>24,486</u>	<u>40,072</u>	<u>15,789</u>	<u>-</u>	<u>220,951</u>
Capital assets:								
Property, plant and equipment	10,103,564	6,934,043	3,757,924	7,531,344	5,565,391	3,391,633	-	37,283,899
Accumulated depreciation	<u>(4,841,833)</u>	<u>(5,609,373)</u>	<u>(2,611,828)</u>	<u>(5,795,044)</u>	<u>(4,349,212)</u>	<u>(987,617)</u>	<u>-</u>	<u>(24,194,907)</u>
Net property, plant and equipment	<u>5,261,731</u>	<u>1,324,670</u>	<u>1,146,096</u>	<u>1,736,300</u>	<u>1,216,179</u>	<u>2,404,016</u>	<u>-</u>	<u>13,088,992</u>
Total noncurrent assets	<u>5,308,963</u>	<u>1,413,045</u>	<u>1,151,093</u>	<u>1,760,786</u>	<u>1,256,251</u>	<u>2,419,805</u>	<u>-</u>	<u>13,309,943</u>
Total assets	<u>8,451,131</u>	<u>3,370,930</u>	<u>1,194,013</u>	<u>4,695,803</u>	<u>1,263,325</u>	<u>2,708,660</u>	<u>186,241</u>	<u>21,870,103</u>
Deferred outflows of resources - Pension and OPEB deferrals	<u>3,019</u>	<u>1,757</u>	<u>-</u>	<u>-</u>	<u>4,010</u>	<u>-</u>	<u>-</u>	<u>8,786</u>
Total assets and deferred outflows of resources	<u>\$ 8,454,150</u>	<u>3,372,687</u>	<u>1,194,013</u>	<u>4,695,803</u>	<u>1,267,335</u>	<u>2,708,660</u>	<u>186,241</u>	<u>21,878,889</u>

(Continued)

CITY OF SAINT PAUL, ALASKA

Enterprise Funds

Statement of Net Position, Continued

Liabilities, Deferred Inflows of Resources and Net Position	Major Funds						Nonmajor Funds	Total
	Electric Utility	Water Utility	Sewer Utility	Bulk Fuel Farm	Harbor	Refuse		
Current liabilities:								
Accounts payable	\$ 90,762	-	503	35,438	-	76,873	-	203,576
Line of credit	-	-	-	2,335,358	-	-	-	2,335,358
Bulk fuel loan	-	-	-	149,425	-	-	-	149,425
Accrued liabilities	518	269	264	855	-	-	-	1,906
Compensated absences	4,268	3,161	-	20,410	-	3,077	-	30,916
Customer deposits	21,082	-	-	-	-	-	-	21,082
Unearned revenue	-	-	4,157	-	5,287	-	-	9,444
Current portion of note payable - USACE	-	-	-	-	39,978	-	-	39,978
Total current liabilities	<u>116,630</u>	<u>3,430</u>	<u>4,924</u>	<u>2,541,486</u>	<u>45,265</u>	<u>79,950</u>	<u>-</u>	<u>2,791,685</u>
Noncurrent liabilities:								
Advances from other funds	-	-	2,151,375	1,225,057	1,144,722	316,883	-	4,838,037
Revenue bonds, net of unamortized discount and current portion	-	-	-	4,389,672	1,466,206	-	-	5,855,878
Note payable - USACE, net of current portion	-	-	-	-	1,380,249	-	-	1,380,249
Accrued interest payable	-	-	-	1,377,175	527,969	-	-	1,905,144
Landfill closure and post closure care costs	-	-	-	-	-	44,168	-	44,168
Net pension and OPEB liability	150,935	35,642	12,062	35,903	34,098	-	-	268,640
Total noncurrent liabilities	<u>150,935</u>	<u>35,642</u>	<u>2,163,437</u>	<u>7,027,807</u>	<u>4,553,244</u>	<u>361,051</u>	<u>-</u>	<u>14,292,116</u>
Total liabilities	<u>267,565</u>	<u>39,072</u>	<u>2,168,361</u>	<u>9,569,293</u>	<u>4,598,509</u>	<u>441,001</u>	<u>-</u>	<u>17,083,801</u>
Deferred inflows of resources - Pension and OPEB deferrals	<u>5,393</u>	<u>3,300</u>	<u>1,792</u>	<u>8,595</u>	<u>4,220</u>	<u>5,663</u>	<u>-</u>	<u>28,963</u>
Net Position:								
Net investment in capital assets	5,261,731	1,324,670	1,146,096	(2,653,372)	(250,027)	2,404,016	-	7,233,114
Restricted for debt service and depreciation reserve	-	-	-	950,000	-	-	-	950,000
Unrestricted (deficit)	2,919,461	2,005,645	(2,122,236)	(3,178,713)	(3,085,367)	(142,020)	186,241	(3,416,989)
Total net position	<u>8,181,192</u>	<u>3,330,315</u>	<u>(976,140)</u>	<u>(4,882,085)</u>	<u>(3,335,394)</u>	<u>2,261,996</u>	<u>186,241</u>	<u>4,766,125</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 8,454,150</u>	<u>3,372,687</u>	<u>1,194,013</u>	<u>4,695,803</u>	<u>1,267,335</u>	<u>2,708,660</u>	<u>186,241</u>	<u>21,878,889</u>

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2025

	Major Funds						Nonmajor Funds	Total
	Electric Utility	Water Utility	Sewer Utility	Bulk Fuel Farm	Harbor	Refuse		
Operating revenues	\$ 1,918,835	193,676	174,181	4,048,331	30,484	176,207	-	6,541,714
Cost of goods sold	-	-	-	(3,345,168)	-	-	-	(3,345,168)
Net operating revenues	<u>1,918,835</u>	<u>193,676</u>	<u>174,181</u>	<u>703,163</u>	<u>30,484</u>	<u>176,207</u>	<u>-</u>	<u>3,196,546</u>
Operating expenses:								
Salaries and benefits	82,547	53,610	53,106	179,064	(2,221)	128,590	1,077	495,773
Other operating expenses	2,241,171	96,156	39,092	378,902	18,514	245,480	-	3,019,315
Administrative cost allocation	172,847	83,804	83,803	128,325	15,713	68,091	-	552,583
Depreciation and amortization	177,202	121,500	167,379	21,303	69,581	168,999	-	725,964
Total operating expenses	<u>2,673,767</u>	<u>355,070</u>	<u>343,380</u>	<u>707,594</u>	<u>101,587</u>	<u>611,160</u>	<u>1,077</u>	<u>4,793,635</u>
Operating income (loss)	<u>(754,932)</u>	<u>(161,394)</u>	<u>(169,199)</u>	<u>(4,431)</u>	<u>(71,103)</u>	<u>(434,953)</u>	<u>(1,077)</u>	<u>(1,597,089)</u>
Nonoperating revenues (expenses):								
Federal sources	-	43,059	-	-	-	460,342	-	503,401
State PERS relief	(72)	(36)	(24)	(116)	(20)	(77)	-	(345)
Investment income (loss)	101,724	74,739	-	17,775	-	-	7,177	201,415
Interest expense	-	-	-	(158,407)	(47,416)	-	-	(205,823)
Miscellaneous revenue	-	6,389	-	-	-	-	-	6,389
Net nonoperating revenues (expenses)	<u>101,652</u>	<u>124,151</u>	<u>(24)</u>	<u>(140,748)</u>	<u>(47,436)</u>	<u>460,265</u>	<u>7,177</u>	<u>505,037</u>
Income (loss) before capital contributions and transfers	<u>(653,280)</u>	<u>(37,243)</u>	<u>(169,223)</u>	<u>(145,179)</u>	<u>(118,539)</u>	<u>25,312</u>	<u>6,100</u>	<u>(1,092,052)</u>
Capital contributions and transfers:								
Capital assets transferred from governmental activities	1,443,737	-	-	651,986	413,006	-	-	2,508,729
Transfer in	-	-	20,930	-	94,876	-	-	115,806
Transfer out	(35)	-	-	-	-	-	-	(35)
Net capital contributions and transfers	<u>1,443,702</u>	<u>-</u>	<u>20,930</u>	<u>651,986</u>	<u>507,882</u>	<u>-</u>	<u>-</u>	<u>2,624,500</u>
Change in net position	790,422	(37,243)	(148,293)	506,807	389,343	25,312	6,100	1,532,448
Net position, beginning	<u>7,390,770</u>	<u>3,367,558</u>	<u>(827,847)</u>	<u>(5,388,892)</u>	<u>(3,724,737)</u>	<u>2,236,684</u>	<u>180,141</u>	<u>3,233,677</u>
Net position, ending	<u>\$ 8,181,192</u>	<u>3,330,315</u>	<u>(976,140)</u>	<u>(4,882,085)</u>	<u>(3,335,394)</u>	<u>2,261,996</u>	<u>186,241</u>	<u>4,766,125</u>

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Enterprise Funds

Statement of Cash Flows

Year Ended December 31, 2025

	Major Funds						Nonmajor Funds	Total
	Electric Utility	Water Utility	Sewer Utility	Bulk Fuel Farm	Harbor	Refuse		
Cash flows provided (used) by operating activities:								
Receipts from customers and users	\$ 1,806,572	178,473	160,194	3,718,816	34,588	152,243	-	6,050,886
Payments of interfund services used	(172,847)	(83,804)	(83,803)	(128,325)	(15,713)	(68,091)	-	(552,583)
Payments to suppliers	(2,196,597)	(98,301)	(37,731)	(3,584,251)	(18,515)	(180,389)	-	(6,115,784)
Payments to employees	(91,231)	(55,565)	(57,435)	(191,848)	-	(139,702)	-	(535,781)
Net cash flows provided (used) by operating activities	(654,103)	(59,197)	(18,775)	(185,608)	360	(235,939)	-	(1,153,262)
Cash flows provided (used) by noncapital financing activities:								
Miscellaneous revenue	-	6,389	-	-	-	-	-	6,389
Federal sources	-	45,034	-	-	-	-	-	45,034
Transfers in (out)	(35)	-	20,930	-	94,876	-	-	115,771
Increase (decrease) in advances from other funds	-	-	(2,155)	826,707	(9,100)	96,884	-	912,336
Net cash flows provided (used) by capital and related financing activities	(35)	51,423	18,775	826,707	85,776	96,884	-	1,079,530
Cash flows provided (used) by capital and related financing activities:								
Proceeds from capital grants	-	-	-	-	-	323,318	-	323,318
Purchases of capital assets	-	-	-	-	-	(184,263)	-	(184,263)
Borrowings (repayments) on line of credit, net	-	-	-	3,242	-	-	-	3,242
Proceeds from issuance of loan	-	-	-	745,051	-	-	-	745,051
Principal paid	-	-	-	(1,248,760)	(38,720)	-	-	(1,287,480)
Interest paid	-	-	-	(158,407)	(47,416)	-	-	(205,823)
Net cash flows provided (used) by capital and related financing activities	-	-	-	(658,874)	(86,136)	139,055	-	(605,955)
Cash flows from investing activities -								
Investment income (loss)	101,724	74,739	-	17,775	-	-	7,177	201,415
Net change in cash and investments	(552,414)	66,965	-	-	-	-	7,177	(478,272)
Cash and investments, beginning	3,185,408	1,843,584	-	975	-	-	176,473	5,206,440
Cash and investments, ending	\$ 2,632,994	1,910,549	-	975	-	-	183,650	4,728,168

(Continued)

CITY OF SAINT PAUL, ALASKA

Enterprise Funds

Statement of Cash Flows, Continued

	Major Funds						Nonmajor Funds	Total
	Electric Utility	Water Utility	Sewer Utility	Bulk Fuel Farm	Harbor	Refuse		
Reconciliation of operating income (loss) to net cash flows from operating activities:								
Operating income (loss)	\$ (754,932)	(161,394)	(169,199)	(4,431)	(71,103)	(434,953)	(1,077)	(1,597,089)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:								
Depreciation and amortization	177,202	121,500	167,379	21,303	69,581	168,999	-	725,964
Bad debt expense	-	-	-	557	3,932	1,429	-	5,918
Noncash expenses - PERS relief	(72)	(36)	(24)	(116)	(20)	(77)	-	(345)
(Increase) decrease in assets and deferred outflows of resources:								
Receivables	(110,874)	(15,203)	(13,987)	(330,072)	(5,115)	(25,393)	-	(500,644)
Prepaid items	-	(1,070)	858	-	(1)	-	-	(213)
Inventory	192	-	-	106,148	-	-	-	106,340
Net pension and OPEB asset	(15,036)	(7,434)	(4,997)	(23,964)	(4,109)	(15,789)	-	(71,329)
Deferred outflows of resources - pension and OPEB deferrals	7,258	3,589	1,847	9,807	1,984	-	1,572	26,057
Increase (decrease) in liabilities and deferred inflows of resources:								
Accounts payable	44,382	(1,075)	503	33,671	-	65,091	-	142,572
Accrued liabilities	(2,020)	(1,098)	(1,063)	(4,015)	-	(1,420)	-	(9,616)
Compensated absences	1,463	3,161	-	5,946	-	511	-	11,081
Customer deposits	(1,389)	-	-	-	-	-	-	(1,389)
Unearned revenue	-	-	-	-	5,287	-	-	5,287
Net pension and OPEB liability	(5,670)	(2,803)	(1,884)	(9,037)	(1,550)	-	(495)	(21,439)
Deferred inflows of resources - pension and OPEB deferrals	5,393	2,666	1,792	8,595	1,474	5,663	-	25,583
Net cash flows used by operating activities	\$ <u>(654,103)</u>	<u>(59,197)</u>	<u>(18,775)</u>	<u>(185,608)</u>	<u>360</u>	<u>(235,939)</u>	<u>-</u>	<u>(1,153,262)</u>
Noncash capital and related financing activities -								
Transfers of capital assets from governmental activities	\$ <u>1,443,737</u>	<u>-</u>	<u>-</u>	<u>651,986</u>	<u>413,006</u>	<u>-</u>	<u>-</u>	<u>2,508,729</u>

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements

Year Ended December 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Saint Paul, Alaska (the City) was incorporated as a fourth-class city under Alaska State Law (Title 29) on June 29, 1971. In September 1972, all incorporated fourth-class cities were reclassified as second-class cities by the State of Alaska. The City operates under a council-manager form of government and provides or supports the following services: public services (electric utilities, refuse collection, sewer, water, Harbor of Saint Paul, and bulk fuel delivery); road and street maintenance; recreation; planning and zoning; public improvements; economic development; and general administrative services. Education services are provided by the Pribilof Islands School District (the School District). The School District is a separate governmental entity and the City has no oversight responsibility. Accordingly, the School District's financial statements are not included herein.

For financial reporting purposes, the City includes all funds and activities that are controlled by or dependent on the City's governing body. Management has determined the City to be a single reporting entity for financial reporting purposes by applying the criteria established by the Governmental Accounting Standards Board. By applying these criteria, management has determined that the City has no component units.

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 activities of the City. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a 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) fees, fines and 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, investment income, grants and entitlements not restricted to a specific purpose, other than items not properly included among program revenues, are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column names "Nonmajor Funds".

Notes to Basic Financial Statements, Continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recognized when the obligations are expected to be liquidated with expendable available resources.

Sales and fish taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when received by the government.

The City reports the following major funds:

Major Governmental Funds:

- The General Fund is the City's main operating fund. It accounts for all financial resources of general government, except those required to be reported in another fund.
- The USDA RUS Special Revenue Fund is used to account for public works projects undertaken by the City and funded by grants from the U.S. Department of Agriculture.

Major Propriety Funds:

- The Electric Utility Enterprise Fund is used to account for the operations of the electric utility.
- The Water Utility Enterprise Fund is used to account for the operations of the City's water systems.
- The Sewer Utility Enterprise Fund is used to account for the operations of the City's sewer systems.
- The Bulk Fuel Farm Enterprise Fund is used to account for the operations of the local fueling facility.
- The Harbor Enterprise Fund is used to account for the activities of the local port and harbor.
- The Refuse Enterprise Fund is used to account for the operations of the pickup and disposal of refuse into the City's solid waste landfill site and burn box operations.

Notes to Basic Financial Statements, Continued

Additionally, the City reports the following fund types:

- *Special Revenue Funds* - are a type of governmental fund used to account for revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects.
- *Enterprise Funds* - are a type of proprietary fund used to report an activity for which a fee is charged to external users for goods or services.

As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise funds and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Accounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes, investment income, and state and federal entitlement revenue not restricted for a specific purpose.

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

The preparation of the basic 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 disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

D. Budgets

An operating budget is adopted each year for the General Fund on the same modified accrual basis used to reflect actual revenues and expenditures in the fund financial statements. Appropriations lapse at year end to the extent that they have not been expended or encumbered. Budgetary control is exercised at the department level. The City manager is authorized to transfer budget amounts between line items within any department; however, any supplemental appropriations that amend the total expenditures or fund require Council approval. The City did not formally adopt a budget for the USDA RUS Special Revenue Fund for the year ended December 31, 2025.

Notes to Basic Financial Statements, Continued

E. Central Treasury

A central treasury is used to account for cash from most funds of the City to maximize interest income. Investments are stated at fair value. Investment earnings are allocated to most funds based on their respective cash balances.

F. Cash and Cash Equivalents

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

G. Inventory and Prepaid Items

Inventory is valued at cost in governmental funds and at the lower of cost and net realizable value in the proprietary funds. Cost is determined by the first-in first-out method. The cost is recorded as an expenditure or expense at the time individual inventory items are consumed. Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items. Prepaids are accounted for based on the consumption method. In the governmental funds reported inventory and prepaid items are equally offset by a portion of fund balance classified as nonspendable in the financial statements which indicates that these do not constitute "available spendable resources" even though they are a component of net current assets.

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" "advances to/from other funds." The receivables and payables between governmental funds are classified as "due from other funds" and "due to other funds" on the balance sheet of the Fund Financial Statements and are eliminated in the preparation of the government-wide financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

I. Grants and Other Intergovernmental Revenue

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

Notes to Basic Financial Statements, Continued

J. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

K. Compensated Absences

The City allows employees to accumulate earned and unused vacation and sick leave benefits. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The City allows up to a 480 hours accumulation of vacation leave which is payable upon resignation, retirement or death. Leave is not payable if an employee is terminated with cause. A liability for these amounts is reported in the enterprise fund financial statements. In the government-wide financial statements a liability is recognized when it is attributable to services already rendered, it accumulates, and is more likely than not that the governmental will compensate an employee (either as paid time off or cash payment).

L. Deferred Inflows/Outflows of Resources

A deferred outflow of resources represents the consumption of the government's net position or fund balance that is applicable to a future period. A deferred inflow of resources represents the acquisition of net position or fund balance that is applicable to a future reporting period. For example, revenues that have been earned but are not yet available in the governmental funds are reported as deferred inflows of resources.

M. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

The cost of normal maintenance and repair that does not add to the value of the asset or materially extend the useful life of the asset is 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.

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

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

Breakwater	50 years
Plant in service	35-60 years
Fuel tanks and lines	25 years
Dock and mooring	10 years
Buildings and improvements	35-60 years
Machinery and equipment	5-15 years

N. Unearned Revenue

Amounts received from grantor agencies, and have not been expended for the intended uses, are shown as unearned revenue.

O. Long-Term Debt

In the government-wide and the proprietary 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 position. 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 discount.

P. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form-prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

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

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

Notes to Basic Financial Statements, Continued

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

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

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

Q. Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position – consists of assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this component.

R. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Any encumbrances outstanding at year end are reported as appropriate constraints of fund balances, if they meet the definitions and criteria as outlined above.

S. Pension and Other Postemployment Benefits (OPEB) Plans

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

Notes to Basic Financial Statements, Continued

II. CASH AND INVESTMENTS

At December 31, 2025, the City's cash and investments consisted of the following:

Demand deposits	\$ 615,154
Cash fixed income investments	<u>10,164,319</u>
	<u>\$ 10,779,473</u>

A. General Investments*Investment Policy*

The City's investment policy authorizes investments in:

- A. U.S. Treasury securities that mature in four years or less;
- B. Other obligations by the U.S. Government, its agencies and instrumentalities that mature in four years or less;
- C. Repurchase agreements of acceptable securities specified in Category A or B above which meet a margin requirement of 102%;
- D. Collateralized certificates of deposit and other deposits at banks and savings and loan associations;
- E. Uncollateralized deposits at banks and savings and loan associations, to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC);
- F. Bonds and notes which are issued by any state or political subdivision thereof, and which are General Obligation Bonds graded A or higher by Moody's Investor's Service, Inc., or M by Standard and Poor's Corporation which mature in four years or less;
- G. Prime bankers' acceptances offered by the 50 largest banks which mature in 180 days or less;
- H. Money market mutual funds whose portfolios consist entirely of instruments specified in Category A, B, or C above;
- I. The Alaska Municipal League Investment Pool, Inc. (AMLIP), made in accordance with the terms of that pool's "Common Investment Agreement."

Notes to Basic Financial Statements, Continued

B. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. Investment maturities in general investments at December 31, 2025 are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
Certificates of Deposit	\$ 6,108,357	3,632,422	2,475,935
Money Market Funds	87,435	87,435	-
U.S. Treasury Securities	2,037,255	-	2,037,255
AMLIP Pooled Investments	1,931,272	1,931,272	-
Total subject to interest rate risk	\$ 10,164,319	5,651,129	4,513,190

C. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2025:

U.S. Treasury Securities of \$2,037,255 and Money Market Funds of \$87,435 are valued using quoted market prices in active markets for identical assets (Level 1 inputs).

The City has investments in certificates of deposits totaling \$6,108,357 and in the Alaska Municipal League Investment Pool (AMLIP) totaling \$1,931,272 that are not held at fair value, but instead recorded at amortized cost, at December 31, 2025. Management believes these values approximate fair value.

D. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All of the U.S. government agency investments and U.S. Treasury Securities above are rated AAA by Moody's.

The AMLIP is an external investment pool, which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. The Pool is incorporated in the State of Alaska as a nonprofit corporation and reports to a board of directors. Alaska Statute 37.23.050 requires the retention of an investment manager.

Notes to Basic Financial Statements, Continued

The manager is required to produce monthly disclosure statements on the Pool. The Pool also has retained an investment advisor who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the Pool is voluntary. The Pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the Pool are reviewed for fair value by an independent pricing service. As of December 31, 2025, the fair value of the investments in the Pool approximates amortized cost and is equal to the value of Pool shares.

E. Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. Of the bank balance at December 31, 2025, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC). The City maintains a collateral agreement with its depository financial institution, Federal Home Loan Bank. As a result, all deposits were insured and collateralized as of December 31, 2025.

III. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 is as follows:

	Balance December 31, 2024	Additions and Transfers	Deletions and Transfers	Balance December 31, 2025
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 17,952	2,513,841	(2,508,729)	23,064
Capital assets being depreciated:				
Breakwater	47,642,984	-	-	47,642,984
Buildings and improvements	8,669,627	-	-	8,669,627
Machinery and equipment	4,356,429	-	(68,021)	4,288,408
Total assets being depreciated	60,669,040	-	(68,021)	60,601,019
Less accumulated depreciation for:				
Breakwater	32,816,176	952,860	-	33,769,036
Buildings and improvements	5,295,242	179,654	-	5,474,896
Machinery and equipment	3,137,612	160,087	(67,181)	3,230,518
Total accumulated depreciation	41,249,030	1,292,601	(67,181)	42,474,450
Total capital assets, being depreciated, net	19,420,010	(1,292,601)	(840)	18,126,569
Total governmental activities, net	\$ 19,437,962	1,221,240	(2,509,569)	18,149,633

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 256,236	-	-	256,236
Construction in progress	3,405,665	1,064,992	(737,767)	3,732,890
Total assets not being depreciated	<u>3,661,901</u>	<u>1,064,992</u>	<u>(737,767)</u>	<u>3,989,126</u>
Capital assets being depreciated:				
Plant in service	14,220,638	1,674,435	-	15,895,073
Fuel tanks and lines	5,249,823	-	-	5,249,823
Dock and mooring	5,045,532	-	-	5,045,532
Buildings	3,317,998	213,420	-	3,531,418
Machinery and equipment	3,095,015	477,912	-	3,572,927
Total assets being depreciated	<u>30,929,006</u>	<u>2,365,767</u>	<u>-</u>	<u>33,294,773</u>
Less accumulated depreciation for:				
Plant in service	10,620,469	352,808	-	10,973,277
Fuel tanks and lines	5,237,680	-	-	5,237,680
Dock and mooring	4,219,282	61,781	-	4,281,063
Buildings	1,786,088	77,378	-	1,863,466
Machinery and equipment	1,609,765	229,656	-	1,839,421
Total accumulated depreciation	<u>23,473,284</u>	<u>721,623</u>	<u>-</u>	<u>24,194,907</u>
Total capital assets, being depreciated, net	<u>7,455,722</u>	<u>1,644,144</u>	<u>-</u>	<u>9,099,866</u>
Total business-type activities, net	<u>\$ 11,117,623</u>	<u>2,709,136</u>	<u>(737,767)</u>	<u>13,088,992</u>

During the year ended December 31, 2025, \$2,508,729 of capital assets were transferred from Governmental Activities to Business-type Activities. Depreciation expense was charged to the following functions and funds for the year ended December 31, 2025:

Governmental Activities:

General government	\$ 1,040,481
Public safety	85,329
Public works	166,791
Total depreciation expense – governmental activities	<u>\$ 1,292,601</u>

Business-type Activities:

Electric utility	\$ 177,202
Water utility	121,500
Sewer utility	167,379
Bulk fuel farm	21,303
Harbor	69,581
Refuse	164,658
Total depreciation expense – business-type activities	<u>\$ 721,623</u>

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

IV. LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended December 31, 2025:

Governmental Activities	Balance January 1, 2025	Additions	Deductions	Balance December 31, 2025	Due Within One Year
Compensated absences ***	\$ 79,379	23,336	-	102,715	102,715
Net pension liability	1,604,661	-	63,008	1,541,653	-
Total governmental activities	\$ 1,684,040	23,336	63,008	1,644,368	102,715
Business-Type Activities	Balance January 1, 2025	Additions	Deductions	Balance December 31, 2025	Due Within One Year
\$6,562,878 revenue bonds payable to the U.S. Department of Commerce with interest at 5% (see note below for moratorium on payments).	\$ 5,855,878	-	-	5,855,878	-
Note payable to U.S. Army Corps of Engineers (USACE), payable in 30 equal annual installments of \$86,135 including interest of 3.25% beginning July 1, 2020.	1,458,947	-	38,720	1,420,227	39,978
Bulk fuel loan payable to the State of Alaska. Payable in 9 equal monthly installments of \$37,274 including interest of 2% beginning on July 1, 2025.	-	332,689	221,238	111,451	111,451
Bulk fuel loan payable to the State of Alaska. Payable in 9 equal monthly installments of \$9,533 including interest of 2% beginning on August 1, 2025.	-	85,088	47,114	37,974	37,974
Bulk fuel loan payable to the State of Alaska. Payable in 9 equal monthly installments of \$83,475 including interest of 2% beginning on December 1, 2024.	\$ 653,134	-	653,134	-	-

(Continued)

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

Business-type Activities, continued	Balance January 1, 2025	Additions	Deductions	Balance December 31, 2025	Due Within One Year
Accrued interest payable	\$ 1,905,144	-	-	1,905,144	-
Compensated absences***	19,835	11,081	-	30,916	30,916
Landfill closure and post closure care costs	39,827	4,341	-	44,168	-
Net pension liability	290,079	-	21,439	268,640	-
Total business-type activities	<u>\$ 10,222,844</u>	<u>433,199</u>	<u>981,645</u>	<u>9,674,398</u>	<u>220,319</u>

***The change in compensated absences is presented as a net amount.

On March 17, 2009, the National Oceanic and Atmospheric Administration (NOAA) and the City reached an agreement regarding the Department of Commerce revenue bonds whereby there is a moratorium on interest accrual and principal payments retroactive to April 18, 2005, and continuing for five years from the date of the order or until March 18, 2016. In March 2016, that agreement was extended until September 18, 2016. As of December 2016, an application for an additional extension of the moratorium has been filed with NOAA. To date, such extension has not been approved; however, management believes that this extension will be approved or forgiven and, therefore, has not reported any portion of the loan balance or the accrued interest payable as a current liability.

As a result of the 2009 decision, \$811,404 of accrued interest previously recorded on the general ledger was waived leaving \$1,905,144 of accrued interest on the City's financial statements related to the bonds. This accrued interest payable is reflected as a long-term liability, as it is uncertain when the City will be required to pay this amount. Additionally, the outstanding balance of the bond principal is also reflected as a long-term liability. It is critical to note that if the moratorium is not extended, it is unclear what repayment terms would be established and could impact the City's ability to continue as a going concern.

In April 2020, the City submitted the \$150,000 set aside in the Bulk Fuel Farm Enterprise Fund per the terms of the fourth Tripartite Amendment to NOAA. The agency supports and is in a position to move forward with a recommendation to Congress that the City's Department of Commerce revenue bond be forgiven.

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

The annual debt service requirements of the bulk fuel loan, and the note payable to USACE at December 31, 2025, are scheduled out below. The U.S. Department of Commerce revenue bond has not been included in the future payments.

Business-type Activities	Principal	Interest	Total
Year Ending December 31,			
2026	\$ 189,403	46,687	236,090
2027	41,277	44,858	86,135
2028	42,619	43,516	86,135
2029	44,004	42,131	86,135
2030	45,434	40,701	86,135
2031-2035	250,302	180,374	430,676
2036-2040	293,707	136,969	430,676
2041-2045	344,639	86,037	430,676
2046-2050	318,267	26,275	344,542
	<u>\$ 1,569,652</u>	<u>647,548</u>	<u>2,217,200</u>

V. LINE OF CREDIT

The City utilizes a line of credit agreement with a maximum credit line of \$2,500,000 at a rate of 6.25% per annum with a maturity date of February 4, 2026. The line of credit is utilized by the Bulk Fuel Farm Enterprise Fund to facilitate the purchasing of gasoline and diesel to be held for resale. The line of credit balance was \$2,335,358 at December 31, 2025.

VI. LANDFILL CLOSURE AND POSTCLOSURE LIABILITY

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

The future total estimated closure cost of the landfill is approximately \$139,690. The \$44,168 reported as landfill closure costs payable at December 31, 2025 for the landfill represents the cumulative amount reported to date based on the expected usage of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$95,522 as the remaining expected usage is filled. These amounts are based on an estimate of cost to perform all closure and postclosure care in 2025. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The remaining life of the landfill is estimated to be approximately 22 years.

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

VII. FUND BALANCES

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

	General Fund	Nonmajor Funds	Total
Nonspendable:			
Inventory	\$ 38,942	-	38,942
Prepaid items	539	-	539
Advance to Sewer Utility Enterprise Fund	2,151,375	-	2,151,375
Advance to Bulk Fuel Farm Enterprise Fund	1,225,057	-	1,225,057
Advance to Harbor Enterprise Fund	1,144,722	-	1,144,722
Advance to Refuse Enterprise Fund	316,883	-	316,883
Total nonspendable	<u>\$ 4,877,518</u>	<u>-</u>	<u>4,877,518</u>
Committed for public works	\$ -	334,197	334,197
Unassigned	<u>5,591,251</u>	<u>(155,791)</u>	<u>5,435,460</u>
Total fund balances	<u>\$ 10,468,769</u>	<u>178,406</u>	<u>10,647,175</u>

The following funds had fund deficits at December 31, 2025:

Sewer Utility Enterprise Fund	\$ 976,140
Bulk Fuel Farm Enterprise Fund	4,882,085
Harbor Enterprise Fund	3,335,394
EDA Small Boat Special Revenue Fund	18
USDA Repairs Special Revenue Fund	130,371
Typhoon Merbok Damages Special Revenue Fund	<u>25,402</u>
Total fund deficits	<u>\$ 9,349,410</u>

The Bulk Fuel Farm and Harbor Enterprise Funds have debt and accrued interest that the City expects to be forgiven in the amount of \$7,761,022, see additional information in Note IV. The USDA Repairs Special Revenue Fund is expecting to finalize a loan to help cover the repair costs but since it has not been finalized the expenses are being financed by the City. The Sewer Enterprise Fund has been running a deficit for the past several years.

VIII. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

The City follows *Governmental Accounting Standards Board (GASB) Codification P20, Accounting for Pensions by State and Local Governmental Employees* and *GASB Codification P50, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. *GASB Codification P20* and *GASB Codification P50* establish uniform standards for the measurement, recognition, and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

All full-time employees and certain permanent part-time employees of the City participate in the State of Alaska Public Employees' Retirement System (PERS). In addition to the pension plan, PERS also administers other post-employment benefit (OPEB) plans.

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee.

Summary of Significant Accounting Policies. The financial statements for PERS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

PERS acts as the common investment and administrative agencies for the following multiple-employer plans:

<u>Plan Name</u>	<u>Type of Plan</u>
Defined Benefit Pension Plan (DB)	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan (DC)	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB):	
Occupational Death and Disability Plan	Cost-sharing, Defined Benefit OPEB
Alaska Retiree Healthcare Trust Plan	Cost-sharing, Defined Benefit OPEB
Retiree Medical Plan	Cost-sharing, Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits (DC):	
Healthcare Reimbursement Arrangement Plan	Defined Contribution OPEB

Plan Memberships

The table below includes the plan membership counts from the separately issued financial statements for the various plans:

	<u>PERS</u>
Retired plan members or beneficiaries currently receiving benefits	37,449
Inactive plan members entitled to but not yet receiving benefits	4,154
Inactive plan members not entitled to benefits	9,562
Active plan members	7,179
Total plan memberships	<u>58,344</u>

Other Postemployment Benefit Plans (OPEB)

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2026 employer contributions were 0.00% of annual payroll.

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2026 (latest available information) the employer contribution rate is 0.69% for peace officers and firefighters and 0.24% for all other members.

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2026 employer contributions were 0.86%.

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3.00% of the average annual compensation of all employees in the plan.

Investments

The Board is the investment oversight authority of the system's investments. As the fiduciary, the Board has the statutory authority to invest the assets under the Prudent Investor Rule. Fiduciary responsibility for the Board's invested assets is pursuant to AS 37.10.210.390.

State of Alaska Department of Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the DC Participant-directed Pension plans under the Board's fiduciary responsibility.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual weighted rate of return, net of investment expense, for the year ended June 30, 2025 (latest available report) for the DB Plans for PERS are: DB Pension 10.80%, ARHCT 10.86%, ODD 10.86%, and RMP is 10.87%.

Notes to Basic Financial Statements, Continued

For additional information on securities lending, interest rates, credit risks, foreign exchange, derivatives, fair value, and counterparty credit risks, see the separately issued report on the Invested Assets of the State of Alaska Retirement and Benefits Plans at:

<http://treasury.dor.alaska.gov/armb/Reports-and-Policies/Annual-Audited-Financial-Schedules.aspx>.

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS plan (rates shown below exclude an annual inflation component of 2.51%):

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.74%
Global Equity (ex-U.S.)	6.37%
Global Equity	5.88%
Aggregate Bonds	2.30%
Real Assets	4.54%
Private Equity	9.28%
Cash Equivalents	0.60%

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 5.20% as of June 30, 2025.

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

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to the salary floor, and other termination costs as described below. This rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined benefit plan.

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to June 30, 2014, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Starting on June 30, 2014, the State of Alaska requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term. Effective June 30, 2018, each future year's unfunded service liability is separately amortized on a level percent of pay basis over 25 years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses a 7.25% discount rate.

Employer Contribution rates for the plan year ended 2026 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
PERS:			
Pension	22.00%	28.33%	6.33%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	<u>22.00%</u>	<u>28.33%</u>	<u>6.33%</u>

Termination Costs: If the City decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular City function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The City must pay to have a termination study completed. The purpose of the study is to calculate the City's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The City must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For the fiscal year 2026, the past service rate for PERS is 19.29%.

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2025 (latest available) were determined by an actuarial valuation as of June 30, 2024 which was rolled forward to the measurement date June 30, 2025. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021.

Inflation	2.50% annually
Salary Increases	Increases range from 2.85% to 8.50% based on service.
Investment return / discount rate	7.25%, net of expenses based on average inflation of 2.50% and a real return of 4.75%.
Mortality	Based upon 2017-2021 actual experience study and applicable tables contained in Pub-2010, projected with MP-2021 generational improvement.
Healthcare cost trend rates	Pre-65 medical: 6.2% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 8.5% grading down to 4.5%. Initial trend rates are for FY2026 Ultimate trend rates reached in FY2050.

The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. For the ARHCT and RMP, the per capita claims costs were updated to reflect recent experience for the June 30, 2024 actuarial valuation. Employer Group Waiver Program (EGWP) subsidies were updated to reflect higher expected subsidies due to the Inflation Reduction Act. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than-expected inflationary environment.

The changes of assumptions from the latest experience study significantly reduced deferred inflows of resources attributable to the City, as well as a net OPEB benefit recognized by the City for the State's proportionate share of OPEB plan expense attributable to the City. In some instances the reduction of revenues and expenses reported for the State's proportionate share of OPEB plan expense attributable to the City creates a net negative Pension/OPEB expense (net pension/OPEB benefit) which results in negative operating grants and contributions for certain functions reported on the Statement of Activities.

Alaska Public Employee Retirement System (PERS) – Defined Benefit Plan (DB)

Plan Description. The City participates in the Alaska Public Employees' Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. PERS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The Plan was established and is administered by the State of Alaska, Department of Administration. The Public Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at: <http://doa.alaska.gov/dr/pers>.

Pension Benefits. All tier employee benefits vest with five years of credited service. There are three tiers of employees based on entry date. Tier I employees enrolled prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For Tier II and III employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. All tier employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

The PERS defined benefit plan is closed to new hires enrolled on or after July 1, 2006. New hires after this date participate in the PERS defined contribution plan (DC) described later in these notes.

Currently there are 150 employers participating in PERS defined benefit pension plan and 151 participating in PERS defined contribution pension and OPEB plans.

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for peace officers/firefighters members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

The percentage multipliers for peace officers/firefighters are 2% for the first ten years of service and 2.5% for all service over 10 years. The percentage multipliers for all other participants are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

Post-employment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986, but before July 1, 2006, and who have not reached age 60 may elect to pay for major medical benefits.

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

Post Retirement Pension Adjustments. The DB Plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the DB Plan’s administrator if the funding ratio of the DB Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

Funding Policy. In April 2008 the Alaska Legislature passed legislation which statutorily capped the employer contribution, established a state funded “on-behalf” contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan (DC) described later in these footnotes. The state legislature capped the rate at 22%, with the State contributing an on-behalf payment for the difference between the actuarial contribution and the cap.

Salary Floor. During the 25th legislation session, Senate Bill 125 passed, which established a June 30, 2008 salary floor under AS 39.35.255(a)(2). The salary floor is the total base salaries paid by an employer to active employees of the system as of the fiscal year ending June 30, 2008. The statute requires the Division of Retirement and Benefits (Division) to collect employer contributions at a minimum based on FY 2008 base salaries.

Employee Contribution Rate. PERS active members are required to contribute 6.75%, 7.50% for peace officers and firefighters, and 9.76% for certain school district employees.

Employer contributions for the year ended December 31, 2025, were:

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ <u>202,040</u>	<u>8,075</u>	<u>210,115</u>

Public Employees Retirement Plans

For the year ended December 31, 2025 the State of Alaska contributed \$64,962 (100% pension cost) on-behalf of the City, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2025 to a total of (\$1,084) to represent the pension/OPEB expense (benefit) attributable to the State under the full accrual basis of accounting.

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At December 31, 2025, the City reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the City. The amount recognized by the City as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the City were as follows:

Defined Benefit:	<u>Pension</u>
City's proportionate share of the net pension liability	\$ 1,810,293
State's proportionate share of the net pension liability	<u>557,013</u>
Total	<u>\$ 2,367,306</u>
	<u>OPEB</u>
City's proportionate share of the ARHCT OPEB liability (asset)	\$ (987,208)
State's proportionate share of the ARHCT OPEB liability (asset)	<u>(277,240)</u>
Total	<u>\$ (1,264,448)</u>
City's proportionate share of the ODD OPEB liability (asset)	<u>\$ (17,153)</u>
City's proportionate share of the RMP OPEB liability (asset)	<u>\$ (19,823)</u>
Total City's share of net pension and OPEB liabilities and assets	<u>\$ 786,109</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date of June 30, 2025 and adjusted to reflect updated assumptions. The City's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for the fiscal years ending FY2026 through FY2039, as determined by projections based on the June 30, 2024 valuation.

The City's proportionate share and changes in the pension and OPEB liabilities and assets were as follows:

	<u>June 30, 2025</u> Measurement	<u>June 30, 2024</u> Measurement	<u>Change</u>
Pension	0.0365%	0.0346%	0.0019%
OPEB:			
ARHCT	0.0371%	0.0346%	0.0025%
ODD	0.0242%	0.0325%	(0.0083%)
RMP	0.0313%	0.0391%	(0.0078%)

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2025, the City recognized pension and OPEB expense of \$189,854 and (\$108,645), respectively, for the year ended December 31, 2025. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined benefit:		
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(45,001)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	104,646	-
Total	\$ <u>104,646</u>	<u>(45,001)</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(38,995)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	-	-
Total	\$ <u>-</u>	<u>(38,995)</u>
	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(3,314)
Changes of assumptions	-	(20)
Net difference between projected and actual earnings on OPEB plan investments	-	(420)
Changes in proportion and differences between City contributions and proportionate share of contributions	20,381	(1,758)
City contributions subsequent to the measurement date	931	-
Total	\$ <u>21,312</u>	<u>(5,512)</u>

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,541	(1,319)
Changes of assumptions	3,859	(9,586)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,812)
Changes in proportion and differences between City contributions and proportionate share of contributions	6,711	(177)
City contributions subsequent to the measurement date	3,337	-
Total	<u>\$ 15,448</u>	<u>(12,894)</u>

\$104,646 and \$4,268 are reported as deferred outflows of resources related to pension and OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended December 31, 2026, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended December 31,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2026	\$ 70,360	58,052	2,144	753
2027	(44,208)	(37,544)	2,368	(1,612)
2028	(41,681)	(35,165)	2,735	(1,164)
2029	(29,472)	(24,338)	3,024	(653)
2030	-	-	2,744	1,020
Thereafter	-	-	1,854	873
Total	<u>\$ (45,001)</u>	<u>(38,995)</u>	<u>14,869</u>	<u>(783)</u>

For the year ended December 31, 2025, the City recognized \$79,618 and \$13,712 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.25%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 2,474,870	1,810,293	1,247,148
Net OPEB ARHCT liability (asset)	\$ (689,856)	(987,208)	(1,237,899)
Net OPEB ODD liability (asset)	\$ (16,132)	(17,153)	(17,952)
Net OPEB RMP liability (asset)	\$ (472)	(19,823)	(34,626)

Notes to Basic Financial Statements, Continued

Sensitivity of the City's proportionate share of the Net OPEB liability and assets to changes in the healthcare cost trend rates. The following present the City's proportionate share of the net OPEB liability (asset), as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$ (1,266,425)	(987,208)	(656,418)
Net OPEB ODD liability (asset)	\$ N/A	(17,153)	N/A
Net OPEB RMP liability (asset)	\$ (36,548)	(19,823)	2,582

Alaska Public Employee Retirement System (PERS) – Defined Contribution Plan (DC)

Plan Description and Funding Requirements. Cities and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Employees make mandatory contributions of 8.00% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5.00% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 0.86% for the retiree medical plan (DB), 0.24% and 0.69% (peace officers) for occupational and death and disability benefits (DB) and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is capped at 22.00% with anything in excess of the previously listed rates being contributed to the Defined Benefit Unfunded Liability (DBUL).

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

- 2 years of service – 25%
- 3 years of service – 50%
- 4 years of service – 75%
- 5 years of service – 100%

The City contributed \$65,223 for the year ended December 31, 2025, which included forfeitures of \$13,237 which have been applied as employer contributions.

IX. RISK MANAGEMENT

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

CITY OF SAINT PAUL, ALASKA

Notes to Basic Financial Statements, Continued

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

The APEI is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based on each member's deposit contribution in comparison to the aggregate deposit contributions of all members. The Association made no supplemental assessments during the year ended December 31, 2025.

X. INTERFUND BALANCES

A. Advances to other Funds

Fund balance in the General Fund has been classified as nonspendable for the amount of the advances to other funds.

A schedule of interfund balances at December 31, 2025 follows:

Advance from the General Fund to:	
Sewer Utility Enterprise Fund	\$ 2,151,375
Bulk Fuel Farm Enterprise Fund	1,225,057
Harbor Enterprise Fund	1,144,722
Refuse Enterprise Fund	<u>316,883</u>
Total advances to other funds	<u>\$ 4,838,037</u>
Due to General Fund from:	
USDA RUS Special Revenue Fund	\$ 371,652
Nonmajor Special Revenue Funds	<u>358,269</u>
Total due to General Fund	<u>\$ 729,921</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

B. Interfund transfers – Governmental Funds

A summary of interfund transfers between the City's governmental and proprietary funds during the year ended December 31, 2025 are as follows:

<u>Transfer in:</u>	<u>Transfer out:</u>	
Sewer Utility Enterprise Fund	General Fund	\$ 20,930
Harbor Enterprise Fund	General Fund	94,876
Nonmajor Special Revenue Funds	General Fund	19,468
USDA RUS Special Revenue Fund	Electric Utility Enterprise Fund	<u>35</u>
		<u>\$ 135,309</u>

Notes to Basic Financial Statements, Continued

Transfers between the governmental and proprietary funds were used to cover operating expenditures and to close out deficit fund balances in various Nonmajor Special Revenue Funds.

XI. CONTINGENCIES

A. Litigation

The City is involved in various claims and pending litigation as part of the normal course of its activities. In the opinion of management, the disposition of these matters is not expected to have a material adverse effect on the City's financial statements.

B. Contingent Liabilities

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

XII. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates covering several topics as follows:

- GASB 103 *Financial Reporting Model Improvements*: Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- GASB 104 *Disclosure of Certain Capital Assets*: Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- GASB 105 *Subsequent Events*: Effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

GASB Statement No. 103 will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The changes primarily include updates to three key areas: management's discussion and analysis, presentation of proprietary fund financial statements, and budgetary comparison information. This Statement also addresses certain application issues.

GASB Statement No. 104 establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. The Statement also establishes requirements for capital assets held for sale and requires additional disclosures for those capital assets. Under the guidance, a capital asset is a capital asset held for sale if: (a) the government has decided to pursue the sale of the asset, and (b) it is probable the sale will be finalized within a year of the financial statement date. A government should disclose the historical cost and accumulated depreciation of capital assets held for sale, by major class of asset.

GASB Statement No. 105 defines subsequent events, including the subsequent events time frame, and establishes accounting and financial reporting requirements related to subsequent events.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF SAINT PAUL, ALASKA

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

General Fund

Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance
Revenues:			
Local sources:			
Taxes:			
Sales	\$ 250,500	365,476	114,976
Room	-	4,375	4,375
Fish	271,838	317,873	46,035
Total taxes	<u>522,338</u>	<u>687,724</u>	<u>165,386</u>
Charges for services:			
Building/housing revenue	135,000	105,142	(29,858)
Allocated administrative charges	552,585	552,585	-
Equipment rental revenue	250,000	168,791	(81,209)
Other contract and labor revenues	1,000	17,777	16,777
Total charges for services	<u>938,585</u>	<u>844,295</u>	<u>(94,290)</u>
Investment income	300,000	236,380	(63,620)
Fishery disaster relief	3,757,102	3,757,102	-
Other	3,500	107,539	104,039
Total local sources	<u>5,521,525</u>	<u>5,633,040</u>	<u>111,515</u>
Intergovernmental:			
State fisheries taxes	114,481	49,929	(64,552)
State PERS relief	-	44,271	44,271
Federal payment in lieu of taxes	85,000	93,484	8,484
State revenue sharing	79,000	156,433	77,433
Remote sellers sales tax	35,000	35,018	18
Total intergovernmental	<u>313,481</u>	<u>379,135</u>	<u>65,654</u>
Total revenues	<u>5,835,006</u>	<u>6,012,175</u>	<u>177,169</u>
Expenditures:			
Current:			
General government	1,796,392	1,747,653	48,739
Public safety	291,974	64,183	227,791
Public works	1,003,240	884,345	118,895
Total expenditures	<u>3,091,606</u>	<u>2,696,181</u>	<u>395,425</u>
Excess of revenues over expenditures	2,743,400	3,315,994	572,594
Other financing sources (uses):			
Transfers out	(115,806)	(135,274)	(19,468)
Proceeds from the sale of capital assets	-	6,150	6,150
Net other financing sources (uses)	<u>(115,806)</u>	<u>(129,124)</u>	<u>(13,318)</u>
Net change in fund balance	\$ <u>2,627,594</u>	3,186,870	<u>559,276</u>
Fund balance, beginning of year		<u>7,281,899</u>	
Fund balance, end of year		\$ <u>10,468,769</u>	

See accompanying notes to Required Supplementary Information.

CITY OF SAINT PAUL, ALASKA

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

Public Employees' Retirement System (PERS)

December 31, 2025

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0525%	\$ 2,935,604	\$ 367,692	\$ 3,303,296	\$ 1,491,677	196.80%	63.96%
2017	0.0457%	\$ 2,361,271	\$ 880,458	\$ 3,241,729	\$ 1,222,885	193.09%	59.55%
2018	0.0370%	\$ 1,838,340	\$ 533,475	\$ 2,371,815	\$ 1,160,380	158.43%	63.37%
2019	0.0445%	\$ 2,434,625	\$ 967,561	\$ 3,402,186	\$ 1,369,752	177.74%	65.19%
2020	0.0506%	\$ 2,984,091	\$ 1,235,203	\$ 4,219,294	\$ 1,594,495	187.15%	63.42%
2021	0.0667%	\$ 2,445,116	\$ 332,361	\$ 2,777,477	\$ 1,892,842	129.18%	61.61%
2022	0.0756%	\$ 3,853,192	\$ 1,065,801	\$ 4,918,993	\$ 2,123,527	181.45%	76.46%
2023	0.0513%	\$ 2,660,727	\$ 888,008	\$ 3,548,735	\$ 1,887,691	140.95%	67.97%
2024	0.0346%	\$ 1,894,740	\$ 709,962	\$ 2,604,702	\$ 1,319,741	143.57%	68.23%
2025	0.0365%	\$ 1,810,293	\$ 557,013	\$ 2,367,306	\$ 1,155,909	156.61%	67.81%

See accompanying notes to Required Supplementary Information.

CITY OF SAINT PAUL, ALASKA

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

Public Employees' Retirement System (PERS)

December 31, 2025

Year	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.0370%	\$ 379,695	\$ 110,950	\$ 490,645	\$ 1,160,380	32.72%	89.68%
2019	0.0496%	\$ 66,175	\$ 26,146	\$ 92,321	\$ 1,369,752	4.83%	88.12%
2020	0.0506%	\$ (228,924)	\$ (95,151)	\$ (324,075)	\$ 1,594,495	-14.36%	98.13%
2021	0.0669%	\$ (1,716,317)	\$ (228,936)	\$ (1,945,253)	\$ 1,892,842	-90.67%	106.15%
2022	0.0751%	\$ (1,476,876)	\$ (423,110)	\$ (1,899,986)	\$ 2,123,527	-69.55%	135.54%
2023	0.0513%	\$ (1,179,727)	\$ (398,204)	\$ (1,577,931)	\$ 1,887,691	-62.50%	128.51%
2024	0.0346%	\$ (762,613)	\$ (283,126)	\$ (1,045,739)	\$ 1,319,741	-57.79%	133.96%
2025	0.0371%	\$ (987,208)	\$ (277,240)	\$ (1,264,448)	\$ 1,155,909	-85.41%	130.59%
Occupational Death and Disability (ODD):							
2018	0.0642%	\$ (12,474)	\$ -	\$ (12,474)	\$ 1,160,380	-1.07%	212.97%
2019	0.0957%	\$ (23,203)	\$ -	\$ (23,203)	\$ 1,369,752	-1.69%	270.62%
2020	0.1043%	\$ (28,430)	\$ -	\$ (28,430)	\$ 1,594,495	-1.78%	297.43%
2021	0.1139%	\$ (50,207)	\$ -	\$ (50,207)	\$ 1,892,842	-2.65%	283.80%
2022	0.0965%	\$ (42,298)	\$ -	\$ (42,298)	\$ 2,123,527	-1.99%	374.22%
2023	0.0655%	\$ (33,595)	\$ -	\$ (33,595)	\$ 1,887,691	-1.78%	348.80%
2024	0.0325%	\$ (19,421)	\$ -	\$ (19,421)	\$ 1,319,741	-1.47%	349.24%
2025	0.0242%	\$ (17,153)	\$ -	\$ (17,153)	\$ 1,155,909	-1.48%	346.81%
Retiree Medical Plan (RMP):							
2018	0.0642%	\$ 8,173	\$ -	\$ 8,173	\$ 1,160,380	0.70%	93.98%
2019	0.0813%	\$ 19,443	\$ -	\$ 19,443	\$ 1,369,752	1.42%	88.71%
2020	0.0916%	\$ 6,495	\$ -	\$ 6,495	\$ 1,594,495	0.41%	83.17%
2021	0.1015%	\$ (27,231)	\$ -	\$ (27,231)	\$ 1,892,842	-1.44%	92.23%
2022	0.0940%	\$ (32,651)	\$ -	\$ (32,651)	\$ 617,818	-5.28%	115.10%
2023	0.0644%	\$ (30,569)	\$ -	\$ (30,569)	\$ 548,945	-5.57%	120.08%
2024	0.0391%	\$ (18,204)	\$ -	\$ (18,204)	\$ 337,155	-5.40%	124.29%
2025	0.0313%	\$ (19,823)	\$ -	\$ (19,823)	\$ 274,614	-7.22%	119.87%

See accompanying notes to Required Supplementary Information.

CITY OF SAINT PAUL, ALASKA
 Schedule of City's Contributions (Pensions)
 Public Employees' Retirement System (PERS)
 December 31, 2025

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 118,075	\$ (118,075)	\$ -	\$ 1,222,885	9.66%
2017	\$ 139,695	\$ (139,695)	\$ -	\$ 1,160,380	12.04%
2018	\$ 158,646	\$ (158,646)	\$ -	\$ 1,369,752	11.58%
2019	\$ 169,640	\$ (169,640)	\$ -	\$ 1,594,495	10.64%
2020	\$ 217,971	\$ (217,971)	\$ -	\$ 1,892,842	11.52%
2021	\$ 267,009	\$ (267,009)	\$ -	\$ 2,123,527	12.57%
2022	\$ 251,959	\$ (256,181)	\$ (4,222)	\$ 1,887,691	13.35%
2023	\$ 207,689	\$ (205,169)	\$ 2,520	\$ 1,319,741	15.74%
2024	\$ 185,640	\$ (185,975)	\$ (335)	\$ 1,155,909	16.06%
2025	\$ 205,235	\$ (202,040)	\$ 3,195	\$ 1,251,536	16.40%

See accompanying notes to Required Supplementary Information.

CITY OF SAINT PAUL, ALASKA

Schedule of City's Contributions (OPEB)

Public Employees' Retirement System (PERS)

December 31, 2025

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 51,411	\$ (51,411)	\$ -	\$ 1,369,752	3.75%
2019	\$ 64,898	\$ (64,898)	\$ -	\$ 1,594,495	4.07%
2020	\$ 59,226	\$ (59,226)	\$ -	\$ 1,892,842	3.13%
2021	\$ 40,074	\$ (40,074)	\$ -	\$ 2,123,527	1.89%
2022	\$ 13,779	\$ (13,779)	\$ -	\$ 1,887,691	0.73%
2023	\$ -	\$ -	\$ -	\$ 1,319,741	0.00%
2024	\$ -	\$ -	\$ -	\$ 1,155,909	0.00%
2025	\$ -	\$ -	\$ -	\$ 1,251,536	0.00%
Occupational Death and Disability (ODD):					
2018	\$ 2,834	\$ (2,834)	\$ -	\$ 1,369,752	0.21%
2019	\$ 4,263	\$ (4,263)	\$ -	\$ 1,594,495	0.27%
2020	\$ 5,286	\$ (5,286)	\$ -	\$ 1,892,842	0.28%
2021	\$ 6,055	\$ (6,055)	\$ -	\$ 2,123,527	0.29%
2022	\$ 5,379	\$ (5,379)	\$ -	\$ 1,887,691	0.28%
2023	\$ 2,497	\$ (2,497)	\$ -	\$ 1,319,741	0.19%
2024	\$ 1,796	\$ (1,796)	\$ -	\$ 1,155,909	0.16%
2025	\$ 1,785	\$ (1,785)	\$ -	\$ 1,251,536	0.14%
Retiree Medical Plan (RMP):					
2018	\$ 8,561	\$ (8,561)	\$ -	\$ 1,369,752	0.63%
2019	\$ 12,981	\$ (12,981)	\$ -	\$ 1,594,495	0.81%
2020	\$ 17,336	\$ (17,336)	\$ -	\$ 1,892,842	0.92%
2021	\$ 18,118	\$ (18,118)	\$ -	\$ 617,818	2.93%
2022	\$ 15,296	\$ (15,296)	\$ -	\$ 548,945	2.79%
2023	\$ 8,503	\$ (8,503)	\$ -	\$ 337,155	2.52%
2024	\$ 6,114	\$ (6,114)	\$ -	\$ 274,614	2.23%
2025	\$ 6,290	\$ (6,290)	\$ -	\$ 296,468	2.12%

See accompanying notes to Required Supplementary Information.

CITY OF SAINT PAUL, ALASKA

Notes to Required Supplementary Information

Year Ended December 31, 2025

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

Budgets and Budgetary Accounting

An operating budget is adopted each fiscal year for the General Fund on the same modified accrual basis used to reflect actual revenues and expenditures. The City did not formally adopt a budget for the USDA RUS Special Revenue Fund for the year ended December 31, 2025 and therefore there is not a budget to actual schedule presented as Required Supplementary Information.

The City follows these procedures in establishing the budgetary data reflected in the required budgetary comparison schedule:

- a. Starting in September, the Finance Director meets with Department Heads and assembles the needs of the coming year, including maintenance and deferred maintenance needs, supplies, projects, equipment replacement or repair needs, regulation requirements, etc. By the end of September, the Finance Director meets with the City Manager and works to prioritize the list assembled. At times, Department Heads may be called in to answer questions regarding their requests.
- b. By the third week in October, the City Manager presents the budget proposal for the next fiscal year to the Council, in a workshop. Workshops are open to the public, but are not recorded, allowing free discussion and questions, from the Council, the workforce, and/or the public.
- c. By the end of November, the City Manager presents the budget to the Council for the first reading of the budget ordinance. Additional information regarding any significant changes in the line items is provided.
- d. By the middle of December, the City Manager and the Finance Director finalize the budget and present it to the Council for a second reading and adoption of the Ordinance in a regular meeting. Upon adoption, the funds are appropriated.
- e. Public comment is taken in all meetings, and a public hearing is posted with the second reading in December to obtain taxpayer/citizen comments.
- f. The Council may increase or decrease appropriations during the course of the year and may amend the budget using the same method as for initial adoption (two readings at Council meetings).
- g. The City Manager may establish line item expenditures within an authorized department, fund or project appropriation, and/or transfer from one authorized department, fund, or project appropriation to another any amount which would not annually exceed ten percent of that department, fund or project appropriation. Expenditures may not exceed appropriations at the fund level.
- h. Appropriations lapse at the end of the fiscal year to the extent they have not been fully expended or fully encumbered. Capital appropriations remain in force until the project is finished or abandoned.

2. Excess of Expenditures over Appropriations

For the year ended December 31, 2025, expenditures did not exceed appropriations in the General Fund.

3. Public Employees' Retirement System

Schedule of City's Proportionate Share of Net Pension and OPEB Liability (Asset)

The table is presented based on the Plan measurement date which is six months prior to fiscal year end for all years presented.

Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

a) Changes in Methods Since the Prior Valuation – June 30, 2023 to June 30, 2024

The actuarially determined contribution rates were updated to include a half-year interest adjustment that was adopted by the Board effective beginning with the June 30, 2024 valuation to account for the monthly timing of employer contributions.

b) Changes in Assumptions Since the Prior Valuation – June 30, 2023 to June 30, 2024

The healthcare per capita claims cost assumption is updated annually as described in Section 5.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than expected inflationary environment.

The future increase in the IRS 401(a)(17) maximum compensation limit was updated to align with the inflation assumption. This caused a \$21,000 decrease in the pension Normal Cost and a \$2,126,000 decrease in the pension Actuarial Accrued Liability.

The amounts included in the Normal Cost for administrative expenses were changed from \$8,440,000 to \$8,201,000 for pension, and from \$3,866,000 to \$4,759,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets).

There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2023 to June 30, 2024

There have been no changes in benefit provisions valued since the prior valuation.

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan

a) Changes in Methods Since the Prior Valuation – June 30, 2023 to June 30, 2024

There were no changes in asset and valuation methods since the prior valuation.

b) Changes in Assumptions Since the Prior Valuation – June 30, 2023 to June 30, 2024

The healthcare per capita claims cost assumption is updated annually as described in Section 4.2. As a result of changes to the Standard Medicare Part D plan under the Inflation Reduction Act, EGWP subsidies are expected to be higher than originally anticipated for 2025 and beyond. EGWP subsidies were updated based on estimates provided by Segal Consulting. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than expected inflationary environment. There were no other changes in actuarial assumptions since the prior valuation.

The future increase in the IRS 401(a)(17) maximum compensation limit was updated to align with the inflation assumption. This caused a \$2,000 decrease in the Occupational Death & Disability Normal Cost and a \$25,000 decrease in the Occupational Death & Disability Actuarial Accrued Liability.

The amounts included in the Normal Cost for administrative expenses were changed from \$34,000 to \$33,000 for occupational death & disability, and from \$51,000 to \$41,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets).

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2023 to June 30, 2024

There have been no changes in benefit provisions valued since the prior valuation.

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

Schedule of City Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2024 which was rolled forward to June 30, 2025. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

SUPPLEMENTARY INFORMATION

CITY OF SAINT PAUL, ALASKA

Nonmajor Governmental Funds

Combining Balance Sheet

December 31, 2025

	Special Revenue Funds						
	Harbor Navigation	COVID-19 Incident	APUN	EDA Small Boat	USDA Repairs	Typhoon Merbok Damages	CDBG
<u>Assets</u>							
Cash and investments	\$ 309,386	33,350	-	-	-	-	-
Receivables -							
Intergovernmental	-	-	22,170	16,544	-	-	2,933
Total assets	\$ <u>309,386</u>	<u>33,350</u>	<u>22,170</u>	<u>16,544</u>	<u>-</u>	<u>-</u>	<u>2,933</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	-	-	4,972	-	-	-
Unearned revenue	-	8,539	-	-	-	-	-
Due to other funds	-	-	22,170	11,590	130,371	25,402	2,933
Total liabilities	<u>-</u>	<u>8,539</u>	<u>22,170</u>	<u>16,562</u>	<u>130,371</u>	<u>25,402</u>	<u>2,933</u>
Fund balances:							
Committed	309,386	24,811	-	-	-	-	-
Unassigned	-	-	-	(18)	(130,371)	(25,402)	-
Total fund balances	<u>309,386</u>	<u>24,811</u>	<u>-</u>	<u>(18)</u>	<u>(130,371)</u>	<u>(25,402)</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>309,386</u>	<u>33,350</u>	<u>22,170</u>	<u>16,544</u>	<u>-</u>	<u>-</u>	<u>2,933</u>

(continued)

CITY OF SAINT PAUL, ALASKA

Nonmajor Governmental Funds

Combining Balance Sheet, continued

	Special Revenue Funds							Total Nonmajor Governmental Funds	
	AEA BFU	23 SHSP	State and Local Cyber Security	Healthy Food Initiative	Saint Paul Drinking Water	South Dock Renovation	SNP Renewable Energy		RC25 Wind River
<u>Assets</u>									
Cash and investments	\$ -	-	-	-	-	-	-	5,000	347,736
Receivables -									
Intergovernmental	8,919	44,771	20,840	89,113	13,151	8,236	7,364	-	234,041
Total assets	\$ 8,919	44,771	20,840	89,113	13,151	8,236	7,364	5,000	581,777
<u>Liabilities and Fund Balances</u>									
Liabilities:									
Accounts payable	\$ 5,109	-	-	15,078	2,354	3,206	844	-	31,563
Unearned revenue	-	-	-	-	-	-	-	5,000	13,539
Due to other funds	3,810	44,771	20,840	74,035	10,797	5,030	6,520	-	358,269
Total liabilities	8,919	44,771	20,840	89,113	13,151	8,236	7,364	5,000	403,371
Fund balances:									
Committed	-	-	-	-	-	-	-	-	334,197
Unassigned	-	-	-	-	-	-	-	-	(155,791)
Total fund balances	-	-	-	-	-	-	-	-	178,406
Total liabilities and fund balances	\$ 8,919	44,771	20,840	89,113	13,151	8,236	7,364	5,000	581,777

CITY OF SAINT PAUL, ALASKA

Nonmajor Governmental Funds

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

Year Ended December 31, 2025

	Special Revenue Funds							
	Harbor Navigation	COVID-19 Incident	COVID-19 Local Fiscal Recovery	EDA Small Boat	USDA Repairs	Typhoon Merbok Damages	CDBG	AEA BFU
Revenues:								
Intergovernmental	\$ -	-	-	40,802	-	-	635,291	46,268
Local sources:								
Charges for services	-	-	-	-	-	-	-	-
Other	94,401	-	-	-	-	39,514	-	-
Total revenues	94,401	-	-	40,802	-	39,514	635,291	46,268
Expenditures:								
Current:								
Public works:								
Salaries and wages	-	-	-	11,358	-	-	12,578	5,863
Employee benefits	-	-	-	3,501	-	-	3,281	2,243
Material and supplies	-	-	-	-	-	-	-	-
Legal and consulting	-	-	-	25,731	-	-	499	5,109
Total public works	-	-	-	40,590	-	-	16,358	13,215
Capital outlay	-	-	-	212	58,433	-	618,933	33,053
Total expenditures	-	-	-	40,802	58,433	-	635,291	46,268
Excess (deficiency) of revenues over expenditures	94,401	-	-	-	(58,433)	39,514	-	-
Other financing sources -								
Transfers in	-	-	985	-	-	-	-	-
Net change in fund balances	94,401	-	985	-	(58,433)	39,514	-	-
Fund balances, beginning of year	214,985	24,811	(985)	(18)	(71,938)	(64,916)	-	-
Fund balances, end of year	\$ 309,386	24,811	-	(18)	(130,371)	(25,402)	-	-

(continued)

CITY OF SAINT PAUL, ALASKA

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, continued

	Special Revenue Funds						Total Nonmajor Governmental Funds	
	US DOT SSRA	23 SHSP	CBSFA Contribution	Healthy Food Initiative	Saint Paul Drinking Water	South Dock Renovation		SNP Renewable Energy
Revenues:								
Intergovernmental	\$ 45,395	120,538	-	93,308	13,151	23,835	-	1,018,588
Local sources:								
Charges for services	-	-	-	-	-	-	15,445	15,445
Other	-	-	-	-	-	-	-	133,915
Total revenues	<u>45,395</u>	<u>120,538</u>	<u>-</u>	<u>93,308</u>	<u>13,151</u>	<u>23,835</u>	<u>15,445</u>	<u>1,167,948</u>
Expenditures:								
Current:								
Public works:								
Salaries and wages	-	-	-	11,473	3,544	12,032	10,627	67,475
Employee benefits	-	-	-	4,497	1,288	4,362	3,473	22,645
Material and supplies	-	-	-	265	-	-	-	265
Legal and consulting	45,395	-	-	77,073	8,107	7,441	1,345	170,700
Total public works	<u>45,395</u>	<u>-</u>	<u>-</u>	<u>93,308</u>	<u>12,939</u>	<u>23,835</u>	<u>15,445</u>	<u>261,085</u>
Capital outlay	-	120,538	-	-	212	-	-	831,381
Total expenditures	<u>45,395</u>	<u>120,538</u>	<u>-</u>	<u>93,308</u>	<u>13,151</u>	<u>23,835</u>	<u>15,445</u>	<u>1,092,466</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	75,482
Other financing sources -								
Transfers in	-	-	18,483	-	-	-	-	19,468
Net change in fund balances	-	-	18,483	-	-	-	-	94,950
Fund balances, beginning of year	-	-	(18,483)	-	-	-	-	83,456
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,406</u>

CITY OF SAINT PAUL, ALASKA
Nonmajor Enterprise Funds
Combining Statement of Net Position
December 31, 2025

	<u>Home Energy Loan</u>	<u>USCG Caretaker Service</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>Assets</u>			
Current assets:			
Cash and investments	\$ 115	183,535	183,650
Accounts receivable	-	2,591	2,591
Total assets	<u>\$ 115</u>	<u>186,126</u>	<u>186,241</u>
<u>Liabilities and Net Position</u>			
Liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>
Net position - Unrestricted	<u>115</u>	<u>186,126</u>	<u>186,241</u>
Total liabilities and net position	<u>\$ 115</u>	<u>186,126</u>	<u>186,241</u>

CITY OF SAINT PAUL, ALASKA

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2025

	Home Energy Loan	USCG Caretaker Service	Total Nonmajor Enterprise Funds
Operating revenues	\$ -	-	-
Operating expenses - Salaries and benefits	-	1,077	1,077
Operating income (loss)	-	(1,077)	(1,077)
Nonoperating revenues (expenses) - Investment income (loss)	-	7,177	7,177
Change in net position	-	6,100	6,100
Net position, beginning	115	180,026	180,141
Net position, ending	\$ 115	186,126	186,241

CITY OF SAINT PAUL, ALASKA
 Nonmajor Enterprise Funds
 Combining Statement of Cash Flows
 Year Ended December 31, 2025

	Home Energy Loan	USCG Caretaker Service	Total Nonmajor Enterprise Funds
Cash flows provided (used) by operating activities	\$ -	-	-
Cash flows provided (used) by investing activities - Investment income (loss)	-	7,177	7,177
Net change in cash and investments	-	7,177	7,177
Cash and investments, beginning	115	176,358	176,473
Cash and investments, ending	\$ 115	183,535	183,650
Reconciliation of operating income to net cash flows from operating activities:			
Operating loss	\$ -	(1,077)	(1,077)
Adjustments to reconcile operating income to net cash flows from operating activities:			
(Increase) decrease in assets and deferred outflows of resources:			
Deferred outflows of resources - pension and OPEB deferrals	-	1,572	1,572
Increase (decrease) in liabilities and deferred inflows of resources:			
Net pension and OPEB liability	-	(495)	(495)
Net cash flows provided by operating activities	\$ -	-	-

CITY OF SAINT PAUL, ALASKA

Balance Sheet

General Fund

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Cash and investments	\$ 5,703,569	3,861,771
Receivables:		
Accounts	36,391	27,860
Interest	16,690	16,690
Allowance for doubtful accounts	(9,642)	(8,762)
Due from other funds	729,921	297,705
Advances to other funds	4,838,037	3,925,701
Prepaid items	539	226
Inventory	38,942	39,337
Total assets	\$ <u>11,354,447</u>	<u>8,160,528</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 97,754	70,198
Accrued liabilities	43,390	69,518
Customer deposits	21,085	22,335
Unearned revenue	723,449	716,578
Total liabilities	<u>885,678</u>	<u>878,629</u>
Fund balance:		
Nonspendable	4,877,518	3,965,264
Unassigned	5,591,251	3,316,635
Total fund balance	<u>10,468,769</u>	<u>7,281,899</u>
Total liabilities and fund balance	\$ <u>11,354,447</u>	<u>8,160,528</u>

CITY OF SAINT PAUL, ALASKA

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

General Fund

Years Ended December 31, 2025 and 2024

	2025			2024
	Original and Final Budget	Actual	Variance	Actual
Revenues:				
Local sources:				
Taxes:				
Sales	\$ 250,500	365,476	114,976	297,358
Room	-	4,375	4,375	3,453
Fish	271,838	317,873	46,035	79,444
Total taxes	<u>522,338</u>	<u>687,724</u>	<u>165,386</u>	<u>380,255</u>
Charges for services:				
Building/housing revenue	135,000	105,142	(29,858)	169,453
Allocated administrative charges	552,585	552,585	-	641,999
Equipment rental revenue	250,000	168,791	(81,209)	193,735
Other contract and labor revenues	1,000	17,777	16,777	9,326
Total charges for services	<u>938,585</u>	<u>844,295</u>	<u>(94,290)</u>	<u>1,014,513</u>
Investment income	300,000	236,380	(63,620)	192,867
Fishery disaster relief	3,757,102	3,757,102	-	-
Other	3,500	107,539	104,039	168,021
Total local sources	<u>5,521,525</u>	<u>5,633,040</u>	<u>111,515</u>	<u>1,755,656</u>
Intergovernmental:				
State fisheries taxes	114,481	49,929	(64,552)	26,301
State PERS relief	-	44,271	44,271	30,444
Federal payment in lieu of taxes	85,000	93,484	8,484	85,756
State revenue sharing	79,000	156,433	77,433	79,249
Remote sellers sales tax	35,000	35,018	18	30,880
Total intergovernmental	<u>313,481</u>	<u>379,135</u>	<u>65,654</u>	<u>252,630</u>
Total revenues	<u>5,835,006</u>	<u>6,012,175</u>	<u>177,169</u>	<u>2,008,286</u>
Expenditures:				
General government:				
Mayor and council:				
Salaries and wages	10,920	13,537	(2,617)	5,448
Employee benefits	3,230	1,507	1,723	686
Material and supplies	550	324	226	-
Fuel, utilities and telephone	320	-	320	3,908
Insurance	601	-	601	-
Legal and consulting	-	-	-	5,251
Other	29,621	32,342	(2,721)	12,446
Total mayor and council	<u>45,242</u>	<u>47,710</u>	<u>(2,468)</u>	<u>27,739</u>

(Continued)

CITY OF SAINT PAUL, ALASKA

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

General Fund

	2025			2024
	Original and Final Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
City manager:				
Salaries and wages	\$ 141,124	175,141	(34,017)	152,406
Employee benefits	57,950	73,869	(15,919)	62,744
Material and supplies	-	785	(785)	196
Fuel, utilities and telephone	940	1,664	(724)	7,579
Repairs and maintenance	155	-	155	11
Insurance	8,911	8,133	778	10,653
Legal and consulting	205,000	250,343	(45,343)	202,488
Other	21,950	15,572	6,378	3,296
Total city manager	<u>436,030</u>	<u>525,507</u>	<u>(89,477)</u>	<u>439,373</u>
City clerk:				
Salaries and wages	153,348	152,167	1,181	132,211
Employee benefits	61,784	66,783	(4,999)	57,717
Material and supplies	900	397	503	588
Fuel, utilities and telephone	680	689	(9)	5,275
Repairs and maintenance	155	-	155	1,849
Insurance	9,506	6,474	3,032	9,064
Legal and consulting	-	2,465	(2,465)	5,911
Other	6,150	501	5,649	1,726
Total city clerk	<u>232,523</u>	<u>229,476</u>	<u>3,047</u>	<u>214,341</u>
Finance:				
Salaries and wages	314,473	318,974	(4,501)	271,093
Employee benefits	111,344	110,166	1,178	86,495
Material and supplies	4,450	5,332	(882)	5,246
Fuel, utilities and telephone	1,240	1,584	(344)	8,632
Repairs and maintenance	155	35	120	20
Insurance	18,455	11,513	6,942	14,167
Legal and consulting	79,000	71,555	7,445	84,650
Other	17,923	37,004	(19,081)	54,720
Total finance	<u>547,040</u>	<u>556,163</u>	<u>(9,123)</u>	<u>525,023</u>

(Continued)

CITY OF SAINT PAUL, ALASKA

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

General Fund

	2025			2024
	Original and Final Budget	Actual	Variance	Actual
Expenditures, continued:				
General government, continued:				
Housing:				
Salaries and wages	\$ 10,350	10,543	(193)	11,270
Employee benefits	3,165	3,728	(563)	3,572
Material and supplies	6,700	7,052	(352)	1,296
Fuel, utilities and telephone	53,535	49,596	3,939	50,815
Repairs and maintenance	1,850	566	1,284	444
Insurance	19,506	22,703	(3,197)	21,432
Other	16,660	8,615	8,045	8,806
Total housing	<u>111,766</u>	<u>102,803</u>	<u>8,963</u>	<u>97,635</u>
Nondepartmental:				
Salaries and wages	165,000	188,600	(23,600)	-
Employee benefits	48,807	15,757	33,050	-
Material and supplies	20,525	584	19,941	525
Fuel, utilities and telephone	15,120	20,117	(4,997)	881
Insurance	38,069	2,864	35,205	13,317
Legal and consulting	66,000	48,335	17,665	2,400
Other	70,270	9,737	60,533	37,103
Total nondepartmental	<u>423,791</u>	<u>285,994</u>	<u>137,797</u>	<u>54,226</u>
Total general government	<u>1,796,392</u>	<u>1,747,653</u>	<u>48,739</u>	<u>1,358,337</u>
Public safety:				
Police, fire and EMS:				
Salaries and wages	133,397	-	133,397	51,473
Employee benefits	52,175	-	52,175	23,809
Material and supplies	7,750	13,219	(5,469)	12,572
Fuel, utilities and telephone	41,746	27,878	13,868	45,922
Repairs and maintenance	4,513	3,645	868	593
Insurance	24,798	16,197	8,601	19,514
Legal and consulting	-	-	-	12,655
Other	27,595	3,244	24,351	12,701
Total public safety	<u>291,974</u>	<u>64,183</u>	<u>227,791</u>	<u>179,239</u>
Public works:				
Machine shop and motor pool:				
Salaries and wages	46,991	60,186	(13,195)	50,308
Employee benefits	29,164	37,601	(8,437)	25,365
Material and supplies	5,170	4,021	1,149	3,550
Fuel, utilities and telephone	16,598	15,039	1,559	18,097
Repairs and maintenance	6,670	969	5,701	4,120
Insurance	28,275	28,330	(55)	30,015
Legal and consulting	-	-	-	4,681
Other	157,480	9,239	148,241	2,580
Total machine shop and motor pool	<u>290,348</u>	<u>155,385</u>	<u>134,963</u>	<u>138,716</u>

(Continued)

CITY OF SAINT PAUL, ALASKA

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

General Fund

	2025			2024
	Original and Final Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works, continued:				
Maintenance and labor pool:				
Salaries and wages	\$ 117,525	139,772	(22,247)	170,094
Employee benefits	36,227	53,014	(16,787)	73,640
Material and supplies	30,950	17,676	13,274	6,633
Fuel, utilities and telephone	161,608	108,805	52,803	91,337
Repairs and maintenance	57,920	42,720	15,200	29,213
Insurance	52,076	70,510	(18,434)	56,362
Legal and consulting	157,500	187,166	(29,666)	189,190
Other	60,680	21,916	38,764	3,373
Total maintenance and labor pool	<u>674,486</u>	<u>641,579</u>	<u>32,907</u>	<u>619,842</u>
Administration:				
Salaries and wages	25,367	59,599	(34,232)	37,515
Employee benefits	7,853	18,093	(10,240)	12,269
Material and supplies	225	908	(683)	27
Fuel, utilities and telephone	940	1,437	(497)	18,671
Repairs and maintenance	1,655	985	670	22
Insurance	1,822	4,849	(3,027)	7,239
Legal and consulting	-	-	-	2,340
Other	544	1,510	(966)	905
Total administration	<u>38,406</u>	<u>87,381</u>	<u>(48,975)</u>	<u>78,988</u>
Total public works	<u>1,003,240</u>	<u>884,345</u>	<u>118,895</u>	<u>837,546</u>
Total expenditures	<u>3,091,606</u>	<u>2,696,181</u>	<u>395,425</u>	<u>2,375,122</u>
Excess of revenues over expenditures	2,743,400	3,315,994	572,594	(366,836)
Other financing sources (uses):				
Transfers in	-	-	-	889
Transfers out	(115,806)	(135,274)	(19,468)	(156,190)
Proceeds from the sale of capital assets	-	6,150	6,150	-
Net other financing sources (uses)	<u>(115,806)</u>	<u>(129,124)</u>	<u>(13,318)</u>	<u>(155,301)</u>
Net change in fund balance	\$ <u>2,627,594</u>	3,186,870	<u>559,276</u>	(522,137)
Fund balance, beginning of year		<u>7,281,899</u>		<u>7,804,036</u>
Fund balance, end of year		\$ <u>10,468,769</u>		<u>7,281,899</u>

CITY OF SAINT PAUL, ALASKA

Schedule of Revenues, Expenditures and Changes in Fund Balance

USDA RUS Special Revenue Fund

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues -		
Intergovernmental	\$ <u>1,793,667</u>	<u>270,252</u>
Expenditures:		
Current:		
Public works:		
Salaries and wages	3,060	-
Employee benefits	1,047	-
Material and supplies	17,455	-
Legal and consulting	19,417	39,557
Other	<u>74,949</u>	<u>-</u>
Total public works	<u>115,928</u>	<u>39,557</u>
Capital outlay	<u>1,677,774</u>	<u>230,695</u>
Total expenditures	<u>1,793,702</u>	<u>270,252</u>
Excess (deficiency) of revenues over expenditures	<u>(35)</u>	<u>-</u>
Other financing sources -		
Transfers in	<u>35</u>	<u>-</u>
Net change in fund balance	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

CITY OF SAINT PAUL, ALASKA

Electric Utility Enterprise Fund

Schedules of Net Position

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>Assets and Deferred Outflows of Resources</u>		
Current assets:		
Cash and investments	\$ 2,632,994	3,185,408
Receivables:		
Accounts	381,046	285,891
Intergovernmental	113,117	97,398
Allowance for doubtful accounts	(3,067)	(3,067)
Inventory	18,078	18,270
Total current assets	<u>3,142,168</u>	<u>3,583,900</u>
Noncurrent:		
Net pension and OPEB asset	<u>47,232</u>	<u>32,196</u>
Property, plant and equipment:		
Buildings	3,091,433	3,091,433
Machinery and equipment	600,820	542,363
Plant in service	4,876,991	3,202,558
Construction in progress	1,534,320	1,823,473
Total property, plant and equipment	<u>10,103,564</u>	<u>8,659,827</u>
Accumulated depreciation	<u>(4,841,833)</u>	<u>(4,664,631)</u>
Net property, plant and equipment	<u>5,261,731</u>	<u>3,995,196</u>
Total assets	<u>8,451,131</u>	<u>7,611,292</u>
Deferred outflows of resources -		
Pension and OPEB deferrals	<u>3,019</u>	<u>10,277</u>
Total assets and deferred outflows of resources	<u>\$ 8,454,150</u>	<u>7,621,569</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Current liabilities:		
Accounts payable	\$ 90,762	46,380
Accrued liabilities	518	2,538
Compensated absences	4,268	2,805
Customer deposits	21,082	22,471
Total current liabilities	<u>116,630</u>	<u>74,194</u>
Noncurrent liabilities:		
Net pension and OPEB liability	<u>150,935</u>	<u>156,605</u>
Total liabilities	<u>267,565</u>	<u>230,799</u>
Deferred inflows of resources -		
Pension and OPEB deferrals	<u>5,393</u>	<u>-</u>
Net position:		
Net investment in capital assets	5,261,731	3,995,196
Unrestricted	<u>2,919,461</u>	<u>3,395,574</u>
Total net position	<u>8,181,192</u>	<u>7,390,770</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 8,454,150</u>	<u>7,621,569</u>

CITY OF SAINT PAUL, ALASKA

Electric Utility Enterprise Fund

Schedules of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Electric services	\$ 1,918,835	2,028,667
Operating expenses:		
Salaries and wages	67,492	76,553
Employee benefits	15,055	24,826
Material and supplies	197,465	238,218
Fuel and utilities	1,766,761	1,569,232
Depreciation	177,202	176,156
Repairs and maintenance	2,762	608
Insurance	32,340	35,053
Legal and consulting	207,849	430,346
Administrative cost allocation	172,847	138,277
Other general and administrative costs	33,994	46,799
Total operating expenses	<u>2,673,767</u>	<u>2,736,068</u>
Operating loss	<u>(754,932)</u>	<u>(707,401)</u>
Nonoperating revenues (expenses):		
State PERS relief	(72)	8,300
Investment income (loss)	101,724	131,680
Net nonoperating revenues	<u>101,652</u>	<u>139,980</u>
Income (loss) before capital contributions and transfers	<u>(653,280)</u>	<u>(567,421)</u>
Capital contributions and transfers:		
Capital assets transferred from governmental activities	1,443,737	159,308
Transfers out	(35)	-
Total capital contributions and transfers	<u>1,443,702</u>	<u>159,308</u>
Change in net position	790,422	(408,113)
Net position, beginning	<u>7,390,770</u>	<u>7,798,883</u>
Net position, ending	<u>\$ 8,181,192</u>	<u>7,390,770</u>

CITY OF SAINT PAUL, ALASKA

Electric Utility Enterprise Fund

Schedules of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows provided (used) by operating activities:		
Receipts from customers and users	\$ 1,806,572	2,086,267
Payments of interfund services used	(172,847)	(138,277)
Payments to suppliers	(2,196,597)	(2,303,104)
Payments to employees	(91,231)	(111,198)
	<u>(654,103)</u>	<u>(466,312)</u>
Net cash flows (used) by operating activities		
Cash flows provided (used) by noncapital financing activities:		
Transfers out	(35)	-
	<u>(35)</u>	<u>-</u>
Cash flows from investing activities -		
Investment income (loss)	101,724	131,680
	<u>101,724</u>	<u>131,680</u>
Net change in cash and investments	(552,414)	(334,632)
Cash and investments, beginning	3,185,408	3,520,040
	<u>3,185,408</u>	<u>3,520,040</u>
Cash and investments, ending	\$ <u>2,632,994</u>	<u>3,185,408</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (754,932)	(707,401)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	177,202	176,156
Noncash expenses - PERS relief	(72)	8,300
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	(110,874)	57,253
Inventory	192	(682)
Net pension and OPEB asset	(15,036)	29,398
Deferred outflows of resources - pension and OPEB deferrals	7,258	5,713
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	44,382	17,834
Accrued liabilities	(2,020)	(642)
Compensated absences	1,463	(673)
Customer deposits	(1,389)	347
Net pension and OPEB liability	(5,670)	(50,757)
Deferred inflows of resources - pension and OPEB deferrals	5,393	(1,158)
	<u>(654,103)</u>	<u>(466,312)</u>
Net cash flows (used) by operating activities	\$ <u>(654,103)</u>	<u>(466,312)</u>
Noncash capital and related financing activities:		
Transfers of capital assets from governmental activities	\$ <u>1,443,737</u>	<u>159,308</u>

CITY OF SAINT PAUL, ALASKA

Water Utility Enterprise Fund

Schedules of Net Position

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>Assets and Deferred Outflows of Resources</u>		
Current assets:		
Cash and investments	\$ 1,910,549	1,843,584
Receivables:		
Accounts	47,046	31,812
Intergovernmental	-	1,975
Allowance for doubtful accounts	(780)	(749)
Prepaid items	1,070	-
Total current assets	<u>1,957,885</u>	<u>1,876,622</u>
Noncurrent assets:		
Net pension and OPEB asset	<u>88,375</u>	<u>80,941</u>
Property, plant and equipment:		
Land	1,236	1,236
Buildings	49,991	49,991
Machinery and equipment	83,872	83,872
Plant in service	6,747,329	6,747,329
Construction in progress	51,615	51,615
Total property, plant and equipment	<u>6,934,043</u>	<u>6,934,043</u>
Accumulated depreciation	<u>(5,609,373)</u>	<u>(5,487,873)</u>
Net property, plant and equipment	<u>1,324,670</u>	<u>1,446,170</u>
Total assets	<u>3,370,930</u>	<u>3,403,733</u>
Deferred outflows of resources -		
Pension and OPEB deferrals	<u>1,757</u>	<u>5,346</u>
Total assets and deferred outflows of resources	<u>\$ 3,372,687</u>	<u>3,409,079</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Current liabilities:		
Accounts payable	\$ -	1,075
Accrued liabilities	269	1,367
Compensated absences	3,161	-
Total current liabilities	<u>3,430</u>	<u>2,442</u>
Noncurrent liabilities:		
Net pension and OPEB liability	<u>35,642</u>	<u>38,445</u>
Total liabilities	<u>39,072</u>	<u>40,887</u>
Deferred inflows of resources -		
Pension and OPEB deferrals	<u>3,300</u>	<u>634</u>
Net position:		
Net investment in capital assets	1,324,670	1,446,170
Unrestricted	2,005,645	1,921,388
Total net position	<u>3,330,315</u>	<u>3,367,558</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,372,687</u>	<u>3,409,079</u>

CITY OF SAINT PAUL, ALASKA

Water Utility Enterprise Fund

Schedules of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Water services	\$ <u>193,676</u>	<u>217,300</u>
Operating expenses:		
Salaries and wages	44,663	16,714
Employee benefits	8,947	3,016
Material and supplies	25,147	12,075
Fuel and utilities	21,860	36,920
Depreciation	121,500	121,196
Repairs and maintenance	1,386	373
Legal and consulting	35,810	6,372
Insurance	10,172	11,362
Administrative cost allocation	83,804	93,831
Other general and administrative costs	1,781	1,039
Total operating expenses	<u>355,070</u>	<u>302,898</u>
Operating loss	<u>(161,394)</u>	<u>(85,598)</u>
Nonoperating revenues (expenses):		
State PERS relief	(36)	1,441
Federal sources	43,059	1,975
Investment income	74,739	76,292
Miscellaneous revenue	6,389	-
Net nonoperating revenues	<u>124,151</u>	<u>79,708</u>
Income (loss) before capital contributions and transfers	<u>(37,243)</u>	<u>(5,890)</u>
Capital contributions and transfers -		
Capital assets transferred from governmental activities	<u>-</u>	<u>18,014</u>
Change in net position	(37,243)	12,124
Net position, beginning	<u>3,367,558</u>	<u>3,355,434</u>
Net position, ending	\$ <u><u>3,330,315</u></u>	<u><u>3,367,558</u></u>

CITY OF SAINT PAUL, ALASKA

Water Utility Enterprise Fund

Schedules of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows provided (used) by operating activities:		
Receipts from customers and users	\$ 178,473	213,956
Payments of interfund services used	(83,804)	(93,831)
Payments to suppliers	(98,301)	(63,702)
Payments to employees	<u>(55,565)</u>	<u>(22,251)</u>
Net cash flows provided (used) by operating activities	<u>(59,197)</u>	<u>34,172</u>
Cash flows provided by noncapital financing activities:		
Miscellaneous revenue	6,389	-
Federal sources	<u>45,034</u>	<u>-</u>
Net cash flows provided by noncapital financing activities	<u>51,423</u>	<u>-</u>
Cash flows provided by investing activities -		
Investment income	<u>74,739</u>	<u>76,292</u>
Net change in cash and investments	66,965	110,464
Cash and investments, beginning	<u>1,843,584</u>	<u>1,733,120</u>
Cash and investments, ending	<u>\$ 1,910,549</u>	<u>1,843,584</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (161,394)	(85,598)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	121,500	121,196
Noncash expenses - PERS relief	(36)	1,441
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	(15,203)	(3,344)
Prepaid items	(1,070)	3,364
Net pension and OPEB asset	(7,434)	5,105
Deferred outflows of resources - pension and OPEB deferrals	3,589	992
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(1,075)	1,075
Accrued liabilities	(1,098)	723
Compensated absences	3,161	(1,513)
Net pension and OPEB liability	(2,803)	(8,814)
Deferred inflows of resources - pension and OPEB deferrals	<u>2,666</u>	<u>(455)</u>
Net cash flows provided (used) by operating activities	<u>\$ (59,197)</u>	<u>34,172</u>
Noncash capital and related financing activities:		
Transfers of capital assets from governmental activities	<u>\$ -</u>	<u>18,014</u>

CITY OF SAINT PAUL, ALASKA

Sewer Utility Enterprise Fund

Schedules of Net Position

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>Assets and Deferred Outflows of Resources</u>		
Current assets:		
Receivables:		
Accounts	\$ 42,953	28,966
Allowance for doubtful accounts	(33)	(33)
Prepaid expenses	-	858
Total current assets	<u>42,920</u>	<u>29,791</u>
Noncurrent assets:		
Net pension and OPEB asset	<u>4,997</u>	<u>-</u>
Property, plant and equipment:		
Buildings	126,574	126,574
Machinery and equipment	162,433	162,433
Plant in service	3,468,917	3,468,917
Total property, plant and equipment	<u>3,757,924</u>	<u>3,757,924</u>
Accumulated depreciation	<u>(2,611,828)</u>	<u>(2,444,449)</u>
Net property, plant and equipment	<u>1,146,096</u>	<u>1,313,475</u>
Total assets	<u>1,194,013</u>	<u>1,343,266</u>
Deferred outflows of resources -		
Pension and OPEB deferrals	<u>-</u>	<u>1,847</u>
Total assets and deferred outflows of resources	<u>\$ 1,194,013</u>	<u>1,345,113</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Current liabilities:		
Accounts payable	\$ 503	-
Accrued liabilities	264	1,327
Unearned revenue	4,157	4,157
Total current liabilities	<u>4,924</u>	<u>5,484</u>
Noncurrent liabilities:		
Advances from other funds	2,151,375	2,153,530
Net pension and OPEB liability	12,062	13,946
Total noncurrent liabilities	<u>2,163,437</u>	<u>2,167,476</u>
Total liabilities	<u>2,168,361</u>	<u>2,172,960</u>
Deferred inflows of resources -		
Pension and OPEB deferrals	<u>1,792</u>	<u>-</u>
Net position:		
Net investment in capital assets	1,146,096	1,313,475
Unrestricted (deficit)	(2,122,236)	(2,141,322)
Total net position	<u>(976,140)</u>	<u>(827,847)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,194,013</u>	<u>1,345,113</u>

CITY OF SAINT PAUL, ALASKA

Sewer Utility Enterprise Fund

Schedules of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Sewer services	\$ <u>174,181</u>	<u>178,415</u>
Operating expenses:		
Salaries and wages	30,166	25,667
Employee benefits	22,940	(2,872)
Material and supplies	5,433	426
Fuel and utilities	8,965	11,235
Repairs and maintenance	1,176	940
Depreciation	167,379	162,183
Legal and consulting	14,610	772
Insurance	8,908	8,645
Administrative cost allocation	83,803	98,769
Other general and administrative costs	-	593
Total operating expenses	<u>343,380</u>	<u>306,358</u>
Operating loss	<u>(169,199)</u>	<u>(127,943)</u>
Nonoperating revenues (expenses) -		
State PERS relief	<u>(24)</u>	<u>1,791</u>
Income (loss) before capital contributions and transfers	<u>(169,223)</u>	<u>(126,152)</u>
Capital contributions and transfers:		
Capital assets transferred from governmental activities	-	77,939
Transfers in	<u>20,930</u>	<u>-</u>
Total capital contributions and transfers	<u>20,930</u>	<u>77,939</u>
Change in net position	(148,293)	(48,213)
Net position, beginning	<u>(827,847)</u>	<u>(779,634)</u>
Net position, ending	\$ <u><u>(976,140)</u></u>	<u><u>(827,847)</u></u>

CITY OF SAINT PAUL, ALASKA

Sewer Utility Enterprise Fund

Schedules of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows provided (used) by operating activities:		
Receipts from customers and users	\$ 160,194	200,853
Payments of interfund services used	(83,803)	(98,769)
Payments to suppliers	(37,731)	(26,677)
Payments to employees	(57,435)	(30,353)
	<u>(18,775)</u>	<u>45,054</u>
Net cash flows provided (used) by operating activities		
Cash flows provided (used) by noncapital financing activities:		
Increase (decrease) in advances from other funds	(2,155)	(45,054)
Transfers in	20,930	-
	<u>18,775</u>	<u>(45,054)</u>
Net cash flows provided (used) by noncapital financing activities		
Net change in cash and investments	-	-
Cash and investments, beginning	-	-
Cash and investments, ending	<u>\$ -</u>	<u>-</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (169,199)	(127,943)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	167,379	162,183
Noncash expenses - PERS relief	(24)	1,791
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	(13,987)	22,438
Prepaid items	858	(858)
Net pension and OPEB asset	(4,997)	-
Deferred outflows of resources - pension and OPEB deferrals	1,847	1,233
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	503	(3,208)
Accrued liabilities	(1,063)	369
Net pension and OPEB liability	(1,884)	(10,951)
Deferred inflows of resources - pension and OPEB deferrals	1,792	-
	<u>(18,775)</u>	<u>45,054</u>
Net cash flows provided (used) by operating activities		
Noncash capital and related financing activities -		
Transfers of capital assets from governmental activities	<u>\$ -</u>	<u>77,939</u>

CITY OF SAINT PAUL, ALASKA

Bulk Fuel Farm Enterprise Fund

Schedules of Net Position

December 31, 2025 and 2024

<u>Assets and Deferred Outflows of Resources</u>	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and investments	\$ 975	975
Receivables:		
Accounts	544,329	214,257
Allowance for doubtful accounts	(4,812)	(4,255)
Inventory	2,394,525	2,500,673
Total current assets	<u>2,935,017</u>	<u>2,711,650</u>
Noncurrent:		
Net pension and OPEB asset	<u>24,486</u>	<u>522</u>
Property, plant and equipment:		
Land	150,000	150,000
Buildings	25,000	25,000
Machinery and equipment	625,770	625,770
Fuel tanks and lines	5,249,823	5,249,823
Construction in progress	1,480,751	828,765
Total property, plant and equipment	<u>7,531,344</u>	<u>6,879,358</u>
Accumulated depreciation	<u>(5,795,044)</u>	<u>(5,773,741)</u>
Net property, plant and equipment	<u>1,736,300</u>	<u>1,105,617</u>
Total assets	<u>4,695,803</u>	<u>3,817,789</u>
Deferred outflows of resources -		
Pension and OPEB deferrals	<u>-</u>	<u>9,807</u>
Total assets and deferred outflows of resources	<u>\$ 4,695,803</u>	<u>3,827,596</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Current liabilities:		
Accounts payable	\$ 35,438	1,767
Line of credit	2,335,358	2,332,116
Bulk fuel loan	149,425	653,134
Accrued liabilities	855	4,870
Compensated absences	20,410	14,464
Total current liabilities	<u>2,541,486</u>	<u>3,006,351</u>
Noncurrent liabilities:		
Revenue bonds	4,389,672	4,389,672
Accrued interest payable	1,377,175	1,377,175
Advances from other funds	1,225,057	398,350
Net pension and OPEB liability	35,903	44,940
Total noncurrent liabilities	<u>7,027,807</u>	<u>6,210,137</u>
Total liabilities	<u>9,569,293</u>	<u>9,216,488</u>
Deferred inflows of resources -		
Pension and OPEB deferrals	<u>8,595</u>	<u>-</u>
Net position:		
Net investment in capital assets	(2,653,372)	(3,284,055)
Restricted for debt service and depreciation reserve	950,000	950,000
Unrestricted	(3,178,713)	(3,054,837)
Total net position	<u>(4,882,085)</u>	<u>(5,388,892)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,695,803</u>	<u>3,827,596</u>

CITY OF SAINT PAUL, ALASKA

Bulk Fuel Farm Enterprise Fund

Schedules of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Fuel sales	\$ 4,048,331	3,534,798
Cost of goods sold	<u>(3,345,168)</u>	<u>(2,854,595)</u>
Net operating revenues	<u>703,163</u>	<u>680,203</u>
Operating expenses:		
Salaries and wages	118,705	113,786
Employee benefits	60,359	47,686
Material and supplies	11,484	14,786
Fuel and utilities	23,095	28,950
Depreciation	21,303	28,744
Repairs and maintenance	19,925	6,455
Insurance	110,329	99,264
Administrative cost allocation	128,325	212,353
Legal and consulting	114,880	38,492
Other general and administrative costs	99,189	3,993
Total operating expenses	<u>707,594</u>	<u>594,509</u>
Operating income (loss)	<u>(4,431)</u>	<u>85,694</u>
Nonoperating revenues (expenses):		
State PERS relief	(116)	11,138
Investment income	17,775	-
Interest expense	<u>(158,407)</u>	<u>(162,814)</u>
Net nonoperating revenues (expenses)	<u>(140,748)</u>	<u>(151,676)</u>
Income (loss) before capital contributions and transfers	<u>(145,179)</u>	<u>(65,982)</u>
Capital contributions and transfers:		
Transfer in from Marine Sales Enterprise Fund	-	437,086
Capital assets transferred from governmental activities	<u>651,986</u>	<u>90,368</u>
Net capital contributions and transfers	<u>651,986</u>	<u>527,454</u>
Change in net position	506,807	461,472
Net position, beginning	<u>(5,388,892)</u>	<u>(5,850,364)</u>
Net position, ending	<u>\$ (4,882,085)</u>	<u>(5,388,892)</u>

CITY OF SAINT PAUL, ALASKA

Bulk Fuel Farm Enterprise Fund

Schedules of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows provided (used) by operating activities:		
Receipts from customers and users	\$ 3,718,816	3,569,593
Payments of interfund services used	(128,325)	(212,353)
Payments to suppliers	(3,584,251)	(2,978,299)
Payments to employees	(191,848)	(165,211)
Net cash flows provided (used) by operating activities	<u>(185,608)</u>	<u>213,730</u>
Cash flows provided (used) by noncapital financing activities:		
Transfers in from Marine Sales Enterprise Fund	-	402,180
Increase (decrease) in advances from other funds	826,707	(1,393,008)
Net cash flows provided (used) by noncapital financing activities	<u>826,707</u>	<u>(990,828)</u>
Cash flows provided (used) by capital and related financing activities:		
Borrowings (repayments) on line of credit, net	3,242	707,482
Proceeds from issuance of loan	745,051	745,051
Principal paid	(1,248,760)	(512,621)
Interest paid	(158,407)	(162,814)
Net cash flows provided (used) by capital and related financing activities	<u>(658,874)</u>	<u>777,098</u>
Cash flows from investing activities -		
Investment income received	17,775	-
Net change in cash and investments	<u>-</u>	<u>-</u>
Cash and investments, beginning	975	975
Cash and investments, ending	<u>\$ 975</u>	<u>975</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating income (loss)	\$ (4,431)	85,694
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	21,303	28,744
Bad debt expense	557	-
Noncash expenses - PERS relief	(116)	11,138
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	(330,072)	34,795
Inventory	106,148	71,120
Net pension and OPEB asset	(23,964)	39,449
Deferred outflows of resources - pension and OPEB deferrals	9,807	7,666
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	33,671	(2,884)
Accrued liabilities	(4,015)	2,877
Compensated absences	5,946	3,817
Net pension and OPEB liability	(9,037)	(68,111)
Deferred inflows of resources - pension and OPEB deferrals	8,595	(575)
Net cash flows provided (used) by operating activities	<u>\$ (185,608)</u>	<u>213,730</u>
Noncash investing and financing activities:		
The Marine Sales Enterprise Fund transferred all assets, deferred outflows of resources, liabilities, and deferred inflows of resources to the Bulk Fuel Enterprise Fund:		
Noncash assets and deferred outflows of resources transferred in	\$ -	38,012
Liabilities and deferred inflows of resources transferred in	\$ -	3,106
Noncash capital and related financing activities:		
Transfers of capital assets from governmental activities	<u>\$ 651,986</u>	<u>90,368</u>

CITY OF SAINT PAUL, ALASKA

Harbor Enterprise Fund

Schedules of Net Position

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>Assets and Deferred Outflows of Resources</u>		
Current assets:		
Receivables:		
Accounts	\$ 5,765	650
Allowance for doubtful accounts	(3,932)	-
Prepaid items	1,592	1,591
Inventory	3,649	3,649
Total current assets	<u>7,074</u>	<u>5,890</u>
Noncurrent:		
Net pension and OPEB asset	<u>40,072</u>	<u>35,963</u>
Property, plant and equipment:		
Buildings	25,000	25,000
Dock and mooring	5,045,532	5,045,532
Machinery and equipment	81,853	81,853
Construction in progress	413,006	-
Total property, plant and equipment	<u>5,565,391</u>	<u>5,152,385</u>
Accumulated depreciation	<u>(4,349,212)</u>	<u>(4,279,631)</u>
Net property, plant and equipment	<u>1,216,179</u>	<u>872,754</u>
Total assets	<u>1,263,325</u>	<u>914,607</u>
Deferred outflows of resources -		
Pension and OPEB deferrals	<u>4,010</u>	<u>5,994</u>
Total assets and deferred outflows of resources	<u>\$ 1,267,335</u>	<u>920,601</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Current liabilities:		
Unearned revenue	\$ 5,287	-
Current portion of note payable - USACE	39,978	38,719
Total current liabilities	<u>45,265</u>	<u>38,719</u>
Noncurrent liabilities:		
Advances from other funds	1,144,722	1,153,822
Revenue bonds	1,466,206	1,466,206
Note payable - USACE, net of current portion	1,380,249	1,420,228
Accrued interest payable	527,969	527,969
Net pension and OPEB liability	34,098	35,648
Total noncurrent liabilities	<u>4,553,244</u>	<u>4,603,873</u>
Total liabilities	<u>4,598,509</u>	<u>4,642,592</u>
Deferred inflows of resources -		
Pension and OPEB deferrals	<u>4,220</u>	<u>2,746</u>
Net position:		
Net investment in capital assets	(250,027)	(593,452)
Unrestricted (deficit)	(3,085,367)	(3,131,285)
Total net position	<u>(3,335,394)</u>	<u>(3,724,737)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,267,335</u>	<u>920,601</u>

CITY OF SAINT PAUL, ALASKA

Harbor Enterprise Fund

Schedules of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues -		
Harbor charges	\$ <u>30,484</u>	<u>23,357</u>
Operating expenses:		
Salaries and wages	-	(428)
Employee benefits	(2,221)	(833)
Fuel and utilities	467	668
Depreciation	69,581	69,581
Repairs and maintenance	-	1,604
Insurance	14,116	16,219
Administrative cost allocation	15,713	19,754
Other general and administrative costs	3,931	677
Total operating expenses	<u>101,587</u>	<u>107,242</u>
Operating loss	<u>(71,103)</u>	<u>(83,885)</u>
Nonoperating revenues (expenses):		
State PERS relief	(20)	674
Interest expense	(47,416)	(48,635)
Miscellaneous revenue	-	200
Net nonoperating expenses	<u>(47,436)</u>	<u>(47,761)</u>
Income (loss) before capital contributions and transfers	<u>(118,539)</u>	<u>(131,646)</u>
Capital contributions and transfers:		
Capital assets transferred from governmental activities	413,006	-
Transfers in	94,876	-
Net capital contributions and transfers	<u>507,882</u>	<u>-</u>
Change in net position	389,343	(131,646)
Net position, beginning	<u>(3,724,737)</u>	<u>(3,593,091)</u>
Net position, ending	\$ <u><u>(3,335,394)</u></u>	<u><u>(3,724,737)</u></u>

CITY OF SAINT PAUL, ALASKA

Harbor Enterprise Fund

Schedules of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows provided (used) by operating activities:		
Receipts from customers and users	\$ 34,588	42,424
Payments of interfund services used	(15,713)	(19,754)
Payments to suppliers	<u>(18,515)</u>	<u>(19,935)</u>
Net cash flows provided by operating activities	<u>360</u>	<u>2,735</u>
Cash flows provided by noncapital financing activities:		
Miscellaneous revenue	-	200
Transfers in	94,876	-
Increases (decreases) in advances from other funds	<u>(9,100)</u>	<u>83,201</u>
Net cash flows provided by noncapital financing activities	<u>85,776</u>	<u>83,401</u>
Cash flows provided (used) by capital and related financing activities:		
Principal paid	(38,720)	(37,501)
Interest paid	<u>(47,416)</u>	<u>(48,635)</u>
Net cash flows (used) by capital and related financing activities	<u>(86,136)</u>	<u>(86,136)</u>
Net change in cash and investments	-	-
Cash and investments, beginning	<u>-</u>	<u>-</u>
Cash and investments, ending	<u>\$ -</u>	<u>-</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (71,103)	(83,885)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	69,581	69,581
Bad debt expense	3,932	-
Noncash expenses - PERS relief	(20)	674
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	(5,115)	19,067
Prepaid items	(1)	(1,219)
Net pension and OPEB asset	(4,109)	2,386
Deferred outflows of resources - pension and OPEB deferrals	1,984	464
Increase (decrease) in liabilities and deferred inflows of resources:		
Unearned revenue	5,287	-
Net pension and OPEB liability	(1,550)	(4,120)
Deferred inflows of resources - pension and OPEB deferrals	<u>1,474</u>	<u>(213)</u>
Net cash flows provided by operating activities	<u>\$ 360</u>	<u>2,735</u>
Noncash capital and related financing activities -		
Transfers of capital assets from governmental activities	<u>\$ 413,006</u>	<u>-</u>

CITY OF SAINT PAUL, ALASKA
 Home Energy Loan Enterprise Fund
 Schedules of Net Position
 December 31, 2025 and 2024

	2025	2024
Current assets -		
Cash and investments	\$ <u>115</u>	<u>115</u>
Net position -		
Unrestricted	\$ <u>115</u>	<u>115</u>

CITY OF SAINT PAUL, ALASKA

Home Energy Loan Enterprise Fund

Schedules of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Change in net position	\$ -	-
Net position, beginning	<u>115</u>	<u>115</u>
Net position, ending	<u><u>\$ 115</u></u>	<u><u>115</u></u>

CITY OF SAINT PAUL, ALASKA
 Home Energy Loan Enterprise Fund
 Schedules of Cash Flows
 Years Ended December 31, 2025 and 2024

	2025	2024
Net change in cash and investments	\$ -	-
Cash and investments, beginning	115	115
Cash and investments, ending	115	115

CITY OF SAINT PAUL, ALASKA

Refuse Enterprise Fund

Schedules of Net Position

December 31, 2025 and 2024

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Current assets:		
Receivables:		
Accounts	\$ 51,077	25,684
Intergovernmental	239,207	102,183
Allowance for doubtful accounts	(1,429)	-
Total current assets	<u>288,855</u>	<u>127,867</u>
Noncurrent assets:		
Net pension and OPEB asset	<u>15,789</u>	<u>-</u>
Property, plant and equipment:		
Buildings	213,421	-
Land	105,000	105,000
Landfill	801,832	801,832
Machinery and equipment	2,018,182	1,598,725
Construction in progress	253,198	701,812
Total property, plant and equipment	<u>3,391,633</u>	<u>3,207,369</u>
Accumulated depreciation	<u>(987,617)</u>	<u>(822,958)</u>
Net property, plant and equipment	<u>2,404,016</u>	<u>2,384,411</u>
Total assets	<u>\$ 2,708,660</u>	<u>2,512,278</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Current liabilities:		
Accounts payable	\$ 76,873	11,782
Accrued liabilities	-	1,420
Compensated absences	3,077	2,566
Total current liabilities	<u>79,950</u>	<u>15,768</u>
Noncurrent liabilities:		
Advances from other funds	316,883	219,999
Landfill closure and post closure care costs	44,168	39,827
Total noncurrent liabilities	<u>361,051</u>	<u>259,826</u>
Total liabilities	<u>441,001</u>	<u>275,594</u>
Deferred inflows of resources -		
Pension and OPEB deferrals	<u>5,663</u>	<u>-</u>
Net position:		
Net investment in capital assets	2,404,016	2,384,411
Unrestricted (deficit)	(142,020)	(147,727)
Total net position	<u>2,261,996</u>	<u>2,236,684</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,708,660</u>	<u>2,512,278</u>

CITY OF SAINT PAUL, ALASKA

Refuse Enterprise Fund

Schedules of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues -		
Refuse services	\$ <u>176,207</u>	<u>146,032</u>
Operating expenses:		
Salaries and wages	104,117	88,650
Employee benefits	24,473	64,508
Material and supplies	2,680	28,538
Fuel and utilities	21,609	10,870
Depreciation and amortization	168,999	67,797
Legal and consulting	16,838	53,040
Repairs and maintenance	1,148	1,983
Insurance	10,681	6,647
Administrative cost allocation	68,091	79,015
Other general and administrative costs	192,524	209,545
Total operating expenses	<u>611,160</u>	<u>610,593</u>
Operating loss	<u>(434,953)</u>	<u>(464,561)</u>
Nonoperating revenues:		
Federal sources	460,342	2,096,063
State PERS relief	<u>(77)</u>	<u>9,786</u>
Total nonoperating revenues	<u>460,265</u>	<u>2,105,849</u>
Change in net position	25,312	1,641,288
Net position, beginning	<u>2,236,684</u>	<u>595,396</u>
Net position, ending	\$ <u><u>2,261,996</u></u>	<u><u>2,236,684</u></u>

CITY OF SAINT PAUL, ALASKA
 Refuse Enterprise Fund
 Schedules of Cash Flows
 Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows provided (used) by operating activities:		
Receipts from customers and users	\$ 152,243	173,982
Payments of interfund services used	(68,091)	(79,015)
Payments to suppliers	(180,389)	(299,445)
Payments to employees	<u>(139,702)</u>	<u>(131,855)</u>
Net cash flows (used) by operating activities	<u>(235,939)</u>	<u>(336,333)</u>
Cash flows provided by noncapital financing activities -		
Increase in advances from other funds	<u>96,884</u>	<u>79,368</u>
Cash flows provided (used) by capital and related financing activities:		
Proceeds from capital grants	323,318	2,006,193
Purchases of capital assets	<u>(184,263)</u>	<u>(1,749,228)</u>
Net cash flows provided by capital and related financing activities	<u>139,055</u>	<u>256,965</u>
Net change in cash and investments	-	-
Cash and investments, beginning	<u>-</u>	<u>-</u>
Cash and investments, ending	<u>\$ -</u>	<u>-</u>
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (434,953)	(464,561)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	168,999	67,797
Bad debt expense	1,429	-
Noncash expenses - PERS relief	(77)	9,786
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	(25,393)	27,950
Net pension and OPEB asset	(15,789)	21,095
Deferred outflows of resources - pension and OPEB deferrals	-	4,956
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	65,091	11,178
Accrued liabilities	(1,420)	327
Compensated absences	511	907
Net pension and OPEB liability	-	(15,768)
Deferred inflows of resources - pension and OPEB deferrals	<u>5,663</u>	<u>-</u>
Net cash flows (used) by operating activities	<u>\$ (235,939)</u>	<u>(336,333)</u>

CITY OF SAINT PAUL, ALASKA

USCG Caretaker Service Enterprise Fund

Schedules of Net Position

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>Assets and Deferred Outflows of Resources</u>		
Current assets:		
Cash and investments	\$ 183,535	176,358
Accounts receivable	2,591	2,591
Total current assets	<u>186,126</u>	<u>178,949</u>
Deferred outflows of resources -		
Pension and OPEB deferrals	<u>-</u>	<u>1,572</u>
Total assets and deferred outflows of resources	<u>\$ 186,126</u>	<u>180,521</u>
<u>Liabilities and Net Position</u>		
Noncurrent liabilities -		
Net pension and OPEB liability	<u>-</u>	<u>495</u>
Net position -		
Unrestricted	<u>186,126</u>	<u>180,026</u>
Total liabilities and net position	<u>\$ 186,126</u>	<u>180,521</u>

CITY OF SAINT PAUL, ALASKA

USCG Caretaker Service Enterprise Fund

Schedules of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ <u>-</u>	<u>-</u>
Operating expenses - Employee benefits	<u>1,077</u>	<u>-</u>
Operating income	<u>(1,077)</u>	<u>-</u>
Nonoperating revenues - Investment income (loss)	<u>7,177</u>	<u>7,290</u>
Change in net position	6,100	7,290
Net position, beginning	<u>180,026</u>	<u>172,736</u>
Net position, ending	\$ <u><u>186,126</u></u>	<u><u>180,026</u></u>

CITY OF SAINT PAUL, ALASKA
 USCG Caretaker Service Enterprise Fund
 Schedules of Cash Flows
 Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows provided (used) by operating activities	\$ -	-
Cash flows provided (used) by investing activities - Investment income (loss)	<u>7,177</u>	<u>7,290</u>
Net change in cash and investments	7,177	7,290
Cash and investments, beginning	<u>176,358</u>	<u>169,068</u>
Cash and investments, ending	\$ <u><u>183,535</u></u>	<u><u>176,358</u></u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating loss	\$ (1,077)	-
Adjustments to reconcile operating income to net cash flows from operating activities:		
(Increase) decrease in assets and deferred outflows of resources - Deferred outflows of resources - pension and OPEB deferrals	1,572	-
Increase (decrease) in liabilities and deferred inflows of resources - Net pension and OPEB liability	<u>(495)</u>	<u>-</u>
Net cash flows used by operating activities	\$ <u><u>-</u></u>	<u><u>-</u></u>

CITY OF SAINT PAUL, ALASKA
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Federal Agency / Program Title	Award Number	Pass Through Number	Assistance Listing Number	Total Award	Eligible Expenditures
U.S. Department of Housing and Urban Development - Passed through the State of Alaska Department of Commerce, Community and Economic Development - Community Development Block Grant	None	22-CDBG-01	14.228	\$ 850,000	635,291
U.S. Department of Commerce, National Oceanic and Atmospheric Administration: Direct - Economic Development Cluster - Economic Adjustment Assistance	07-79-07871	None	11.307	2,270,400	31,065
Passed through the Alaska Bond Bank - Outstanding Loan Balance - Coastal Zone Management Administration Awards Total U.S. Department of Commerce	None	None	11.419	5,855,878 <u>8,126,278</u>	5,855,878 <u>5,886,943</u>
U.S. Department of Agriculture: Direct: Assistance to High Energy Cost Rural Communities Assistance to High Energy Cost Rural Communities Total ALN 10.859	AK00-80-A84 AK00-80-C84	None None	10.859 10.859	807,969 800,000 <u>1,607,969</u>	520,178 608,725 <u>1,128,903</u>
Passed through Reinvestment Fund, Inc. - Healthy Food Financing Initiative Total U.S. Department of Agriculture	CLSS00000075006	None	10.872	124,936 <u>1,732,905</u>	93,308 <u>1,222,211</u>
U.S. Department of Transportation, Federal Highway Administration - Direct - Safe Streets and Roads for All	693JJ32340390	None	20.939	200,000	45,395
U.S. Environmental Protection Agency: Direct - Congressionally Mandated Projects	02J44501	None	66.202	3,000,000	460,342
Drinking Water System Infrastructure Resilience and Sustainability Program	02J93601	None	66.448	4,651,170	13,151
Passed through the State of Alaska Department of Environmental Conservation - Drinking Water State Revolving Fund Total U.S. Environmental Protection Agency	None	LSLI-25-02	66.468	54,259 <u>7,705,429</u>	43,059 <u>516,552</u>
Denali Commission: Direct: Saint Paul Airport Feeder Replacement Small Boat Harbor Utilities Upgrade Project Saint Paul South Dock Renovation Total ALN 90.100	1939-00 1894-00 1963-00	None None None	90.100 90.100 90.100	664,764 567,600 704,000 <u>1,936,364</u>	664,764 9,737 23,835 <u>698,336</u>
U.S. Department of Homeland Security - Passed through the State of Alaska Department of Military and Veterans Affairs - Homeland Security Grant Program	None	23SHSP-GY23	97.067	134,883	120,538
Total Expenditures of Federal Awards				\$ <u>20,685,859</u>	<u>9,125,266</u>
Reconciliation to Intergovernmental Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balances: Total Federal Expenditures per above schedule					\$ 9,125,266
Federal expenditures not included on the above schedule - Federal Payment in Lieu of Taxes					93,484
Total State Financial Assistance					331,919
Less: Federal Expenditures Reported in the Proprietary Funds, Exhibit E-2					(503,401)
Less: Outstanding Loan Balance					<u>(5,855,878)</u>
Total Intergovernmental Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit D-1).					\$ <u>3,191,390</u>

See accompanying notes to the Schedule.

CITY OF SAINT PAUL, ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2025

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City of Saint Paul, Alaska under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of City of Saint Paul, Alaska, it is not intended to and does not present the basic financial statements of City of Saint Paul, Alaska.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. City of Saint Paul, Alaska has elected not to use the 15% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Passed Through Awards

No amounts were passed through to subrecipients.

Note 4. Loan Balance

The ending loan balance as of December 31, 2025 is \$5,855,878.

COMPLIANCE SECTION

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

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Saint Paul, Alaska
Saint Paul, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Saint Paul, Alaska (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 10, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Honorable Mayor and Members of the City Council
City of Saint Paul, Alaska

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 report is not suitable for any other purpose.



Anchorage, Alaska
June 10, 2026

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the *Uniform Guidance***

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Saint Paul, Alaska
Saint Paul, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Saint Paul, Alaska's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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 December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Anchorage, Alaska
June 10, 2026

CITY OF SAINT PAUL, ALASKA

Schedule of Findings and Questioned Costs

Year Ended December 31, 2025

Section I – Summary of Auditor’s Results

Financial Statements

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

Is going concern emphasis-of-matter paragraph included in the audit report? Yes X No

Internal control over financial reporting:
 Material weakness(es) identified? Yes X No
 Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs (2 CFR 200.516 (a)(1)):
 Material weakness(es) identified? Yes X No
 Significant deficiency (ies) identified? Yes X None reported

Any material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))? Yes X No

Type of auditor’s report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, 2 CFR 200.516(a)(3) or (4)? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.419	Coastal Zone Management Administration Awards
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,000,000

Auditee qualified as low-risk auditee? Yes X No

Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

The City did not have any findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

The City did not have any findings related to federal awards as defined in 2 CFR 200.516(a).



CITY OF SAINT PAUL

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Summary Schedule of Prior Audit Findings

Year Ended December 31, 2025

Financial Statement Findings

Finding 2024-001 **Material Weakness**

Condition:

Lack of Internal Control over Financial Close and Reporting

An effective internal control system over financial reporting provides reasonable assurance that assets are safeguarded against loss and theft, and that reliable financial statements are prepared in accordance with the appropriate accounting standards and in compliance with applicable laws and regulations. During our audit we noted that the City's year-end financial statement closing procedures were ineffective to meet these objectives. During the course of the audit, we proposed journal entries to correct inventory, capital assets, notes payable, accounts payable, and accounts receivable balances.

Status:

This finding has been resolved.

Finding 2024-002 **Material Weakness**

Condition:

Lack of Internal Control over Accounts Payable

An effective internal control system over accounts payable provides reasonable assurance that accounts payable is fairly presented in accordance with the appropriate accounting standards and in compliance with applicable laws and regulations. During the course of the audit, we identified \$234,483 of invoices which were incurred in FY24, but were not properly accrued as accounts payable at December 31, 2024. This was later corrected by management.

Status:

This finding has been resolved.