

City of Saint Paul, Alaska

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

Year Ended December 31, 2019



CITY OF SAINT PAUL, ALASKA

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Saint Paul, Alaska, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise City of Saint Paul's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Saint Paul, Alaska, as of December 31, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Loan Repayment Moratorium Status

As described in Note 4 to the financial statements, the 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.

INDEPENDENT AUDITORS' REPORT, continued

Other Matters - Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund on page 40, the Public Employees' Retirement System Schedule of the City's Information on the Net Pension Liability on page 41, the Schedule of City Contributions on page 42, the Public Employees' Retirement System Schedule of the City's Information on the Net OPEB Liability on page 43 and the Schedule of City Contributions on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Matters - Supplemental and Other Information

Our audit for the year ended December 31, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Saint Paul's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, and the combining and individual fund financial statements and schedules for the year ended December 31, 2019, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The accompanying Schedule of Expenditures of Federal Awards, and the combining and individual fund financial statements and schedules listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2019, 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Saint Paul as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated September 27, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended December 31, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2018 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

INDEPENDENT AUDITORS' REPORT, continued

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2020 on our consideration of City of Saint Paul's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Saint Paul's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Saint Paul's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

Anchorage, Alaska
July 29, 2020

CITY OF SAINT PAUL, ALASKA

Statement of Net Position

December 31, 2019

Exhibit A-1

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and Investments	\$ 7,354,066	\$ 6,487,286	\$ 13,841,352
Receivables:			
Accounts	10,406	288,219	298,625
Intergovernmental	-	37,022	37,022
Taxes	29,586	-	29,586
Interest	25,603	-	25,603
Allowance for doubtful accounts	(8,142)	(3,954)	(12,096)
Internal Balances	1,455,544	(1,455,544)	-
Inventory	46,435	267,241	313,676
Restricted Cash - Bond Redemption and Depreciation Reserve	-	150,000	150,000
Capital Assets:			
Land and construction in progress	54,387	1,865,459	1,919,846
Other capital assets, net of depreciation	24,874,747	8,987,756	33,862,503
Total Assets	<u>33,842,632</u>	<u>16,623,485</u>	<u>50,466,117</u>
Deferred Outflows of Resources:			
Pension related	238,681	73,847	312,528
Other postemployment benefits related	150,433	46,543	196,976
Total Deferred Outflows of Resources	<u>389,114</u>	<u>120,390</u>	<u>509,504</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 34,231,746</u>	<u>\$ 16,743,875</u>	<u>\$ 50,975,621</u>
LIABILITIES			
Accounts Payable	\$ 86,353	\$ 106,470	\$ 192,823
Accrued Liabilities	122,664	4,653	127,317
Customer Deposits	21,235	31,215	52,450
Unearned Revenue	781,786	50,351	832,137
Noncurrent Liabilities:			
Due within one year:			
Accrued leave	61,736	21,733	83,469
Revenue bonds	-	97,654	97,654
Note payable - USACE	-	32,997	32,997
Due in more than one year:			
Revenue bonds, net of unamortized discount	-	6,275,184	6,275,184
Note payable - USACE	-	1,602,015	1,602,015
Accrued interest payable	-	1,905,144	1,905,144
Landfill closure and postclosure care costs	-	18,123	18,123
Net pension liability	1,859,353	575,272	2,434,625
Net other postemployment benefits liability	47,668	14,747	62,415
Total Liabilities	<u>2,980,795</u>	<u>10,735,558</u>	<u>13,716,353</u>
Deferred Inflows of Resources:			
Pension related	27,525	8,517	36,042
Other postemployment benefits related	80,959	25,048	106,007
Total Deferred Inflows of Resources	<u>108,484</u>	<u>33,565</u>	<u>142,049</u>
NET POSITION			
Net Investment in Capital Assets	24,929,134	4,480,377	29,409,511
Restricted for Debt Service and Depreciation Reserve	-	950,000	950,000
Unrestricted	<u>6,213,333</u>	<u>544,375</u>	<u>6,757,708</u>
Total Net Position	<u>31,142,467</u>	<u>5,974,752</u>	<u>37,117,219</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 34,231,746</u>	<u>\$ 16,743,875</u>	<u>\$ 50,975,621</u>

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Statement of Activities

Year Ended December 31, 2019

Exhibit A-2

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 2,458,079	\$ 543,586	\$ 29,080	\$ -	\$ (1,885,413)	\$ -	\$ (1,885,413)
Public safety	856,852	-	25,573	-	(831,279)	-	(831,279)
Public works	1,165,069	113,354	25,403	-	(1,026,312)	-	(1,026,312)
Total Governmental Activities	<u>4,480,000</u>	<u>656,940</u>	<u>80,056</u>	<u>-</u>	<u>(3,743,004)</u>	<u>-</u>	<u>(3,743,004)</u>
Business-Type Activities:							
Electric	1,487,162	1,301,225	6,878	-	-	(179,059)	(179,059)
Water and sewer	708,908	404,145	4,995	-	-	(299,768)	(299,768)
Bulk fuel farm	2,995,508	2,897,612	7,916	-	-	(89,980)	(89,980)
Harbor	211,549	90,174	1,714	-	-	(119,661)	(119,661)
Refuse	322,732	180,540	2,894	-	-	(139,298)	(139,298)
Nonmajor funds	74,958	77,459	371	-	-	2,872	2,872
Total Business-Type Activities	<u>5,800,817</u>	<u>4,951,155</u>	<u>24,768</u>	<u>-</u>	<u>-</u>	<u>(824,894)</u>	<u>(824,894)</u>
Total Activities	<u>\$ 10,280,817</u>	<u>\$ 5,608,095</u>	<u>\$ 104,824</u>	<u>\$ -</u>	<u>(3,743,004)</u>	<u>(824,894)</u>	<u>(4,567,898)</u>
General Revenues:							
Sales and fisheries taxes					2,063,816	-	2,063,816
Grants and entitlements not restricted to a specific purpose					679,662	-	679,662
Federal payment in lieu of taxes					81,593	-	81,593
Investment income					266,000	224,688	490,688
Other revenue					154,737	4,651	159,388
Transfers					807,001	(807,001)	-
Total General Revenues and Transfers					<u>4,052,809</u>	<u>(577,662)</u>	<u>3,475,147</u>
Change in Net Position					309,805	(1,402,556)	(1,092,751)
Net Position, beginning					<u>30,832,662</u>	<u>7,377,308</u>	<u>38,209,970</u>
Net Position, ending					<u>\$ 31,142,467</u>	<u>\$ 5,974,752</u>	<u>\$ 37,117,219</u>

CITY OF SAINT PAUL, ALASKA
Government Funds - Balance Sheet
December 31, 2019

Exhibit B-1

ASSETS	<u>General Funds</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Cash and Investments	\$ 7,044,680	\$ 309,386	\$ 7,354,066
Receivables:			
Accounts	10,406	-	10,406
Taxes	29,586	-	29,586
Interest	25,603	-	25,603
Allowance for doubtful accounts	(8,142)	-	(8,142)
Advances to other funds	1,455,544	-	1,455,544
Inventory	<u>46,435</u>	<u>-</u>	<u>46,435</u>
 Total Assets	 <u>\$ 8,604,112</u>	 <u>\$ 309,386</u>	 <u>\$ 8,913,498</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 86,353	\$ -	\$ 86,353
Accrued liabilities	122,664	-	122,664
Customer deposits	21,235	-	21,235
Unearned revenue	<u>687,385</u>	<u>94,401</u>	<u>781,786</u>
 Total Liabilities	 <u>917,637</u>	 <u>94,401</u>	 <u>1,012,038</u>
Fund Balances:			
Nonspendable	1,501,979	-	1,501,979
Committed	-	214,985	214,985
Unassigned	<u>6,184,496</u>	<u>-</u>	<u>6,184,496</u>
 Total Fund Balances	 <u>7,686,475</u>	 <u>214,985</u>	 <u>7,901,460</u>
 Total Liabilities and Fund Balances	 <u>\$ 8,604,112</u>	 <u>\$ 309,386</u>	 <u>\$ 8,913,498</u>

CITY OF SAINT PAUL, ALASKA

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

December 31, 2019

Exhibit B-2

Total Fund Balances for Governmental Funds \$ 7,901,460

Total Net Position reported in 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 and related accumulated depreciation are as follows:

Construction in progress	\$ 54,387	
Breakwater	47,642,984	
Buildings	8,669,627	
Machinery and equipment	3,505,412	
Accumulated depreciation and amortization	<u>(34,943,276)</u>	
Total Capital Assets		24,929,134

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

Accrued leave	(61,736)	
Net pension liability	(1,859,353)	
Net other postemployment benefits liability	<u>(47,668)</u>	
Total Long-Term Liabilities		(1,968,757)

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

Deferred outflows of resources - pension related	238,681	
Deferred inflows of resources - pension related	(27,525)	
Deferred outflows of resources - other postemployment benefits related	150,433	
Deferred inflows of resources - other postemployment benefits related	<u>(80,959)</u>	
		<u>280,630</u>

Total Net Position of Governmental Activities \$ 31,142,467

CITY OF SAINT PAUL, ALASKA**Governmental Funds****Statement of Revenues, Expenditures and Changes in Fund Balances**

Year Ended December 31, 2019

Exhibit B-3

	<u>General Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 2,063,816	\$ -	\$ 2,063,816
Intergovernmental	841,311	-	841,311
Charges for services	656,940	-	656,940
Investment income	266,000	-	266,000
Other revenue	<u>154,737</u>	<u>-</u>	<u>154,737</u>
Total Revenues	<u>3,982,804</u>	<u>-</u>	<u>3,982,804</u>
Expenditures:			
General government	1,512,849	-	1,512,849
Public safety	917,053	-	917,053
Public works	<u>1,078,414</u>	<u>-</u>	<u>1,078,414</u>
Total Expenditures	<u>3,508,316</u>	<u>-</u>	<u>3,508,316</u>
Net Change in Fund Balances	474,488	-	474,488
Fund Balances, beginning	<u>7,211,987</u>	<u>214,985</u>	<u>7,426,972</u>
Fund Balances, ending	<u>\$ 7,686,475</u>	<u>\$ 214,985</u>	<u>\$ 7,901,460</u>

CITY OF SAINT PAUL, ALASKA

Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities

Year Ended December 31, 2019

Exhibit B-4

Net Change in Fund Balances - Total Governmental Funds	\$	474,488	
The change in net position reported for governmental activities in the Statement of Activities is different because:			
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which depreciating (\$1,291,450) exceeded capital outlays (\$130,967) and transfer of assets from the Refuse Fund (\$807,001).			
			(353,482)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:			
Increase in accrued leave	\$	(10,682)	
Net increase in net pension liability and related deferred accounts		(183,803)	
Net decrease in net other postemployment benefits liability and related deferred accounts		<u>383,284</u>	
			<u>188,799</u>
Change in Net Position of Governmental Activities	\$		<u><u>309,805</u></u>

CITY OF SAINT PAUL, ALASKA

Enterprise Funds

Statement of Net Position

December 31, 2019

Exhibit C-1

	Major Funds					Nonmajor Funds	Total Enterprise Funds
	Electric Utility	Water and Sewer Utility	Bulk Fuel Farm	Harbor	Refuse		
ASSETS							
Current Assets:							
Cash and investments	\$ 6,054,826	\$ -	\$ 975	\$ -	\$ -	\$ 431,485	\$ 6,487,286
Receivables:							
Accounts	150,385	49,527	65,981	1,161	18,698	2,467	288,219
Intergovernmental	37,022	-	-	-	-	-	37,022
Allowance for doubtful accounts	(705)	(606)	(2,643)	-	-	-	(3,954)
Inventory	57,865	-	184,134	3,649	-	21,593	267,241
Total Current Assets	6,299,393	48,921	248,447	4,810	18,698	455,545	7,075,814
Noncurrent Assets:							
Restricted cash - bond redemption and depreciation reserve	-	-	150,000	-	-	-	150,000
Capital Assets:							
Property, plant and equipment	7,688,764	10,558,973	6,813,579	5,103,431	1,445,827	46,708	31,657,282
Accumulated depreciation	(4,030,303)	(6,460,836)	(5,670,244)	(3,967,791)	(634,639)	(40,254)	(20,804,067)
Net Property, Plant, and Equipment	3,658,461	4,098,137	1,143,335	1,135,640	811,188	6,454	10,853,215
Total Noncurrent Assets	3,658,461	4,098,137	1,293,335	1,135,640	811,188	6,454	11,003,215
Total Assets	9,957,854	4,147,058	1,541,782	1,140,450	829,886	461,999	18,079,029
Deferred Outflows of Resources:							
Pension related	20,505	14,894	23,601	5,111	8,629	1,107	73,847
Other postemployment benefits related	12,924	9,387	14,875	3,221	5,439	697	46,543
Total Deferred Outflows of Resources	33,429	24,281	38,476	8,332	14,068	1,804	120,390
Total Assets and Deferred Outflows of Resources	\$ 9,991,283	\$ 4,171,339	\$ 1,580,258	\$ 1,148,782	\$ 843,954	\$ 463,803	\$ 18,199,419

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Enterprise Funds

Statement of Net Position, continued

December 31, 2019

Exhibit C-1, cont.

	Major Funds					Nonmajor Funds	Total Enterprise Funds
	Electric Utility	Water and Sewer Utility	Bulk Fuel Farm	Harbor	Refuse		
LIABILITIES							
Current Liabilities:							
Accounts payable	\$ 18,295	\$ 630	\$ 86,571	\$ (710)	\$ 1,681	\$ 3	\$ 106,470
Accrued liabilities	1,391	6,781	899	(4,537)	-	119	4,653
Accrued leave	2,009	5,094	11,396	1,438	1,796	-	21,733
Customer deposits	31,215	-	-	-	-	-	31,215
Unearned revenue	-	4,157	-	46,194	-	-	50,351
Current portion of revenue bonds	97,654	-	-	-	-	-	97,654
Current portion of note payable - USACE	-	-	-	32,997	-	-	32,997
Total Current Liabilities	150,564	16,662	98,866	75,382	3,477	122	345,073
Noncurrent Liabilities, net of current portion:							
Advances from other funds	-	353,512	575,574	467,584	58,874	-	1,455,544
Revenue bonds, net of unamortized discount	269,306	-	4,539,672	1,466,206	-	-	6,275,184
Note payable - USACE, net of current portion	-	-	-	1,602,015	-	-	1,602,015
Accrued interest payable	-	-	1,377,175	527,969	-	-	1,905,144
Landfill closure and postclosure care costs	-	-	-	-	18,123	-	18,123
Net pension liability	159,738	116,023	183,853	39,813	67,223	8,622	575,272
Net other postemployment benefits liability	4,095	2,974	4,713	1,021	1,723	221	14,747
Total Noncurrent Liabilities	433,139	472,509	6,680,987	4,104,608	145,943	8,843	11,846,029
Total Liabilities	583,703	489,171	6,779,853	4,179,990	149,420	8,965	12,191,102
Deferred Inflows of Resources:							
Pension related	2,365	1,718	2,722	589	995	128	8,517
Other postemployment benefits related	6,955	5,052	8,005	1,734	2,927	375	25,048
Total Deferred Inflows of Resources	9,320	6,770	10,727	2,323	3,922	503	33,565
NET POSITION							
Net Investment in Capital Assets	3,291,501	4,098,137	(3,396,337)	(330,566)	811,188	6,454	4,480,377
Restricted for Debt Service and Depreciation Reserve	-	-	950,000	-	-	-	950,000
Unrestricted (Deficit)	6,106,759	(422,739)	(2,763,985)	(2,702,965)	(120,576)	447,881	544,375
Total Net Position	9,398,260	3,675,398	(5,210,322)	(3,033,531)	690,612	454,335	5,974,752
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 9,991,283	\$ 4,171,339	\$ 1,580,258	\$ 1,148,782	\$ 843,954	\$ 463,803	\$ 18,199,419

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, 2019

Exhibit C-2

	Major Funds						Total Enterprise Funds
	Electric Utility	Water and Sewer Utility	Bulk Fuel Farm	Harbor	Refuse	Nonmajor Funds	
Operating Revenues	\$ 1,301,225	\$ 404,145	\$ 2,897,612	\$ 90,174	\$ 180,540	\$ 77,459	\$ 4,951,155
Cost of Goods Sold	-	-	(2,410,688)	-	-	(19,055)	(2,429,743)
Net Operating Revenues	<u>1,301,225</u>	<u>404,145</u>	<u>486,924</u>	<u>90,174</u>	<u>180,540</u>	<u>58,404</u>	<u>2,521,412</u>
Operating Expenses:							
Salaries and benefits	71,156	113,957	196,121	79,278	48,537	15,421	524,470
Other operating expenses	1,069,310	147,855	194,259	43,357	37,883	24,224	1,516,888
Administrative cost allocation	164,752	87,222	155,061	24,228	62,994	14,537	508,794
Depreciation and amortization	168,395	359,836	39,379	64,686	123,139	1,721	757,156
Total Operating Expenses	<u>1,473,613</u>	<u>708,870</u>	<u>584,820</u>	<u>211,549</u>	<u>272,553</u>	<u>55,903</u>	<u>3,307,308</u>
Operating Income/Loss	(172,388)	(304,725)	(97,896)	(121,375)	(92,013)	2,501	(785,896)
Nonoperating Revenues (Expenses):							
State PERS relief	6,878	4,995	7,916	1,714	2,894	371	24,768
Investment income	205,153	-	5,295	-	-	14,240	224,688
Interest expense	(13,549)	-	-	-	-	-	(13,549)
Loss on sale of capital assets	-	(38)	-	-	(50,179)	-	(50,217)
Miscellaneous revenue	561	2,090	2,000	-	-	-	4,651
Net Nonoperating Revenues (Expenses)	<u>199,043</u>	<u>7,047</u>	<u>15,211</u>	<u>1,714</u>	<u>(47,285)</u>	<u>14,611</u>	<u>190,341</u>
Income (Loss) Before Capital Contributions and Transfers	26,655	(297,678)	(82,685)	(119,661)	(139,298)	17,112	(595,555)
Transfers Out	-	-	-	-	(807,001)	-	(807,001)
Change in Net Position	26,655	(297,678)	(82,685)	(119,661)	(946,299)	17,112	(1,402,556)
Net Position (Deficit), beginning	<u>9,371,605</u>	<u>3,973,076</u>	<u>(5,127,637)</u>	<u>(2,913,870)</u>	<u>1,636,911</u>	<u>437,223</u>	<u>7,377,308</u>
Net Position (Deficit), ending	<u>\$ 9,398,260</u>	<u>\$ 3,675,398</u>	<u>\$ (5,210,322)</u>	<u>\$ (3,033,531)</u>	<u>\$ 690,612</u>	<u>\$ 454,335</u>	<u>\$ 5,974,752</u>

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Enterprise Funds

Statement of Cash Flows

Year Ended December 31, 2019

Exhibit C-3

	Major Funds					Nonmajor Funds	Total Enterprise Funds
	Electric Utility	Water and Sewer Utility	Bulk Fuel Farm	Harbor	Refuse		
Cash Flows from (for) Operating Activities:							
Receipts from customers and users	\$ 1,318,027	\$ 380,838	\$ 3,055,047	\$ 129,552	\$ 202,564	\$ 77,878	\$ 5,163,906
Payments for interfund services used	(164,752)	(87,222)	(155,061)	(24,228)	(62,994)	(14,537)	(508,794)
Payments to suppliers	(1,068,510)	(149,819)	(2,645,156)	(52,802)	(37,327)	(42,765)	(3,996,379)
Payments to employees	(143,777)	(111,697)	(178,389)	(76,271)	(74,049)	(7,797)	(591,980)
Net Cash Flows from (for) Operating Activities	(59,012)	32,100	76,441	(23,749)	28,194	12,779	66,753
Cash Flows from (for) Noncapital Financial Activities:							
Miscellaneous revenue	561	2,090	2,000	-	-	-	4,651
Increase (decrease) in advances from other funds	-	85,906	(83,736)	23,749	(28,194)	-	(2,275)
Net Cash Flows from (for) Noncapital Financial Activities	561	87,996	(81,736)	23,749	(28,194)	-	2,376
Cash Flows for Capital and Related Financing Activities:							
Additions to property, plant and equipment	(359,181)	(121,958)	-	-	-	-	(481,139)
Proceeds from sale of capital assets	-	1,862	-	-	-	-	1,862
Principal paid	(97,431)	-	-	-	-	-	(97,431)
Interest paid	(1,183)	-	-	-	-	-	(1,183)
Net Cash Flows for Capital and Related Financing Activities	(457,795)	(120,096)	-	-	-	-	(577,891)
Cash Flows from Investing Activities:							
Investment income received	205,153	-	5,295	-	-	14,240	224,688
Net Increase (Decrease) in Cash and Investments	(311,093)	-	-	-	-	27,019	(284,074)
Cash and Investments, beginning	6,365,919	-	150,975	-	-	404,466	6,921,360
Cash and Investments, ending	\$ 6,054,826	\$ -	\$ 150,975	\$ -	\$ -	\$ 431,485	\$ 6,637,286
Reconciliation of Cash and Investments to Statement of Net Position:							
Cash and investments	\$ 6,054,826	\$ -	\$ 975	\$ -	\$ -	\$ 431,485	\$ 6,487,286
Restricted cash	-	-	150,000	-	-	-	150,000
Total Cash and Investments	\$ 6,054,826	\$ -	\$ 150,975	\$ -	\$ -	\$ 431,485	\$ 6,637,286

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA

Enterprise Funds

Statement of Cash Flows, continued

Year Ended December 31, 2019

Exhibit C-3, cont.

	Major Funds					Nonmajor Funds	Total Enterprise Funds
	Electric Utility	Water and Sewer Utility	Bulk Fuel Farm	Harbor	Refuse		
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities:							
Operating income (loss)	\$ (172,388)	\$ (304,725)	\$ (97,896)	\$ (121,375)	\$ (92,013)	\$ 2,501	\$ (785,896)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:							
Depreciation and amortization	168,395	359,836	39,379	64,686	123,139	1,721	757,156
Noncash expense - PERS relief	6,878	4,995	7,916	1,714	2,894	371	24,768
(Increase) decrease in assets and deferred outflows of resources:							
Accounts receivable	23,197	(23,307)	157,435	39,378	22,024	419	219,146
Inventory	(4,557)	-	75,067	-	-	580	71,090
Deferred outflows of resources - pension related	(9,617)	(9,669)	(16,070)	(3,748)	(4,355)	(1,087)	(44,546)
Deferred outflows of resources - other postemployment benefits related	(4,184)	(5,193)	(8,830)	(2,127)	(2,008)	(681)	(23,023)
Increase (decrease) in liabilities and deferred inflows of resources:							
Accounts payable	4,498	(5,854)	(114,611)	(2,586)	556	(66)	(118,063)
Accrued liabilities	859	3,890	(665)	(6,859)	-	119	(2,656)
Accrued leave	591	1,260	1,031	(6,023)	(912)	-	(4,053)
Customer deposits	(6,395)	-	-	-	-	-	(6,395)
Net pension liability	(7,421)	35,808	68,239	18,893	1,600	8,312	125,431
Net other postemployment benefits liability	(30,039)	(13,406)	(18,896)	(3,251)	(11,677)	158	(77,111)
Deferred inflows of resources - pension related	(17,660)	(7,891)	(11,128)	(1,917)	(6,866)	91	(45,371)
Deferred inflows of resources - other postemployment benefits related	(11,169)	(3,644)	(4,530)	(534)	(4,188)	341	(23,724)
Net Cash Flows from (for) Operating Activities	<u>\$ (59,012)</u>	<u>\$ 32,100</u>	<u>\$ 76,441</u>	<u>\$ (23,749)</u>	<u>\$ 28,194</u>	<u>\$ 12,779</u>	<u>\$ 66,753</u>
Noncash Capital and Related Financing Activities-							
Transfer of capital assets to general government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (807,001)</u>	<u>\$ -</u>	<u>\$ (807,001)</u>

See accompanying notes to basic financial statements.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies

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, bulk fuel delivery, and marine sales); 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.

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.

Measurement Focus, Basis of Accounting and Financial Statement 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 earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as 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 accrued leave are recorded only to the extent they have matured.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies, continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation, continued

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 government's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

Major Propriety Funds:

- The Electric Utility Enterprise Fund is used to account for the operations of the electric utility.
- The Water and Sewer Utility Enterprise Fund is used to account for the operations of the City water and 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. The Refuse Enterprise Fund did not meet the quantitative criteria for a major fund presentation; however, the City has elected to report it as major for consistency and due to public interest.

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.

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.

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.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies, continued

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.

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.

Inventory

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.

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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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.

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.

Accrued Leave

The City allows employees to accumulate earned but unused vacation and sick leave benefits. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured (e.g. the employee has terminated employment).

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies, continued

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 government funds are reported as deferred inflows.

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.

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

Breakwater and improvements	50 years
Plant in service	35-60 years
Fuel tanks and lines	25 years
Dock and mooring	10 years
Buildings	35-60 years
Machinery and equipment	5-15 years
Landfill	20 years

Unearned Grant Revenue

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

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.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies, continued

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.

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.

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.

Pension Plan and Other Postemployment Benefits (OPEB) Plan

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 Public Employees' Retirement System 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.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 2 - Cash and Investments

The City of Saint Paul utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments," or in the case of "negative cash," is included in "due to other funds."

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of December 31, 2019:

Deposits	\$ 2,137,179	Cash and investments	\$ 13,841,352
Investments	<u>11,854,173</u>	Restricted cash	<u>150,000</u>
Total	<u>\$ 13,991,352</u>	Total	<u>\$ 13,991,352</u>

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."

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.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 2 - Cash and Investments, continued

Investment maturities in general investments at December 31, 2019 are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
Certificates of deposits	\$ 10,957,311	\$ 3,933,267	\$ 7,024,044
U.S. government agency bonds	733,525	398,864	334,661
AMLIP pooled investments	163,337	163,337	-
Total subject to interest rate risk	\$ 11,854,173	\$ 4,495,468	\$ 7,358,705

Fair Value Measurement

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

The City has the following recurring fair value measurements as of December 31, 2019:

U.S. government agency securities of \$733,525 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs).

The City has investments in certificates of deposits totaling \$10,957,311 that are not held at fair value, but instead recorded at amortized cost, at December 31, 2019. The City's investment in AMLIP totaling \$163,337 is measured at net asset value as of December 31, 2019. Management believes these values approximate fair value.

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 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.

The manager is required to produce monthly disclosure statements on the Pool. The Pool also has retained an investment adviser 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, 2019, the fair value of the investments in the Pool approximates amortized cost and is equal to the value of Pool shares.

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, 2019, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$1,826,166 was subject to a collateral agreement. The City maintains a collateral agreement with its depository financial institution, Federal Home Loan Bank, of up to \$4,529,920. As a result, all money was insured as of December 31, 2019.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 3 - Capital Assets

Capital asset activity for the year ended December 31, 2019 follows:

Governmental Activities	Balance January 1, 2019	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2019
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	54,387	-	54,387
Total assets not being depreciated	-	54,387	-	54,387
Capital assets being depreciated:				
Breakwater	47,642,984	-	-	47,642,984
Buildings	7,453,612	-	1,216,015	8,669,627
Machinery and equipment	3,082,446	76,581	346,385	3,505,412
Total assets being depreciated	58,179,042	76,581	1,562,400	59,818,023
Less accumulated depreciation for:				
Breakwater	27,099,016	952,860	-	28,051,876
Buildings	3,792,967	184,486	409,015	4,386,468
Machinery and equipment	2,004,443	154,105	346,384	2,504,932
Total accumulated depreciation	32,896,426	1,291,451	755,399	34,943,276
Total capital assets being depreciated, net	25,282,616	(1,214,870)	807,001	24,874,747
Governmental activities capital assets, net	\$ 25,282,616	\$ (1,160,483)	\$ 807,001	\$ 24,929,134

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 3 - Capital Assets, continued

Capital asset activity for the year ended December 31, 2019 follows, continued:

Business-Type Activities	Balance January 1, 2019	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2019
Capital assets not being depreciated:				
Land	\$ 256,236	\$ -	\$ -	\$ 256,236
Construction in progress	1,398,312	225,339	(14,428)	1,609,223
Total assets not being depreciated	1,654,548	225,339	(14,428)	1,865,459
Capital assets being depreciated:				
Plant in service	14,030,243	221,006	-	14,251,249
Fuel tanks and lines	5,249,823	-	-	5,249,823
Dock and mooring	5,045,532	-	-	5,045,532
Buildings	4,534,014	-	(1,216,016)	3,317,998
Machinery and equipment	2,546,578	48,986	(668,341)	1,927,223
Total assets being depreciated	31,406,190	269,992	(1,884,357)	29,791,825
Less accumulated depreciation for:				
Plant in service	8,565,927	448,775	-	9,014,702
Fuel tanks and lines	5,200,181	6,366	-	5,206,547
Dock and mooring	3,848,593	61,784	-	3,910,377
Buildings	1,737,487	103,683	(409,015)	1,432,155
Machinery and equipment	1,724,580	132,207	(616,499)	1,240,288
Total accumulated depreciation	21,076,768	752,815	(1,025,514)	20,804,069
Total capital assets being depreciated, net	10,329,422	(482,823)	(858,843)	8,987,756
Business-type activities capital assets, net	\$ 11,983,970	\$ (257,484)	\$ (873,271)	\$ 10,853,215

Depreciation expense was charged to the functions as follows:

Government Activities:	
General government	\$ 1,041,516
Public safety	62,320
Public works	187,615
Total Depreciation Expense - Governmental Activities	\$ 1,291,451
Business-Type Activities:	
Electric utility	\$ 168,395
Water and sewer utility	359,836
Bulk fuel farm	39,379
Harbor	64,686
Marine sales	1,721
Refuse	118,798
Total Depreciation Expense - Business-Type Activities	\$ 752,815

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 4 - Long-Term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended December 31, 2019:

Governmental Activities	Balance January 1, 2019	Additions	Retired	Balance December 31, 2019	Due Within One Year
Accrued leave	\$ 51,054	\$ 61,810	\$ 51,128	\$ 61,736	\$ 61,736
Net pension liability	1,388,499	470,854	-	1,859,353	-
Net other postemployment benefits liability	283,535	-	235,867	47,668	-
Total Governmental Activities	\$ 1,723,088	\$ 532,664	\$ 286,995	\$ 1,968,757	\$ 61,736
Business-Type Activities	Balance January 1, 2019	Additions	Retired	Balance December 31, 2019	Due Within One Year
Revenue Bonds:					
\$6,562,878 revenue bonds payable to the U.S. Department of Commerce with interest at 5% (see note below for moratorium on payments)	\$ 6,005,878	\$ -	\$ -	\$ 6,005,878	\$ -
\$150,000 electric revenue bonds payable to the State of Alaska in 25 equal annual installments of \$8,614 including 3% interest	39,853	-	7,430	32,423	7,654
\$2,250,000 electric revenue bonds payable to the State of Alaska in 25 equal annual installments of \$90,000, discounted at an imputed interest rate of 3% with an unamortized discount of \$25,463 at December 31, 2019	450,000	-	90,000	360,000	90,000
Less unamortized discount	(37,828)	-	(12,365)	(25,463)	-
Total Revenue Bonds Payable	6,457,903	-	85,065	6,372,838	97,654
Note payable to U.S. Army Corps of Engineers (USACE), payable in 30 equal annual installments of \$86,135 including interest of 3.25% interest beginning July 1, 2020	1,635,012	-	-	1,635,012	32,997
Accrued interest payable	1,905,144	-	-	1,905,144	-
Accrued leave	23,941	25,815	28,023	21,733	21,733
Landfill closure and postclosure care costs	13,781	4,342	-	18,123	-
Net pension liability	449,841	125,431	-	575,272	-
Net other postemployment benefits liability	91,858	-	77,111	14,747	-
Total Business-Type Activities	\$ 10,577,480	\$ 155,588	\$ 190,199	\$ 10,542,869	\$ 152,384

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 4 - Long-Term Liabilities, continued

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 books was waived leaving \$1,905,144 of accrued interest on the City's financial statements related to the bonds. This accrued interest payable of \$1,905,144 is reflected as a long-term liability, as it is uncertain when the City will be required to pay these amounts. 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, NOAA requested the City submit the \$150,000 set aside in the Bulk Fuel Farm Enterprise Fund per the terms of the 4th Tripartite Amendment. Once NOAA has recovered these funds, the agency will support and be in a position to move forward with a recommendation to Congress that the City's Department of Commerce revenue bond be forgiven.

The annual debt service requirements of the electric revenue bonds outstanding and the note payable to USACE at December 31, 2019, are scheduled out below. The Department of Commerce revenue bond has not been included in the future payments.

<u>Business-Type Activities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
Year Ending December 31,			
2020	\$ 130,651	\$ 64,137	\$ 194,788
2021	131,953	60,433	192,386
2022	133,297	56,618	189,915
2023	135,086	52,688	187,774
2024	37,501	48,635	86,136
Thereafter	1,458,947	694,434	2,153,381
	<u>\$ 2,027,435</u>	<u>\$ 976,945</u>	<u>\$ 3,004,380</u>

Note 5 - 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, accounting principles generally accepted in the United States of America 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 \$13,781 reported as landfill closure costs payable at December 31, 2019 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 \$125,909 as the remaining expected usage is filled. These amounts are based on an estimate of cost to perform all closure and postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The remaining life of the landfill is estimated to be approximately 30 years.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 6 - 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	Totals
Nonspendable:			
Inventory	\$ 46,435	\$ -	\$ 46,435
Advance to Water and Sewer Utility Enterprise Fund	353,512	-	353,512
Advance to Bulk Fuel Farm Enterprise Fund	575,574	-	575,574
Advance to Harbor Enterprise Fund	467,584	-	467,584
Advance to Refuse Enterprise Fund	58,874	-	58,874
Total Nonspendable	1,501,979	-	1,501,979
Committed for capital projects	-	214,985	214,985
Unassigned	6,184,496	-	6,184,496
Total Fund Balances	\$ 7,686,475	\$ 214,985	\$ 7,901,460

The following funds had fund deficits at December 31, 2019:

Bulk Fuel Farm Enterprise Fund	\$ 5,210,322
Harbor Enterprise Fund	3,033,531

Note 7 - Defined Benefit (DB) Pension Plan

General Information about the Plan

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

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

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the DB plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

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

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 7 - Defined Benefit (DB) Pension Plan, continued

Historical Context and Special Funding Situation

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

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

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

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

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

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

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This will result in lower ARM Board Rates than previously adopted.

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

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 7 - Defined Benefit (DB) Pension Plan, continued

Employer and Other Contribution Rates, continued

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

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

Contribution rates for the year ended June 30, 2019 and June 30, 2020 were determined in the June 30, 2016 and June 30, 2017 actuarial valuations, respectively. City contribution rates for the 2019 calendar year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
<u>January 1, 2019 to June 30, 2019</u>			
Pension	16.17%	23.21%	5.58%
Other postemployment benefits (see Note 9)	5.83%	4.37%	-
Total Contribution Rates	<u>22.00%</u>	<u>27.58%</u>	<u>5.58%</u>
<u>July 1, 2019 to December 31, 2019</u>			
Pension	15.72%	23.73%	6.62%
Other postemployment benefits (see Note 9)	6.28%	4.89%	-
Total Contribution Rates	<u>22.00%</u>	<u>28.62%</u>	<u>6.62%</u>

In 2019, the City was credited with the following contributions into the pension plan:

	Measurement Period July 1, 2018 to June 30, 2019	City Fiscal Year January 1, 2019 to December 31, 2019
Employer contributions (including DBUL)	\$ 161,857	\$ 171,200
Nonemployer contributions (on-behalf)	88,829	104,824
Total Contributions	<u>\$ 250,686</u>	<u>\$ 276,024</u>

In addition, employee contributions to the Plan totaled \$33,821 during the City's fiscal year.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 7 - Defined Benefit (DB) Pension Plan, continued

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

At December 31, 2019, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

City proportionate share of NPL	\$	2,434,625
State's proportionate share of NPL associated with the City		<u>967,561</u>
Total Net Pension Liability	\$	<u><u>3,402,186</u></u>

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net pension liability as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2019 measurement date, the City's proportion was 0.04447 percent, which was an increase of 0.00747 from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized a pension expense of \$388,955. Of this amount, \$131,438 was recorded as on-behalf revenue and expense for additional contributions paid by the State. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (36,042)
Changes in assumption	74,538	-
Net difference between projected and actual earnings on pension plan investments	34,907	-
Changes in proportion and differences between City contributions and proportionate share of contributions	116,156	-
City contributions subsequent to the measurement date	<u>86,927</u>	<u>-</u>
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	<u>\$ 312,528</u>	<u>\$ (36,042)</u>

The \$86,927 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2020	\$ 193,384
2021	(25,773)
2022	9,904
2023	12,044

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 7 - Defined Benefit (DB) Pension Plan, continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Inflation	2.50%
Salary Increases	Graded by service, from 7.75% to 2.75% for peace officer/firefighter. Graded by age and service, from 6.75% to 2.75% for all others.
Investment Return/Discount Rate	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-termination and post-termination mortality rates were based on the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	8.16%
Global equity (non-U.S.)	7.51%
Intermediate Treasuries	1.58%
Opportunistic	3.96%
Real assets	4.76%
Private equity	11.39%
Cash equivalents	0.83%

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 7 - Defined Benefit (DB) Pension Plan, continued

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

	<u>Proportional Share</u>	<u>1% Decrease (6.38%)</u>	<u>Current Discount Rate (7.38%)</u>	<u>1% Increase (8.38%)</u>
City's proportionate share of the net pension liability	0.04447%	\$ 3,213,277	\$ 2,434,625	\$ 1,782,528

Pension Plan Fiduciary Net Position

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

Note 8 - Defined Contribution (DC) Pension Plan

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

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

Benefit Terms

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

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended December 31, 2019, the City was required to contribute 5% of covered salary into the Plan.

The City and employee contributions to PERS for pensions for the year ended December 31, 2019 were \$57,019 and \$90,230, respectively.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 8 - Defined Contribution (DC) Pension Plan, continued

Employer Contribution Rate, continued

In 2019, the State allowed the usage of forfeitures for employer contributions to non-vested, terminated employee DC plans. Forfeited contributions are only available to cover future payrolls related to employer contributions to the DC plan. At December 31, 2019, the City had forfeitures in the amount of \$20,951.

Note 9 - Other Postemployment Benefit (OPEB) Plans

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

Defined Benefit OPEB Plan - Employer Contribution Rate

For the year ended December 31, 2019, the City was required to contribute 8.75% of covered payroll into the OPEB plan. Employees do not contribute.

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

	Measurement Period July 1, 2018 to June 30, 2019	City Fiscal Year January 1, 2019 to December 31, 2019
	<u> </u>	<u> </u>
Employer contributions	\$ 72,156	\$ 82,142
Nonemployer contributions (on-behalf)	-	-
	<u> </u>	<u> </u>
Total Contributions	<u>\$ 72,156</u>	<u>\$ 82,142</u>

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

At December 31, 2019, the City reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the City. The amount recognized by the City for its proportionate share, the related State proportion, and the total were as follows:

City's proportionate share of NOL - ARHCT	\$ 66,175
City's proportionate share of NOL - RMP	19,443
City's proportionate share of NOL - ODD	(23,203)
State's proportionate share of NOL associated with the City	<u>26,145</u>
Total Net OPEB Liabilities	<u>\$ 88,560</u>

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 9 - Other Postemployment Benefit (OPEB) Plans, continued

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

The total OPEB liabilities for the June 30, 2019 measurement date were determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net OPEB liabilities as of that date. The City's proportion of the net OPEB liabilities were based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2018 Measurement Date Employer Portion	June 30, 2019 Measurement Date Employer Portion	Change
City's proportionate share of the net OPEB liabilities:			
ARHCT	0.03700%	0.04460%	0.00760%
RMP	0.06423%	0.08127%	0.01704%
ODD	0.06423%	0.09570%	0.03147%

As a result of its requirement to contribute to the Plan, the City recognized OPEB expense of \$413,232 and an on-behalf revenue of \$14,565 for support provided by the State. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (53,143)
Net difference between projected and actual earnings on OPEB plan investments	-	(29,346)
Change in assumptions	97,225	(444)
Changes in proportion and differences between City contributions and proportionate share of contributions	55,034	(23,074)
City contributions subsequent to the measurement date	44,717	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	<u>\$ 196,976</u>	<u>\$ (106,007)</u>

The \$44,717 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2020	\$ 53,604
2021	(23,123)
2022	7,100
2023	9,220
2024	(145)
Thereafter	(404)

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 9 - Other Postemployment Benefit (OPEB) Plans, continued

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience. In addition to the changes resulting from the experience study, the following assumptions were made since the prior valuation: (1) based on recent experience, the healthcare cost trend assumptions were updated, (2) per capita claim costs were updated to reflect recent experience, and (3) healthcare cost trends were updated to reflect a Cadillac Tax load.

Inflation	2.50%
Salary Increases	Graded by service, from 7.75% to 2.75% for peace officer/firefighter. Graded by age and service, from 8.75% to 2.75% for all others.
Investment Return/Discount Rate	7.38%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare Cost Trend Rates	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 6.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% Employer Group Waiver Plans: 8.5% grading down to 4.5%
Mortality	Pre-termination and post-termination mortality rates were based on the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 health annuitant table projected with MP-2017 generational improvement. The rates for pretermination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 9 - Other Postemployment Benefit (OPEB) Plans, continued

Actuarial Assumptions, continued

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

Domestic equity	8.16%
Global ex-U.S. equity	7.51%
Intermediate Treasuries	1.58%
Opportunistic	3.96%
Real assets	4.76%
Private equity	11.39%
Cash equivalents	0.83%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity

The following presents the City's proportionate share of the net OPEB liabilities calculated using the discount rate of 7.38%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
City's proportionate share of the net OPEB liabilities:				
ARHCT	0.04962%	\$ 532,300	\$ 66,175	\$(317,262)
RMP	0.08127%	48,833	19,443	(2,684)
ODD	0.09570%	(22,009)	(23,203)	(24,167)

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 9 - Other Postemployment Benefit (OPEB) Plans, continued

Healthcare Cost Trend Rates Sensitivity

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

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's proportionate share of the net OPEB liabilities:				
ARHCT	0.04962%	\$ (362,108)	\$ 66,175	\$ 588,843
RMP	0.08127%	(5,980)	19,443	54,243
ODD	0.09570%	-	(23,203)	-

OPEB Plan Fiduciary Net Position

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

Defined Contribution OPEB Plan

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

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended December 31, 2019 were as follows:

	Peace Officers/ Firefighters	All Others	State Contribution Rate
January 1 through June 30, 2019			
RMP	0.94%	0.94%	-
ODD	0.76%	0.26%	-
Total Contribution Rates	1.19%	1.46%	-
July 1 through December 31, 2019			
RMP	1.32%	1.32%	-
ODD	0.72%	0.26%	-
Total Contribution Rates	1.19%	1.46%	-

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of all employees of all employers in the plan". This amount is calculated as a flat rate for each full-time employee per pay period at \$87.62 as of June 30, 2019 and \$88.40 as of December 31, 2019.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 9 - Other Postemployment Benefit (OPEB) Plans, continued

Annual Postemployment Healthcare Cost

In 2019, the City contributed \$47,892 in DC OPEB costs. These amounts have been recognized as expense/ expenditures.

Note 10 - Risk Management

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

The City is a member of 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, 2019.

Note 11 - Interfund Balances

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, 2019 follows:

Advances to Other Funds

Advance from the General Fund to:		
Water and Sewer Utility Enterprise Fund	\$	353,512
Bulk Fuel Farm Enterprise Fund		575,574
Harbor Enterprise Fund		467,584
Refuse Enterprise Fund		58,874
Total Advances to Other Funds	\$	<u>1,455,544</u>

Note 12 - Contingencies

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.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 13 - Subsequent Events

In late 2019, an outbreak of a novel strain of coronavirus (COVID-19) was identified and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen, and the potential financial impact is unknown at this time. Management is carefully monitoring the situation and evaluating its options. No adjustments have been made to these financial statements as a result of this uncertainty. However, subsequent to December 31, 2019, the investment and credit markets have experienced significant volatility.

Note 14 - New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Actual impacts have not yet been determined.

GASB 84 - Fiduciary Activities - Effective for year-end December 31, 2020, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 87 - Leases - Effective for year-end December 31, 2022, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements - Effective for year-end December 31, 2020, with earlier application encouraged - This statement addresses note disclosures related to debt, clarifies which liabilities to include when disclosing information related to debt, and defines debt for the purpose of disclosure. It requires additional essential information related to debt be disclosed in the notes, as well as information for direct borrowings and direct placements.

GASB 89 - Accounting for Interest Cost Incurred Before the End of a Construction Period - Effective for the year-end December 31, 2021, with earlier application encouraged - The statement establishes accounting requirements for the interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB 90 - Majority Equity Interests - Effective for year-end December 31, 2020, with earlier application encouraged - This statement seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority interest, specifies that a majority interest in a legally separate organization should be reported as an investment if the government's holding of the equity interest meets the definition of an investment and requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired the 100 percent equity interest in the component unit.

GASB 91 - Conduit Debt Obligations - Effective for year-end December 31, 2022, with earlier application encouraged - This statement seeks to provide a single method of reporting conduit debt obligations by issuers and eliminate the diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards of accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations.

CITY OF SAINT PAUL, ALASKA
Notes to Basic Financial Statements
Year Ended December 31, 2019

Note 14 - New Accounting Pronouncements, continued

GASB 92 - *Omnibus 2020* - Requirements related Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. Requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for year-end December 31, 2023. This statement addresses a variety of practice issues identified during implementation and application of certain GASB statements.

GASB 93 - *Replacement of Interbank Offered Rates* - Effective for year-end December 31, 2022, with earlier application encouraged - The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*- Effective for year-end December 31, 2023 - The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF SAINT PAUL, ALASKA

General Fund

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

Year Ended December 31, 2019

Exhibit D-1

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes:				
Sales	\$ 262,000	\$ 396,967	\$ 407,856	\$ 10,889
Fish	<u>1,276,260</u>	<u>1,642,920</u>	<u>1,655,960</u>	<u>13,040</u>
Total Taxes	<u>1,538,260</u>	<u>2,039,887</u>	<u>2,063,816</u>	<u>23,929</u>
Intergovernmental:				
State fisheries taxes	561,695	595,139	595,139	-
State PERS relief	-	-	80,056	80,056
State liquor licenses	4,000	4,000	4,000	-
Federal payment in lieu of taxes	75,000	81,593	81,593	-
State revenue sharing	<u>88,000</u>	<u>80,523</u>	<u>80,523</u>	<u>-</u>
Total Intergovernmental	<u>728,695</u>	<u>761,255</u>	<u>841,311</u>	<u>80,056</u>
Charges for services:				
Building/housing revenue	123,584	113,354	113,354	-
Allocated administrative charges	508,794	466,394	508,794	42,400
Other contract and labor revenues	<u>88,249</u>	<u>34,321</u>	<u>34,792</u>	<u>471</u>
Total Charges for Services	<u>720,627</u>	<u>614,069</u>	<u>656,940</u>	<u>42,871</u>
Investment income	110,000	257,118	266,000	8,882
Other revenue	<u>133,854</u>	<u>132,071</u>	<u>154,737</u>	<u>22,666</u>
Total Revenues	<u>3,231,436</u>	<u>3,804,400</u>	<u>3,982,804</u>	<u>178,404</u>
Expenditures:				
General government	1,368,991	1,462,094	1,512,849	(50,755)
Public safety	883,288	883,024	917,053	(34,029)
Public works	<u>1,186,416</u>	<u>1,026,390</u>	<u>1,078,414</u>	<u>(52,024)</u>
Total Expenditures	<u>3,438,695</u>	<u>3,371,508</u>	<u>3,508,316</u>	<u>(136,808)</u>
Net Change in Fund Balance	<u>\$ (207,259)</u>	<u>\$ 432,892</u>	474,488	<u>\$ 41,596</u>
Fund Balance, beginning			<u>7,211,987</u>	
Fund Balance, ending			<u>\$ 7,686,475</u>	

CITY OF SAINT PAUL, ALASKA

Public Employees' Retirement System Pension Plan

Schedule of the City's Information on the Net Pension Liability

Exhibit E-1

Year Ended December 31,	Measurement Period Ended June 30,	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 the Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	2019	0.04447%	\$ 2,434,625	\$ 967,561	\$ 3,402,186	\$ 1,594,495	152.69%	63.42%
2018	2018	0.03700%	1,838,340	533,475	2,371,815	1,369,752	134.21%	65.19%
2017	2017	0.04568%	2,361,271	880,458	3,241,729	1,191,633	198.15%	63.37%
2016	2016	0.05252%	2,935,604	367,692	3,303,296	1,421,459	206.52%	59.55%
2015	2015	0.06157%	2,986,268	800,510	3,786,778	1,623,160	233.03%	63.96%
2014	*	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*	*

* Information not available for this period

CITY OF SAINT PAUL, ALASKA
Public Employees' Retirement System Pension Plan
Schedule of City Contributions

Exhibit E-2

<u>Year Ended December 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions Relative to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2019	\$ 169,640	\$ 169,640	\$ -	\$ 1,594,495	10.639%
2018	158,646	158,646	-	1,369,752	11.582%
2017	139,695	139,695	-	1,160,380	12.039%
2016	118,075	118,075	-	1,222,885	9.655%
2015	128,719	128,719	-	1,491,677	8.629%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

* Information not available for this period

CITY OF SAINT PAUL, ALASKA

Public Employees' Retirement System OPEB Plan

Schedule of the City's Information on the Net OPEB Liability

Exhibit E-3

Year Ended December 31,	Measurement Period Ended June 30,	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of the Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Alaska Retirement Healthcare Trust								
2019	2019	0.04962%	\$ 66,175	\$ 26,146	\$ 92,321	\$ 1,594,495	4.15%	98.13%
2018	2018	0.03700%	379,695	110,950	490,645	1,369,752	27.72%	88.12%
2009 - 2017	*	*	*	*	*	*	*	*
Retiree Medical Plan								
2019	2019	0.08127%	19,443	-	19,443	1,594,495	1.22%	83.17%
2018	2018	0.06423%	8,173	-	8,173	1,369,752	0.60%	88.71%
2009 - 2017	*	*	*	*	*	*	*	*
Occupational Death and Disability								
2019	2019	0.09570%	(23,203)	-	(23,203)	1,594,495	-1.46%	297.43%
2018	2018	0.06423%	(12,474)	-	(12,474)	1,369,752	-0.91%	270.62%
2009 - 2017	*	*	*	*	*	*	*	*

* Information not available for this period

CITY OF SAINT PAUL, ALASKA
Public Employees' Retirement System OPEB Plan
Schedule of City Contributions

Exhibit E-4

Year Ended December 31,	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 Retirement Healthcare Trust					
2019	\$ 64,898	\$ 64,898	-	\$ 1,594,495	4.070%
2018	51,411	51,411	-	1,369,752	3.753%
2010 - 2017	*	*	*	*	*
Retiree Medical Plan					
2019	12,981	12,981	-	1,594,495	0.814%
2018	8,561	8,561	-	1,369,752	0.625%
2010 - 2017	*	*	*	*	*
Occupational Death and Disability					
2019	4,263	4,263	-	1,594,495	0.267%
2018	2,834	2,834	-	1,369,752	0.207%
2010 - 2017	*	*	*	*	*

* Information not available for this period

CITY OF SAINT PAUL, ALASKA

Notes to Required Supplemental Information

Year Ended December 31, 2019

Note 1 - Budgetary Comparison Schedule

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 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 a first reading of a budget ordinance. Additional information regarding any significant changes in line items is provided.
- d. By the middle of December, the City Manager and Finance Director finalize the budget and present it to 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.

Note 2 - Public Employees' Retirement System Pension Plan

In accordance with GASB Statement 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based. Because a portion of the City's contributions to the Plan (the DBUL) are based on Defined Contribution Wages, covered payroll reported here includes all PERS participating wages (both DB and DC).

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

Schedule of City's Information on the Net Pension Liability

- This table is presented based on the Plan measurement date. For December 31, 2019, the Plan measurement date is June 30, 2019.
- There were no changes in benefit terms from the prior measurement period.
- There were no material changes in assumptions from the prior measurement period.
- There were no changes in allocation methodology.

CITY OF SAINT PAUL, ALASKA

Notes to Required Supplemental Information

Year Ended December 31, 2019

Note 2 - Public Employees' Retirement System Pension Plan, continued

Schedule of City Contributions

This table is based on the City's contributions for each year presented. A portion of these contributions are included in the plan measurement results, while a portion of the contributions are reported as a deferred outflow of resources on the Statements of Net Position.

Note 3 - Public Employees' Retirement System OPEB Plan

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

Schedule of City's Information on the Net OPEB Liability

- This table is presented based on the Plan measurement date. For December 31, 2019, the Plan measurement date is June 30, 2019.
- There were no changes in benefit terms from the prior measurement period.
- There were no material changes in assumptions from the prior measurement period.
- There were no changes in allocation methodology.

Schedule of City Contributions

This table is based on the City's contributions for each year presented. A portion of these contributions are included in the plan measurement results, while a portion of the contributions are reported as a deferred outflow of resources on the Statements of Net Position.

SUPPLEMENTAL INFORMATION

CITY OF SAINT PAUL, ALASKA
Nonmajor Governmental Funds
Balance Sheet
December 31, 2019

Exhibit F-1

	<u>Special Revenue Fund Harbor Navigation</u>
ASSETS	
Cash Investments	\$ <u>309,386</u>
LIABILITIES	
Unearned Revenue	\$ <u>94,401</u>
Fund Balance	
Committed	<u>214,985</u>
Total Liabilities and Fund Balance	\$ <u>309,386</u>

CITY OF SAINT PAUL, ALASKA

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended December 31, 2019

Exhibit F-2

	<u>Special Revenue Funds Harbor Navigation</u>
Net Change in Fund Balances	\$ -
Fund Balances, beginning	<u>214,985</u>
Fund Balances, ending	<u>\$ 214,985</u>

CITY OF SAINT PAUL, ALASKA
Nonmajor Enterprise Funds
Combining Statement of Net Position
December 31, 2019

Exhibit G-1

	Marine Sales	Home Energy Loan	USCG Caregiver Service	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 420,276	\$ 115	\$ 11,094	\$ 431,485
Accounts receivable	2,467	-	-	2,467
Inventory	21,593	-	-	21,593
Total Current Assets	<u>444,336</u>	<u>115</u>	<u>11,094</u>	<u>455,545</u>
Property, Plant and Equipment:				
Machinery and equipment	46,708	-	-	46,708
Accumulated depreciation	(40,254)	-	-	(40,254)
Net Property, Plant and Equipment	<u>6,454</u>	<u>-</u>	<u>-</u>	<u>6,454</u>
Total Assets	<u>450,790</u>	<u>115</u>	<u>11,094</u>	<u>461,999</u>
Deferred Outflows of Resources:				
Pension related	1,021	-	86	1,107
Other postemployment benefits related	643	-	54	697
Total Deferred Outflows of Resources	<u>1,664</u>	<u>-</u>	<u>140</u>	<u>1,804</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 452,454</u>	<u>\$ 115</u>	<u>\$ 11,234</u>	<u>\$ 463,803</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 3	\$ -	\$ -	\$ 3
Accrued liabilities	-	-	119	119
Total Current Liabilities	<u>3</u>	<u>-</u>	<u>119</u>	<u>122</u>
Noncurrent Liabilities:				
Net pension liability	7,950	-	672	8,622
Net other postemployment benefits liability	204	-	17	221
Total Noncurrent Liabilities	<u>8,154</u>	<u>-</u>	<u>689</u>	<u>8,843</u>
Total Liabilities	<u>8,157</u>	<u>-</u>	<u>808</u>	<u>8,965</u>
Deferred Inflows of Resources:				
Pension related	118	-	10	128
Other postemployment benefits related	346	-	29	375
Total Deferred Inflows of Resources	<u>464</u>	<u>-</u>	<u>39</u>	<u>503</u>
Net Position:				
Net investment in capital assets	6,454	-	-	6,454
Unrestricted	437,379	115	10,387	447,881
Total Net Position	<u>443,833</u>	<u>115</u>	<u>10,387</u>	<u>454,335</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 452,454</u>	<u>\$ 115</u>	<u>\$ 11,234</u>	<u>\$ 463,803</u>

CITY OF SAINT PAUL, ALASKA

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2019

Exhibit G-2

	Marine Sales	Home Energy Loan	USCG Caregiver Service	Total Nonmajor Enterprise Funds
Operating Revenues:				
Operating revenues	\$ 65,725	\$ -	\$ 11,734	\$ 77,459
Cost of goods sold	(19,055)	-	-	(19,055)
Net Operating Revenues	46,670	-	11,734	58,404
Operating Expenses:				
Salaries and wages	5,148	-	611	5,759
Employee benefits	8,897	-	765	9,662
Material and supplies	4,028	-	-	4,028
Fuel and utilities	24	-	-	24
Depreciation	1,721	-	-	1,721
Insurance	12,973	-	-	12,973
Administrative cost allocation	14,537	-	-	14,537
Other general and administrative costs	7,199	-	-	7,199
Total Operating Expenses	54,527	-	1,376	55,903
Operating Income (Loss)	(7,857)	-	10,358	2,501
Nonoperating Revenues:				
State PERS relief	342	-	29	371
Investment income	14,240	-	-	14,240
Total Nonoperating Revenues	14,582	-	29	14,611
Change in Net Position	6,725	-	10,387	17,112
Net Position, beginning	437,108	115	-	437,223
Net Position, ending	\$ 443,833	\$ 115	\$ 10,387	\$ 454,335

CITY OF SAINT PAUL, ALASKA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
Year Ended December 31, 2019

Exhibit G-3

	Marine Sales	Home Energy Loan	USCG Caregiver Service	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 66,144	\$ -	\$ 11,734	\$ 77,878
Payments for interfund service used	(14,537)	-	-	(14,537)
Payments to suppliers	(42,765)	-	-	(42,765)
Payments to employees	(7,157)	-	(640)	(7,797)
Net Cash Flows from Operating Activities	<u>1,685</u>	<u>-</u>	<u>11,094</u>	<u>12,779</u>
Cash Flows from Investing Activities:				
Investment income received	<u>14,240</u>	<u>-</u>	<u>-</u>	<u>14,240</u>
Net Increase in Cash and Investments	15,925	-	11,094	27,019
Cash and Investments, beginning	<u>404,351</u>	<u>115</u>	<u>-</u>	<u>404,466</u>
Cash and Investments, ending	<u>\$ 420,276</u>	<u>\$ 115</u>	<u>\$ 11,094</u>	<u>\$ 431,485</u>
Reconciliation of Operating Income to Net Cash Flows for Operating Activities:				
Operating income (loss)	\$ (7,857)	\$ -	\$ 10,358	\$ 2,501
Adjustments to reconciles operating income to net cash flows from operating activities:				
Depreciation	1,721	-	-	1,721
Noncash expense - PERS relief	342	-	29	371
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable	419	-	-	419
Inventory	580	-	-	580
Deferred outflows of resources - pension related	(1,001)	-	(86)	(1,087)
Deferred outflows of resources - other postemployment benefits related	(627)	-	(54)	(681)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	(66)	-	-	(66)
Accrued liabilities	-	-	119	119
Net pension liability	7,640	-	672	8,312
Net other postemployment benefits liability	141	-	17	158
Deferred inflows of resources - pension related	81	-	10	91
Deferred inflows of resources - other postemployment benefits related	312	-	29	341
Net Cash Flows for Operating Activities	<u>\$ 1,685</u>	<u>\$ -</u>	<u>\$ 11,094</u>	<u>\$ 12,779</u>

CITY OF SAINT PAUL, ALASKA**General Fund****Balance Sheet**

December 31, 2019 and 2018

Exhibit H-1

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Investments	\$ 7,044,680	\$ 6,328,126
Receivables:		
Accounts	10,406	127,913
Taxes	29,586	13,771
Interest	25,603	25,603
Other	-	74,095
Total Receivables	<u>65,595</u>	<u>241,382</u>
Allowance for doubtful accounts	<u>(8,142)</u>	<u>(9,251)</u>
Net Receivables	<u>57,453</u>	<u>232,131</u>
Advances to Other Funds	1,455,544	1,457,819
Inventory	<u>46,435</u>	<u>46,460</u>
Total Assets	<u>\$ 8,604,112</u>	<u>\$ 8,064,536</u>
LIABILITIES AND FUND BALANCES		
Accounts Payable	\$ 86,353	\$ 78,570
Accrued Liabilities	122,664	64,224
Customer Deposits	21,235	22,010
Unearned Revenue	<u>687,385</u>	<u>687,745</u>
Total Liabilities	<u>917,637</u>	<u>852,549</u>
Fund Balance:		
Nonspendable	1,501,979	1,504,279
Unassigned	<u>6,184,496</u>	<u>5,707,708</u>
Total Fund Balance	<u>7,686,475</u>	<u>7,211,987</u>
Total Liabilities and Fund Balance	<u>\$ 8,604,112</u>	<u>\$ 8,064,536</u>

CITY OF SAINT PAUL, ALASKA

General Fund

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

Years Ended December 31, 2019 and 2018

Exhibit H-2

	2019		Variance with Final Budget	2018
	Budget	Actual		Actual
Revenues:				
Taxes:				
Sales	\$ 396,967	\$ 407,856	\$ 10,889	\$ 342,997
Fish	1,642,920	1,655,960	13,040	1,120,918
Total Taxes	<u>2,039,887</u>	<u>2,063,816</u>	<u>23,929</u>	<u>1,463,915</u>
Intergovernmental:				
State liquor licenses	4,000	4,000	-	-
State fisheries taxes	595,139	595,139	-	630,938
State PERS relief	-	80,056	80,056	47,592
Federal payment in lieu of taxes	81,593	81,593	-	77,198
State revenue - sharing	80,523	80,523	-	82,481
Total Intergovernmental	<u>761,255</u>	<u>841,311</u>	<u>80,056</u>	<u>838,209</u>
Charges for services:				
Building/housing revenue	113,354	113,354	-	140,200
Allocated administrative charges	466,394	508,794	42,400	390,026
Other contract and labor revenues	34,321	34,792	471	23,395
Total Charges from Services	<u>614,069</u>	<u>656,940</u>	<u>42,871</u>	<u>553,621</u>
Investment income	257,118	266,000	8,882	57,376
Other revenue	132,071	154,737	22,666	57,634
Total Revenues	<u>3,804,400</u>	<u>3,982,804</u>	<u>178,404</u>	<u>2,970,755</u>
Expenditures:				
General government:				
Mayor and council:				
Salaries and wages	4,965	4,965	-	5,498
Employee benefits	704	803	(99)	934
Material and supplies	6,435	6,435	-	444
Fuel, utilities and telephone	2,166	2,171	(5)	2,095
Other services and charges	34,906	35,004	(98)	18,588
Total Mayor and Council	<u>49,176</u>	<u>49,378</u>	<u>(202)</u>	<u>27,559</u>

CITY OF SAINT PAUL, ALASKA

General Fund

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

Years Ended December 31, 2019 and 2018

Exhibit H-2 cont.

	2019		Variance with Final Budget	2018
	Budget	Actual		Actual
Expenditures, continued:				
General government, continued:				
City manager:				
Salaries and wages	\$ 116,191	\$ 119,427	\$ (3,236)	\$ 118,452
Employee benefits	47,528	55,027	(7,499)	54,132
Material and supplies	4,397	4,397	-	1,702
Fuel, utilities and telephone	3,041	3,181	(140)	3,277
Repairs and maintenance	2,633	2,633	-	-
Insurance	544	544	-	542
Legal and consulting	266,339	262,572	3,767	178,939
Other services and charges	22,709	22,728	(19)	17,818
Total City Manager	<u>463,382</u>	<u>470,509</u>	<u>(7,127)</u>	<u>374,862</u>
City clerk:				
Salaries and wages	59,521	61,192	(1,671)	83,531
Employee benefits	29,913	33,751	(3,838)	40,432
Material and supplies	3,901	3,919	(18)	6,234
Fuel, utilities and telephone	3,041	3,145	(104)	3,149
Insurance	(158)	(158)	-	269
Other services and charges	15,320	15,628	(308)	2,897
Total City Clerk	<u>111,538</u>	<u>117,477</u>	<u>(5,939)</u>	<u>136,512</u>
Finance:				
Salaries and wages	254,083	249,072	5,011	229,015
Employee benefits	88,869	116,255	(27,386)	101,701
Material and supplies	14,066	14,066	-	6,034
Fuel, utilities and telephone	10,617	10,825	(208)	10,934
Insurance	440	440	-	337
Legal and consulting	10,645	10,645	-	64,025
Other services and charges	115,209	114,927	282	43,954
Total Finance	<u>493,929</u>	<u>516,230</u>	<u>(22,301)</u>	<u>456,000</u>

CITY OF SAINT PAUL, ALASKA

General Fund

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

Years Ended December 31, 2019 and 2018

Exhibit H-2 cont.

	2019		Variance with Final Budget	2018
	Budget	Actual		Actual
Expenditures, continued:				
General government, continued:				
Housing:				
Salaries and wages	\$ 14,880	\$ 15,298	\$ (418)	\$ 15,073
Employee benefits	4,683	5,643	(960)	4,177
Material and supplies	2,349	2,387	(38)	3,108
Fuel, utilities and telephone	45,776	48,053	(2,277)	45,866
Repairs and maintenance	9,091	9,052	39	14,173
Insurance	19,578	16,254	3,324	12,632
Other services and charges	17,481	17,481	-	10,974
Capital outlay	3,720	3,720	-	6,996
Total Housing	<u>117,558</u>	<u>117,888</u>	<u>(330)</u>	<u>112,999</u>
Nondepartmental:				
Material and supplies	26,781	26,662	119	825
Insurance	42,808	46,110	(3,302)	33,228
Legal and consulting	86,922	93,956	(7,034)	62,436
Other services and charges	70,000	74,639	(4,639)	(8,689)
Total Nondepartmental	<u>226,511</u>	<u>241,367</u>	<u>(14,856)</u>	<u>87,800</u>
Total General Government	<u>1,462,094</u>	<u>1,512,849</u>	<u>(50,755)</u>	<u>1,195,732</u>
Public safety:				
Salaries and wages	435,249	445,852	(10,603)	407,755
Employee benefits	187,466	209,821	(22,355)	206,130
Material and supplies	86,570	85,250	1,320	58,307
Fuel, utilities and telephone	39,546	41,784	(2,238)	34,091
Insurance	23,861	23,386	475	18,277
Other services and charges	74,562	75,190	(628)	37,316
Capital outlay	35,770	35,770	-	-
Total Public Safety	<u>883,024</u>	<u>917,053</u>	<u>(34,029)</u>	<u>761,876</u>
Public works:				
Machine shop and motor pool:				
Salaries and wages	101,389	102,699	(1,310)	87,717
Employee benefits	60,810	64,149	(3,339)	48,159
Material and supplies	12,919	14,489	(1,570)	10,267
Fuel, utilities and telephone	15,026	15,890	(864)	16,429
Repairs and maintenance	9,389	9,109	280	2,986
Insurance	20,790	20,315	475	15,344
Other services and charges	19,950	20,467	(517)	17,246
Capital outlay	5,689	5,689	-	6,670
Total Machine Shop and Motor Pool	<u>245,962</u>	<u>252,807</u>	<u>(6,845)</u>	<u>204,818</u>

CITY OF SAINT PAUL, ALASKA

General Fund

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

Years Ended December 31, 2019 and 2018

Exhibit H-2 cont.

	2019		Variance with Final Budget	2018
	Budget	Actual		Actual
Expenditures, continued:				
Public works, continued:				
Maintenance and labor pool:				
Salaries and wages	219,296	222,874	(3,578)	120,912
Employee benefits	78,757	82,432	(3,675)	48,324
Material and supplies	31,238	33,043	(1,805)	16,860
Fuel, utilities and telephone	74,083	100,215	(26,132)	108,389
Repairs and maintenance	29,082	28,536	546	47,383
Insurance	48,807	46,904	1,903	30,708
Other services and charges	14,568	17,627	(3,059)	9,995
Capital outlay	48,250	43,829	4,421	60,379
Total Maintenance and Labor Pool	<u>544,081</u>	<u>575,460</u>	<u>(31,379)</u>	<u>442,950</u>
Administration:				
Salaries and wages	139,816	137,980	1,836	135,284
Employee benefits	48,581	61,677	(13,096)	56,312
Material and supplies	4,357	4,358	(1)	1,373
Fuel, utilities and telephone	19,385	21,887	(2,502)	24,922
Insurance	428	428	-	427
Other services and charges	23,780	23,817	(37)	8,550
Total Administration	<u>236,347</u>	<u>250,147</u>	<u>(13,800)</u>	<u>226,868</u>
Total Public Works	<u>1,026,390</u>	<u>1,078,414</u>	<u>(52,024)</u>	<u>874,636</u>
Total Expenditures	<u>3,371,508</u>	<u>3,508,316</u>	<u>(136,808)</u>	<u>2,832,244</u>
Excess of Revenues Over Expenditures	432,892	474,488	41,596	138,511
Other Financing Uses:				
Transfers in	-	-	-	78,799
Net Change in Fund Balance	<u>\$ 432,892</u>	474,488	<u>\$ 41,596</u>	217,310
Fund Balance, beginning		<u>7,211,987</u>		<u>6,994,677</u>
Fund Balance, ending		<u>\$ 7,686,475</u>		<u>\$ 7,211,987</u>

CITY OF SAINT PAUL, ALASKA
Electric Utility Enterprise Fund
Statement of Net Position
December 31, 2019 and 2018

Exhibit I-1

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and investments	\$ 6,054,826	\$ 6,365,919
Receivables:		
Accounts	150,385	154,049
Intergovernmental	37,022	56,555
Allowance for doubtful accounts	(705)	(705)
Inventory	57,865	53,308
Total Current Assets	<u>6,299,393</u>	<u>6,629,126</u>
Property, Plant and Equipment:		
Buildings	3,091,433	3,091,433
Machinery and equipment	598,279	598,279
Plant in service	3,233,168	3,099,326
Construction in progress	765,884	540,545
Total Property, Plant, and Equipment	<u>7,688,764</u>	<u>7,329,583</u>
Accumulated depreciation	<u>(4,030,303)</u>	<u>(3,861,908)</u>
Net Property, Plant and Equipment	<u>3,658,461</u>	<u>3,467,675</u>
Total Assets	<u>9,957,854</u>	<u>10,096,801</u>
Deferred Outflows of Resources:		
Pension related	20,505	10,888
Other postemployment benefits related	12,924	8,740
Total Deferred Outflows of Resources	<u>33,429</u>	<u>19,628</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,991,283</u>	<u>\$ 10,116,429</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 18,295	\$ 13,797
Accrued liabilities	1,391	532
Accrued leave	2,009	1,418
Customer deposits	31,215	37,610
Current portion of revenue bonds	97,654	97,431
Total Current Liabilities	<u>150,564</u>	<u>150,788</u>
Noncurrent Liabilities, net of current portion:		
Revenue bonds, net of unamortized discount of \$25,463 in 2019 (\$37,828 in 2018)	269,306	354,594
Net pension liability	159,738	167,159
Net other postemployment benefits liability	4,095	34,134
Total Noncurrent Liabilities	<u>433,139</u>	<u>555,887</u>
Total Liabilities	<u>583,703</u>	<u>706,675</u>
Deferred Inflows of Resources:		
Pension related	2,365	20,025
Other postemployment benefits related	6,955	18,124
Total Deferred Inflows of Resources	<u>9,320</u>	<u>38,149</u>
Net Position:		
Net investment in capital assets	3,291,501	3,015,650
Unrestricted	6,106,759	6,355,955
Total Net Position	<u>9,398,260</u>	<u>9,371,605</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 9,991,283</u>	<u>\$ 10,116,429</u>

CITY OF SAINT PAUL, ALASKA
Electric Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2019 and 2018

Exhibit I-2

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Electric services	\$ <u>1,301,225</u>	\$ <u>1,376,069</u>
Operating Expenses:		
Salaries and wages	103,027	128,134
Employee benefits	(31,871)	51,365
Material and supplies	36,466	34,754
Fuel and utilities	801,397	846,693
Depreciation	168,395	185,514
Repairs and maintenance	38,520	58,420
Insurance	24,932	18,947
Legal and consulting	143,336	23,801
Administrative cost allocation	164,752	130,009
Other services and charges	<u>24,659</u>	<u>20,271</u>
Total Operating Expenses	<u>1,473,613</u>	<u>1,497,908</u>
Operating Loss	<u>(172,388)</u>	<u>(121,839)</u>
Nonoperating Revenues (Expenses):		
State PERS relief	6,878	5,730
Investment income	205,153	54,085
Interest expense	(13,549)	(16,026)
Miscellaneous revenue	<u>561</u>	<u>-</u>
Net Nonoperating Revenues (Expenses)	<u>199,043</u>	<u>43,789</u>
Change in Net Position	26,655	(78,050)
Net Position, beginning	<u>9,371,605</u>	<u>9,449,655</u>
Net Position, ending	\$ <u><u>9,398,260</u></u>	\$ <u><u>9,371,605</u></u>

CITY OF SAINT PAUL, ALASKA

Electric Utility Enterprise Fund

Statement of Cash Flows

Years Ended December 31, 2019 and 2018

Exhibit I-3

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 1,318,027	\$ 1,442,602
Payments for interfund services used	(164,752)	(130,009)
Payments to suppliers	(1,068,510)	(1,101,695)
Payments to employees	<u>(143,777)</u>	<u>(199,147)</u>
Net Cash Flows from (for) Operating Activities	<u>(59,012)</u>	<u>11,751</u>
Cash Flows for Noncapital Financing Activities -		
Miscellaneous revenue	<u>561</u>	<u>-</u>
Cash Flows for Capital and Related Financing Activities:		
Purchases of capital assets	(359,181)	(279,297)
Principal paid	(97,431)	(97,214)
Interest paid	<u>(1,183)</u>	<u>(1,400)</u>
Net Cash Flows for Capital and Related Financing Activities	<u>(457,795)</u>	<u>(377,911)</u>
Cash Flows from Investing Activities:		
Investment income received	<u>205,153</u>	<u>54,085</u>
Net Decrease in Cash and Investments	(311,093)	(312,075)
Cash and Investments, beginning	<u>6,365,919</u>	<u>6,677,994</u>
Cash and Investments, ending	<u>\$ 6,054,826</u>	<u>\$ 6,365,919</u>
Reconciliation of Operating Loss to		
Net Cash Flows from Operating Activities:		
Operating loss	\$ (172,388)	\$ (121,839)
Adjustments to reconcile operating loss		
to net cash flows from operating activities:		
Depreciation	168,395	185,514
Noncash expense - PERS relief	6,878	5,730
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	23,197	63,728
Inventory	(4,557)	(2,038)
Deferred outflows of resources - pension related	(9,617)	6,479
Deferred outflows of resources - other postemployment benefits related	(4,184)	(6,715)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	4,498	(96,771)
Accrued liabilities	859	(878)
Accrued leave	591	(5,854)
Customer deposits	(6,395)	2,805
Net pension liability	(7,421)	(29,582)
Net other postemployment benefits liability	(30,039)	4,852
Deferred inflows of resources - pension related	(17,660)	3,002
Deferred inflows of resources - other postemployment benefits related	<u>(11,169)</u>	<u>3,318</u>
Net Cash Flows from (for) Operating Activities	<u>\$ (59,012)</u>	<u>\$ 11,751</u>

CITY OF SAINT PAUL, ALASKA
Water and Sewer Utility Enterprise Fund
Statement of Net Position

December 31, 2019 and 2018

Exhibit I-4

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Receivables:		
Accounts	\$ 49,527	\$ 26,220
Allowance for doubtful accounts	(606)	(606)
Total Current Assets	<u>48,921</u>	<u>25,614</u>
Property, Plant and Equipment:		
Land	1,236	1,236
Buildings	176,565	176,565
Machinery and equipment	150,352	144,286
Construction in progress	14,574	14,574
Plant in service	<u>10,216,246</u>	<u>10,129,085</u>
Total Property, Plant and Equipment	10,558,973	10,465,746
Accumulated depreciation	<u>(6,460,836)</u>	<u>(6,127,831)</u>
Net Property, Plant and Equipment	<u>4,098,137</u>	<u>4,337,915</u>
Total Assets	<u>4,147,058</u>	<u>4,363,529</u>
Deferred Outflows of Resources:		
Pension related	14,894	5,225
Other postemployment benefits related	<u>9,387</u>	<u>4,194</u>
Total Deferred Outflows of Resources	<u>24,281</u>	<u>9,419</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,171,339</u>	<u>\$ 4,372,948</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 630	\$ 6,484
Unearned revenue	4,157	4,157
Accrued liabilities	6,781	2,891
Accrued leave	<u>5,094</u>	<u>3,834</u>
Total Current Liabilities	<u>16,662</u>	<u>17,366</u>
Noncurrent Liabilities:		
Advances from other funds	353,512	267,606
Net pension liability	116,023	80,215
Net other postemployment benefits liability	<u>2,974</u>	<u>16,380</u>
Total Noncurrent Liabilities	<u>472,509</u>	<u>364,201</u>
Total Liabilities	<u>489,171</u>	<u>381,567</u>
Deferred Inflows of Resources:		
Pension related	1,718	9,609
Other postemployment benefits related	<u>5,052</u>	<u>8,696</u>
Total Deferred Inflows of Resources	<u>6,770</u>	<u>18,305</u>
Net Position:		
Net investment in capital assets	4,098,137	4,337,915
Unrestricted (deficit)	<u>(422,739)</u>	<u>(364,839)</u>
Total Net Position	<u>3,675,398</u>	<u>3,973,076</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 4,171,339</u>	<u>\$ 4,372,948</u>

CITY OF SAINT PAUL, ALASKA
Water and Sewer Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2019 and 2018

Exhibit I-5

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Water services	\$ 269,047	\$ 220,082
Sewer services	<u>135,098</u>	<u>116,643</u>
Total Operating Revenues	<u>404,145</u>	<u>336,725</u>
Operating Expenses:		
Salaries and wages	84,379	57,204
Employee benefits	29,578	(19,456)
Material and supplies	17,286	23,323
Fuel and utilities	45,231	50,675
Depreciation	359,836	362,935
Repairs and maintenance	15,288	7,824
Insurance	9,890	6,276
Administrative cost allocation	87,222	60,671
Contractors and consulting services	47,103	-
Miscellaneous	<u>13,057</u>	<u>3,810</u>
Total Operating Expenses	<u>708,870</u>	<u>553,262</u>
Operating Loss	(304,725)	(216,537)
Nonoperating Revenues (Expenses):		
State PERS relief	4,995	2,749
Miscellaneous revenue	2,090	-
Loss on sale of capital assets	<u>(38)</u>	<u>-</u>
Net Nonoperating Revenues (Expenses)	<u>7,047</u>	<u>2,749</u>
Loss before transfers	(297,678)	(213,788)
Transfers out	<u>-</u>	<u>(59,299)</u>
Change in Net Position	(297,678)	(273,087)
Net Position, beginning	<u>3,973,076</u>	<u>4,246,163</u>
Net Position, ending	<u>\$ 3,675,398</u>	<u>\$ 3,973,076</u>

CITY OF SAINT PAUL, ALASKA
Water and Sewer Utility Enterprise Fund
Statement of Cash Flows

Years Ended December 31, 2019 and 2018

Exhibit I-6

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 380,838	\$ 347,737
Payments for interfund services used	(87,222)	(60,671)
Payments to suppliers	(149,819)	(92,816)
Payments to employees	<u>(111,697)</u>	<u>(78,296)</u>
Net Cash Flows from Operating Activities	<u>32,100</u>	<u>115,954</u>
Cash Flows for Noncapital Financing Activities:		
Miscellaneous revenue	2,090	-
Increase in advances from other funds	<u>85,906</u>	<u>(42,082)</u>
Net Cash Flows from (for) Noncapital Financing Activities	<u>87,996</u>	<u>(42,082)</u>
Cash Flows for Capital and Related Financing Activities:		
Purchases of capital assets	(121,958)	(14,573)
Proceeds from sale of capital assets	1,862	-
Transfers out	<u>-</u>	<u>(59,299)</u>
Net Cash Flows for Capital and Related Financing Activities	<u>(120,096)</u>	<u>(73,872)</u>
Net Increase 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	\$ (304,725)	\$ (216,537)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	359,836	362,935
Noncash expense - PERS relief	4,995	2,749
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(23,307)	11,012
Deferred outflows of resources - pension related	(9,669)	1,152
Deferred outflows of resources - other postemployment benefits related	(5,193)	(3,178)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(5,854)	(908)
Accrued liabilities	3,890	1,892
Accrued leave	1,260	(1,751)
Net pension liability	35,808	(39,234)
Net other postemployment benefits liability	(13,406)	1,682
Deferred inflows of resources - pension related	(7,891)	(5,125)
Deferred inflows of resources - other postemployment benefits related	<u>(3,644)</u>	<u>1,265</u>
Net Cash Flows from Operating Activities	<u>\$ 32,100</u>	<u>\$ 115,954</u>

CITY OF SAINT PAUL, ALASKA**Marine Sales Enterprise Fund****Statement of Net Position**

December 31, 2019 and 2018

Exhibit I-7

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and investments	\$ 420,276	\$ 404,351
Accounts receivable	2,467	2,886
Inventory	<u>21,593</u>	<u>22,173</u>
Total Current Assets	<u>444,336</u>	<u>429,410</u>
Property, Plant and Equipment:		
Machinery and equipment	46,708	46,708
Accumulated depreciation	<u>(40,254)</u>	<u>(38,533)</u>
Net Property, Plant and Equipment	<u>6,454</u>	<u>8,175</u>
Total Assets	<u>450,790</u>	<u>437,585</u>
Deferred Outflows of Resources:		
Pension related	1,021	20
Other postemployment benefits related	<u>643</u>	<u>16</u>
Total Deferred Outflows of Resources	<u>1,664</u>	<u>36</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 452,454</u>	<u>\$ 437,621</u>
LIABILITIES		
Current Liabilities - accounts payable	\$ <u>3</u>	\$ <u>69</u>
Noncurrent Liabilities:		
Net pension liability	7,950	310
Net other postemployment benefits liability	<u>204</u>	<u>63</u>
Total Noncurrent Liabilities	<u>8,154</u>	<u>373</u>
Total Liabilities	<u>8,157</u>	<u>442</u>
Deferred Inflows of Resources:		
Pension related	118	37
Other postemployment benefits related	<u>346</u>	<u>34</u>
Total Deferred Inflows of Resources	<u>464</u>	<u>71</u>
Net Position:		
Net investment in capital assets	6,454	8,175
Unrestricted	<u>437,379</u>	<u>428,933</u>
Total Net Position	<u>443,833</u>	<u>437,108</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 452,454</u>	<u>\$ 437,621</u>

CITY OF SAINT PAUL, ALASKA
Marine Sales Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2019 and 2018

Exhibit I-8

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Operating revenues - fuel sales	\$ 65,725	\$ 51,929
Cost of goods sold	<u>(19,055)</u>	<u>(13,569)</u>
Net Operating Revenues	<u>46,670</u>	<u>38,360</u>
Operating Expenses:		
Salaries and wages	5,148	371
Employee benefits	8,897	(21,096)
Material and supplies	4,028	3,407
Fuel and utilities	24	22
Insurance	12,973	11,319
Administrative cost allocation	14,537	13,001
Other general and administrative costs	7,199	-
Depreciation	<u>1,721</u>	<u>1,721</u>
Total Operating Expenses	<u>54,527</u>	<u>8,745</u>
Operating Income (Loss)	(7,857)	29,615
Nonoperating Revenues:		
State PERS relief	342	11
Investment income	<u>14,240</u>	<u>3,436</u>
Total Nonoperating Revenues	<u>14,582</u>	<u>3,447</u>
Change in Net Position	6,725	33,062
Net Position, beginning	<u>437,108</u>	<u>404,046</u>
Net Position, ending	<u>\$ 443,833</u>	<u>\$ 437,108</u>

CITY OF SAINT PAUL, ALASKA**Marine Sales Enterprise Fund****Statement of Cash Flows**

Years Ended December 31, 2019 and 2018

Exhibit I-9

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 66,144	\$ 49,928
Payments for interfund services used	(14,537)	(13,001)
Payments to suppliers	(42,765)	(26,669)
Payments to employees	<u>(7,157)</u>	<u>(465)</u>
Net Cash Flows from Operating Activities	<u>1,685</u>	<u>9,793</u>
Cash Flows from Investing Activities:		
Investment income received	<u>14,240</u>	<u>3,436</u>
Net Increase in Cash and Investments	15,925	13,229
Cash and Investments, beginning	<u>404,351</u>	<u>391,122</u>
Cash and Investments, ending	<u>\$ 420,276</u>	<u>\$ 404,351</u>
Reconciliation of Operating Income (Loss) to Net Cash		
Flows from (for) Operating Activities:		
Operating income (loss)	\$ (7,857)	\$ 29,615
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:		
Depreciation	1,721	1,721
Noncash expense - PERS relief	342	11
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	419	(2,001)
Inventory	580	2,589
Deferred outflows of resources - pension related	(1,001)	4,047
Deferred outflows of resources - other postemployment benefits related	(627)	79
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(66)	(941)
Net pension liability	7,640	(22,454)
Net other postemployment benefits liability	141	(1,308)
Deferred inflows of resources - pension related	81	(906)
Deferred inflows of resources - other postemployment benefits related	<u>312</u>	<u>(659)</u>
Net Cash Flows from Operating Activities	<u>\$ 1,685</u>	<u>\$ 9,793</u>

CITY OF SAINT PAUL, ALASKA**Bulk Fuel Farm Enterprise Fund****Statement of Net Position**

December 31, 2019 and 2018

Exhibit I-10

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and investments	\$ 975	\$ 975
Accounts receivable	65,981	223,416
Allowance for doubtful accounts	(2,643)	(2,643)
Inventory	<u>184,134</u>	<u>259,201</u>
Total Current Assets	<u>248,447</u>	<u>480,949</u>
Restricted Cash - bond redemption and depreciation reserve	<u>150,000</u>	<u>150,000</u>
Property, Plant and Equipment:		
Land	150,000	150,000
Buildings	25,000	25,000
Machinery and equipment	559,991	545,562
Fuel tanks and lines	5,249,823	5,249,823
Construction in progress	<u>828,765</u>	<u>843,194</u>
Total Property, Plant and Equipment	6,813,579	6,813,579
Accumulated depreciation	<u>(5,670,244)</u>	<u>(5,630,865)</u>
Net Property, Plant and Equipment	<u>1,143,335</u>	<u>1,182,714</u>
Total Assets	<u>1,541,782</u>	<u>1,813,663</u>
Deferred Outflows of Resources:		
Pension related	23,601	7,531
Other postemployment benefits related	<u>14,875</u>	<u>6,045</u>
Total Deferred Outflows of Resources	<u>38,476</u>	<u>13,576</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,580,258</u>	<u>\$ 1,827,239</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 86,571	\$ 201,182
Accrued liabilities	899	1,564
Accrued leave	<u>11,396</u>	<u>10,365</u>
Total Current Liabilities	<u>98,866</u>	<u>213,111</u>
Noncurrent Liabilities:		
Revenue bonds	4,539,672	4,539,672
Accrued interest payable	1,377,175	1,377,175
Net pension liability	183,853	115,614
Net other postemployment benefits liability	4,713	23,609
Advances from other funds	<u>575,574</u>	<u>659,310</u>
Total Noncurrent Liabilities	<u>6,680,987</u>	<u>6,715,380</u>
Total Liabilities	<u>6,779,853</u>	<u>6,928,491</u>
Deferred Inflows of Resources:		
Pension related	2,722	13,850
Other postemployment benefits related	<u>8,005</u>	<u>12,535</u>
Total Deferred Inflows of Resources	<u>10,727</u>	<u>26,385</u>
Net Position:		
Net investment in capital assets	(3,396,337)	(3,356,958)
Restricted for debt service and depreciation reserve	950,000	950,000
Unrestricted (deficit)	<u>(2,763,985)</u>	<u>(2,720,679)</u>
Total Net Position (Deficit)	<u>(5,210,322)</u>	<u>(5,127,637)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,580,258</u>	<u>\$ 1,827,239</u>

CITY OF SAINT PAUL, ALASKA
Bulk Fuel Farm Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2019 and 2018

Exhibit I-11

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Operating revenues - fuel sales	\$ 2,897,612	\$ 2,007,690
Cost of goods sold	<u>(2,410,688)</u>	<u>(1,621,599)</u>
Net Operating Revenues	<u>486,924</u>	<u>386,091</u>
Operating Expenses:		
Salaries and wages	115,551	109,524
Employee benefits	80,570	(104,641)
Material and supplies	11,154	4,161
Fuel and utilities	21,470	22,654
Depreciation	39,379	38,135
Repairs and maintenance	81,121	72,604
Insurance	55,050	42,878
Administrative cost allocation	155,061	125,675
Legal and consulting	2,600	-
Other general and administrative costs	<u>22,864</u>	<u>25,304</u>
Total Operating Expenses	<u>584,820</u>	<u>336,294</u>
Operating Loss	(97,896)	49,797
Nonoperating Revenues:		
State PERS Relief	7,916	3,963
Investment income	5,295	-
Miscellaneous revenue	<u>2,000</u>	<u>-</u>
Total Nonoperating Revenues	<u>15,211</u>	<u>3,963</u>
Operating loss before transfers	(82,685)	53,760
Transfers out	<u>-</u>	<u>(3,500)</u>
Change in Net Position	(82,685)	50,260
Net Position (Deficit), beginning	<u>(5,127,637)</u>	<u>(5,177,897)</u>
Net Position (Deficit), ending	<u>\$ (5,210,322)</u>	<u>\$ (5,127,637)</u>

CITY OF SAINT PAUL, ALASKA

Bulk Fuel Farm Enterprise Fund

Statement of Cash Flows

Years Ended December 31, 2019 and 2018

Exhibit I-12

	<u>2019</u>	<u>2018</u>
Cash Flows from (for) Operating Activities:		
Receipts from customers and users	\$ 3,055,047	\$ 1,888,239
Payments for interfund services used	(155,061)	(125,675)
Payments to suppliers	(2,645,156)	(1,857,125)
Payments to employees	<u>(178,389)</u>	<u>(146,051)</u>
Net Cash Flows from (for) Operating Activities	<u>76,441</u>	<u>(240,612)</u>
Cash Flows from Other Funds Noncapital Financing Activities:		
Miscellaneous revenue	2,000	-
Increase (decrease) in advances	<u>(83,736)</u>	<u>480,570</u>
Net Cash Flows from (for) Other Funds Noncapital Financing Activities	<u>(81,736)</u>	<u>480,570</u>
Cash Flows for Capital and Related Financing Activities:		
Additions to property, plant and equipment	-	(241,487)
Transfers out	<u>-</u>	<u>(3,500)</u>
Net Cash Flows for Capital and Related Financing Activities	<u>-</u>	<u>(244,987)</u>
Cash Flows from Investing Activities -		
investment income received	<u>5,295</u>	<u>-</u>
Net Decrease in Cash and Investments	<u>-</u>	<u>(5,029)</u>
Cash and Investments, beginning	<u>150,975</u>	<u>156,004</u>
Cash and Investments, ending	<u>\$ 150,975</u>	<u>\$ 150,975</u>
Reconciliation of Operating Loss to Net Cash		
Flows from (for) Operating Activities:		
Operating income (loss)	\$ (97,896)	\$ 49,797
Adjustments to reconcile operating income (loss)		
to net cash flows from (for) operating activities:		
Depreciation	39,379	38,135
Noncash expense - PERS relief	7,916	3,963
Increase (decrease) in allowance for doubtful accounts	-	(145)
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	157,435	(86,197)
Inventory	75,067	(90,284)
Deferred outflows of resources - pension related	(16,070)	9,121
Deferred outflows of resources - other postemployment benefits related	(8,830)	(4,117)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(114,611)	22,504
Accrued liabilities	(665)	458
Accrued leave	1,031	1,987
Unearned revenue	-	(33,254)
Net pension liability	68,239	(132,022)
Net other postemployment benefits liability	(18,896)	(4,264)
Deferred inflows of resources - pension related	(11,128)	(14,736)
Deferred inflows of resources - other postemployment benefits related	<u>(4,530)</u>	<u>(1,558)</u>
Net Cash Flows from (for) Operating Activities	<u>\$ 76,441</u>	<u>\$ (240,612)</u>

CITY OF SAINT PAUL, ALASKA

Harbor Enterprise Fund

Statement of Net Position

December 31, 2019 and 2018

Exhibit I-13

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Accounts receivable	\$ 1,161	\$ 40,539
Inventory	<u>3,649</u>	<u>3,649</u>
Total Current Assets	<u>4,810</u>	<u>44,188</u>
Property, Plant and Equipment:		
Buildings	25,000	25,000
Dock and mooring	5,045,532	5,045,532
Machinery and equipment	<u>32,899</u>	<u>32,899</u>
Total Property, Plant and Equipment	5,103,431	5,103,431
Accumulated depreciation	<u>(3,967,791)</u>	<u>(3,903,105)</u>
Net Property, Plant and Equipment	<u>1,135,640</u>	<u>1,200,326</u>
Total Assets	<u>1,140,450</u>	<u>1,244,514</u>
Deferred Outflows of Resources:		
Pension related	5,111	1,363
Other postemployment benefits related	<u>3,221</u>	<u>1,094</u>
Total Deferred Outflows of Resources	<u>8,332</u>	<u>2,457</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,148,782</u>	<u>\$ 1,246,971</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ (710)	\$ 1,876
Accrued liabilities	(4,537)	2,322
Accrued leave	1,438	7,461
Unearned revenue	46,194	46,194
Current portion of note payable - USACE	<u>32,997</u>	<u>-</u>
Total Current Liabilities	<u>75,382</u>	<u>57,853</u>
Noncurrent Liabilities:		
Advances from other funds	467,584	443,835
Revenue bonds	1,466,206	1,466,206
Note payable - USACE, net of current portion	1,602,015	1,635,012
Accrued interest payable	527,969	527,969
Net pension liability	39,813	20,920
Net other postemployment benefits liability	<u>1,021</u>	<u>4,272</u>
Total Noncurrent Liabilities	<u>4,104,608</u>	<u>4,098,214</u>
Total Liabilities	<u>4,179,990</u>	<u>4,156,067</u>
Deferred Inflows of Resources:		
Pension related	589	2,506
Other postemployment benefits related	<u>1,734</u>	<u>2,268</u>
Total Deferred Inflows of Resources	<u>2,323</u>	<u>4,774</u>
Net Position:		
Net investment in capital assets	(330,566)	(265,880)
Unrestricted (deficit)	<u>(2,702,965)</u>	<u>(2,647,990)</u>
Total Net Position (Deficit)	<u>(3,033,531)</u>	<u>(2,913,870)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,148,782</u>	<u>\$ 1,246,971</u>

CITY OF SAINT PAUL, ALASKA
Harbor Enterprise Fund
Statement of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2019 and 2018

Exhibit I-14

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Harbor charges	\$ <u>90,174</u>	\$ <u>44,161</u>
Operating Expenses:		
Salaries and wages	53,949	85,205
Employee benefits	25,329	43,026
Material and supplies	10,132	3,973
Fuel and utilities	13,691	10,388
Depreciation	64,686	64,686
Insurance	11,628	9,110
Repair and maintenance	2,306	-
Legal and consulting	600	-
Administrative cost allocation	24,228	17,334
Other general and administrative costs	<u>5,000</u>	<u>-</u>
Total Operating Expenses	<u>211,549</u>	<u>233,722</u>
Operating Income (Loss)	<u>(121,375)</u>	<u>(189,561)</u>
Nonoperating Revenues (Expenses):		
State PERS relief	<u>1,714</u>	<u>717</u>
Change in Net Position	(119,661)	(188,844)
Net Position (Deficit), beginning	<u>(2,913,870)</u>	<u>(2,725,026)</u>
Net Position (Deficit), ending	\$ <u><u>(3,033,531)</u></u>	\$ <u><u>(2,913,870)</u></u>

CITY OF SAINT PAUL, ALASKA

Harbor Enterprise Fund

Statement of Cash Flows

Years Ended December 31, 2019 and 2018

Exhibit I-15

	<u>2019</u>	<u>2018</u>
Cash Flows for Operating Activities:		
Receipts from customers and users	\$ 129,552	\$ 22,765
Payments for interfund services used	(24,228)	(17,334)
Payments to suppliers	(52,802)	(26,515)
Payments to employees	<u>(76,271)</u>	<u>(106,921)</u>
Net Cash Flows for Operating Activities	<u>(23,749)</u>	<u>(128,005)</u>
Cash Flows for Noncapital Financing Activities:		
Increase in advances from other funds	<u>23,749</u>	<u>128,005</u>
Net Increase 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 (for) Operating Activities:		
Operating loss	\$ (121,375)	\$ (189,561)
Adjustments to reconcile operating loss		
to net cash flows for operating activities:		
Depreciation	64,686	64,686
Noncash expense - PERS relief	1,714	717
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	39,378	(21,396)
Deferred outflows of resources - pension related	(3,748)	885
Deferred outflows of resources - other postemployment benefits related	(2,127)	(1,086)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(2,586)	(3,044)
Accrued liabilities	(6,859)	603
Accrued leave	(6,023)	1,314
Net pension liability	18,893	10,328
Net other postemployment benefits liability	(3,251)	4,158
Deferred inflows of resources - pension related	(1,917)	2,181
Deferred inflows of resources - other postemployment benefits related	<u>(534)</u>	<u>2,210</u>
Net Cash Flows for Operating Activities	<u>\$ (23,749)</u>	<u>\$ (128,005)</u>

CITY OF SAINT PAUL, ALASKA
Home Energy Loan Enterprise Fund
Statement of Net Position

December 31, 2019 and 2018

Exhibit I-16

	<u>2019</u>	<u>2018</u>
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
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2019 and 2018

Exhibit I-17

	<u>2019</u>	<u>2018</u>
Change in Net Position	\$ -	\$ -
Net Position, beginning	<u>115</u>	<u>115</u>
Net Position, ending	<u>\$ 115</u>	<u>\$ 115</u>

CITY OF SAINT PAUL, ALASKA
Home Energy Loan Enterprise Fund
Statement of Cash Flows

Years Ended December 31, 2019 and 2018

Exhibit I-18

	<u>2019</u>	<u>2018</u>
Net Increase in Cash and Investments	\$ -	\$ -
Cash and Investments, beginning	<u>115</u>	<u>115</u>
Cash and Investments, ending	<u>\$ 115</u>	<u>\$ 115</u>

CITY OF SAINT PAUL, ALASKA**Refuse Enterprise Fund****Statement of Net Position**

December 31, 2019 and 2018

Exhibit I-19

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Receivables:		
Accounts	\$ 18,698	\$ 40,722
Total Current Assets	<u>18,698</u>	<u>40,722</u>
Property, Plant and Equipment:		
Land	105,000	105,000
Landfill	801,832	801,832
Buildings	-	1,216,016
Machinery and equipment	<u>538,995</u>	<u>1,178,843</u>
Total Property, Plant and Equipment	1,445,827	3,301,691
Accumulated depreciation	<u>(634,639)</u>	<u>(1,514,526)</u>
Net Property, Plant and Equipment	<u>811,188</u>	<u>1,787,165</u>
Total Assets	<u>829,886</u>	<u>1,827,887</u>
Deferred Outflows of Resources:		
Pension related	8,629	4,274
Other postemployment benefits related	<u>5,439</u>	<u>3,431</u>
Total Deferred Outflows of Resources	<u>14,068</u>	<u>7,705</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 843,954</u>	<u>\$ 1,835,592</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 1,681	\$ 1,125
Accrued leave	<u>1,796</u>	<u>2,708</u>
Total Current Liabilities	<u>3,477</u>	<u>3,833</u>
Noncurrent Liabilities:		
Advances from other funds	58,874	87,068
Landfill closure and postclosure care costs	18,123	13,781
Net pension liability	67,223	65,623
Net other postemployment benefits liability	<u>1,723</u>	<u>13,400</u>
Total Noncurrent Liabilities	<u>145,943</u>	<u>179,872</u>
Total Liabilities	<u>149,420</u>	<u>183,705</u>
Deferred Inflows of Resources:		
Pension related	995	7,861
Other postemployment benefits related	<u>2,927</u>	<u>7,115</u>
Total Deferred Inflows of Resources	<u>3,922</u>	<u>14,976</u>
Net Position:		
Net investment in capital assets	811,188	1,787,165
Unrestricted (deficit)	<u>(120,576)</u>	<u>(150,254)</u>
Total Net Position	<u>690,612</u>	<u>1,636,911</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 843,954</u>	<u>\$ 1,835,592</u>

CITY OF SAINT PAUL, ALASKA
Refuse Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2019 and 2018

Exhibit I-20

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Refuse services	\$ <u>180,540</u>	\$ <u>205,805</u>
Operating Expenses:		
Salaries and wages	43,305	46,243
Employee benefits	5,232	(52,176)
Material and supplies	1,331	31,942
Fuel and utilities	13,583	10,158
Depreciation and amortization	123,139	120,622
Insurance	5,851	9,069
Repair and maintenance	6,988	-
Legal and consulting	1,300	-
Administrative cost allocation	62,994	43,336
Other services and charges	<u>8,830</u>	<u>1,466</u>
Total Operating Expenses	<u>272,553</u>	<u>210,660</u>
Operating Loss	(92,013)	(4,855)
Nonoperating Revenues (Expenses):		
State PERS relief	2,894	2,249
Loss on sale of capital assets	<u>(50,179)</u>	<u>-</u>
Net Nonoperating Revenues (Expenses)	<u>(47,285)</u>	<u>2,249</u>
Income (Loss) Before Capital Contributions and Transfers	(139,298)	(2,606)
Transfers Out	<u>(807,001)</u>	<u>(25,440)</u>
Change in Net Position	(946,299)	(28,046)
Net Position, beginning	<u>1,636,911</u>	<u>1,664,957</u>
Net Position, ending	\$ <u><u>690,612</u></u>	\$ <u><u>1,636,911</u></u>

CITY OF SAINT PAUL, ALASKA

Refuse Enterprise Fund

Statement of Cash Flows

Years Ended December 31, 2019 and 2018

Exhibit I-21

	<u>2019</u>	<u>2018</u>
Cash Flows for Operating Activities:		
Receipts from customers and users	\$ 202,564	\$ 181,480
Payments for interfund services used	(62,994)	(43,336)
Payments to suppliers	(37,327)	(126,244)
Payments to employees	<u>(74,049)</u>	<u>(66,010)</u>
Net Cash Flows for Operating Activities	<u>28,194</u>	<u>(54,110)</u>
Cash Flows from Noncapital Financing Activities:		
(Decrease) increase in advances from other funds	<u>(28,194)</u>	<u>83,973</u>
Cash Flows for Capital and Related Financing Activities:		
Additions to property, plant and equipment	-	(13,863)
Transfers out	<u>-</u>	<u>(16,000)</u>
Net Cash Flows for Capital and Related Financing Activities	<u>-</u>	<u>(29,863)</u>
Net Increase 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 for Operating Activities:		
Operating loss	\$ (92,013)	\$ (4,855)
Adjustments to reconcile operating loss		
to net cash flows for operating activities:		
Depreciation and amortization	123,139	120,622
Noncash expense - PERS relief	2,894	2,249
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	22,024	(24,325)
Deferred outflows of resources - pension related	(4,355)	5,655
Deferred outflows of resources - other postemployment benefits related	(2,008)	(2,243)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	556	313
Accounts payable for capital assets	-	(73,922)
Accrued leave	(912)	286
Net pension liability	1,600	(66,710)
Net other postemployment benefits liability	(11,677)	(3,773)
Deferred inflows of resources - pension related	(6,866)	(5,839)
Deferred inflows of resources - other postemployment benefits related	<u>(4,188)</u>	<u>(1,568)</u>
Net Cash Flows for Operating Activities	<u>\$ 28,194</u>	<u>\$ (54,110)</u>
Noncash Capital and Related Financing Activities:		
Transfer of capital assets/liability from (to) general government	<u>\$ (807,001)</u>	<u>\$ 9,440</u>

CITY OF SAINT PAUL, ALASKA
USCG Caretaker Service Enterprise Fund
Statement of Net Position

December 31, 2019

Exhibit I-22

ASSETS

Current Assets:

Cash and investments \$ 11,094

Total Assets 11,094

Deferred Outflows of Resources:

Pension related 86

Other postemployment benefits related 54

Total Deferred Outflows of Resources 140

Total Assets and Deferred Outflows of Resources \$ 11,234

LIABILITIES

Current Liabilities:

Accrued liabilities \$ 119

Noncurrent Liabilities:

Net pension liability 672

Net other postemployment benefits liability 17

Total Noncurrent Liabilities 689

Total Liabilities 808

Deferred Inflows of Resources:

Pension related 10

Other postemployment benefits related 29

Total Deferred Inflows of Resources 39

Net Position:

Unrestricted 10,387

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 11,234

CITY OF SAINT PAUL, ALASKA
USCG Caretaker Service Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2019

Exhibit I-23

Operating Revenues:		
Contract revenue		\$ <u>11,734</u>
Operating Expenses:		
Salaries and wages	611	
Employee benefits	<u>765</u>	
Total Operating Expenses		<u>1,376</u>
Operating Income		10,358
Nonoperating Revenues:		
State PERS relief		<u>29</u>
Change in Net Position		10,387
Net Position, beginning		<u>-</u>
Net Position, ending		\$ <u><u>10,387</u></u>

CITY OF SAINT PAUL, ALASKA
USCG Caretaker Service Enterprise Fund
Statement of Cash Flows

Year Ended December 31, 2019

Exhibit I-24

Cash Flows for Operating Activities:	
Receipts from customers and users	\$ 11,734
Payments to employees	(640)
	<u>11,094</u>
Net Cash Flows for Operating Activities	<u>11,094</u>
Net Increase in Cash and Investments	11,094
Cash and Investments, beginning	<u>-</u>
Cash and Investments, ending	<u><u>\$ 11,094</u></u>
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities:	
Operating income	\$ 10,358
Adjustments to reconcile operating income	
to net cash flows for operating activities:	
Noncash expense - PERS relief	29
(Increase) decrease in assets and deferred outflows of resources:	
Deferred outflows of resources - pension related	(86)
Deferred outflows of resources - other postemployment benefits related	(54)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accrued liabilities	119
Net pension liability	672
Net other postemployment benefits liability	17
Deferred inflows of resources - pension related	10
Deferred inflows of resources - other postemployment benefits related	29
	<u>29</u>
Net Cash Flows for Operating Activities	<u><u>\$ 11,094</u></u>

CITY OF SAINT PAUL, ALASKA
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Exhibit J-1

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Grant Award	Passed Through to Subrecipients	Total Federal Expenditures
Department of the Interior:					
Passed through State of Alaska Department of Commerce, Community and Economic Development - Payments in Lieu of Taxes	15.226	None	\$ 81,593	\$ -	\$ <u>81,593</u>
Department of Commerce, National Oceanic and Atmospheric Administration:					
Passed through the Alaska Bond Bank - Outstanding Loan Balance - Coastal Zone Management Administration Awards	11.419	None	6,005,878	-	<u>6,005,878</u>
Total Federal Financial Assistance					\$ <u><u>6,087,471</u></u>

CITY OF SAINT PAUL, ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2019

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, 2019. 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, it is not intended to and does not present the financial position, changes in net position or cash flows of City of Saint Paul.

The City's federal schedule includes \$6,005,878 in an outstanding federal loan. The loan is currently in abeyance and no payments have been made for several years.

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

Note 3 - Indirect Cost Rate

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

SINGLE AUDIT SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Members of the City Council
City of 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 (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 29, 2020.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

Purpose of this Report

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

Aldrich CPAs + Advisors LLP

Anchorage, Alaska
July 29, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited City of Saint Paul's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. 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.

Management's Responsibility

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

Auditor's Responsibility

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

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Saint Paul 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, 2019.

Report on Internal Control over Compliance

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, continued**

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of 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.

Aldrich CPAs + Advisors LLP

Anchorage, Alaska
July 29, 2020

CITY OF SAINT PAUL, ALASKA
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

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

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

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Agency</u>
11.419	Coastal Zone Management Administration Awards	Department of Commerce

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

Auditee qualified as low-risk auditee? yes no

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

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

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for Federal Awards (as defined in 2 CFR 200.516(a)) that are required to be reported.