

City and Borough of Sitka
Annual Comprehensive Financial Report
For the fiscal year ended June 30, 2025
Prepared by the City and Borough of Sitka Finance Department





Photo credit: Don Kluting

City and Borough of Sitka, Alaska

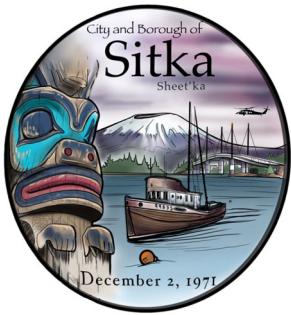
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CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

XXXXXX XX, XXXX

To the Honorable Mayor,
Assembly Members and
Citizens of the City and Borough of Sitka, Alaska:

The Assembly of the City and Borough of Sitka has elected to issue each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that request, we hereby issue the annual comprehensive financial report of the City and Borough of Sitka, Alaska for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the financial position and performance of the City and Borough of Sitka. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City and Borough of Sitka has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City and Borough of Sitka's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City and Borough of Sitka's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City and Borough of Sitka's financial statements have been audited by BDO USA, P.C., a global accounting network of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City and Borough of Sitka for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that they will render an unmodified opinion on the City and Borough of Sitka's financial statements for the fiscal year ended June 30, 2025. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City and Borough of Sitka was part of a broader, state and federally mandated "Single Audit" designed to meet the special needs of state and federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of state and federal awards. These Single Audit Reports are published separately from the Annual Comprehensive Financial Report (ACFR).

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City and Borough of Sitka's MD&A can be found immediately following the report of the independent auditors.

Profile of Government

The City and Borough of Sitka, incorporated in 1971, is located on Baranof and Chichagof Islands which are located along the Inside Passage in Southeast Alaska. Sitka is situated on the west coast of Baranof Island, contained within the largest temperate rainforest in the world. Most of this rainforest is part of the Tongass National Forest. The City and Borough of Sitka currently occupies a land area of 2,894 square miles, a water area of 1,816 square miles and serves a population of approximately 8,355. The City and Borough of Sitka is empowered to levy a property tax on both real and personal properties located within its boundaries. The City and Borough of Sitka also levies a sales tax on sales within the City and Borough, a transient room tax, a marijuana tax, and an excise tax on tobacco product sales within the City and Borough.

The City and Borough of Sitka has operated under the Assembly-Administrator form of government since 1971. Policy-making and legislative authority are vested in a governing assembly consisting of the Mayor and six other members. The Assembly is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's Administrator and Attorney. The administrator is responsible for carrying out the policies and ordinances of the Assembly, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Assembly is elected on a non-partisan basis. Assembly members serve three-year staggered terms, with two Assembly members elected each year. The Mayor is elected to serve a two-year term. The Mayor and Assembly members are elected at large.

The City and Borough of Sitka provides a full range of services, including police and fire protection; ambulance service; the construction and maintenance of streets and other infrastructure; recreational facilities and cultural events. Other services include the provision of electricity, water, wastewater treatment, solid waste disposal and recycling, harbor system moorage, cold storage facility, and leases within the industrial park. These services represent different departments in the City and Borough of Sitka and therefore have been included as an integral part of the City and Borough of Sitka's financial statements. The City and Borough of Sitka also is financially accountable for a legally separate school district which is reported separately within the City and Borough of Sitka's financial statements. Additional information on the school district can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City and Borough of Sitka's financial planning and control. All departments of the City and Borough of Sitka are required to submit requests for appropriation on or before the end of each calendar year. Preliminary budget meetings begin early in the calendar year to seek Assembly input prior to releasing a draft budget. Once the draft budget has been released, any changes must be directed by the Assembly. As set forth in the Home Rule Charter of the City and Borough of Sitka for budget performance, the following dates outline the Charter's requirements: (1) not later than 60 days before the end of the current fiscal year, the Administrator shall submit to the Assembly a budget for the following fiscal year, a capital improvements program and an accompanying explanatory message of both; (2) not later than 15 days before the end of the current fiscal year, a public

hearing shall be held on the budget and capital improvements program; (3) the Assembly by ordinance shall adopt a budget (for the next fiscal year) not later than 10 days before the end of the current fiscal year. The appropriated budget is prepared by fund and department (e.g., police). As long as expenditures do not exceed appropriations at the fund level, appropriations are considered to be in compliance. In practice, for budget management purposes the Administrator may move appropriations within a department. To move appropriations between funds or departments, assembly approval is required, however, even if a department within a fund is overbudget, as long as the fund as whole has not exceeded appropriations, it is considered to be in compliance. The only exception to this rule is that total amounts appropriated at the for salaries and benefits, travel and the acquisition of capital assets by a fund cannot be exceeded at the fund level. Note that while depreciation is budgeted, it is for management purposes only as appropriations apply only to outlays. Budget-to-actual comparisons are provided in this report for governmental funds including the General Fund, Permanent Fund, and well as all special revenue funds, debt service fund, and capital project fund. All of these funds have an annually adopted appropriation, (though capital appropriations do not lapse—the amount shown for the capital project fund is the FY2025 appropriation). Please note that no special revenue funds incurred personnel or travel and training costs in FY2025 and thus the budgetary comparison schedules show only expenditures, with the exception of the Visitor Enhancement Fund, which show expenditures travel and training.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City and Borough of Sitka operates.

Local economy. The City and Borough of Sitka's principal economic base is commercial fishing, fish processing, health care, government, tourism, and related businesses. The estimated population for the City and Borough has been decreasing over the past nine years, though that rate of decrease is slowing.

A significant post-pandemic increase in cruise ship tourism, combined with a strong independent traveler sector have led to significant increases in sales tax, the General Fund's most significant source of revenue.

Long-term financial planning. The City and Borough engages in comprehensive long-range fiscal planning for general governmental activities as well as business-type enterprises. The City and Borough annually updates a fiscal plan for each business-type enterprise which models cash flows from operations, working capital, long-term debt, and capital expenditures for a minimum 10-year period. These fiscal plans are the basis for recommendations to the Assembly for user fee increases in the various business-type enterprises.

Cash management policies and practices. The City and Borough of Sitka utilizes a central treasury to aggregate cash from all funds except the component units listed herein, for cash management and investment purposes. Interest income on central treasury investments is allocated monthly to participating funds based on their average monthly balance. Interest on investments held by the Permanent Fund is recognized only in the Permanent Fund and, due to differing asset allocations, returns may vary significantly.

The City and Borough of Sitka utilizes professional investment management services in the management of its investment portfolios. The external investment manager adheres to a codified investment policy which sets forth authorized investment types, restrictions on investment credit quality, and other standard safeguards in order to achieve a reasonable rate of return with minimal risk of loss. The City and

Borough also has an independent Investment Advisory Committee which reviews the investment portfolios and investment return on a quarterly basis.

Risk management. During FY2025, the Municipality continued a limited risk management program for workers' compensation. Various controls techniques, including employee accident prevention training, have been implemented during the year to minimize accident-related losses. Third-party coverage is currently maintained for individual workers' compensation claims and other potential losses.

Pension and other postemployment benefits. The City and Borough of Sitka and the Sitka Community Hospital provide pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The Municipality and Hospital have no obligations in connection with the employee benefits offered through this plan beyond its annual required payment to the pension plan.

The Sitka School District provides pension benefits for all eligible employees through PERS and the Teachers Retirement System (TRS). The School District has no obligations in connection with employee benefits offered through their plans beyond its annual required payments to the pension plans.

Additional information on pension arrangements and postemployment benefits can be found in the Required Supplementary Information and in the Notes to the Basic Financial Statements.

Acknowledgments

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the staff of the Finance Department. My appreciation is extended to all members of the Finance Department who assisted and contributed to the preparation of this report. We also want to thank you, the members of the City and Borough of Sitka's Assembly, for your interest and support in conducting the financial operations of the City and Borough of Sitka in a responsible and progressive manner.

Sincerely,

Brooke Volschenk
Finance Director

City and Borough of Sitka, Alaska

Elected Officials June 30, 2025

Name	Position
Steven Eisenbeisz	Mayor
Timothy Pike	Deputy Mayor
JJ Carlson	Vice-Deputy Mayor
Thor Christianson	Assembly Member
Kevin Mosher	Assembly Member
Katie Riley	Assembly Member
Scott Saline	Assembly Member
John Leach	Municipal Administrator

City and Borough of Sitka, Alaska

Organization Chart

June 30, 2025





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Independent Auditor's Report

Honorable Mayor and Borough Assembly
City and Borough of Sitka, Alaska
Sitka, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and Borough of Sitka (the City and Borough), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City and Borough's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report(s) of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City and Borough, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Sitka School District (the School District), the discretely presented component unit, as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School District, is based solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

City and Borough of Sitka, Alaska

Notes to Required Supplementary Information June 30, 2025

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison schedules, and the schedules of the City and Borough's proportionate share of the net pensions and net OPEB liability or asset and the City and Borough's contributions on pages XX through XX and XX through XX be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City and Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises *the introductory and statistical sections* but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

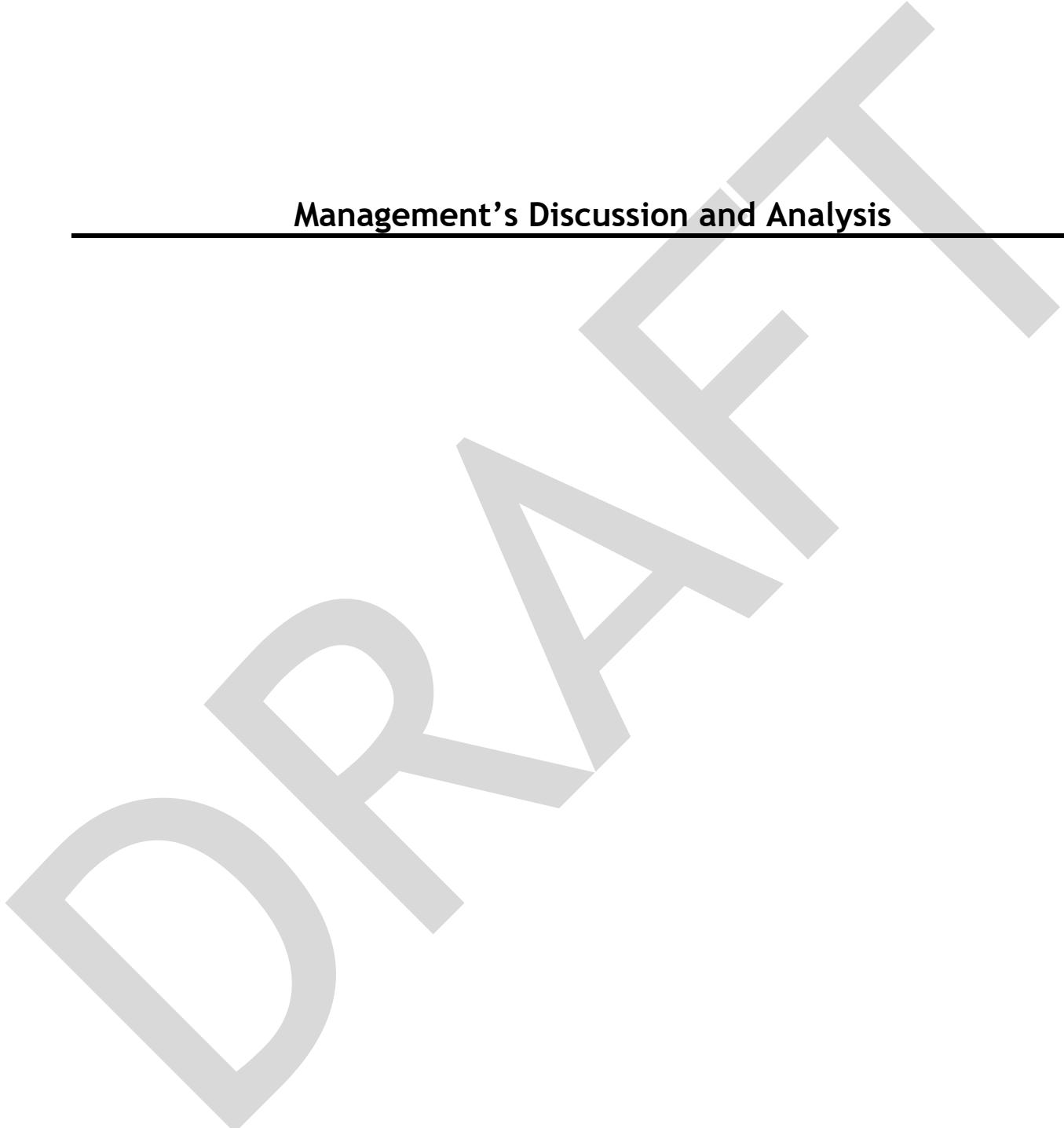
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

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

(Signed BDO USA, P.C.)

Anchorage, Alaska
Report Date



Management's Discussion and Analysis

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

June 30, 2025

As management of the City and Borough of Sitka (City and Borough), we offer the readers of the City and Borough's financial statements this overview and analysis of the City and Borough's financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page III of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City and Borough exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$474.4 million. Of this amount, \$124.0 million (unrestricted net position) is legally unreserved and may therefore be used to meet the City and Borough's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$9 million. Committed funds of \$13.2 million are also available to meet expenditures for the next fiscal year with varying levels of commitments. The unassigned fund balance for the General Fund represented 27.4% of General Fund expenditures. This increases to 67.6% when committed funds are included.

Overview of the Financial Statements

The management's discussion and analysis provides an introduction to the City and Borough's basic financial statements, which are the government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements report information about the overall finances of the City and Borough in a manner similar to a private-sector enterprise. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

The Statement of Net Position presents information on all of the City and Borough's assets and deferred outflows less liabilities and deferred inflows, which results in net position. The statement is designed to display the financial position of the City and Borough. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City and Borough is improving or deteriorating.

The Statement of Activities provides information which shows how the City and Borough's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

The Statement of Net Position and the Statement of Activities distinguish functions of the City and Borough that are financed primarily by taxes, intergovernmental revenues, and charges for services (governmental activities) from functions where user fees and charges to customers help to cover all or most of the cost of services (business-type activities). The City and Borough's governmental activities include administration, public safety, public works, public services and education. The business-type activities of the City and Borough include the eight enterprise funds: electric, water, wastewater

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

treatment, solid waste disposal, harbor, airport terminal building, marine service center and Gary Paxton Industrial Park.

The government-wide financial statements present not only the City and Borough itself, which is the primary government, but also its component unit, the Sitka School District, for which the City and Borough is financially accountable. Financial information for the Sitka School District is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 19 through 22 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City and Borough, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the City and Borough can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the short-term view of the City and Borough operations. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City and Borough maintains 20 individual governmental funds. Information is presented separately for major governmental funds on the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Permanent Fund, and the Sitka Community Hospital Dedicated Fund. The remaining governmental funds are combined and shown as Nonmajor Governmental Funds on the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the 17 nonmajor funds is presented in the Combining Balance Sheet, Nonmajor Governmental Funds, and Combining Statement of Revenues, Expenditures, and Changes in Fund Balance, Nonmajor Governmental Funds.

Proprietary Funds

The City and Borough maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City and Borough uses enterprise funds to account for the electric, water, wastewater treatment, harbor system, and solid waste disposal services as provided to the local citizens. The City and Borough also uses enterprise funds to account for commercial activity within its airport terminal, cold storage facility, and industrial park. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City and Borough's various functions. The City and Borough uses internal service funds to account for the activities of its information technology systems, central garage, and building maintenance services. Income or loss from these services has been allocated between governmental and business-type functions while assets and liabilities have been included within the

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

governmental activities in the government-wide financial statements. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the Electric, Water, Solid Waste, Wastewater, Harbor, and Airport Funds, which are the major funds of the City and Borough. The remaining two enterprise funds are combined and shown as Nonmajor Enterprise Funds on the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows for Proprietary Funds. The basic proprietary fund financial statements can be found on pages 27 through 31.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City and Borough in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the City and Borough cannot use these assets for its operations. The accounting for fiduciary funds is much like that used in proprietary funds. The basic fiduciary aggregated fund financial statements can be found on pages 32 through 33 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 through 78 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide information on the City and Borough's Nonmajor funds. Supplementary information can be found following the Notes to Financial Statements beginning on page 93. Required supplementary information, which includes budget and actual schedules for major funds as well as schedules detailing the City and Borough's proportionate share of pension and OPEB liabilities and assets, directly follows the notes to the financial statements and begins on page 80.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information on budgetary comparison and pension and OPEB. Combining fund statements can be found on page 93 through 116.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City and Borough, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$474.4 million on June 30, 2025, compared to \$441.3 million on June 30, 2024. By far the largest portion of the City and Borough's net position (\$293.8 million) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, etc.) less any related debt used to acquire those assets that is still outstanding. The City and Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

Although the City and Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

City and Borough of Sitka's Net Position

June 30, 2025 and 2024

(in millions)

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$126.8	\$115.8	\$103.6	\$102.9	\$230.4	\$218.7
Capital assets	101.5	105.1	346.7	326.5	448.2	431.6
Total assets	228.3	220.9	450.3	429.4	678.6	650.3
Deferred outflows of resources	2.8	2.9	4.0	4.3	6.8	7.2
Long-term liabilities	16.2	16.5	160.2	165.1	176.4	181.6
Other liabilities	5.0	4.1	14.5	13.9	19.5	18.0
Total liabilities	21.2	20.6	174.7	179.0	195.9	199.6
Deferred inflows of resources	11.6	12.3	3.6	4.3	15.1	16.6
Total liabilities and deferred inflows	32.8	32.9	178.3	183.3	211.0	216.2
Net position:						
Net investment in capital assets	96.0	103.4	197.7	173.0	293.8	276.4
Restricted	44.5	41.1	12.1	3.0	56.6	44.1
Unrestricted	57.8	46.4	66.2	74.4	124.0	120.8
Total net position	\$198.3	\$190.9	\$276.0	\$250.4	\$474.4	\$441.3

Governmental Activities

Governmental activities increased the City and Borough's net position by \$7.4 million. Key elements of this increase are listed below:

- Increases in sales tax, in part due to increased tourism, increased revenues for the City and Borough, but less than in prior years.
- A continued positive investment environment means that interest income and unrealized gains on investments had a significant impact on revenue levels as of the end of FY2025.
- Both strong sales tax and investment returns have offset continued decreases in both state and federal funding.

The net position for the City and Borough's governmental activities is \$198.3 million, an increase of \$7.4 million. A substantial portion (48.4%) of the net position is invested in capital assets – a decrease of \$7.4 million from the prior fiscal year. The City and Borough uses these assets to provide services to the citizens.

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

The unrestricted net position of governmental activities was \$57.8 million as of June 30, 2025. The largest portion of the restricted net position is for the Permanent Fund (\$28.0 million).

Business-type Activities

Business-type activities increased the City and Borough's net position by \$25.5 million. This compares to an increase of \$20.4 million for the year ended June 30, 2024. Key elements are listed below:

- Federal revenue for Sitka's airport terminal improvement capital project increased revenue by \$16.1 million.
- As with governmental activities, a positive investment environment increased interest income and unrealized gains on investments for business type activities as well.

The net position for the City and Borough's business-type activities is \$276.0 million. As with government-wide activities, a substantial portion (71.6%) of the net position is invested in capital assets. The City and Borough uses these assets to provide services to the citizens. The unrestricted net position of the business-type activities is \$66.2 million as of June 30, 2025.

City and Borough of Sitka's Changes in Net Position

Years Ended June 30, 2025 and 2024

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$4.8	\$4.7	\$41.8	\$40.8	\$46.7	\$45.5
Operating grants and contributions	2.8	4.7	1.6	2.1	4.4	6.8
Capital grants and contributions	0.2	-	17.1	8.5	17.3	8.5
General revenues:						
Property tax	7.9	7.4	-	-	7.9	7.4
Sales and other taxes	24.8	23.3	-	-	24.8	23.3
Grants and contributions not restricted to specific programs	0.5	0.5	0.7	0.9	1.2	1.4
Unrestricted investment earnings	6.1	4.5	4.7	4.2	10.8	8.7
Other	-	-	-	-	-	-
Total revenues	47.1	45.1	65.9	56.5	113.1	101.6

City and Borough of Sitka, Alaska
Management's Discussion and Analysis

City and Borough of Sitka's Changes in Net Position, continued
Years Ended June 30, 2025 and 2024

	(in millions)					
	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Expenses:						
Administration	\$5.9	\$5.5	\$ -	\$ -	\$5.9	\$5.5
Public safety	7.7	7.1	- -	- -	7.7	7.1
Public works	8.4	7.2	- -	- -	8.4	7.2
Public services	5.2	4.8	- -	- -	5.2	4.8
Education	11.7	11.5	- -	- -	11.7	11.5
Interest on long-term debt	0.1	0.2	- -	- -	0.1	0.2
Electric	- -	- -	20.5	18.9	20.5	18.9
Solid waste disposal	- -	- -	5.5	5.0	5.5	5.0
Water	- -	- -	4.1	4.0	4.1	4.0
Wastewater treatment	- -	- -	4.0	3.8	4.0	3.8
Harbors	- -	- -	5.1	4.9	5.1	4.9
Airport	- -	- -	1.0	0.9	1.0	0.9
Nonmajor business-type	- -	- -	0.8	0.8	0.8	0.8
Total expenses	39.0	36.3	41.0	38.3	80.0	74.6
Increase (decrease) in net position before transfers	8.1	8.8	24.9	18.2	33.1	27.0
Transfers in (out)	(0.7)	(2.2)	0.7	2.2	-	-
Increase (decrease) in net position	7.4	6.6	25.6	20.4	33.1	27.0
Net position, beginning of year	190.9	184.3	250.4	230.0	441.3	414.3
Net position, end of year	\$198.3	\$190.9	\$276.0	\$250.4	\$474.4	\$441.3

Significant year-to-year variances in revenue are a result of:

- Rate increases were implemented for all utilities and for the harbor system.
- Federal revenue for the Airport capital project as previously discussed.
- Investment earnings increased by \$2.1 million.

Significant year-to-year variances in expenses are a result of:

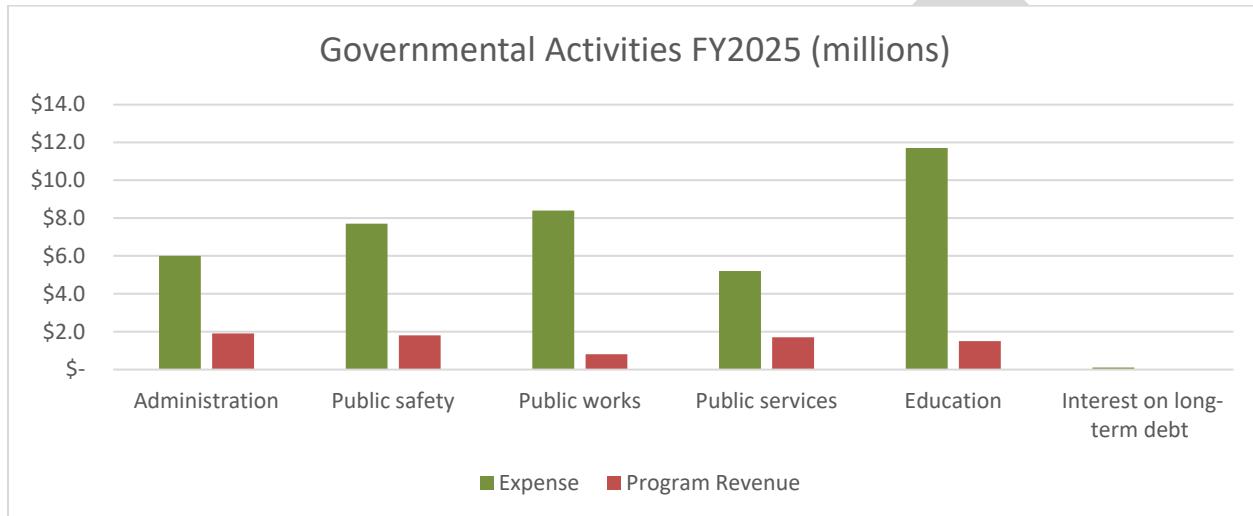
- Improved staffing levels resulted in higher expenditures in most areas, both due to increased staff costs, but also increased costs related to addressing a backlog of projects delayed due to vacancies.

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

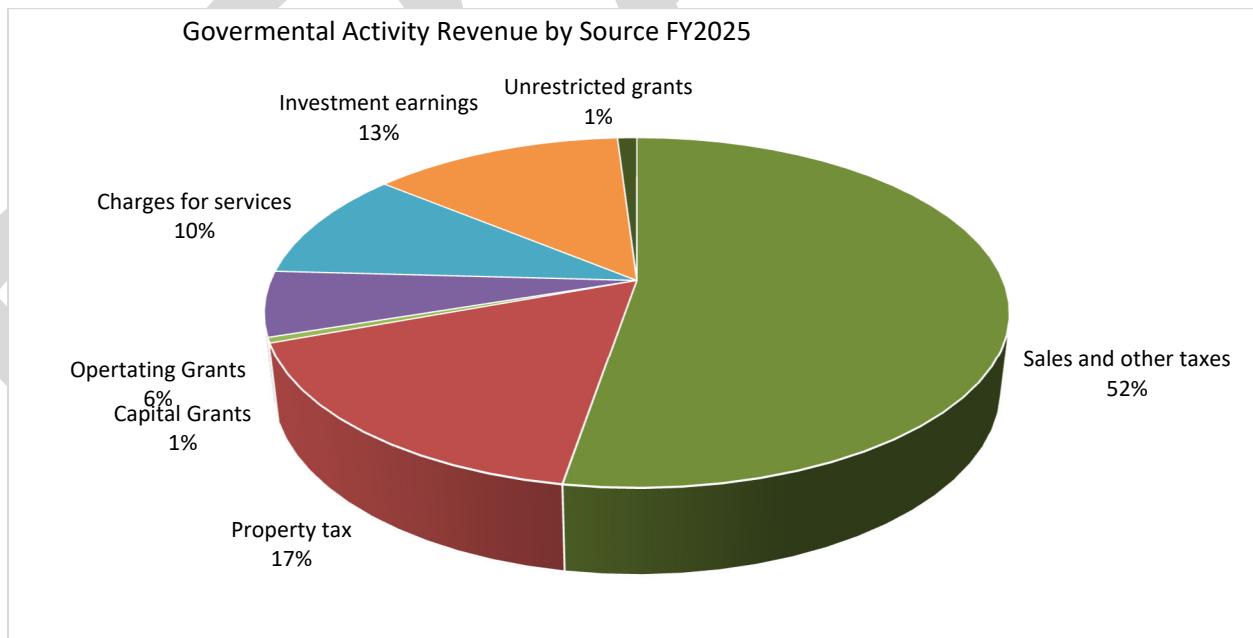
Expenses and Program Revenues – Governmental Activities

The graph shown below compares program expenses with associated revenues. It should be noted that revenue generated through sales, bed, and property taxes are considered general revenues and are therefore not included on this graph.



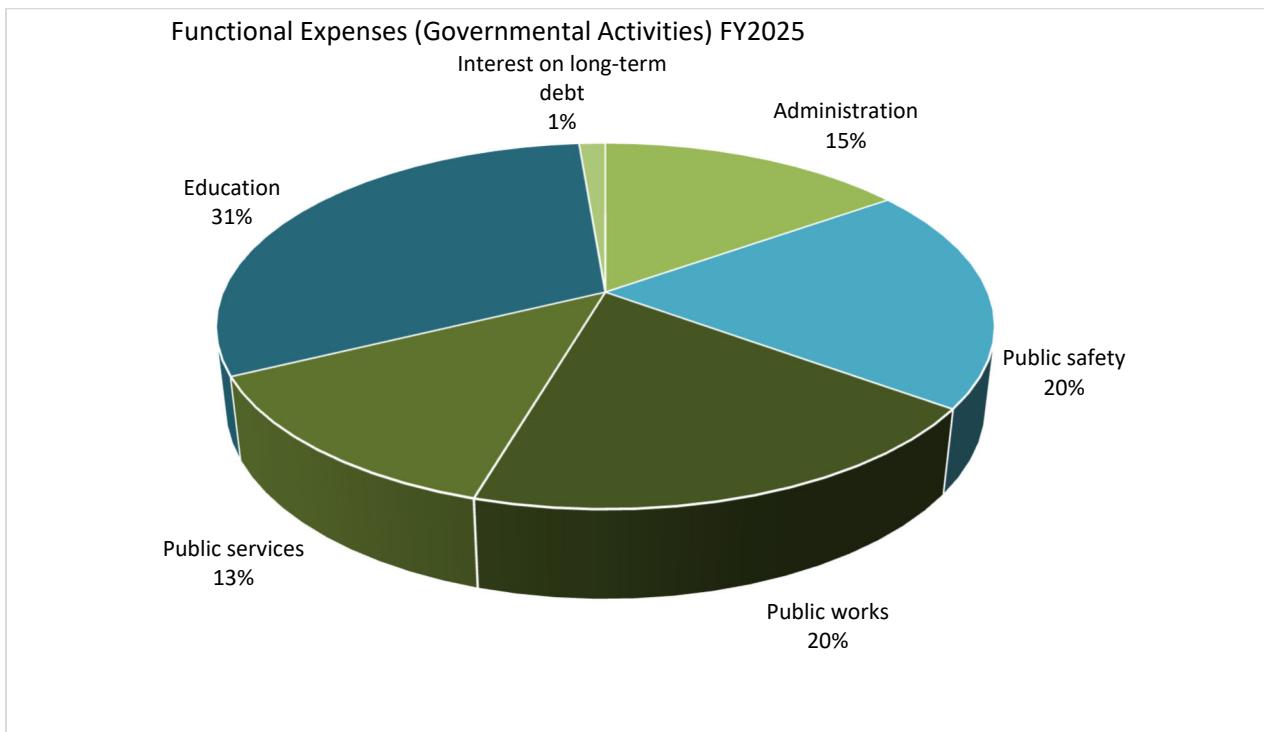
Revenues and Expenses by Source – Governmental Activities

The following graphs depict all sources of revenues shown as a percentage of total governmental revenues and functional expenses, also shown as percentage of total expense.



City and Borough of Sitka, Alaska

Management's Discussion and Analysis



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City and Borough's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City and Borough's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available to spend at the end of the fiscal year. Did the City and Borough generate enough revenue to pay for current obligations? What is available to spend at the end of the year?

At the end of the current fiscal year, the City and Borough's governmental funds reported combined ending fund balances of \$98.8 million, an increase of \$9.7 million compared to the prior year. A portion of this amount is reserved to indicate it is not available to new spending because it is nonspendable (\$33.1 million), or has been restricted (\$12.3 million), committed (\$45.9 million) or assigned (\$3.1 million). The remainder of fund balance is unassigned (\$4.4 million) and is available for spending at the government's discretion.

Analysis of individual funds

The General Fund is the chief operating fund of the City and Borough. At the end of the current fiscal year, total fund balance was \$25.3 million and unassigned fund balance was \$9.0 million. Total fund balance increased by \$1.8 million from the prior year. Key factors include:

- Investment income continued to grow in FY2025

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

- At the end of the fiscal year, a surplus is generally transferred out of the General Fund to a capital project fund to be appropriated for governmental capital projects during the next fiscal budget process. At the end of FY2025 the Assembly chose transfer out less than was available resulting in a higher fund balance at fiscal year end.

Among the governmental funds, the Permanent Fund experienced the most significant change in fund balance, increasing by \$2.0 million. This growth resulted from strong investment income and unrealized gains during the fiscal year.

Another major fund, the Sitka Community Hospital Dedicated Fund, saw its fund balance rise by \$0.3 million. The fund's primary revenue sources continue to be tobacco tax proceeds and revenue from the hospital's sale. However, ongoing payments toward PERS liabilities and expenditures related to the hospital's closure have slowed the rate of growth in the fund's balance.

Proprietary Funds

The City and Borough's proprietary fund statements provide detailed financial information by fund, mirroring the data presented in the government-wide financial statements. At the end of the fiscal year, the unrestricted net position of the eight enterprise funds totaled \$66.1 million. Additional financial details of the proprietary funds have been discussed earlier under the City and Borough's business-type activities.

Overall, the net position of most proprietary funds showed minimal change from the prior year. As previously discussed, the Airport Fund experienced a significant increase due to a large, grant-funded terminal project, which is expected to be completed towards the end of 2027.

The Electric Fund, showed an increase in net position of \$3.9 million, primarily driven by ongoing rate increases and a final payment under a federally funded hydroelectric incentive program.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget in the General Fund are as follows:

- Per the Sitka Home Rule Charter, encumbered operating appropriations do not lapse at the end of the fiscal year and are rolled over into the following fiscal year's budget. The total amount of these encumbered operating appropriations for the General fund was \$.3 million.
- Per the Sitka Home Rule Charter, the Assembly of the City and Borough may make supplemental appropriations by budget ordinance to authorize expenditures of public funds for purposes not anticipated in the original budget and may reduce any appropriation except for debt service. During the fiscal year, General Fund appropriations increased by \$4.0 million (including transfers out).
- Variations from budgeted revenue to actual in the General Fund show that revenues exceeded the budget by \$.9 million. This was largely due to investment income (including unrealized gains).
- Variations from budgeted expenditures to actual in the General Fund show that expenditures were under budget by \$5.1 million. A significant reason for continuing to come well under budgeted expenditures is continued difficulties filling vacant positions, particularly in the Police Department.

City and Borough of Sitka, Alaska

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

The City and Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$448.2 million (net of accumulated depreciation), an increase of \$16.7 million from the prior year. This investment in capital assets includes land, buildings, machinery and equipment, roads and infrastructure, construction in progress, and right-to-use assets.

City and Borough of Sitka's Capital Assets

June 30, 2025 and 2024

(in millions, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and improvements	\$17.2	\$17.8	\$24.8	\$25.1	\$42.0	\$42.9
Buildings	54.0	57.8	8.5	9.0	62.5	66.8
Equipment	4.3	3.6	2.4	1.6	6.7	5.2
Infrastructure	21.8	23.8	-	-	21.8	23.8
Electric plant	-	-	181.3	186.1	181.3	186.1
Water plant	-	-	31.5	33.2	31.5	33.2
Wastewater treatment plant	-	-	23.0	24.2	23.0	24.2
Harbors	-	-	26.0	27.6	26.0	27.6
Lease assets	-	-	0.8	-	0.8	-
Subscription IT assets	0.1	-	0.2	-	0.3	-
Construction in progress	4.1	2.0	48.2	19.7	52.3	21.7
Total capital assets	\$101.5	\$105.0	\$346.7	\$326.5	\$448.2	\$431.5

Major additions to capital assets during the current fiscal year included the following:

- Completion of street reconstruction projects including water, wastewater, paving and storm water improvements.
- The most significant increase is due to the largely federally-funded airport terminal expansion which for FY2025 is still underway and recorded in construction in progress.

Additional information on the City and Borough's capital assets can be found in Note 5 beginning on page 47 of this report.

Long-term Liabilities

At the end of the current fiscal year, the City and Borough had total outstanding long-term liabilities of \$184.2 million. Of this amount \$3.7 million was bonded and backed by the full faith and credit of the City and Borough. The remaining debt consists of debt secured by equipment, revenue bonds and notes, compensated absences, net pension obligation, and landfill closure costs.

City and Borough of Sitka, Alaska
Management's Discussion and Analysis

City and Borough of Sitka's Long-term Liabilities

June 30, 2025 and 2024

(in millions)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
	\$3.7	\$5.1	-	\$ -	\$3.7	\$5.1
General obligation bonds	\$3.7	\$5.1	-	\$ -	\$3.7	\$5.1
Revenue bonds	-	-	117.8	122.5	117.8	122.5
Federal notes	-	-	-	3.1	-	3.1
State of Alaska revenue notes	0.2	0.2	40.1	38.2	40.3	38.4
Net pension liability	12.3	12.0	6.4	6.3	18.7	18.3
Other debt	1.4	1.2	2.3	1.2	3.7	2.4
Total outstanding debt	\$17.6	\$18.5	\$166.6	\$171.3	\$184.2	\$189.8

Additional information on the City and Borough's long-term liabilities can be found in Note 7 beginning on page 51 of this report.

Economic Factors and the Next Year's Budget and Rates

In setting the budgets for FY2026, the City and Borough considered a number of issues with City and Borough-wide impact, among them:

- Ongoing execution of a strategic plan outlining community-led priorities.
- The level of funding necessary to meet the needs of City and Borough residents, visitors and communities.
- Maintenance of the City and Borough's financial condition.
- The highest level of local education funding City and Borough residents can reasonably afford and sustain, particularly given state-level funding challenges for school districts.
- A high-quality capital and operational maintenance program that ensures the continued use and economic value of City and Borough assets, including school buildings owned by the City and Borough.
- Prioritization of investment in maintaining the City and Borough's infrastructure by incorporating asset management and focusing on risk mitigation in prioritizing asset repair and maintenance.

All of these factors were considered in preparing the City and Borough's budget for FY2026.

Request for Information

This financial report is designed to provide a general overview of the City and Borough's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835.

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Basic Financial Statements

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City and Borough of Sitka, Alaska

Statement of Net Position

June 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Sitka School District
Assets and Deferred Outflows of Resources				
Assets				
Equity in central treasury	\$ 69,263,815	\$ 69,944,097	\$ 139,207,912	\$ -
Receivables (net of allowance)	7,492,071	15,220,420	22,712,491	-
Internal balances	4,720,173	(4,720,173)	-	-
Inventories	-	4,018,741	4,018,741	-
Prepaid items	121,243	5,133	126,376	-
Leases receivable	3,023,334	3,530,973	6,554,307	-
Notes receivable	8,794,026	17,718	8,811,744	-
Special assessments receivable	761	11,921	12,682	-
Water rights	-	46,966	46,966	-
Restricted assets:				
Equity in central treasury:				
Deposits	-	135,965	135,965	-
Bond covenant accounts	-	9,326,918	9,326,918	-
Capital asset acquisition	-	3,298,807	3,298,807	-
Cash and investments	27,991,058	-	27,991,058	-
Interest receivable	70,624	-	70,624	-
Net OPEB asset	5,328,351	2,742,829	8,071,180	-
Capital assets not being depreciated or amortized	15,282,888	53,899,525	69,182,413	-
Capital assets being depreciated or amortized, net	86,199,363	292,839,979	379,039,342	-
Total Assets	228,287,707	450,319,819	678,607,526	-
Deferred Outflows of Resources				
Deferred charge on refunding	59,616	2,615,550	2,675,166	-
OPEB related	436,032	203,619	639,651	-
Pension related	2,344,246	1,206,728	3,550,974	-
Total Deferred Outflows of Resources	2,839,894	4,025,897	6,865,791	-
Total Assets and Deferred Outflows of Resources	\$ 231,127,601	\$ 454,345,716	\$ 685,473,317	\$ -

City and Borough of Sitka, Alaska

Statement of Net Position, continued
June 30, 2025

	Primary Government			Component Unit Sitka School District
	Governmental Activities	Business-Type Activities	Total	
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable and accrued liabilities	\$ 3,543,392	\$ 6,530,582	\$ 10,073,974	\$ -
Unearned revenue	2,418	124,974	127,392	-
Accrued interest payable	27,638	1,402,451	1,430,089	-
Liabilities payable from restricted assets - deposits	-	135,965	135,965	-
Noncurrent liabilities				
Due within one year:				
Bonds and notes	762,310	5,912,358	6,674,668	-
Leases payable	4,595	14,528	19,123	-
Subscription IT liabilities payable	6,770	50,155	56,925	-
Compensated absences	687,114	377,854	1,064,968	-
Due in more than one year:				
Bonds, notes, and unamortized bond premium	3,129,879	151,990,900	155,120,779	-
Leases payable	13,336	768,300	781,636	-
Subscription IT liabilities payable	10,107	171,880	181,987	-
Compensated absences	652,336	322,561	974,897	-
Net pension liability	12,348,788	6,356,679	18,705,467	-
Landfill post-closure liability	-	620,218	620,218	-
Total Liabilities	21,188,683	174,779,405	195,968,088	-
Deferred Inflows of Resources				
Deferred charge on refunding	-	50,461	50,461	-
Deferred note receivable	8,371,303	-	8,371,303	-
Lease related	2,916,251	3,431,973	6,348,224	-
Prepaid property taxes	48,513	-	48,513	-
OPEB related	224,938	97,716	322,654	-
Total Deferred Inflows of Resources	11,561,005	3,580,150	15,141,155	-
Net Position				
Net investment in capital assets	96,047,333	197,705,790	293,753,123	-
Restricted for:				
Permanent Fund - nonspendable	26,966,598	-	26,966,598	-
Permanent Fund - spendable	1,024,460	-	1,024,460	-
Debt service	5,767,383	9,326,918	15,094,301	-
Commercial passenger excise tax and other	5,459,592	-	5,459,592	-
Restricted for OPEB	5,328,351	2,742,829	8,071,180	-
Unrestricted	57,784,196	66,210,624	123,994,820	-
Total Net Position	198,377,913	275,986,161	474,364,074	-
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 231,127,601	\$ 454,345,716	\$ 685,473,317	\$ -

See accompanying notes to basic financial statements.

City and Borough of Sitka, Alaska
Statement of Activities

<i>For the fiscal year ended June 30, 2025</i>	Net Revenue (Expense) and Changes in Net Position							
	Program Revenues				Primary Government		Component Unit	
	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	Sitka School District	
Primary Government								
Governmental Activities								
Administration	\$ 5,895,730	\$ 795,426	\$ 1,094,076	\$ -	\$ (4,006,228)	\$ -	\$ (4,006,228)	\$ -
Public safety	7,688,090	1,697,403	116,155	-	(5,874,532)	-	(5,874,532)	-
Public works	8,355,465	962,467	(385,209)	236,406	(7,541,801)	-	(7,541,801)	-
Public services	5,157,329	1,326,464	416,415	-	(3,414,450)	-	(3,414,450)	-
Education	11,680,292	-	1,547,017	-	(10,133,275)	-	(10,133,275)	-
Interest on long-term debt	133,042	-	-	-	(133,042)	-	(133,042)	-
Total Governmental Activities	38,909,948	4,781,760	2,788,454	236,406	(31,103,328)	-	(31,103,328)	-
Business-type Activities								
Electric	20,504,444	21,380,668	1,405,018	-	-	2,281,242	2,281,242	-
Water	4,084,003	3,749,689	31,476	-	-	(302,838)	(302,838)	-
Wastewater treatment	4,009,507	4,833,645	52,361	-	-	876,499	876,499	-
Solid waste disposal	5,517,962	6,787,828	14,646	-	-	1,284,512	1,284,512	-
Harbor	5,070,809	3,640,245	63,655	-	-	(1,366,909)	(1,366,909)	-
Airport	1,009,718	855,063	7,516	16,112,582	-	15,965,443	15,965,443	-
Marine Service Center	180,994	288,288	-	-	-	107,294	107,294	-
Gary Paxton Industrial Park	647,934	228,789	-	1,000,000	-	580,855	580,855	-
Total Business-type Activities	41,025,371	41,764,215	1,574,672	17,112,582	-	19,426,098	19,426,098	-
Total Primary Government	\$ 79,935,319	\$ 46,545,975	\$ 4,363,126	\$ 17,348,988	\$ (31,103,328)	\$ 19,426,098	\$ (11,677,230)	\$ -

City and Borough of Sitka, Alaska
Statement of Activities, continued

							Net Revenue (Expense) and Changes in Net Position	
	Program Revenues			Primary Government			Component Unit	
	Fees, Fines, & Charges for Expenses	Operating Grants & Services	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	Sitka School District	
<i>For the fiscal year ended June 30, 2025</i>								
Total Primary Government	\$ 79,935,319	\$ 46,545,975	\$ 4,363,126	\$ 17,348,988	\$ (31,103,328)	\$ 19,426,098	\$ (11,677,230)	-
Component Unit								
Sitka School District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
General Revenues								
Taxes:								
Real and personal property				7,874,795			7,874,795	-
Sales and bed				20,647,393			20,647,393	-
Commercial passenger excise tax				2,959,515			2,959,515	-
Tobacco and marijuana tax				1,175,792			1,175,792	-
Contributions from primary government				-			-	-
Grants and entitlements not restricted to specific purpose				474,353	713,047	1,187,400	-	-
Investment income				6,140,610	4,687,534	10,828,144	-	-
Transfers				(685,461)	685,461	-	-	-
Total General Revenues and Transfers				38,586,997	6,086,042	44,673,039	-	-
Change in Net Position				7,483,669	25,512,140	32,995,809	-	-
Net Position, beginning				190,894,244	250,474,021	441,368,265	69,826	
Net Position, ending				\$ 198,377,913	\$ 275,986,161	\$ 474,364,074	\$ 69,826	

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Governmental Funds
Balance Sheet

	Major Funds						Total Governmental Funds
	General Fund	Permanent Fund	Sitka Community Fund	Hospital Dedicated Fund	Special Revenue Fund	Nonmajor Governmental Funds	
<u>June 30, 2025</u>							
Assets							
Equity in central treasury	\$ 11,972,038	\$ -	\$ 3,280,280	\$ 43,390,193	\$ 58,642,511		
Receivables:							
Accounts	960,984	-	1,663	-	-	962,647	
Taxes	5,329,700	-	66,975	361,632	5,758,307		
Allowance for uncollectibles	(460,903)	-	-	-	(460,903)		
Interest	1,050,602	-	2,828,697	-	-	3,879,299	
Special assessments	-	-	-	761	761		
Federal and State of Alaska	15,802	-	-	115,875	131,677		
Leases	3,023,334	-	-	-	3,023,334		
Due from other funds	4,798,661	-	-	-	4,798,661		
Advances to other funds	3,125,552	-	-	2,511,000	5,636,552		
Prepaid items	12,230	-	-	-	12,230		
Notes receivable	-	-	8,371,303	422,723	8,794,026		
Restricted assets:							
Cash and investments	-	27,991,058	-	-	27,991,058		
Interest receivable	-	70,624	-	-	70,624		
Total Assets	\$ 29,828,000	\$ 28,061,682	\$ 14,548,918	\$ 46,802,184	\$ 119,240,784		
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 524,752	\$ -	\$ -	\$ 1,615,425	\$ 2,140,177		
Other current liabilities	146,424	-	-	-	146,424		
Accrued payroll	841,513	-	-	-	841,513		
Deposits payable	32,598	-	-	-	32,598		
Advances from other funds	-	-	3,125,552	-	3,125,552		
Unearned revenue	2,418	-	-	-	2,418		
Total Liabilities	1,547,705			3,125,552	1,615,425	6,288,682	
Deferred Inflows of Resources							
Deferred assessments	-	-	-	-	761	761	
Prepaid property taxes	48,513	-	-	-	-	48,513	
Lease related	2,916,251	-	-	-	-	2,916,251	
Deferred notes and interest receivable	-	-	11,200,000	-	-	11,200,000	
Total Deferred Inflows of Resources	2,964,764			11,200,000	761	14,165,525	
Fund Balances							
Nonspendable	3,137,782	27,037,222	-	2,933,723	33,108,727		
Restricted	-	1,024,460	-	11,226,975	12,251,435		
Committed	13,191,286	-	4,848,182	27,896,959	45,936,427		
Assigned	-	-	-	3,128,341	3,128,341		
Unassigned (deficit)	8,986,463	-	(4,624,816)	-	4,361,647		
Total Fund Balances (Deficit)	25,315,531	\$ 28,061,682	223,366	\$ 45,185,998	\$ 98,786,577		
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 29,828,000	\$ 28,061,682	\$ 14,548,918	\$ 46,802,184	\$ 119,240,784		

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

June 30, 2025

Total fund balances for governmental funds	\$ 98,786,577
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:	
Land	\$ 11,230,911
Construction in progress	3,870,215
	<hr/>
Total capital assets not being depreciated or amortized	15,101,126
Buildings	140,424,407
Land improvements	11,037,203
Infrastructure	55,914,162
Equipment	6,635,443
Right-to-use leased equipment	23,766
Accumulated depreciation and amortization	(132,067,539)
	<hr/>
Total depreciable capital assets, net of depreciation and amortization	81,967,442
	<hr/>
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of net OPEB assets of \$4,658,353 prepaid property taxes of \$48,513, and special assessments receivable of \$761	97,068,568
Bond refundings may result in deferred charges. These items are treated as expenditures in the funds but deferred in the Statement of Net Position and amortized in the Statement of Activities.	4,707,627
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:	59,616
Bonds and State of Alaska note	(3,467,887)
Unamortized bond premium	(424,302)
Net pension liability	(10,796,024)
Leases payable	(17,931)
Accrued interest payable	(27,638)
Compensated absences	(1,202,935)
	<hr/>
Total long-term liabilities	(15,936,717)
Deferred outflows and deferred inflows of resources related to pension and other OPEB benefits are applicable to future periods and therefore are not reported in the funds.	
Deferred inflows related to other postemployment benefits	(201,069)
Deferred outflows related to pensions	2,049,476
Deferred outflows related to other postemployment benefits	386,293
	<hr/>
Total deferred pension and other postemployment items	2,234,700
Internal service funds are used by the Borough to charge the cost of certain activities, such as information systems, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. This is the residual equity not reported above.	11,457,542
	<hr/>
Total Net Position of Governmental Activities	\$ 198,377,913

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

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

	Major Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Permanent Fund	Sitka Community Hospital Dedicated Revenue Fund				
<i>For the fiscal year ended June 30, 2025</i>							
Revenues							
Taxes:							
Commercial passenger excise tax	\$ -	\$ -	\$ -	\$ 2,959,515	\$ 2,959,515		
Real and personal property	7,874,795	-	-	-	-	7,874,795	
Sales and bed	19,838,355	-	-	809,038	20,647,393		
Tobacco and marijuana	-	-	841,620	334,172	1,175,792		
State sources	845,063	-	-	1,047,017	1,892,080		
Federal sources	990,779	-	-	236,406	1,227,185		
Charges for services	2,378,308	-	-	-	2,378,308		
Interfund services	3,129,204	-	-	-	3,129,204		
Fines, forfeitures and penalties	7,645	-	-	-	7,645		
Investment income	1,813,538	2,939,208	1,537	1,055,534	5,809,817		
Uses of property	722,572	-	-	-	722,572		
Licenses and permits	498,010	-	905	-	498,915		
Hospital sale	-	-	700,000	-	700,000		
Other	415,143	-	50,280	10,060	475,483		
Total Revenues	38,513,412	2,939,208	1,594,342	6,451,742	49,498,704		
Expenditures							
Current:							
Administration	8,749,903	15,355	-	-	-	8,765,258	
Public safety	7,225,905	-	-	373	7,226,278		
Public works	5,631,050	-	-	-	-	5,631,050	
Public services	2,462,470	-	1,340,146	989,353	4,791,969		
Education	8,649,880	-	-	-	-	8,649,880	
Debt service:							
Principal	22,310	-	-	1,310,000	1,332,310		
Interest	2,553	-	-	185,736	188,289		
Lease assets	10,288	-	-	-	-	10,288	
Capital outlay	36,042	-	-	2,210,775	2,246,817		
Total Expenditures	32,790,401	15,355	1,340,146	4,696,237	38,842,139		
Excess of Revenues Over Expenditures	5,723,011	2,923,853	254,196	1,755,505	10,656,565		
Other Financing Sources (Uses)							
Transfers in	6,841,783	110,000	-	9,942,272	16,894,055		
Transfers out	(10,743,227)	(1,041,233)	-	(6,074,360)	(17,858,820)		
Net Other Financing Sources (Uses)	(3,901,444)	(931,233)	-	3,867,912	(964,765)		
Net Change in Fund Balances	1,821,567	1,992,620	254,196	5,623,417	9,691,800		
Fund Balances (Deficit), beginning	23,493,964	26,069,062	(30,830)	39,562,581	89,094,777		
Fund Balances (Deficit), ending	\$ 25,315,531	\$ 28,061,682	\$ 223,366	\$ 45,185,998	\$ 98,786,577		

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Reconciliation of Change in Fund Balances of Governmental Funds
to Statement of Activities
For the fiscal year ended June 30, 2025

Net change in fund balances - total governmental funds	\$ 9,691,800
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.	
Capital outlay	\$ 2,257,105
Miscellaneous capital asset activities (disposals, etc.)	(14,897)
Depreciation and amortization	<u>(6,693,343)</u>
	<u>(4,451,135)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Decrease in deferred special assessments receivable	<u>(1,163)</u>
	<u>(1,163)</u>
Debt refundings are reported in revenue and expenditures at the time of the transaction in the fund financial statements. Economic gains or losses are deferred and amortized on the Statement of Net Position and the Statement of Activities. This is the decrease in deferred charge on bonds.	(39,464)
The issuance of long-term debt (bonds, notes payable, lease assets) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Repayment of principal on bonds and notes	1,332,310
Decrease in unamortized bond premium	<u>89,018</u>
	<u>1,421,328</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Decrease in accrued interest payable	5,693
Increase in compensated absences	<u>(151,384)</u>
	<u>(145,691)</u>
Changes related to net pension liability, net OPEB asset, and related deferred outflows and deferred inflows can increase or decrease net position.	
Pension related increase	(118,852)
OPEB related increase	<u>(288,774)</u>
	<u>(407,626)</u>
Internal service funds are used by the Borough to charge the cost of certain activities, such as information systems, to individual funds. A portion of the net income of these activities is reported with governmental activities.	<u>1,415,620</u>
Change in Net Position of Governmental Activities	<u>\$ 7,483,669</u>

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Proprietary Funds
Statement of Net Position

June 30, 2025	Major Enterprise Funds							Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Water	Solid Waste Disposal	Wastewater	Harbors	Airport				
Assets and Deferred Outflows of Resources										
Current Assets										
Equity in central treasury	\$ 28,269,096	\$ 9,511,305	\$ 3,805,862	\$ 10,303,203	\$ 13,827,478	\$ -	\$ 4,227,153	\$ 69,944,097	\$ 10,621,304	
Receivables:										
Accounts	1,066,963	174,573	369,556	224,066	1,020,872	13,979	5,087	2,875,096		1,228
Allowance for uncollectibles	(181,528)	(53,169)	(111,073)	(66,630)	(701,530)	-	-	(1,113,930)		-
Federal and State of Alaska	242,882	1,314,500	-	2,570,726	705,194	8,625,952	-	13,459,254		-
Current portion:										
Leases receivable	56,639	-	-	-	-	-	274,999	331,638		-
Notes receivable	-	-	-	1,755	-	-	-	1,755		-
Inventories	3,623,060	273,509	-	122,172	-	-	-	4,018,741		-
Prepaid expenses	5,133	-	-	-	-	-	-	5,133		109,013
Total Current Assets	33,082,245	11,220,718	4,064,345	13,155,292	14,852,014	8,639,931	4,507,239	89,521,784	10,731,545	
Noncurrent Assets										
Restricted assets:										
Equity in central treasury:										
Capital asset acquisition	-	-	-	-	-	-	-	-	-	-
Deposits	126,059	100	9,806	-	-	-	-	-	3,298,807	-
Bond covenant accounts	7,999,721	-	-	-	-	-	-	-	135,965	-
Net OPEB asset	1,633,282	205,859	95,787	342,442	416,303	965,348	361,849	-	9,326,918	-
Leases receivable	1,138,076	-	-	-	-	-	-	2,061,259	2,742,829	669,998
Notes receivable	-	-	-	15,963	-	-	-	-	15,963	-
Special assessments receivable	-	-	-	11,921	-	-	-	-	11,921	-
Water rights	23,483	23,483	-	-	-	-	-	-	46,966	-
Capital assets:										
Property, plant and equipment	313,494,575	65,010,749	11,927,245	70,464,573	53,706,494	6,888,699	23,807,517	545,299,852	15,457,752	
Construction in progress	2,211,833	1,111,109	154,774	3,145,358	665,719	30,239,347	10,697,421	48,225,561	181,762	
Less accumulated depreciation and amortization	(128,706,426)	(27,520,221)	(4,011,214)	(47,222,851)	(26,570,680)	(4,238,312)	(8,516,205)	(246,785,909)	(11,225,831)	
Total Capital Assets, Net	186,999,982	38,601,637	8,070,805	26,387,080	27,801,533	32,889,734	25,988,733	346,739,504	4,413,683	
Total Noncurrent Assets	197,920,603	38,831,079	8,176,398	26,757,406	29,183,184	36,599,546	28,049,992	365,518,208	5,083,681	
Total Assets	231,002,848	50,051,797	12,240,743	39,912,698	44,035,198	45,239,477	32,557,231	455,039,992	15,815,226	
Deferred Outflows of Resources										
Deferred charge on refunding	2,615,550	-	-	-	-	-	-	2,615,550	-	
OPEB related	121,250	15,282	7,111	25,422	30,905	3,649	-	203,619	49,739	
Pension related	718,574	90,569	42,142	150,660	183,156	21,627	-	1,206,728	294,770	
Total Deferred Outflows of Resources	3,455,374	105,851	49,253	176,082	214,061	25,276	-	4,025,897	344,509	
Total Assets and Deferred Outflows of Resources	\$ 234,458,222	\$ 50,157,648	\$ 12,289,996	\$ 40,088,780	\$ 44,249,259	\$ 45,264,753	\$ 32,557,231	\$ 459,065,889	\$ 16,159,735	

City and Borough of Sitka, Alaska
Proprietary Funds
Statement of Net Position, continued

June 30, 2025	Major Enterprise Funds							Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds			
	Electric Utility	Water	Solid Waste Disposal	Wastewater	Harbors	Airport							
Liabilities, Deferred Inflows of Resources and Net Position													
Current Liabilities													
Accounts payable and accrued liabilities	\$ 683,926	\$ 619,499	\$ 567,514	\$ 1,190,246	\$ 35,497	\$ 2,639,963	\$ 793,937	\$ 6,530,582	\$ 382,680	-			
Unearned revenue	35,897	6,152	11,356	8,231	63,338	-	-	124,974	-	-			
Interest payable	276,958	800,875	-	121,902	137,299	65,417	-	-	1,402,451	-			
Due to other funds	-	-	-	-	-	4,798,661	-	-	4,798,661	-			
Current portion:													
Revenue bonds	3,485,000	-	-	-	515,000	180,000	-	4,180,000	-	-			
Notes payable	113,995	484,699	115,798	972,518	45,348	-	-	1,732,358	-	-			
Leases payable	-	-	-	-	-	14,528	-	14,528	-	-			
Subscription IT liabilities	50,155	-	-	-	-	-	-	50,155	6,770	-			
Compensated absences	218,066	28,053	3,798	56,775	70,017	1,145	-	377,854	69,662	-			
Total Current Liabilities	4,863,997	1,939,278	698,466	2,349,672	866,499	7,699,714	793,937	19,211,563	459,112	-			
Noncurrent Liabilities													
Advances from other funds	-	-	2,511,000	-	-	-	-	2,511,000	-	-			
Bonds, notes, and unamortized bond premiums	103,657,247	21,263,534	347,392	15,105,327	8,490,828	3,126,572	-	151,990,900	-	-			
Payable from restricted assets - deposits	126,059	100	9,806	-	-	-	-	135,965	-	-			
Leases payable	-	-	-	-	-	768,300	-	768,300	-	-			
Subscription IT liabilities	171,880	-	-	-	-	-	-	171,880	10,107	-			
Compensated absences	189,535	19,520	1,568	47,637	59,932	4,369	-	322,561	66,853	-			
Net pension liability	3,785,234	477,090	221,992	793,631	964,809	113,923	-	6,356,679	1,552,764	-			
Landfill post-closure liability	-	-	620,218	-	-	-	-	620,218	-	-			
Total Noncurrent Liabilities	107,929,955	21,760,244	3,711,976	15,946,595	9,515,569	4,013,164	-	162,877,503	1,629,724	-			
Total Liabilities	112,793,952	23,699,522	4,410,442	18,296,267	10,382,068	11,712,878	793,937	182,089,066	2,088,836	-			
Deferred Inflows of Resources													
Deferred charge on refunding	-	-	-	-	50,461	-	-	50,461	-	-			
Lease related	1,140,908	-	-	-	-	-	2,291,065	3,431,973	-	-			
OPEB related	58,187	7,334	3,413	12,200	14,831	1,751	-	97,716	23,869	-			
Total Deferred Inflows of Resources	1,199,095	7,334	3,413	12,200	65,292	1,751	2,291,065	3,580,150	23,869	-			
Net Position													
Net investment in capital assets	89,822,591	16,296,759	7,432,181	9,148,340	19,664,106	29,822,432	25,519,381	197,705,790	4,396,806	-			
Restricted for debt service	7,999,721	-	-	-	965,348	361,849	-	9,326,918	-	-			
Restricted for OPEB asset	1,633,282	205,859	95,787	342,442	416,303	49,156	-	2,742,829	669,998	-			
Unrestricted	21,009,581	9,948,174	348,173	12,289,531	12,756,142	3,316,687	3,952,848	63,621,136	8,980,226	-			
Total Net Position	120,465,175	26,450,792	7,876,141	21,780,313	33,801,899	33,550,124	29,472,229	273,396,673	14,047,030	-			
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 234,458,222	\$ 50,157,648	\$ 12,289,996	\$ 40,088,780	\$ 44,249,259	\$ 45,264,753	\$ 32,557,231	\$ 16,159,735					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds													
Net Position of Business-Type Activities								\$ 275,986,161					

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

For the fiscal year ended June 30, 2025	Major Enterprise Funds						Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Water	Solid Waste Disposal	Wastewater	Harbors	Airport			
Operating Revenues									
Charges for service	\$ 20,715,564	\$ 3,706,973	\$ 6,439,477	\$ 4,770,988	\$ 3,605,201	\$ 818,811	\$ 516,108	\$ 40,573,122	\$ 6,723,323
Other operating revenues	665,104	42,716	348,351	62,657	35,044	36,252	969	1,191,093	93,086
Total Operating Revenues	21,380,668	3,749,689	6,787,828	4,833,645	3,640,245	855,063	517,077	41,764,215	6,816,409
Operating Expenses									
Wages and benefits	4,956,351	580,163	285,574	1,094,991	1,309,710	152,427	-	8,379,216	2,137,679
Travel and training	14,568	2,525	14,025	4,803	5,734	-	-	41,655	8,883
Utilities and supplies	677,467	324,604	99,513	397,022	764,895	152,129	31,355	2,446,985	808,946
Repair and maintenance	296,852	127,200	2,691	104,639	67,268	116,460	117,277	832,387	603,813
Contracted/purchased services	1,784,667	56,633	4,095,192	73,852	108,747	111,362	100,946	6,331,399	716,651
Interdepartmental services	1,484,816	392,873	498,746	524,443	535,241	138,990	115,488	3,690,597	419,376
Insurance	1,375,631	116,171	13,568	75,806	126,418	28,658	31,790	1,768,042	171,458
Other	1,113,083	122,155	255,294	243,104	244,288	1,277	9,337	1,988,538	107,482
Depreciation and amortization	5,816,149	2,103,089	291,306	1,327,288	1,648,413	177,717	432,166	11,796,128	680,161
Total Operating Expenses	17,519,584	3,825,413	5,555,909	3,845,948	4,810,714	879,020	838,359	37,274,947	5,654,449
Income (Loss) from Operations	3,861,084	(75,724)	1,231,919	987,697	(1,170,469)	(23,957)	(321,282)	4,489,268	1,161,960
Nonoperating Revenues (Expenses)									
Investment income	1,844,421	490,825	173,305	523,562	812,289	187,353	464,092	4,495,847	522,482
Interest expense	(3,218,159)	(321,192)	(8,702)	(209,179)	(317,793)	(142,187)	-	(4,217,212)	(890)
Raw fish tax	-	-	-	-	713,047	-	-	713,047	-
State pension relief	249,738	31,476	14,646	52,361	63,655	7,516	-	419,392	102,447
Gain on sale of capital assets	-	-	-	-	-	-	-	-	8,792
Other federal sources	1,155,280	-	-	-	-	-	-	1,155,280	-
Net Nonoperating Revenues (Expenses)	31,280	201,109	179,249	366,744	1,271,198	52,682	464,092	2,566,354	632,831
Income (Loss) Before Contributions and Transfers	3,892,364	125,385	1,411,168	1,354,441	100,729	28,725	142,810	7,055,622	1,794,791
Capital contributions	-	-	-	-	-	16,112,582	1,000,000	17,112,582	-
Transfers in	214,324	-	-	-	125,009	-	503,926	843,259	739,304
Transfers out	(71,540)	(37,844)	(20,000)	-	-	-	(28,414)	(157,798)	(460,000)
Change in Net Position	4,035,148	87,541	1,391,168	1,354,441	225,738	16,141,307	1,618,322	24,853,665	2,074,095
Net Position, beginning	116,430,027	26,363,251	6,484,973	20,425,872	33,576,161	17,408,817	27,853,907		11,972,935
Net Position, ending	\$ 120,465,175	\$ 26,450,792	\$ 7,876,141	\$ 21,780,313	\$ 33,801,899	\$ 33,550,124	\$ 29,472,229		\$ 14,047,030
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds								658,475	
Change in Net Position of Business-type Activities							\$ 25,512,140		

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska
Proprietary Funds
Statement of Cash Flows

<i>For the fiscal year ended June 30, 2025</i>	Major Enterprise Funds						Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric Utility	Water	Solid Waste Disposal	Wastewater	Harbors	Airport			
Cash Flows from Operating Activities									
Receipts from customers and users	\$ 21,526,710	\$ 3,756,028	\$ 6,764,461	\$ 4,828,335	\$ 3,779,360	\$ 874,743	\$ 508,073	\$ 42,037,710	\$ 6,815,181
Payments to suppliers	(6,842,801)	(731,335)	(4,615,452)	(898,727)	(1,316,122)	(417,957)	(291,498)	(15,113,892)	(2,196,105)
Payments for interfund services used	(1,484,816)	(392,873)	(498,746)	(524,443)	(535,241)	(138,990)	(115,488)	(3,690,597)	(419,376)
Payments to employees	(4,410,540)	(562,288)	(261,036)	(934,809)	(1,187,344)	(123,935)	-	(7,479,952)	(1,865,245)
Net cash flows from operating activities	8,788,553	2,069,532	1,389,227	2,470,356	740,653	193,861	101,087	15,753,269	2,334,455
Cash Flows from (for) Noncapital Financing Activities									
Other federal sources	1,155,280	-	-	-	-	-	-	1,155,280	-
Raw fish tax received	-	-	-	-	713,047	-	-	713,047	-
Increase in due to other funds	-	-	-	-	-	1,796,043	-	1,796,043	-
Transfers in	214,324	-	-	-	125,009	-	3,926	343,259	739,304
Transfers out	(71,540)	(37,844)	(20,000)	-	-	-	(28,414)	(157,798)	(460,000)
Notes and assessments receivable payments	-	-	-	4,751	-	-	-	4,751	-
Net cash flows from (for) noncapital financing activities	1,298,064	(37,844)	(20,000)	4,751	838,056	1,796,043	(24,488)	3,854,582	279,304
Cash Flows from (for) Capital and Related Financing Activities									
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	29,294
Capital outlay	(2,119,010)	(1,287,108)	(277,696)	(688,207)	(368,277)	(17,990,471)	(7,806,000)	(30,536,769)	(1,473,077)
Interest paid	(3,539,290)	(68,572)	(8,702)	(217,175)	(334,600)	(138,582)	-	(4,306,921)	(890)
Payments on bonds, notes, leases, and software assets	(6,592,361)	(484,041)	(115,796)	(971,213)	(545,347)	(184,416)	-	(8,893,174)	(36,088)
Government grants and loans	-	142,186	-	-	29,689	15,659,323	1,000,000	16,831,198	-
Receipts (repayment) of advances	-	-	(93,000)	-	-	-	-	(93,000)	-
Transfers in	-	-	-	-	-	-	500,000	500,000	-
Net cash flows (for) capital and related financing activities	(12,250,661)	(1,697,535)	(495,194)	(1,876,595)	(1,218,535)	(2,654,146)	(6,306,000)	(26,498,666)	(1,480,761)
Cash Flows From Investing Activities									
Interest received	1,482,192	490,825	173,305	523,562	767,720	177,592	464,092	4,079,288	522,482
Net Increase (Decrease) in Cash and Cash Equivalents	(681,852)	824,978	1,047,338	1,122,074	1,127,894	(486,650)	(5,765,309)	(2,811,527)	1,655,480
Cash and Cash Equivalents, beginning	29,187,964	8,686,427	2,768,330	9,204,393	12,699,584	3,785,457	9,992,462	76,324,617	8,965,824
Cash and Cash Equivalents, ending	\$ 28,506,112	\$ 9,511,405	\$ 3,815,668	\$ 10,326,467	\$ 13,827,478	\$ 3,298,807	\$ 4,227,153	\$ 73,513,090	\$ 10,621,304

City and Borough of Sitka, Alaska
Proprietary Funds
Statement of Cash Flows, continued

<i>For the fiscal year ended June 30, 2025</i>	Major Enterprise Funds						Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds			
	Electric Utility	Water	Solid Waste Disposal	Wastewater	Harbors	Airport						
Reconciliation of Income (Loss) from Operations to Net Cash Flows from Operating Activities												
Income (loss) from operations \$ 3,861,084 \$ (75,724) \$ 1,231,919 \$ 987,697 \$ (1,170,469) \$ (23,957) \$ (321,282) \$ 4,489,268 \$ 1,161,960												
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:												
Depreciation and amortization	5,816,149	2,103,089	291,306	1,327,288	1,648,413	177,717	432,166	11,796,128	680,161			
State pension relief	249,738	31,476	14,646	52,361	63,655	7,516	-	419,392	102,447			
Decrease (Increase) in assets and deferred outflows of resources:												
Accounts receivable (net)	196,847	8,938	(21,743)	(2,830)	131,890	19,680	10,538	343,320	(1,228)			
Inventory	(1,615,972)	(4,497)	-	3,637	-	-	-	(1,616,832)	-			
Prepaid expenses	-	3,353	-	-	-	-	-	3,353	(85,095)			
Leases receivable	368,078	-	-	-	-	-	270,388	638,466	-			
Net OPEB asset	131,761	(5,285)	10,490	63,488	35,622	(15,910)	-	220,166	(63,089)			
Deferred outflows of resources related to OPEB	5,164	(917)	501	3,651	1,461	(1,268)	-	8,592	(6,273)			
Deferred outflows of resources related to pensions	11,520	(7,603)	1,818	17,249	3,779	(7,875)	-	18,888	(43,727)			
Increase (decrease) in liabilities and deferred inflows of resources:												
Accounts payable and accrued liabilities	35,439	19,097	(106,091)	(3,138)	1,228	(8,071)	(793)	(62,329)	306,223			
Compensated absences	48,086	(46,167)	3,786	80,884	25,209	2,964	-	114,762	31,927			
Unearned revenue	(14,926)	(2,599)	(1,770)	(2,480)	7,225	-	-	(14,550)	-			
Net pension liability	17,548	48,941	(4,868)	(72,872)	123	42,956	-	31,828	257,248			
Deferred inflows of resources related to OPEB	(28,963)	(2,570)	(1,835)	(7,843)	(7,483)	109	-	(48,585)	(6,099)			
Deferred inflows of resources related to pensions	110,957	-	-	23,264	-	-	-	134,221	-			
Deferred inflows of resources related to leases	(378,796)	-	-	-	-	-	(289,930)	(668,726)	-			
Deposits	(25,161)	-	146	-	-	-	-	(25,015)	-			
Landfill post-closure liability	-	(29,078)	-	-	-	-	-	(29,078)	-			
Net Cash Flows from Operating Activities	\$ 8,788,553	\$ 2,069,532	\$ 1,389,227	\$ 2,470,356	\$ 740,653	\$ 193,861	\$ 101,087	\$ 15,753,269	\$ 2,334,455			
Cash on Statement of Net Position												
Equity in central treasury	\$ 28,269,096	\$ 9,511,305	\$ 3,805,862	\$ 10,303,203	\$ 13,827,478	\$ -	\$ 4,227,153	\$ 69,944,097	\$ 10,621,304			
Restricted for capital asset acquisition	-	-	-	-	-	3,298,807	-	3,298,807	-			
Deposits	126,059	100	9,806	-	-	-	-	135,965	-			
Cash and Cash Equivalents, ending	\$ 28,395,155	\$ 9,511,405	\$ 3,815,668	\$ 10,303,203	\$ 13,827,478	\$ 3,298,807	\$ 4,227,153	\$ 73,378,869	\$ 10,621,304			
Capital expenditures included in accounts payable	\$ 337,868	\$ 580,128	\$ 175,434	\$ 1,160,895	\$ 1,138	\$ 2,638,558	\$ 469,352	\$ 5,363,373	\$ -			

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Fiduciary Funds
Statement of Fiduciary Net Position

	Private-Purpose Rowe Trust Fund	Custodial Fund	
		Cemetery	Fund
<i>June 30, 2025</i>			
Assets			
Restricted equity in central treasury	\$ 244,651	\$ 106,811	
Net Position			
Restricted for organizations	\$ 244,651	\$ 106,811	
Total Net Position	\$ 244,651	\$ 106,811	

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

	Private-Purpose Rowe Trust Fund	Custodial Fund Cemetery Fund
<i>For the fiscal year ended June 30, 2025</i>		
Additions - investment income	\$ 13,023	\$ 5,795
Deductions - distributions	- 2,500	
Net Increase in Fiduciary Net Position	13,023	3,295
Net Position, beginning	231,628	103,516
Net Position, ending	\$ 244,651	\$ 106,811

See accompanying notes to the basic financial statements.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements June 30, 2025

1. Summary of Significant Accounting Policies

Reporting Entity

The City and Borough of Sitka, Alaska (City and Borough) is governed by an elected assembly under a home rule charter. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government. The City and Borough has no blended component units.

Discretely presented component unit. The Sitka School District (School District) is responsible for elementary and secondary education within the government's jurisdiction. The members of the School District's governing board are elected by the voters. However, the School District is fiscally dependent upon the City and Borough because the City and Borough's Assembly approves appropriations of operating support from real and personal property tax assessments and other sources. The funds are used for the operation of the school system. The City and Borough is also responsible for repayment of all bonds, the proceeds of which were used for school construction.

Complete financial statements of the individual component unit may be obtained at the entity's administrative offices.

Sitka School District
P.O. Box 179
Sitka, Alaska 99835

Government-Wide and Fund Financial Statements

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

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

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

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, judgments, and pension and other postemployment benefits are recorded only when payment is due.

Property taxes, sales taxes, charges for services, interest and grant revenue 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when received by the government.

The City and Borough reports the following major governmental funds:

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

The *Permanent Fund* was established by a vote of the people of Sitka. The principal of the fund cannot be used other than by the consent of the voters. The purpose of the fund is to provide operating income to the General Fund through the transfer of investment earnings. This fund is presented as a major fund for qualitative reasons.

The *Sitka Community Hospital Dedicated Special Revenue Fund* accounts for tobacco excise tax and any residual activity related to the closure of the Sitka Community Hospital.

The City and Borough reports the following major proprietary funds:

The *Electric Utility Enterprise Fund* records the activities of the City and Borough's electric generation and distribution activities.

The *Water Enterprise Fund* records the activities of the City and Borough's water distribution and treatment activities.

The *Solid Waste Disposal Enterprise Fund* records the activities of the City and Borough's solid waste collection and disposal activities.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The *Wastewater Enterprise Fund* records the activities of the City and Borough's wastewater collection and treatment activities. This fund is presented as a major fund for qualitative reasons.

The *Harbors Enterprise Fund* records the activities of the City and Borough's harbor system.

The *Airport Enterprise Fund* records the activities of the City and Borough's airport and seaplane base operations.

Additionally, the government reports the following fund types:

Internal service funds account for information technology systems, central garage and building maintenance services provided to other departments of the government on a cost reimbursement basis.

The *Rowe Trust Fund* is used to account for resources legally held in trust for use by the Library Board to purchase children's books and computer equipment to increase children's enjoyment of reading.

The *Cemetery Custodial Fund* is used to account for resources held for the Sitka Cemetery Association.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the various proprietary funds and the General Fund for administrative and other services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 City and Borough's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost 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.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, Fund Balance, and Net Position

Deposits and Investments - Equity in central treasury represents a fund's equity in cash and investments of the central treasury of the City and Borough. For funds with a negative equity in central treasury, the amount is shown as an interfund payable to the General Fund. Interest income on central treasury investments is allocated monthly to participating funds based on their average monthly balance. Interest on investments held by the Permanent Fund is recognized only in the Permanent Fund and, due to differing asset allocations, returns may vary significantly.

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

Sitka General Code 4.10.060 authorizes the City and Borough to invest in the following securities:

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

1. United States government obligations, United States government agency obligations, and United States government instrumentality obligations, which have a liquid market with a readily determinable market value;
2. Certificates of deposit and other evidences of deposits at financial institutions, bankers' acceptances, and commercial paper, rated in the highest tier by a nationally recognized rating agency;
3. Investment-grade obligations of state and local governments and public authorities;
4. Repurchase agreements whose underlying purchased securities consist of United States Treasury securities;
5. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities;
6. Local government investment pools, either state-administered or through joint powers statutes and other intergovernmental agreement legislation.

In addition, Sitka General Code 4.10.110 allows the Permanent Fund to invest in mutual funds which are invested in corporate equity securities.

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

Receivables and Payables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal 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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

All trade and property tax receivables are shown net of an allowance for uncollectible accounts in the government-wide statement of net position. Trade accounts receivable of the primary government in excess of 120 days comprise the trade accounts receivable allowance for uncollectible accounts.

Property Tax - is considered an enforceable lien at the January 1 assessment date. Mill levies are set prior to June 30 to finance the period July 1 through June 30 of the following year. Receivables are recognized and revenues are recorded when the taxpayer liability is calculated and billed on July 1. Property tax bills are due 60 days after billing date, which normally makes them due August 30. A limit on property tax of six tenths of one percent (.006) of the assessed valuation of property is currently in effect. Levying of property tax in excess of the limit is allowed only if ratified by a majority of the voters.

Inventory and Prepaid Items - Inventories are valued at cost using the average cost method. Enterprise Fund inventories consist of items used in maintaining and upgrading the electric, water and wastewater systems. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures or expenses when consumed rather than when purchased.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Restricted Assets - Certain resources set aside for the repayment of the Electric, Harbor, and Airport Terminal Funds revenue bonds are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Additionally, unspent bond proceeds are restricted based on the purpose of the bonds.

Deposits are taken in the Electric and Solid Waste Funds. The amount is restricted in use as it is a deposit against an open account and is returned to a customer after a year when an account is in good standing.

Permanent Fund assets are classified as restricted due to the statutory limitations placed on the fund by the Sitka General Code.

Net OPEB assets are classified as restricted as a benefit to those participating in the OPEB plans.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 or in the case of infrastructure, \$10,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Right-to-use leased equipment, lease space, and subscription assets	3-20
Utility plant in service	25-65
Buildings	20-50
Equipment	3-20
Land improvements	15-50
Infrastructure	5-40
Harbor	7-40

Compensated Absences - It is the City and Borough's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. It is the government's policy to pay any amounts for unused sick leave when employees separate from service with the City and Borough at \$1 per hour of unused sick leave. All vacation pay and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Long-Term Obligations - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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, which approximates the effective method. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources - Deferred outflow of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflow of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenues) until that time. Deferred outflows of resources consist of deferred charges on debt refunding as well as certain pension and OPEB related accounts. Deferred inflows of resources consist of long-term payments not yet due, payments on assets leased out by the City and Borough but not yet due, prepaid property taxes, deferred charges on refunding, notes receivables, and certain pension and OPEB related accounts.

Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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

Fund Balance and Fund Balance Flow Assumption - In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balance based on constraints imposed on the use of these resources.

Nonspendable fund balance includes amounts that cannot be spent due to either being (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted fund balance includes resources with constraints imposed by 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 amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the Assembly on or before the end of the fiscal year. Assembly action taken after the end of the fiscal year results in an assigned (see below) amount. Those committed resources cannot be used for any other purpose unless the Assembly removes the specified use by taking the same type of action imposing the commitment. This classification also

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

includes contractual obligations to the extent existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance reflects the resources constrained by an “intent” to be used for specific purposes but are neither restricted nor committed. The Assembly or Finance Director has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts - except negative balances - reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted or committed. The General Fund assigned resources are constrained by either an Assembly resolution or ordinance adopted after the fiscal year end or by the Finance Director.

Unassigned fund balance resources are the residual classification for resources not classified as nonspendable, restricted, committed or assigned in the General Fund. It is also used to report a negative balance in other governmental funds when the totals of nonspendable, restricted, committed and assigned are greater than the fund balance of the governmental fund.

When both constrained and unconstrained resources are available for use, it is the City and Borough’s policy to use funds from the strongest constraint first with the least constrained funds used last. The order of priority in the use of assets is nonspendable, restricted, committed, assigned and then unassigned.

Net Position and Net Position Flow Assumption - Net position (deficit) represents the difference between assets and deferred outflows less liabilities and deferred inflows.

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

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

Unrestricted net position (deficit) is all net position (deficit) that does not meet the definition of “net investment in capital assets” or “restricted net position”.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The annual budget is adopted on the modified accrual basis plus encumbrances and capital additions for all funds. The Capital Projects Fund adopts individual project-length budgets and many special revenue funds are controlled by grant agreements which may include more than one fiscal year. Appropriations lapse at year-end to the extent they have not been expended or encumbered except for capital items and the Capital Project Funds, which lapse at project completion, or when the capital item is acquired, or if the project is abandoned. Special revenue fund appropriations lapse when the terms of the grant have been met and all authorized expenditures have been made; otherwise, special revenue fund appropriations lapse at the end of the fiscal year. There are fifteen special revenue funds that adopt annual budgets.

No later than sixty days before the end of the current fiscal year, the City and Borough Administrator presents to the City and Borough Assembly a proposed operating budget for the next fiscal year.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The operating budget includes proposed expenditures and the projected means to finance them. Public hearings are conducted not less than one week before the final adoption of the budget to obtain taxpayer comments. No later than June 20th of the current fiscal year, the budget is legally adopted by ordinance of the City and Borough Assembly.

Annual budgeted operating expenditures are adopted at the fund level for all funds. The level at which operating expenditures cannot legally exceed appropriations is the fund level for the General Fund, Enterprise, and Internal Service Funds. Amounts appropriated for salaries and benefits, travel and the acquisition of capital assets may not be exceeded at the fund level. The City and Borough Assembly must approve increases and decreases to these budget line items even if the legal level of budget authority is the fund level. Capital appropriations are made at the project level and capital expenditures cannot exceed project-level appropriations. Capital appropriations do not lapse until a project is complete, in addition to the new appropriations for FY2025, over \$48,000,000 in open appropriations from prior years remain. Appropriations for depreciation/amortization are not required, however estimates for depreciation/amortization are included in the budget. In addition, while budgeted, transfers between funds are not considered legal appropriations, as they are not an obligation external to the municipality. Special revenue funds do not incur personnel costs. Finally, leased assets are budgeted as an expenditure, but are recorded under equipment acquisition to comply with GASB 87. Thus, while a fund may appear to have exceeded legal appropriations, when leased asset, depreciation and transfers are considered, no major fund exceeded its legal appropriations in FY2025.

Fund-level expenditures for the General Fund:

<i>For the fiscal year ended June 30, 2025</i>	Original Budget	Final Budget	Actual	Variance
Personnel	\$ 17,578,013	\$ 17,662,513	\$ 14,400,947	\$ 3,261,566
Travel and Training	429,800	428,447	232,352	196,095
Other	19,767,606	19,607,106	18,157,102	1,450,004
Total Expenditures	37,775,419	37,698,066	32,790,401	4,907,665
Transfers out	6,834,253	10,900,153	10,743,227	156,926
Total expenditures and transfers	\$ 44,609,672	\$ 48,598,219	\$ 43,533,628	\$ 5,064,591

The City and Borough Administrator is authorized to transfer budgeted amounts within a department or fund depending on the legal level of control. The City and Borough Assembly is authorized to transfer unencumbered balances between departments and between funds. The annual budget is amended as required by the City and Borough Assembly through the passage of supplemental appropriation ordinances.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as constraints of fund balance only to the extent they meet the criteria as outlined above.

The operating budget for the School District is approved by its board. The School District budget is not approved by the Assembly. However, the Assembly determines the amount of funding to be made available from local sources for school purposes during its budget approval process.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

3. Deposits and Investments

As of June 30, 2025, the City and Borough had the following investments:

Investment Type	Credit Rating	Fair Value
Investments subject to custodial credit risk:		
Certificates of deposit	Unrated or P1	\$ 5,091,390
U.S. Treasury securities	AA+	91,819,005
External investment pool	Unrated	14,948,288
Exchange traded funds	Unrated	18,336,095
U.S. agency securities	AA+	28,036,614
Money market funds	Unrated	11,787,342
Total Fair Value of Investments subject to Custodial Credit Risk		\$ 170,018,734

Interest Rate Risk

The City and Borough does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The pooled investments cannot have a weighted average maturity in excess of five (5) years, while the bonds in the Permanent Fund cannot have a weighted average maturity in excess of ten (10) years. The City and Borough's investment policy mandates that the investment portfolio be structured to minimize the need to sell securities prior to maturity and that operating funds be invested primarily in shorter-term securities, money market mutual funds and similar investment pools.

As of June 30, 2025, investments subject to interest rate risk had the following maturities:

Pooled investments and debt service reserves

Investment type	Less Than 1 Year	1-2 years	2-5 years	>5 years
Certificates of deposit	\$ 2,608,935	\$ 955,869	\$ 1,526,586	\$ -
U.S. Treasury securities	-	22,289,357	59,746,464	2,018,220
U.S. Agency securities	9,637,323	3,148,440	14,635,307	223,366
Total Investments Subject to Interest Rate Risk	\$ 12,246,258	\$ 26,393,666	\$ 75,908,357	\$ 2,241,586

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Permanent Fund

Investment type	Less Than 1 Year	1-2 years	2-5 years	>5 years
U.S. Treasury securities	\$ 840,197	\$ 1,263,021	\$ 3,642,810	\$ 2,018,936
U.S. Agency securities	74,554	72,323	15,056	230,245
Total Investments Subject to Interest Rate Risk	\$ 914,751	\$ 1,335,344	\$ 3,657,866	\$ 2,249,181

The City and Borough's investment policy allows the Permanent Fund to invest in mutual funds which are invested in corporate equity securities in addition to all of the investments described above. The investment policy requires that the equity securities within the mutual funds be broadly diversified across all sectors. The investment mix within the Permanent Fund's portfolio has a benchmark percentage of 35% to be invested in fixed income securities and cash and must fall within a range of 25% to 45% of the market value of the portfolio. The investment mix also has a benchmark percentage of 65% to be invested in equity securities and must fall within a range of 55% to 75% of the market value of the portfolio. At June 30, 2025, the Permanent Fund's portfolio contained 65% equity securities and 35% cash and fixed income securities.

A portion of the City and Borough of Sitka's pooled investments are held in the Alaska Municipal League Investment Pool, Inc. (AMLIP), an external investment pool rated AAA for credit risk purposes. Regulatory oversight of the pool is established under Alaska Statute 37.23, which outlines requirements for authorized investments and reporting.

AMLIP is incorporated as a nonprofit corporation in the State of Alaska and operates under the oversight of a board of directors. Alaska Statute 37.23.050 mandates the retention of an investment manager, who is responsible for producing monthly disclosure statements on the pool's holdings and activities. Additionally, the pool has engaged an investment adviser to monitor the performance of the investment manager and ensure compliance with investment policies. Participation in AMLIP is voluntary. To manage risk and maintain liquidity, the pool is required to maintain a dollar-weighted average maturity of 90 days or less and may only purchase investments with remaining maturities of 397 days or less. An independent pricing service conducts monthly fair value assessments of the pool's investments.

As of June 30, 2025, the fair value of investments in the pool approximates amortized cost and is equal to the value of pool shares. The Borough has no unfunded commitments related to its investment in AMLIP. Additionally, the Borough can redeem its investment on a daily basis without prior notification.

Credit Risk

The City and Borough's investment policy limits investment in corporate debt securities to those rated AA or better by a nationally recognized statistical rating organization. Debt securities of state and local governmental entities must have a similar rating. Short-term commercial promissory notes must have a rating of A1/P1 or better. The long-term credit rating of the issuing organization must be A- or better. Real Estate Mortgage Investment Conduit securities are limited to the Government National Mortgage Association and the Federal Home Loan Mortgage Association. The investment

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

policy does not require these securities to have any minimum rating. The City and Borough's investments complied with its policy at June 30, 2025.

Concentration of Credit Risk

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

As of June 30, 2025, the City and Borough had no concentrations exceeding five percent from any issuer, with the exception of the Alaska Municipal League Investment Pool (AMLIP) which is considered to have no credit risk and securities issued by the U.S. Government.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City and Borough's deposits may not be returned to it. It is the City and Borough's policy to mitigate this risk by requiring that all demand deposits be fully collateralized by securities held in the City and Borough's name by an agent of the financial institution holding the demand deposits. Of the bank balance at June 30, 2025, \$750,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$9,540,888 was subject to a collateral agreement.

Custodial Credit Risk - Investments

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

Fair Value Measurement

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

The City and Borough has the following recurring fair value measurements, which are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs) as of June 30, 2025:

- U.S. government agency securities of \$28,036,614
- U.S. Treasury securities of \$91,819,005
- Certificates of deposits of \$5,091,390

The City and Borough has investments in exchange traded funds of international and U.S. equities which are quoted in active markets (Level 1) totaling \$18,336,095. The City and Borough has investments in money market funds totaling \$11,787,342 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2025. The City and Borough's investment in AMLIP of \$14,948,288 is measured at net asset value, as of June 30, 2025. AMLIP's objective is to provide a safe, short-term investment option entities to maximize revenue to government. The pool's focus on both safety and liquidity mean that there are no restrictions on redemptions. Management believes that these values approximate fair value.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

A reconciliation of cash and investments as shown in the basic financial statements for the primary government follows:

Cash on hand	\$ 2,500
Carrying amount of deposits	10,290,888
Carrying amount of investments	170,018,734
Total Cash and Investments	\$ 180,312,122
 Reported in the Statement of Net Position	
Equity in central treasury	\$ 139,207,912
Equity in central treasury - restricted	135,965
Bond covenant accounts - restricted	9,326,918
Cash and investments - restricted	27,991,058
Capital asset acquisition - restricted	3,298,807
Reported in the Fiduciary Funds	351,462
 Total Cash and Investments	\$ 180,312,122

At June 30, 2025, the Sitka School District's cash and investments included operating bank accounts and sweep accounts. The carrying amount of deposits was \$3,810,655. Amounts are insured at each financial institution by the Federal Deposit Insurance Corporation up to legal maximum. The School District policy requires any amount in excess of the U.S. Federal Deposit Insurance Corporation (FDIC) limit be collateralized.

4. Receivables

Receivables as of year-end for the City and Borough's individual major funds, and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Sitka Community Hospital Dedicated Special Revenue	Nonmajor Governmental	Governmental Funds	Total
Accounts	\$ 960,984	\$ 1,663	\$ -	\$ 962,647	
Taxes	5,329,700	66,975	361,632	5,758,307	
Interest	1,050,602	2,828,697	-	3,879,299	
Special assessments	-	-	761	761	
Federal and State of Alaska	15,802	-	115,875	131,677	
Leases	3,023,334	-	-	3,023,334	
Notes	-	8,371,303	422,723	8,794,026	
 Total receivables	 10,380,422	 11,268,638	 900,991	 22,550,051	
Less allowance for doubtful accounts	(460,903)	-	-	(460,903)	
 Net Total Receivables	 \$ 9,919,519	 \$ 11,268,638	 \$ 900,991	 \$ 22,089,148	

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

	Electric Utility	Water	Solid Waste Disposal	Waste- water	Harbors	Airport	Nonmajor Enterprise	Total Enterprise Funds
Special assessments	\$ -	\$ -	\$ -	\$ 11,921	\$ -	\$ -	\$ -	\$ 11,921
Federal and State Accounts	242,882	1,314,500	-	2,570,726	705,194	8,625,952	-	13,459,254
Leases	1,066,963	174,573	369,556	224,066	1,020,872	13,979	5,087	2,875,096
Notes	1,194,715	-	-	-	-	-	2,336,258	3,530,973
	-	-	-	17,718	-	-	-	17,718
Total receivables	2,504,560	1,489,073	369,556	2,824,431	1,726,066	8,639,931	2,341,345	19,894,962
Less allowance for doubtful accounts	(181,528)	(53,169)	(111,073)	(66,630)	(701,530)	-	-	(1,113,930)
Net Total Receivables	\$2,323,032	\$1,435,904	\$258,483	\$2,757,801	\$1,024,536	\$8,639,931	\$2,341,345	\$18,781,032

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds report unearned revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

<i>Description</i>	<i>Deferred Inflows</i>
Special assessments not yet due	\$ 761
Property taxes paid in advance	48,513
Leases	2,916,251
Notes receivable and interest not yet due	11,200,000
Totals for Governmental Funds	\$ 14,165,525

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City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

5. Capital Assets

Governmental Activities	Beginning Balance	Additions	Deletions and Adjustments	Ending Balance
<i>Capital assets not being depreciated or amortized:</i>				
Land	\$ 11,230,911	\$ -	\$ -	\$ 11,230,911
Construction in progress	2,019,852	2,382,538	(350,413)	4,051,977
Total capital assets not being depreciated or amortized	13,250,763	2,382,538	(350,413)	15,282,888
<i>Capital assets being depreciated or amortized:</i>				
Buildings	141,678,706	142,353	-	141,821,059
Land improvements	11,061,478	-	-	11,061,478
Infrastructure	55,938,535	-	-	55,938,535
Equipment	19,394,968	1,565,417	(380,350)	20,580,035
Right-to-use subscription IT asset	132,613	20,711	(85,464)	67,860
Right-to-use lease equipment	78,361	-	(54,595)	23,766
Right-to-use lease space	33,336	-	(33,336)	-
Total capital assets being depreciated or amortized	228,317,997	1,728,481	(553,745)	229,492,733
<i>Less accumulated depreciation and amortization for:</i>				
Buildings	(83,916,637)	(3,913,496)	-	(87,830,133)
Land improvements	(4,540,084)	(535,325)	-	(5,075,409)
Infrastructure	(32,122,288)	(1,982,333)	-	(34,104,621)
Equipment	(15,721,826)	(874,844)	359,850	(16,236,820)
Right-to-use subscription IT asset	(75,188)	(50,325)	85,464	(40,049)
Right-to-use lease asset	(48,381)	(12,552)	54,595	(6,338)
Right-to-use leased space	(28,706)	(4,630)	33,336	-
Total accumulated depreciation and amortization	(136,453,110)	(7,373,505)	533,245	(143,293,370)
Total capital assets being depreciated or amortized, net	91,864,887	(5,645,024)	(20,500)	86,199,363
Governmental Activities Capital Assets, net	\$105,115,650	\$(3,262,486)	\$ (370,913)	\$ 101,482,251

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Business-Type Activities	Beginning Balance	Additions	Deletions and Adjustments	Ending Balance
<i>Capital assets not being depreciated or amortized:</i>				
Land	\$ 5,673,964	\$ -	\$ -	\$ 5,673,964
Construction in progress	19,675,822	30,559,350	(2,009,611)	48,225,561
Total capital assets not being depreciated or amortized	25,349,786	30,559,350	(2,009,611)	53,899,525
<i>Capital assets being depreciated or amortized:</i>				
Buildings	21,611,846	7,873	-	21,619,719
Land improvements	26,473,465	391,144	-	26,864,609
Equipment	7,246,959	1,048,828	-	8,295,787
Harbors	51,035,628	7,873	-	51,043,501
Electric Plant	306,101,148	765,765	-	306,866,913
Water Plant	55,795,877	75,009	-	55,870,886
Wastewater treatment plant	67,886,576	56,229	-	67,942,805
Right-to-use subscription IT assets	67,105	257,320	-	324,425
Right-to-use leased land	-	797,244	-	797,244
Total capital assets being depreciated or amortized	536,218,604	3,407,285	-	539,625,889
<i>Less accumulated depreciation and amortization for:</i>				
Buildings	(12,611,352)	(539,585)	-	(13,150,937)
Land improvements	(7,027,990)	(681,252)	-	(7,709,242)
Equipment	(5,660,631)	(278,191)	-	(5,938,822)
Harbors	(23,414,780)	(1,582,457)	-	(24,997,237)
Electric Plant	(119,931,127)	(5,599,842)	-	(125,530,969)
Water Plant	(22,557,821)	(1,794,753)	-	(24,352,574)
Wastewater treatment plant	(43,726,433)	(1,258,237)	-	(44,984,670)
Right-to-use subscription IT asset	(59,648)	(45,866)	-	(105,514)
Right-to-use leased land	-	(15,945)	-	(15,945)
Total accumulated depreciation and amortization	(234,989,782)	(11,796,128)	-	(246,785,910)
Total capital assets being depreciated or amortized, net	301,228,822	(8,388,843)	-	292,839,979
Business-type Activities Capital Assets, net	\$ 326,578,608	\$ 22,170,507	\$ (2,009,611)	\$ 346,739,504

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

Governmental Activities	
Administration	\$ 115,677
Public safety	300,028
Public works	2,571,234
Public services	675,992
Education	3,030,412
Capital assets held by internal service funds	680,162
Total Depreciation and Amortization Expense - Governmental Activities	\$ 7,373,505

Business-type Activities	
Electric	\$ 5,816,149
Water	2,103,089
Wastewater treatment	1,327,288
Solid waste disposal	291,306
Harbors	1,648,413
Airport terminal building	177,717
Marine service center	24,907
Gary Paxton Industrial Park	407,259
Total Depreciation and Amortization Expense - Business-type Activities	\$ 11,796,128

6. Interfund Receivables, Payables and Transfers

<i>Receivable Fund</i>	<i>Payable Fund</i>	<i>Amount</i>
Due to/from other funds:		
General Fund	Airport Fund	\$ 4,798,661
Total Due To/From Other Funds		
		\$ 4,798,661
 Advances from/to other funds:		
General Fund	Sitka Community Hospital Fund	\$ 3,125,552
Nonmajor governmental fund	Solid Waste Fund	2,511,000
Total Advances From/To Other Funds		
		\$ 5,636,552

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The Southeast Economic Development Fund, a nonmajor governmental fund, was established with federal monies, to promote economic development and is also used to fund internal projects. This fund advanced amounts to other funds for expansion projects. At the end of the fiscal year, internal loans totaling \$2,511,000 were outstanding. Generally, internal loans are made at an annual interest rate of 3%, though the loan made to the Solid Waste Fund was made at 0%. The term is usually set at 3 years but may vary.

The advance from the General Fund to the Sitka Community Hospital Dedicated Special Revenue Fund was to cover a known liability at the time of the closure of the Sitka Community Hospital. A small portion of the liability remains outstanding and therefore payments to the City and Borough of Sitka from the Southeast Alaska Regional Health Consortium are held in escrow. For this reason, at the end of the fiscal year, a portion of the advance remains outstanding, with the expectation that it will be repaid upon release of funds in escrow.

Interfund Transfers

Within the City and Borough of Sitka, transfers are used to move general and other fund revenues for the purchase and construction of capital assets to the nonmajor governmental and internal service funds and enterprise funds. Funds are also transferred from the General Fund to the School Debt Service Fund to cover debt payments. The Utility Subsidization Fund receives transfers from the General Fund and then the Utility Subsidization Fund transfers funds into the Electric Fund. Funding for tourism-related expenses is transferred to various funds from the Commercial Passenger Excise Tax fund. In addition, funds are transferred to the General Fund each year from the Permanent Fund for general support.

<u>Transfers From:</u>						
<u>Transfers To:</u>	<u>General</u>	<u>Permanent</u>	<u>Electric</u>	<u>Water</u>	<u>Solid Waste</u>	
General	\$ -	\$1,041,233	\$ -	\$ -	\$ -	\$ -
Permanent	110,000	-	-	-	-	-
Electric	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	-
Harbor	47,883	-	-	-	-	-
Nonmajor Governmental	9,482,272	-	-	-	-	-
Nonmajor Enterprise	500,000	-	-	-	-	-
Internal Service	603,072	-	71,540	37,844	20,000	
Total Transfers						
Out	\$10,743,227	\$1,041,233	\$ 71,540	\$ 37,844	\$ 20,000	

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Transfers From:

Transfers To:		Harbor	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	Total
General	\$	-	\$ 5,800,550	\$ -	\$ -	\$ 6,841,783
Permanent		-	-	-	-	110,000
Electric		-	214,324	-	-	214,324
Solid Waste		-	-	-	-	-
Harbor		-	48,712	28,414	-	125,009
Nonmajor Governmental		-	-	-	460,000	9,942,272
Nonmajor Enterprise		-	3,926	-	-	503,926
Internal Service		-	6,848	-	-	739,304
Total Transfers Out	\$	-	\$ 6,074,360	\$ 28,414	\$ 460,000	\$ 18,476,618

7. Long-term Debt

General Obligation Bonds

The City and Borough issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued only for governmental activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City and Borough. All of the bonds outstanding are held by the Alaska Municipal Bond Bank Authority. The State of Alaska agency purchases bonds from municipalities within the State, while simultaneously selling its own bonds to third parties in order to fund the bond purchases. Principal payments are due annually and interest payments are made semi-annually.

General obligation bonds currently outstanding are as follows:

Governmental Activities	Interest Rates	Outstanding Amount
School renovation and additions:		
\$6,095,000 2015 Series One refinancing portion of 2005 Series A and 2008 Series Two School bonds, final payment due October 1, 2027	2.000% to 5.000%	\$ 1,495,000
\$2,775,000 2021 Series One refinancing portion of 2011 Series Two School Bonds, final payment due December 1, 2030	5.000%	1,825,000
Total General Obligation Bonds		\$ 3,320,000

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

<i>Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>
2026	\$ 740,000	\$ 147,500
2027	780,000	109,500
2028	820,000	69,500
2029	310,000	41,250
2030	325,000	25,375
2031	345,000	8,625
Total	\$ 3,320,000	\$ 401,750

In addition, governmental activities reports three State of Alaska, Department of Environmental Conservation Loans for stormwater improvements and sewer replacement projects. Principal and interest payments are made annually.

	<i>Interest Rates</i>	<i>Outstanding Amount</i>
\$195,000, note payable for stormwater improvements, #783011	1.50%	\$ 29,250
\$69,622, note payable for stormwater improvements, #783401	1.50%	27,849
\$740,000, note payable for Baranof Street Sewer Replacement, governmental portion of \$183,097, #783091	1.50%	90,788
Total State of Alaska, Department of Environmental Conservation Loans		\$ 147,887

Annual debt service requirements to maturity are as follows:

<i>Year Ending June 30,</i>	<i>Principal</i>	<i>Outstanding Interest</i>
2026	\$ 22,310	\$ 2,218
2027	22,310	1,747
2028	22,310	1,413
2029	12,560	1,078
2030	12,560	890
2031-2034	46,758	1,675
2035	9,079	-
Total	\$ 147,887	\$ 9,021

Revenue Bonds

The City and Borough issues bonds where it pledges income from the acquired or constructed assets to pay debt service. Revenue bonds for the Airport Terminal, Electric, and Harbor funds all require cash flow from operating revenue at or above 125% of annual bonded debt service. If cashflow falls

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

below 125% of the debt service, the City and Borough can avoid default by employing a consultant to recommend rate changes that would satisfy the rate covenant within 180 days. All such requirements were met for the year ended June 30, 2025. Principal payments on the revenue bonds are due annually and interest payments are made semi-annually.

Revenue bonds outstanding at year end are as follows:

Business-type Activities	Interest Rates	Outstanding Amount
\$8,025,000, 2018 Series One Harbor bonds, final payment due February 1, 2038	5.00%	\$ 6,445,000
\$4,045,000, 2018 Series One Airport Terminal bonds, final payment due February 1, 2038	5.00%	3,140,000
\$25,550,000 2020 Series One refunding 2010 Series Electric bonds, final payment due December 1, 2030	5.00%	15,520,000
\$39,240,000 2021 Series Two refunding 2013 One Series Electric bonds, final payment due December 1, 2046	.243% to 3.128%	38,090,000
\$28,895,000 2021 Series Two refunding 2013 Three Series Electric bonds, final payment due December 1, 2048	.243% to 3.128%	27,925,000
\$19,110,000 2021 Series Two refunding 2014 Three Series Electric bonds, final payment due December 1, 2044	.243% to 3.128%	18,330,000
\$5,975,000 2021 Series Two refinancing of Alaska Energy Authority Electric loan, final payment due December 1, 2032	.243% to 2.222%	4,070,000
\$2,675,000 2021 Series Two refinancing of 2013 One Harbor bonds, final payment due December 1, 2032	.243% to 2.222%	2,085,000
Total Revenue Bonds		\$115,605,000

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

<i>Year Ending June 30,</i>	Principal	Interest
2026	\$ 4,180,000	\$ 3,654,259
2027	4,325,000	3,498,380
2028	4,480,000	3,332,115
2029	4,650,000	3,154,510
2030	4,835,000	2,965,534
2031-2035	26,520,000	12,329,484
2036-2041	31,835,000	9,457,238
2042-2046	26,505,000	3,323,763
2047-2049	8,275,000	303,651
Total	\$ 115,605,000	\$ 42,018,934

As of June 30, 2025, the City and Borough had no authorized but unissued bonds.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Federal Loan (United States Department of Agriculture, Rural Utilities Service)

The City and Borough issued a loan from the United States Department of Agriculture Rural Utilities Service where it pledges that rates will be maintained such that coverage ratios are achieved for TIER (1.05), DCS (1.00), OTIER (1.00), ODSC (1.00). This loan was paid in full on March 25, 2025.

State of Alaska, Department of Environmental Conservation Loan Program

The City and Borough borrowed funds from the State of Alaska to upgrade water and wastewater distribution systems. Interest and Principal payments on loans are made annually.

	Interest Rate	Outstanding Amount
Completed projects:		
\$987,157, for Infiltration and Inflow (I and I) #783011	1.50%	\$ 147,187
\$1,310,000, for wastewater treatment plant upgrades #783051	1.50%	74,054
\$565,000, for water system upgrades on Sawmill Creek Road #783061	1.50%	66,992
\$1,000,000, for harbor water distribution system upgrades #783071	1.50%	181,393
\$2,400,000, for Kimsham landfill closure #783081	1.50%	463,190
\$740,000, for Baranof Street sewer replacement #783091	1.50%	154,585
\$1,400,000, for sewer system upgrades #783101	1.50%	335,622
\$1,352,100, for Degroff Street water replacement #783111	1.50%	1,216,890
\$1,447,717, for Degroff Street sewer replacement #783121	1.50%	1,302,945
\$1,000,000, for Japonski Island water distribution main #783151	1.50%	196,063
\$482,588 for Crescent Harbor lift station #783161	1.50%	329,757
\$3,170,000, for Whitcomb Heights subdivision water tank #783211	1.50%	633,946
\$2,690,875, for wastewater treatment plant HVAC #783221	1.50%	2,407,625
\$217,400, for Brady lift station #783231	1.50%	195,660
\$308,000, for HPR/SMC Road intersection sewer replacement #783241	1.50%	95,261
\$1,455,081, for SMC Road sewer upgrade, Phase III #783281	1.50%	60,047
\$297,791 for Monastery & Baranof Street water mains #783301	1.50%	178,675
\$483,000, for SMC Road/HPR water line replacement #783311	1.50%	109,183
\$617,000, for water tank protection #783341	1.50%	24,680
\$2,154,170, for Crescent and landfill lift stations #783161	1.50%	1,938,752
\$737,690 for Jeff Davis water main replacement #783371	1.50%	504,073
\$2,375,092 for Indian River temporary filtration #783381	1.50%	1,622,929
\$1,740,000, for Japonski Island sewer lift stations #783391	1.50%	683,440
\$859,103, for Monastery Street sewer main replacement #783401	1.50%	186,372
\$316,211 for Monastery & Baranof Street sewer mains #783411	1.50%	189,727
\$1,520,000, for UV disinfection facility #783431	1.50%	800,000
\$782,000, for Monastery Street water main replacement #783441	1.50%	266,965
\$1,733,750, for wastewater treatment plant project #783451	1.50%	1,551,250
\$4,150,286, for wastewater treatment plant project #783461	1.50%	3,735,257
\$685,000, for Baranof Street water system replacement #783501	1.50%	45,774

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

\$214,600 for Hollywood Way sewer main #783511	1.50%	\$ 128,760
\$58,362, for Hollywood Way water main #783521	1.50%	35,017
Total notes payable for completed projects		\$ 19,862,071

	Interest Rate	Outstanding Amount
Uncompleted projects in drawdown phase:		
\$2,154,170, for UV disinfection #783481	1.50%	\$ 452,660
\$17,620,000 for critical secondary water supply #783531	1.56%	17,208,132
\$311,000 for lift station generator replacement #783291	1.50%	162,147
\$3,000,000 for Thomsen Harbor lift station #783541	1.79%	2,408,579
Total draw on notes yet to be finalized		\$ 20,231,518

Annual debt service requirements to maturity for notes payable on completed projects are as follows:

<i>Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>
2026	\$ 1,732,358	\$ 297,931
2027	1,660,894	268,442
2028	1,648,911	244,029
2029	1,589,924	219,796
2030	1,273,000	199,951
2031-2035	5,908,720	719,693
2036-2040	4,193,352	319,113
2041-2043	1,854,912	52,426
Total	\$ 19,862,071	\$ 2,321,381

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City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Changes in Long-term Liabilities

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 4,630,000	\$	- \$ 1,310,000	\$ 3,320,000	\$ 740,000
Issuance premiums	513,320	-	89,018	424,302	-
Total bonds payable	5,143,320		- 1,399,018	3,744,302	740,000
State of Alaska notes	170,197	-	22,310	147,887	22,310
Leases payable	52,470	-	34,539	17,931	4,595
Subscription IT liabilities	23,803	20,710	27,636	16,877	6,770
Compensated absences	1,156,141	291,151	107,842	1,339,450	687,114
Net pension liability	11,996,906	384,249	32,367	12,348,788	-
Governmental Activity Long-term Liabilities	\$18,542,837	\$ 696,110	\$ 1,623,712	\$17,615,235	\$1,460,789
Business-type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$119,645,000	\$	- \$ 4,040,000	\$115,605,000	\$4,180,000
Issuance premiums	2,848,150	-	643,481	2,204,669	-
Total bonds payable	122,493,150		- 4,683,481	117,809,669	4,180,000
Notes payable:					
Federal notes	3,066,945	-	3,066,945	-	-
State of Alaska notes	38,179,575	3,642,728	1,728,714	40,093,589	1,732,358
Total notes payable	41,246,520	3,642,728	4,795,659	40,093,589	1,732,358
Leases	-	797,244	14,416	782,828	14,528
Compensated absences	585,655	188,482	73,722	700,415	377,854
Subscription IT liabilities	7,819	257,320	43,104	222,035	50,155
Landfill post-closure liability	649,297	-	29,079	620,218	-
Net pension liability	6,324,851	109,568	77,740	6,356,679	-
Business-type Activity Long-term Liabilities	\$171,307,292	\$ 4,995,342	\$ 9,717,201	\$166,585,433	\$6,354,895

For governmental activities, compensated absences, and pension liability, are generally liquidated by the General Fund or internal service fund in which they were incurred.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

8. Leases

Lessee

The City and Borough of Sitka is a lessee for noncancelable leases of equipment as well as space in a building. The City and Borough recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City and Borough recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City and Borough initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City and Borough determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City and Borough uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City and Borough generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City and Borough is reasonably certain to exercise.

The City and Borough monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor

The City and Borough is a lessor for noncancelable leases of land, space on electric poles, and space in the airport terminal and Marine Service Center buildings. The City and Borough recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund-level financial statements.

At the commencement of a lease, the City and Borough initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Key estimates and judgments include how the City and Borough determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City and Borough uses U.S. Treasury Yield Curve Semiannual Rate listed for July 1st of the fiscal year as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City and Borough monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Leases Receivable

The City and Borough leases General Fund land and tidelands, space on electric poles, airport building space, Marine Service Center (MSC) building space, and Gary Paxton Industrial Park (GPIP) land. The leases range for two to ninety-nine years and the City and Borough will receive annual payments listed in the table below. The City and Borough recognized lease revenue and interest revenue during the current fiscal year related to all leases as stated in the table below. As of June 30, 2025, the City and Borough receivable for lease payments is stated below. Also, the City and Borough has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources is listed below.

	Payment Amount	Lease Revenue	Lease Interest	Leases Receivable	Deferred Inflows
General Fund	\$ 289,666	\$ 226,743	\$ 62,923	\$ 3,023,334	\$ 2,916,251
Electric	93,352	64,741	28,611	1,194,715	1,140,908
MSC	312,000	263,046	48,954	2,304,786	2,260,539
GPIP	8,051	7,342	709	31,472	30,526

The City and Borough has entered into leases with airlines leasing space in Sitka's airport terminal as well as space leased by the Transportation Security Administration for security screening purposes which are classified as regulated leases and are therefore not within the scope of GASB Statement No. 87 - Leases. Total inflows of resources from regulated leases was \$327,686 for fiscal year 2025. Future minimum payments from regulated leases are expected for the next 3 fiscal years, and are expected to exceed \$10,000 annually.

Leases Payable

The City and Borough has multiple lease agreements ranging from five to twenty-seven years as lessee for the acquisition and use of folding machines, copiers, building space and land. The lease liability at the beginning of the fiscal year was \$52,470. As of June 30, 2025, the value of the lease liability was \$800,759. The City and Borough is required to make principal and interest payments of \$36,340. One new leases were entered into as of June 30, 2025. The leases have an implicit interest rate of 4% and any new leases will use the U.S. Treasury Yield Curve Semiannual Rate listed for July 1st of the fiscal year as the discount rate. The value of the right-to-use asset as of the end of the current fiscal year was \$821,010 and had accumulated amortization of \$22,283.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

	Initial Lease Liability	Value Lease Liability	Principal & Interest Payment	Value of Right-to-use Asset	Accumulated Amortization
Governmental Activities					
Airport	\$ 52,470	\$ 17,931	\$ 18,841	\$ 23,766	\$ 6,338
Totals	\$ 52,470	\$ 800,759	\$ 36,340	\$ 821,010	\$ 22,283

The future principal and interest lease payments for the Governmental Activities as of June 30, 2025 are as follows:

<i>Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2026	\$ 4,595	\$ 664	\$ 5,259
2027	4,791	468	5,259
2028	4,996	263	5,259
2029	3,549	57	3,606
Totals	\$ 17,931	\$ 1,452	\$ 19,383

The future principal and interest lease payments for the Airport as of June 30, 2025 are as follows:

<i>Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2026	\$ 14,528	\$ 2,971	\$ 17,499
2027	14,472	3,027	17,499
2028	14,584	2,915	17,499
2029	14,640	2,858	17,499
2030	14,697	2,802	17,499
2031-2035	74,342	13,152	87,494
2036-2040	75,791	11,704	87,495
2041-2045	77,267	10,227	87,494
2046-2050	78,773	8,722	87,495
2051-2055	80,308	7,187	87,495
2056-2060	81,872	5,622	87,494
2061-2065	83,467	4,027	87,494
2066-2070	85,094	2,401	87,495
2071-2075	72,993	742	73,735
Totals	\$ 782,828	\$ 78,357	\$ 861,185

9. Subscription IT Assets

The City and Borough of Sitka is party to 7 subscription-based information technology arrangements (SBITAs). The City and Borough recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the financial statements. The City and Borough recognizes subscription liabilities with an initial term greater than twelve months and an individual value of \$10,000 or more. For SBITAs with a maximum possible term of 12 months or less at commencement, the City and Borough recognizes expenses/expenditures based on the provisions of the arrangement.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

At the commencement of a SBITA, the City and Borough initially measures the subscription liability at the present value of expected subscription payments to be made over the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial measurement of the subscription liability, adjusted for payments associated with the SBITA contract made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs, less any vendor incentives received at the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or subscription term.

Key estimates and judgments related to SBITAs include how the City and Borough determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) the subscription term, and (3) subscription payments.

The City and Borough uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City and Borough has opted to use the U.S. Treasury Yield Curve Semi-annual Rate listed for July 1st of the fiscal year for the term of the SBITA. At July 1, 2022 this was determined to be 2.84% for a 2-year term and 2.85% for a 3-year term. As of July 3, 2023 this was determined to be 4.94% for a 2-year term and 4.56% for a 3-year term. At July 1, 2024 this was determined to be 4.77% for a 2-year term and 4.58% for a 3-year term. The subscription term includes the noncancelable period during which the City and Borough has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend if reasonably certain the City and Borough or vendor will exercise that option or to terminate if it is reasonably certain that the City and Borough or vendor will not exercise that option. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

The City and Borough monitors changes in circumstances that would require a remeasurement of a SBITA and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term obligations on the statement of net position.

The City and Borough capitalized qualifying initial implementation costs of \$477,747 or more as part of the recording the initial subscription asset. Preliminary project stage outlays are expensed as included. Operation and additional implementation stage activities are expensed as incurred unless they meet specific capitalization criteria.

	Initial SBITA Liability	Value SBITA Liability	Principal & Interest Payment	Value of Right-to-use SBITA	Accumulated Amortization
Governmental Activities	\$ 23,803	\$ 16,877	\$ 28,425	\$ 67,859	\$ 40,048
Electric Fund	7,819	222,035	49,965	324,425	105,514
Total	\$ 31,622	\$ 238,912	\$ 78,390	\$ 392,284	\$ 145,562

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The future principal and interest SBITA payments for Governmental Activities as of June 30, 2025 are as follows:

<i>Year ending June 30,</i>	Principal	Interest	Total
2026	\$ 6770	\$ 517	\$ 7,287
2027	7,028	259	7,287
2028	3,079	29	3,108
Total	\$ 16,877	\$ 805	\$ 17,682

The future principal and interest SBITA payments for the Electric Fund as of June 30, 2025 are as follows:

<i>Year ending June 30,</i>	Principal	Interest	Total
2026	\$ 50,155	\$ 7,650	\$ 57,805
2027	52,116	5,689	57,805
2028	54,153	3,652	57,805
2029	56,623	1,536	58,159
2030	8,988	59	9,047
Total	\$ 222,035	\$ 18,586	\$ 240,621

10. Restricted Assets

The balance of the restricted assets accounts in the enterprise funds at June 30, 2025 is as follows:

Customer deposits:	
Electric utility	\$ 126,059
Water fund	100
Solid waste disposal	9,806
Assets restricted for airport terminal capital asset acquisition	3,298,807
Investment with bond trustee pursuant to revenue bond covenants	9,326,918
Net OPEB assets	2,742,829
Total Restricted Assets	\$ 15,504,519

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City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

11. Fund Balances

Fund balances, reported in the City and Borough's individual major funds and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	General Fund	Permanent Fund	Sitka Community Hospital Dedicated Fund	Nonmajor Funds	Totals
Nonspendable:					
Advances receivable	\$ 3,125,552	\$ -	\$ -	\$ 2,511,000	\$ 5,636,552
Prepaid items	12,230	-	-	-	12,230
Notes receivable	-	-	-	422,723	422,723
Home rule charter	-	27,037,222	-	-	27,037,222
Total nonspendable	3,137,782	27,037,222	-	2,933,723	33,108,727
Restricted:					
Sitka Public Library	-	-	-	313,608	313,608
Commercial passenger tax	-	-	-	5,145,984	5,145,984
Home rule charter	-	1,024,460	-	-	1,024,460
Debt service	-	-	-	5,767,383	5,767,383
Total restricted	-	1,024,460	-	11,226,975	12,251,435
Committed:					
Working capital reserve	9,364,411	-	-	-	9,364,411
Emergency reserve	2,000,000	-	-	-	2,000,000
E911 surcharge	935,166	-	-	-	935,166
SRS Title III	512,663	-	-	-	512,663
Hospital sale	379,046	-	4,848,182	-	5,227,228
SE economic development	-	-	-	174,975	174,975
Capital projects	-	-	-	27,721,984	27,721,984
Total committed	13,191,286	-	4,848,182	27,896,959	45,936,427
Assigned:					
Gary Paxton Industrial Park	-	-	-	111,652	111,652
Utility Cost subsidization	-	-	-	165,087	165,087
LID revolving	-	-	-	1,155,062	1,155,062
LID guaranty	-	-	-	277,980	277,980
Raw water sales	-	-	-	147,813	147,813
Visitor enhancement	-	-	-	946,106	946,106
Other small funds	-	-	-	324,641	324,641
Total Assigned	-	-	-	3,128,341	3,128,341
Unassigned (deficit)	8,986,463	-	(4,624,816)	-	4,361,647
Total Fund Balances (Deficit)	\$ 25,315,531	\$ 28,061,682	\$ 223,366	\$ 45,185,998	\$ 98,786,577

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

12. Risk Management

The City and Borough is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City and Borough carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City and Borough has not accrued a liability for claims and judgments at June 30, 2025 because the amount of potential claims at year end was determined to be immaterial. The City and Borough made no claim payments during fiscal year 2025.

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

13. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

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

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

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

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

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from a DB agent-multiple-employer plan to a DB cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board (ARM Board). As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

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

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

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

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

Contribution rates for the year ended June 30, 2025 were determined in the June 30, 2023 actuarial valuations. The City and Borough's contribution rates for the 2025 fiscal year were as follows:

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	20.03%	4.76%
Defined contribution - Pension	6.73%	-%
Total Contribution Rates	26.76%	4.76%

Alaska Statute 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the fiscal year the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the City and Borough are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

In 2025, the City and Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2023 to June 30, 2024	City and Borough Fiscal Year July 1, 2024 to June 30, 2025
Employer contributions (including DBUL)	\$ 3,072,127	\$ 3,370,904
Nonemployer contributions (on-behalf)	330,638	575,815
Total Contributions	\$ 3,402,765	\$ 3,946,719

In addition, employee contributions to the Plan totaled \$174,819 during the City and Borough's fiscal year.

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

At June 30, 2025, the City and Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City and Borough. The amount recognized by the City and Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the City and Borough were as follows:

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

City and Borough proportionate share of NPL	\$ 18,705,467
State's proportionate share of NPL associated with the City and Borough	6,993,353
Total Net Pension Liability	\$ 25,698,820

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and adjusted to reflect updated assumptions to calculate the net pension liability as of that date. The City and Borough's proportion of the net pension liability was based on a projection of the City and Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2024 measurement date, the City and Borough's proportion was 0.34106 percent, which was a decrease of 0.01229 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City and Borough recognized pension expense of \$5,049,726 and on-behalf revenue of \$1,124,132 for support provided by the State. At June 30, 2025, the City and Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 180,068	\$ -
City and Borough contributions subsequent to the measurement date	3,370,906	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 3,550,974	\$ -

The \$3,370,906 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2026	\$ (501,341)
2027	933,330
2028	(137,771)
2029	(114,150)
Total Amortization	\$ 180,068

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2024 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2025 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality Peace officer/firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All others	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.39%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	26%	+/- 6%	5.48%
Global equity (non-U.S.)	17%	+/- 4%	7.14%
Global equity	-%	-%	5.79%
Aggregate bonds	21%	+/- 10%	2.10%
Multi-asset	8%	+/- 4%	-%
Real assets	14%	+/- 7%	4.63%
Private equity	14%	+/- 7%	8.84%
Cash equivalents	-%	-%	0.77%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

The following presents the City and Borough's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City and Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City and Borough's proportionate share of the net pension liability	0.34106% \$ 24,917,443	\$ 18,705,467	\$ 13,448,646

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

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

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2025 to cover a portion of the City and Borough's employer match contributions. For the year ended June 30, 2025, forfeitures reduced pension expense by \$43,027.

Employee Contribution Rate

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

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Employer Contribution Rate

For the year ended June 30, 2025, the City and Borough was required to contribute 5% of covered salary into the Plan.

The City and Borough and employee contributions to PERS for pensions for the year ended June 30, 2025 were \$548,033 and \$876,852, respectively. The City and Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the City and Borough participates in the following cost-sharing multiple-employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the annual comprehensive financial report for PERS, at the following website, <https://drb.alaska.gov/docs/reports/#pers>.

Employer Contribution Rates

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2025 were as follows:

	Other	Peace/Fire
Retiree Medical Plan	0.83%	0.83%
Occupational Death and Disability	0.24%	0.69%
Total Contribution Rates	1.07%	1.52%

In 2025, the City and Borough was credited with the following contributions to the OPEB plans:

	Measurement Period	City and Borough
	July 1, 2023	Fiscal Year
	to	July 1, 2024
	June 30, 2024	to
	June 30, 2025	June 30, 2025
Employer contributions - RMP	\$ 95,196	\$ 90,974
Employer contributions - ODD	33,884	33,540
Total Contributions	\$ 129,080	\$ 124,514

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

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

At June 30, 2025, the City and Borough reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the City and Borough. The amount recognized by the City and Borough for its proportional share, the related State proportion, and the total were as follows:

City and Borough's proportionate share of NOA - ARHCT	\$ 7,526,806
City and Borough's proportionate share of NOA - RMP	239,502
City and Borough's proportionate share of NOA - ODD	304,872
Total City and Borough's Proportionate Share of Net OPEB Asset	\$ 8,071,180
State's proportionate share of the ARHCT NOA associated with the City and Borough	2,797,008
Total Net OPEB Asset	\$ 10,868,188

The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The City and Borough's proportion of the net OPEB assets was based on a projection of the City and Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2023 Measurement Date Employer Proportion	June 30, 2024 Measurement Date Employer Proportion	Change
City and Borough's proportionate share of the net OPEB assets:			
ARHCT	0.35265%	0.34179%	(0.01086)%
RMP	0.47213%	0.51379%	(0.04166)%
ODD	0.47715%	0.51067%	(0.03352)%

For the year ended June 30, 2025, the City and Borough recognized OPEB expense (benefit) of \$658,189. Of this amount, \$109,990 was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

Plan	OPEB Expense (Benefit)	On-behalf Revenue
ARHCT	\$ 638,652	\$ 109,990
RMP	17,199	-
ODD	4,549	-
Total	\$ 660,400	\$ 109,990

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

At June 30, 2025, the City and Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<u>Deferred Outflows of Resources</u>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ 4,078	\$ 6,028	\$ -	\$ 10,106
Changes in assumptions	202,084	81,045	-	283,129
Net difference between projected and actual investment earnings	114,619	3,380	973	118,972
Changes in proportion and differences between City and Borough contributions and proportionate share of contributions	42,641	3,608	56,681	102,930
City and Borough contributions subsequent to the measurement date	-	90,974	33,540	124,514
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 363,422	\$ 185,035	\$ 91,194	\$ 639,651
<u>Deferred Inflows of Resources</u>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ (26,617)	\$ (71,419)	\$ (98,036)
Changes in assumptions	-	(161,004)	(755)	(161,759)
Changes in benefits	-	(10,061)	(17,688)	(27,749)
Changes in proportion and differences between City and Borough contributions and proportionate share of contributions	-	(34,532)	(578)	(35,110)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ -	\$ (232,214)	\$ (90,440)	\$ (322,654)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from City and Borough contributions subsequent to the measurement date will be recognized as an increase in the net OPEB assets in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	ARHCT	RMP	ODD	Total
2026	\$ (174,304)	\$ (46,495)	\$ (6,767)	\$ (227,566)
2027	759,167	(12,067)	3,790	750,890
2028	(121,678)	(46,192)	(3,594)	(171,464)
2029	(99,763)	(26,702)	(11,075)	(137,548)
2030	-	(14,078)	(8,318)	(22,396)
Thereafter	-	7,381	(6,822)	559
Total Amortization	\$ 363,422	\$ (138,153)	\$ (32,786)	\$ 192,483

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2024:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2024 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2025 to 2039.
Investment rate of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 6.9% grading down to 4.5% Initial trend rates are from FY 2025 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupation causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

All others (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.
Peace officer/firefighter	20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.
All others	25% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.39%, for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	26%	+/- 6%	5.48%
Global equity (non-U.S.)	17%	+/- 4%	7.14%
Global equity	-%	-%	5.79%
Aggregate bonds	21%	+/- 10%	2.10%
Multi-asset	8%	+/- 4%	-%
Real assets	14%	+/- 7%	4.63%
Private equity	14%	+/- 7%	8.84%
Cash equivalents	-%	-%	0.77%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2024 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the City and Borough's proportionate share of the net OPEB asset calculated using the discount rate of 7.25%, as well as what the City and Borough's proportionate share of the respective plan's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City and Borough's proportionate share of the net OPEB asset (liability):			
ARHCT	0.34179%	\$ 4,765,858	\$ 7,526,806
RMP	0.51379%	\$ (41,488)	\$ 239,502
ODD	0.51067%	\$ 286,360	\$ 304,872

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the City and Borough's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2023 actuarial valuation reports as well as what the City and Borough's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City and Borough's proportionate share of the net OPEB asset (liability):			
ARHCT	0.34179%	\$ 10,115,456	\$ 7,526,806
RMP	0.51379%	\$ 482,616	\$ 239,502
ODD	0.51067%	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

Contribution Rate

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, 2024, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,387 per year for each full-time employee, and \$1.53 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2025, the City and Borough contributed \$297,067 in DC OPEB costs. This amount has been recognized as expense/expenditures.

14. Contingencies

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Municipal Attorney the resolution of these matters will not have an adverse material effect on the financial condition of the government.

The City and Borough's sewage treatment plant provides for primary treatment of waste. The City and Borough was operating under a five-year exemption, which expired in August 1994, from Environmental Protection Agency (EPA) regulations that required secondary treatment for sewage discharged into marine waters. The City and Borough is currently under a temporary EPA permit and anticipates finalizing a permanent permit in the near future which will require secondary filtration. The cost of upgrading the plant to secondary treatment at the expiration of the exemption would be approximately \$10 million. The cost of treating storm water is not presently estimable.

Other Federal and State regulations, compliance with which will require significant expenditures by the City and Borough, including the Americans with Disabilities Act, have a cost of compliance that is not currently known.

15. Subsequent Events

The City and Borough has entered into raw water export sales contracts with private entities. Revenue under these contracts is not guaranteed and is dependent on the amount of raw water exported. Revenue earned under the contracts will be accounted for in the Raw Water Sales Special Revenue Fund. Use of proceeds is restricted by code to be used to reimburse expenditures by other funds relating to the sale of bulk water, maintenance of the infrastructure and retention of water rights.

City and Borough of Sitka, Alaska

Notes to the Basic Financial Statements

16. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were considered, and if applicable, implemented by the City and for 2025 reporting:

GASB Statement No. 102 - Certain Risk Disclosures - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The pronouncement has been implemented but did not result in any change for the current year.

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

GASB Statement No. 103 - Financial Reporting Model Improvements - Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

GASB Statement No. 104 - Disclosure of Certain Capital Assets - Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosure requirements will improve consistency and comparability between governments.

GASB Statement No. 105 - Subsequent Events - Effective for year-end June 30, 2027. Earlier application is encouraged. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

Required Supplementary Information

DRAFT

City and Borough of Sitka, Alaska

General Fund

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

For the fiscal year ended June 30, 2025	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes:				
Property taxes	\$ 7,662,598	\$ 7,662,598	\$ 7,874,795	\$ 212,197
Sales taxes	20,528,000	20,528,000	19,838,355	(689,645)
Total taxes	28,190,598	28,190,598	27,713,150	(477,448)
State sources:				
Community Assistance	392,328	392,328	474,353	82,025
State PERS relief	550,483	550,483	332,335	(218,148)
State grants	7,000	7,000	7,000	-
Other	26,000	26,000	31,375	5,375
Total state sources	975,811	975,811	845,063	(130,748)
Federal sources:				
National Forest receipts	600,000	600,000	29,435	(570,565)
Payment in lieu of taxes	800,000	800,000	951,539	151,539
Other federal grants	100,000	100,000	9,805	(90,195)
Total federal sources	1,500,000	1,500,000	990,779	(509,221)
Charges for services:				
State jail contract	587,052	587,052	632,021	44,969
Ambulance fees	840,000	840,000	867,916	27,916
E911 surcharges	180,000	180,000	173,118	(6,882)
Jobbing	450,000	450,000	473,257	23,257
Parks and recreation programs	218,000	218,000	208,734	(9,266)
Other	24,500	24,500	23,262	(1,238)
Total charges for services	2,299,552	2,299,552	2,378,308	78,756
Interfund services	3,129,204	3,129,204	3,129,204	-
Fines, forfeitures and penalties	25,000	25,000	7,645	(17,355)
Investment income	600,000	600,000	1,813,538	1,213,538
Uses of property	589,000	589,000	722,572	133,572
Licenses and permits	226,100	226,100	498,010	271,910
Other	84,500	84,500	415,143	330,643
Total Revenues	\$ 37,619,765	\$ 37,619,765	\$ 38,513,412	\$ 893,647

City and Borough of Sitka, Alaska**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, continued**

<i>For the fiscal year ended June 30, 2025</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance</i>
Expenditures				
Administration:				
Administration/Assembly	\$ 1,735,650	\$ 1,807,375	\$ 1,321,765	\$ 485,610
Legal	511,637	618,507	557,961	60,546
Municipal clerk	769,715	790,181	731,252	58,929
Finance	3,362,412	3,519,222	3,070,783	448,439
Assessing	539,030	539,030	472,419	66,611
Planning	1,639,359	1,662,359	1,309,513	352,846
General office and local grants	1,411,223	1,345,223	1,286,210	59,013
Total administration	9,969,026	10,281,897	8,749,903	1,531,994
Public safety:				
Police	6,132,800	6,125,072	4,072,903	2,052,169
Fire	2,836,655	2,828,586	2,712,684	115,902
Ambulance	499,386	499,386	409,222	90,164
Search and rescue	41,623	41,623	31,096	10,527
Total public safety	9,510,464	9,494,667	7,225,905	2,268,762
Public works:				
Administration	984,230	993,497	850,917	142,580
Engineering	1,060,001	1,061,648	923,880	137,768
Streets	2,740,660	2,504,266	2,379,475	124,791
Grounds	1,251,525	1,112,637	1,007,054	105,583
Building officials	547,928	549,082	469,724	79,358
Total public works	6,584,344	6,221,130	5,631,050	590,080
Public services:				
Library	1,519,721	1,522,208	1,404,609	117,599
Harrigan Centennial Hall	1,112,422	1,099,224	992,014	107,210
Senior Citizen Center	80,916	80,916	65,847	15,069
Total public services	2,713,059	2,702,348	2,462,470	239,878
Sitka School District	8,935,162	8,935,162	8,649,880	285,282

City and Borough of Sitka, Alaska**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, continued**

<i>For the fiscal year ended June 30, 2025</i>	Original Budget	Final Budget	Actual	Variance
Debt service:				
Lease assets	\$ -	\$ -	\$ 10,288	\$ (10,288)
Principal	22,311	22,311	22,310	1
Interest	2,553	2,553	2,553	-
Total Debt Service	24,864	24,864	35,151	(10,287)
Equipment acquisition	38,500	38,000	\$ 36,042	1,958
Total Expenditures	37,775,419	37,698,068	32,790,401	4,907,667
Excess of Revenues Over Expenditures	(155,654)	(78,303)	5,723,011	5,801,314
Other Financing Sources (Uses)				
Transfers in	7,033,527	7,033,527	6,841,783	(191,744)
Transfers out	(6,834,253)	(10,900,153)	(10,743,227)	156,926
Net Other Financing Sources (Uses)	199,274	(3,866,626)	(3,901,444)	(34,818)
Net Change in Fund Balance	\$ 43,620	\$ (3,944,929)	\$ 1,821,567	\$ 5,766,496
Fund Balance, beginning			23,493,964	
Fund Balance, ending			\$ 25,315,531	

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Sitka Community Hospital Dedicated Special Revenue Fund

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

<i>For the fiscal year ended June 30, 2025</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Tobacco tax	\$ 860,000	\$ 860,000	\$ 841,620	\$ (18,380)
Proceeds from sale of hospital	700,000	700,000	700,000	-
Other	60,800	60,800	51,185	(9,615)
Investment income	50,000	50,000	1,537	(48,463)
Total Revenues	1,670,800	1,670,800	1,594,342	(76,458)
Expenditures				
Support				
Related to hospital personnel	1,392,000	1,392,000	1,330,403	(61,597)
IT charges	6,016	6,016	6,016	-
Contracted and other services	329,000	329,000	3,727	(325,273)
Total Expenditures	1,727,016	1,727,016	1,340,146	(386,870)
Net Change in Fund Balance	\$ (56,216)	\$ (56,216)	254,196	\$ 310,412
Fund Deficit, beginning				(30,830)
Fund Deficit, ending				\$ 223,366

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System - Pension Plan
Schedule of the City and Borough's Proportionate Share of the Net Pension Liability

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Borough's Proportion of the Net Pension Liability	0.34106%	0.35335%	0.36126%	0.39876%	0.35950%	0.67845%	0.37989%	0.35743%	0.44663%	0.36213%
Borough's Proportionate Share of the Net Pension Liability	\$ 18,705,467	\$ 18,321,757	\$ 18,413,091	\$ 14,628,434	\$ 21,214,553	\$ 37,139,956	\$ 18,877,051	\$ 18,337,623	\$ 24,965,090	\$ 17,563,590
State of Alaska Proportionate Share of the Net Pension Liability	\$ 6,993,353	\$ 6,109,450	\$ 5,096,814	\$ 1,982,396	\$ 8,777,499	\$ 14,745,138	\$ 5,466,809	\$ 6,834,306	\$ 3,149,104	\$ 4,706,852
Total Net Pension Liability	\$ 25,698,820	\$ 24,431,207	\$ 23,509,905	\$ 16,610,830	\$ 29,992,052	\$ 51,885,094	\$ 24,343,860	\$ 25,171,929	\$ 28,114,194	\$ 22,270,442
Borough's Covered Payroll	\$ 12,140,362	\$ 12,300,227	\$ 11,690,114	\$ 10,875,152	\$ 11,138,275	\$ 11,504,799	\$ 11,056,175	\$ 11,292,193	\$ 10,552,272	\$ 10,738,358
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	154.08%	148.95%	157.51%	134.51%	190.47%	322.82%	170.74%	162.39%	236.58%	163.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.81%	68.23%	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

Schedule of City and Borough Contributions

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ 3,370,904	\$ 3,072,126	\$ 3,018,761	\$ 2,921,160	\$ 2,720,378	\$ 2,342,989	\$ 1,433,032	\$ 1,450,093	\$ 1,274,776	\$ 1,142,815
Contributions Relative to the Contractually Required Contribution	\$ 3,370,904	\$ 3,072,126	\$ 3,018,761	\$ 2,921,160	\$ 2,720,378	\$ 2,342,989	\$ 1,433,032	\$ 1,450,093	\$ 1,274,776	\$ 1,142,815
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 13,531,811	\$ 12,140,362	\$ 12,300,227	\$ 11,690,114	\$ 10,875,152	\$ 11,138,275	\$ 11,504,799	\$ 11,056,175	\$ 11,292,193	\$ 10,552,272
Contributions as a Percentage of Covered Payroll	24.91%	25.31%	24.54%	24.99%	25.01%	21.04%	12.46%	13.12%	11.29%	10.83%

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System - ARHCT OPEB Plan
Schedule of the City and Borough's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30,	ARHCT							
	2025	2024	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.34179%	0.35265%	0.35874%	0.40038%	0.00359%	0.00331%	0.37992%	0.35470%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (7,526,806)	\$ (8,114,191)	\$ (7,058,522)	\$ (10,271,216)	\$ (1,627,572)	\$ 1,006,841	\$ 3,899,090	\$ 2,996,375
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,797,008)	\$ (2,731,608)	\$ (2,016,291)	\$ (1,346,930)	\$ (675,536)	\$ 399,917	\$ 1,132,039	\$ 1,117,195
Total Net OPEB Liability (Asset)	\$ (10,323,814)	\$ (10,845,799)	\$ (9,074,813)	\$ (11,618,146)	\$ (2,303,108)	\$ 1,406,758	\$ 5,031,129	\$ 4,113,570
Borough's Covered Payroll	\$ 2,722,880	\$ 3,303,170	\$ 3,413,371	\$ 3,670,783	\$ 4,681,486	\$ 4,838,102	\$ 4,862,791	\$ 5,282,931
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-276.43%	-245.65%	-206.79%	-279.81%	-34.77%	20.81%	80.18%	56.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	130.59%	133.96%	128.51%	135.54%	106.15%	98.13%	88.12%	89.91%

Schedule of City and Borough Contributions

Years Ended June 30,	ARHCT							
	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ 219,124	\$ 289,028	\$ 681,775	\$ 516,348	\$ 413,336
Contributions Relative to the Contractually Required Contribution	\$ -	\$ -	\$ -	\$ 219,124	\$ 289,028	\$ 681,775	\$ 516,348	\$ 413,336
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 2,571,157	\$ 2,722,880	\$ 3,303,170	\$ 3,413,371	\$ 3,670,783	\$ 4,681,486	\$ 4,838,102	\$ 4,862,791
Contributions as a Percentage of Covered Payroll	0.000%	0.000%	0.000%	6.420%	7.874%	14.563%	10.673%	8.500%

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System - RMP OPEB Plan
Schedule of the City and Borough's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30,	2025	2024	2023	RMP		2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.51379%	0.47213%	0.50437%	0.47145%	0.45200%	1.12450%	0.54709%	0.54581%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (239,502)	\$ (224,186)	\$ (175,168)	\$ (126,546)	\$ 32,035	\$ 126,242	\$ 69,617	\$ 28,464
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net OPEB Liability (Asset)	\$ (239,502)	\$ (224,186)	\$ (175,168)	\$ (126,546)	\$ 32,035	\$ 126,242	\$ 69,617	\$ 28,464
Borough's Covered Payroll	\$ 9,417,482	\$ 9,066,706	\$ 7,922,961	\$ 6,865,641	\$ 6,080,462	\$ 6,356,125	\$ 6,193,384	\$ 5,719,619
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.54%	-2.47%	-2.21%	-1.84%	0.53%	1.99%	1.12%	0.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	119.87%	124.29%	120.08%	115.10%	95.23%	83.17%	88.71%	93.98%

Schedule of City and Borough Contributions

Years Ended June 30,	2025	2024	2023	RMP		2020	2019	2018
Contractually Required Contributions	\$ 90,974	\$ 95,196	\$ 95,973	\$ 85,339	\$ 87,498	\$ 80,564	\$ 61,925	\$ 63,777
Contributions Relative to the Contractually Required Contribution	\$ 90,974	\$ 95,196	\$ 95,973	\$ 95,973	\$ 85,339	\$ 87,498	\$ 61,925	\$ 63,777
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ (10,634)	\$ 2,159	\$ (6,934)	\$ -	\$ -
Borough's Covered Payroll	\$ 10,960,654	\$ 9,417,482	\$ 9,066,706	\$ 7,922,961	\$ 6,865,641	\$ 6,080,462	\$ 6,356,125	\$ 6,193,384
Contributions as a Percentage of Covered Payroll	0.830%	1.011%	1.059%	1.211%	1.243%	1.439%	0.974%	1.030%

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska
Public Employees' Retirement System - ODD OPEB Plan
Schedule of the City and Borough's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30,	2025	2024	2023	ODD 2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.51067%	0.47715%	0.51630%	0.49503%	0.00469%	1.05215%	0.54709%	0.54581%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (304,872)	\$ (244,795)	\$ (226,334)	\$ (218,177)	\$ (127,737)	\$ (140,060)	\$ (106,255)	\$ (77,445)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net OPEB Liability (Asset)	\$ (304,872)	\$ (244,795)	\$ (226,334)	\$ (218,177)	\$ (127,737)	\$ (140,060)	\$ (106,255)	\$ (77,445)
Borough's Covered Payroll	\$ 12,140,362	\$ 12,300,227	\$ 11,690,114	\$ 10,875,152	\$ 11,138,275	\$ 11,504,799	\$ 11,056,175	\$ 11,292,193
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.51%	-1.99%	-1.94%	-2.01%	-1.15%	-1.22%	-0.96%	-0.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	346.81%	349.24%	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%

Schedule of City and Borough Contributions

Years Ended June 30,	2025	2024	2023	ODD 2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 33,540	\$ 33,884	\$ 31,709	\$ 29,787	\$ 26,406	\$ 20,549	\$ 23,586	\$ 7,852
Contributions Relative to the Contractually Required Contribution	\$ 33,540	\$ 33,884	\$ 31,709	\$ 29,787	\$ 26,406	\$ 20,549	\$ 23,586	\$ 7,852
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 13,531,811	\$ 12,140,362	\$ 12,300,227	\$ 11,690,114	\$ 10,875,152	\$ 11,138,275	\$ 11,504,799	\$ 11,056,175
Contributions as a Percentage of Covered Payroll	0.248%	0.279%	0.258%	0.255%	0.243%	0.184%	0.205%	0.071%

See accompanying notes to Required Supplementary Information.

City and Borough of Sitka, Alaska

Notes to Required Supplementary Information June 30, 2025

1. Budgetary Comparison Schedules

The budgetary comparison schedules for major governmental funds are presented on the modified accrual basis of accounting. Annual budget operating expenditures are adopted at the fund level.

2. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For June 30, 2025, the Plan measurement date is June 30, 2024.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

Schedule of the Borough's Contributions

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

3. Public Employees' Retirement System OPEB Plans

Schedule of the Borough's Proportionate Share of the Net OPEB Asset and Liability

This table is presented based on the Plan measurement date. For June 30, 2025, the Plan measurement date is June 30, 2024.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

City and Borough of Sitka, Alaska

Notes to Required Supplementary Information, continued

In 2022, the discount rate was lowered from 7.38% to 7.25%.

In 2019, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

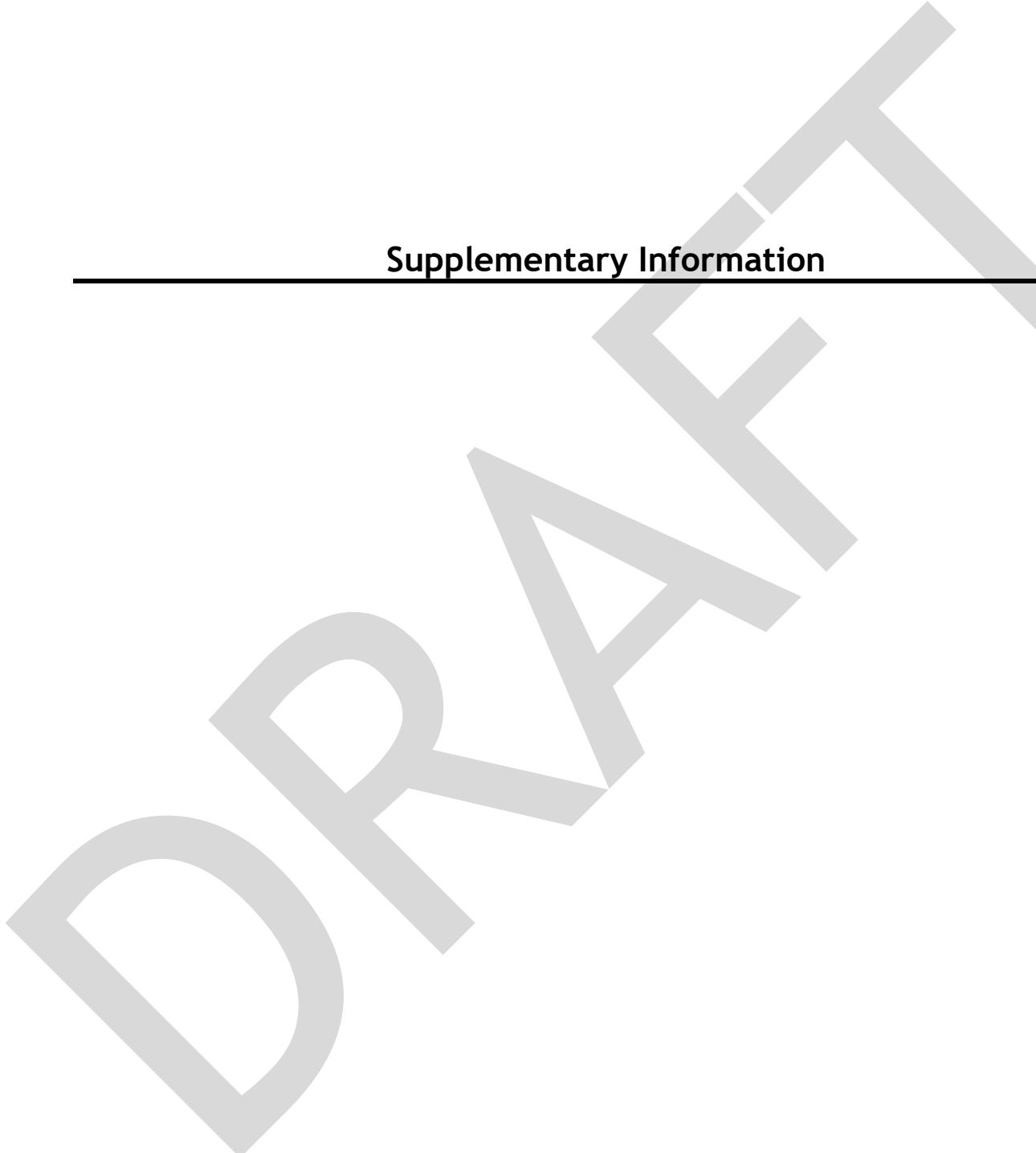
GASB requires ten years of information be presented. However, until a full 10 years of information is available, the Borough will present only those years for which information is available.

Schedule of the Borough's Contributions

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

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

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Supplementary Information



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to be used for particular purposes.

Police Dept and Forfeitures-Accounts for the proceeds related to the property seized by the local Police Department, or Federal and State agencies.

Library Building-Accounts for donations given specifically for use on the Sitka Public Library building.

Library Donation-Accounts for donations given for purposes of supporting the Sitka Public Library.

Southeast Economic Development-Accounts for funding dedicated to local economic development.

Gary Paxton Park Contingency-Accounts for funding dedicated to environmental mitigation of former pulp mill site.

Commercial Passenger Vessel Excise Tax-Accounts for commercial passenger excise taxes that are remitted by the State of Alaska

LID Guaranty-Accounts for funds dedicated to providing a guarantee for debt service for bond issuances relating to LIDs.

LID Revolving-Accounts for funding of and for local improvement district projects.

Raw Water Sales-Accounts for funding related to the development of and revenue from the sale of bulk water from Blue Lake.

Fisheries Enhancement-Accounts for funding dedicated to enhancing local fisheries.

Pet Adoption-Accounts for donations to support adoption of pets.

Visitor Enhancement-Accounts for revenues from bed tax to be used to encourage tourism.

Student Activities-Accounts for proceeds from marijuana licenses and marijuana taxes, to be used for student travel and activities.

Utility Subsidization-Accounts for funds appropriated to be used in support of the Utility Subsidization Program.

Capital Project Fund

Capital Project-Accounts for general governmental capital projects.

Debt Service Fund

School Debt Service-Accounts for general obligation bonds and dedicated revenue streams relating to building and renovating schools.

City and Borough of Sitka, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds									
	Police Dept and Forfeitures	Library Building	Library Donation	Southeast Economic Development	Gary Paxton Park Contingency	Commercial Passenger Vessel Excise Tax	LID Guaranty	LID Revolving	Raw Water Sales	
June 30, 2025										
Assets										
Equity in central treasury	\$ 120,714	\$ 20,050	\$ 293,558	\$ 174,975	\$ 111,652	\$ 5,145,984	\$ 277,980	\$ 1,155,062	\$ 147,813	
Receivables:										
Taxes	-	-	-	-	-	-	-	-	-	
Special assessments	-	-	-	-	-	-	-	-	761	-
Federal and State of Alaska	-	-	-	-	-	-	-	-	-	
Advances to other funds	-	-	-	2,511,000	-	-	-	-	-	
Notes receivable	-	-	-	422,723	-	-	-	-	-	
Total Assets	\$ 120,714	\$ 20,050	\$ 293,558	\$ 3,108,698	\$ 111,652	\$ 5,145,984	\$ 277,980	\$ 1,155,823	\$ 147,813	
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources										
Deferred assessments	-	-	-	-	-	-	-	-	761	-
Fund Balances										
Nonspendable	-	-	-	2,933,723	-	-	-	-	-	
Restricted	-	20,050	293,558	-	-	5,145,984	-	-	-	
Committed	-	-	-	174,975	-	-	-	-	-	
Assigned	120,714	-	-	-	111,652	-	277,980	1,155,062	147,813	
Total Fund Balances	120,714	20,050	293,558	3,108,698	111,652	5,145,984	277,980	1,155,062	147,813	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 120,714	\$ 20,050	\$ 293,558	\$ 3,108,698	\$ 111,652	\$ 5,145,984	\$ 277,980	\$ 1,155,823	\$ 147,813	

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet, continued

June 30, 2025	Special Revenue Funds									Total Nonmajor Governmental Funds
	Fisheries Enhance- ment	Pet Adoption	Visitor Enhance- ment	Student Activities	Utility Subsidization	Capital Project Fund	School Bldg Infrastructure Fund	School Debt Service Fund		
Assets										
Equity in central treasury	\$ 51,905	\$ 33,011	\$ 663,958	\$ 87,415	\$ 165,087	\$ 26,276,952	\$ 2,938,784	\$ 5,725,293	\$	43,390,193
Receivables:										
Taxes	-	-	282,153	79,479	-	-	-	-	-	361,632
Special assessments	-	-	-	-	-	-	-	-	-	761
Federal and State of Alaska	-	-	-	-	-	73,785	-	42,090	-	115,875
Advances to other funds	-	-	-	-	-	-	-	-	-	2,511,000
Notes receivable	-	-	-	-	-	-	-	-	-	422,723
Total Assets	\$ 51,905	\$ 33,011	\$ 946,111	\$ 166,894	\$ 165,087	\$ 26,350,737	\$ 2,938,784	\$ 5,767,383	\$	46,802,184
Liabilities										
Accounts payable	\$ 47,883	\$ -	\$ 5	\$ -	\$ -	\$ 1,567,537	\$ -	\$ -	\$ -	1,615,425
Deferred Inflows of Resources										
Deferred assessments	-	-	-	-	-	-	-	-	-	761
Fund Balances										
Nonspendable	-	-	-	-	-	-	-	-	-	2,933,723
Restricted	-	-	-	-	-	-	-	5,767,383	-	11,226,975
Committed	-	-	-	-	-	24,783,200	2,938,784	-	-	27,896,959
Assigned	4,022	33,011	946,106	166,894	165,087	-	-	-	-	3,128,341
Total Fund Balances	4,022	33,011	946,106	166,894	165,087	24,783,200	2,938,784	5,767,383	\$	45,185,998
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 51,905	\$ 33,011	\$ 946,111	\$ 166,894	\$ 165,087	\$ 26,350,737	\$ 2,938,784	\$ 5,767,383	\$	46,802,184

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

	Special Revenue Funds								
	Police Dept and Forfeitures	Library Building	Library Donation	Southeast Economic Development	Gary Paxton Contingency	Commercial Passenger Vessel Tax	LID Guaranty	LID Revolving	Raw Water Sales
<i>For the fiscal year ended June 30, 2025</i>									
Revenues									
Bed taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marijuana taxes	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Commercial passenger excise tax	-	-	-	-	-	2,959,515	-	-	-
Investment income	130	1,068	15,465	8,358	5,949	208,767	15,131	62,888	7,440
Other	-	-	3,678	-	-	-	-	1,162	1,250
Total Revenues	130	1,068	19,143	8,358	5,949	3,168,282	15,131	64,050	8,690
Expenditures									
Current:									
Public safety	-	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues									
Over Expenditures	130	1,068	19,143	8,358	5,949	3,168,282	15,131	64,050	8,690
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(5,630)	(3,926)	(1,321,354)	(9,774)	(40,604)	-
Net Other Financing Sources (Uses)	-	-	-	(5,630)	(3,926)	(1,321,354)	(9,774)	(40,604)	-
Net Change in Fund Balances	130	1,068	19,143	2,728	2,023	1,846,928	5,357	23,446	8,690
Fund Balances, beginning	120,584	18,982	274,415	3,105,970	109,629	3,299,056	272,623	1,131,616	139,123
Fund Balances, ending	\$ 120,714	\$ 20,050	\$ 293,558	\$ 3,108,698	\$ 111,652	\$ 5,145,984	\$ 277,980	\$ 1,155,062	\$ 147,813

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

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

For the fiscal year ended June 30, 2025	Special Revenue Funds								Total Nonmajor Governmental Funds
	Fisheries Enhancement	Pet Adoption	Visitor Enhancement	Student Activities	Utility Subsidization	Capital Project Fund	School Bldg Infrastructure Fund	School Debt Service	
Revenues									
Bed taxes	\$ -	\$ -	\$ 809,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 809,038
Marijuana taxes	-	-	-	334,172	-	-	-	-	334,172
State sources	-	-	-	-	-	-	-	1,047,017	1,047,017
Federal sources	-	-	-	-	-	236,406	-	-	236,406
Commercial passenger excise tax	-	-	-	-	-	-	-	-	2,959,515
Investment income (loss)	764	1,148	33,428	4,670	10,642	312,601	52,131	314,954	1,055,534
Other	-	770	-	3,200	-	-	-	-	10,060
Total Revenues	764	1,918	842,466	342,042	10,642	549,007	52,131	1,361,971	6,451,742
Expenditures									
Current:									
Public safety	-	373	-	-	-	-	-	-	373
Public services	47,883	-	591,470	350,000	-	-	-	-	989,353
Debt service:									
Principal	-	-	-	-	-	-	-	1,310,000	1,310,000
Interest	-	-	-	-	-	-	-	185,736	185,736
Capital outlay	-	-	-	-	-	2,210,775	-	-	2,210,775
Total Expenditures	47,883	373	591,470	350,000	-	2,210,775	-	1,495,736	4,696,237
Excess (Deficiency) of Revenues Over Expenditures									
	(47,119)	1,545	250,996	(7,958)	10,642	(1,661,768)	52,131	(133,765)	1,755,505
Other Financing Sources (Uses)									
Transfers in	47,883	-	-	-	165,000	7,428,748	2,300,641	-	9,942,272
Transfers out	-	-	-	-	(214,324)	(4,078,748)	(400,000)	-	(6,074,360)
Net Other Financing Sources (Uses)	47,883	-	-	-	(49,324)	3,350,000	1,900,641	-	3,867,912
Net Change in Fund Balances	764	1,545	250,996	(7,958)	(38,682)	1,688,232	1,952,772	(133,765)	5,623,417
Fund Balances, beginning	3,258	31,466	695,110	174,852	203,769	23,094,968	986,012	5,901,148	39,562,581
Fund Balances, ending	\$ 4,022	\$ 33,011	\$ 946,106	\$ 166,894	\$ 165,087	\$ 24,783,200	\$ 2,938,784	\$ 5,767,383	\$ 45,185,998

City and Borough of Sitka, Alaska

Nonmajor Governmental Funds

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

Police Department and Forfeitures Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance
<i>For the fiscal year ended June 30, 2025</i>				
Revenues	\$ 1,000	\$ 1,000	\$ 130	\$ (870)
Expenditures	75,000	75,000	-	75,000
Net Change in Fund Balance	<u>\$ (74,000)</u>	<u>\$ (74,000)</u>	<u>130</u>	<u>\$ (74,130)</u>
Fund Balance, beginning			<u>120,584</u>	
Fund Balance, ending			<u>\$ 120,714</u>	

Library Building Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance
<i>For the fiscal year ended June 30, 2025</i>				
Revenues	\$ 300	\$ 300	\$ 1,068	\$ 768
Expenditures	5,000	5,000	-	5,000
Net Change in Fund Balance	<u>\$ (4,700)</u>	<u>\$ (4,700)</u>	<u>1,068</u>	<u>\$ 5,768</u>
Fund Balance, beginning			<u>18,982</u>	
Fund Balance, ending			<u>\$ 20,050</u>	

These funds have no personnel, nor travel and training costs.

City and Borough of Sitka, Alaska**Nonmajor Governmental Funds****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****Library Donation Special Revenue Fund**

<i>For the fiscal year ended June 30, 2025</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 5,500	\$ 5,500	\$ 19,143	\$ 13,643
Expenditures	5,500	5,500	-	5,500
Net Change in Fund Balance	\$ -	\$ -	\$ 19,143	\$ 19,143
Fund Balance, beginning			274,415	
Fund Balance, ending			\$ 293,558	

Southeast Economic Development Special Revenue Fund

<i>For the fiscal year ended June 30, 2025</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 2,640	\$ 2,640	\$ 8,358	\$ 5,718
Excess of Revenues Over Expenditures	2,640	2,640	8,358	(5,718)
Other Financing Uses				
Transfers out	(3,000)	(3,000)	(5,630)	(2,630)
Net Change in Fund Balance	\$ (360)	\$ (360)	2,728	\$ (3,088)
Fund Balance, beginning			3,105,970	
Fund Balance, ending			\$ 3,108,698	

These funds have no personnel, nor travel and training costs.

City and Borough of Sitka, Alaska**Nonmajor Governmental Funds****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****Gary Paxton Park Contingency Special Revenue Fund**

	Original Budget	Final Budget	Actual	Variance
<i>For the fiscal year ended June 30, 2025</i>				
Revenues	\$ 4,500	\$ 4,500	\$ 5,949	\$ 1,449
Excess of Revenues Over Expenditures	4,500	4,500	5,949	1,449
Other Financing Uses				
Transfers out	(4,000)	(4,000)	(3,926)	74
Net Change in Fund Balance	\$ 500	\$ 500	\$ 2,023	\$ 1,523
Fund Balance, beginning			109,629	
Fund Balance, ending			\$ 111,652	

Commercial Passenger Excise Tax Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance
<i>For the fiscal year ended June 30, 2025</i>				
Revenues	\$ 2,540,000	\$ 2,540,000	\$ 3,168,282	\$ 628,282
Expenditures	100,000	100,000	-	100,000
Excess of Revenues Over Expenditures	2,440,000	2,440,000	3,168,282	728,282
Other Financing Uses				
Transfers out	(1,516,673)	(1,516,673)	(1,321,354)	195,319
Net Change in Fund Balance	\$ 923,327	\$ 923,327	\$ 1,846,928	\$ 923,601
Fund Balance, beginning			3,299,056	
Fund Balance, ending			\$ 5,145,984	

These funds have no personnel, nor travel and training costs.

City and Borough of Sitka, Alaska**Nonmajor Governmental Funds****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****Local Improvement District Guaranty Special Revenue Fund**

	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 4,000	\$ 4,000	\$ 15,131	\$ 11,131
Excess of Revenues Over Expenditures	4,000	4,000	15,131	11,131
Other Financing Uses				
Transfers out	(8,400)	(8,400)	(9,774)	(1,374)
Net Change in Fund Balance	<u>\$ (4,400)</u>	<u>\$ (4,400)</u>	<u>5,357</u>	<u>\$ 9,757</u>
Fund Balance, beginning			272,623	
Fund Balance, ending			<u>\$ 277,980</u>	

Local Improvement District Revolving Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance
<i>For the fiscal year ended June 30, 2025</i>				
Revenues	\$ 22,000	\$ 2,200	\$ 64,050	\$ 61,850
Expenditures	100	100	-	100
Excess of Revenues Over Expenditures	21,900	2,100	64,050	61,950
Other Financing Uses				
Transfers out	(30,000)	(30,000)	(40,604)	(10,604)
Net Change in Fund Balance	<u>\$ (8,100)</u>	<u>\$ (27,900)</u>	<u>23,446</u>	<u>\$ 51,346</u>
Fund Balance, beginning			1,131,616	
Fund Balance, ending			<u>\$ 1,155,062</u>	

These funds have no personnel, nor travel and training costs.

City and Borough of Sitka, Alaska**Nonmajor Governmental Funds****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****Raw Water Sales Special Revenue Fund**

	Original Budget	Final Budget	Actual	Variance
<i>For the fiscal year ended June 30, 2025</i>				
Revenues	\$ 4,200	\$ 4,200	\$ 8,690	\$ 4,490
Excess of Revenues Over Expenditures	4,200	4,200	8,690	4,490
Other Financing Uses				
Transfers out	(4,850)	(4,850)	-	4,850
Net Change in Fund Balance	\$ (650)	\$ (650)	\$ 8,690	\$ 9,340
Fund Balance, beginning			139,123	
Fund Balance, ending			\$ 147,813	

Fisheries Enhancement Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance
<i>For the fiscal year ended June 30, 2025</i>				
Revenues	\$ -	\$ -	\$ 764	\$ 764
Expenditures	50,000	50,000	47,883	2,117
Deficiency of Revenues Over Expenditures	(50,000)	(50,000)	(47,119)	(2,881)
Other Financing Sources				
Transfers in	45,000	45,000	47,883	2,883
Net Change in Fund Balance	\$ (5,000)	\$ (5,000)	\$ 764	\$ 5,764
Fund Balance, beginning			3,258	
Fund Balance, ending			\$ 4,022	

These funds have no personnel, nor travel and training costs.

City and Borough of Sitka, Alaska**Nonmajor Governmental Funds****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****Pet Adoption Special Revenue Fund**

	Original					
	Budget	Final Budget	Actual		Variance	
<i>For the fiscal year ended June 30, 2025</i>						
Revenues	\$ 3,100	\$ 3,100	\$ 1,918		\$ (1,182)	
Expenditures	15,000	15,000	373		14,627	
Net Change in Fund Balance	\$ (11,900)	\$ (11,900)	1,545		\$ 13,445	
Fund Balance, beginning					<u>31,466</u>	
Fund Balance, ending					<u>\$ 33,011</u>	

This fund has no personnel, nor travel and training costs.

Visitor Enhancement Special Revenue Fund

	Original					
	Budget	Final Budget	Actual		Variance	
<i>For the fiscal year ended June 30, 2025</i>						
Revenues	\$ 716,500	\$ 716,500	\$ 842,466		\$ 125,966	
Expenditures						
Contracted Services	1,750	736,750	585,978		150,772	
Travel and Training	15,000	15,000	5,492		9,508	
Total Expenditures	16,750	751,750	591,470		160,280	
Excess of Revenues Over Expenditures	699,750	(35,250)	250,996		286,246	
Other Financing Uses						
Transfers out	(75,373)	(75,373)	-		(75,373)	
Net Change in Fund Balance	\$ 624,377	\$ (110,623)	250,996		\$ 361,619	
Fund Balance, beginning					<u>695,110</u>	
Fund Balance, ending					<u>\$ 946,106</u>	

This fund has no personnel costs.

City and Borough of Sitka, Alaska**Nonmajor Governmental Funds****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual****Student Travel Special Revenue Fund**

	Original Budget	Final Budget	Actual	Variance
<i>For the fiscal year ended June 30, 2025</i>				
Revenues	\$ 313,500	\$ 313,500	\$ 342,042	\$ 28,542
Expenditures	305,000	355,000	350,000	5,000
Net Change in Fund Balance	\$ 8,500	\$ (41,500)	(7,958)	\$ 33,542
Fund Balance, beginning			174,852	
Fund Balance, ending			<u>\$ 166,894</u>	

Utility Subsidization Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance
<i>For the fiscal year ended June 30, 2025</i>				
Revenues	\$ -	\$ -	\$ 10,642	\$ 10,642
Excess of Revenues Over Expenditures	-	-	10,642	10,642
Other Financing Sources (Uses)				
Transfers In	165,000	165,000	165,000	-
Transfers out	(230,400)	(230,400)	(214,324)	16,076
Net Other Financing Uses	(65,400)	(65,400)	(49,324)	16,076
Net Change in Fund Balance	\$ (65,400)	\$ (65,400)	(38,682)	\$ 26,718
Fund Balance, beginning			203,769	
Fund Balance, ending			<u>\$ 165,087</u>	

These funds have no personnel, nor travel and training costs.

City and Borough of Sitka, Alaska**Capital Projects Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

<i>For the fiscal year ended June 30, 2025</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 250,000	\$ 453,300	\$ 549,007	\$ 95,707
Expenditures	3,938,748	4,374,798	2,210,775	2,164,023
Deficiency of Revenues Over Expenditures	(3,688,748)	(3,921,498)	(1,661,768)	2,259,730
Other Financing Sources (Uses)				
Transfers in	3,993,748	7,448,748	7,428,748	(20,000)
Transfers out	(4,078,748)	(4,078,748)	(4,078,748)	-
Net Other Financing Sources	(85,000)	3,370,000	3,350,000	(20,000)
Net Change in Fund Balance	<u>\$ (3,773,748)</u>	<u>\$ (551,498)</u>	<u>1,688,232</u>	<u>\$ 2,239,730</u>
Fund Balance, beginning			<u>23,094,968</u>	
Fund Balance, ending			<u>\$ 24,783,200</u>	

Expenditures in this fund are capital appropriations, which do not lapse until the project is complete.

City and Borough of Sitka, Alaska**School Building Infrastructure Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

<i>For the fiscal year ended June 30, 2025</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ -	\$ -	\$ 52,131	\$ 52,131
Excess of Revenues Over Expenditures	-	-	52,131	52,131
Other Financing Sources (Uses)				
Transfers in	2,473,333	2,473,333	2,300,641	(172,692)
Transfers out	(400,000)	(400,000)	(400,000)	-
Net Other Financing Sources	2,073,333	2,073,333	1,900,641	(172,692)
Net Change in Fund Balance	\$ 2,073,333	\$ 2,073,333	1,952,772	\$ (120,561)
Fund Balance, beginning			986,012	
Fund Balance, ending			\$ 2,938,784	

This fund has no personnel, nor travel and training costs.

City and Borough of Sitka, Alaska**School Debt Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

<i>For the fiscal year ended June 30, 2025</i>	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 1,087,016	\$ 1,087,016	\$ 1,361,971	\$ 274,955
Expenditures	1,496,736	1,496,736	1,495,736	1,000
Net Change in Fund Balance	<u>\$ (409,720)</u>	<u>\$ (409,720)</u>	<u>(133,765)</u>	<u>\$ 275,955</u>
Fund Balance, beginning			<u>5,901,148</u>	
Fund Balance, ending			<u>\$ 5,767,383</u>	

This fund has no personnel, nor travel and training costs.

City and Borough of Sitka, Alaska

Permanent Fund

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

<i>For the fiscal year ended June 30, 2025</i>	Original Budget	Final Budget	Actual	Variance
Revenues				
Investment income	\$ 450,000	\$ 450,000	2,939,208	\$ 2,489,208
Expenditures				
Administration	49,500	49,500	15,355	34,145
Excess of Revenues Over Expenditures	400,500	400,500	2,923,853	2,523,353
Other Financing Sources (Uses)				
Transfers in	-	110,000	110,000	-
Transfers out	(1,041,233)	(1,041,233)	(1,041,233)	-
Net Other Financing Uses	(1,041,233)	(931,233)	(931,233)	-
Net Change in Fund Balance	\$ (640,733)	\$ (530,733)	1,992,620	\$ 2,523,353
Fund Balance, beginning			26,069,062	
Fund Balance, ending			\$ 28,061,682	

This fund has no personnel, nor travel and training costs.

NONMAJOR ENTERPRISE FUNDS

Gary Paxton Industrial Park-Accounts for industrial park owned by the municipality.

Airport-Accounts for municipally owned airport terminal.

Marine Service Center-Accounts for cold storage building owned and operated by the municipality.



City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds
Combining Statement of Net Position

June 30, 2025	Gary Paxton Industrial Park	Marine Service Center	Total Nonmajor Enterprise Funds
Assets			
Current Assets			
Equity in central treasury	\$ 2,244,319	\$ 1,982,834	\$ 4,227,153
Receivables:			
Trade accounts receivable and other	5,087	-	5,087
Current portion:			
Leases receivable	6,643	268,356	274,999
Total Current Assets	2,256,049	2,251,190	4,507,239
Noncurrent Assets			
Leases receivable	24,829	2,036,430	2,061,259
Capital assets:			
Property, plant and equipment	20,183,048	3,624,469	23,807,517
Construction in progress	10,531,527	165,894	10,697,421
Less accumulated depreciation and amortization	(5,069,671)	(3,446,534)	(8,516,205)
Total capital assets, net	25,644,904	343,829	25,988,733
Total Noncurrent Assets	25,669,733	2,380,259	28,049,992
Total Assets	\$ 27,925,782	\$ 4,631,449	\$ 32,557,231
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 793,632	\$ 305	\$ 793,937
Total Current Liabilities	793,632	305	793,937
Total Liabilities	793,632	305	793,937
Deferred Inflows of Resources			
Lease related	30,526	2,260,539	2,291,065
Total Deferred Inflows of Resources	30,526	2,260,539	2,291,065
Net Position			
Net investment in capital assets	25,175,552	343,829	25,519,381
Unrestricted	1,926,072	2,026,776	3,952,848
Total Net Position	27,101,624	2,370,605	29,472,229
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 27,925,782	\$ 4,631,449	\$ 32,557,231

City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

<i>For the fiscal year ended June 30, 2025</i>	Gary Paxton Industrial Park	Marine Service Center	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for service	\$ 227,820	\$ 288,288	\$ 516,108
Other operating revenues	969	-	969
Total Operating Revenues	228,789	288,288	517,077
Operating Expenses			
Utilities and supplies	30,046	1,309	31,355
Repair and maintenance	5,600	111,677	117,277
Contracted/purchased services	98,729	2,217	100,946
Interdepartmental services	87,174	28,314	115,488
Insurance	17,161	14,629	31,790
Other	9,337	-	9,337
Depreciation and amortization	407,259	24,907	432,166
Total Operating Expenses	655,306	183,053	838,359
Income (Loss) from Operations	(426,517)	105,235	(321,282)
Nonoperating Revenues (Expenses)			
Investment income	310,079	154,013	464,092
Net Nonoperating Revenues	310,079	154,013	464,092
Income Before Contributions and Transfers	(116,438)	259,248	142,810
Capital contributions	1,000,000	-	1,000,000
Transfers in	503,926	-	503,926
Transfers out	(28,414)	-	(28,414)
Change in Net Position	1,359,074	259,248	1,618,322
Net Position, beginning	25,742,550	2,111,357	27,853,907
Net Position, ending	\$ 27,101,624	\$ 2,370,605	\$ 29,472,229

City and Borough of Sitka, Alaska

Nonmajor Enterprise Funds
Combining Statement of Cash Flows

	Gary Paxton Industrial Park	Marine Service Center	Total Nonmajor Enterprise Funds
<i>For the fiscal year ended June 30, 2025</i>			
Cash Flows (for) from Operating Activities			
Receipts from customers and users	\$ 239,306	\$ 268,767	\$ 508,073
Payments to suppliers	(161,971)	(129,527)	(291,498)
Payments for interfund services used	(87,174)	(28,314)	(115,488)
Payments to employees	-	-	-
Net cash flows (for) from operating activities	(9,839)	110,926	101,087
Cash Flows for Noncapital Financing Activities			
Transfers in	3,926	-	3,926
Transfers out	(28,414)	-	(28,414)
Net cash flows for noncapital financing activities	(24,488)	-	(24,488)
Cash Flows for Capital and Related Financing Activities			
Capital outlay	(7,718,333)	(87,667)	(7,806,000)
Government grants and loans	1,000,000	-	1,000,000
Transfers in	500,000	-	500,000
Net cash flows for capital and related financing activities	(6,218,333)	(87,667)	(6,306,000)
Cash Flows from Investing Activities - Interest received	310,079	154,013	464,092
Net (Decrease) Increase in Cash and Cash Equivalents	(5,942,581)	177,272	(5,765,309)
Cash and Cash Equivalents, beginning	8,186,900	1,805,562	9,992,462
Cash and Cash Equivalents, ending	\$ 2,244,319	\$ 1,982,834	\$ 4,227,153
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities			
Income (loss) from operations	\$ (426,517)	\$ 105,235	\$ (321,282)
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:			
Depreciation and amortization	407,259	24,907	432,166
Decrease in assets and deferred outflows of resources:			
Accounts receivable (net)	10,538	-	10,538
Leases receivable	7,342	263,046	270,388
(Decrease) increase in liabilities and deferred inflows of resources:			
Accounts payable and accrued liabilities	(1,098)	305	(793)
Deferred inflows of resources related to leases	(7,363)	(282,567)	(289,930)
Net Cash Flows (for) from Operating Activities	\$ (9,839)	\$ 110,926	\$ 101,087
Cash on Statement of Net Position			
Equity in central treasury	\$ 2,244,319	\$ 1,982,834	\$ 4,227,153
Cash and Cash Equivalents, ending	\$ 2,244,319	\$ 1,982,834	\$ 4,227,153
Capital expenditures included in accounts payable	\$ 469,352	\$ -	\$ 469,352

INTERNAL SERVICE FUNDS

The City and Borough of Sitka's internal service funds account for the provision of services by one department to other municipal departments. These include:

Information Technology-Accounts for centralized IT services provided to municipal departments.

Central Garage-Accounts for centralized vehicle repair and maintenance.

Building Maintenance-Accounts for maintenance of all municipal buildings.

City and Borough of Sitka, Alaska

Internal Service Funds
Combining Statement of Net Position

June 30, 2025	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Equity in central treasury	\$ 387,309	\$ 9,053,679	\$ 1,180,316	\$ 10,621,304
Accounts receivable	-	1,228	-	1,228
Prepaid expenses	109,013	-	-	109,013
Total Current Assets	496,322	9,054,907	1,180,316	10,731,545
Noncurrent Assets				
Net OPEB asset	275,203	109,103	285,692	669,998
Capital assets:				
Property, plant and equipment	3,237,123	12,196,256	24,373	15,457,752
Construction in progress	-	181,762	-	181,762
Less accumulated depreciation and amortization	(3,038,491)	(8,163,407)	(23,933)	(11,225,831)
Total capital assets, net	198,632	4,214,611	440	4,413,683
Total Noncurrent Assets	473,835	4,323,714	286,132	5,083,681
Total Assets	970,157	13,378,621	1,466,448	15,815,226
Deferred Outflows of Resources				
OPEB related	20,430	8,100	21,209	49,739
Pension related	121,077	48,001	125,692	294,770
Total Deferred Outflows of Resources	141,507	56,101	146,901	344,509
Total Assets and Deferred Outflows of Resources	\$ 1,111,664	\$ 13,434,722	\$ 1,613,349	\$ 16,159,735
Liabilities, Deferred Inflows of Resources and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 104,277	\$ 114,137	\$ 164,266	\$ 382,680
Subscription IT liabilities	6,770	-	-	6,770
Compensated absences	48,370	3,127	18,165	69,662
Total Current Liabilities	159,417	117,264	182,431	459,112
Noncurrent Liabilities				
Subscription IT asset liabilities	10,107	-	-	10,107
Compensated absences	31,687	7,178	27,988	66,853
Net pension liability	637,800	252,854	662,110	1,552,764
Total Noncurrent Liabilities	679,594	260,032	690,098	1,629,724
Total Liabilities	839,011	377,296	872,529	2,088,836
Deferred Inflows of Resources				
OPEB related	9,804	3,887	10,178	23,869
Net Position				
Net investment in capital assets	181,755	4,214,611	440	4,396,806
Restricted for OPEB Asset	275,203	109,103	285,692	669,998
Unrestricted	(194,109)	8,729,825	444,510	8,980,226
Total Net Position	262,849	13,053,539	730,642	14,047,030
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,111,664	\$ 13,434,722	\$ 1,613,349	\$ 16,159,735

City and Borough of Sitka, Alaska
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position

<i>For the fiscal year ended June 30, 2025</i>	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Operating Revenues				
Charges for service	\$ 2,545,243	\$ 2,332,640	\$ 1,845,440	\$ 6,723,323
Other operating revenues	169	92,917	-	93,086
Total Operating Revenues	2,545,412	2,425,557	1,845,440	6,816,409
Operating Expenses				
Wages and benefits	780,594	286,991	1,070,094	2,137,679
Travel and training	7,203	-	1,680	8,883
Utilities and supplies	462,303	256,933	89,710	808,946
Repair and maintenance	350,518	141,054	112,241	603,813
Contracted/purchased services	302,937	38,228	375,486	716,651
Interdepartmental services	162,192	96,652	160,532	419,376
Insurance	42,937	128,521	-	171,458
Other	2,390	42,930	62,162	107,482
Depreciation and amortization	134,696	544,585	880	680,161
Total Operating Expenses	2,245,770	1,535,894	1,872,785	5,654,449
Income (Loss) from Operations	299,642	889,663	(27,345)	1,161,960
Nonoperating Revenues (Expenses)				
Investment income	22,897	444,892	54,693	522,482
Interest expense	(890)	-	-	(890)
State pension relief	42,080	16,683	43,684	102,447
Gain on sale of capital assets	-	8,792	-	8,792
Net Nonoperating Revenues	64,087	470,367	98,377	632,831
Income Before Transfers	363,729	1,360,030	71,032	1,794,791
Transfers in	-	732,456	6,848	739,304
Transfers out	(460,000)	-	-	(460,000)
Change in Net Position	(96,271)	2,092,486	77,880	2,074,095
Net Position, beginning	359,120	10,961,053	652,762	11,972,935
Net Position, ending	\$ 262,849	\$ 13,053,539	\$ 730,642	\$ 14,047,030

City and Borough of Sitka, Alaska

Internal Service Funds

Combining Statement of Cash Flows

For the fiscal year ended June 30, 2025	Information Technology	Central Garage	Building Maintenance	Total Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers and users				
\$ 2,545,412	\$ 2,424,329	\$ 1,845,440	\$ 6,815,181	
Payments to suppliers	(1,173,601)	(531,162)	(491,342)	(2,196,105)
Payments for interfund services used	(162,192)	(96,652)	(160,532)	(419,376)
Payments to employees	(716,724)	(258,203)	(890,318)	(1,865,245)
Net cash flows from operating activities	492,895	1,538,312	303,248	2,334,455
Cash Flows (for) from Noncapital Financing Activities				
Transfers from other funds	-	732,456	6,848	739,304
Transfers to other funds	(460,000)	-	-	(460,000)
Net cash flows (for) from noncapital financing activities	(460,000)	732,456	6,848	279,304
Cash Flows for Capital and Related Financing Activities				
Proceeds from sale of capital assets	-	29,294	-	29,294
Capital outlay	(192,138)	(1,280,939)	-	(1,473,077)
Payments on IT and lease assets	(36,088)	-	-	(36,088)
Interest paid	(890)	-	-	(890)
Net cash flows for capital and related financing activities	(229,116)	(1,251,645)	-	(1,480,761)
Cash Flows from Investing Activities				
Interest received	22,897	444,892	54,693	522,482
Net (Decrease) Increase in Cash and Cash Equivalents	(173,324)	1,464,015	364,789	1,655,480
Cash and Cash Equivalents, beginning	560,633	7,589,664	815,527	8,965,824
Cash and Cash Equivalents, ending	\$ 387,309	\$ 9,053,679	\$ 1,180,316	\$ 10,621,304
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities				
Income (loss) from operations	\$ 299,642	\$ 889,663	\$ (27,345)	\$ 1,161,960
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:				
Depreciation and amortization	134,696	544,585	880	680,161
State pension relief	42,080	16,683	43,684	102,447
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable (net)	-	(1,228)	-	(1,228)
Prepaid expenses	(85,095)	-	-	(85,095)
Net OPEB asset	38,749	8,496	(110,334)	(63,089)
Deferred outflows of resources related to OPEB	2,055	322	(8,650)	(6,273)
Deferred outflows of resources related to pensions	8,787	643	(53,157)	(43,727)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable and accrued liabilities	79,782	76,504	149,937	306,223
Compensated absences	10,264	2,738	18,925	31,927
Net pension liability	(32,367)	1,826	287,789	257,248
Deferred inflows of resources related to OPEB	(5,698)	(1,920)	1,519	(6,099)
Net Cash Flows from (for) Operating Activities	\$ 492,895	\$ 1,538,312	\$ 303,248	\$ 2,334,455

Statistical Section

Financial Trend Data

These schedules contain trend information that describe how the City and Borough's financial performance has changed over time. Tables 1-4

Revenue Capacity Data

These schedules contain information about the City and Borough's most significant sources of local revenue—property and sales tax. Tables 5-10

Debt Capacity

These schedules provide information on the current levels of outstanding debt, its affordability, and the City and Borough's ability to issue additional debt in the future. Tables 11-14

Economic and Demographic Information

These schedules provide economic and demographic indicators to help the reader understand the environment within which the City and Borough's financial activities take place. Tables 15-16

Operating Information

These schedules contain service and infrastructure indicators that describe how the information in the City and Borough's financial report relates to the services the City and Borough provides and the activities it performs. Tables 17-20

Source:

Unless otherwise noted, information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

Table 1

City and Borough of Sitka, Alaska

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

City and Borough of Sitka, Alaska
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2021	2022	2023	2024	2025
General Fund:					
Nonspendable	\$ 3,125,552	\$ 3,126,672	\$ 3,131,639	\$ 3,132,832	\$ 3,137,782
Restricted	-	-	-	-	-
Committed	10,408,352	10,611,079	11,383,908	12,504,622	13,191,286
Assigned	-	-	-	-	-
Unassigned	7,894,539	6,502,122	6,501,358	7,856,510	8,986,463
Total General Fund	\$ 21,428,443	\$ 20,239,873	\$ 21,016,905	\$ 23,493,964	\$ 25,315,531
All Other Governmental Funds:					
Nonspendable	\$ 26,506,715	\$ 32,962,853	\$ 23,452,880	\$ 28,074,779	\$ 29,970,945
Restricted	3,974,314	7,743,102	9,904,833	10,534,834	12,251,435
Committed	14,810,545	17,858,977	25,369,783	28,287,944	32,745,141
Assigned	3,132,738	2,864,811	3,412,147	2,882,030	3,128,341
Unassigned (deficit)	(3,058,975)	(3,654,015)	(3,836,590)	(4,178,774)	(4,624,816)
Total all other governmental funds	\$ 45,365,337	\$ 57,775,728	\$ 58,303,053	\$ 65,600,813	\$ 73,471,046
Fiscal Year					
2016					
General Fund:					
Nonspendable	\$ 1,657,883	\$ 988,403	\$ 625,913	\$ 117,381	\$ 4,175,552
Committed	8,460,152	9,206,808	10,262,266	9,924,505	9,494,699
Unassigned	4,420,827	3,977,938	4,171,993	5,716,004	3,827,823
Total General Fund	\$ 14,538,862	\$ 14,173,149	\$ 15,060,172	\$ 15,757,890	\$ 17,498,074
All other governmental funds:					
Nonspendable	\$ 69,015	\$ 5	\$ 5	\$ 5	\$ 22,487,510
Restricted	24,863,608	25,141,562	25,681,513	27,229,862	4,739,787
Committed	11,404,858	9,249,985	9,816,366	9,780,650	11,530,484
Assigned	3,580,527	3,344,825	3,705,160	3,679,829	3,206,425
Unassigned (deficit)	(5,167)	(5,187)	(5,187)	(5,187)	(6,536,801)
Total all other governmental funds	\$ 39,912,841	\$ 37,731,190	\$ 39,197,857	\$ 40,685,159	\$ 35,427,405

City and Borough of Sitka, Alaska

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities										
Administration	\$ 2,388,505	\$ 2,715,896	\$ 2,461,842	\$ 3,386,382	\$ 2,119,817	\$ 3,274,729	\$ 2,432,815	\$ 2,897,151	\$ 5,470,004	\$ 5,895,730
Public safety	7,788,950	8,094,841	6,463,189	5,753,966	4,864,415	6,936,421	5,889,736	5,709,874	7,053,667	7,688,090
Public works	6,341,667	6,722,139	5,872,594	5,501,557	5,184,674	5,576,464	5,862,713	6,167,119	7,210,737	8,355,465
Public services	3,222,086	3,996,515	3,453,341	3,521,266	5,453,614	2,931,251	521,039	4,254,290	4,758,534	5,157,329
School and Hospital Support*	10,783,487	10,392,966	10,680,672	10,890,195	10,761,829	10,680,074	11,411,175	11,855,519	11,566,627	11,680,292
Interest on long-term debt	1,054,818	809,906	882,935	624,648	521,250	316,986	279,251	213,352	211,846	133,042
Total Governmental Activities	31,579,513	32,732,263	29,814,573	29,678,014	28,905,599	29,715,925	26,396,729	31,097,305	36,271,415	38,909,948
Business-type Activities										
Electric Utility	19,484,534	24,097,768	22,087,589	21,888,517	20,888,636	18,546,879	\$ 19,301,018	\$ 16,788,392	\$ 18,917,098	\$ 20,504,444
Water Utility	2,274,676	2,577,678	2,760,171	2,654,802	2,616,497	2,844,519	2,775,685	3,149,492	3,966,923	4,084,003
Waste water treatment	3,809,005	3,754,464	3,216,644	2,986,412	2,857,417	3,530,621	3,528,034	3,603,382	3,765,443	4,009,507
Solid waste disposal	3,882,003	4,519,678	4,881,503	4,564,504	4,467,101	4,809,527	4,995,697	4,608,670	5,060,192	5,517,962
Harbor	3,318,718	3,829,041	3,682,860	3,566,782	4,018,314	4,777,889	4,113,084	4,706,012	4,860,748	5,070,809
Airport	589,375	517,761	542,703	580,783	802,962	724,687	735,140	765,246	888,210	1,009,718
Other nonmajor business-type activities	877,990	703,621	2,107,938	884,562	796,238	770,959	815,004	798,894	792,417	828,928
Total Business-type Activities	34,236,301	40,000,011	39,279,408	37,126,362	36,447,165	36,005,081	36,263,662	34,420,088	38,251,031	41,025,371
Total Primary Government Expenses	\$ 65,815,814	\$ 72,732,274	\$ 69,093,981	\$ 66,804,376	\$ 65,352,764	\$ 65,721,006	\$ 62,660,391	\$ 65,517,393	\$ 74,522,446	\$ 79,935,319
Program Revenues										
Governmental Activities										
Charges for services										
Administration	\$ 330,066	\$ 595,703	\$ 318,388	\$ 295,686	\$ 323,746	\$ 1,450,700	\$ 480,458	\$ 513,189	\$ 486,531	\$ 795,426
Public safety	1,112,805	1,052,231	1,138,956	1,264,663	1,280,152	1,139,857	1,277,351	1,825,096	1,645,594	1,697,403
Public works	1,928,131	908,526	927,505	843,019	766,288	668,985	570,153	525,901	1,412,539	962,467
Public services	161,542	107,807	137,626	123,579	113,798	52,335	124,725	1,174,179	1,203,977	1,326,464
Operating grants and contributions	5,583,311	3,853,366	5,475,108	4,598,755	4,738,892	17,605,492	9,273,717	5,332,537	4,619,138	2,788,454
Capital grants and contributions	14,352,444	6,216,233	1,706,983	653,575	978,321	1,481,958	827,787	292,972	24,684	236,406
Total Governmental Activities Program Revenues	\$ 23,468,299	\$ 12,733,866	\$ 9,704,566	\$ 7,779,277	\$ 8,201,197	\$ 22,399,327	\$ 12,554,191	\$ 9,663,874	\$ 9,392,463	\$ 7,806,620

City and Borough of Sitka, Alaska

Changes in Net Position, continued

Last Ten Fiscal Years

(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type Activities										
Charges for services:										
Electric Utility	\$ 14,251,478	\$ 15,846,375	\$ 17,538,304	\$ 17,413,785	\$ 16,869,844	\$ 18,700,597	\$ 20,138,151	\$ 20,899,556	\$ 21,525,741	\$ 21,380,668
Water	2,237,501	2,279,025	2,379,826	2,870,002	2,859,554	2,908,401	3,148,766	3,356,827	3,649,108	3,749,689
Wastewater treatment	3,069,962	3,093,130	3,201,110	3,335,631	3,534,237	3,595,175	3,789,616	4,169,621	4,518,415	4,833,645
Solid waste disposal	3,252,472	4,013,653	4,060,430	4,534,163	4,699,159	4,928,391	5,772,618	5,697,491	6,175,368	6,787,828
Harbor	2,376,000	2,474,704	2,419,711	2,546,141	2,440,448	2,516,123	3,053,377	3,426,068	3,518,016	3,640,245
Airport	392,313	418,148	392,369	805,441	721,015	625,036	795,443	775,925	819,608	855,063
Other nonmajor business-type	487,443	412,698	363,699	303,651	442,965	411,234	536,885	476,448	530,650	517,077
Operating grants and contributions	901,570	727,495	773,249	1,047,231	951,675	416,554	26,441	(124,565)	2,071,426	1,574,672
Capital grants and contributions	6,844,390	5,184,520	4,777,742	141,148	4,417,109	1,932,044	1,594,814	1,219,112	8,482,833	17,112,582
Total Business-type Activities	33,813,129	34,449,748	35,906,440	32,997,193	36,936,006	36,033,555	38,856,111	39,896,483	51,291,165	60,451,469
Total Primary Government										
Program Revenues	57,281,428	47,183,614	45,611,006	40,776,470	45,137,203	58,432,882	51,410,302	49,560,357	60,683,628	68,258,089
Net Revenue (Expense)										
Governmental activities	(8,111,214)	(19,998,397)	(20,110,007)	(21,898,737)	(20,704,402)	(7,316,598)	(13,842,538)	(21,433,431)	(26,878,952)	(31,103,328)
Business-type activities	(423,172)	(5,550,263)	(3,372,968)	(4,129,169)	488,841	28,474	2,592,449	5,476,395	13,040,134	19,426,098
Total Primary Government Net Expense	\$ (8,534,386)	\$ (25,548,660)	\$ (23,482,975)	\$ (26,027,906)	\$ (20,215,561)	\$ (7,288,124)	\$ (11,250,089)	\$ (15,957,036)	\$ (13,838,818)	\$ (11,677,230)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 6,202,972	\$ 6,454,150	\$ 6,647,375	\$ 6,777,625	\$ 6,852,247	\$ 7,242,611	\$ 7,204,373	\$ 7,191,735	\$ 7,435,553	\$ 7,874,795
Sales and other taxes	11,712,840	12,779,601	13,887,701	15,096,448	13,960,613	14,989,797	18,538,164	22,807,942	23,273,743	24,782,700
Unrestricted grants and contributions	-	-	1,016,787	-	10,000	-	-	573,550	482,893	474,353
Investment earnings (loss)	1,098,031	2,186,968	1,838,439	2,667,299	2,080,495	6,217,663	(4,363,572)	2,431,962	4,478,386	6,140,610
Other	113,329	14	-	17,897	1,671,262	1,177,377	110,109	-	-	-
Transfers	(611,438)	(2,260,336)	(34,841)	(101,389)	(220,170)	(41,296)	(649,720)	(10,096,237)	(2,279,071)	(685,461)
Total Governmental Activities	18,515,734	19,160,397	23,355,461	24,457,880	24,354,447	29,586,152	20,839,354	22,908,952	33,391,504	38,586,997
Business-type Activities										
Unrestricted grants and contributions										
Investment earnings	879,793	953,324	1,279,885	1,188,722	621,756	855,702	1,752,179	1,451,832	887,842	713,047
Other	1,115,858	(120,678)	110,307	2,440,187	2,306,513	(289,106)	(1,644,777)	733,184	4,243,229	4,687,534
Transfers	142,013	330,561	62,659	(110,363)	-	-	-	-	-	-
Total Business-type Activities	2,749,102	3,423,543	1,547,695	3,619,935	3,148,439	607,892	757,122	12,281,253	7,410,142	6,086,042
Total Primary Government	21,264,836	22,583,940	24,903,156	28,077,815	27,502,886	30,194,044	21,596,476	35,190,205	40,801,646	44,673,039
Special item, sale of hospital	-	-	-	-	(18,899,626)	-	6,945,516	-	-	-
Change in Net Position										
Governmental activities										
Business-type activities	10,404,520	(838,000)	3,245,454	2,559,143	(15,249,581)	22,269,554	13,942,332	1,475,521	6,512,552	7,483,669
Total Primary Government	\$ 12,730,450	\$ (2,964,720)	\$ 1,420,181	\$ 2,049,909	\$ (11,612,301)	\$ 22,905,920	\$ 17,291,903	\$ 19,233,169	\$ 26,962,828	\$ 32,995,809

City and Borough of Sitka, Alaska
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 17,697,462	\$ 18,924,241	\$ 20,129,961	\$ 21,874,073	\$ 20,812,860	\$ 22,232,408	\$ 25,742,537	\$ 29,999,677	\$ 30,709,296	\$ 32,657,495
State sources	17,218,068	8,810,809	4,952,257	4,056,169	2,222,438	1,085,248	5,602,137	2,312,156	2,227,846	1,892,080
Federal sources	2,813,097	1,525,182	2,330,840	1,446,483	2,340,356	17,510,579	4,175,587	4,264,760	2,971,137	1,227,185
Charges for services	2,748,192	1,643,371	1,751,934	1,758,868	1,668,135	1,326,334	1,403,587	2,123,116	2,160,370	2,378,308
Interfund services	2,870,628	2,750,429	2,855,203	2,695,448	2,663,479	2,705,560	2,784,694	2,861,120	2,902,413	3,129,204
Fines and forfeitures	85,245	71,293	46,773	60,572	55,730	45,401	63,199	46,202	35,633	7,645
Investment income (loss)	953,584	2,208,869	1,832,552	2,425,707	1,796,748	6,250,377	(4,250,060)	2,254,391	4,258,053	5,809,817
Uses of property	226,643	265,557	335,686	335,463	364,243	474,498	457,837	692,727	669,208	722,572
Licenses and permits	203,736	268,025	159,153	126,809	123,353	170,554	205,286	268,711	1,013,584	498,915
Other	387,895	419,254	441,192	268,265	1,959,575	2,286,627	1,295,740	931,909	876,631	1,175,483
Total Revenues	45,204,550	36,887,030	34,835,551	35,047,857	34,006,917	54,087,586	37,480,544	45,754,769	47,824,171	49,498,704
Expenditures										
Administration	4,750,036	4,863,965	4,906,870	5,993,080	5,159,126	5,547,373	6,032,660	6,636,488	8,651,875	8,765,258
Public safety	6,969,696	6,515,650	6,271,068	6,383,441	6,132,699	6,654,404	6,610,186	6,414,473	7,030,168	7,226,278
Public works	4,605,859	4,322,411	3,734,414	3,913,877	3,888,614	3,369,305	3,976,229	4,217,174	4,766,295	5,631,050
Public services	2,219,095	3,291,844	2,770,419	2,914,320	4,317,218	16,316,679	4,113,982	3,808,209	4,311,618	4,791,969
Support	7,650,465	7,177,703	7,294,014	7,524,879	7,511,994	7,581,311	8,364,200	8,818,868	8,527,498	8,649,880
Capital outlay	19,139,373	7,287,549	3,571,051	2,199,479	1,860,209	2,075,082	2,020,108	1,973,536	577,256	2,246,817
Debt service:										
Principal	2,578,831	2,717,310	2,802,310	2,902,310	2,177,310	1,872,309	2,017,310	2,072,310	2,097,310	1,332,310
Interest and fiscal charges	1,126,007	979,104	882,671	759,815	648,952	602,019	313,939	256,423	223,899	188,289
Lease assets	-	-	-	-	-	-	16,224	21,449	15,643	10,288
Total Expenditures	49,039,362	37,155,536	32,232,817	32,591,201	31,696,122	44,018,482	33,464,838	34,218,930	36,201,562	38,842,139
Excess of Revenues Over (Under) Expenditures	(3,834,812)	(268,506)	2,602,734	2,456,656	2,310,795	10,069,104	4,015,706	11,535,839	11,622,609	10,656,565
Other Financing Sources (Uses)										
Proceeds from sale of assets	22,334	-	-	-	-	-	-	-	-	-
Issuance of bonds - par	-	1,630,000	-	-	-	6,290,000	-	-	-	-
Issuance of bonds - premium	-	52,463	-	-	-	585,277	-	-	-	-
Payment to refund bonds	-	(1,662,944)	-	-	-	(6,818,469)	-	-	-	-
Lease assets	-	-	-	-	-	-	70,926	-	(21,379,646)	-
Transfers in	7,685,336	7,690,538	5,955,584	7,910,063	5,684,276	5,923,589	10,575,206	17,333,386	(46,702)	16,894,055
Transfers out	(8,189,902)	(9,988,915)	(6,204,628)	(8,181,699)	(6,029,240)	(6,111,570)	(11,621,056)	(27,564,868)	19,554,792	(17,858,820)
Net Other Financing Sources (Uses)	(482,232)	(2,278,858)	(249,044)	(271,636)	(344,964)	(131,173)	(974,924)	(10,231,482)	(1,871,556)	(964,765)
Special Item-sale of hospital						(1,553,032)	-	8,181,040	-	-
Net change in fund balances	\$ (4,317,044)	\$ (2,547,364)	\$ 2,353,690	\$ 2,185,020	\$ 412,799	\$ 9,937,931	\$ 11,221,822	\$ 1,304,357	\$ 9,751,053	\$ 9,691,800
Debt service as a percentage of noncapital expenditure	12.4%	12.4%	12.9%	12.0%	9.5%	5.9%	7.4%	7.2%	6.5%	4.2%

City and Borough of Sitka, Alaska
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Personal Property	Less Tax Exempt Real Property			Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
				Exempt	Total Taxable Assessed Value	Total Direct Tax Rate				
2016	\$ 682,904,400	\$ 292,673,300	\$ 60,709,500	\$ 77,348,300	\$ 958,938,900	0.006	\$ 1,245,005,400	77.02%		
2017	751,808,201	322,203,499	57,307,441	81,338,900	1,049,980,241	0.006	1,318,435,400	79.64%		
2018	869,636,600	262,276,100	56,307,441	103,355,100	1,084,865,041	0.006	1,284,593,700	84.45%		
2019	896,558,900	251,270,800	57,532,700	97,144,300	1,108,218,100	0.006	1,222,215,256	90.67%		
2020	830,119,100	430,511,300	54,170,370	201,563,000	1,113,237,770	0.006	1,335,015,956	83.39%		
2021	901,626,400	234,464,000	68,053,670	25,678,080	1,178,465,990	0.006	1,398,738,889	84.25%		
2022	919,894,900	575,856,600	50,232,540	370,017,140	1,175,966,900	0.006	1,258,472,608	93.44%		
2023	928,992,200	582,740,900	56,380,040	379,547,200	1,188,565,940	0.006	1,331,802,778	89.24%		
2024	903,343,100	650,436,100	43,854,620	384,347,716	1,213,286,104	0.006	1,348,095,671	90.00%		
2025	956,078,900	666,793,700	51,023,360	398,566,490	1,275,329,470	0.006	1,417,032,744	90.00%		

Property values are assessed at full and true value as of January 1st of the assessment year. On average (excluding tax exemptions), the City and Borough of Sitka assesses property at about 90% of its estimated full and true value, as demonstrated by the use of standardized ratio study results.

Source: Assessing department

Table 6

City and Borough of Sitka, Alaska

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Property Tax Mill Levies (per \$1,000 Assessed Valuation)
2016	6.00
2017	6.00
2018	6.00
2019	6.00
2020	6.00
2021	6.00
2022	6.00
2023	6.00
2024	6.00
2025	6.00

Property tax rates are set in the charter and may not be changed except by affirmative vote of a majority of voters-data is derived from charter.

There are no overlapping property tax rates.

Table 7

City and Borough of Sitka, Alaska

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Bed Tax	Tobacco Tax	Marijuana Tax	Total
2016	\$ 6,202,972	\$11,087,495	\$ 472,900	\$ 490,353	\$ -	\$ 18,253,720
2017	6,454,150	12,631,709	503,439	879,157	-	20,468,455
2018	6,647,375	13,309,207	543,697	850,876	-	21,351,155
2019	6,777,625	13,309,207	553,911	835,730	-	21,476,473
2020	6,852,247	12,139,374	398,187	806,706	-	20,196,514
2021	7,242,611	13,115,999	407,024	850,329	-	21,615,963
2022	7,204,373	16,365,714	669,958	886,947	-	25,126,992
2023	7,191,735	19,317,031	792,950	846,827	125,754	28,274,297
2024	7,435,553	18,688,712	780,796	778,060	327,504	28,010,625
2025	7,874,795	19,838,355	809,038	841,620	334,172	29,697,980

Table 8

City and Borough of Sitka, Alaska

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Silver Bay Seafoods LLC	\$ 12,311,290	1	0.97%	\$ 13,648,800	1	1.42%
North Pacific Seafoods Inc	9,129,695	2	0.72%			
Seafood Producers Cooperative	8,370,626	3	0.66%	1,820,180	8	0.19%
The North West Co Inc	7,913,100	4	0.62%	4,211,700	3	0.44%
Harbor Enterprises Inc	7,790,600	5	0.61%	3,312,400	4	0.35%
Scojo LLC	7,372,700	6	0.58%			
Hames Corporation	7,230,500	7	0.57%			
Sitka Residences LLC	5,654,600	8	0.44%			
Sitka Dock Company LLC	5,517,900	9	0.43%			
AK Preservation Sawmill Ltd. Partnership	5,435,700	10	0.43%			
ACS				4,427,700	2	0.46%
GCI Communications				2,692,100	5	0.28%
AT&T Alascom				2,086,100	6	0.22%
Alaska Airlines				1,964,168	7	0.20%
Aggregate Construction				1,714,500	9	0.18%
Sitka Ready-Mix & Rental Equipment				1,537,500	10	0.16%
Totals	<u>\$ 76,726,711</u>		<u>6.03%</u>	<u>\$ 37,415,148</u>		<u>3.90%</u>

Source: Assessing department

Table 9

City and Borough of Sitka, Alaska
Property Tax Levies and Collection
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy			Collections in Subsequent Years		
		Amount Collected	Percentage of Levy		Total Amount	Percentage of Levy	
2014	\$ 5,901,738	\$ 5,842,721	99%	\$ 58,017	\$ 5,900,738	99.98%	
2015	6,283,300	6,146,746	98%	38,488	6,185,234	98.44%	
2016	6,194,742	6,145,132	99%	29,616	6,174,748	99.68%	
2017	6,337,187	6,300,105	99%	32,806	6,332,911	99.93%	
2018	6,440,090	6,300,105	98%	110,484	6,410,589	99.54%	
2019	6,639,822	6,431,978	98%	17,017	6,448,995	97.13%	
2020	6,852,247	6,653,972	97%	61,613	6,715,585	98.01%	
2021	7,242,611	7,075,478	98%	30,471	7,105,949	98.11%	
2022	7,204,372	7,137,877	99%	55,327	7,193,204	99.84%	
2023	7,191,735	7,119,818	99%	66,488	7,186,306	99.92%	
2024	7,243,024	7,151,867	99%	45,905	7,197,772	99.38%	
2025	7,874,795	7,796,047	99%	43,251	7,839,298	99.55%	

City and Borough of Sitka, Alaska

Sales Tax Receipts by Industry

Last Ten Fiscal Years

Industry	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture, Forestry and Fishing	\$ 19,297	\$ 17,100	\$ 27,629	\$ 18,032	\$ 49,882	\$ 61,700	\$ 25,768	\$ 27,274	\$ 20,417	\$ 17,707
Construction	205,887	234,360	301,566	324,984	277,465	384,018	422,258	394,732	392,103	397,675
Manufacturing	249,378	267,635	290,841	357,453	315,633	242,455	293,156	362,505	318,895	334,741
Transportation & Public Utilities	657,369	625,344	646,408	705,416	633,470	543,636	703,741	1,085,159	1,095,762	1,198,006
Wholesale Trade	70,273	80,346	90,818	101,752	105,103	103,411	115,791	119,285	110,304	142,209
Retail Trade	5,539,053	5,656,974	6,033,590	6,693,040	6,270,305	6,981,919	8,511,244	9,703,924	9,923,190	10,606,797
Finance, Insurance & Real Estate	378,274	420,778	519,460	550,615	496,964	604,223	686,930	768,141	653,678	621,970
Services	2,173,224	2,623,270	2,954,957	3,338,532	2,685,683	3,050,104	4,508,827	5,548,740	5,005,646	5,387,547
Government - Local	930,599	892,001	1,222,743	1,067,592	1,304,869	1,144,533	1,097,999	1,307,271	1,168,717	1,428,271
Total Sales Tax Receipts	\$ 10,223,354	\$ 10,817,808	\$ 12,088,012	\$ 13,157,416	\$ 12,139,374	\$ 13,115,999	\$ 16,365,714	\$ 19,317,031	\$ 18,688,712	\$ 20,134,923

Sales tax rate during months of April through September at 6%, remainder of the year at 5%

Gross Sales by Industry

Last Ten Fiscal Years

Industry	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture, Forestry and Fishing	\$ 3,535,452	\$ 2,324,843	\$ 6,609,809	\$ 4,949,809	\$ 5,207,417	\$ 4,082,892	\$ 2,694,549	\$ 4,606,591	\$ 4,186,186	\$ 4,439,191
Construction	100,767,547	75,389,002	63,216,057	53,360,114	65,750,238	75,866,736	89,006,186	126,535,665	251,287,411	268,799,457
Manufacturing	11,546,457	14,185,850	12,954,934	11,942,032	13,677,415	17,097,426	14,353,681	15,977,994	11,317,727	12,909,599
Transportation & Public Utilities	17,792,868	17,803,360	20,127,273	24,630,228	18,738,603	17,730,630	25,670,856	37,044,154	39,397,115	55,751,831
Wholesale Trade	20,867,486	21,127,561	20,800,885	20,116,767	19,068,825	18,728,238	22,413,151	23,629,747	24,950,657	22,197,911
Retail Trade	137,741,065	147,468,118	161,438,725	160,689,354	150,832,467	166,332,439	216,752,705	253,662,667	286,248,603	253,641,205
Finance, Insurance & Real Estate	17,877,973	17,511,353	4,419,534	17,746,257	16,948,680	19,640,817	22,179,232	23,165,623	25,621,169	27,240,898
Services	78,410,397	75,071,067	67,371,555	79,005,868	68,181,873	79,523,993	107,540,676	135,785,783	144,705,393	146,172,455
Government - Local	39,544,915	31,186,998	53,764,615	34,335,761	33,422,953	36,996,834	37,234,856	24,430,272	22,261,280	25,881,642
Total Gross Sales	\$ 428,084,160	\$ 402,068,152	\$ 410,703,387	\$ 406,776,190	\$ 391,828,471	\$ 436,000,005	\$ 537,845,892	\$ 644,838,496	\$ 809,975,541	\$ 817,034,189

Source: Finance department

Table 11

City and Borough of Sitka, Alaska

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita			
	GO Bonds and Unamortized Bond Premiums		Notes Subscription Payable		Revenue Bonds and Unamortized Bond Premiums		Notes Subscription Payable							
	IT Assets	Leases	IT Assets	Leases	IT Assets	Leases	IT Assets	Leases						
2016	\$ 23,435,000	\$ 347,676	\$ -	\$ -	\$ 121,120,000	\$ 23,846,352	\$ -	\$ -	\$ 168,749,028	28.97%	\$19,081			
2017	20,745,000	326,365	-	-	118,940,000	24,451,388	-	-	164,462,753	29.78%	18,625			
2018	19,239,611	304,055	-	-	124,958,042	24,463,067	-	-	168,964,775	30.60%	19,446			
2019	16,159,576	281,745	-	-	135,001,553	25,163,176	-	-	176,606,050	30.92%	20,424			
2020	13,830,800	259,435	-	548,852	131,844,815	28,077,978	-	-	174,561,880	28.05%	20,554			
2021	11,438,815	237,126	-	235,991	136,341,834	30,254,623	-	-	178,508,389	28.24%	21,325			
2022	9,485,123	214,816	-	74,226	131,679,149	38,748,455	-	23,691	180,225,460	28.93%	21,438			
2023	7,320,450	192,506	46,764	59,502	127,103,420	39,150,355	37,882	12,146	173,923,025	27.25%	20,817			
2024	5,143,320	170,197	23,803	52,470	122,493,150	41,246,520	7,819	-	169,137,279	26.50%	20,179			
2025	3,744,302	147,887	16,877	17,931	117,809,669	40,093,589	222,035	782,828	162,835,118	25.51%	19,490			

Table 12

City and Borough of Sitka, Alaska

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amount Available in Debt Service Fund			Total	Percentage of Estimated Actual Value of Property			Per Capita
2016	\$ 23,435,000	\$ 2,448,740	\$ 20,986,260			1.96%	\$	2,373	
2017	17,965,000	1,921,775	16,043,225			1.88%		2,353	
2018	17,965,000	2,061,333	15,903,667			1.30%		1,830	
2019	16,159,576	2,424,542	13,735,034			1.12%		1,588	
2020	13,830,800	1,876,192	11,954,608			0.90%		1,408	
2021	11,438,815	837,712	10,601,103			0.76%		1,266	
2022	9,485,123	4,925,186	4,559,937			0.36%		542	
2023	7,320,450	110,886	7,209,564			0.46%		741	
2024	5,143,320	1,041,233	4,102,087			0.30%		489	
2025	3,744,302	1,024,460	2,719,842			0.19%		326	

Table 13

City and Borough of Sitka, Alaska

Direct and Overlapping Governmental Activities Debt

Legal Debt Margin Information

As of June 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping debt	\$ -	0%	\$ -
City and Borough of Sitka, Alaska	3,744,302	100%	3,744,302
Total direct and overlapping debt	\$ 3,744,302		\$ 3,744,302

Legal Debt Margin

The City and Borough of Sitka, Alaska has had no legal debt margin requirements for any of the last ten fiscal years.

City and Borough of Sitka, Alaska

Pledged Revenue Coverage
Last Ten Fiscal Years

Electric Revenue Bonds										
Fiscal Year	Transfers		From Rate	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total	Coverage
	Electric Revenue	Stabilization Fund								
2016	\$ 14,868,306	\$ 2,881,000	\$ 8,287,025	\$ 9,462,281	\$ 1,955,000	\$ 5,958,317	\$ (574,328)	\$ 7,338,989	1.29	
2017	16,336,780	1,582,681	8,747,944	9,171,517	2,035,000	5,878,517	(574,020)	7,339,497	1.25	
2018	17,790,420	-	8,659,112	9,131,308	2,115,000	5,762,377	(575,663)	7,301,714	1.25	
2019	18,945,919	-	8,349,335	10,596,584	2,175,000	5,729,072	(578,078)	7,325,994	1.45	
2020	17,780,674	-	7,305,078	10,475,596	2,260,000	5,589,072	(578,078)	7,270,994	1.44	
2021	18,863,385	-	7,375,780	11,487,605	2,212,966	2,574,725	(7,768)	4,779,923	2.40	
2022	19,547,528	-	8,077,005	11,470,523	3,155,000	3,478,868	-	6,633,868	1.73	
2023	20,899,556	-	7,982,478	12,917,078	3,145,000	3,516,743	-	6,661,743	1.94	
2024	25,010,353	-	10,259,823	14,750,530	3,245,000	2,864,198	-	6,109,198	2.41	
2025	24,519,150	-	11,703,435	12,815,715	3,370,000	3,272,983	-	6,642,983	1.93	
Harbor Revenue Bonds										
Fiscal Year	Transfers		From Rate	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total	Coverage
	Harbor Revenue	Stabilization Fund								
2016	\$ 3,538,828	\$ -	\$ 1,994,660	\$ 1,544,168	\$ 140,000	\$ 170,300	\$ -	\$ 310,300	4.98	
2017	3,780,767	-	2,257,502	1,523,265	145,000	164,700	-	309,700	4.92	
2018	3,560,392	-	2,265,140	1,295,252	150,000	115,571	-	265,571	4.88	
2019	3,236,489	-	2,013,743	1,222,746	390,836	219,623	-	610,459	2.00	
2020	3,594,462	-	2,087,608	1,506,854	365,000	527,983	-	892,983	1.69	
2021	3,366,853	-	2,342,276	1,024,577	380,000	438,726	-	818,726	1.25	
2022	4,533,926	-	2,322,622	2,211,304	445,000	421,579	-	866,579	2.55	
2023	4,986,065	-	2,614,091	2,371,974	465,000	411,633	-	876,633	2.71	
2024	5,184,952	-	2,862,886	2,322,066	485,000	370,651	-	855,651	2.71	
2025	5,229,236	-	3,162,301	2,066,935	500,000	334,600	-	834,600	2.48	
Airport Terminal Revenue Bonds										
Fiscal Year	Transfers		From Rate	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Interest Paid	Interest Subsidies	Total	Coverage
	Airport Revenue	Stabilization Fund								
2019	\$ 899,200	\$ -	\$ 374,840	\$ 524,360	\$ -	\$ 43,839	\$ -	\$ 43,839	11.96	
2020	840,700	-	397,286	443,414	135,000	199,438	-	334,438	1.33	
2021	612,485	168,000	391,636	388,849	140,000	165,126	-	305,126	1.27	
2022	808,744	14,000	397,676	425,068	145,000	188,500	-	333,500	1.27	
2023	966,052	-	431,179	534,873	155,000	182,987	-	337,987	1.58	
2024	1,061,690	-	574,448	487,242	160,000	174,268	-	334,268	1.46	
2025	1,049,932	50,000	701,303	398,629	170,000	138,582	-	308,582	1.29	

Coverage ratios are computed according to formulas in revenue bond ordinances.

Revenue includes all operating and nonoperating revenues.

Expenses includes all operating expenses, excluding depreciation.

Interest paid is actual interest paid, not interest expense.

Table 15

City and Borough of Sitka, Alaska
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1,000s)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2016	8,844	\$ 582,407	\$ 65,853	1,276	5.5%
2017	8,830	552,206	62,537	1,315	3.9%
2018	8,689	571,261	65,745	1,256	4.6%
2019	8,647	622,344	71,972	1,244	4.1%
2020	8,493	632,219	74,440	1,187	6.2%
2021	8,371	622,987	74,422	1,144	4.8%
2022	8,407	638,234	75,917	1,131	3.5%
2023	8,382	672,672	80,252	1,112	2.6%
2024	8,282	706,065	85,253	1,102	2.8%
2025	8,355	712,289	85,253	1,030	2.5%

Sources: Alaska Department of Labor and Workforce Development, BEA.gov; U.S. Census Bureau; State of Alaska, DEED (ADM) 2021 and forward, population and income data provided is for prior calendar year.

City and Borough of Sitka, Alaska

Principal Employers Current Year* and Nine Years Ago

Industry*	2023 (most current data available)			2016		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Educational services, health care, & social assistance	1,212	1	28%	1,460	1	30.6%
Public administration	485	2	11.4%	374	6	7.8%
Retail trade	448	3	10.5%	388	5	8.1%
Agriculture, forestry, fishing, hunting, & mining	325	4	7.6%	493	3	10.3%
Arts, entertainment, recreation, accommodation, & food services	304	5	7.1%	527	2	11.1%
Other services, except public administration	276	6	6.5%	176	10	3.7%
Transportation, warehousing, & utilities	272	7	6.4%	389	4	8.2%
Manufacturing	252	8	5.9%	233	9	4.9%
Construction	218	9	5.1%	262	7	5.5%
Professional, scientific, management, administrative, & waste management services	212	10	5.0%	262	7	5.5%
Finance, insurance, real estate, & rental/leasing	164	11	3.9%	124	11	2.6%
Information	50	12	1.2%	58	12	1.2%
Wholesale trade	40	13	0.9%	20	13	0.4%

Source: U.S. Census Bureau

Table 17

City and Borough of Sitka, Alaska

Full-Time Equivalent City and Borough Government Employees By Function Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	36	37	37	32	32	33	34	38	41	44
Public Safety:										
Police	32	31	31	30	30	29	33	33	32	32
Fire and Ambulance	10	9	9	9	9	9	10	11	11	14
Public Works	20	20	20	23	23	22	22	27	24	29
Public Services:										
Library	7	7	7	7	7	7	7	7	7	7
Centennial Building	4	4	4	5	5	5	5	5	5	5
Electric	26	25	25	25	25	25	26	26	26	25
Water	3	3	3	3	3	3	3	3	3	4
Wastewater Treatment	10	10	10	8	8	8	8	8	8	8
Solid Waste Disposal	-	-	-	3	3	3	3	3	3	3
Harbor	9	8	8	8	8	9	8	8	9	10
Airport	-	-	-	-	-	-	1	1	1	1
Sawmill Cove Industrial Park	-	-	-	-	-	-	-	-	-	-
Totals	157	154	154	153	153	154	160	170	170	182

Source: Personnel list as approved in the adopted annual budget

Table 18

City and Borough of Sitka, Alaska

Active Electrical Customers
Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
2016	2,795	609	546	216	14	4,180
2017	3,242	702	693	219	15	4,871
2018	3,393	729	697	224	12	5,055
2019	3,383	716	611	221	12	4,943
2020	3,375	713	545	220	-	4,853
2021	3,426	766	671	227	9	5,099
2022	3,454	794	713	225	9	5,195
2023	3,537	800	678	227	9	5,251
2024	3,522	804	712	226	8	5,272
2025	3,515	833	696	228	9	5,281

KwH Sold by Class
Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Harbor	Public Authority	Other	Total
2016	42,197,620	33,626,191	2,539,114	25,004,771	305,889	103,673,585
2017	43,416,551	33,732,672	3,051,624	25,059,205	299,759	105,559,811
2018	43,233,448	35,709,803	2,883,829	25,241,700	-	107,068,780
2019	40,426,853	33,377,855	2,496,564	27,116,718	-	103,417,990
2020	42,771,637	34,243,336	2,780,405	27,553,740	-	107,349,118
2021	44,670,507	34,330,524	3,341,823	27,818,528	180,670	110,342,052
2022	44,444,087	38,627,447	3,385,759	29,703,341	184,224	116,344,858
2023	44,969,267	39,023,930	3,242,206	29,293,531	172,757	116,701,691
2024	44,497,460	38,185,021	3,142,821	30,714,539	152,922	116,692,763
2025	45,175,820	35,588,388	3,167,207	30,806,179	141,410	114,879,004

Sources: City and Borough of Sitka's Finance Department and Electric Utility Fund

Table 19

City and Borough of Sitka, Alaska

Operating Indicators by Function
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government-										
Building department transactions	196	208	197	157	133	186	227	197	202	229
Public Safety:										
Number of police officers	31	30	30	29	29	29	30	30	31	31
Number of paid firefighters	10	9	9	8	8	8	9	9	9	12
Arrests made (calendar year)	269	274	411	293	291	247	133	*	*	*
Ambulance emergency responses	1,260	1,260	1,227	1,336	1,310	1,074	1,433	1,345	1,505	1,371
Fire emergency responses	193	146	159	158	137	184	179	142	163	195
Public Works-										
Recreation permits issued	39	25	30	29	26	37	53	53	42	29
Public Services:										
Volumes in library collection	68,039	69,941	70,831	104,061	71,876	58,000	56,567	54,399	53,007	52,992
Number of events scheduled at Centenn	2	122	231	236	178	71	1,200	1,636	1,588	1,468
Water-										
New connections	17	22	12	14	14	23	34	28	33	25
Wastewater-										
New connections	18	20	13	14	17	20	35	27	29	25
Electric utility (see table 18)										
Marine Service Center-										
Cold storage tenants	2	2	1	2	2	2	2	2	2	2
Harbors-										
Active permanent moorage accounts	*	*	*	*	1,026	1,269	1,019	1,140	1,227	1,121
Airport terminal-										
Enplanements (for calendar year)	83,404	83,598	87,119	90,839	38,343	80,366	*	*	*	*

Sources: Various municipal departments, Federal Aviation Administration

* Information not available

Table 20

City and Borough of Sitka, Alaska

Capital Asset Statistics by Function

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of fire stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Number of public works buildings	1	1	1	1	1	1	1	1	1	1
Number of park and recreation facilities	25	23	23	24	24	24	24	24	24	24
Miles of paved streets	25	25	25	25	25	25	25	25	25	25
Miles of unpaved streets	5	5	5	5	5	5	5	5	5	5
Acres of park lands	*	*	*	*	109	109	109	109	109	109
Miles of trails	*	*	*	*	8	8	8	11	11	11
Public Services:										
Number of library facilities	1	1	1	1	1	1	1	1	1	1
Number of meeting halls and community centers	2	2	2	2	2	2	2	2	2	2
Water:										
UV disinfection plant	-	1	1	1	1	1	1	1	1	1
Water filtration plants	-	-	-	-	-	-	-	-	1	1
Number hydrants	*	*	*	*	450	450	450	450	450	450
Miles of water mains	*	*	*	*	48	48	48	48	48	51
Wastewater:										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of lift stations/pumps	*	*	*	*	78	78	78	78	78	78
Miles of sewer lines	*	*	*	*	40	40	40	40	40	40
Electric (see table 18):										
Dams and hydroelectric generation plants	2	2	2	2	2	2	2	2	2	2
Diesel plants	*	*	*	*	1	1	1	1	1	1
Miles of electricity distribution lines	*	*	*	*	155	155	155	155	155	155
Harbors-										
Number of harbor facilities	7	7	7	7	7	7	7	7	7	7
Marine Service Center-										
Cold storage facility	1	1	1	1	1	1	1	1	1	1
Industrial Park-										
Acreage under active management	*	*	*	*	27	27	27	27	27	27
Airport-										
Airport terminal buildings	1	1	1	1	1	1	1	1	1	1

Sources: Various municipal departments

* information not available