



City of Saint Paul, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information, and Single Audit Reports
Year Ended December 31, 2014

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership, and the U.S. member of BDO
International Limited, a UK company limited by guarantee, and forms part of the



City of Saint Paul, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information, and Single Audit Reports
Year Ended December 31, 2014

City of Saint Paul, Alaska

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Financial Section



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Independent Auditor's 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, 2014, and the related notes to the financial statements, which collectively comprise the City'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 that 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, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund on page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit for the year ended December 31, 2014 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, 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 OMB Circular A-133, *Audits of State, Local Governments, and Non-Profits Organizations*.

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, 2014 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2014.

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, 2013 (not presented herein), and have issued our report thereon dated August 6, 2014, 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, 2013 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2013 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, 2013.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2015 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 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 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.

BDO USA, LLP

Anchorage, Alaska
August 12, 2015

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Basic Financial Statements

City of Saint Paul, Alaska
Statement of Net Position

<i>December 31, 2014</i>	Govern- mental Activities	Business- type Activities	Total
Assets			
Cash and investments	\$ 4,185,521	\$ 7,983,169	\$ 12,168,690
Receivables:			
Accounts	47,756	565,748	613,504
Intergovernmental	69,399	63,546	132,945
Taxes	308,723	-	308,723
Other	4,887	-	4,887
Allowance for doubtful accounts	(16,081)	(5,422)	(21,503)
Note receivable	150,766	-	150,766
Internal balances	1,074,611	(1,074,611)	-
Prepaid insurance	739	-	739
Inventory	42,400	490,529	532,929
Restricted cash - bond redemption and depreciation reserve	-	150,000	150,000
Capital assets:			
Land and construction in progress	758,920	984,712	1,743,632
Other capital assets, net of depreciation	32,095,150	8,716,063	40,811,213
Total Assets	\$ 38,722,791	\$ 17,873,734	\$ 56,596,525
Liabilities			
Accounts payable	\$ 247,302	\$ 309,604	\$ 556,906
Accrued liabilities	81,172	28,058	109,230
Customer deposits	-	43,091	43,091
Unearned revenue	781,786	49,900	831,686
Noncurrent liabilities:			
Due within one year:			
Accrued leave	57,675	23,618	81,293
Revenue bonds	-	96,794	96,794
Due in more than one year:			
Revenue bonds, net of unamortized discount	-	6,676,905	6,676,905
Accrued interest payable	-	1,905,144	1,905,144
Landfill closure and postclosure care costs	3,776	-	3,776
Total Liabilities	1,171,711	9,133,114	10,304,825
Net Position			
Net investment in capital assets	32,854,070	2,927,076	35,781,146
Restricted for debt service and depreciation reserve	-	950,000	950,000
Unrestricted	4,697,010	4,863,544	9,560,554
Total Net Position	37,551,080	8,740,620	46,291,700
Total Liabilities and Net Position	\$ 38,722,791	\$ 17,873,734	\$ 56,596,525

See accompanying notes to basic financial statements.

City of Saint Paul, Alaska

Statement of Activities

Year ended December 31, 2014	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contri- butions	Capital Grants and Contri- butions	Govern- mental Activities	Business- type Activities	Total
Governmental Activities							
General government	\$ 2,568,425	\$ 20,258	\$ 150,529	\$ -	\$ (2,397,638)	\$ -	\$ (2,397,638)
Public safety	871,994	-	90,770	-	(781,224)	-	(781,224)
Public works	1,952,721	364,787	128,494	188,192	(1,271,248)	-	(1,271,248)
Total Governmental Activities	\$ 5,393,140	\$ 385,045	\$ 369,793	\$ 188,192	\$ (4,450,110)	\$ -	\$ (4,450,110)
Business-type Activities							
Electric	\$ 2,391,764	\$ 2,105,793	\$ 29,143	\$ -	\$ -	\$ (256,828)	\$ (256,828)
Water and sewer	584,699	349,607	18,732	65,791	-	(150,569)	(150,569)
Bulk fuel farm	3,360,114	3,136,278	44,251	-	-	(179,585)	(179,585)
Harbor	245,066	77,717	30	-	-	(167,319)	(167,319)
Marine sales	123,944	125,585	2,035	-	-	3,676	3,676
Total Business-Type Activities	\$ 6,705,587	\$ 5,794,980	\$ 94,191	\$ 65,791	\$ -	\$ (750,625)	\$ (750,625)
Total Activities	\$ 12,098,727	\$ 6,180,025	\$ 463,984	\$ 253,983	\$ (4,450,110)	\$ (750,625)	\$ (5,200,735)
General Revenues							
Sales and fisheries taxes					\$ 2,607,042	\$ -	\$ 2,607,042
Grants and entitlements not restricted to a specific purpose					1,342,667	-	1,342,667
Federal payment in lieu of taxes					78,485	-	78,485
Investment income					52,321	53,888	106,209
Other revenue					41,624	-	41,624
Transfers					103,180	(103,180)	-
Total General Revenues and Transfers					4,225,319	(49,292)	4,176,027
Change in Net Position					(224,791)	(799,917)	(1,024,708)
Net Position, beginning					37,775,871	9,540,537	47,316,408
Net Position, ending					\$ 37,551,080	\$ 8,740,620	\$ 46,291,700

See accompanying notes to basic financial statements.

City of Saint Paul, Alaska
Governmental Funds
Balance Sheet

<i>December 31, 2014</i>	General Fund	Nonmajor Funds	Total Govern- mental Funds
Assets			
Cash and investments	\$ 3,877,872	\$ 307,649	\$ 4,185,521
Receivables:			
Accounts	47,756	-	47,756
Note	150,766	-	150,766
Intergovernmental	-	69,399	69,399
Taxes	308,723	-	308,723
Other	4,887	-	4,887
Allowance for doubtful accounts	(16,081)	-	(16,081)
Due from other funds	78,128	-	78,128
Advances to other funds	1,074,611	-	1,074,611
Inventory	42,400	-	42,400
Prepaid insurance	739	-	739
Total Assets	\$ 5,569,801	\$ 377,048	\$ 5,946,849
Liabilities, Deferred Inflows and Fund Balances			
Liabilities			
Accounts payable	\$ 220,464	\$ 26,838	\$ 247,302
Accrued liabilities	81,172	-	81,172
Unearned revenue	687,385	94,401	781,786
Due to other funds	-	78,128	78,128
Total Liabilities	989,021	199,367	1,188,388
Deferred Inflows - note receivable - unavailable	150,766	-	150,766
Fund Balances			
Nonspendable	1,117,750	-	1,117,750
Committed	-	213,248	213,248
Unassigned (deficit)	3,312,264	(35,567)	3,276,697
Total Fund Balances	4,430,014	177,681	4,607,695
Total Liabilities, Deferred Inflows and Fund Balances	\$ 5,569,801	\$ 377,048	\$ 5,946,849

See accompanying notes to basic financial statements.

City of Saint Paul, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
December 31, 2014

Total fund balances for governmental funds		\$ 4,607,695
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets and related accumulated depreciation are as follows:		
Land	\$ 105,000	
Construction in progress	653,920	
Landfill	801,832	
Breakwater	47,642,984	
Buildings	8,648,040	
Machinery and equipment	4,240,413	
Accumulated depreciation and amortization	<u>(29,238,119)</u>	
Total capital assets		32,854,070
Some of the City's receivables will be collected after year-end and are not available soon enough to pay for current period's expenditures and therefore are deferred in the governmental funds.		
Note receivable		150,766
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities.		
Accrued Leave	(57,675)	
Landfill closure and postclosure care costs	<u>(3,776)</u>	
Total long-term liabilities		<u>(61,451)</u>
Total Net Position of Governmental Activities		\$ <u>37,551,080</u>

See accompanying notes to basic financial statements.

City of Saint Paul, Alaska
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year ended December 31, 2014</i>	General Fund	Nonmajor Funds	Total Govern- mental Funds
Revenues			
Taxes	\$ 2,456,276	\$ -	\$ 2,456,276
Intergovernmental	1,790,945	188,192	1,979,137
Charges for services	584,447	-	584,447
Investment income	52,321	-	52,321
Internal equipment revenue	93,827	-	93,827
Other revenue	41,624	-	41,624
Total Revenues	5,019,440	188,192	5,207,632
Expenditures			
General government	1,652,435	-	1,652,435
Public safety	957,084	-	957,084
Public works	1,762,595	305,686	2,068,281
Total Expenditures	4,372,114	305,686	4,677,800
Excess of Revenues Over (Under) Expenditures	647,326	(117,494)	529,832
Other Financing Sources (Uses)			
Transfers in	-	117,494	117,494
Transfers out	(14,314)	-	(14,314)
Net Other Financing Sources (Uses)	(14,314)	117,494	103,180
Net Change in Fund Balances	633,012	-	633,012
Fund Balances, beginning	3,797,002	177,681	3,974,683
Fund Balances, ending	\$ 4,430,014	\$ 177,681	\$ 4,607,695

See accompanying notes to basic financial statements.

City of Saint Paul, Alaska
Reconciliation of Change in Fund Balances of Governmental Funds
to Statement of Activities
Year ended December 31, 2014

Net change in fund balances - total governmental funds		\$ 633,012
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 depreciation (\$1,449,182) exceeded capital outlays (\$452,312).		
		(996,870)
Certain revenues reported in the statement of activities are not reported in governmental funds because they do not provide current financial resources. This adjustment is to recognize the net change in unavailable revenues.		
Increase in note receivable		150,766
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 landfill closure and postclosure care costs	(1,888)	
Increase in accrued leave	<u>(9,811)</u>	
		<u>(11,699)</u>
Change in Net Position of Governmental Activities		<u>\$ (224,791)</u>

See accompanying notes to basic financial statements.

City of Saint Paul, Alaska
Enterprise Funds
Statement of Net Position

	Major Funds					Total Enterprise Funds
	Electric Utility	Water and Sewer Utility	Bulk Fuel Farm	Harbor	Nonmajor Funds	
<i>December 31, 2014</i>						
Assets						
Current Assets						
Cash and investments	\$ 7,042,073	\$ -	\$ 531,625	\$ -	\$ 409,471	\$ 7,983,169
Receivables:						
Accounts	315,798	78,641	130,464	20,959	19,886	565,748
Intergovernmental	61,581	1,965	-	-	-	63,546
Allowance for doubtful accounts	(1,607)	(2,054)	(1,761)	-	-	(5,422)
Inventory	46,221	-	420,654	3,649	20,005	490,529
Total Current Assets	7,464,066	78,552	1,080,982	24,608	449,362	9,097,570
Noncurrent Assets						
Restricted cash - bond redemption and depreciation reserve	-	-	150,000	-	-	150,000
Property, plant and equipment	6,238,477	8,841,815	5,960,518	8,150,378	46,708	29,237,896
Accumulated depreciation	(3,178,535)	(4,688,721)	(5,477,590)	(6,160,626)	(31,649)	(19,537,121)
Net property, plant and equipment	3,059,942	4,153,094	482,928	1,989,752	15,059	9,700,775
Total Noncurrent Assets	3,059,942	4,153,094	632,928	1,989,752	15,059	9,850,775
Total Assets	\$ 10,524,008	\$ 4,231,646	\$ 1,713,910	\$ 2,014,360	\$ 464,421	\$ 18,948,345
Liabilities						
Current Liabilities						
Accounts payable	\$ 62,384	\$ 27,309	\$ 206,487	\$ 2,406	\$ 11,018	\$ 309,604
Accrued liabilities	11,252	3,884	8,919	3,011	992	28,058
Accrued leave	10,819	2,354	3,957	6,488	-	23,618
Customer deposits	43,091	-	-	-	-	43,091
Unearned revenue	-	3,706	-	46,194	-	49,900
Current portion of revenue bonds	96,602	-	-	-	-	96,602
Total Current Liabilities	224,148	37,253	219,363	58,099	12,010	550,873
Long-term Debt, net of current portion						
Advances from other funds	-	790,084	-	284,527	-	1,074,611
Revenue bonds, net of unamortized discount	671,219	-	4,539,672	1,466,206	-	6,677,097
Accrued interest payable	-	-	1,377,175	527,969	-	1,905,144
Total Noncurrent Liabilities	671,219	790,084	5,916,847	2,278,702	-	8,582,241
Total Liabilities	895,367	827,337	6,136,210	2,336,801	12,010	9,133,114
Net Position						
Net investment in capital assets	2,292,121	4,153,094	(4,056,744)	523,546	15,059	2,927,076
Restricted for debt service and depreciation reserve	-	-	950,000	-	-	950,000
Unrestricted (deficit)	7,336,520	(748,785)	(1,315,556)	(845,987)	437,352	4,863,544
Total Net Position (Deficit)	9,628,641	3,404,309	(4,422,300)	(322,441)	452,411	8,740,620
Total Liabilities and Net Position	\$ 10,524,008	\$ 4,231,646	\$ 1,713,910	\$ 2,014,360	\$ 464,421	\$ 18,948,345

See accompanying notes to basic financial statements.

City of Saint Paul, Alaska
Enterprise Funds
Statement of Revenues, Expenses and Changes in Net Position

<i>Year ended December 31, 2014</i>	Major Funds					Total Enterprise Funds
	Electric Utility	Water and Sewer Utility	Bulk Fuel Farm	Harbor	Nonmajor Funds	
Operating revenues	\$ 2,105,793	\$ 349,607	\$ 3,136,278	\$ 77,717	\$ 125,585	\$ 5,794,980
Cost of goods sold	-	-	(2,789,895)	-	(21,419)	(2,811,314)
Net Operating Revenues	2,105,793	349,607	346,383	77,717	104,166	2,983,666
Operating Expenses						
Salaries and benefits	335,289	139,408	296,882	56,874	19,858	848,311
Other operating expenses	1,763,116	140,642	137,928	37,300	43,110	2,122,096
Administrative cost allocation	104,049	37,836	94,590	18,918	37,836	293,229
Depreciation	164,074	242,766	40,819	131,974	1,721	581,354
Total Operating Expenses	2,366,528	560,652	570,219	245,066	102,525	3,844,990
Operating Income (Loss)	(260,735)	(211,045)	(223,836)	(167,349)	1,641	(861,324)
Nonoperating Revenues (Expenses)						
State PERS relief	29,143	18,732	44,251	30	2,035	94,191
Investment income (loss)	47,327	-	5,549	(1,609)	2,621	53,888
Interest expense	(25,236)	(24,047)	-	-	-	(49,283)
Net Nonoperating Revenues (Expenses)	51,234	(5,315)	49,800	(1,579)	4,656	98,796
Income (loss) before capital contributions and transfers	(209,501)	(216,360)	(174,036)	(168,928)	6,297	(762,528)
Capital contributions	-	65,791	-	-	-	65,791
Transfers out	-	-	-	(103,180)	-	(103,180)
Change in Net Position	(209,501)	(150,569)	(174,036)	(272,108)	6,297	(799,917)
Net Position (Deficit), beginning	9,838,142	3,554,878	(4,248,264)	(50,333)	446,114	9,540,537
Net Position (Deficit), ending	\$ 9,628,641	\$ 3,404,309	\$ (4,422,300)	\$ (322,441)	\$ 452,411	\$ 8,740,620

See accompanying notes to basic financial statements.

City of Saint Paul, Alaska
Enterprise Funds
Statement of Cash Flows

Year ended December 31, 2014	Major Funds					Nonmajor Funds	Total Enterprise Funds
	Electric Utility	Water and Sewer Utility	Bulk Fuel Farm	Harbor			
Cash Flows from (for) Operating Activities							
Receipts from customers and users	\$ 2,022,050	\$ 322,713	\$ 3,145,413	\$ 65,116	\$ 109,946	\$ 5,665,238	
Payments for interfund services used	(104,049)	(37,836)	(94,590)	(18,918)	(37,836)	(293,229)	
Payments to suppliers	(1,766,059)	(125,270)	(3,081,997)	(36,852)	(42,807)	(5,052,985)	
Payments to employees	(302,117)	(120,793)	(249,903)	(54,421)	(16,831)	(744,065)	
Net cash flows from (for) operating activities	(150,175)	38,814	(281,077)	(45,075)	12,472	(425,041)	
Cash Flows from (for) Noncapital Financing Activities							
Increase (decrease) in due to other funds	-	(811,215)	-	(134,663)	-	(945,878)	
Increase in advances from other funds	-	790,084	-	284,527	-	1,074,611	
Transfers out	-	-	-	(103,180)	-	(103,180)	
Net cash flows from (for) noncapital financing activities	-	(21,131)	-	46,684	-	25,553	
Cash Flows for Capital and Related Financing Activities							
Additions to property, plant and equipment	-	(89,395)	-	-	-	(89,395)	
Capital contributions received	-	95,759	-	-	-	95,759	
Interest paid	(2,203)	(24,047)	-	-	-	(26,250)	
Principal paid	(96,410)	-	-	-	-	(96,410)	
Net cash flows for capital and related financing activities	(98,613)	(17,683)	-	-	-	(116,296)	
Cash Flows from (for) Investing Activities							
Investment income received	47,327	-	5,549	(1,609)	2,621	53,888	
Net Increase (Decrease) in Cash and Investments	(201,461)	-	(275,528)	-	15,093	(461,896)	
Cash and Investments, beginning	\$ 7,243,534	\$ -	\$ 957,153	\$ -	\$ 394,378	\$ 8,595,065	
Cash and Investments, ending	\$ 7,042,073	\$ -	\$ 681,625	\$ -	\$ 409,471	\$ 8,133,169	
Reconciliation of Cash and Investments to Statement of Net Position							
Cash and investments	\$ 7,042,073	\$ -	\$ 531,625	\$ -	\$ 409,471	\$ 7,983,169	
Restricted assets	-	-	150,000	-	-	150,000	
	\$ 7,042,073	\$ -	\$ 681,625	\$ -	\$ 409,471	\$ 8,133,169	

See accompanying notes to basic financial statements.

City of Saint Paul, Alaska
Enterprise Funds
Statement of Cash Flows, continued

	Major Funds					Total Enterprise Funds
	Electric Utility	Water and Sewer Utility	Bulk Fuel Farm	Harbor	Nonmajor Funds	
<i>Year ended December 31, 2014</i>						
Reconciliation of Operating Income (Loss) to Net Cash						
Flows from (for) Operating Activities						
Operating income (loss)	\$ (260,735)	\$ (211,045)	\$ (223,836)	\$ (167,349)	\$ 1,641	\$ (861,324)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:						
Depreciation	164,074	242,766	40,819	131,974	1,721	581,354
Noncash expense - PERS relief	29,143	18,732	44,251	30	2,035	94,191
Increase (decrease) in allowance for doubtful accounts	(52)	29	180	-	-	157
(Increase) decrease in assets:						
Accounts receivable	(90,539)	(26,923)	8,955	(12,601)	(15,639)	(136,747)
Inventory	(35,876)	-	35,115	-	12,382	11,621
Increase (decrease) in liabilities:						
Accounts payable	32,933	15,372	(189,289)	448	9,340	(131,196)
Accrued liabilities	2,438	1,898	1,351	563	992	7,242
Accrued leave	1,591	(2,015)	1,377	1,860	-	2,813
Customer deposits	6,848	-	-	-	-	6,848
Net Cash Flows from (for) Operating Activities	\$ (150,175)	\$ 38,814	\$ (281,077)	\$ (45,075)	\$ 12,472	\$ (425,041)

See accompanying notes to basic financial statements.

City of Saint Paul, Alaska

Notes to Basic Financial Statements

December 31, 2014

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 safety (police, volunteer fire department, and emergency medical 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 inter-governmental 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, and other 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 governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Saint Paul, Alaska

Notes to Basic Financial Statements

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis* of accounting. Revenues are recorded when 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.

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 proprietary 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 local fueling facility.

The *Harbor Enterprise Fund* is used to account for the activities of the local port and harbor.

As a general rule the effect of 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.

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

City of Saint Paul, Alaska

Notes to Basic Financial Statements

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 of any department or fund require Council approval.

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 or market 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."

City of Saint Paul, Alaska

Notes to Basic Financial Statements

Grants and Other Intergovernmental Revenues

In applying the measurable and available concepts to grants and intergovernmental revenues, 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).

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from a note receivable. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

City of Saint Paul, Alaska
Notes to Basic Financial Statements

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

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.

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.

City of Saint Paul, Alaska

Notes to Basic Financial Statements

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

Substantially all employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska.

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, 2014.

Deposits	\$ 1,921,200	Cash and investments	\$ 12,168,690
Investments	10,397,490	Restricted cash	150,000
	\$ 12,318,690		\$ 12,318,690

City of Saint Paul, Alaska
Notes to Basic Financial Statements

General Investments

Investment Policy

The City's investment policy authorizes investments in:

- A. U.S. Treasury securities that mature in three 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 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 or the Federal Savings and Loan Insurance Corporation;
- F. Bonds and notes which are issued by any state or political subdivision thereof, and which are graded A or higher by Moody's Investor's Service, Inc., or Standard and Poor's Corporation which mature in three years;
- G. Prime bankers' acceptances offered by the fifty largest banks which mature in 180 days;
- 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., 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 will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates.

Investment maturities in general investments at December 31, 2014 are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
U.S. government agencies	\$ 10,100,691	\$ 2,444,295	\$ 7,656,396
AMLIP pooled investments	296,799	296,799	-
Total Subject To Interest Rate Risk	\$ 10,397,490	\$ 2,741,094	\$ 7,656,396

City of Saint Paul, Alaska

Notes to Basic Financial Statements

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 are rated AAA by Standard and Poor's.

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. The share value of investments in AMLIP is approximately equal to fair value.

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, 2014, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$1,595,423 was subject to a collateral agreement. The City maintains a collateral agreement with its depository financial institution, Northrim Bank, of up to \$3,000,600.

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City of Saint Paul, Alaska
Notes to Basic Financial Statements

3. Capital Assets

Capital asset activity for the year ended December 31, 2014 follows:

Governmental Activities	Balance January 1, 2014	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2014
<i>Capital assets not being depreciated:</i>				
Land	\$ 105,000	\$ -	\$ -	\$ 105,000
Construction in progress	356,903	297,017	-	653,920
Total assets not being depreciated	461,903	297,017	-	758,920
<i>Capital assets being depreciated:</i>				
Landfill	801,832	-	-	801,832
Breakwater	47,642,984	-	-	47,642,984
Buildings	8,648,040	-	-	8,648,040
Machinery and equipment	4,346,063	155,295	260,945	4,240,413
Total assets being depreciated	61,438,919	155,295	260,945	61,333,269
Less accumulated depreciation for:				
Landfill	92,123	40,092	-	132,215
Breakwater	22,334,716	952,860	-	23,287,576
Buildings	3,209,606	191,422	-	3,401,028
Machinery and equipment	2,413,437	264,808	260,945	2,417,300
Total accumulated depreciation	28,049,882	1,449,182	260,945	29,238,119
Total capital assets being depreciated, net	33,389,037	(1,293,887)	-	32,095,150
Governmental Activities Capital Assets, net	\$ 33,850,940	\$ (996,870)	\$ -	\$ 32,854,070

City of Saint Paul, Alaska
Notes to Basic Financial Statements

Business type Activities	Balance January 1, 2014	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2014
<i>Capital assets not being depreciated:</i>				
Land	\$ 151,235	\$ -	\$ -	\$ 151,235
Construction in progress	767,686	65,791	-	833,477
Total assets not being depreciated	918,921	65,791	-	984,712
<i>Capital assets being depreciated:</i>				
Plant in service	10,473,872	-	-	10,473,872
Fuel tanks and lines	5,248,213	-	-	5,248,213
Dock and mooring	8,092,479	-	-	8,092,479
Buildings	3,191,431	-	-	3,191,431
Machinery and equipment	1,243,059	23,603	(19,473)	1,247,189
Total assets being depreciated	28,249,054	23,603	(19,473)	28,253,184
Less accumulated depreciation for:				
Plant in service	6,394,651	303,024	-	6,697,675
Fuel tanks and lines	5,167,013	6,729	-	5,173,742
Dock and mooring	5,988,665	129,070	-	6,117,735
Buildings	1,024,761	62,495	-	1,087,256
Machinery and equipment	400,150	80,036	(19,473)	460,713
Total accumulated depreciation	18,975,240	581,354	(19,473)	19,537,121
Total capital assets being depreciated, net	9,273,814	(557,751)	-	8,716,063
Business-Type Activities Capital Assets, net	\$ 10,192,735	\$ (491,960)	\$ -	\$ 9,700,775

Depreciation expense was charged to the functions as follows:

Governmental Activities

General government	\$ 1,204,016
Public safety	65,989
Public works	179,177
Total Depreciation Expense - Governmental Activities	\$ 1,449,182

City of Saint Paul, Alaska

Notes to Basic Financial Statements

Business-type Activities

Electric utility	\$	164,074
Water and sewer utility		242,766
Bulk fuel farm		40,819
Harbor		131,974
Marine Sales		1,721
Total Depreciation Expense - Business-type Activities		\$ 581,354

4. Long-Term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended December 31, 2014:

	Balance January 1, 2014	Additions	Retired	Balance December 31, 2014	Due Within One Year
Governmental Activities					
Accrued leave	\$ 47,864	\$ 71,925	\$ 62,114	\$ 57,675	\$ 57,675
Landfill closure and postclosure care costs	1,888	1,888	-	3,776	-
Total Governmental Activities	\$ 49,752	\$ 73,813	\$ 62,114	\$ 61,451	\$ 57,675

Business-type Activities

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	73,482	-	6,410	67,072	6,602

City of Saint Paul, Alaska
Notes to Basic Financial Statements

	Balance January 1, 2014	Additions	Retired	Balance December 31, 2014	Due Within One Year
Business-type Activities					
Revenue bonds, continued:					
\$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 balance of \$109,251 at December 31, 2014	\$ 900,000	\$ -	\$ 90,000	\$ 810,000	\$ 90,000
Total revenue bonds payable	6,979,360	-	96,410	6,882,950	96,602
Accrued interest payable	1,905,144	-	-	1,905,144	-
Accrued leave	20,805	31,013	28,200	23,618	23,618
Total Business-Type Activities	\$ 8,905,309	\$ 31,013	\$ 124,610	8,811,712	\$ 120,220
Less unamortized discount				109,251	
				\$ 8,702,461	

On March 18, 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, 2015. In March 2015, the agreement was extended until September 18, 2015. As a result of this decision, \$811,404 of accrued interest previously recorded on the books was forgiven leaving \$1,905,144 of accrued interest on the Department of Commerce bonds. This accrued interest payable of \$1,905,144 is reflected as a long-term liability due to the moratorium on payments until September 2015.

The annual debt service requirements of the electric revenue bonds outstanding at December 31, 2014, are scheduled out below. The Department of Commerce revenue bond which is currently in nonpayment status as discussed above has not been included in the future payments.

City of Saint Paul, Alaska

Notes to Basic Financial Statements

Business-type Activities

Year Ending December 31,	Principal	Interest	Total Requirements
2015	\$ 96,602	\$ 23,035	\$ 119,637
2016	96,800	20,767	117,567
2017	97,004	18,432	115,436
2018	97,214	16,026	113,240
2019	97,431	13,549	110,980
2020-2022	392,021	27,898	419,919
	\$ 877,072	\$ 119,707	\$ 996,779

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 \$37,750. The \$3,776 reported as landfill closure costs payable at December 31, 2014 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 \$33,974 as the remaining expected usage is filled. These amounts are based on an estimate of cost to perform all closure and postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The remaining life of the landfill is estimated to be approximately 18 years.

6. Fund Balances

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

	General Fund	Nonmajor Funds	Totals
Non-spendable:			
Prepaid insurance and inventory	\$ 43,139	\$ -	\$ 43,139
Advance to Water and Sewer Utility	790,084	-	790,084
Advance to Harbor Fund	284,527	-	284,527
Total Non-spendable	1,117,750	-	1,117,750
Committed for capital projects	-	213,248	213,248
Unassigned (deficit)	3,312,264	(35,567)	3,276,697
Total Fund Balances	\$ 4,430,014	\$ 177,681	\$ 4,607,695

City of Saint Paul, Alaska
Notes to Basic Financial Statements

The following funds had fund deficits at December 31, 2014:

Bulk Fuel Farm Enterprise Fund	\$ (4,422,300)
Harbor Enterprise Fund	(322,441)
EDA Berth Dredge Project Special Revenue Fund	(35,567)

Expenditures exceeded appropriations in various departments of the General Fund. The following amounts reflect the excess of the actual expenditures over the budget:

City Clerk	\$ 23,069
City Manager	56,565
Public Safety	99,423
Finance	35,347
Nondepartmental	167,562
Refuse	15,126

7. Defined Benefit Pension Plan

The City participates in the 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 to provide pension, postemployment healthcare, death, and disability benefits. 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. The report is available at the following address:

Department of Administration
 Division of Retirement and Benefits
 P.O. Box 110203
 Juneau, Alaska 99811-0203

Conversion to Cost Sharing

In April 2008, the Alaska Legislature passed legislation which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers.

That same year, the State of Alaska passed additional legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

City of Saint Paul, Alaska

Notes to Basic Financial Statements

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (3.26% for pension and 3.49% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.62% for pension and 3.88% for healthcare).

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 required funding rate for participating employers. The contractual rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate includes all PERS participating wages, including those wages attributable to employees in the defined contribution plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined to calculate annual funding requirements of the Plan, without regard to the statutory rate cap.

State Contribution Rate: This is the rate actually paid by the State as an on-behalf payment.

GASB 43 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 State fiscal year FY15 (six months ended December 2014), the rate uses an 8.00% pension discount rate and a 4.90% healthcare discount rate. Additionally, the GASB 43 rate disregards all future Medicare Part D payments.

From 2008 through June 30, 2014, legislation provided that the State of Alaska contribute the difference between the ARM Board adopted rate and the employer effective (statutory) rate. These additional contributions are recognized by each employer as an on-behalf payment and are reflected as revenue and expense/expenditures within the financial statements.

Effective beginning July 1, 2014, the State passed additional legislation appropriating a one-time funding contribution to the Plan in the amount of \$1 billion. This \$1 billion is allocated among all participating employers and will be recorded as an on-behalf payment. This amount significantly exceeds the required on-behalf payment established as the difference between the ARM Board rate and the employer effective rate. In addition, prior to July 1, 2015, there are no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039, resulting in lower ARM Board rates. As a result of these changes, the State fiscal year 2015 on-behalf payment will be significantly higher than under previous calculations, and in State fiscal year 2016, the on-behalf amounts will be lower than under previous calculations.

City of Saint Paul, Alaska

Notes to Basic Financial Statements

The GASB 43 rate differs significantly from the ARM Board adopted rate as a direct result of differences in the actuarial valuation methodology and assumptions.

Contribution rates for the six months ended June 30, 2014 were determined as part of the June 30, 2011 actuarial valuation. Rates for the six months ended December 31, 2014 (State FY15) were determined in the June 30, 2012 valuation.

<i>January to June 2014</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB 43 Rate
Pension	10.64%	18.38%	7.74%	27.94%
Postemployment healthcare	11.36%	17.30%	5.94%	52.55%
Total Contribution Rate	22.00%	35.68%	13.68%	80.49%

July to December 2014

Pension	12.54%	25.09%	42.41%	33.05%
Postemployment healthcare	9.46%	18.94%	- %	55.07%
Total Contribution Rate	22.00%	44.03%	42.41%	88.12%

Annual Pension and Postemployment Healthcare Cost

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska has also made additional contributions to the Plan as noted above. In accordance with the provisions of GASB Statement Number 24, these additional contributions are considered on-behalf payments and are recorded as revenue and expense/expenditures in these financial statements. However, because the City is not statutorily obligated for these payments, the State's contributions, in the amounts of \$481,780, \$207,130, and \$192,483 for 2014, 2013, and 2012, respectively, have been excluded from pension and OPEB cost as shown below.

<i>Year Ended December 31,</i>	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	City Contri- butions	% of TBC Contributed
2014	\$ 141,540	\$ 106,776	\$ 248,316	\$ 248,316	100%
2013	120,694	128,880	249,574	249,574	100%
2012	110,051	140,066	250,117	250,117	100%

City of Saint Paul, Alaska

Notes to Basic Financial Statements

8. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. The Plan 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 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.

Employee Contribution Rates

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

Employer Contribution Rates

The City is required to contribute the following amounts based on covered salary:

<i>January to June 2014</i>	Other Tier IV	Police/Fire Tier IV
Individual account	5.00%	5.00%
Retiree medical plan	0.48%	0.48%
Occupational death and disability benefits	0.20%	1.14%
Total Contribution Rate	5.68%	6.62%

July to December 2014

Individual account	5.00%	5.00%
Retiree medical plan	1.66%	1.66%
Occupational death and disability benefits	0.22%	1.06%
Total Contribution Rate	6.88%	7.72%

In addition, the employer must contribute to the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2014, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,961 per year for each full-time employee, and \$1.26 per hour for part-time employees.

The total employer contribution must equal 22% of covered payroll. After subtracting the defined contribution (DC) rates and the HRA contribution, any residual amount of the 22% will be deposited into the defined benefit (DB) plan. Known as the Defined Benefit Unfunded Liability (DBUL) payment, this amount is intended to mitigate reduced contributions in the DB plan due to the declining payroll base that resulted from the creation of the DC plan.

City of Saint Paul, Alaska

Notes to Basic Financial Statements

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contribution for the year ended December 31, 2014 were \$110,589 and \$82,963, respectively.

9. 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 employees liability, law enforcement professional liability, auto liability and employee benefit liability; workers' compensation, including employers liability; and commercial blanket bond. The City maintains supplemental marine insurance and firefighters group accident coverage with insurance companies placed through APEI. The City has no coverage for potential losses from environmental damages.

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, 2014.

10. Interfund Balances and Transfers

In 2015, certain interfund receivables/payable have been reclassified to advances due represent the long-term nature of the balance. Short term interfund balances are reported as due to other funds. Long-term balances are reported as advances. No repayment schedule has been established for the advances. Fund balance in the general fund has been classified as nonspendable for the amounts due.

A schedule of interfund balances and transfers for the year ended December 31, 2014, follows:

Due to Other Funds

Due to the General Fund from:

Nonmajor Special Revenue Funds for operating advances	\$ 78,128
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Advances to Other Funds

Advance from the General Fund to:

Water and Sewer Utility	\$ 790,084
Harbor Fund	284,527

Total Advances to Other Funds	\$ 1,074,611
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City of Saint Paul, Alaska

Notes to Basic Financial Statements

Transfers

From Harbor Enterprise Fund to EDA Berth Dredge Project Special Revenue Fund for capital outlay	\$ 103,180
From General Fund to FEMA Special Revenue Fund for grant match	598
From General Fund to Fuel Economy Upgrade Special Revenue Fund for grant match	13,716
Total Transfers	\$ 117,494

11. 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.

Army Corps of Engineers Claim

In October 2010, the City received a letter from the U. S. Department of the Army Corps of Engineers claiming a shortfall of approximately \$13.3 million on the Saint Paul Harbor Improvements project. The Army Corps of Engineers claimed that the reason for the shortfall was that Section 2008 of Water Resources Development Act of 2007 negated the technical correction in the Energy and Water Development Act of 2003 in which the original project cost share was changed from 65%/35% Federal/non-federal share to 90%/10%. They further claimed that the negation of the technical correction means that the cost share for phases I and II reverts back to the original 65%/35%.

The City disagreed with the Army Corps of Engineers interpretation regarding the applicability of Section 2008 of the Water Resources Development Act of 2007. The City believes there are a number of steps both parties should take prior to deciding on a particular course of action including an act of Congress. The City has also requested that an audit and final accounting be undertaken to clarify more definitively the precise value of the amounts spent by each party on the project to date, eliminate discrepancies in the figures that have been presented and maintained by both parties, and thus determine with greater certainty the amounts allegedly owed.

There has been no activity on this issue for the last several years with no action taken by the Army corps of Engineers or by the City. However, as yet, the City has not been released from the claim. Due to the uncertainty of the outcome, no liability has been reflected in these financial statements.

12. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates as follows. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statements 68 and 75 will result in the biggest reporting change. Actual impacts have not yet been determined:

GASB 68 - Accounting and Financial Reporting for Pensions - Effective for year-end December 31, 2015 - This statement contains changes to the accounting and reporting standards for employer participants in government sponsored pension plans.

City of Saint Paul, Alaska

Notes to Basic Financial Statements

GASB 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - Effective for year-end December 31, 2015 - This statement is a companion to GASB Statement 68 and clarifies treatment of contributions made by a contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

GASB 72 - Fair Value Disclosures - Effective for year-end December 31, 2016 - This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - Effective for year-end December 31, 2016 - establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68).

GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans - Effective for year-end December 31, 2017 - This statement addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria.

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - Effective for year-end December 31, 2017 - This statement contains changes to the accounting and reporting standards by employer participants in government sponsored Other postemployment benefit plans.

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - Effective for year-end December 31, 2016 - This statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55.

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Required Supplementary Information

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

<i>Year ended December 31, 2014</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes:				
Sales	\$ 326,500	\$ 326,500	\$ 322,213	\$ (4,287)
Fish	2,000,000	2,000,000	2,134,063	134,063
Total taxes	2,326,500	2,326,500	2,456,276	129,776
Intergovernmental:				
State liquor licenses	600	600	-	(600)
State fisheries taxes	1,022,000	1,022,000	1,224,781	202,781
State PERS relief	-	-	369,793	369,793
Federal payment in lieu of taxes	-	-	78,485	78,485
State revenue - sharing	80,400	80,400	117,886	37,486
Total intergovernmental	1,103,000	1,103,000	1,790,945	687,945
Charges for services:				
Building/housing revenue	95,584	95,584	134,527	38,943
Allocated administrative charges	317,655	317,655	293,229	(24,426)
Other contract and labor revenues	22,000	22,000	20,258	(1,742)
Refuse department services	125,280	125,280	136,433	11,153
Total charges for services	560,519	560,519	584,447	23,928
Investment income	75,000	75,000	52,321	(22,679)
Internal equipment rental	240,000	240,000	93,827	(146,173)
Other revenue	3,400	3,400	41,624	38,224
Total Revenues	4,308,419	4,308,419	5,019,440	711,021
Expenditures				
Current:				
General government	1,403,087	1,403,087	1,652,435	(249,348)
Public safety	857,661	857,661	957,084	(99,423)
Public works	2,200,314	2,021,814	1,762,595	259,219
Total Expenditures	4,461,062	4,282,562	4,372,114	(89,552)
Excess of Revenues Over (Under) Expenditures	(152,643)	25,857	647,326	621,469
Other Financing Uses				
Transfers out	-	-	(14,314)	(14,314)
Net Change in Fund Balance	\$ (152,643)	\$ 25,857	\$ 633,012	\$ 607,155
Fund Balance, beginning			3,797,002	
Fund Balance, ending			\$ 4,430,014	

Supplementary Information

City of Saint Paul, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Harbor Navigation	EDA Berth Dredge Project	Fuel Economy Upgrade	
<i>December 31, 2014</i>				
Assets				
Cash and investments	\$ 307,649	\$ -	\$ -	\$ 307,649
Intergovernmental receivables	-	40,962	28,437	69,399
Total Assets	\$ 307,649	\$ 40,962	\$ 28,437	\$ 377,048
Liabilities				
Unearned revenue	\$ 94,401	\$ -	\$ -	\$ 94,401
Accounts payable	-	26,395	443	26,838
Due to other funds	-	50,134	27,994	78,128
Total Liabilities	94,401	76,529	28,437	199,367
Fund Balances				
Committed	213,248	-	-	213,248
Unassigned (deficit)	-	(35,567)	-	(35,567)
Total Fund Balances (Deficit)	213,248	(35,567)	-	177,681
Total Liabilities and Fund Balances (Deficit)	\$ 307,649	\$ 40,962	\$ 28,437	\$ 377,048

City of Saint Paul, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

<i>Year ended December 31, 2014</i>	Special Revenue Funds				Total Nonmajor Governmental Funds
	Harbor Navigation	EDA Berth Dredge Project	Fuel Economy Upgrade	FEMA	
Revenues					
Intergovernmental	\$ -	\$ 140,365	\$ 47,827	\$ -	\$ 188,192
Expenditures					
Public works	-	243,545	61,543	598	305,686
Excess of Revenues Over (Under) Expenditures	-	(103,180)	(13,716)	(598)	(117,494)
Other Financing Sources					
Transfers in	-	103,180	13,716	598	117,494
Net Change in Fund Balances	-	-	-	-	-
Fund Balances (Deficit), beginning	213,248	(35,567)	-	-	177,681
Fund Balances (Deficit), ending	\$ 213,248	\$ (35,567)	\$ -	\$ -	\$ 177,681

City of Saint Paul, Alaska
Nonmajor Enterprise Funds
Combining Statement of Net Position

<i>December 31, 2014</i>	Marine Sales	Home Energy Loan	Total Nonmajor Enterprise Funds
Assets			
Current Assets			
Cash and investments	\$ 409,356	\$ 115	\$ 409,471
Accounts receivable	19,886	-	19,886
Inventory	20,005	-	20,005
Total Current Assets	449,247	115	449,362
Property, Plant and Equipment			
Machinery and equipment	46,708	-	46,708
Accumulated depreciation	(31,649)	-	(31,649)
Net Property, Plant and Equipment	15,059	-	15,059
Total Assets	\$ 464,306	\$ 115	\$ 464,421
Current Liabilities			
Accounts payable	\$ 11,018	\$ -	\$ 11,018
Accrued liabilities	992	-	992
Total Current Liabilities	12,010	-	12,010
Net Position			
Net investment in capital assets	15,059	-	15,059
Unrestricted	437,237	115	437,352
Total Net Position	452,296	115	452,411
Total Liabilities and Net Position	\$ 464,306	\$ 115	\$ 464,421

City of Saint Paul, Alaska
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position

<i>Year ended December 31, 2014</i>	Marine Sales	Home Energy Loan	Total Nonmajor Enterprise Funds
Operating Revenues			
Operating revenues	\$ 125,585	\$ -	\$ 125,585
Cost of goods sold	(21,419)	-	(21,419)
Net Operating Revenues	104,166	-	104,166
Operating Expenses			
Salaries and wages	13,972	-	13,972
Employee benefits	5,886	-	5,886
Material and supplies	12,088	-	12,088
Fuel and utilities	19,697	-	19,697
Depreciation	1,721	-	1,721
Insurance	11,287	-	11,287
Administrative cost allocation	37,836	-	37,836
Other services and charges	38	-	38
Total Operating Expenses	102,525	-	102,525
Operating Income	1,641	-	1,641
Nonoperating Revenues			
State PERS relief	2,035	-	2,035
Investment income	2,620	1	2,621
Total Nonoperating Revenues	4,655	1	4,656
Change in Net Position	6,296	1	6,297
Net Position, beginning	446,000	114	446,114
Net Position, ending	\$ 452,296	\$ 115	\$ 452,411

City of Saint Paul, Alaska
Nonmajor Enterprise Funds
Combining Statement of Cash Flows

<i>Year ended December 31, 2014</i>	Marine Sales	Home Energy Loan	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 109,946	\$ -	\$ 109,946
Payments for interfund services used	(37,836)	-	(37,836)
Payments to suppliers	(42,807)	-	(42,807)
Payments to employees	(16,831)	-	(16,831)
Net cash flows from operating activities	12,472	-	12,472
Cash Flows from Investing Activities			
Investment income received	2,620	1	2,621
Net Increase in Cash and Investments	15,092	1	15,093
Cash and Investments, beginning	394,264	114	394,378
Cash and Investments, ending	\$ 409,356	\$ 115	\$ 409,471
Reconciliation of Operating Income to Net Cash			
Flows from Operating Activities			
Operating income	\$ 1,641	\$ -	\$ 1,641
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	1,721	-	1,721
Noncash expense - PERS relief	2,035	-	2,035
(Increase) decrease in assets:			
Accounts receivable	(15,639)	-	(15,639)
Inventory	12,382	-	12,382
Increase (decrease) in liabilities:			
Accounts payable	9,340	-	9,340
Accrued liabilities	992	-	992
Net Cash Flows from Operating Activities	\$ 12,472	\$ -	\$ 12,472

City of Saint Paul, Alaska

General Fund
Balance Sheet

December 31,	2014	2013
Assets		
Cash and investments	\$ 3,877,872	\$ 3,095,006
Receivables		
Accounts	47,756	45,433
Note	150,766	-
Taxes	308,723	293,925
Other	4,887	1,450
Total receivables	512,132	340,808
Allowance for doubtful accounts	(16,081)	(15,771)
Net Receivables	496,051	325,037
Due from other funds	78,128	1,165,007
Advances from other funds	1,074,611	-
Inventory	42,400	48,604
Prepaid insurance	739	922
Total Assets	\$ 5,569,801	\$ 4,634,576
Liabilities, Deferred Inflows and Fund Balances		
Liabilities		
Accounts payable	\$ 220,464	\$ 82,055
Accrued liabilities	81,172	68,134
Unearned revenue	687,385	687,385
Total Liabilities	989,021	837,574
Deferred Inflows - note receivable - unavailable	150,766	-
Fund Balances		
Nonspendable	1,117,750	49,526
Assigned	-	1,165,007
Unassigned	3,312,264	2,582,469
Total Fund Balance	4,430,014	3,797,002
Total Liabilities, Deferred Inflows and Fund Balance	\$ 5,569,801	\$ 4,634,576

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

<i>Years ended December 31,</i>	2014			2013
	Budget	Actual	Variance with Final Budget	Actual
Revenues				
Taxes:				
Sales	\$ 326,500	\$ 322,213	\$ (4,287)	\$ 384,087
Fish	2,000,000	2,134,063	134,063	2,061,513
Total taxes	2,326,500	2,456,276	129,776	2,445,600
Intergovernmental:				
State liquor licenses	600	-	(600)	4,000
State fisheries taxes	1,022,000	1,224,781	202,781	1,300,931
State PERS relief	-	369,793	369,793	169,382
Federal payment in lieu of taxes	-	78,485	78,485	72,547
State revenue - sharing	80,400	117,886	37,486	117,552
Total intergovernmental	1,103,000	1,790,945	687,945	1,664,412
Charges for services:				
Building/housing revenue	95,584	134,527	38,943	139,014
Allocated administrative charges	317,655	293,229	(24,426)	416,062
Other contract and labor revenues	22,000	20,258	(1,742)	27,951
Refuse department services	125,280	136,433	11,153	130,800
Total charges for services	560,519	584,447	23,928	713,827
Investment income	75,000	52,321	(22,679)	35,405
Internal equipment rental	240,000	93,827	(146,173)	221,200
Other revenue	3,400	41,624	38,224	19,155
Total Revenues	\$ 4,308,419	\$ 5,019,440	\$ 711,021	\$ 5,099,599

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

Years ended December 31,	2014			2013
	Budget	Actual	Variance with Final Budget	Actual
Expenditures				
General government:				
Mayor and council:				
Salaries and wages	\$ 10,000	\$ 6,428	\$ 3,572	\$ 8,558
Employee benefits	3,000	1,395	1,605	3,003
Material and supplies	2,350	174	2,176	1,680
Fuel, utilities and telephone	825	101	724	476
Other services and charges	38,750	40,188	(1,438)	52,839
Total mayor and council	54,925	48,286	6,639	66,556
City manager:				
Salaries and wages	100,048	123,218	(23,170)	116,676
Employee benefits	30,744	91,501	(60,757)	67,043
Material and supplies	1,250	2,555	(1,305)	1,344
Fuel, utilities and telephone	1,840	1,610	230	2,423
Repairs and maintenance	500	-	500	-
Insurance	621	964	(343)	621
Legal and consulting	242,500	223,972	18,528	324,007
Other services and charges	30,000	20,248	9,752	14,788
Total city manager	407,503	464,068	(56,565)	526,902
Planning and zoning:				
Salaries and wages	2,250	-	2,250	780
Employee benefits	-	-	-	204
Legal and consulting	30,000	20,000	10,000	-
Total planning and zoning	32,250	20,000	12,250	984
City clerk:				
Salaries and wages	102,876	95,271	7,605	90,533
Employee benefits	46,206	75,530	(29,324)	51,725
Material and supplies	1,250	1,523	(273)	758
Fuel, utilities and telephone	1,380	665	715	1,473
Insurance	260	261	(1)	261
Other services and charges	-	1,791	(1,791)	428
Total city clerk	151,972	175,041	(23,069)	145,178

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

Years ended December 31,	2014			2013
	Budget	Actual	Variance with Final Budget	Actual
Expenditures, continued				
General government, continued:				
Finance:				
Salaries and wages	\$ 314,084	\$ 300,865	\$ 13,219	\$ 283,938
Employee benefits	186,867	217,668	(30,801)	192,196
Material and supplies	11,460	10,830	630	13,547
Insurance	500	494	6	561
Fuel, utilities and telephone	1,500	1,413	87	1,361
Legal and consulting	55,000	62,276	(7,276)	53,056
Other services and charges	30,250	41,462	(11,212)	33,014
Capital outlay	-	-	-	22,000
Total finance	599,661	635,008	(35,347)	599,673
Nondepartmental:				
Material and supplies	39,100	33,185	5,915	30,147
Insurance	30,130	33,043	(2,913)	29,914
Legal settlement	-	112,500	(112,500)	1,307,792
Other services and charges	87,546	131,304	(43,758)	76,149
Total nondepartmental	156,776	310,032	(153,256)	1,444,002
Total general government	1,403,087	1,652,435	(249,348)	2,783,295
Public safety:				
Salaries and wages	357,935	421,375	(63,440)	293,492
Employee benefits	181,906	240,237	(58,331)	107,577
Material and supplies	76,400	57,232	19,168	32,323
Fuel, utilities and telephone	35,380	36,283	(903)	35,343
Insurance	10,320	11,580	(1,260)	10,435
Other services and charges	67,920	37,963	29,957	50,351
Capital outlay	127,800	152,414	(24,614)	11,090
Total public safety	857,661	957,084	(99,423)	540,611
Public works:				
Machine shop and motor pool:				
Salaries and wages	108,014	104,095	3,919	116,930
Employee benefits	70,794	86,070	(15,276)	66,490
Material and supplies	78,800	47,756	31,044	61,389
Fuel, utilities and telephone	91,600	43,415	48,185	88,828
Repairs and maintenance	6,000	3,739	2,261	6,358
Insurance	11,275	9,990	1,285	11,718
Other services and charges	9,500	9,593	(93)	9,768
Capital outlay	15,000	5,352	9,648	19,950
Total machine shop and motor pool	390,983	310,010	80,973	381,431

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

<i>Years ended December 31,</i>	2014		2013	
	Budget	Actual	Variance with Final Budget	Actual
Expenditures, continued				
Public works, continued				
Maintenance and labor pool:				
Salaries and wages	\$ 355,583	\$ 231,812	\$ 123,771	\$ 286,390
Employee benefits	166,506	156,092	10,414	169,919
Material and supplies	74,720	87,439	(12,719)	87,623
Fuel, utilities and telephone	266,830	219,372	47,458	250,130
Repairs and maintenance	32,000	18,671	13,329	16,899
Insurance	20,900	22,186	(1,286)	21,673
Other services and charges	93,324	13,841	79,483	12,454
Capital outlay - equipment and vehicle	-	-	-	417,145
Capital outlay - other	-	85,041	(85,041)	109,659
Total maintenance and labor pool	1,009,863	834,454	175,409	1,371,892
Refuse:				
Salaries and wages	112,627	81,376	31,251	123,071
Employee benefits	50,582	43,673	6,909	63,878
Material and supplies	21,000	36,185	(15,185)	23,688
Fuel, utilities and telephone	68,750	49,645	19,105	60,441
Insurance	6,770	7,951	(1,181)	7,136
Legal and consulting	-	53,643	(53,643)	55
Repairs and maintenance	4,800	-	4,800	-
Other services and charges	3,200	9,213	(6,013)	670
Capital outlay	4,020	5,189	(1,169)	4,199
Total refuse	271,749	286,875	(15,126)	283,138

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

<i>Years ended December 31,</i>	2014			2013
	Budget	Actual	Variance with Final Budget	Actual
Expenditures, continued				
Public works, continued:				
Administration:				
Salaries and wages	\$ 157,058	\$ 149,953	\$ 7,105	\$ 153,823
Employee benefits	93,491	107,113	(13,622)	98,401
Material and supplies	6,250	3,802	2,448	4,937
Fuel, utilities and telephone	80,520	56,046	24,474	74,561
Repairs and maintenance	500	-	500	-
Insurance	850	1,111	(261)	850
Other services and charges	10,550	9,523	1,027	13,698
Capital outlay	-	3,708	(3,708)	-
Total administration	349,219	331,256	17,963	346,270
Total public works	2,021,814	1,762,595	259,219	2,382,731
Total Expenditures	4,282,562	4,372,114	(89,552)	5,706,637
Excess of Revenues Over (Under) Expenditures	25,857	647,326	621,469	(607,038)
Other Financing Sources (Uses)				
Transfers in	-	-	-	102,455
Transfers out	-	(14,314)	(14,314)	(6,931)
Net Other Financing Sources (Uses)	-	(14,314)	(14,314)	95,524
Net Change in Fund Balance	\$ 25,857	633,012	\$ 607,155	(511,514)
Fund Balance, beginning		3,797,002		4,308,516
Fund Balance, ending		\$ 4,430,014		\$ 3,797,002

City of Saint Paul, Alaska
Electric Utility Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2014	2013
Assets		
Current Assets		
Cash and investments	\$ 7,042,073	\$ 7,243,534
Receivables:		
Accounts	315,798	221,480
Intergovernmental	61,581	65,360
Allowance for doubtful accounts	(1,607)	(1,659)
Inventory	46,221	10,345
Total Current Assets	7,464,066	7,539,060
Property, Plant and Equipment		
Buildings	3,091,433	3,091,433
Machinery and equipment	490,972	490,972
Plant in service	2,600,068	2,600,068
Construction in progress	56,004	56,004
Total property, plant and equipment	6,238,477	6,238,477
Accumulated depreciation	(3,178,535)	(3,014,460)
Net Property, Plant and Equipment	3,059,942	3,224,017
Total Assets	\$ 10,524,008	\$ 10,763,077
Liabilities		
Current Liabilities		
Accounts payable	\$ 62,384	\$ 29,451
Accrued liabilities	11,252	8,814
Accrued leave	10,819	9,228
Customer deposits	43,091	36,243
Current portion of revenue bonds payable	96,602	96,410
Total Current Liabilities	224,148	180,146
Long-term Debt, net of current portion		
Revenue bonds, net of unamortized discount of \$109,251 in 2014 (\$132,283 in 2013)	671,219	744,789
Total Liabilities	895,367	924,935
Net Position		
Net investment in capital assets	2,292,121	2,382,818
Unrestricted	7,336,520	7,455,324
Total Net Position	9,628,641	9,838,142
Total Liabilities and Net Position	\$ 10,524,008	\$ 10,763,077

City of Saint Paul, Alaska
Electric Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years ended December 31,</i>	2014	2013
Operating Revenues		
Electric services	\$ 2,105,793	\$ 2,221,240
Operating Expenses		
Salaries and wages	215,375	141,347
Employee benefits	119,914	53,972
Material and supplies	49,541	44,645
Fuel and utilities	1,302,604	1,489,382
Depreciation	164,074	168,007
Repairs and maintenance	174,902	87,036
Insurance	8,540	8,532
Legal and consulting	193,887	172,010
Administrative cost allocation	104,049	147,635
Other services and charges	33,642	10,801
Total Operating Expenses	2,366,528	2,323,367
Operating Loss	(260,735)	(102,127)
Nonoperating Revenues (Expenses)		
State PERS relief	29,143	8,808
Investment income	47,327	32,147
Interest expense	(25,236)	(27,373)
Net Nonoperating Revenues (Expenses)	51,234	13,582
Change in Net Position	(209,501)	(88,545)
Net Position, beginning	9,838,142	9,926,687
Net Position, ending	\$ 9,628,641	\$ 9,838,142

City of Saint Paul, Alaska
Electric Utility Enterprise Fund
Statement of Cash Flows

<i>Years ended December 31,</i>	2014	2013
Cash Fows from (for) Operating Activities		
Receipts from customers and users	\$ 2,022,050	\$ 2,253,309
Payments for interfund services used	(104,049)	(147,635)
Payments to suppliers	(1,766,059)	(1,829,007)
Payments to employees	(302,117)	(191,294)
Net cash flows from (for) operating activities	(150,175)	85,373
Cash Flows for Capital and Related Financing Activities		
Principal paid	(96,410)	(96,223)
Interest paid	(2,203)	(2,393)
Net cash flows for capital and related financing activities	(98,613)	(98,616)
Cash Flows from Investing Activities -		
Investment income received	47,327	32,147
Net Increase (Decrease) in Cash and Investments	(201,461)	18,904
Cash and Investments, beginning	7,243,534	7,224,630
Cash and Investments, ending	\$ 7,042,073	\$ 7,243,534
Reconciliation of Operating Loss to		
Net Cash Flows from (for) Operating Activities		
Operating loss	\$ (260,735)	\$ (102,127)
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:		
Depreciation	164,074	168,007
Noncash expense - PERS relief	29,143	8,808
Increase (decrease) in allowance for doubtful accounts	(52)	(5,048)
(Increase) decrease in assets:		
Receivables	(90,539)	38,763
Inventory	(35,876)	4,575
Increase (decrease) in liabilities:		
Accounts payable	32,933	(21,176)
Accrued liabilities	2,438	2,288
Accrued leave	1,591	(7,071)
Customer deposits	6,848	(1,646)
Net Cash Flows from (for) Operating Activities	\$ (150,175)	\$ 85,373

City of Saint Paul, Alaska
Water and Sewer Utility Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2014	2013
Assets		
Current Assets		
Receivables:		
Accounts	\$ 78,641	\$ 51,718
Intergovernmental	1,965	28,227
Allowance for doubtful accounts	(2,054)	(2,025)
Total Current Assets	78,552	77,920
Property, Plant and Equipment		
Land	1,236	1,236
Buildings	50,000	50,000
Machinery and equipment	139,305	135,175
Plant in service	7,873,804	7,873,804
Construction in progress	777,470	711,679
Total property, plant and equipment	8,841,815	8,771,894
Accumulated depreciation	(4,688,721)	(4,465,429)
Net Property, Plant and Equipment	4,153,094	4,306,465
Total Assets	\$ 4,231,646	\$ 4,384,385
Current Liabilities		
Accounts payable	\$ 27,309	\$ 11,937
Accrued liabilities	3,884	1,986
Accrued leave	2,354	4,369
Unearned revenue	3,706	-
Due to other funds	-	811,215
Total Current Liabilities	37,253	829,507
Long-term Liabilities - Advances from other funds	790,084	-
Total Liabilities	827,337	829,507
Net Position		
Net investment in capital assets	4,153,094	4,306,465
Unrestricted (deficit)	(748,785)	(751,587)
Total Net Position	3,404,309	3,554,878
Total Liabilities and Net Position	\$ 4,231,646	\$ 4,384,385

City of Saint Paul, Alaska
Water and Sewer Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years ended December 31,</i>	2014	2013
Operating Revenues		
Water services	\$ 252,187	\$ 264,992
Sewer services	97,420	96,225
Total Operating Revenues	349,607	361,217
Operating Expenses		
Salaries and wages	84,366	78,803
Employee benefits	55,042	46,011
Material and supplies	24,643	27,720
Fuel and utilities	97,752	113,255
Depreciation	242,766	266,991
Repairs and maintenance	11,113	4,018
Insurance	4,149	4,546
Legal and consulting	-	1,110
Administrative cost allocation	37,836	53,685
Other services and charges	2,985	15,329
Total Operating Revenues (Expenses)	560,652	611,468
Operating Loss	(211,045)	(250,251)
Nonoperating Revenues (Expenses)		
State PERS relief	18,732	11,099
Interest expense	(24,047)	(24,177)
Net Nonoperating Revenue (Expenses)	(5,315)	(13,078)
Loss before capital contributions	(216,360)	(263,329)
Capital contributions	65,791	115,451
Change in Net Position	(150,569)	(147,878)
Net Position, beginning	3,554,878	3,702,756
Net Position, ending	\$ 3,404,309	\$ 3,554,878

City of Saint Paul, Alaska
Water and Sewer Utility Enterprise Fund
Statement of Cash Flows

<i>Years ended December 31,</i>	2014	2013
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 322,713	\$ 346,506
Payments for interfund services used	(37,836)	(53,685)
Payments to suppliers	(125,270)	(181,822)
Payments to employees	(120,793)	(116,588)
Net cash flows from (for) operating activities	38,814	(5,589)
Cash Flows for Noncapital Financing Activities -		
Decrease in due to other funds	(811,215)	(5,731)
Increase in advances to other funds	790,084	-
Net cash flows from (for) noncapital financing activities	(21,131)	(5,589)
Cash Flows from (for) Capital and Related Financing Activities		
Additions to property, plant and equipment	(89,395)	(121,894)
Capital contributions received	95,759	157,391
Interest paid	(24,047)	(24,177)
Net cash flows from (for) capital and related financing activities	(17,683)	11,320
Net Increase in Cash and Investments	-	-
Cash and Investments, beginning	-	-
Cash and Investments, ending	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash		
Flows from (for) Operating Activities		
Operating loss	\$ (211,045)	\$ (250,251)
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:		
Depreciation	242,766	266,991
Noncash expense - PERS relief	18,732	11,099
Increase (decrease) in allowance for doubtful accounts	29	(1,273)
(Increase) decrease in assets - accounts receivable	(26,923)	(13,438)
Increase (decrease) in liabilities:		
Accounts payable	15,372	(15,844)
Accrued liabilities	1,898	(1,230)
Accrued leave	(2,015)	(1,643)
Net Cash Flows from (for) Operating Activities	\$ 38,814	\$ (5,589)

City of Saint Paul, Alaska
Marine Sales Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2014	2013
Assets		
Current Assets		
Cash and investments	\$ 409,356	\$ 394,264
Accounts receivable	19,886	4,247
Inventory	20,005	32,387
Total Current Assets	449,247	430,898
Property, Plant and Equipment		
Machinery and equipment	46,708	46,708
Accumulated depreciation	(31,649)	(29,928)
Net Property, Plant and Equipment	15,059	16,780
Total Assets	\$ 464,306	\$ 447,678
Current Liabilities		
Accounts payable	\$ 11,018	\$ 1,678
Accrued liabilities	992	-
Total Current Liabilities	12,010	1,678
Net Position		
Net investment in capital assets	15,059	16,780
Unrestricted	437,237	429,220
Total Net Position	452,296	446,000
Total Liabilities and Net Position	\$ 464,306	\$ 447,678

City of Saint Paul, Alaska
Marine Sales Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years ended December 31,</i>	2014	2013
Operating Revenues		
Operating revenues - fuel sales	\$ 125,585	\$ 133,880
Cost of goods sold	(21,419)	(21,228)
Net Operating Revenues	104,166	112,652
Operating Expenses		
Salaries and wages	13,972	12,012
Employee benefits	5,886	5,804
Material and supplies	12,088	10,425
Fuel and utilities	19,697	26,651
Insurance	11,287	11,060
Administrative cost allocation	37,836	53,685
Depreciation	1,721	430
Other services and charges	38	5
Total Operating Expenses	102,525	120,072
Operating Income (Loss)	1,641	(7,420)
Nonoperating Revenues		
Investment income	2,620	1,801
State PERS relief	2,035	551
Total Nonoperating Revenues	4,655	2,352
Change in Net Position	6,296	(5,068)
Net Position, beginning	446,000	451,068
Net Position, ending	\$ 452,296	\$ 446,000

City of Saint Paul, Alaska
Marine Sales Enterprise Fund
Statement of Cash Flows

<i>Years ended December 31,</i>	2014	2013
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 109,946	\$ 140,680
Payments for interfund services used	(37,836)	(53,685)
Payments to suppliers	(42,807)	(75,746)
Payments to employees	(16,831)	(17,265)
Net cash flows from (for) operating activities	12,472	(6,016)
Cash Flows for Capital and Related Financing Activities		
Additions to property, plant and equipment	-	(17,210)
Cash Flows from Investing Activities		
Investment income received	2,620	1,801
Net Increase (Decrease) in Cash and Investments	15,092	(21,425)
Cash and Investments, beginning	394,264	415,689
Cash and Investments, ending	\$ 409,356	\$ 394,264
Reconciliation of Operating Income (Loss) to Net Cash		
Flows from Operating Activities		
Operating income (loss)	\$ 1,641	\$ (7,420)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:		
Depreciation	1,721	430
Noncash expense - PERS relief	2,035	551
(Increase) decrease in assets:		
Accounts receivable	(15,639)	6,800
Inventory	12,382	(5,994)
Increase (decrease) in liabilities:		
Accounts payable	9,340	(383)
Accrued liabilities	992	-
Net Cash Flows from (for) Operating Activities	\$ 12,472	\$ (6,016)

City of Saint Paul, Alaska
Bulk Fuel Farm Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2014	2013
Assets		
Current Assets		
Cash and investments	\$ 531,625	\$ 807,153
Accounts receivable	130,464	139,419
Allowance for doubtful accounts	(1,761)	(1,581)
Inventory	420,654	455,769
Total Current Assets	1,080,982	1,400,760
Restricted Cash - bond redemption and depreciation reserve	150,000	150,000
Property, Plant and Equipment		
Land	150,000	150,000
Buildings	25,000	25,000
Machinery and equipment	537,305	537,305
Fuel tanks and lines	5,248,213	5,248,213
Total property, plant and equipment	5,960,518	5,960,518
Accumulated depreciation	(5,477,590)	(5,436,771)
Net Property, Plant and Equipment	482,928	523,747
Total Assets	\$ 1,713,910	\$ 2,074,507
Liabilities		
Current Liabilities		
Accounts payable	\$ 206,487	\$ 395,776
Accrued liabilities	8,919	7,568
Accrued leave	3,957	2,580
Total Current Liabilities	219,363	405,924
Long-term Debt		
Revenue bonds	4,539,672	4,539,672
Accrued interest payable	1,377,175	1,377,175
Total Liabilities	6,136,210	6,322,771
Net Position		
Net investment in capital assets	(4,056,744)	(4,015,925)
Restricted for debt service and depreciation reserve	950,000	950,000
Unrestricted (deficit)	(1,315,556)	(1,182,339)
Total Net Position	(4,422,300)	(4,248,264)
Total Liabilities and Net Position	\$ 1,713,910	\$ 2,074,507

City of Saint Paul, Alaska
Bulk Fuel Farm Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years ended December 31,</i>	2014	2013
Operating Revenues		
Operating revenues - fuel sales	\$ 3,136,278	\$ 3,378,985
Cost of goods sold	(2,789,895)	(2,993,372)
Net Operating Revenues	346,383	385,613
Operating Expenses		
Salaries and wages	166,516	229,999
Employee benefits	130,366	107,227
Material and supplies	11,144	18,043
Fuel and utilities	44,102	42,572
Depreciation	40,819	42,004
Repairs and maintenance	29,671	91,379
Repairs and maintenance - CEIP	-	301
Insurance	26,580	30,593
Legal and consulting	8,737	595
Administrative cost allocation	94,590	134,214
Other general and administrative costs	17,694	60,228
Total Operating Expenses	570,219	757,155
Operating Loss	(223,836)	(371,542)
Nonoperating Revenues		
State PERS relief	44,251	15,130
Investment income	5,549	4,311
Total Nonoperating Revenues	49,800	19,441
Change in Net Position	(174,036)	(352,101)
Net Position, beginning	(4,248,264)	(3,896,163)
Net Position, ending	\$ (4,422,300)	\$ (4,248,264)

City of Saint Paul, Alaska
Bulk Fuel Farm Enterprise Fund
Statement of Cash Flows

Years ended December 31,	2014	2013
Cash Flows for Operating Activities		
Receipts from customers and users	\$ 3,145,413	\$ 3,402,764
Payments for interfund services used	(94,590)	(134,214)
Payments to suppliers	(3,081,997)	(3,075,121)
Payments to employees	(249,903)	(318,943)
Net cash flows for operating activities	(281,077)	(125,514)
Cash Flows from Investing Activities - Investment income received	5,549	4,311
Net Decrease in Cash and Investments	(275,528)	(121,203)
Cash and Investments, beginning	957,153	1,078,356
Cash and Investments, ending	\$ 681,625	\$ 957,153
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	(223,836)	(371,542)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	40,819	42,004
Noncash expense - PERS relief	44,251	15,130
Decrease in allowance for doubtful accounts	180	(3,044)
Increase (decrease) decrease in assets:		
Accounts receivable	8,955	26,823
Inventory	35,115	4,812
Increase (decrease) in liabilities:		
Accounts payable	(189,289)	157,150
Accrued liabilities	1,351	1,903
Accrued leave	1,377	1,250
Net Cash Flows for Operating Activities	\$ (281,077)	\$ (125,514)

City of Saint Paul, Alaska
Harbor Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2014	2013
Assets		
Current Assets		
Accounts receivable	\$ 20,959	\$ 8,358
Inventory	3,649	3,649
Total Current Assets	24,608	12,007
Property, Plant and Equipment		
Buildings	25,000	25,000
Dock and mooring	8,092,479	8,092,479
Machinery and equipment	32,899	32,899
Total property, plant and equipment	8,150,378	8,150,378
Accumulated depreciation	(6,160,626)	(6,028,652)
Net Property, Plant and Equipment	1,989,752	2,121,726
Total Assets	\$ 2,014,360	\$ 2,133,733
Liabilities		
Current Liabilities		
Accounts payable	\$ 2,406	\$ 1,958
Accrued liabilities	3,011	2,448
Accrued leave	6,488	4,628
Due to other funds	-	134,663
Unearned revenue	46,194	46,194
Total Current Liabilities	58,099	189,891
Long-term Liabilities		
Advances from other funds	284,527	-
Revenue bonds	1,466,206	1,466,206
Accrued interest payable	527,969	527,969
Total Liabilities	2,336,801	2,184,066
Net Position		
Net investment in capital assets	523,546	655,520
Unrestricted (deficit)	(845,987)	(705,853)
Total Net Position	(322,441)	(50,333)
Total Liabilities and Net Position	\$ 2,014,360	\$ 2,133,733

City of Saint Paul, Alaska
Harbor Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years ended December 31,</i>	2014	2013
Operating Revenues		
Harbor charges	\$ 77,717	\$ 93,161
Operating Expenses		
Salaries and wages	42,327	104,983
Employee benefits	14,547	38,168
Material and supplies	1,772	6,180
Fuel and utilities	29,036	32,380
Depreciation	131,974	149,382
Insurance	8,348	11,114
Administrative cost allocation	18,918	26,843
Other services and charges	(1,856)	-
Total Operating Expenses	245,066	369,050
Operating Loss	(167,349)	(275,889)
Nonoperating Revenues (Expenses)		
Investment loss	(1,609)	(172)
State PERS relief	30	215
Net Nonoperating Revenues (Expenses)	(1,579)	43
Loss before transfers	(168,928)	(275,846)
Transfers out	(103,180)	(83,102)
Change in Net Position	(272,108)	(358,948)
Net Position, beginning	(50,333)	308,615
Net Position, ending	\$ (322,441)	\$ (50,333)

City of Saint Paul, Alaska
Harbor Enterprise Fund
Statement of Cash Flows

<i>Years ended December 31,</i>	2014	2013
Cash Flows for Operating Activities		
Receipts from customers and users	\$ 65,116	\$ 97,551
Payments for interfund services used	(18,918)	(26,843)
Payments to suppliers	(36,852)	(50,058)
Payments to employees	(54,421)	(140,302)
Net cash flows for operating activities	(45,075)	(119,652)
Cash Flows from Noncapital Financing Activities		
Increase (decrease) in due to other funds	(134,663)	134,663
Increase in advances from other funds	284,527	-
Transfers out	(103,180)	(83,102)
Net cash flows from noncapital financing activities	46,684	51,561
Cash Flows for Investing Activities - allocated investment loss	(1,609)	(172)
Net Decrease in Cash and Investments	-	(68,263)
Cash and Investments, beginning	-	68,263
Cash and Investments, ending	\$ -	\$ -
Reconciliation of Operating Loss to Net Cash Flows for Operating Activities		
Operating loss	\$ (167,349)	\$ (275,889)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	131,974	149,382
Noncash expense - PERS relief	30	215
Decrease in allowance for doubtful accounts	-	(1,054)
(Increase) decrease in assets:		
Accounts receivable	(12,601)	5,444
Inventory	-	(1)
Increase (decrease) in liabilities:		
Accounts payable	448	(383)
Accrued liabilities	563	259
Accrued leave	1,860	2,375
Net Cash Flows for Operating Activities	\$ (45,075)	\$ (119,652)

City of Saint Paul, Alaska
Home Energy Loan Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2014	2013
Current Assets		
Cash and investments	\$ 115	\$ 114
Net Position		
Unrestricted	\$ 115	\$ 114

City of Saint Paul, Alaska
Home Energy Loan Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years ended December 31,</i>	2014	2013
Nonoperating Revenue - investment income	\$ 1	\$ 88
Transfers out	-	(64,312)
Change in Net Position	1	(64,224)
Net Position, beginning	114	64,338
Net Position, ending	\$ 115	\$ 114

City of Saint Paul, Alaska
Home Energy Loan Enterprise Fund
Statement of Cash Flows

<i>Years ended December 31,</i>	2014	2013
Cash Flows for Noncapital Financing Activities		
Transfers out	\$ -	\$ (64,312)
Cash Flows from Investing Activities		
Investment income received	1	88
Net Increase (Decrease) in Cash and Investments	1	(64,224)
Cash and Investments, beginning	114	64,338
Cash and Investments, ending	\$ 115	\$ 114

City of Saint Paul, Alaska
Schedule of Expenditures of Federal Awards
Year ended December 31, 2014

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	January 1, 2014 Receivable (Unearned)	Federal Share of Expenditures	Federal Receipts	December 31, 2014 Receivable (Unearned)
Department of Interior							
Pribilof Island Transition Act	GTK00050005	15.032	\$ 1,446,300	\$ (687,385)	\$ -	\$ -	\$ (687,385)
Passed through State of Alaska Department of Commerce, Community and Economic Development - Payment in Lieu of Taxes	N/A	15.226	78,485	-	78,485	78,485	-
Total Department of Interior				(687,385)	78,485	78,485	(687,385)
Department of Commerce							
Berth Dredge Project	07-01-06047	11.300	2,000,000	125,525	126,430	210,994	40,961
Environmental Protection Agency							
Passed through State of Alaska Department of Environmental Conservation - Sewage Ocean Outfall (75% federal)	10EM37	66.202	1,134,000	16,339	1,474	16,339	1,474
Department of Agriculture							
Passed through State of Alaska Department of Commerce, Community and Economic Development - Old Town Sewer Replacement	12RN57	10.760	286,057	4,832	47,869	55,480	(2,779)
Total Federal Financial Assistance				\$ (540,689)	\$ 254,258	\$ 361,298	\$ (647,729)
Loan program -				<u>Outstanding Loan Balance</u>			
Department of Commerce, National Oceanic and Atmospheric Administration							
Passed through the Alaska Bond Bank - Coastal Impact Program	NA	11.419	\$ 6,005,878				

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of City of Saint Paul, Alaska under programs of the federal government for the year ended December 31, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of City of Saint Paul, Alaska, it is not intended to and does not present the financial position, changes in net assets or cash flows of City of Saint Paul, Alaska.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

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Single Audit Section



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

Honorable Mayor and 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 12, 2015.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

City of Saint Paul's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
August 12, 2015



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3601 C Street, Suite 600
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Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether audits of states, Local Governments, and Non-Profits organizations, 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 that 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, 2014.

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 OMB Circular A-133, 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
August 12, 2015

City of Saint Paul, Alaska

Schedule of Findings and Questioned Costs Year Ended December 31, 2014

Section I - Summary of Auditor's Results
Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)

Noncompliance material to financial statements noted? yes X no

Federal Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes X no

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

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

Finding 2014-001 **Accounting for non-routine transactions - Material Weakness in Internal Control Over Financial Reporting**

Criteria Internal controls should be in place to ensure that all accounting transactions are accounted for in accordance with generally accepted accounting principles (GAAP) as applicable to state and local governments. Controls should be established to prevent, on to detect and correct accounting errors in a timely manner.

City of Saint Paul, Alaska

Schedule of Findings and Questioned Costs, Continued Year Ended December 31, 2014

<u>Finding 2014-001</u>	Accounting for non-routine transactions - Material Weakness in Internal Control Over Financial Reporting, continued
<i>Condition</i>	Two non-routine transactions were not accounted for in accordance with GAAP. One transaction related to a legal settlement and the other transaction was the issuance of a note receivable.
<i>Context</i>	A legal settlement which occurred in 2014, but not paid until 2015, was not recorded in accounts payable at year end. Additionally a note receivable related to delinquent sales tax was recorded directly to revenue. Due to the long-term nature of the repayment plan, GAAP requires that this transaction be recorded as a deferred inflow, and not as revenue.
<i>Effect</i>	Two material audit journal entries were required to correct expense and payables related to the settlement and revenue and deferred inflow related to the long-term note receivable.
<i>Cause</i>	The accounting staff were not familiar with the correct accounting treatment for these non-routine transactions due to their infrequency.
<i>Recommendation</i>	Management should review the proper accounting treatment for any non-routine transactions to ensure the proper recording in the books and records.
<i>Views of Responsible Officials and Planned Corrective Actions</i>	Management concurs with the finding. See corrective action plan.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for Federal Awards (as defined in section .510(a) of the Circular) that are required to be reported.

City of Saint Paul, Alaska

Summary Schedule of Prior Audit Findings Year Ended December 31, 2014

Financial Statement Findings

Finding 2013-001 **Account Reconciliations - Significant Deficiency in Internal Control Over Financial Reporting**

Condition Reconciliations were not performed for miscellaneous receivables, diesel fuel inventory, fuel supplies inventory and unearned revenue accounts. Year end reconciliations for accounts payable and accrued payroll were missing transactions.

Status Partially resolved - Year end reconciliation for accounts payable was missing the transaction noted in finding 2014-001.

Finding 2013-002 **Grant Revenue and Reporting of Expenditures on the SEFA, Significant Deficiency in Internal Control Over Financial Reporting**

Condition The City reported certain expenditures more than once to the grantor and some expenditures that it did not incur. Expenditures were therefore overstated in the SEFA and revenue was overstated in the general ledger.

Status This finding has been resolved.

Federal Award Findings

Finding 2013-002 **Proper Reporting in Reimbursement Requests - Noncompliance, Allowable Activities, Allowable Costs, Reporting, Significant Deficiency in Internal Control**

Agency U.S. Department of Commerce
CFDA No. 11.300
Program Investments for Public Works and Economic Development Facilities
Awards 07-01-06047

Condition The City reported certain expenditures more than once to the grantor and some expenditures that it did not incur. Expenditures were therefore overstated in the SEFA and revenue was overstated in the general ledger.

Status This finding has been resolved.

City of Saint Paul, Alaska
Corrective Action Plan
Year Ended December 31, 2014

Contact Information Cathi Wojtanek
Finance Director
City of Saint Paul, Alaska
907-546-3126 cwojtanek@stpaulak.com

Finding 2014-001 **Accounting for non-routine transactions - Material Weakness in Internal Control Over Financial Reporting**
Planned corrective action Management will review the proper accounting treatment for any non-routine transactions to ensure the proper recording in the books and records.
Expected completion Current and ongoing.

