

Petersburg Borough, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information, and Single Audit Reports
Year Ended June 30, 2023

Petersburg Borough, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information, and Single Audit Reports
Year Ended June 30, 2023

Petersburg Borough, Alaska

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Financial Section



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Independent Auditor's Report

Honorable Mayor and Borough Assembly
Petersburg Borough, 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 Petersburg Borough, Alaska (the "Borough"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, 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 Borough, as of June 30, 2023, 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 statement of Petersburg Medical Center (the Medical Center), a discretely presented component unit. 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 Medical Center, is based solely on the report 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 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.

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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 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 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 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 the management's discussion and analysis, the budgetary comparison information, and the schedules of the Borough's proportionate share of the net pension and net OPEB liability or asset and Borough's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules, and the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 for the year ended June 30, 2023, 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules, schedule of expenditures of federal awards, and the schedule of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2023.



We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Borough as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated February 28, 2023, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024 on our consideration of the 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 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 Borough's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
January 26, 2024

Management's Discussion & Analysis

Petersburg Borough

Management's Discussion and Analysis

This section offers readers of the Petersburg Borough's (the Borough) financial statements a narrative overview and analysis of the financial activities of the Borough for the fiscal year that ended June 30, 2023. The intent of this section is to provide the reader with some comparative discussion and analysis. We encourage readers to consider the information presented here in conjunction with the Borough's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Borough exceed its liabilities at the close of the most recent year by \$128,941,963 (net position). Of this amount, \$98,408,729 was invested in capital assets, \$4,181,588 restricted in school support and a roads special revenue fund, and \$26,351,646 (unrestricted net position) is legally unreserved and may therefore be used to meet the Borough's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,408,638 which is an increase of \$704,696. This is due to larger than budgeted Sales Tax revenue. The unassigned fund balance for the General Fund represented 62% of total General Fund expenditures exclusive of transfers out.
- DNR recorded a Patent Deed granting ownership of 589.85 acres within the Thomas Bay Subdivision to the Petersburg Borough, assessed value of \$2.8 million. This is the first conveyance of municipal entitlement lands completed from Borough formation.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Petersburg Borough's basic financial statements. The Borough's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Borough's finances. The *Statement of Net Position* and the *Statement of Activities* provide information about all of the Borough's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Borough is improving or deteriorating.

The Statement of Activities provides information which shows how the 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 government-wide financial statements distinguish functions of the Borough that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Borough include general government, public safety, public works, community development, community services, culture and recreation, and education services. The business-type activities of the Borough include the electric, water, wastewater and sanitation utilities; the port and harbors; elderly housing and assisted living facilities; and the motor pool operations.

Petersburg Borough

Management's Discussion and Analysis

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements also report the Borough's operations in more detail than the government-wide statements by providing information about the Borough's most significant funds. The Petersburg Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Petersburg Borough can be divided into two categories: governmental funds and proprietary funds (also known as enterprise funds and internal service funds).

- **Governmental Funds.** Most of the Borough's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. This information is useful in evaluating a government's short-term financial requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it provides information that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs.

The financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balance. The Borough has one major governmental funds, the General Fund. Data from seventeen other governmental funds are combined into a single, aggregated presentation, labeled the Nonmajor Funds. The seventeen nonmajor governmental funds report revenues and expenditures for: Miscellaneous Grants, National Forest Receipts - Schools, National Forest Receipts - Streets & Roads, Property Development, E911 Surcharge, Borough Organizational, Transient Room Tax, Marine Passenger Fee, American Rescue Plan - ARPA Funds, DCRA Local Government Lost Revenue, Local Assistance and Tribal Consistency, Debt Service, Pool Upgrades, Library Construction, Fishing Park, Economic Development, and Motor Pool Building Repair.

The Borough adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided as required supplementary information to the basic financial statements for the General Fund to demonstrate compliance with the budget.

- **Proprietary Funds.** The Borough's Enterprise Funds and Motor Pool Internal Service Fund report the same functions presented as business-type activities in the government-wide financial statements but provide more detail and additional information, such as cash flows. The Proprietary Funds are made up of five major Enterprise Funds: The Electric, Water and Wastewater Utility Funds; the Port & Harbor Facilities Fund; and the Assisted Living Facility Fund. The Borough has two nonmajor Enterprise Funds - the Sanitation and Elderly Housing Funds and one Internal Service Fund, the Motor Pool Fund.

Notes to the Financial Statements. The notes to the financial statements begin on page 34. The notes provide information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other additional supplementary information.

Petersburg Borough

Management's Discussion and Analysis

Government Wide Financial Statements

Net position serves over time as a useful indicator of a government's financial position.

In the case of the Petersburg Borough, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$128,941,963 at the close of the most recent fiscal year. This was a net increase of \$1,930,651 from the previous year.

The largest portion of the Borough's net position, 76%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. A substantial portion of these capital assets were paid for with the assistance of Federal and State grants.

Table 1
Petersburg Borough's Net Position

| | Governmental Activities | | Business-type Activities | | Total Activities | |
|--|----------------------------|---------------------|-----------------------------|---------------------|-----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets and Deferred Outflows of Resources | | | | | | |
| Current and other assets | \$ 24,084,261 | \$24,466,875 | \$19,021,067 | \$21,126,695 | \$ 43,105,328 | \$ 45,593,570 |
| Restricted cash and investments | - | - | 5,325,587 | 7,308,754 | 5,325,587 | 7,308,754 |
| Capital assets, net of depreciation | 46,287,603 | 45,276,101 | 63,399,600 | 63,500,329 | 109,687,203 | 108,776,430 |
| Deferred outflows of resources | 867,363 | 833,756 | 651,817 | 581,977 | 1,519,180 | 1,415,733 |
| Total Assets and Deferred Outflows of Resources | 71,239,227 | 70,576,732 | 88,398,071 | 92,517,755 | 159,637,298 | 163,094,487 |
| Liabilities and Deferred Inflows of Resources | | | | | | |
| Long-term liabilities | 8,045,940 | 7,940,653 | 17,411,700 | 17,292,599 | 25,457,640 | 25,233,252 |
| Other liabilities | 2,111,194 | 2,743,813 | 1,463,228 | 696,827 | 3,574,422 | 3,440,640 |
| Deferred Inflows of resources | 247,077 | 3,487,906 | 1,416,196 | 3,921,377 | 1,663,273 | 7,409,283 |
| Total Liabilities and Deferred Inflows of Resources | 10,404,211 | 14,172,372 | 20,291,124 | 21,910,803 | 30,695,335 | 36,083,175 |
| Net Position | | | | | | |
| Net investment in capital assets | 43,882,614 | 42,096,823 | 54,526,115 | 56,653,762 | 98,408,729 | 98,750,585 |
| Restricted | 4,181,588 | 4,285,983 | - | - | 4,181,588 | 4,285,983 |
| Unrestricted | 12,770,814 | 10,021,554 | 13,580,832 | 13,953,190 | 26,351,646 | 23,974,744 |
| Total Net Position | \$ 60,835,016 | \$56,404,360 | \$68,106,947 | \$70,606,952 | \$ 128,941,963 | \$127,011,312 |

Petersburg Borough

Management's Discussion and Analysis

Statement of Activities

The Borough's total revenues and expenses for governmental and business-type activities are reflected in the following table.

Table 2
Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total Activities | |
|---|----------------------------|----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,588,642 | \$ 1,239,300 | \$ 14,151,161 | \$ 12,895,430 | \$ 16,739,803 | \$ 14,134,730 |
| Operating grants and contributions | 2,036,063 | 2,891,351 | (26,341) | 199,676 | 2,009,722 | 3,091,027 |
| Capital grants and contributions | - | 93,121 | - | - | - | 93,121 |
| General Revenues: | | | | | | |
| Property Tax | 3,500,627 | 3,467,823 | - | - | 3,500,627 | 3,467,823 |
| Sales Tax | 4,164,980 | 4,141,309 | - | - | 4,164,980 | 4,141,309 |
| Payment in lieu of taxes | 721,663 | 662,534 | - | - | 721,663 | 662,534 |
| Other taxes | 345,892 | 357,853 | - | - | 345,892 | 357,853 |
| Grants and entitlements not restricted to a specific purpose | 1,345,795 | 1,186,175 | - | - | 1,345,795 | 1,186,175 |
| Investment loss | 677,922 | (895,529) | 374,415 | (460,426) | 1,052,337 | (1,355,955) |
| Loss on Disposal of Capital Asset | - | (19,282) | - | - | - | (19,282) |
| Other | 2,799,664 | 7,987 | - | 27,196 | 2,799,664 | 35,183 |
| Total revenues | 18,181,248 | 13,132,642 | 14,499,235 | 12,661,876 | 32,680,483 | 25,794,518 |
| Expenses | | | | | | |
| General Government | 1,240,769 | 1,057,023 | - | - | 1,240,769 | 1,057,023 |
| Public Safety | 4,053,813 | 4,008,164 | - | - | 4,053,813 | 4,008,164 |
| Public Works | 1,746,301 | 1,621,186 | - | - | 1,746,301 | 1,621,186 |
| Community Development | 416,786 | 355,189 | - | - | 416,786 | 355,189 |
| Community Services | 504,018 | 873,008 | - | - | 504,018 | 873,008 |
| Culture & Recreation | 2,396,390 | 3,063,905 | - | - | 2,396,390 | 3,063,905 |
| Education | 2,322,578 | 2,189,698 | - | - | 2,322,578 | 2,189,698 |
| Interest | 43,844 | - | - | - | 43,844 | - |
| Electric utility | - | - | 7,154,092 | 6,249,292 | 7,154,092 | 6,249,292 |
| Water utility | - | - | 1,583,815 | 1,558,201 | 1,583,815 | 1,558,201 |
| Wastewater utility | - | - | 1,157,833 | 1,002,588 | 1,157,833 | 1,002,588 |
| Sanitation utility | - | - | 1,418,729 | 1,378,826 | 1,418,729 | 1,378,826 |
| Harbor/Port Facilities | - | - | 4,871,225 | 3,636,188 | 4,871,225 | 3,636,188 |
| Elderly Housing | - | - | 430,439 | 523,113 | 430,439 | 523,113 |
| Assisted Living | - | - | 1,409,200 | 1,257,741 | 1,409,200 | 1,257,741 |
| Total expenses | 12,724,499 | 13,168,173 | 18,025,333 | 15,605,949 | 30,749,832 | 28,774,122 |
| Increase (decrease) in net position before transfers special item | 5,456,749 | (35,531) | (3,526,098) | (2,944,073) | 1,930,651 | (2,979,604) |
| Transfers | (1,026,093) | (929,628) | 1,026,093 | 929,628 | - | - |
| Special item - Insurance recovery on capital assets, net | - | 626,972 | - | - | - | 626,972 |
| Increase (decrease) in net position | 4,430,656 | (338,187) | (2,500,005) | (2,014,445) | 1,930,651 | (2,352,632) |
| Beginning net position | 56,404,360 | 56,742,547 | 70,606,952 | 72,621,397 | 127,011,312 | 129,363,944 |
| Ending net position | \$ 60,835,016 | \$ 56,404,360 | \$ 68,106,947 | \$ 70,606,952 | \$ 128,941,963 | \$ 127,011,312 |

Petersburg Borough

Management's Discussion and Analysis

Governmental Activities

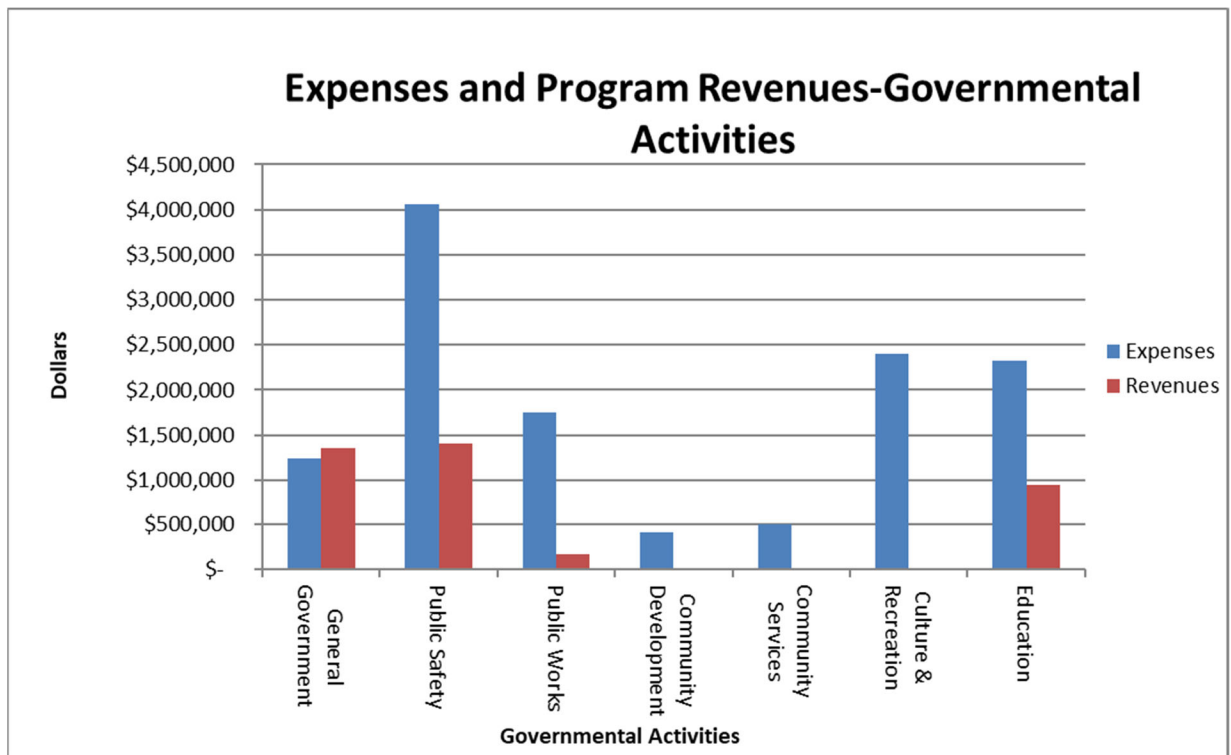
Governmental activities change in net position for 2023 was an increase of \$4,430,656. Key elements of this follows:

- In 2023 the State of Alaska conveyed \$2,791,200 in Land (under other in Table 2) to the Borough that was part of the Borough Formation land entitlement. This land is located in Thomas Bay.
- A gain of \$677,922 of investment income, due to rising interest rates compared to the prior year investment loss of \$895,529.

The net position for the Borough's governmental activities was \$60,835,016. A substantial portion (72%) of the net position is invested in capital assets net of related debt. The Borough uses these assets to provide services to the citizens. The unrestricted net position of the governmental activities was \$12,770,814 as of June 30, 2023.

Figure 1 shows governmental activities, expenses and the related revenues dedicated to each activity. It shows the amount of dedicated revenues associated with the various kinds of activities, exclusive of other revenues. Other revenues also support government activities but are general in nature and apply to all categories, so they are not included in this graph. They include property and sales taxes, payments in lieu of taxes, investment income, and other general revenues.

Figure 1

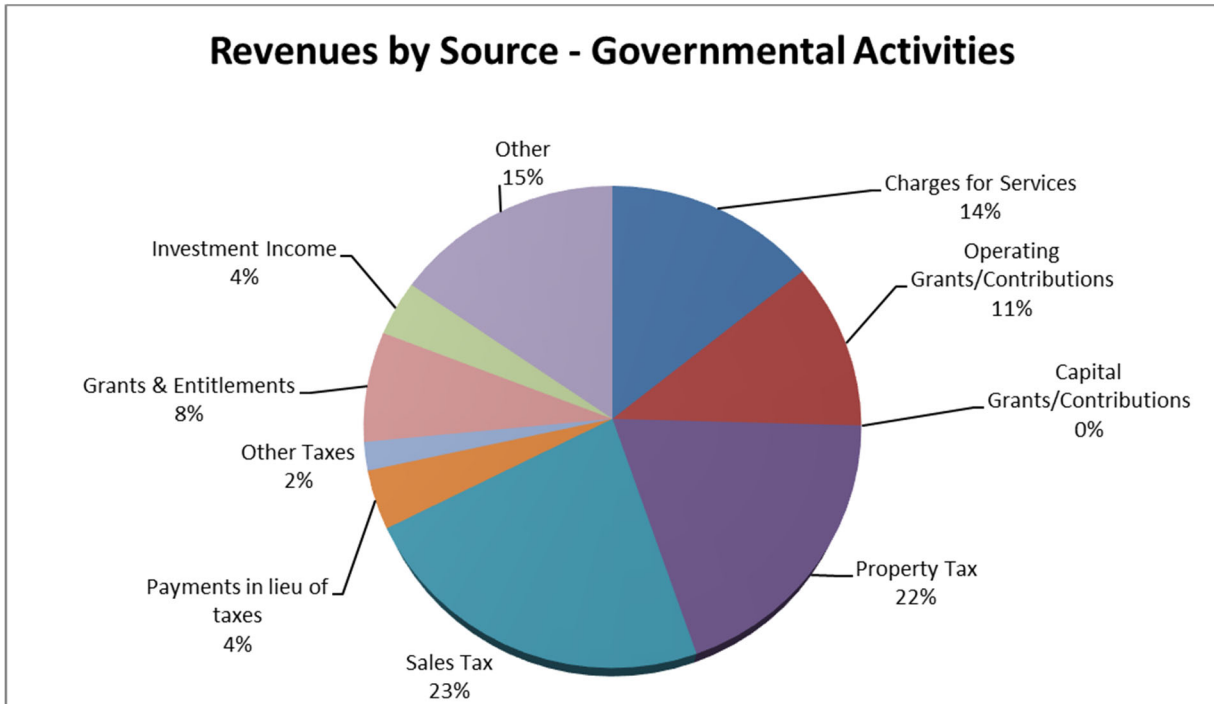


Petersburg Borough

Management's Discussion and Analysis

Figure 2 shows the percentages of all revenue sources for governmental activities, both program and general. In 2023, sales taxes and property tax totaled 23% and 22%, respectively, of revenues, with sales tax decreasing from the prior year's 27% and property tax remaining flat. The decrease in sales tax can be attributed to the land entitlement from the State of Alaska in April 2023, valued at \$2,791,200 (other 15%).

Figure 2



Business-type Activities

The net position for the Borough's business-type activities was \$68,106,947, a decrease of \$2,500,005. As with governmental activities, a substantial portion (80%) of the net position is invested in capital assets net of related debt. The Borough uses these assets to provide services to the citizens.

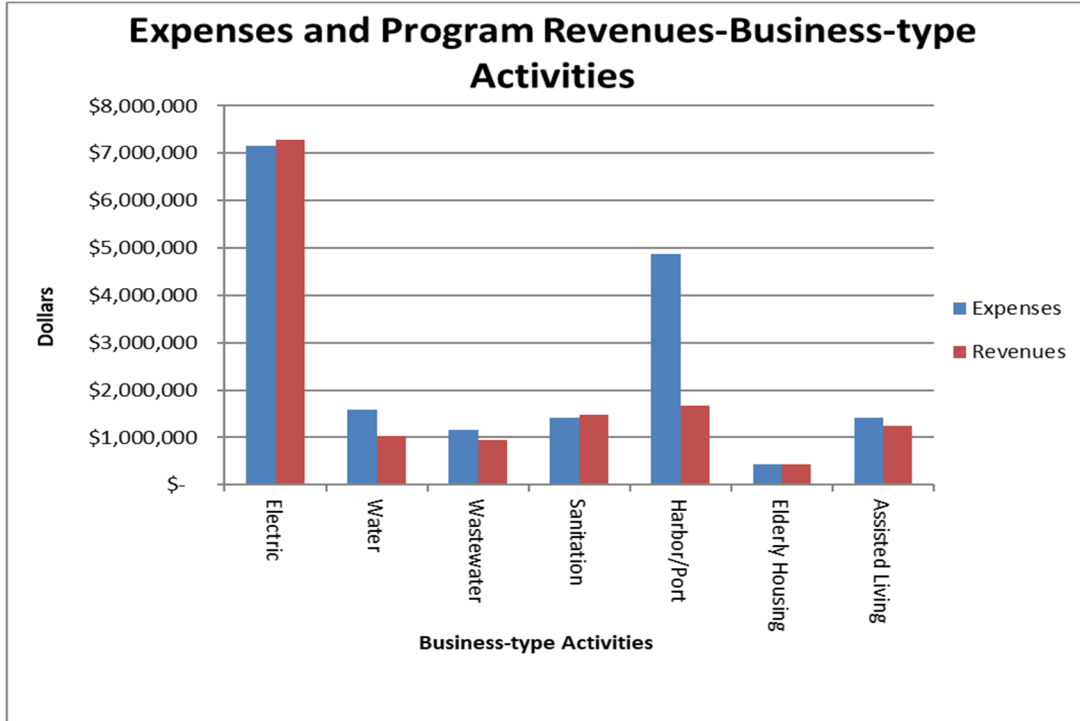
The unrestricted net position of the business-type activities was \$13,580,832 as of June 30, 2023. This is a decrease in unrestricted net position of \$372,358.

Figure 3 shows expenses and program revenues for the business-type activities, excluding capital grants and contributions. Depreciation is included in the expenses. All activities are reporting expenses in excess of revenues with the exception of the Electric Fund, Sanitation Fund and the Elderly Housing Fund. It should be noted that covering depreciation of capital assets is difficult when a large portion of the Borough's infrastructure was originally paid for by capital grants or with the assistance of grants.

Petersburg Borough

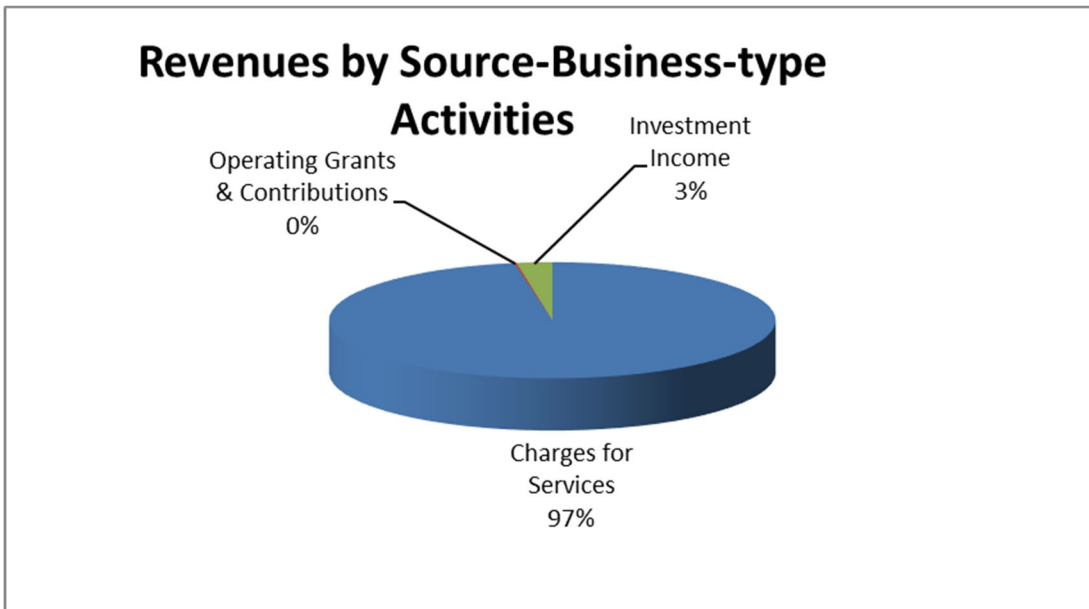
Management's Discussion and Analysis

Figure 3



The pie chart of Figure 4 shows that the majority of all revenues are collected from service charges (97%) with 3% of revenues coming from investment income or grants for business type activities.

Figure 4



Petersburg Borough

Management's Discussion and Analysis

Financial Analysis

As noted earlier, the Petersburg Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Borough can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. The focus of the Petersburg 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 Petersburg Borough's financing requirements. In particular, unassigned fund balance serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Petersburg Borough's governmental funds reported combined ending fund balances of \$17,851,097, an increase of \$968,038 in comparison with the prior year.

The total fund balances of the governmental funds are made up of four components. \$4,181,588 restricted (National Forest Receipts School, Public Roads funding and Public Safety), \$6,021,974 committed (Economic development, Public Works, Public Safety, Capital projects, and Tourism), \$1,238,897 assigned (Debt Service and Borough Organizational), and \$6,408,638 unassigned.

General Fund

The General Fund is the chief operating fund of the Borough. At the end of the current fiscal year, the unassigned and total fund balance was \$6,408,638. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 62% of total General Fund expenditures. This is an increase of 3% from the previous year. In 2022 unassigned fund balance decreased by 6%.

General Fund Budgetary Highlights

- General Fund revenues exceeds expenditures by \$1,392,544, which was a positive variance of \$1,377,143 over what was originally budgeted. This was due to sales tax revenue exceeding budgeted totals by \$794,980.
- Total tax revenue recognized equaled \$7,973,692 a positive variance of \$806,365 from what was budgeted. This was mainly due to sales tax revenue being more than what was budgeted by \$794,980.
- Intergovernmental revenue recognized was \$2,528,743, a positive variance of \$285,071 from what was originally budgeted. This is due to revenue from state fisheries business tax above what was originally budgeted at \$700,000, as it came in at \$944,989.

Petersburg Borough

Management's Discussion and Analysis

Nonmajor Special Revenue Funds

Nonmajor Special Revenue funds experienced an overall decrease in fund balance of \$17,310 for a total of \$5,595,655. Miscellaneous Grants Fund balance at year end was \$3,703, National Forest Receipts - School Fund \$3,787,303, National Forest Receipts - Roads Fund \$394,285, the Property Development Fund \$887,227, E911 Surcharge \$235,373, Borough Organizational Fund \$61,128, Transient Room Tax \$92,903, and the Marine Passenger Fee ending fund balance \$121,277 at the end of FY23.

Nonmajor Capital Project Funds

One governmental Capital Project Fund, the Fishing Park with fund balance of \$99,718 had no activity throughout the year, and therefore, the fund balance did not change. Three other nonmajor capital funds showed fund balances as follows: Library Construction (\$11,845), Economic Development (\$4,362,168), and the Pool Upgrades (\$211,461). Two nonmajor capital funds were closed out in FY23, the Motor Pool Building Repair and the Disaster Response Fund.

Proprietary Funds. The Borough's proprietary funds provide the same type of information found in the government-wide financial statements, but individual fund statements are presented with more detail. The Petersburg Borough maintains two types of proprietary funds; enterprise funds and an internal service fund (Motor Pool).

Enterprise Funds reported total net position of \$68,106,947 with \$54,526,115 invested in capital assets net of related debt leaving unrestricted net position of \$13,580,832.

- The Electric Utility Fund's unrestricted net position was \$7,056,668, an increase of \$557,719 from the prior year.
- The Water Utility Fund's unrestricted net position was \$1,470,981, an increase of \$231,010.
- The Wastewater Utility Fund's unrestricted net position was \$873,999 at the end of the year, an increase of \$58,237.
- The Sanitation Utility Fund is showing an unrestricted fund balance of \$394,885 which is an increase of \$202,007 from the prior year.
- The Harbor Fund decreased its unrestricted net position by \$1,559,014, to end the year at \$1,751,816. This decrease is due to the \$2.1 million in South Harbor Dredge expenses in FY23.
- The Elderly Housing Fund's unrestricted net position showed an increase in fiscal year 2023 of \$28,600 to end the year at \$572,526.
- The Assisted Living Fund presents a deficit of unrestricted net position of \$921,325 at year end. This is due to the net pension and net other postemployment benefit liabilities, and related deferred outflows and inflows of resources amounting to \$407,541. Without these long-term liabilities and related deferred outflows and inflows of resources the deficit net position in FY 2023 would have been \$513,784.

Petersburg Borough

Management's Discussion and Analysis

Internal Service Fund

The Borough maintains an internal service fund which is the Motor Pool Fund. The Motor Pool Internal Service Fund accumulates cash for replacement of Borough vehicles and pay into the motor pool to forward-fund vehicle replacement. This funding mechanism spreads the vehicle costs over the life of the vehicle in each department's annual budget, rather than incur one-time expenses in the year of vehicle/equipment purchases. The Motor Pool Fund's unrestricted net position at fiscal year-end showed an increase in fiscal year 2023 from the prior year of \$430,201 for a total of \$4,325,111.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2023, the Borough had invested \$109,687,203 in capital assets net of accumulated depreciation as presented in Table 3. This investment includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. This is an increase from the previous year of \$910,773.

Major capital asset additions during the current fiscal year include the following:

- \$254,098 by the Electric department for auto meter reading equipment.
- \$2,807,830 was added to the Blind Slough Hydro construction project in expenses FY23, now totaling \$5,069,734 in project expenses as of June 30, 2023.
- The water department purchased a new ATV through the motor pool department in the amount of \$35,000.
- \$74,107 was expensed by the Wastewater department on a used Tub Grinder.
- The Harbor Department paid \$93,292 for the Middle Harbor Anode project.
- Steel piling was purchased for the South Harbor in the amount of \$103,119.
- The Harbor Department also purchased a Bobcat (\$94,512) and Flat Bed Truck (\$54,852) in FY23.
- Three police emergency vehicles were purchased totaling \$143,479.
- Parks and Recreation purchased a backhoe in the amount of \$51,389.
- \$573,204 was expensed in FY 2023 for the Southeast Storm Damage Culvert Replacement. This expense was covered by FEMA.
- Land conveyed with an assessed value of \$2,791,200 from the State of Alaska, Department of Natural Resources.

Petersburg Borough
Management's Discussion and Analysis

Table 3
Petersburg Borough's Capital Assets
(Net of Depreciation)

| | Governmental Activities | | Business-type Activities | | Total Activities | |
|-----------------------------------|-------------------------|----------------------|--------------------------|---------------------|-----------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land and improvements | \$ 6,868,119 | \$ 4,076,919 | \$ 2,399,493 | \$ 2,399,493 | \$ 9,267,612 | \$ 6,476,412 |
| Infrastructure | 14,856,059 | 15,016,802 | - | - | 14,856,059 | 15,016,802 |
| Buildings | 21,532,217 | 22,972,552 | 9,253,606 | 9,843,413 | 30,785,823 | 32,815,965 |
| Improvements other than buildings | 92,807 | 120,465 | 42,895,914 | 45,277,710 | 42,988,721 | 45,398,175 |
| Machinery and equipment | 2,936,687 | 3,087,649 | 3,577,682 | 3,315,861 | 6,514,369 | 6,403,510 |
| Construction in progress | 1,714 | 1,714 | 5,272,905 | 2,663,852 | 5,274,619 | 2,665,566 |
| Total Capital Assets | \$46,287,603 | \$ 45,276,101 | \$ 63,399,600 | \$63,500,329 | \$ 109,687,203 | \$ 108,776,430 |

Additional information on the Borough's capital assets can be found in Note 6 to the financial statements.

Long-term Liabilities. At the end of the current fiscal year, the Borough had total long-term liabilities outstanding of \$24,088,267. Of this amount, \$3,650,000 comprises debt backed by the full faith and credit of the government (i.e., general obligation bonds). \$827,111 is employee accrued leave. \$9,234,295 represents the Borough's net pension liability associated with membership in the State of Alaska Public Employees' Retirement System (PERS). \$3,324,204 is water and wastewater loans from the Alaska Department of Environmental Conservation. It should be noted that the State has historically reimbursed the Borough between 60-70% for a majority of the school G.O. Bond debt service. ADEC loans are at a 1.5% interest rate.

Table 4
Borough of Petersburg Outstanding Debt

| | Governmental Activities | | Business-type Activities | | Total Activities | |
|-----------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| General obligation bonds | \$ 2,260,000 | \$ 2,970,008 | \$ 1,390,000 | \$ 1,725,000 | \$ 3,650,000 | \$ 4,695,008 |
| Revenue Bonds | - | - | 6,975,000 | 7,070,000 | 6,975,000 | 7,070,000 |
| Accrued Leave | 444,001 | 350,160 | 383,110 | 325,031 | 827,111 | 675,191 |
| Net pension liability | 5,152,320 | 4,336,192 | 4,081,975 | 3,253,785 | 9,234,295 | 7,589,977 |
| Net OPEB liability | - | - | - | - | - | - |
| Loans, long-term | - | - | 3,324,204 | 3,614,197 | 3,324,204 | 3,614,197 |
| Landfill closure liability | - | - | 77,657 | 65,970 | 77,657 | 65,970 |
| Total Long-Term Debt | \$ 7,856,321 | \$ 7,656,360 | \$16,231,946 | \$16,053,983 | \$ 24,088,267 | \$ 23,710,343 |

Petersburg Borough

Management's Discussion and Analysis

The Borough's governmental activities debt increased by \$199,961 due to an increase in Accrued Leave of \$93,841 and Net pension liability of \$816,128 which was offset by a decrease in GO Bonds of \$710,008. The Borough's business-type activities debt increased by \$177,963 from decreasing debt being offset by increasing net pension liability.

Additional information on the Petersburg Borough's long-term debt can be found in Note 7 to the financial statements.

Economic Factors and Rates for Next Fiscal Year

- The Borough will continue spending ARPA funds in FY2024 on eligible expenditures.
- There are new rate increases in FY 2024 for the Water (3%), Wastewater (6%) and Sanitation Department (3%).
- The Electric Department will complete construction in FY2024 for a Blind Slough Hydro System Upgrade and bid generation equipment for the Standby Diesel Generator Project.
- The Wastewater department will be focusing on the Pumpstation #4 Force main project near Hungry Point.
- The Property Development fund will spend over \$500,000 repairing the failing sewer line in the Community Gym.
- Replace a failing transite water main. The main is on Fram Street right of way from 9th street to 10th Street (\$285,000).
- Update the Borough utility mapping information to integrate with GIS parcel information (\$90,000).
- Remove and replace the current open top clearwell tank at the water treatment plant to address ADEC concerns.

For a copy of the Fiscal Year 2024 budget go to the Borough's website at www.petersburgak.gov.

Financial Information Contact

The Borough's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Borough's finances and to demonstrate the Borough's accountability. If you have questions about the report or need financial information, please contact the Petersburg Borough, Attn: Jody Tow, Finance Director, P.O. Box 329, Petersburg, Alaska 99833 or e-mail jtow@petersburgak.gov.

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Basic Financial Statements

Petersburg Borough, Alaska

Statement of Net Position

| | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|-----------------------|----------------------------------|---------------------------------|
| | Governmental Activities | Business-type Activities | Total | Petersburg School District | Petersburg Medical Center |
| <i>June 30, 2023</i> | | | | | |
| Assets and Deferred Outflows of Resources | | | | | |
| Cash and investments | \$ 22,814,219 | \$ 12,226,811 | \$ 35,041,030 | \$ 2,360,652 | \$ 470,125 |
| Receivables, net | 1,137,112 | 1,154,738 | 2,291,850 | 156,242 | 4,434,720 |
| Internal balances | (2,013,683) | 2,013,683 | - | - | - |
| Inventories | - | 630,653 | 630,653 | 6,798 | 304,713 |
| Prepaid items | - | - | - | 254,440 | 113,382 |
| Leases receivable | 62,977 | 1,344,401 | 1,407,378 | - | - |
| Investments limited for use by board | - | - | - | - | 3,657,306 |
| Restricted cash and investments | - | 5,325,587 | 5,325,587 | - | 504,312 |
| Net other postemployment benefits asse | 2,083,636 | 1,650,781 | 3,734,417 | 2,688,156 | 6,685,608 |
| Land and construction in progress | 6,869,833 | 7,672,398 | 14,542,231 | - | 1,673,157 |
| Other capital assets, net of accumulated depreciation | 39,417,770 | 55,727,202 | 95,144,972 | 2,029,349 | 6,417,781 |
| Total Assets | 70,371,864 | 87,746,254 | 158,118,118 | 7,495,637 | 24,261,104 |
| Deferred Outflows of Resources | | | | | |
| Related to pension | 609,113 | 482,576 | 1,091,689 | 601,404 | 1,979,740 |
| Related to other postemployment benefits | 213,620 | 169,241 | 382,861 | 272,877 | 575,063 |
| Deferred charges on refunding | 44,630 | - | 44,630 | - | - |
| Total Deferred Outflows of Resources | 867,363 | 651,817 | 1,519,180 | 874,281 | 2,554,803 |
| Total Assets and Deferred Outflows of Resources | \$ 71,239,227 | \$ 88,398,071 | \$ 159,637,298 | \$ 8,369,918 | \$ 26,815,907 |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Statement of Net Position, continued

| <i>June 30, 2023</i> | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|-----------------------|----------------------------------|---------------------------------|
| | Governmental Activities | Business-type Activities | Total | Petersburg School District | Petersburg Medical Center |
| Liabilities, Deferred Inflows of Resources and Net Position | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 212,879 | \$ 256,742 | \$ 469,621 | \$ 685 | \$ 1,855,204 |
| Accounts payable - capital | - | 809,961 | 809,961 | - | - |
| Accrued payroll and employee benefit | 265,272 | 226,315 | 491,587 | 129,200 | 424,172 |
| Unearned revenue | 1,603,443 | 21,924 | 1,625,367 | 49,995 | 147,863 |
| Due to third party payors | - | - | - | - | 121,627 |
| Other | - | - | - | - | 3,069 |
| Customer deposits | 6,600 | 77,556 | 84,156 | - | - |
| Accrued interest | 23,000 | 70,730 | 93,730 | - | - |
| Noncurrent liabilities: | | | | | |
| Due within one year: | | | | | |
| Accrued leave | 444,001 | 383,110 | 827,111 | 40,006 | 1,079,210 |
| Bonds payable | 755,000 | 490,000 | 1,245,000 | - | - |
| Loans payable | - | 360,022 | 360,022 | - | - |
| Leases and IT subscription payable | - | - | - | - | 347,641 |
| Due in more than one year: | | | | | |
| Bonds payable | 1,505,000 | 7,875,000 | 9,380,000 | - | - |
| Bond premium, net | 189,619 | 1,179,754 | 1,369,373 | - | - |
| Loans payable | - | 2,964,182 | 2,964,182 | - | - |
| Leases and IT subscription payable | - | - | - | - | 2,435,762 |
| Net pension liability | 5,152,320 | 4,081,975 | 9,234,295 | 5,304,825 | 16,521,607 |
| Landfill closure liability | - | 77,657 | 77,657 | - | - |
| Total Liabilities | 10,157,134 | 18,874,928 | 29,032,062 | 5,524,711 | 22,936,155 |
| Deferred Inflows of Resources | | | | | |
| Related to pension | - | - | - | 70,040 | - |
| Related to other | | | | | |
| postemployment benefits | 186,965 | 148,125 | 335,090 | 182,297 | 623,594 |
| Related to leases | 60,112 | 1,268,071 | 1,328,183 | - | - |
| Total Deferred Inflows of Resources | 247,077 | 1,416,196 | 1,663,273 | 252,337 | 623,594 |
| Net Position | | | | | |
| Net investment in capital assets | 43,882,614 | 54,526,115 | 98,408,729 | 2,029,349 | 5,307,535 |
| Restricted: | | | | | |
| School support and roads | 4,181,588 | - | 4,181,588 | - | - |
| Scholarships | - | - | - | 69,966 | - |
| Foundation | - | - | - | - | 504,312 |
| Unrestricted (Deficit) | 12,770,814 | 13,580,832 | 26,351,646 | 493,555 | (2,555,689) |
| Total Net Position | 60,835,016 | 68,106,947 | 128,941,963 | 2,592,870 | 3,256,158 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 71,239,227 | \$ 88,398,071 | \$ 159,637,298 | \$ 8,369,918 | \$ 26,815,907 |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Statement of Activities

| Year Ended June 30, 2023 | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units | |
|---------------------------------------|-------------------|------------------------------------|----------------------------------|--------------------------------|---|--------------------------|--------------------|----------------------------|---------------------------|
| | | Fees, Fines & Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Primary Government | | Total | Petersburg School District | Petersburg Medical Center |
| | | | | | Governmental Activities | Business-type Activities | | | |
| Primary Government | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 1,181,692 | \$ 1,454,842 | \$ (96,333) | \$ - | \$ 176,817 | \$ - | \$ 176,817 | | |
| Public safety | 4,062,838 | 705,622 | 695,251 | - | (2,661,965) | - | (2,661,965) | | |
| Public works | 1,746,301 | 84,651 | 85,137 | - | (1,576,513) | - | (1,576,513) | | |
| Community development | 416,786 | - | - | - | (416,786) | - | (416,786) | | |
| Community services | 532,420 | 31,412 | (105) | - | (501,113) | - | (501,113) | | |
| Culture and recreation | 2,446,443 | 340,518 | 410,098 | - | (1,695,827) | - | (1,695,827) | | |
| Education | 2,322,578 | - | 942,015 | - | (1,380,563) | - | (1,380,563) | | |
| Interest | 43,844 | - | - | - | (43,844) | - | (43,844) | | |
| Total governmental activities | 12,752,902 | 2,617,045 | 2,036,063 | - | (8,099,794) | - | (8,099,794) | | |
| Business-type activities: | | | | | | | | | |
| Electric utility | 7,154,092 | 7,316,913 | (29,228) | - | - | 133,593 | 133,593 | | |
| Water utility | 1,583,815 | 1,036,981 | (5,865) | - | - | (552,699) | (552,699) | | |
| Wastewater utility | 1,157,833 | 906,985 | 46,442 | - | - | (204,406) | (204,406) | | |
| Sanitation utility | 1,418,729 | 1,493,081 | (4,232) | - | - | 70,120 | 70,120 | | |
| Harbor and port facilities | 4,871,225 | 1,680,554 | (13,427) | - | - | (3,204,098) | (3,204,098) | | |
| Elderly housing | 430,439 | 446,834 | (3,527) | - | - | 12,868 | 12,868 | | |
| Assisted living facilities | 1,409,200 | 1,269,813 | (16,504) | - | - | (155,891) | (155,891) | | |
| Total business-type activities | 18,025,333 | 14,151,161 | (26,341) | - | - | (3,900,513) | (3,900,513) | | |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Statement of Activities, continued

| Year Ended June 30, 2021 | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | | |
|--|---------------|------------------------------------|----------------------------------|--------------------------------|---|--------------------------|----------------------------|---------------------------|--------------|
| | | Fees, Fines & Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Primary Government | | Component Units | | Total |
| | | | | | Governmental Activities | Business-type Activities | Petersburg School District | Petersburg Medical Center | |
| Total Primary Government | \$ 30,778,235 | \$ 16,768,206 | \$ 2,009,722 | \$ - | \$ (8,099,794) | \$ (3,900,513) | \$ (12,000,307) | | |
| Component Units | | | | | | | | | |
| School District - education | \$ 9,692,383 | \$ 168,503 | \$ 1,471,936 | \$ 200,000 | | | \$ (7,851,944) | \$ - | |
| Medical Center | \$ 22,354,888 | \$ 20,190,193 | \$ 2,866,280 | \$ 1,109,197 | | | \$ - | \$ 1,810,782 | |
| General Revenues | | | | | | | | | |
| Property taxes | | | | | 3,500,627 | - | 3,500,627 | - | - |
| Sales taxes | | | | | 4,164,980 | - | 4,164,980 | - | - |
| Payments in lieu of taxes | | | | | 721,663 | - | 721,663 | - | - |
| Other taxes | | | | | 345,892 | - | 345,892 | - | - |
| Contributions from primary government | | | | | - | - | - | 2,000,000 | - |
| Grants and entitlements not restricted to a specific purpose | | | | | 1,345,795 | - | 1,345,795 | 6,122,317 | - |
| Investment income (loss) | | | | | 677,922 | 374,415 | 1,052,337 | 879 | 346,736 |
| Other | | | | | 2,799,664 | - | 2,799,664 | 129,710 | 48,131 |
| Transfers | | | | | (1,026,093) | 1,026,093 | - | - | - |
| Total General Revenues and Transfers | | | | | 12,530,450 | 1,400,508 | 13,930,958 | 8,252,906 | 394,867 |
| Change in Net Position | | | | | 4,430,656 | (2,500,005) | 1,930,651 | 400,962 | 2,205,649 |
| Net Position, beginning of year | | | | | 56,404,360 | 70,606,952 | 127,011,312 | 2,191,908 | 1,050,509 |
| Net Position, end of year | | | | | \$ 60,835,016 | \$ 68,106,947 | \$ 128,941,963 | \$ 2,592,870 | \$ 3,256,158 |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska

Governmental Funds

Balance Sheet

| <i>June 30, 2023</i> | Major Fund General | Nonmajor Funds | Total Govern- mental Funds |
|---|-----------------------|----------------------|-------------------------------------|
| Assets | | | |
| Cash and investments | \$ 5,551,074 | \$ 13,127,280 | \$ 18,678,354 |
| Receivables, net of allowance for doubtful accounts: | | | |
| Property taxes | 39,649 | - | 39,649 |
| Sales, tobacco and transient room taxes | 484,157 | 13,928 | 498,085 |
| Grants and shared revenues | - | 3,238 | 3,238 |
| Accounts | 75,763 | 159,939 | 235,702 |
| Leases | 62,977 | - | 62,977 |
| Interest | 97,523 | 1,805 | 99,328 |
| Due from other funds | 513,768 | - | 513,768 |
| Total Assets | \$ 6,824,911 | \$ 13,306,190 | \$ 20,131,101 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 85,145 | \$ 122,662 | \$ 207,807 |
| Accrued payroll and employee benefits | 255,873 | - | 255,873 |
| Unearned revenue | 15,143 | 1,588,300 | 1,603,443 |
| Customer deposits | - | 6,600 | 6,600 |
| Due to other funds | - | 146,169 | 146,169 |
| Total Liabilities | 356,161 | 1,863,731 | 2,219,892 |
| Deferred Inflows of Resources | | | |
| Leases | 60,112 | - | 60,112 |
| Fund Balances | | | |
| Restricted | - | 4,181,588 | 4,181,588 |
| Committed | - | 6,021,974 | 6,021,974 |
| Assigned | - | 1,238,897 | 1,238,897 |
| Unassigned | 6,408,638 | - | 6,408,638 |
| Total Fund Balances | 6,408,638 | 11,442,459 | 17,851,097 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 6,824,911 | \$ 13,306,190 | \$ 20,131,101 |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2023

| | | | |
|--|-----------------------|-----------------------------|-------------|
| Total fund balances for governmental funds | | \$ 17,851,097 | |
| 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: | Governmental Funds | Internal Service Fund | |
| Land and land improvements | \$ 6,868,119 | \$ - | |
| Construction in progress | 1,714 | - | |
| Buildings | 59,525,353 | - | |
| Improvements other than buildings | 375,118 | - | |
| Infrastructure | 17,722,774 | - | |
| Machinery and equipment | 2,506,130 | 8,508,484 | |
| Accumulated depreciation | (43,144,389) | (6,075,700) | |
| Total capital assets | 43,854,819 | 2,432,784 | 46,287,603 |
| Certain other postemployment benefits plans have been funded in excess of the required contributions. These assets are not financial resources and therefore are not reported in the funds. | | | |
| Net other postemployment benefits asset | 2,037,258 | 46,378 | 2,083,636 |
| Long-term liabilities, including bonds payable, net pension liability and other items are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of: | | | |
| General obligation bonds payable | (2,260,000) | - | |
| Deferred charges on refunding, net of accumulated amortization | 44,630 | - | |
| Bond premium, net of accumulated amortization | (189,619) | - | |
| Net pension liability | (5,037,639) | (114,681) | |
| Accrued interest | (23,000) | - | |
| Accrued leave | (440,758) | (3,243) | |
| Total long-term liabilities | (7,906,386) | (117,924) | (8,024,310) |
| Certain changes in net pension and other postemployment benefits liabilities are deferred rather than recognized immediately. These items are amortized over time: | | | |
| Deferred outflows of resources related to pension | 595,555 | 13,558 | |
| Deferred outflows of resources related to other postemployment benefits | 208,864 | 4,756 | |
| Deferred inflows of resources related to other postemployment benefits | (182,804) | 4,161 | |
| Total deferred pension and other postemployment benefits items | 621,615 | 22,475 | 644,090 |
| An internal service fund is used by the Borough to charge the cost of certain activities, such as motor pool charges, to individual funds. A portion of the assets and liabilities of the internal service fund is included in the governmental activities in the Statement of Net Position. This is the residual equity not reported above. | | | |
| | | 1,992,900 | |
| Total Net Position of Governmental Activities | | \$ 60,835,016 | |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

| <i>Year Ended June 30, 2023</i> | Major Fund General | Nonmajor Funds | Total Govern- mental Funds |
|---|-----------------------|----------------------|-------------------------------------|
| Revenues | | | |
| Property taxes | \$ 3,500,627 | \$ - | \$ 3,500,627 |
| Sales taxes | 4,164,980 | - | 4,164,980 |
| Other taxes | 308,085 | 96,501 | 404,586 |
| Intergovernmental | 2,609,889 | 3,240,562 | 5,850,451 |
| Licenses and permits | 12,603 | - | 12,603 |
| Charges for services | 336,770 | 123,963 | 460,733 |
| Land sales | - | 1,000 | 1,000 |
| Fines and forfeitures | 3,535 | - | 3,535 |
| Overhead charges | 623,755 | - | 623,755 |
| Investment income | 164,009 | 513,689 | 677,698 |
| Other | 9,561 | - | 9,561 |
| Total Revenues | 11,733,814 | 3,975,715 | 15,709,529 |
| Expenditures | | | |
| Current: | | | |
| General government | 2,064,030 | 1,180,810 | 3,244,840 |
| Public safety | 2,696,236 | 857,429 | 3,553,665 |
| Public works | 1,570,178 | - | 1,570,178 |
| Community development | 376,152 | - | 376,152 |
| Community services | 82,996 | 408,434 | 491,430 |
| Culture and recreation | 1,551,678 | 173,290 | 1,724,968 |
| Education - contribution to school district | 2,000,000 | - | 2,000,000 |
| Debt service: | | | |
| Principal | - | 710,000 | 710,000 |
| Interest | - | 127,250 | 127,250 |
| Capital outlay | - | 171,179 | 171,179 |
| Total Expenditures | 10,341,270 | 3,628,392 | 13,969,662 |
| Excess of Revenues Over (Under) Expenditures | 1,392,544 | 347,323 | 1,739,867 |
| Other Financing Sources (Uses) | | | |
| Transfers in | 600,000 | 415,279 | 1,015,279 |
| Transfers out | (1,287,848) | (753,524) | (2,041,372) |
| Insurance recovery | - | 254,264 | 254,264 |
| Net Other Financing Sources (Uses) | (687,848) | (83,981) | (771,829) |
| Net Change in Fund Balances | 704,696 | 263,342 | 968,038 |
| Fund Balances, beginning of year | 5,703,942 | 11,179,117 | 16,883,059 |
| Fund Balances, end of year | \$ 6,408,638 | \$ 11,442,459 | \$ 17,851,097 |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska

Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities Year Ended June 30, 2023

| | | |
|---|-----------------|----------------------------|
| Net change in fund balances - total governmental funds | | \$ 968,038 |
| 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 | \$ 2,883,282 | |
| Depreciation | (1,846,170) | |
| Disposals | <u>14,607</u> | |
| | | 1,051,719 |
| The issuance of long-term debt provides current financial resources while the repayment of the principal of the 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 and similar items at the time the debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. | | |
| Repayment of principal | 710,008 | |
| Decrease in unamortized bond premium | 94,674 | |
| Decrease in deferred charges on bonds | <u>(30,393)</u> | |
| | | 774,289 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | |
| Increase in accrued leave | (94,610) | |
| Decrease in accrued interest | 19,125 | |
| Decrease in net pension liability and related accounts | 823,036 | |
| Decrease in net other postemployment benefits liability/asset and related accounts | <u>544,454</u> | |
| | | 1,292,005 |
| The Internal Service Fund is used by management to charge the costs of vehicle operations and the replacement cost of vehicles to individual funds. A portion of the net expense of these activities is reported with governmental activities. | | |
| | | <u>344,605</u> |
| Change in Net Position of Governmental Activities | | <u>\$ 4,430,656</u> |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Proprietary Funds
Statement of Net Position

| | Major Enterprise Funds | | | | | Nonmajor Enterprise Funds | Total Enterprise Funds | Internal Service Fund |
|--|------------------------|----------------------|-----------------------|----------------------------------|---------------------|---------------------------------|------------------------------|-----------------------------|
| | Electric Utility | Water Utility | Wastewater Utility | Harbor and Port Facilities | Assisted Living | | | |
| <i>June 30, 2023</i> | | | | | | | | |
| Assets and Deferred Outflows of Resources | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash and investments | \$ 6,839,819 | \$ 1,402,982 | \$ 833,196 | \$ 1,911,374 | \$ - | \$ 1,239,440 | \$ 12,226,811 | \$ 4,135,865 |
| Leases receivable, current portion | - | - | - | 44,756 | - | - | 44,756 | - |
| Receivables, net of allowance for doubtful accounts | 533,954 | 89,041 | 177,770 | 221,181 | - | 132,792 | 1,154,738 | 261,110 |
| Inventories | 332,493 | 204,620 | 93,540 | - | - | - | 630,653 | - |
| Total Current Assets | 7,706,266 | 1,696,643 | 1,104,506 | 2,177,311 | - | 1,372,232 | 14,056,958 | 4,396,975 |
| Noncurrent Assets | | | | | | | | |
| Leases receivable, long term | - | - | - | 1,299,645 | - | - | 1,299,645 | - |
| Net other postemployment benefits asset | 618,130 | 124,036 | 111,510 | 283,967 | 349,032 | 164,106 | 1,650,781 | 46,378 |
| Restricted cash - capital asset acquisition | 4,805,434 | - | - | - | - | - | 4,805,434 | - |
| Restricted cash - bond covenant accounts | 508,500 | - | - | - | - | - | 508,500 | - |
| Restricted cash - deposits | - | - | - | - | - | 11,653 | 11,653 | - |
| Capital assets: | | | | | | | | |
| Land and land improvements | 1,848,295 | - | - | 360,059 | - | 191,139 | 2,399,493 | - |
| Buildings | 3,758,199 | 5,178,330 | 9,091,647 | 375,175 | 4,079,118 | 5,128,165 | 27,610,634 | - |
| Improvements other than buildings | 5,284,998 | 27,191,622 | 13,254,616 | 39,329,296 | - | 1,107,247 | 86,167,779 | - |
| Machinery and equipment | 17,474,348 | 3,013,527 | 823,578 | 697,690 | 109,588 | 1,260,397 | 23,379,128 | 8,508,484 |
| Construction in progress | 5,113,544 | - | 139,015 | 20,346 | - | - | 5,272,905 | - |
| Total capital assets | 33,479,384 | 35,383,479 | 23,308,856 | 40,782,566 | 4,188,706 | 7,686,948 | 144,829,939 | 8,508,484 |
| Accumulated depreciation | (20,369,670) | (19,734,688) | (13,652,184) | (19,942,643) | (2,046,213) | (5,684,941) | (81,430,339) | (6,075,700) |
| Net capital assets | 13,109,714 | 15,648,791 | 9,656,672 | 20,839,923 | 2,142,493 | 2,002,007 | 63,399,600 | 2,432,784 |
| Total Noncurrent Assets | 19,041,778 | 15,772,827 | 9,768,182 | 22,423,535 | 2,491,525 | 2,177,766 | 71,675,613 | 2,479,162 |
| Total Assets | 26,748,044 | 17,469,470 | 10,872,688 | 24,600,846 | 2,491,525 | 3,549,998 | 85,732,571 | 6,876,137 |
| Deferred Outflows of Resources | | | | | | | | |
| Related to pension | 180,699 | 36,260 | 32,598 | 83,013 | 102,033 | 47,973 | 482,576 | 13,558 |
| Related to other postemployment benefits | 63,372 | 12,716 | 11,432 | 29,113 | 35,784 | 16,824 | 169,241 | 4,756 |
| Total Deferred Outflows of Resources | 244,071 | 48,976 | 44,030 | 112,126 | 137,817 | 64,797 | 651,817 | 18,314 |
| Total Assets and Deferred Outflows of Resources | \$ 26,992,115 | \$ 17,518,446 | \$ 10,916,718 | \$ 24,712,972 | \$ 2,629,342 | \$ 3,614,795 | \$ 86,384,388 | \$ 6,894,451 |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Proprietary Funds
Statement of Net Position, continued

| June 30, 2023 | Major Enterprise Funds | | | | | Nonmajor Enterprise Funds | Total Enterprise Funds | Internal Service Fund |
|--|------------------------|------------------|-----------------------|----------------------------------|--------------------|---------------------------------|------------------------------|-----------------------------|
| | Electric Utility | Water Utility | Wastewater Utility | Harbor and Port Facilities | Assisted Living | | | |
| Liabilities, Deferred Inflows of Resources and Net Position | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts payable - operations | \$ 179,125 | \$ 6,136 | \$ 12,190 | \$ 4,491 | \$ 13,908 | \$ 40,892 | \$ 256,742 | \$ 5,072 |
| Accounts payable - capital | 775,973 | - | 33,988 | - | - | - | 809,961 | - |
| Accrued payroll and employee benefits | 65,354 | 17,322 | 19,486 | 40,373 | 56,068 | 27,712 | 226,315 | 9,399 |
| Accrued leave | 125,757 | 32,785 | 45,214 | 63,966 | 66,831 | 48,557 | 383,110 | 3,243 |
| Prepaid moorage | - | - | - | 16,671 | - | - | 16,671 | - |
| Unearned revenue | - | - | - | - | 3,389 | 1,864 | 5,253 | - |
| Customer deposits | 39,002 | 7,731 | 7,087 | - | 3,300 | 20,436 | 77,556 | - |
| Due to other funds | - | - | - | - | 367,599 | - | 367,599 | - |
| Accrued interest | 33,958 | 16,860 | 16,327 | - | 2,689 | 896 | 70,730 | - |
| Current portion: | | | | | | | | |
| General obligation bonds | 275,000 | - | - | - | 161,250 | 53,750 | 490,000 | - |
| ADEC loans | - | 231,068 | 128,954 | - | - | - | 360,022 | - |
| Total Current Liabilities | 1,494,169 | 311,902 | 263,246 | 125,501 | 675,034 | 194,107 | 3,063,959 | 17,714 |
| Noncurrent Liabilities | | | | | | | | |
| General obligation bonds | 7,875,000 | - | - | - | - | - | 7,875,000 | - |
| Bond premium, net of accumulated amortization | 1,179,754 | - | - | - | - | - | 1,179,754 | - |
| ADEC loans | - | 995,112 | 1,969,070 | - | - | - | 2,964,182 | - |
| Net pension liability | 1,528,483 | 306,710 | 275,737 | 702,181 | 863,071 | 405,793 | 4,081,975 | 114,681 |
| Landfill closure liability | - | - | - | - | - | 77,657 | 77,657 | - |
| Total Noncurrent Liabilities | 10,583,237 | 1,301,822 | 2,244,807 | 702,181 | 863,071 | 483,450 | 16,178,568 | 114,681 |
| Total Liabilities | 12,077,406 | 1,613,724 | 2,508,053 | 827,682 | 1,538,105 | 677,557 | 19,242,527 | 132,395 |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Proprietary Funds
Statement of Net Position, continued

| <i>June 30, 2023</i> | Major Enterprise Funds | | | | | Nonmajor Enterprise Funds | Total Enterprise Funds | Internal Service Fund |
|--|------------------------|------------------|-----------------------|----------------------------------|--------------------|---------------------------------|------------------------------|-----------------------------|
| | Electric Utility | Water Utility | Wastewater Utility | Harbor and Port Facilities | Assisted Living | | | |
| Deferred Inflows of Resources | | | | | | | | |
| Lease related | \$ - | \$ - | \$ - | \$ 1,268,071 | \$ - | \$ - | \$ 1,268,071 | \$ - |
| Related to other postemployment benefits | 55,465 | 11,130 | 10,006 | 25,480 | 31,319 | 14,725 | 148,125 | 4,161 |
| Total Deferred Inflows of Resources | 55,465 | 11,130 | 10,006 | 1,293,551 | 31,319 | 14,725 | 1,416,196 | 4,161 |
| Net Position | | | | | | | | |
| Net investment in capital assets | 7,809,421 | 14,422,611 | 7,524,660 | 20,839,923 | 1,981,243 | 1,948,257 | 54,526,115 | 2,432,784 |
| Unrestricted (deficit) | 7,049,823 | 1,470,981 | 873,999 | 1,751,816 | (921,325) | 974,256 | 11,199,550 | 4,325,111 |
| Total Net Position | 14,859,244 | 15,893,592 | 8,398,659 | 22,591,739 | 1,059,918 | 2,922,513 | 65,725,665 | 6,757,895 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 26,992,115 | \$ 17,518,446 | \$ 10,916,718 | \$ 24,712,972 | \$ 2,629,342 | \$ 3,614,795 | | \$ 6,894,451 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | | | 2,381,282 | |
| | | | | | | | <u>\$ 68,106,947</u> | |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

| <i>Year Ended June 30, 2023</i> | Major Enterprise Funds | | | | | Nonmajor Enterprise Funds | Total Enterprise Funds | Internal Service Fund |
|--|------------------------|------------------|-----------------------|----------------------------------|--------------------|---------------------------------|------------------------------|-----------------------------|
| | Electric Utility | Water Utility | Wastewater Utility | Harbor and Port Facilities | Assisted Living | | | |
| Operating Revenues | \$ 7,306,579 | \$ 1,034,375 | \$ 903,083 | \$ 1,676,500 | \$ 1,269,067 | \$ 1,916,178 | \$ 14,105,782 | \$ 1,234,678 |
| Operating Expenses | | | | | | | | |
| Salaries and benefits | 868,154 | 323,614 | 330,221 | 648,182 | 868,705 | 480,450 | 3,519,326 | 205,060 |
| Services, supplies, and other charges | 4,607,071 | 299,304 | 220,464 | 2,518,025 | 337,915 | 760,049 | 8,742,828 | 544,866 |
| Allocated overhead and motor pool charges | 847,946 | 101,447 | 111,108 | 312,837 | 95,534 | 346,010 | 1,814,882 | 20,928 |
| Depreciation | 448,354 | 840,772 | 475,170 | 1,392,181 | 110,296 | 263,740 | 3,530,513 | 336,391 |
| Total Operating Expenses | 6,771,525 | 1,565,137 | 1,136,963 | 4,871,225 | 1,412,450 | 1,850,249 | 17,607,549 | 1,107,245 |
| Income (Loss) from Operations | 535,054 | (530,762) | (233,880) | (3,194,725) | (143,383) | 65,929 | (3,501,767) | 127,433 |
| Nonoperating Revenues (Expenses) | | | | | | | | |
| Investment income | 266,891 | 47,964 | 10,257 | 34,549 | - | 14,754 | 374,415 | - |
| Interest expense | (382,567) | (18,678) | (20,870) | - | 3,250 | 1,081 | (417,784) | - |
| Federal interest subsidy | - | - | 51,714 | - | - | - | 51,714 | - |
| Sale of capital assets | - | - | - | - | - | - | - | 5,200 |
| Insurance recoveries | - | - | - | - | - | - | - | 259,547 |
| State PERS on-behalf, net pension and OPEB | (29,228) | (5,865) | (5,272) | (13,427) | (16,504) | (7,759) | (78,055) | (2,196) |
| Net Nonoperating Revenues (Expenses) | (144,904) | 23,421 | 35,829 | 21,122 | (13,254) | 8,076 | (69,710) | 262,551 |
| Income (Loss) before Transfers | 390,150 | (507,341) | (198,051) | (3,173,603) | (156,637) | 74,005 | (3,571,477) | 389,984 |
| Transfers in | - | 132,843 | - | 594,990 | 298,260 | - | 1,026,093 | - |
| Change in Net Position | 390,150 | (374,498) | (198,051) | (2,578,613) | 141,623 | 74,005 | (2,545,384) | 389,984 |
| Net Position, beginning of year | 14,469,094 | 16,268,090 | 8,596,710 | 25,170,352 | 918,295 | 2,848,508 | | 6,367,911 |
| Net Position, end of year | \$ 14,859,244 | \$ 15,893,592 | \$ 8,398,659 | \$ 22,591,739 | \$ 1,059,918 | \$ 2,922,513 | | \$ 6,757,895 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | | | 45,379 | |
| Change in Net Position of Business-Type Activities | | | | | | | \$ (2,500,005) | |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska

Proprietary Funds
Statement of Cash Flows

| Year Ended June 30, 2023 | Major Enterprise Funds | | | | | Nonmajor Enterprise Funds | Total Enterprise Funds | Internal Service Fund |
|---|------------------------|------------------|-----------------------|----------------------------------|--------------------|---------------------------------|------------------------------|-----------------------------|
| | Electric Utility | Water Utility | Wastewater Utility | Harbor and Port Facilities | Assisted Living | | | |
| Cash Flows from (for) Operating Activities | | | | | | | | |
| Receipts from customers and users | \$ 7,334,591 | \$ 1,029,777 | \$ 899,788 | \$ 1,641,375 | \$ 1,269,677 | \$ 1,894,049 | \$ 14,069,257 | \$ 974,009 |
| Payments for interfund services used | (847,946) | (101,447) | (111,108) | (312,837) | (95,534) | (346,010) | (1,814,882) | (20,928) |
| Payments to suppliers | (4,567,339) | (423,556) | (242,608) | (2,532,363) | (333,309) | (757,336) | (8,856,511) | (546,166) |
| Payments to employees | (1,238,521) | (372,289) | (383,312) | (751,632) | (1,218,766) | (550,546) | (4,515,066) | (262,180) |
| Net cash flows from (for) operating activities | 680,785 | 132,485 | 162,760 | (1,955,457) | (377,932) | 240,157 | (1,117,202) | 144,735 |
| Cash Flows from Noncapital Financing Activities | | | | | | | | |
| Increase in due to other funds | - | - | - | - | 267,386 | - | 267,386 | - |
| Cash Flows from (for) Capital and Related Financing Activities | | | | | | | | |
| Principal paid on long-term debt | (210,000) | (227,654) | (153,750) | - | (165,000) | (55,000) | (811,404) | - |
| Interest paid on long-term debt | (412,750) | (21,808) | (22,469) | - | (12,187) | (4,063) | (473,277) | - |
| Proceeds from sale of capital assets | - | - | - | - | - | - | - | 5,200 |
| Acquisition and construction of capital assets | (2,079,939) | (7,610) | (156,543) | (372,582) | (10,527) | (41,066) | (2,668,267) | (296,174) |
| Transfers in | - | 132,843 | - | 594,990 | 298,260 | - | 1,026,093 | - |
| Proceeds from insurance recovery | - | - | - | - | - | - | - | 259,547 |
| Federal interest subsidy received | - | - | 51,714 | - | - | - | 51,714 | - |
| Net cash flows from (for) capital and related financing activities | (2,702,689) | (124,229) | (281,048) | 222,408 | 110,546 | (100,129) | (2,875,141) | (31,427) |
| Cash Flows from Investing Activities | | | | | | | | |
| Investment income | 261,459 | 47,964 | 10,257 | 34,549 | - | 14,754 | 368,983 | - |
| Net increase (decrease) in cash and investments | (1,760,445) | 56,220 | (108,031) | (1,698,500) | - | 154,782 | (3,355,974) | 113,308 |
| Cash and Investments, beginning of year | 13,914,198 | 1,346,762 | 941,227 | 3,609,874 | - | 1,096,311 | 20,908,372 | 4,022,557 |
| Cash and Investments, end of year | \$ 12,153,753 | \$ 1,402,982 | \$ 833,196 | \$ 1,911,374 | \$ - | \$ 1,251,093 | \$ 17,552,398 | \$ 4,135,865 |
| Cash Flows from Capital and Related Financing Activities | | | | | | | | |
| Equity in central treasury | \$ 6,839,819 | \$ 1,402,982 | \$ 833,196 | \$ 1,911,374 | \$ - | \$ 1,239,440 | \$ 12,226,811 | \$ 4,135,865 |
| Restricted cash: | | | | | | | | |
| Deposits | - | - | - | - | - | 11,653 | 11,653 | - |
| Acquisition and construction of capital assets | 4,805,434 | - | - | - | - | - | 4,805,434 | - |
| Bond reserve account | 508,500 | - | - | - | - | - | 508,500 | - |
| Total Cash and Investments | \$ 12,153,753 | \$ 1,402,982 | \$ 833,196 | \$ 1,911,374 | \$ - | \$ 1,251,093 | \$ 17,552,398 | \$ 4,135,865 |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Proprietary Funds
Statement of Cash Flows, continued

| Year Ended June 30, 2023 | Major Enterprise Funds | | | | | Nonmajor Enterprise Funds | Total Enterprise Funds | Internal Service Fund |
|---|------------------------|-------------------|-----------------------|----------------------------------|---------------------|---------------------------------|------------------------------|-----------------------------|
| | Electric Utility | Water Utility | Wastewater Utility | Harbor and Port Facilities | Assisted Living | | | |
| Reconciliation of Income (Loss) from Operations to Net Cash | | | | | | | | |
| Flows from (for) Operating Activities | | | | | | | | |
| Income (loss) from operations | \$ 535,054 | \$ (530,762) | \$ (233,880) | \$ (3,194,725) | \$ (143,383) | \$ 65,929 | \$ (3,501,767) | \$ 127,433 |
| Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities: | | | | | | | | |
| Depreciation | 448,354 | 840,772 | 475,170 | 1,392,181 | 110,296 | 263,740 | 3,530,513 | 336,391 |
| Landfill closure liability | - | - | - | - | - | 11,687 | 11,687 | - |
| PERS on-behalf, net pension and OPEB | (29,228) | (5,865) | (5,272) | (13,427) | (16,504) | (7,759) | (78,055) | (2,196) |
| Increase (decrease) in allowance for doubtful accounts | 16,260 | (1,682) | (1,183) | 9,882 | - | 1,294 | 24,571 | - |
| (Increase) decrease in assets: | | | | | | | | |
| Amortization of deferred outflows of resources for pension | (1,964) | (3,677) | (192) | (8,322) | 20,416 | (1,109) | 5,152 | 4,478 |
| Amortization of deferred outflows of resources for other postemployment benefits | (33,465) | (7,264) | (6,010) | (16,615) | (15,295) | (8,983) | (87,632) | (1,738) |
| Accounts receivable | 9,011 | (2,657) | (1,824) | (8,712) | - | (24,422) | (28,604) | (260,669) |
| Inventories | 7,799 | (122,015) | (33,430) | - | - | - | (147,646) | - |
| Net other postemployment benefits asset | 248,021 | 33,860 | 45,531 | 77,989 | 244,357 | 62,997 | 712,755 | 41,026 |
| Leases receivable | - | - | - | 46,581 | - | - | 46,581 | - |
| Increase (decrease) in liabilities: | | | | | | | | |
| Amortization of deferred inflows of resources for pension | (475,501) | (86,682) | (86,213) | (198,707) | (325,759) | (124,675) | (1,297,537) | (47,983) |
| Amortization of deferred inflows of resources for other postemployment benefits | (411,005) | (73,906) | (74,569) | (169,453) | (288,253) | (107,582) | (1,124,768) | (42,911) |
| Accounts payable | 31,933 | (2,237) | 11,286 | (14,338) | 4,606 | (8,974) | 22,276 | (1,300) |
| Accrued payroll and employee benefits | 2,156 | (654) | 1,758 | 4,689 | (24,654) | 4,780 | (11,925) | (1,383) |
| Accrued leave | (5,468) | 6,173 | 12,331 | 16,505 | 9,454 | 19,085 | 58,080 | (769) |
| Prepaid moorage | - | - | - | - | - | - | - | - |
| Deferred inflows of resources related to leases | - | - | - | (82,876) | - | - | (82,876) | - |
| Unearned revenue | - | - | - | - | 10 | 75 | 85 | - |
| Customer deposits | 2,741 | (259) | (288) | - | 600 | 924 | 3,718 | - |
| Net pension liability | 336,087 | 89,340 | 59,545 | 203,891 | 46,177 | 93,150 | 828,190 | (5,644) |
| Net Cash Flows from (for) Operating Activities | \$ 680,785 | \$ 132,485 | \$ 162,760 | \$ (1,955,457) | \$ (377,932) | \$ 240,157 | \$ (1,117,202) | \$ 144,735 |
| Supplemental Disclosure of Cash Flow Information | | | | | | | | |
| Capital assets purchased on account | \$ 775,973 | \$ - | \$ 33,988 | \$ - | \$ - | \$ - | \$ 809,961 | \$ - |

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Notes to Basic Financial Statements
Year Ended June 30, 2023

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Petersburg (City) was incorporated in 1910 as a home rule municipality under the laws of the State of Alaska. It operated as a home rule city until January 3, 2013, at which time it was incorporated and certified as a home rule borough by the State of Alaska. On January 3, 2013, the Petersburg Borough, Alaska (the Borough) was created, and the City of Petersburg was dissolved. The Petersburg Borough immediately succeeded to all rights, powers, duties, assets, and liabilities of the former City of Petersburg.

The Borough operates under an assembly-manager form of government and performs municipal duties allowed by Alaska statutes and as directed by its residents.

As required by generally accepted accounting principles, these financial statements present the Petersburg Borough (the primary government) and its component units. The component units discussed below are included in the Borough's reporting entity because of the significance of their operational or financial relationships with the Borough.

The component unit columns in the financial statements include the financial data of the Borough's component units. They are discretely presented in a separate column to emphasize that they are legally separate organizations from the Borough.

Petersburg School District (the District) is responsible for elementary and secondary education within the Borough. The members of the School Board are elected by the voters; however, the School District is fiscally dependent upon the Borough because the Borough Assembly approves the total annual budget of the School District, levies and remits the local funding contribution, and issues and pays the debt for School construction.

Complete financial statements of Petersburg School District can be obtained from its administrative office at the address below:

Petersburg School District
P.O. Box 289
Petersburg, AK 99833

Petersburg Medical Center provides healthcare, including long-term care, in the Petersburg area. The voters elect the members of the hospital board, who are given the greatest possible autonomy by the Borough Assembly to operate and maintain the hospital. The hospital board approves the annual budget. The Borough Assembly and local voters approve the issuance of any bonds or long-term debt.

Complete financial statements of Petersburg Medical Center can be obtained from its administrative office at the address below:

Petersburg Medical Center
PO Box 589
Petersburg, AK 99833

Petersburg Borough, Alaska

Notes to Basic Financial Statements

The accounting policies of the Borough conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Borough. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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 Borough considers all revenues except reimbursement grants to be available if they are collected within 60 days after year end. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to accrued leave, pension and other postemployment benefits are recorded only to the extent they have matured.

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

Petersburg Borough, Alaska

Notes to Basic Financial Statements

The Borough reports the following major funds:

Major governmental funds:

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

Major proprietary funds:

The *Electric Utility Enterprise Fund* is used to account for the operations of the Borough electric utility.

The *Water Utility Enterprise Fund* is used to account for the operations of the Borough water system.

The *Wastewater Utility Enterprise Fund* is used to account for the operations of the Borough wastewater utility.

The *Harbor and Port Facilities Enterprise Fund* is used to account for the operations of the Borough harbors and port.

The *Assisted Living Enterprise Fund* is used to account for the operation of the Borough facility that assists individuals with their everyday living tasks. The Borough has elected to present this fund as a major fund because of the importance of this fund to the user of the financial statements.

The Borough also reports one Internal Service Fund. The Motor Pool Fund accounts for the cost of operations of the vehicles and the replacement cost of vehicles. This fund reports revenue charged to the other funds based on vehicle usage and estimated replacement costs.

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

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

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

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Central Treasury

A central treasury is used to account for cash from most funds of the Borough to maximize interest income. Investments are stated at fair value. Investment earnings are allocated to most funds based on their respective cash balances. The School District and Medical Center maintain separate cash accounts from the Borough.

Cash and Investments

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

Receivables

Receivables are shown along with an allowance for doubtful accounts. Management determines which accounts are considered uncollectible based on prior history and other known factors impacting collectability.

Interfund Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories

Inventories are valued at the lower of cost or market in the proprietary funds. Cost is determined by the first-in, first-out method. The cost is recorded as an expense at the time individual inventory items are consumed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. When present, prepaid assets do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as nonspendable in the governmental fund financial statements. Prepaid items and expenses are based on the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads 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 Borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value 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.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

| | Years |
|-----------------------------------|-------|
| Buildings | 20-40 |
| Improvements other than buildings | 10-50 |
| Infrastructure | 20-50 |
| Machinery and equipment | 3-8 |

Leases

The Borough has leased to third-parties a number of land leases. The Borough recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements where applicable.

At the commencement of a lease, the 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.

Key estimates and judgments include how the 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 Borough uses the explicit rate found in the current lease contracts between the Borough and the Lessee. The lease term is recognized as the length of time until the lease can be renewed. If there is not a renewal clause in the lease agreement, then the term shall be the length of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The 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.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Deferred Outflows of Resources

In addition to assets, the financial statements also present deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Generally, the Borough reports deferred charges on bond refunding and pension and OPEB related items as deferred outflows of resources. These items are amortized to expense over time.

Unearned Grant Revenue

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

Accrued Leave

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

Long-term Debt

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 activities, business-type activities, or proprietary fund type statements 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-interest method. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the fund statements and as expenses in the government-wide and proprietary fund statements.

Pension and Other Postemployment Benefits (OPEB)

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

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the financial statements also present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until later. The Borough reports certain pension and OPEB related items, and payments on assets leased out by the Borough but not yet due, as deferred inflows of resources. These items are amortized as a reduction of expense over varying periods of time.

Grants and Other Intergovernmental Revenues

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

Property Taxes

Property taxes are assessed on real property on January 1 of each year. Mill rates are established annually by Borough resolution. Tax bills are mailed on July 1 of each year and are due October 15. Property taxes are recorded as revenue in governmental funds when measurable and available. Borough statutes call for annual foreclosure on properties for delinquent taxes.

Interfund Transactions

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

Fund Balances

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

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

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

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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

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

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

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

Encumbrances

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

2. Stewardship, Compliance and Accountability

Budgetary Accounting

The Borough follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. During or prior to the sixth week preceding July 1, the Borough Manager submits to the Assembly a proposed operating budget for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and the means of financing them.
- B. Notice of public hearings is published and public hearings are conducted to obtain taxpayer comments.
- C. Prior to June 15, the budget is adopted and the Assembly, by ordinance, makes an appropriation for the monies required.
- D. Unencumbered appropriation balances may be transferred within a department by the Borough Manager at any time. At the request of the Borough Manager, or on its own initiative, the Assembly may transfer unencumbered balances from one department or fund to another.
- E. Formal budgetary integration is employed as a management control device during the year for most funds. Appropriations lapse at year-end, except for capital projects which adopt project-length budgets.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

F. Budgets for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts included in the financial statements are as originally adopted, or as amended by the Assembly.

3. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers as of and for the year ended June 30, 2023, follows:

Due from Other Funds

To General Fund from:

| | | |
|--|----|---------|
| Assisted Living Enterprise Fund for short-term advances to cover operating costs | \$ | 367,599 |
| Nonmajor governmental funds for short-term advances to cover capital costs | | 146,169 |

| | | |
|-----------------------------------|-----------|----------------|
| Total Due from Other Funds | \$ | 513,768 |
|-----------------------------------|-----------|----------------|

Transfers

From General Fund to:

| | | |
|---|----|---------|
| Assisted Living Enterprise Fund for operating subsidies and to cover debt service costs | \$ | 298,260 |
| Harbor and Port Enterprise Fund to cover operating costs | | 574,309 |
| Nonmajor governmental funds to cover operating and debt service costs | | 415,279 |

| | | |
|-----------------------------------|--|-----------|
| Total transfers from General Fund | | 1,287,848 |
|-----------------------------------|--|-----------|

From nonmajor governmental funds to:

| | | |
|---|--|---------|
| Water Utility Enterprise Fund to cover capital costs | | 132,843 |
| General Fund to cover operating costs | | 600,000 |
| Harbor and Port Enterprise funds to cover capital costs | | 20,681 |

| | | |
|--|--|---------|
| Total transfers from nonmajor governmental funds | | 753,524 |
|--|--|---------|

| | | |
|---------------------------------------|-----------|------------------|
| Total Transfers to Other Funds | \$ | 2,041,372 |
|---------------------------------------|-----------|------------------|

Petersburg Borough, Alaska

Notes to Basic Financial Statements

4. Cash and Investments

The Borough utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet or statement of net position as "Cash and investments", or in the case of "negative cash," is included in "Due to other funds."

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2023.

| | Pooled Cash and Investments | Economic Development Fund | Totals |
|-----------------------------------|-----------------------------------|---------------------------------|----------------------|
| Bank deposits | \$ 2,441,816 | \$ - | \$ 2,441,816 |
| Petty cash | 2,730 | - | 2,730 |
| Investments | 33,561,048 | 4,361,023 | 37,922,071 |
| Total Cash and Investments | \$ 36,005,594 | \$ 4,361,023 | \$ 40,366,617 |

| | Pooled Cash and Investments | Economic Development Fund | Totals |
|-----------------------------------|-----------------------------------|---------------------------------|----------------------|
| Cash and investments | \$ 30,680,007 | \$ 4,361,023 | \$ 35,041,030 |
| Restricted cash and investments | 5,325,587 | - | 5,325,587 |
| Total Cash and Investments | \$ 36,005,594 | \$ 4,361,023 | \$ 40,366,617 |

Investment Policy

The Borough's general investment policy authorizes investments in:

- A. U.S. Treasury bills;
- B. Notes or bonds issued by the United States of America Treasury, U.S. government agencies, or government-sponsored enterprises, or the State of Alaska or its political subdivisions or other states of the United States;
- C. Federally insured or fully collateralized certificates of deposit of banks, credit unions, and savings and loan associations;
- D. Repurchase agreements collateralized by U.S. Treasury securities and marked-to-market; if repurchase agreements are overnight investments marked-to-market, it is not necessary if securities are over-collateralized (at least to one hundred two percent);
- E. Money market mutual funds whose portfolios consist entirely of U.S. government securities; and
- F. An investment pool authorized by Alaska statutes.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

In addition to the above investments, the Borough's Economic Development Fund investment policy authorizes investments in:

- A. Corporate debt obligations of U.S. domiciled corporations with a credit rating of AA- or AA3 from Standard and Poor's or Moody's;
- B. Common and preferred stock of U.S. domiciled corporations and global corporations listed on a national exchange or NASDAQ with a minimum market capitalization of five hundred million dollars, with concurrence of the finance committee. Domestic stock and mutual stock fund purchases are allowed for up to 60% of the total stock investment of the Economic Development Fund. Except in mutual funds, no individual stock may have a total cost that exceeds 5% of the total stock investment of the fund. However, market value of a stock, not in a mutual fund, may exceed 5% of the total stock investment of the fund; and
- C. Equity/stock mutual funds listed on a national exchange.

Investment transactions shall be made to ensure long-term growth and future income recognizing that short-term market losses may result. All participants in the investment process shall seek to act responsibly as custodians of public trust. Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. Maturities selected shall provide for stability of income and reasonable liquidity.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Borough has no formal policy relating to interest rate risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Custodial credit risk for investments 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 an outside party. To limit its exposure to custodial credit risk, Borough policy requires that all deposits and investments be fully insured or collateralized. As of June 30, 2023, the Borough had balances of \$1,633,496 not covered by FDIC insurance or a third-party collateralization agreement.

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Petersburg Borough, Alaska

Notes to Basic Financial Statements

Investment maturities in general investments at June 30, 2023 are as follows:

| | Fair Value | Investment Maturities (In Years) | |
|--------------------------|----------------------|-------------------------------------|----------------------|
| | | Less Than 1 | 1-5 |
| Investment type: | | | |
| Money market funds | \$ 644,502 | \$ 644,502 | \$ - |
| U.S. government agencies | 4,819,417 | 2,865,941 | 1,953,476 |
| Corporate bonds | 790,623 | 790,623 | - |
| Certificates of deposit | 20,085,606 | 8,478,104 | 11,607,502 |
| U.S. treasury securities | 1,680,465 | - | 1,680,465 |
| Municipal bonds | 173,590 | - | 173,590 |
| Pooled investments | 5,366,845 | 5,366,845 | - |
| Total Investments | \$ 33,561,048 | \$ 18,146,015 | \$ 15,415,033 |

Investment maturities in the Economic Development Fund investments at June 30, 2023 are as follows:

| | Fair Value | Investment Maturities (In Years) | |
|-------------------------------------|---------------------|-------------------------------------|-----------|
| | | Less Than 1 | 1-5 |
| Investment type: | | | |
| Money market funds | \$ 95,922 | \$ 95,922 | \$ - |
| Corporate bonds | 1,183,774 | 1,183,774 | - |
| Certificates of deposit | 842,042 | 763,070 | 78,972 |
| Total subject to interest rate risk | 2,121,738 | \$ 2,042,766 | \$ 78,972 |
| International equity securities | 160,733 | | |
| U.S. equity securities | 2,078,552 | | |
| Total Investments | \$ 4,361,023 | | |

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Borough's policy does limit investments to specified ratings based on instrument type as defined on the prior page.

Within the Borough's general investments, U.S. government agency investments of \$3,671,952 were rated by Standard and Poor's as AA+. The Borough's investments in Municipal Bonds of \$173,590 were rated by Standard and Poor's as A+. The Borough's investments in corporate bonds of \$790,623 were rated as follows by Moody's: \$244,203 rated AAA; \$198,006 rated AA2; \$240,487 rate A3; and \$107,927 rated A1. The Borough's investments in U.S. government agency investments maturing within 6 months, certificates of deposit, and money market funds were not rated.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool (Pool) which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. The Pool is incorporated in the State of Alaska as a nonprofit corporation and reports to a board of directors, Alaska Statute 37.23.050 requires the retention of an investment manager. The manager is required to produce monthly disclosure statements on the Pool. The Pool also has retained an investment adviser who monitors performance of the investment manager to ensure compliance with investment policies. All participation in the Pool is voluntary. The Pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase investments having remaining maturities of 397 days or less. On a monthly basis, the investments in the Pool are reviewed for fair value by an independent pricing service. As of June 30, 2023, the fair value of the investments in the Pool approximates amortized cost and is equal to the value of Pool shares. The Borough has no unfunded commitments to the Pool. The Borough can redeem its investment in AMLIP on a daily basis with no prior notification.

Within the investments in the Economic Development Fund, the Borough's investments in corporate bonds of \$1,183,774 were rated A1 by Moody's. The Borough's investments in certificates of deposit and money market funds were not rated.

Concentration of Credit Risk

The Borough places no limit on the amount it may invest in any one issuer. The Borough has no investments from any one issuer that represents 5% or more of total investments.

Fair Value Measurement

The 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 Borough has the following recurring fair value measurements as of June 30, 2023:

- U.S. government agency securities of \$4,819,417 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).
- U.S. treasuries of \$1,680,465 are valued using information for market sources, integrated relative credit information, observed market movement, and sector news into the evaluated pricing applications and models (Level 2 inputs).
- Corporate bonds of \$1,974,397 are valued using information for market sources, integrated relative credit information, observed market movement, and sector news into the evaluated pricing applications and models (Level 2 inputs).
- Certificates of deposits of \$20,927,648 are valued using information for market sources, integrated relative credit information, observed market movement, and sector news into the evaluated pricing applications and models (Level 2 inputs).
- International and U.S. equities of \$2,239,285 are valued using quoted market prices (Level 1 inputs).
- Municipal bonds of \$173,590 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).

Petersburg Borough, Alaska

Notes to Basic Financial Statements

The Borough has investments in money market funds and certificates of deposits totaling \$740,424 that are not held at fair value, but instead recorded at amortized cost as of June 30, 2023. The Borough's investment in AMLIP of \$5,366,845 is measured at net asset value, as of June 30, 2023. Management believes that these values approximate fair value.

5. Accounts Receivable and Valuation Allowances

The Borough maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful accounts. At June 30, 2023, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

| | General Fund | Nonmajor Governmental Funds | Electric Utility Enterprise Fund | Water Utility Enterprise Fund |
|--|-------------------|-----------------------------------|--|-------------------------------------|
| Property, sales and transient room taxes | \$ 523,806 | \$ 13,928 | \$ - | \$ - |
| Grants, loans and shared revenues | - | 3,238 | - | - |
| Accounts | 75,763 | 159,939 | 555,456 | 92,048 |
| Leases | 62,977 | - | - | - |
| Interest | 37,719 | 1,805 | 5,432 | - |
| Total receivables | 700,265 | 178,910 | 560,888 | 92,048 |
| Less allowance for doubtful accounts | - | - | (26,934) | (3,007) |
| Net Receivables | \$ 700,265 | \$ 178,910 | \$ 533,954 | \$ 89,041 |

| | Wastewater Utility Enterprise Fund | Harbor and Port Facilities Enterprise Fund | Nonmajor Enterprise and Internal Service Funds | Total |
|--|---|--|--|---------------------|
| Property, sales and transient room taxes | \$ - | \$ - | \$ - | \$ 537,734 |
| Grants, loans and shared revenues | 91,936 | - | - | 95,174 |
| Accounts | 89,413 | 270,748 | 137,464 | 1,380,831 |
| Leases | - | 1,253,951 | - | 1,316,928 |
| Interest | - | - | - | 44,956 |
| Total receivables | 181,349 | 1,524,699 | 137,464 | 3,375,623 |
| Less allowance for doubtful accounts | (3,579) | (49,567) | (4,672) | (87,759) |
| Net Receivables | \$ 177,770 | \$ 1,475,132 | \$ 132,792 | \$ 3,287,864 |

Petersburg Borough, Alaska

Notes to Basic Financial Statements

6. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

| Governmental Activities | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 |
|--|-------------------------|--------------------|------------------|--------------------------|
| <i>Capital assets not being depreciated:</i> | | | | |
| Land and land improvements** | \$ 4,076,919 | \$ 2,791,200 | \$ - | \$ 6,868,119 |
| Construction in progress | 1,714 | - | - | 1,714 |
| Total assets not being depreciated | 4,078,633 | 2,791,200 | - | 6,869,833 |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 59,495,853 | 29,500 | - | 59,525,353 |
| Improvements other than buildings | 375,118 | - | - | 375,118 |
| Machinery and equipment* | 11,318,798 | 346,256 | (650,440) | 11,014,614 |
| Infrastructure | 17,710,274 | 12,500 | - | 17,722,774 |
| Total assets being depreciated | 88,900,043 | 388,256 | (650,440) | 88,637,859 |
| Less accumulated depreciation for: | | | | |
| Buildings | 36,523,301 | 1,469,835 | - | 37,993,136 |
| Improvements other than buildings | 254,653 | 27,658 | - | 282,311 |
| Machinery and equipment* | 8,231,149 | 511,825 | (665,047) | 8,077,927 |
| Infrastructure | 2,693,472 | 173,243 | - | 2,866,715 |
| Total accumulated depreciation | 47,702,575 | 2,182,561 | (665,047) | 49,220,089 |
| Total capital assets being depreciated, net | 41,197,468 | (1,794,305) | 14,607 | 39,417,770 |
| Governmental Activities | | | | |
| Capital Assets, net | \$ 45,276,101 | \$ 996,895 | \$ 14,607 | \$ 46,287,603 |

* The ending balances include \$8,508,484 and \$6,075,700 of equipment cost and accumulated depreciation, respectively, related to the Motor Pool Internal Service Fund. Additions includes \$296,174 for the Motor Pool Internal Service Fund.

** Additions include land conveyed with an assessed value of \$2,791,200 from the State of Alaska, Department of Natural Resources.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

| Business-Type Activities | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 |
|--|-------------------------|--------------------|---------------------|--------------------------|
| <i>Capital assets not being depreciated:</i> | | | | |
| Land and land improvements | \$ 2,399,493 | \$ - | \$ - | \$ 2,399,493 |
| Construction in progress | 2,663,852 | 2,924,254 | (315,201) | 5,272,905 |
| Total assets not being depreciated | 5,063,345 | 2,924,254 | (315,201) | 7,672,398 |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 27,610,634 | - | - | 27,610,634 |
| Improvements other than buildings | 85,949,406 | 218,373 | - | 86,167,779 |
| Machinery and equipment | 22,776,769 | 602,718 | (3,441) | 23,376,046 |
| Total assets being depreciated | 136,336,809 | 821,091 | (3,441) | 137,154,459 |
| <i>Less accumulated depreciation for:</i> | | | | |
| Buildings | 17,767,221 | 589,807 | - | 18,357,028 |
| Improvements other than buildings | 40,671,696 | 2,600,169 | - | 43,271,865 |
| Machinery and equipment | 19,460,908 | 340,537 | (3,081) | 19,798,364 |
| Total accumulated depreciation | 77,899,825 | 3,530,513 | (3,081) | 81,427,257 |
| Total capital assets being depreciated, net | 58,436,984 | (2,709,422) | (360) | 55,727,202 |
| Business-Type Activities | | | | |
| Capital Assets, net | \$ 63,500,329 | \$ 214,834 | \$ (315,563) | \$ 63,399,600 |

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Petersburg Borough, Alaska

Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows:

| Governmental Activities | Depreciation Excluding Internal Service Fund | Internal Service Fund Allocation | Total Depreciation |
|--------------------------------------|---|-------------------------------------|-----------------------|
| General government | \$ 117,234 | \$ 151,376 | \$ 268,610 |
| Public safety | 503,949 | 90,826 | 594,775 |
| Public works | 210,711 | 90,826 | 301,537 |
| Culture and recreation | 691,698 | 3,363 | 695,061 |
| Education | 322,578 | - | 322,578 |
| Total Governmental Activities | \$ 1,846,170 | \$ 336,391 | \$ 2,182,561 |

| Business-Type Activities | Depreciation |
|---------------------------------------|---------------------|
| Electric utility | \$ 448,354 |
| Water utility | 840,772 |
| Wastewater utility | 475,170 |
| Sanitation utility | 186,255 |
| Harbor and port facilities | 1,392,181 |
| Elderly housing | 77,485 |
| Assisted living | 110,296 |
| Total Business-Type Activities | \$ 3,530,513 |

7. Leases

During the current fiscal year, the Borough leased General Fund land, and Harbor and Port Facilities Fund Tidelands. The leases range from two to ninety-nine years and the Borough will receive annual payments listed in the table below. There are no agreements as a lessee or lessor that include sale-leaseback or lease-leaseback provision or contain subleases. The 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, 2023, the Borough receivable for lease payments is stated below. Also, the Borough has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources is listed below.

| | Payment Amount | Lease Revenue | Lease Interest | Lease Receivable | Deferred Inflow |
|------------------------------------|-------------------|------------------|----------------|---------------------|--------------------|
| General Fund | \$ 6,278 | \$ 2,285 | \$ 5,400 | \$ 62,977 | \$ 60,112 |
| Harbor and Port Facilities Fund | 160,962 | 82,876 | 114,380 | 1,344,401 | 1,268,071 |

Petersburg Borough, Alaska
Notes to Basic Financial Statements

8. Long-term Debt

Bonds and notes payable at June 30, 2023, are comprised of the following:

| Governmental Activities | Balance July 1, 2022 | Additions | Retirements | Balance June 30, 2023 | Due Within One Year |
|---|----------------------------|------------------|-------------------|-----------------------------|------------------------|
| \$756,684 2016 general obligation pool refunding bonds, due in annual installments of \$65,000 to \$88,350 through 2027, plus interest at 2.0% to 5.0% | \$ 360,008 | - | \$ 65,008 | \$ 295,000 | \$ 70,000 |
| \$2,010,000 2012 general obligation refunding school bonds, due in annual installments of \$210,000 to \$240,000 through 2025, plus interest at 4.0% to 5.0% | 690,000 | - | 220,000 | 470,000 | 230,000 |
| \$1,150,000 2012 Series 3 general obligation library bonds, due in annual installments of \$85,000 to \$100,000 through 2027, plus interest at 4.0% to 5.0% | 470,000 | - | 90,000 | 380,000 | 90,000 |
| \$3,165,000 2014 Series 3 general obligation refunding school bonds, due in annual installments of \$320,000 to \$390,000 through 2025, plus interest of 4.0% to 5.0% | 1,450,000 | - | 335,000 | 1,115,000 | 355,000 |
| Accrued leave (net) * | 350,160 | 93,841 | - | 444,001 | 444,001 |
| Total Governmental Activities | \$ 3,320,168 | \$ 93,841 | \$ 710,008 | 2,704,001 | \$ 1,189,001 |
| Unamortized bond premium | | | | <u>189,619</u> | |
| | | | | <u>\$ 2,893,620</u> | |

* The ending balance includes \$3,243 of accrued leave related to the Motor Pool Internal Service Fund.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Other long-term liabilities related to governmental activities, such as accrued leave, are generally liquidated by the General Fund.

| Business-Type Activities | Balance July 1, 2022 | Additions | Retirements | Balance June 30, 2023 | Due Within One Year |
|---|----------------------------|-----------|-------------|--------------------------|------------------------|
| <i>General Obligation Bonds:</i> | | | | | |
| \$1,910,000 2012 general obligation elderly housing and assisted living refunding bonds, due in annual installments of \$215,000 to \$220,000 through 2024, plus interest at 4.0% to 5.0% | \$ 435,000 | \$ - | \$ 220,000 | \$ 215,000 | \$ 215,000 |
| \$1,560,000 2020 Series One general obligation electric utility refunding bonds, due in annual installments of \$140,000 to \$170,000 through 2030 plus interest at 5.0% | 1,290,000 | - | 115,000 | 1,175,000 | 120,000 |
| \$7,070,000 2022 obligation electric utility revenue bonds, due in annual installments of \$95,000 to \$480,000 through 2047, plus interest at 5.0% | 7,070,000 | - | 95,000 | 6,975,000 | 155,000 |
| <i>Notes Payable:</i> | | | | | |
| \$1,989,840 Water Utility note, due in annual installments of \$115,248 to \$120,508 through 2025, plus interest at 1.5% (loan number 685041) | 356,216 | - | 116,975 | 239,241 | 118,731 |
| \$643,823 Wastewater Utility note, due in annual installments of \$36,833 to \$38,515 through 2025, plus interest at 1.5% (loan number 685011) | 113,847 | - | 37,384 | 76,463 | 37,946 |
| \$1,317,577 Water Utility note, due in annual installments of \$68,126 to \$75,609 through 2029, plus interest at 1.5% (loan number 685051) | 506,368 | - | 69,148 | 437,220 | 70,185 |
| \$600,000 (maximum) Water Utility note, due in annual installments of \$10,536 to \$16,165 through 2035, plus interest at 1.5% (loan number 685241) | 152,248 | - | 10,694 | 141,554 | 10,854 |

Petersburg Borough, Alaska

Notes to Basic Financial Statements

| Business-Type Activities, continued | Balance July 1, 2022 | Additions | Retirements | Balance June 30, 2023 | Due Within One Year |
|--|----------------------------|-------------------|-------------------|--------------------------|------------------------|
| \$642,460 Water Utility note, due in annual installments of \$30,380 to \$36,868 through 2035; plus interest at 1.5% (loan number 685251) | \$ 439,000 | \$ - | \$ 30,837 | \$ 408,163 | \$ 31,298 |
| \$629,191 Wastewater Utility note, due in annual installments of \$25,848 to \$31,368 through 2035; plus interest at 1.5% (loan number 685211) | 373,519 | - | 26,236 | 347,283 | 26,630 |
| \$728,000 Wastewater Utility note, due in annual installments of \$33,139 to \$39,622 through 2035; plus interest at 1.5% (loan number 685221) | 476,375 | - | 33,697 | 442,678 | 34,141 |
| \$828,702 Wastewater Utility note, due in annual installments of \$29,351 to \$37,246 through 2038; plus interest at 1.5% (loan number 685261) | 534,221 | - | 29,791 | 504,430 | 30,237 |
| \$550,000 (maximum) Wastewater Utility note, terms not yet established; plus interest at 1.5% (loan number 685271) | 483,736 | - | - | 483,736 | - |
| \$160,000 (maximum) Wastewater Utility note, terms not yet established; plus interest at 1.5% (loan number 685291) | 160,000 | - | - | 160,000 | - |
| \$360,000 (maximum) Wastewater Utility note, terms not yet established; plus interest at 1.5% (loan number 685301) | 14,862 | 120,288 | 51,714 * | 83,436 | - |
| Accrued leave (net) | 325,030 | 58,080 | - | 383,110 | 383,110 |
| Total Business-Type Activities | \$12,730,422 | \$ 178,368 | \$ 836,476 | 12,072,314 | \$ 1,233,132 |
| Unamortized bond premium | | | | <u>1,179,754</u> | |
| | | | | <u>\$ 13,252,068</u> | |

* These debt retirements noted above are associated with debt forgiveness from the ADEC Loan Program.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Annual debt service requirements to maturity for all of the obligations except loans not yet in repayment status, and accrued leave, follow:

Governmental Activities

| <i>Year Ending June 30,</i> | General Obligation Bonds | | |
|-----------------------------|--------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2024 | \$ 745,000 | \$ 90,825 | \$ 835,825 |
| 2025 | 775,000 | 53,750 | 828,750 |
| 2026 | 560,000 | 21,925 | 581,925 |
| 2027 | 180,000 | 5,500 | 185,500 |
| | \$ 2,260,000 | \$ 172,000 | \$ 2,432,000 |

Business-Type Activities

| <i>Year Ending June 30,</i> | General Obligation Bonds | | |
|-----------------------------|--------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2024 | \$ 490,000 | \$ 406,000 | \$ 896,000 |
| 2025 | 290,000 | 386,500 | 676,500 |
| 2026 | 315,000 | 379,875 | 694,875 |
| 2027 | 325,000 | 364,250 | 689,250 |
| 2028 | 340,000 | 356,875 | 696,875 |
| 2029-2033 | 1,600,000 | 1,597,625 | 3,197,625 |
| 2034-2038 | 1,410,000 | 1,440,000 | 2,850,000 |
| 2039-2043 | 1,805,000 | 1,293,125 | 3,098,125 |
| 2044-2047 | 1,790,000 | 922,375 | 2,712,375 |
| | \$ 8,365,000 | \$ 7,146,625 | \$ 15,511,625 |

| <i>Year Ending June 30,</i> | Notes Payable | | |
|-----------------------------|---------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2024 | \$ 360,022 | \$ 38,956 | \$ 398,978 |
| 2025 | 365,423 | 33,556 | 398,979 |
| 2026 | 209,491 | 28,074 | 237,565 |
| 2027 | 212,634 | 24,931 | 237,565 |
| 2028 | 215,823 | 21,742 | 237,565 |
| 2029-2033 | 814,711 | 66,143 | 880,854 |
| 2034-2038 | 418,928 | 13,568 | 432,496 |
| | \$ 2,597,032 | \$ 226,970 | \$ 2,824,002 |

Not included in the table above is \$727,172 of outstanding notes payable whose repayment terms have not yet been established.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Component Units

The following is a summary of long-term debt and liability transactions for the Borough's discretely presented component units for the year ended June 30, 2023:

| Petersburg School District | Balance July 1, 2022 | Additions | Retirements | Balance June 30, 2023 | Due Within One Year |
|---------------------------------------|-------------------------|-------------------|---------------------|--------------------------|------------------------|
| Accrued leave | \$ 63,050 | \$ 111,412 | \$ (134,456) | \$ 40,006 | \$ 40,006 |
| Petersburg Medical Center | | | | | |
| Accrued leave | \$ 994,450 | \$ 84,760* | \$ - | \$ 1,079,210 | \$ 1,079,210 |
| Leases and IT subscription Payable | 3,068,242 | 50,189 | (335,028) | 2,783,403 | 347,641 |
| Total | \$ 4,062,692 | \$ 134,949 | \$ (355,028) | \$ 3,862,613 | \$ 1,426,851 |

* This amount is net of both additions and retirements.

9. Fund Balances

Fund balances reported at June 30, 2023 for the Borough's individual major funds and nonmajor funds in the aggregate are subject to the following constraints:

| | <u>Major Fund</u> General Fund | Total Nonmajor Funds | Totals |
|--------------------------------|--------------------------------------|----------------------------|----------------------|
| Restricted: | | | |
| School support | \$ - | \$ 3,787,303 | \$ 3,787,303 |
| Streets and roads | - | 394,285 | 394,285 |
| Total restricted | - | 4,181,588 | 4,181,588 |
| Committed: | | | |
| Economic development | - | 4,362,168 | 4,362,168 |
| Public works | - | 887,227 | 887,227 |
| Public safety | - | 235,373 | 235,373 |
| Capital projects | - | 323,026 | 323,026 |
| Tourism | - | 214,180 | 214,180 |
| Total committed | - | 6,021,974 | 6,021,974 |
| Assigned: | | | |
| General government | - | 61,128 | 61,128 |
| Debt service | - | 1,174,066 | 1,174,066 |
| Subsequent year's expenditures | - | 3,703 | 3,703 |
| Total assigned | - | 1,238,897 | 1,238,897 |
| Unassigned | 6,408,638 | - | 6,408,638 |
| Total Fund Balances | \$ 6,408,638 | \$ 11,442,459 | \$ 17,851,097 |

Petersburg Borough, Alaska

Notes to Basic Financial Statements

10. Municipal Landfill Closure and Postclosure Liability

On March 16, 1998, the Borough entered into an agreement with Regional Disposal Company to transport and dispose of municipal solid waste. As a result, the Borough is no longer using the landfill for solid waste. The Borough has no intentions of closing the landfill in case it is needed again in the future. State and federal laws and regulations require the Borough to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for 30 years after closure. In 2016, the Borough conducted an analysis of the closure liability and recommended that the liability be reduced to better reflect the anticipated costs.

The Borough believes the cost to close the landfill will be \$77,657. This liability is based on what it would cost to perform all closure and postclosure care in 2023. Actual costs may be higher due to inflation, changes in technology or changes in regulations. At June 30, 2023, the Borough has not restricted any net position to fund the cost of closure and postclosure monitoring, nor have any assets been restricted for this purpose.

11. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

The 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.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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 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 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.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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, 2023 were determined in the June 30, 2021 actuarial valuations. The Borough's contribution rates for the 2023 fiscal year were as follows:

| | ARM Board Adopted Rate | State Contribution Rate |
|-----------------------------------|---------------------------|-------------------------------|
| Defined benefit plans: | | |
| Pension | 18.38% | 2.79% |
| Postemployment healthcare (ARHCT) | -% | -% |
| Defined contribution - Pension | 6.41% | -% |
| Total Contribution Rates | 24.79% | 2.79% |

Alaska Statue 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 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 2023, the Borough was credited with the following contributions to the pension plan:

| | Measurement Period July 1, 2021 to June 30, 2022 | Borough Fiscal Year July 1, 2022 to June 30, 2023 |
|---|---|--|
| Employer contributions (including DBUL) | \$ 719,370 | \$ 827,678 |
| Nonemployer contributions (on-behalf) | 451,506 | 155,446 |
| Total Contributions | \$ 1,170,876 | \$ 983,124 |

In addition, employee contributions to the Plan totaled \$98,067 during the Borough's fiscal year.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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

At June 30, 2023, the 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 Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

| | |
|--|----------------------|
| Borough proportionate share of NPL | \$ 9,234,295 |
| State's proportionate share of NPL associated with the Borough | 2,557,468 |
| Total Net Pension Liability | \$ 11,791,763 |

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the 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, 2022 measurement date, the Borough's proportion was 0.18118 percent, which was a decrease of 0.02572 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Borough recognized pension expense of \$485,126 and on-behalf revenue of \$167,068 for support provided by the State. At June 30, 2023, the 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 | \$ 264,011 | \$ - |
| Borough contributions subsequent to the measurement date | 827,678 | - |
| Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions | \$ 1,091,689 | \$ - |

Petersburg Borough, Alaska

Notes to Basic Financial Statements

The \$827,678 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, 2024. 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,

| | |
|------|-------------|
| 2024 | \$ (31,387) |
| 2025 | (80,452) |
| 2026 | (193,133) |
| 2027 | 568,983 |

| | |
|---------------------------|-------------------|
| Total Amortization | \$ 264,011 |
|---------------------------|-------------------|

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

| | |
|---------------------------|--|
| 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 officers/firefighters, 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, 2022 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 2023 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%. |

Petersburg Borough, Alaska

Notes to Basic Financial Statements

| | |
|--|---|
| 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 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. |
| Other | See the experience study report dated July 15, 2022. |

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

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Petersburg Borough, Alaska

Notes to Basic Financial Statements

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 2.88%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

| Asset Class | Target Allocation | Range | Long-Term Expected Real Rate of Return |
|--------------------------|-------------------|---------|--|
| Domestic equity | 27% | +/- 6% | 6.51 % |
| Global equity (non-U.S.) | 18% | +/- 4% | 5.70 % |
| Aggregate bonds | 21% | +/- 10% | 0.31 % |
| Opportunistic | 6% | +/- 4% | - % |
| Real assets | 14% | +/- 7% | 3.71 % |
| Private equity | 14% | +/- 6% | 9.61 % |
| Cash equivalents | -% | -% | (0.50)% |

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The discount rate used changed from the prior measurement date. 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.

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

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the 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%) |
|--|--------------------|---------------------|-------------------------------|---------------------|
| Borough's proportionate share of the net pension liability | 0.18118% | \$ 12,431,346 | \$ 9,234,295 | \$ 6,538,521 |

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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 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, 2023 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2023, forfeitures reduced pension expense by zero.

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended June 30, 2023, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2023 were \$213,646 and \$341,686, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the 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).

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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, 2023 were as follows:

| | Other | Peace/Fire |
|-----------------------------------|--------------|--------------|
| Alaska Retiree Healthcare Trust | -% | -% |
| Retiree Medical Plan | 1.10% | 1.10% |
| Occupational Death and Disability | 0.30% | 0.68% |
| Total Contribution Rates | 1.40% | 1.78% |

In 2023, the Borough was credited with the following contributions to the OPEB plans:

| | Measurement Period | Borough Fiscal Year |
|--------------------------------|--------------------|---------------------|
| | July 1, 2021 | July 1, 2022 |
| | to | to |
| | June 30, 2022 | June 30, 2023 |
| Employer contributions - ARHCT | \$ 102,275 | \$ (226) |
| Employer contributions - RMP | 42,233 | 47,004 |
| Employer contributions - ODD | 14,140 | 15,108 |
| Total Contributions | \$ 158,648 | \$ 61,886 |

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Petersburg Borough, Alaska

Notes to Basic Financial Statements

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

At June 30, 2023, the 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 Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

| | |
|--|---------------------|
| Borough's proportionate share of NOA - ARHCT | \$ 3,540,291 |
| Borough's proportionate share of NOA - RMP | 86,687 |
| Borough's proportionate share of NOA - ODD | 107,439 |
| Total Borough's Proportionate Share of Net OPEB Asset | \$ 3,734,417 |
| <hr/> | |
| State's proportionate share of the ARHCT NOA associated with the Borough | 1,011,655 |
| Total Net OPEB Asset | \$ 4,746,072 |

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The Borough's proportion of the net OPEB assets was based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

| | June 30, 2021 Measurement Date Employer Proportion | June 30, 2022 Measurement Date Employer Proportion | Change |
|---|---|---|------------|
| <hr/> | | | |
| Borough's proportionate share of the net OPEB assets: | | | |
| ARHCT | 0.20772% | 0.17993% | (0.02779)% |
| RMP | 0.26185% | 0.24960% | (0.01225)% |
| ODD | 0.25937% | 0.24508% | (0.01429)% |

For the year ended June 30, 2023, the Borough recognized OPEB expense of \$(1,266,666). Of this amount, \$(343,652) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

| <i>Plan</i> | OPEB expense | On-behalf revenue |
|--------------|-----------------------|---------------------|
| ARHCT | \$ (1,347,824) | \$ (343,652) |
| RMP | 66,529 | - |
| ODD | 14,629 | - |
| Total | \$ (1,266,666) | \$ (343,652) |

Petersburg Borough, Alaska

Notes to Basic Financial Statements

At June 30, 2023, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

| <i>Deferred Outflows of Resources</i> | ARHCT | RMP | ODD | Total |
|--|---------|----------|--------|----------|
| Difference between expected and actual experience | \$ - | \$ 4,297 | \$ - | \$ 4,297 |
| Changes in assumptions | - | 16,785 | - | 16,785 |
| Difference between projected and actual investment earnings | 200,854 | 12,364 | 3,638 | 216,856 |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | 76,163 | 2,386 | 4,488 | 83,037 |
| Borough contributions subsequent to the measurement date | (226) | 47,004 | 15,108 | 61,886 |

| | | | | |
|---|-------------------|------------------|------------------|-------------------|
| Total Deferred Outflows of Resources Related to OPEB Plans | \$ 276,791 | \$ 82,836 | \$ 23,234 | \$ 382,861 |
|---|-------------------|------------------|------------------|-------------------|

| <i>Deferred Inflows of Resources</i> | ARHCT | RMP | ODD | Total |
|--|-------------|------------|-------------|-------------|
| Difference between expected and actual experience | \$ (25,058) | \$ (3,406) | \$ (35,246) | \$ (63,710) |
| Changes in assumptions | (162,469) | (103,941) | (684) | (267,094) |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | - | (1,178) | (3,108) | (4,286) |

| | | | | |
|--|---------------------|---------------------|--------------------|---------------------|
| Total Deferred Inflows of Resources Related to OPEB Plans | \$ (187,527) | \$ (108,525) | \$ (39,038) | \$ (335,090) |
|--|---------------------|---------------------|--------------------|---------------------|

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as an increase in the net OPEB assets in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <i>Year Ending June 30,</i> | ARHCT | RMP | ODD | Total |
|-----------------------------|------------------|--------------------|--------------------|--------------------|
| 2024 | \$ (145,097) | \$ (12,272) | \$ (6,426) | \$ (163,795) |
| 2025 | (70,439) | (12,877) | (6,607) | (89,923) |
| 2026 | (158,682) | (14,787) | (7,185) | (180,654) |
| 2027 | 463,708 | 2,060 | (2,365) | 463,403 |
| 2028 | - | (15,424) | (4,213) | (19,637) |
| Thereafter | - | (19,393) | (4,116) | (23,509) |
| Total Amortization | \$ 89,490 | \$ (72,693) | \$ (30,912) | \$ (14,115) |

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2022 was determined by actuarial valuations as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022:

| | |
|---|---|
| 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 officers/firefighters, 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, 2022 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 2023 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: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023 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. 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. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety |

Petersburg Borough, Alaska

Notes to Basic Financial Statements

| | |
|-------------------------------------|--|
| | <p>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.</p> |
| All others (ARHCT and RMP Plans) | <p>Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. 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.</p> |
| (ODD Plan) | <p>Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. 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.</p> |
| (ARHCT and ODD Plans) | <p>Deaths are assumed to result from occupational causes 35% of the time.</p> |
| Participation (ARHCT) | <p>100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.</p> <p>20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.</p> |
| Other | <p>See the experience study report dated July 15, 2022.</p> |

Petersburg Borough, Alaska

Notes to Basic Financial Statements

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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 postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.88% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

| Asset Class | Target Allocation | Range | Long-Term Expected Real Rate of Return |
|--------------------------|-------------------|---------|--|
| Domestic equity | 27% | +/- 6% | 6.51 % |
| Global equity (non-U.S.) | 18% | +/- 4% | 5.70 % |
| Aggregate bonds | 21% | +/- 10% | 0.31 % |
| Opportunistic | 6% | +/- 4% | - % |
| Real assets | 14% | +/- 7% | 3.71 % |
| Private equity | 14% | +/- 6% | 9.61 % |
| Cash equivalents | -% | -% | (0.50) % |

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2022 was 7.25%. The discount rate used changed from the prior measurement date. 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.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Sensitivity of the Net OPEB Asset (Liability) to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB asset calculated using the discount rate of 7.25%, as well as what the Borough's proportionate share of the respective plan's net OPEB asset (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%) |
|--|-----------------------|------------------------|-------------------------------------|------------------------|
| Borough's proportionate share of the net OPEB asset (liability): | | | | |
| ARHCT | 0.17993% | \$ 2,103,443 | \$ 3,540,291 | \$ 4,745,216 |
| RMP | 0.24960% | \$ (15,945) | \$ 86,687 | \$ 164,952 |
| ODD | 0.24508% | \$ 101,207 | \$ 107,439 | \$ 112,314 |

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

The following presents the Borough's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2021 actuarial valuation reports as well as what the 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 |
|--|-----------------------|--------------|---|--------------|
| Borough's proportionate share of the net OPEB asset (liability): | | | | |
| ARHCT | 0.17993% | \$ 4,888,961 | \$ 3,540,291 | \$ 1,932,106 |
| RMP | 0.24960% | \$ 175,700 | \$ 86,687 | \$ (33,207) |
| ODD | 0.24508% | \$ n/a | \$ 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.

Petersburg Borough, Alaska

Notes to 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, 2022, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,237 per year for each full-time employee, and \$1.43 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2023, the Borough contributed \$149,517 in DC OPEB costs. This amount has been recognized as expense/expenditures.

12. Deferred Compensation Plan

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. In accordance with the Internal Revenue Code, all assets and income of the Plan are held in trust for the exclusive benefit of participants and their beneficiaries.

13. Risk Management

The Borough faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs and certain other coverages. The Borough is a member of Alaska Public Entity Insurance (APEI), a governmental insurance pool. APEI provides insurance coverage for property and contents damage, torts, general and automobile liability, public officials and employees' liability, law enforcement professional liability and workers' compensation. The Borough has no coverage for potential losses from environmental damages. APEI is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2023.

Coverage limits and the deductibles on the policies have stayed relatively constant for the last several years.

14. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and State governments. Any disallowed claims, including amounts already collected, would become a liability.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

The Petersburg Borough, in the normal course of operations, is involved in various claims and/or pending litigation. In the opinion of management, the items are not expected to have a material adverse effect on the Borough's financial statements.

15. Related Parties

In the normal course of business, the Borough may contract for goods or services from vendors whose shareholders, officers, or employees may also be associated with the Borough as an official, assembly member, or employee. Such payments during 2023 in aggregate were \$3,465,826.

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 implemented by the Borough for 2023 reporting:

GASB Statement No. 91 - Conduit Debt Obligations - Effective for year-end June 30, 2023. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting. The Borough does not issue conduit debt, so no action was required on this statement.

GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements - Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and also provide guidance for accounting and financial reporting for availability payment arrangements (APA). The Borough does not have any public-private or public-public partnerships, so no action was required on this statement.

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements - Effective for year-end June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. The Borough does not have any subscription-based information technology arrangements, so no action was required on this statement.

GASB Statement No. 99 - Omnibus 2022 - Provisions of this Statement address requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63, which are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024. The Borough adopted the sections of this pronouncement related to leases, as applicable to the Borough's leases effective June 20, 2023. The remaining provisions of this statement that are effective for June 30, 2023 are not applicable to the Borough at this time, so no action was taken.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

The GASB has issued 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. 100 - Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62 - Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101 - Compensated Absences - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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 with 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.

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Required Supplementary Information

Petersburg Borough, Alaska
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

| <i>Year Ended June 30, 2023</i> | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| Revenues | | | | |
| Property taxes | \$ 3,657,141 | \$3,512,327 | \$ 3,500,627 | \$ (11,700) |
| Sales taxes | 3,370,000 | 3,370,000 | 4,164,980 | 794,980 |
| Other taxes | 250,000 | 285,000 | 308,085 | 23,085 |
| Intergovernmental | 1,597,854 | 2,379,900 | 2,609,889 | 229,989 |
| Licenses and permits | 15,400 | 15,400 | 12,603 | (2,797) |
| Charges for services | 188,500 | 228,500 | 336,770 | 108,270 |
| Fines and forfeitures | 4,000 | 4,000 | 3,535 | (465) |
| Overhead charges | 623,755 | 623,755 | 623,755 | - |
| Investment income | 87,500 | 87,500 | 164,009 | 76,509 |
| Other revenues | 399,191 | 6,000 | 9,561 | 3,561 |
| Total Revenues | 10,193,341 | 10,512,382 | 11,733,814 | 1,221,432 |
| Expenditures | | | | |
| General government | 2,041,667 | 2,041,667 | 2,064,030 | (22,363) |
| Public safety | 2,831,941 | 2,831,941 | 2,696,236 | 135,705 |
| Public works | 1,536,260 | 1,536,260 | 1,570,178 | (33,918) |
| Community development | 361,510 | 361,510 | 376,152 | (14,642) |
| Community services | 82,500 | 82,500 | 82,996 | (496) |
| Culture and recreation | 1,643,103 | 1,643,103 | 1,551,678 | 91,425 |
| Education - contribution to school district | 2,000,000 | 2,000,000 | 2,000,000 | - |
| Total Expenditures | 10,496,981 | 10,496,981 | 10,341,270 | 155,711 |
| Excess of Revenues Over (Under) Expenditures | (303,640) | 15,401 | 1,392,544 | 1,377,143 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 600,000 | 600,000 | 600,000 | - |
| Transfers out | (1,067,463) | (1,067,463) | (1,287,848) | (220,385) |
| Net Other Financing Uses | (467,463) | (467,463) | (687,848) | (220,385) |
| Net Change in Fund Balance | \$ (771,103) | \$ (452,062) | 704,696 | \$ 1,156,758 |
| Fund Balance, beginning of year | | | 5,703,942 | |
| Fund Balance, end of year | | | \$ 6,408,638 | |

See accompanying notes to Required Supplementary Information.

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

| <i>Years Ended June 30,</i> | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Borough's Proportion of the Net Pension Liability | 0.18118% | 0.20690% | 0.15573% | 0.16669% | 0.18283% | 0.16179% | 0.19278% | 0.17243% | 0.11734% |
| Borough's Proportionate Share of the Net Pension Liability | \$ 9,234,295 | \$ 7,589,977 | \$ 9,189,627 | \$ 9,124,893 | \$ 9,084,797 | \$ 8,363,876 | \$ 10,775,746 | \$ 8,362,857 | \$ 5,473,005 |
| State of Alaska Proportionate Share of the Net Pension Liability | 2,557,468 | 1,029,687 | 3,802,442 | 3,624,575 | 2,633,836 | 3,116,497 | 1,355,716 | 2,239,001 | 4,937,000 |
| Total Net Pension Liability | \$ 11,791,763 | \$ 8,619,664 | \$ 12,992,069 | \$ 12,749,468 | \$ 11,718,633 | \$ 11,480,373 | \$ 12,131,462 | \$ 10,601,858 | \$ 10,410,005 |
| Borough's Covered Payroll | \$ 5,530,095 | \$ 5,484,673 | \$ 5,153,084 | \$ 5,013,381 | \$ 5,201,704 | \$ 4,930,589 | \$ 4,932,921 | \$ 4,803,880 | \$ 4,927,243 |
| Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll | 166.98% | 138.39% | 178.33% | 182.01% | 174.65% | 169.63% | 218.45% | 174.09% | 111.08% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 67.97% | 76.46% | 61.61% | 63.42% | 65.19% | 63.37% | 59.55% | 63.96% | 63.37% |

Schedule of the Borough's Contributions

| <i>Years Ended June 30,</i> | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contributions | \$ 827,678 | \$ 719,370 | \$ 682,182 | \$ 553,391 | \$ 602,526 | \$ 666,076 | \$ 567,503 | \$ 498,118 | \$ 470,978 |
| Contributions Relative to the Contractually Required Contribution | 827,678 | 719,370 | 682,182 | 553,391 | 602,526 | 666,076 | 567,503 | 498,118 | 470,978 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Borough's Covered Payroll | \$ 5,693,514 | \$ 5,530,095 | \$ 5,484,673 | \$ 5,153,084 | \$ 5,013,381 | \$ 5,201,704 | \$ 4,930,589 | \$ 4,932,921 | \$ 4,803,880 |
| Contributions as a Percentage of Covered Payroll | 14.54% | 13.01% | 12.44% | 10.74% | 12.02% | 12.80% | 11.51% | 10.10% | 9.80% |

See accompanying notes to Required Supplementary Information.

Petersburg Borough, Alaska

**Public Employees' Retirement System - OPEB ARHCT Plans
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)**

| <i>Years Ended June 30,</i> | ARHCT | | | | | |
|---|----------------|----------------|--------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Borough's Proportion of the Net OPEB Liability (Asset) | 0.17993% | 0.20772% | 0.15565% | 0.16680% | 0.18272% | 0.16180% |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) | \$ (3,540,291) | \$ (5,328,729) | \$ (704,854) | \$ 247,470 | \$ 1,875,226 | \$ 1,367,076 |
| State of Alaska Proportionate Share of the Net OPEB Liability (Asset) | (1,011,655) | (696,639) | (292,826) | 98,318 | 544,886 | 509,910 |
| Total Net OPEB Liability (Asset) | \$ (4,551,946) | \$ (6,025,368) | \$ (997,680) | \$ 345,788 | \$ 2,420,112 | \$ 1,876,986 |
| Borough's Covered Payroll | \$ 1,583,175 | \$ 1,658,128 | \$ 1,647,430 | \$ 2,037,057 | \$ 2,373,974 | \$ 2,250,241 |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll | -223.62% | -321.37% | -42.79% | 12.15% | 78.99% | 60.75% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) | 128.51% | 135.54% | 106.15% | 98.13% | 88.12% | 89.68% |

Schedule of the Borough's Contributions

| <i>Years Ended June 30,</i> | ARHCT | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Contractually Required Contributions | \$ (226) | \$ 102,275 | \$ 123,202 | \$ 221,016 | \$ 217,527 | \$ 189,860 |
| Contributions Relative to the Contractually Required Contribution | (226) | 102,275 | 123,202 | 221,016 | 217,527 | 189,860 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Borough's Covered Payroll | \$ 1,422,444 | \$ 1,583,175 | \$ 1,658,128 | \$ 1,647,430 | \$ 2,037,057 | \$ 2,373,974 |
| Contributions as a Percentage of Covered Payroll | -0.02% | 6.46% | 7.43% | 13.42% | 10.68% | 8.00% |

See accompanying notes to Required Supplementary Information.

Petersburg Borough, Alaska
Public Employees' Retirement System - OPEB RMP Plans
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

| <i>Years Ended June 30,</i> | RMP | | | | | |
|---|--------------------|--------------------|------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Borough's Proportion of the Net OPEB Liability (Asset) | 0.24960% | 0.26185% | 0.26107% | 0.24213% | 0.24982% | 0.23299% |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) | \$ (86,687) | \$ (70,286) | \$ 18,518 | \$ 57,928 | \$ 31,789 | \$ 12,150 |
| State of Alaska Proportionate Share of the Net OPEB Liability (Asset) | - | - | - | - | - | - |
| Total Net OPEB Liability (Asset) | \$ (86,687) | \$ (70,286) | \$ 18,518 | \$ 57,928 | \$ 31,789 | \$ 12,150 |
| Borough's Covered Payroll | \$ 3,946,920 | \$ 3,826,545 | \$ 3,505,654 | \$ 2,976,324 | \$ 2,827,730 | \$ 2,680,348 |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll | -2.20% | -1.84% | 0.53% | 1.95% | 1.12% | 0.45% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) | 120.08% | 115.10% | 95.23% | 83.17% | 88.71% | 93.98% |

Schedule of the Borough's Contributions

| <i>Years Ended June 30,</i> | RMP | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Contractually Required Contributions | \$ 47,004 | \$ 42,233 | \$ 48,597 | \$ 46,571 | \$ 28,415 | \$ 29,123 |
| Contributions Relative to the Contractually Required Contribution | 47,004 | 42,233 | 48,597 | 46,571 | 28,415 | 29,123 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Borough's Covered Payroll | \$ 4,271,069 | \$ 3,946,920 | \$ 3,826,545 | \$ 3,505,654 | \$ 2,976,324 | \$ 2,827,730 |
| Contributions as a Percentage of Covered Payroll | 1.10% | 1.07% | 1.27% | 1.33% | 0.95% | 1.03% |

See accompanying notes to Required Supplementary Information.

Petersburg Borough, Alaska
Public Employees' Retirement System - OPEB ODD Plans
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

| <i>Years Ended June 30,</i> | ODD | | | | | |
|---|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Borough's Proportion of the Net OPEB Liability (Asset) | 0.24508% | 0.25937% | 0.26153% | 0.24086% | 0.24982% | 0.23299% |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) | \$ (107,439) | \$ (114,312) | \$ (71,292) | \$ (58,398) | \$ (48,519) | \$ (33,059) |
| State of Alaska Proportionate Share of the Net OPEB Liability (Asset) | - | - | - | - | - | - |
| Total Net OPEB Liability (Asset) | \$ (107,439) | \$ (114,312) | \$ (71,292) | \$ (58,398) | \$ (48,519) | \$ (33,059) |
| Borough's Covered Payroll | \$ 3,946,920 | \$ 3,826,545 | \$ 3,505,654 | \$ 2,976,324 | \$ 2,827,730 | \$ 2,680,348 |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll | -2.72% | -2.99% | -2.03% | -1.96% | -1.72% | -1.23% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) | 348.80% | 374.22% | 283.80% | 297.43% | 270.62% | 212.97% |

Schedule of the Borough's Contributions

| <i>Years Ended June 30,</i> | ODD | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Contractually Required Contributions | \$ 15,108 | \$ 14,140 | \$ 13,834 | \$ 11,469 | \$ 9,834 | \$ 5,479 |
| Contributions Relative to the Contractually Required Contribution | 15,108 | 14,140 | 13,834 | 11,469 | 9,834 | 5,479 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Borough's Covered Payroll | \$ 4,271,069 | \$ 3,946,920 | \$ 3,826,545 | \$ 3,505,654 | \$ 2,976,324 | \$ 2,827,730 |
| Contributions as a Percentage of Covered Payroll | 0.35% | 0.36% | 0.36% | 0.33% | 0.33% | 0.19% |

See accompanying notes to Required Supplementary Information.

Petersburg Borough, Alaska

Notes to Required Supplementary Information Year Ended June 30, 2023

1. Budgetary Comparison Schedules

The budgetary comparison schedules are presented on the modified accrual basis of accounting.

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, 2023, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

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.

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.

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.

Petersburg Borough, Alaska

Notes to Required Supplementary Information, continued

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, 2023, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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.

Supplementary Information

Petersburg Borough, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

| <i>June 30, 2023</i> | Special Revenue Funds | | | | | |
|--|------------------------------|--|---|------------------------------|-----------------------|-------------------|
| | Miscel- laneous Grants | National Forest Receipts - School | National Forest Receipts - Streets and Roads | Property Develop- ment | Transient Room Tax | E911 Surcharge |
| Assets | | | | | | |
| Cash and investments | \$ 41,280 | \$ 3,787,303 | \$ 394,285 | \$ 892,055 | \$ 81,434 | \$ 237,659 |
| Receivables: | | | | | | |
| Grants and shared revenues | 3,238 | - | - | - | - | - |
| Accounts | - | - | - | - | - | - |
| Taxes | - | - | - | 2,459 | 11,469 | - |
| Interest | - | - | - | - | - | - |
| Total Assets | \$ 44,518 | \$ 3,787,303 | \$ 394,285 | \$ 894,514 | \$ 92,903 | \$ 237,659 |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 69 | \$ - | \$ - | \$ 687 | \$ - | \$ 2,286 |
| Unearned revenue | 40,746 | - | - | - | - | - |
| Customer deposits | - | - | - | 6,600 | - | - |
| Due to other funds | - | - | - | - | - | - |
| Total Liabilities | 40,815 | - | - | 7,287 | - | 2,286 |
| Fund Balances | | | | | | |
| Restricted: | | | | | | |
| Streets and roads | - | - | 394,285 | - | - | - |
| School support | - | 3,787,303 | - | - | - | - |
| Committed: | | | | | | |
| Economic development | - | - | - | - | - | - |
| Public works | - | - | - | 887,227 | - | - |
| Public safety | - | - | - | - | - | 235,373 |
| Capital projects | - | - | - | - | - | - |
| Tourism | - | - | - | - | 92,903 | - |
| Assigned: | | | | | | |
| General government | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Subsequent year's expenditures | 3,703 | - | - | - | - | - |
| Total Fund Balances | 3,703 | 3,787,303 | 394,285 | 887,227 | 92,903 | 235,373 |
| Total Liabilities and Fund Balances | \$ 44,518 | \$ 3,787,303 | \$ 394,285 | \$ 894,514 | \$ 92,903 | \$ 237,659 |

Petersburg Borough, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet, continued

| <i>June 30, 2023</i> | Special Revenue Funds, continued | | | | | | Debt Service Fund |
|--|----------------------------------|--------------------------------|--|--|--|---------------------|-------------------------|
| | Marine Passenger Fee | Borough Organiz- ational | American Rescue Plan Act - ARPA | DCRA Local Government Lost Revenue | Local Assistance and Tribal Consistency | | |
| Assets | | | | | | | |
| Cash and investments | \$ 120,262 | \$ 61,128 | \$ 266,116 | \$ 283,312 | \$ 1,006,800 | \$ 1,161,311 | |
| Receivables: | | | | | | | |
| Grants and shared revenues | - | - | - | - | - | - | - |
| Accounts | 1,015 | - | - | - | - | 12,755 | |
| Taxes | - | - | - | - | - | - | |
| Interest | - | - | - | - | - | - | |
| Total Assets | \$ 121,277 | \$ 61,128 | \$ 266,116 | \$ 283,312 | \$ 1,006,800 | \$ 1,174,066 | |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 754 | \$ 7,920 | \$ - | \$ - | |
| Unearned revenue | - | - | 265,362 | 275,392 | 1,006,800 | - | |
| Customer deposits | - | - | - | - | - | - | |
| Due to other funds | - | - | - | - | - | - | |
| Total Liabilities | - | - | 266,116 | 283,312 | 1,006,800 | - | |
| Fund Balances | | | | | | | |
| Restricted: | | | | | | | |
| Streets and roads | - | - | - | - | - | - | |
| School support | - | - | - | - | - | - | |
| Committed: | | | | | | | |
| Economic development | - | - | - | - | - | - | |
| Public works | - | - | - | - | - | - | |
| Public safety | - | - | - | - | - | - | |
| Capital projects | - | - | - | - | - | - | |
| Tourism | 121,277 | - | - | - | - | - | |
| Assigned: | | | | | | | |
| General government | - | 61,128 | - | - | - | - | |
| Debt service | - | - | - | - | - | 1,174,066 | |
| Subsequent year's expenditures | - | - | - | - | - | - | |
| Total Fund Balances | 121,277 | 61,128 | - | - | - | 1,174,066 | |
| Total Liabilities and Fund Balances | \$ 121,277 | \$ 61,128 | \$ 266,116 | \$ 283,312 | \$ 1,006,800 | \$ 1,174,066 | |

Petersburg Borough, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet, continued

| <i>June 30, 2023</i> | Capital Project Funds, continued | | | | | Motor Pool Building Repair | Total Nonmajor Govern- mental Funds |
|--|----------------------------------|------------------------------|------------------|------------------------------|-------------------|-------------------------------------|---|
| | Pool Upgrades | Library Construc- tion | Fishing Park | Economic Develop- ment | | | |
| Assets | | | | | | | |
| Cash and investments | \$ 322,409 | \$ 11,845 | \$ 99,718 | \$ 4,360,363 | \$ - | | \$ 13,127,280 |
| Receivables: | | | | | | | |
| Grants and shared revenues | - | - | - | - | - | | 3,238 |
| Accounts | - | - | - | - | 146,169 | | 159,939 |
| Taxes | - | - | - | - | - | | 13,928 |
| Interest | - | - | - | 1,805 | - | | 1,805 |
| Total Assets | \$ 322,409 | \$ 11,845 | \$ 99,718 | \$ 4,362,168 | \$ 146,169 | | \$ 13,306,190 |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 110,946 | \$ - | \$ - | \$ - | \$ - | | \$ 122,662 |
| Unearned revenue | - | - | - | - | - | | 1,588,300 |
| Customer deposits | - | - | - | - | - | | 6,600 |
| Due to other funds | - | - | - | - | 146,169 | | 146,169 |
| Total Liabilities | 110,946 | - | - | - | 146,169 | | 1,863,731 |
| Fund Balances | | | | | | | |
| Restricted: | | | | | | | |
| Streets and roads | - | - | - | - | - | | 394,285 |
| School support | - | - | - | - | - | | 3,787,303 |
| Committed: | | | | | | | |
| Economic development | - | - | - | 4,362,168 | - | | 4,362,168 |
| Public works | - | - | - | - | - | | 887,227 |
| Public safety | - | - | - | - | - | | 235,373 |
| Capital projects | 211,463 | 11,845 | 99,718 | - | - | | 323,026 |
| Tourism | - | - | - | - | - | | 214,180 |
| Assigned: | | | | | | | |
| General government | - | - | - | - | - | | 61,128 |
| Debt service | - | - | - | - | - | | 1,174,066 |
| Subsequent year's expenditures | - | - | - | - | - | | 3,703 |
| Total Fund Balances | 211,463 | 11,845 | 99,718 | 4,362,168 | - | | 11,442,459 |
| Total Liabilities and Fund Balances | \$ 322,409 | \$ 11,845 | \$ 99,718 | \$ 4,362,168 | \$ 146,169 | | \$ 13,306,190 |

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

| | Special Revenue Funds | | | | | | |
|---|------------------------------|--|--|-------------------------|-----------------------|-------------------|----------------------------|
| | Miscel- laneous Grants | National Forest Receipts - School | National Forest Receipts - Streets and Roads | Property Development | Transient Room Tax | E911 Surcharge | Marine Passenger Fee |
| <i>Year Ended June 30, 2023</i> | | | | | | | |
| Revenues | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 24,680 | \$ 71,821 | \$ - | \$ - |
| Intergovernmental | 75,309 | 482,438 | 85,137 | - | - | - | 19,810 |
| Charges for services | - | - | - | - | - | 83,818 | 40,145 |
| Land sales | - | - | - | 1,000 | - | - | - |
| Investment Income | - | 45,541 | 4,899 | 10,800 | - | - | - |
| Total Revenues | 75,309 | 527,979 | 90,036 | 36,480 | 71,821 | 83,818 | 59,955 |
| Expenditures | | | | | | | |
| General government | - | - | - | 69,922 | - | - | 7,989 |
| Public safety | 27,397 | - | - | - | - | 83,869 | - |
| Community services | - | - | - | - | 51,321 | - | - |
| Culture and recreation | 47,912 | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Capital outlay | - | 40,990 | 81,420 | 29,165 | - | - | - |
| Total Expenditures | 75,309 | 40,990 | 81,420 | 99,087 | 51,321 | 83,869 | 7,989 |
| Excess of Revenues Over (Under) Expenditures | - | 486,989 | 8,616 | (62,607) | 20,500 | (51) | 51,966 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers in | - | - | - | 77,277 | - | - | - |
| Transfers out | - | (600,000) | - | - | - | - | - |
| Special item - insurance recovery | - | - | - | - | - | - | - |
| Net Other Financing Sources (Uses) | - | (600,000) | - | 77,277 | - | - | - |
| Net Change in Fund Balances | - | (113,011) | 8,616 | 14,670 | 20,500 | (51) | 51,966 |
| Fund Balances (Deficit), beginning of year | 3,703 | 3,900,314 | 385,669 | 872,557 | 72,403 | 235,424 | 69,311 |
| Fund Balance (Deficit), end of year | \$ 3,703 | \$ 3,787,303 | \$ 394,285 | \$ 887,227 | \$ 92,903 | \$ 235,373 | \$ 121,277 |

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

| <i>Year Ended June 30, 2023</i> | Special Revenue Funds, continued | | | |
|---|----------------------------------|--------------------------------|--|-------------------------|
| | Borough Organizational | American Rescue Plan Act | DCRA Local Government Lost Revenue | Debt Service Fund |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 354,089 | 1,096,229 | 459,577 |
| Charges for services | - | - | - | - |
| Land sales | - | - | - | - |
| Investment income | - | - | - | - |
| Total Revenues | - | 354,089 | 1,096,229 | 459,577 |
| Expenditures | | | | |
| General government | - | 277,511 | 825,388 | - |
| Public safety | - | 26,525 | 167,114 | - |
| Community services | - | - | 28,402 | - |
| Culture and recreation | - | 50,053 | 75,325 | - |
| Debt service: | | | | |
| Principal | - | - | - | 710,000 |
| Interest | - | - | - | 127,250 |
| Capital outlay | - | - | - | - |
| Total Expenditures | - | 354,089 | 1,096,229 | 837,250 |
| Excess of Revenues Over (Under) Expenditures | - | - | - | (377,673) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | - | 338,002 |
| Transfers out | - | - | - | - |
| Insurance recovery | - | - | - | - |
| Net Other Financing Sources (Uses) | - | - | - | 338,002 |
| Net Change in Fund Balances | - | - | - | (39,671) |
| Fund Balances (Deficit), beginning of year | 61,128 | - | - | 1,213,737 |
| Fund Balance (Deficit), end of year | \$ 61,128 | \$ - | \$ - | \$ 1,174,066 |

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

| <i>Year Ended June 30, 2023</i> | Capital Project Funds, continued | | | | | | Total Nonmajor Governmental Funds |
|---|----------------------------------|------------------------------|-----------------|------------------------------|----------------------------------|----------------------|--|
| | Pool Upgrades | Library Cons- truction | Fishing Park | Economic Develop- ment | Motor Pool Building Repair | Disaster Response | |
| Revenues | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 96,501 |
| Intergovernmental | - | - | - | - | - | 667,973 | 3,240,562 |
| Charges for services | - | - | - | - | - | - | 123,963 |
| Land sales | - | - | - | - | - | - | 1,000 |
| Investment income | - | - | - | 452,449 | - | - | 513,689 |
| Total Revenues | - | - | - | 452,449 | - | 667,973 | 3,975,715 |
| Expenditures | | | | | | | |
| General government | - | - | - | - | - | - | 1,180,810 |
| Public safety | - | - | - | - | - | 552,524 | 857,429 |
| Community services | 327,451 | - | - | 1,260 | - | - | 408,434 |
| Culture and recreation | - | - | - | - | - | - | 173,290 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | 710,000 |
| Interest | - | - | - | - | - | - | 127,250 |
| Capital outlay | - | 19,604 | - | - | - | - | 171,179 |
| Total Expenditures | 327,451 | 19,604 | - | 1,260 | - | 552,524 | 3,628,392 |
| Excess of Revenues Over (Under) Expenditures | (327,451) | (19,604) | - | 451,189 | - | 115,449 | 347,323 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers in | - | - | - | - | - | - | 415,279 |
| Transfers out | - | - | - | (132,843) | - | (20,681) | (753,524) |
| Insurance recovery | 108,095 | - | - | - | 146,169 | - | 254,264 |
| Net Other Financing Sources (Uses) | 108,095 | - | - | (132,843) | 146,169 | (20,681) | (83,981) |
| Net Change in Fund Balances | (219,356) | (19,604) | - | 318,346 | 146,169 | 94,768 | 263,342 |
| Fund Balances (Deficit), beginning of year | 430,819 | 31,449 | 99,718 | 4,043,822 | (146,169) | (94,768) | 11,179,117 |
| Fund Balance (Deficit), end of year | \$211,463 | \$11,845 | \$99,718 | \$4,362,168 | \$ - | \$ - | \$ 11,442,459 |

Petersburg Borough, Alaska
Nonmajor Enterprise Funds
Combining Statement of Net Position

| <i>June 30, 2023</i> | Sanitation Utility | Elderly Housing | Total Nonmajor Enterprise Funds |
|--|-----------------------|---------------------|--|
| Assets and Deferred Outflows of Resources | | | |
| Current Assets | | | |
| Cash and investments | \$ 553,253 | \$ 686,187 | \$ 1,239,440 |
| Receivables, net of allowance for doubtful accounts | 132,792 | - | 132,792 |
| Total Current Assets | 686,045 | 686,187 | 1,372,232 |
| Noncurrent Assets | | | |
| Net other postemployment benefits asset | 89,515 | 74,591 | 164,106 |
| Restricted cash - security deposits | - | 11,653 | 11,653 |
| Capital assets: | | | |
| Land and land improvements | 63,720 | 127,419 | 191,139 |
| Buildings | 2,211,180 | 2,916,985 | 5,128,165 |
| Improvements other than buildings | 807,695 | 299,552 | 1,107,247 |
| Machinery and equipment | 1,058,169 | 202,228 | 1,260,397 |
| Total capital assets | 4,140,764 | 3,546,184 | 7,686,948 |
| Accumulated depreciation | (2,548,245) | (3,136,696) | (5,684,941) |
| Net capital assets | 1,592,519 | 409,488 | 2,002,007 |
| Total Noncurrent Assets | 1,682,034 | 495,732 | 2,177,766 |
| Total Assets | 2,368,079 | 1,181,919 | 3,549,998 |
| Deferred Outflows of Resources | | | |
| Related to pension | 26,168 | 21,805 | 47,973 |
| Related to other postemployment benefits | 9,177 | 7,647 | 16,824 |
| Total Deferred Outflows of Resources | 35,345 | 29,452 | 64,797 |
| Total Assets and Deferred Outflows of Resources | \$ 2,403,424 | \$ 1,211,371 | \$ 3,614,795 |

Petersburg Borough, Alaska
Nonmajor Enterprise Funds
Combining Statement of Net Position, continued

| <i>June 30, 2023</i> | Sanitation Utility | Elderly Housing | Total Nonmajor Enterprise Funds |
|--|-----------------------|---------------------|--|
| Liabilities, Deferred Inflows of Resources and Net Position | | | |
| Current Liabilities | | | |
| Accounts payable | \$ 37,094 | \$ 3,798 | \$ 40,892 |
| Accrued payroll and employee benefits | 19,224 | 8,488 | 27,712 |
| Accrued leave | 35,511 | 13,046 | 48,557 |
| Unearned revenue | - | 1,864 | 1,864 |
| Customer deposits | 10,309 | 10,127 | 20,436 |
| Accrued interest | - | 896 | 896 |
| Current portion of general obligation bonds | - | 53,750 | 53,750 |
| Total Current Liabilities | 102,138 | 91,969 | 194,107 |
| Noncurrent Liabilities | | | |
| Net pension liability | 221,348 | 184,445 | 405,793 |
| Landfill closure liability | 77,657 | - | 77,657 |
| Total Noncurrent Liabilities | 299,005 | 184,445 | 483,450 |
| Total Liabilities | 401,143 | 276,414 | 677,557 |
| Deferred Inflows of Resources | | | |
| Related to other postemployment benefits | 8,032 | 6,693 | 14,725 |
| Net Position | | | |
| Net investment in capital assets | 1,592,519 | 355,738 | 1,948,257 |
| Unrestricted | 401,730 | 572,526 | 974,256 |
| Total Net Position | 1,994,249 | 928,264 | 2,922,513 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 2,403,424 | \$ 1,211,371 | \$ 3,614,795 |

Petersburg Borough, Alaska
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position

| <i>Year Ended June 30, 2023</i> | Sanitation Utility | Elderly Housing | Total Nonmajor Enterprise Funds |
|---|-----------------------|--------------------|--|
| Operating Revenues | \$ 1,469,818 | \$ 446,360 | \$ 1,916,178 |
| Operating Expenses | | | |
| Salaries and benefits | 303,423 | 177,027 | 480,450 |
| Services, supplies, and other charges | 614,129 | 145,920 | 760,049 |
| Allocated overhead and motor pool charges | 314,922 | 31,088 | 346,010 |
| Depreciation | 186,255 | 77,485 | 263,740 |
| Total Operating Expenses | 1,418,729 | 431,520 | 1,850,249 |
| Income from Operations | 51,089 | 14,840 | 65,929 |
| Nonoperating Revenues (Expenses) | | | |
| Investment income | 6,845 | 7,909 | 14,754 |
| Interest revenue | - | 1,081 | 1,081 |
| State PERS on-behalf, net pension and OPEB | (4,232) | (3,527) | (7,759) |
| Net Nonoperating Revenues (Expenses) | 2,613 | 5,463 | 8,076 |
| Change in Net Position | 53,702 | 20,303 | 74,005 |
| Net Position, beginning of year | 1,940,547 | 907,961 | 2,848,508 |
| Net Position, end of year | \$ 1,994,249 | \$ 928,264 | \$ 2,922,513 |

Petersburg Borough, Alaska
Nonmajor Enterprise Funds
Combining Statement of Cash Flows

| <i>Year Ended June 30, 2023</i> | Sanitation Utility | Elderly Housing | Total Nonmajor Enterprise Funds |
|--|-----------------------|--------------------|--|
| Cash Flows from Operating Activities | | | |
| Receipts from customers and users | \$ 1,447,166 | \$ 446,883 | \$ 1,894,049 |
| Payments for interfund services used | (314,922) | (31,088) | (346,010) |
| Payments to suppliers | (614,352) | (142,984) | (757,336) |
| Payments to employees | (407,977) | (142,569) | (550,546) |
| Net cash flows from operating activities | 109,915 | 130,242 | 240,157 |
| Cash Flows for Capital and Related Financing Activities | | | |
| Principal paid on long-term debt | - | (55,000) | (55,000) |
| Interest paid on long-term debt | - | (4,063) | (4,063) |
| Acquisition and construction of capital assets | (31,105) | (9,961) | (41,066) |
| Net cash flows for capital and related financing activities | (31,105) | (69,024) | (100,129) |
| Cash Flows from Investing Activities | | | |
| Investment income received | 6,845 | 7,909 | 14,754 |
| Net increase in cash and investments | 85,655 | 69,127 | 154,782 |
| Cash and Investments, beginning of year | 467,598 | 628,713 | 1,096,311 |
| Cash and Investments, end of year | \$ 553,253 | \$ 697,840 | \$ 1,251,093 |
| Cash and Investments at End of Year | | | |
| Cash and investments | \$ 553,253 | \$ 686,187 | \$ 1,239,440 |
| Restricted cash | - | 11,653 | 11,653 |
| Total Cash and Investments | \$ 553,253 | \$ 697,840 | \$ 1,251,093 |
| Reconciliation of Income from Operations to Net Cash | | | |
| Flows from Operating Activities | | | |
| Income from operations | \$ 51,089 | \$ 14,840 | \$ 65,929 |
| Adjustments to reconcile income from operations to net cash flows from operating activities: | | | |
| Noncash expenses: | | | |
| Depreciation | 186,255 | 77,485 | 263,740 |
| Landfill closure liability | 11,687 | - | 11,687 |
| PERS on-behalf, net pension and OPEB | (4,232) | (3,527) | (7,759) |
| Increase in allowance for doubtful accounts | 1,294 | - | 1,294 |
| Increase (decrease) in assets: | | | |
| Amortization of deferred outflows of resources for pension | 9,511 | (10,620) | (1,109) |
| Amortization of deferred outflows of resources for other postemployment benefits | (3,207) | (5,776) | (8,983) |
| Accounts receivable | (24,422) | - | (24,422) |
| Net other postemployment benefits asset | 83,387 | (20,390) | 62,997 |
| Increase (decrease) in liabilities: | | | |
| Amortization of deferred inflows of resources for pension | (94,920) | (29,755) | (124,675) |
| Amortization of deferred inflows of resources for other postemployment benefits | (85,085) | (22,497) | (107,582) |
| Accounts payable | (11,910) | 2,936 | (8,974) |
| Accrued payroll and employee benefits | 378 | 4,402 | 4,780 |
| Accrued leave | 6,293 | 12,792 | 19,085 |
| Unearned revenue | - | 75 | 75 |
| Customer deposits | 476 | 448 | 924 |
| Net pension liability | (16,679) | 109,829 | 93,150 |
| Net Cash Flows from Operating Activities | \$ 109,915 | \$ 130,242 | \$ 240,157 |

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General Fund

The General Fund is established to account for the revenues and expenditures necessary to carry out basic governmental activities of the Borough such as public safety, public works, recreation, library, community development, administrative services, etc. Appropriations are made from the General Fund annually.

Revenue is recorded by source, i.e., taxes, charges for services, intergovernmental, etc. Expenditures are recorded first by function, then by activity and object of expenditure.

Petersburg Borough, Alaska

General Fund Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and investments | \$ 5,551,074 | \$ 4,644,438 |
| Receivables: | | |
| Property taxes | 39,649 | 20,482 |
| Sales and tobacco taxes | 484,157 | 432,466 |
| Accounts | 75,763 | 358,900 |
| Leases | 62,977 | 63,855 |
| Interest | 97,523 | 37,719 |
| Total receivables | 760,069 | 913,422 |
| Due from other funds | 513,768 | 555,996 |
| Total Assets | \$ 6,824,911 | \$ 6,113,856 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | |
| Liabilities | | |
| Accounts payable | \$ 85,145 | \$ 105,878 |
| Accrued payroll and employee benefits | 255,873 | 225,087 |
| Unearned revenue | 15,143 | 16,553 |
| Total Liabilities | 356,161 | 347,518 |
| Deferred Inflows of Resources | | |
| Leases | 60,112 | 62,396 |
| Fund Balance | | |
| Unassigned | 6,408,638 | 5,703,942 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 6,824,911 | \$ 6,113,856 |

Petersburg Borough, Alaska
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

| <i>Years Ended June 30,</i> | 2023 | | | 2022 |
|--|------------------|------------------|-------------------------|------------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues | | | | |
| Taxes: | | | | |
| Property taxes | \$ 3,512,327 | \$ 3,500,627 | \$ (11,700) | \$ 3,467,823 |
| Sales taxes | 3,370,000 | 4,164,980 | 794,980 | 4,141,309 |
| Motor vehicle registration | 35,000 | 34,014 | (986) | 36,801 |
| Tobacco taxes | 250,000 | 274,071 | 24,071 | 291,944 |
| Total taxes | 7,167,327 | 7,973,692 | 806,365 | 7,937,877 |
| Intergovernmental: | | | | |
| Payments in lieu of taxes | 625,000 | 721,663 | 96,663 | 662,534 |
| Library grants | 7,000 | 7,000 | - | 758 |
| Fisheries business tax | 700,000 | 944,990 | 244,990 | 862,640 |
| Shared fisheries business tax and landing tax | 6,000 | 15,217 | 9,217 | 1,940 |
| Liquor licenses | 7,000 | 6,400 | (600) | 7,950 |
| Jail and special services contract | 369,484 | 369,484 | - | 173,626 |
| State PERS relief | 150,000 | 84,801 | (65,199) | 250,790 |
| SEACAD police grants | 136,228 | 81,146 | (55,082) | 99,221 |
| State community assistance | 379,188 | 379,188 | - | 313,645 |
| Total intergovernmental | 2,379,900 | 2,609,889 | 229,989 | 2,373,104 |
| Licenses and permits | 15,400 | 12,603 | (2,797) | 7,093 |
| Charges for services: | | | | |
| Police and public safety | 2,500 | 983 | (1,517) | 1,993 |
| Ambulance fees | 60,000 | 80,688 | 20,688 | 66,897 |
| Public works | 6,000 | 3,505 | (2,495) | 12,990 |
| Recreation activity fees | 90,000 | 145,530 | 55,530 | 109,415 |
| Cemetery charges | 5,000 | 5,600 | 600 | 11,775 |

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

| Years Ended June 30, | 2023 | | | 2022 |
|-----------------------------------|-------------------|-------------------|-------------------------|-------------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues, continued | | | | |
| Charges for services, continued: | | | | |
| Library charges | \$ 2,000 | \$ 5,968 | \$ 3,968 | \$ 3,609 |
| Cemetery plot sales | 5,000 | 3,010 | (1,990) | 7,130 |
| Passport services | 1,500 | 2,138 | 638 | 2,820 |
| Other charges for services | 56,500 | 89,348 | 32,848 | 54,395 |
| Total charges for services | 228,500 | 336,770 | 108,270 | 271,024 |
| Fines and forfeitures | 4,000 | 3,535 | (465) | 4,636 |
| Overhead charges | 623,755 | 623,755 | - | 598,122 |
| Investment income (loss) | 87,500 | 164,009 | 76,509 | (380,873) |
| Other revenues: | | | | |
| Lease income | 5,000 | 8,464 | 3,464 | 7,987 |
| Library donations | 1,000 | 1,097 | 97 | 1,000 |
| Total other revenues | 6,000 | 9,561 | 3,561 | 8,987 |
| Total Revenues | 10,512,382 | 11,733,814 | 1,221,432 | 10,819,970 |
| Expenditures | | | | |
| General government: | | | | |
| Borough assembly | 149,687 | 151,666 | (1,979) | 146,864 |
| Borough manager | 428,648 | 451,893 | (23,245) | 417,823 |
| Borough attorney | 190,000 | 232,874 | (42,874) | 152,861 |
| Information systems | 112,570 | 105,084 | 7,486 | 152,376 |
| Finance | 701,892 | 705,980 | (4,088) | 675,815 |
| Nondepartmental PERS on-behalf | 150,000 | 84,801 | 65,199 | 250,790 |
| Other | 308,870 | 331,732 | (22,862) | 314,860 |
| Total general government | 2,041,667 | 2,064,030 | (22,363) | 2,111,389 |

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

| Years Ended June 30, | 2023 | | | 2022 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | Budget | Actual | Variance With Budget | Actual |
| Expenditures, continued | | | | |
| Public safety: | | | | |
| Police department | \$ 1,653,286 | \$ 1,555,774 | \$ 97,512 | \$ 1,386,932 |
| Jail | 472,366 | 439,093 | 33,273 | 401,351 |
| Fire department | 706,289 | 701,369 | 4,920 | 649,294 |
| Total public safety | 2,831,941 | 2,696,236 | 135,705 | 2,437,577 |
| Public works | 1,536,260 | 1,570,178 | (33,918) | 1,432,487 |
| Community development | 361,510 | 376,152 | (14,642) | 377,381 |
| Community services | 82,500 | 82,996 | (496) | 81,855 |
| Culture and recreation: | | | | |
| Library | 457,810 | 479,272 | (21,462) | 448,469 |
| Parks and recreation | 1,185,293 | 1,072,406 | 112,887 | 1,003,603 |
| Total culture and recreation | 1,643,103 | 1,551,678 | 91,425 | 1,452,072 |
| Education - contribution to school district | 2,000,000 | 2,000,000 | - | 1,800,000 |
| Total Expenditures | 10,496,981 | 10,341,270 | 155,711 | 9,692,761 |
| Excess of Revenues Over Expenditures | 15,401 | 1,392,544 | 1,377,143 | 1,127,209 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 600,000 | 600,000 | - | 450,000 |
| Transfers out | (1,067,463) | (1,287,848) | (220,385) | (1,422,655) |
| Net Other Financing Uses | (467,463) | (687,848) | (220,385) | (972,655) |
| Net Change in Fund Balance | <u>\$ (452,062)</u> | 704,696 | <u>\$ 1,156,758</u> | 154,554 |
| Fund Balance, beginning of year | | <u>5,703,942</u> | | <u>5,549,388</u> |
| Fund Balance, end of year | | <u><u>\$ 6,408,638</u></u> | | <u><u>\$ 5,703,942</u></u> |

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Special Revenue Funds

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

Miscellaneous Grants

This fund accounts for various operating-type grants from State and federal agencies.

National Forest Receipts - School

This fund is used to account for activity relating to National Forest Receipts that have been earmarked by the granting agency for education purposes.

National Forest Receipts - Streets and Roads

This fund is used to account for activity relating to National Forest Receipts that have been earmarked by the granting agency for street and road purposes.

Property Development

This fund is used to account for activity relating to the sale and/or purchase of Borough owned real property.

Transient Room Tax

This fund accounts for revenues received from the Borough-levied transient room tax.

E911 Surcharge

This fund accounts for the operation, maintenance, and improvement of the Borough's enhanced 911 emergency communication system.

Marine Passenger Fee

This fund accounts for revenues received from the Borough-levied marine passenger fee.

Borough Organizational

This fund accounts for three years of revenues received from the State of Alaska and the associated expenditures to transition to a borough.

CARES Act Municipal Relief

This fund accounts for the Borough's financial resources received and expended related to the Coronavirus Aid, Relief and Economic Security (CARES) Act.

American Rescue Plan Act - ARPA

This fund accounts for the Borough's financial resources received and expended related to the American Rescue Plan Act (ARPA).

DCRA Local Government Lost Revenue - ARPA

This fund was established to support communities who were significantly impacted by the pandemic and economic crisis. These funds are to replace lost revenue and use for the provision of general government services.

Local Assistance and Tribal Consistency

This fund was established to account for the Borough's financial resources received and expended related to the Local Assistance and Tribal Consistency program.

Petersburg Borough, Alaska
Miscellaneous Grants Special Revenue Fund
Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|---|------------------|------------------|
| Assets | | |
| Cash and investments | \$ 41,280 | \$ 38,864 |
| Receivables - grants | 3,238 | - |
| Total Assets | \$ 44,518 | \$ 38,864 |
| Liabilities and Fund Balance | | |
| Liabilities | | |
| Accounts payable | \$ 69 | \$ 6,337 |
| Accrued payroll and employee benefits | - | 342 |
| Unearned revenue | 40,746 | 28,482 |
| Total Liabilities | 40,815 | 35,161 |
| Fund Balance | | |
| Assigned for subsequent year's expenditures | 3,703 | 3,703 |
| Total Liabilities and Fund Balance | \$ 44,518 | \$ 38,864 |

Petersburg Borough, Alaska
Miscellaneous Grants Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

| <i>Years Ended June 30,</i> | 2023 | | | 2022 |
|--|----------------|-----------------|-------------------------|-----------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues | | | | |
| Intergovernmental | \$ 177,142 | \$ 75,309 | \$ (101,833) | \$ 146,142 |
| Expenditures | | | | |
| Public safety: | | | | |
| Police department | - | 1,781 | (1,781) | - |
| Public health | 22,377 | 25,616 | (3,239) | 86,340 |
| Culture and recreation: | | | | |
| Hazard mitigation | 4,397 | - | 4,397 | - |
| Ball park / skating rink lighting | 127,126 | 13,759 | 113,367 | 4,135 |
| IMLS library | 7,000 | 10,000 | (3,000) | 10,000 |
| Campgrounds | 6,242 | 1,474 | 4,768 | 7,826 |
| Library | 10,000 | 22,679 | (12,679) | 37,841 |
| Total Expenditures | 177,142 | 75,309 | 101,833 | 146,142 |
| Net Change in Fund Balance | \$ - | - | \$ - | - |
| Fund Balance, beginning of year | | 3,703 | | 3,703 |
| Fund Balance, end of year | | \$ 3,703 | | \$ 3,703 |

Petersburg Borough, Alaska
National Forest Receipts - School Special Revenue Fund
Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|-------------------------------|--------------|--------------|
| Assets | | |
| Cash and investments | \$ 3,787,303 | \$ 3,900,314 |
| Fund Balance | | |
| Restricted for school support | \$ 3,787,303 | \$ 3,900,314 |

Petersburg Borough, Alaska
National Forest Receipts - School Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

| <i>Years Ended June 30,</i> | 2023 | | | 2022 |
|---|--------------------------|----------------------------|----------------------------|----------------------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues | | | | |
| Intergovernmental | \$ 400,000 | \$ 482,438 | \$ 82,438 | \$ 511,854 |
| Investment income (loss) | 50,000 | 45,541 | (4,459) | (125,118) |
| Total Revenues | 450,000 | 527,979 | 77,979 | 386,736 |
| Expenditures | | | | |
| Capital outlay | 100,000 | 40,990 | 59,010 | - |
| Excess (Deficiency) of Revenues Under Expenditures | 350,000 | 486,989 | 136,989 | 386,736 |
| Other Financing Uses - transfers out | (100,000) | (600,000) | (500,000) | (450,000) |
| Net Change in Fund Balance | <u>\$ 250,000</u> | (113,011) | <u>\$ (363,011)</u> | (63,264) |
| Fund Balance, beginning of year | | <u>3,900,314</u> | | <u>3,963,578</u> |
| Fund Balance, end of year | | <u>\$ 3,787,303</u> | | <u>\$ 3,900,314</u> |

Petersburg Borough, Alaska
National Forest Receipts - Streets and Roads Special Revenue Fund
Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|----------------------------------|------------|------------|
| Assets | | |
| Cash and investments | \$ 394,285 | \$ 385,669 |
| Fund Balance | | |
| Restricted for streets and roads | \$ 394,285 | \$ 385,669 |

Petersburg Borough, Alaska

National Forest Receipts - Streets and Roads Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

| <i>Years Ended June 30,</i> | 2023 | | | 2022 |
|--|----------------------------|--------------------------|--------------------------|--------------------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues | | | | |
| Intergovernmental | \$ 60,000 | \$ 85,137 | \$ 25,137 | \$ 90,327 |
| Investment income (loss) | 4,000 | 4,899 | 899 | (10,607) |
| Total Revenues | 64,000 | 90,036 | 26,036 | 79,720 |
| Expenditures | | | | |
| Capital outlay | 350,000 | 81,420 | 268,580 | - |
| Net Change in Fund Balance | <u>\$ (286,000)</u> | 8,616 | <u>\$ 294,616</u> | 79,720 |
| Fund Balance, beginning of year | | <u>385,669</u> | | <u>305,949</u> |
| Fund Balance, end of year | | <u>\$ 394,285</u> | | <u>\$ 385,669</u> |

Petersburg Borough, Alaska
Property Development Special Revenue Fund
Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|---|-------------------|-------------------|
| Assets | | |
| Cash and investments | \$ 892,055 | \$ 875,936 |
| Receivables - taxes | 2,459 | 3,221 |
| Total Assets | \$ 894,514 | \$ 879,157 |
| Liabilities and Fund Balance | | |
| Liabilities | | |
| Accounts payable | \$ 687 | \$ - |
| Customer deposits | 6,600 | 6,600 |
| Total Liabilities | 7,287 | 6,600 |
| Fund Balance | | |
| Committed for public works | 887,227 | 872,557 |
| Total Liabilities and Fund Balance | \$ 894,514 | \$ 879,157 |

Petersburg Borough, Alaska
Property Development Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

| <i>Years Ended June 30,</i> | 2023 | | | 2022 |
|---|---------------------------|--------------------------|-------------------------|--------------------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues | | | | |
| Marijuana taxes | \$ 38,000 | \$ 24,680 | \$ (13,320) | \$ 29,441 |
| Land sales | - | 1,000 | 1,000 | 510,243 |
| Investment income (loss) | - | 10,800 | 10,800 | (24,176) |
| Total Revenues | 38,000 | 36,480 | (1,520) | 515,508 |
| Expenditures | | | | |
| General government - professional services | 110,432 | 69,922 | 40,510 | 15,808 |
| Capital outlay | 45,000 | 29,165 | 15,835 | 16,046 |
| Total Expenditures | 155,432 | 99,087 | 56,345 | 31,854 |
| Excess (Deficiency) of Revenues Under Expenditures | (117,432) | (62,607) | 54,825 | 483,654 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 77,277 | 77,277 | - | - |
| Transfers out | - | - | - | (450,000) |
| Net Other Financing Sources (Uses) | 77,277 | 77,277 | - | (450,000) |
| Net Change in Fund Balance | <u>\$ (40,155)</u> | 14,670 | <u>\$ 54,825</u> | 33,654 |
| Fund Balance, beginning of year | | <u>872,557</u> | | <u>838,903</u> |
| Fund Balance, end of year | | <u>\$ 887,227</u> | | <u>\$ 872,557</u> |

Petersburg Borough, Alaska

Transient Room Tax Special Revenue Fund
Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|------------------------------------|------------------|------------------|
| Assets | | |
| Cash and investments | \$ 81,434 | \$ 61,169 |
| Receivables - transient room taxes | 11,469 | 11,234 |
| Total Assets | \$ 92,903 | \$ 72,403 |
| Fund Balance | | |
| Committed for tourism | \$ 92,903 | \$ 72,403 |

Petersburg Borough, Alaska
Transient Room Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

| <i>Years Ended June 30,</i> | 2023 | | | 2022 |
|--|-------------------|------------------|-------------------------|------------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues | | | | |
| Transient taxes | \$ 50,000 | \$ 71,821 | \$ 21,821 | \$ 65,909 |
| Expenditures | | | | |
| Community Services - miscellaneous | 51,000 | 51,321 | (321) | 45,000 |
| Net Change in Fund Balance | <u>\$ (1,000)</u> | 20,500 | <u>\$ 21,500</u> | 20,909 |
| Fund Balance, beginning of year | | <u>72,403</u> | | <u>51,494</u> |
| Fund Balance, end of year | | <u>\$ 92,903</u> | | <u>\$ 72,403</u> |

Petersburg Borough, Alaska
E911 Surcharge Special Revenue Fund
Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|---|-------------------|-------------------|
| Assets | | |
| Cash and investments | \$ 237,659 | \$ 236,164 |
| Liabilities and Fund Balance | | |
| Liabilities | | |
| Accounts payable | \$ 2,286 | \$ 740 |
| Fund Balance | | |
| Committed for public safety | 235,373 | 235,424 |
| Total Liabilities and Fund Balance | \$ 237,659 | \$ 236,164 |

Petersburg Borough, Alaska
E911 Surcharge Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

| <i>Years Ended June 30,</i> | 2023 | | | 2022 |
|--|-----------------|-------------------|-------------------------|-------------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues | | | | |
| Charges for services | \$ 86,000 | \$ 83,818 | \$ (2,182) | \$ 79,065 |
| Expenditures | | | | |
| Public safety: | | | | |
| Professional services | 35,100 | 48,919 | (13,819) | 46,924 |
| Machine and equipment | 15,000 | 34,950 | (19,950) | 4,319 |
| Miscellaneous | 32,500 | - | 32,500 | 35,160 |
| Total Expenditures | 82,600 | 83,869 | (1,269) | 86,403 |
| Net Change in Fund Balance | <u>\$ 3,400</u> | (51) | <u>\$ (3,451)</u> | (7,338) |
| Fund Balance, beginning of year | | <u>235,424</u> | | <u>242,762</u> |
| Fund Balance, end of year | | <u>\$ 235,373</u> | | <u>\$ 235,424</u> |

Petersburg Borough, Alaska

**Marine Passenger Fee Special Revenue Fund
Balance Sheet**

| <i>June 30,</i> | 2023 | 2022 |
|---|-------------------|------------------|
| Assets | | |
| Cash and investments | \$ 120,262 | \$ 71,061 |
| Receivables - accounts | 1,015 | - |
| Total Assets | \$ 121,277 | \$ 71,061 |
| Liabilities and Fund Balance | | |
| Liabilities | | |
| Accounts payable | \$ - | \$ 1,750 |
| Fund Balance | | |
| Committed for tourism | 121,277 | 69,311 |
| Total Liabilities and Fund Balance | \$ 121,277 | \$ 71,061 |

Petersburg Borough, Alaska
Marine Passenger Fee Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

| <i>Years Ended June 30,</i> | 2023 | | | 2022 |
|--|--------------------|-------------------|-------------------------|------------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues | | | | |
| Intergovernmental | \$ - | \$ 19,810 | \$ 19,810 | \$ - |
| Charges for services | 35,000 | 40,145 | 5,145 | 28,150 |
| Total Revenues | 35,000 | 59,955 | 24,955 | 28,150 |
| Expenditures | | | | |
| General government - other | 50,000 | 7,989 | 42,011 | 9,351 |
| Net Change in Fund Balance | <u>\$ (15,000)</u> | 51,966 | <u>\$ 66,966</u> | 18,799 |
| Fund Balance, beginning of year | | <u>69,311</u> | | <u>50,512</u> |
| Fund Balance, end of year | | <u>\$ 121,277</u> | | <u>\$ 69,311</u> |

Petersburg Borough, Alaska
Borough Organizational Special Revenue Fund
Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|---------------------------------|-----------|-----------|
| Assets | | |
| Cash and investments | \$ 61,128 | \$ 61,128 |
| Fund Balance | | |
| Assigned for general government | \$ 61,128 | \$ 61,128 |

Petersburg Borough, Alaska
Borough Organizational Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

| <i>Years Ended June 30,</i> | 2023 | | | 2022 |
|--|--------------------|------------------|-------------------------|------------------|
| | Budget | Actual | Variance With Budget | Actual |
| Expenditures | | | | |
| General government - | | | | |
| comprehensive plan/zoning/mapping | \$ 61,128 | \$ - | \$ 61,128 | \$ - |
| Net Change in Fund Balance | <u>\$ (61,128)</u> | - | <u>\$ 61,128</u> | - |
| Fund Balance, beginning of year | | <u>61,128</u> | | <u>61,128</u> |
| Fund Balance, end of year | | <u>\$ 61,128</u> | | <u>\$ 61,128</u> |

Petersburg Borough, Alaska
CARES Act Municipal Relief Special Revenue Fund
Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|----------------------|------|----------|
| Assets | | |
| Due from other funds | \$ - | \$ 4,853 |
| Liabilities | | |
| Accounts payable | \$ - | \$ 4,853 |

Petersburg Borough, Alaska
CARES Act Municipal Relief Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|------|------------|
| Revenues | | |
| Intergovernmental | \$ - | \$ 489,609 |
| Expenditures | | |
| Public safety - compliance | - | 546,106 |
| Deficiency of Revenues Over Expenditures | - | (56,497) |
| Other Financing Uses - | | |
| transfers in | - | 4,853 |
| Net Change in Fund Balance | - | (51,644) |
| Fund Balance, beginning of year | - | 51,644 |
| Fund Balance, end of year | \$ - | \$ - |

Petersburg Borough, Alaska
American Rescue Plan Act - ARPA Special Revenue Fund
Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|--------------------------|-------------------|-------------------|
| Assets | | |
| Cash and investments | \$ 266,116 | \$ 619,451 |
| Liabilities | | |
| Accounts payable | \$ 754 | \$ - |
| Unearned revenue | 265,362 | 619,451 |
| Total Liabilities | \$ 266,116 | \$ 619,451 |

Petersburg Borough, Alaska

American Rescue Plan Act - ARPA Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

| Years Ended June 30, | 2023 | | | 2022 |
|--|---------------------|------------|-------------------------|-------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues | | | | |
| Intergovernmental | \$ - | \$ 354,089 | \$ 354,089 | \$ 14,931 |
| Expenditures | | | | |
| General government: | | | | |
| School district | 200,000 | 200,000 | - | - |
| Finance - audit | 30,000 | 30,000 | - | - |
| Other | 50,000 | 47,511 | 2,489 | - |
| Community outreach | 82,500 | 26,525 | 55,975 | - |
| Culture and recreation | 50,000 | 50,053 | (53) | 14,931 |
| Total Expenditures | 412,500 | 354,089 | 58,411 | 14,931 |
| Net Change in Fund Balance | <u>\$ (412,500)</u> | - | <u>\$ 412,500</u> | - |
| Fund Balance, beginning of year | - | - | - | - |
| Fund Balance, end of year | <u>\$ -</u> | - | - | <u>\$ -</u> |

Petersburg Borough, Alaska

DCRA Local Government Lost Revenue - ARPA Special Revenue Fund
Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|--------------------------|-------------------|---------------------|
| Assets | | |
| Cash and investments | \$ 283,312 | \$ 1,371,621 |
| Liabilities | | |
| Accounts payable | \$ 7,920 | \$ - |
| Unearned revenue | 275,392 | 1,371,621 |
| Total Liabilities | \$ 283,312 | \$ 1,371,621 |

Petersburg Borough, Alaska

DCRA Local Government Lost Revenue - ARPA Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

| <i>Years Ended June 30,</i> | 2023 | | | 2022 |
|-----------------------------------|--------------------|--------------|-------------------------|-------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues | | | | |
| Intergovernmental | \$ 1,430,893 | \$ 1,096,229 | \$ (334,664) | \$ 59,272 |
| Expenditures | | | | |
| General government: | | | | |
| Petersburg medical center | 825,388 | 825,388 | - | - |
| Public safety - ems | - | 61,022 | (61,022) | - |
| Borough assembly | 481,288 | 106,092 | 375,196 | - |
| Community development | - | 28,402 | (28,402) | - |
| Machine and equipment | 136,216 | 75,325 | 60,891 | 59,272 |
| Total Expenditures | 1,442,892 | 1,096,229 | 346,663 | 59,272 |
| Net Change in Fund Balance | <u>\$ (11,999)</u> | - | <u>\$ 11,999</u> | - |
| Fund Balance, beginning of year | | - | | - |
| Fund Balance, end of year | | <u>\$ -</u> | | <u>\$ -</u> |

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Debt Service Fund

The Debt Service Fund accounts for the accumulation of monies for payments of various general obligation bonds. Servicing of this debt requires various annual and semi-annual payments of principal and interest. Financing is provided by the State of Alaska debt reimbursement program and transfers, determined annually by budget, from the General Fund.

Petersburg Borough, Alaska

Debt Service Fund
Balance Sheet

| <i>June 30,</i> | 2023 | 2022 |
|---------------------------|---------------------|---------------------|
| Assets | | |
| Cash and investments | \$ 1,161,311 | \$ 111,866 |
| Receivables | 12,755 | 1,101,871 |
| Total Assets | \$ 1,174,066 | \$ 1,213,737 |
| Fund Balance | | |
| Assigned for debt service | \$ 1,174,066 | \$ 1,213,737 |

Petersburg Borough, Alaska
Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

| Years Ended June 30, | 2023 | | 2022 | |
|---|---------------------------|---------------------|--------------------------|---------------------|
| | Budget | Actual | Variance With Budget | Actual |
| Revenues | | | | |
| Intergovernmental | \$ 461,287 | \$ 459,577 | \$ (1,710) | \$ 1,271,076 |
| Expenditures | | | | |
| Debt service: | | | | |
| 2007 general obligation aquatic center refunding bonds: | | | | |
| Principal | 65,000 | 65,000 | - | 65,000 |
| Interest | 16,375 | 16,375 | - | 19,300 |
| 2012 (Series 2) general obligation refunding school bonds: | | | | |
| Principal | 220,000 | 220,000 | - | 210,000 |
| Interest | 29,000 | 29,000 | - | 38,700 |
| 2012 (Series 3) general obligation library bonds: | | | | |
| Principal | 90,000 | 90,000 | - | 85,000 |
| Interest | 15,500 | 17,750 | (2,250) | 22,000 |
| 2014 general obligation aquatic center/voc. ed refunding bonds: | | | | |
| Principal | 335,000 | 335,000 | - | 320,000 |
| Interest | 64,125 | 64,125 | - | 80,500 |
| Total Expenditures | 835,000 | 837,250 | (2,250) | 840,500 |
| Excess of Revenues Under Expenditures | (373,713) | (377,673) | (3,960) | 430,576 |
| Other Financing Sources - | | | | |
| transfers in | 337,998 | 338,002 | 4 | 610,494 |
| Net Change in Fund Balance | <u>\$ (35,715)</u> | (39,671) | <u>\$ (3,956)</u> | 1,041,070 |
| Fund Balance, beginning of year | | <u>1,213,737</u> | | <u>172,667</u> |
| Fund Balance, end of year | | <u>\$ 1,174,066</u> | | <u>\$ 1,213,737</u> |

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Capital Project Funds

Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Pool Upgrades

This fund accounts for the pool replacement project.

Library Construction

This fund accounts for the library project.

Fishing Park

This fund accounts for the private donation and improvements to the Fishing Park.

Economic Development

This fund accounts for the monies received from the United States Department of Agriculture (USDA) to be used for economic assistance projects.

Motor Pool Building Repair

This fund accounts for the motor pool building repair.

Disaster Response

This fund accounts for FEMA related emergency projects.

Petersburg Borough, Alaska
Nonmajor Capital Project Funds
Combining Balance Sheet

| <i>June 30, 2023</i> | Pool Upgrades | Library Construction | Fishing Park | Economic Development | Motor Pool Building Repair | Totals |
|--|-------------------|-------------------------|------------------|-------------------------|----------------------------------|---------------------|
| Assets | | | | | | |
| Cash and investments | \$ 322,409 | \$ 11,845 | \$ 99,718 | \$ 4,360,363 | \$ - | \$ 4,794,335 |
| Accounts receivable: | | | | | | |
| Accounts | - | - | - | - | 146,169 | 146,169 |
| Interest | - | - | - | 1,805 | - | 1,805 |
| Total Assets | \$ 322,409 | \$ 11,845 | \$ 99,718 | \$ 4,362,168 | \$ 146,169 | \$ 4,942,309 |
| Liabilities and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 110,946 | \$ - | \$ - | \$ - | \$ - | \$ 110,946 |
| Due to other funds | - | - | - | - | 146,169 | 146,169 |
| Total Liabilities | 110,946 | - | - | - | 146,169 | 257,115 |
| Fund Balances | | | | | | |
| Committed: | | | | | | |
| Economic development | - | - | - | 4,362,168 | - | 4,362,168 |
| Capital projects | 211,463 | 11,845 | 99,718 | - | - | 323,026 |
| Total Fund Balances | 211,463 | 11,845 | 99,718 | 4,362,168 | - | 4,685,194 |
| Total Liabilities and Fund Balances | \$ 322,409 | \$ 11,845 | \$ 99,718 | \$ 4,362,168 | \$ 146,169 | \$ 4,942,309 |

Petersburg Borough, Alaska
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

| <i>Year Ended June 30, 2023</i> | Pool Upgrades | Library Construction | Fishing Park | Economic Development | Motor Pool Building Repair | Disaster Response | Totals |
|---|------------------|-------------------------|-----------------|-------------------------|----------------------------------|----------------------|--------------|
| Revenues | | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 667,973 | \$ 667,973 |
| Investment income | - | - | - | 452,449 | - | - | 452,449 |
| Total Revenues | - | - | - | 452,449 | - | 667,973 | 1,120,422 |
| Expenditures | | | | | | | |
| Community services - contributions | - | - | - | 1,260 | - | - | 1,260 |
| Public safety - disaster response | - | - | - | - | - | 552,524 | 552,524 |
| Community services - pool upgrades | 327,451 | - | - | - | - | - | 327,451 |
| Capital outlay | - | 19,604 | - | - | - | - | 19,604 |
| Total Expenditures | 327,451 | 19,604 | - | 1,260 | - | 552,524 | 900,839 |
| Excess of Revenues Over (Under) Expenditures | (327,451) | (19,604) | - | 451,189 | - | 115,449 | 219,583 |
| Other Financing Sources (Uses): | | | | | | | |
| Transfers out | - | - | - | (132,843) | - | (20,681) | (153,524) |
| Insurance recovery | 108,095 | - | - | - | 146,169 | - | 254,264 |
| Net Other Financing Sources (Uses) | 108,095 | - | - | (132,843) | 146,169 | (20,681) | 100,740 |
| Net Change in Fund Balances | (219,356) | (19,604) | - | 318,346 | 146,169 | 94,768 | 320,323 |
| Fund Balance (Deficit), beginning of year | 430,819 | 31,449 | 99,718 | 4,043,822 | (146,169) | (94,768) | 4,364,871 |
| Fund Balance, end of year | \$ 211,463 | \$ 11,845 | \$ 99,718 | \$ 4,362,168 | \$ - | \$ - | \$ 4,685,194 |

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Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's assembly is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's assembly has decided that periodic determination of net income is appropriate for accountability purposes.

Electric Utility

This fund is used to account for the operations of the electric utility.

Water Utility

This fund is used to account for the operations of the Borough water system.

Wastewater Utility

This fund is used to account for the operations of the wastewater utility.

Sanitation Utility

This fund is used to account for the Borough landfill and refuse collection activities.

Harbor and Port Facilities

This fund is used to account for the operations of the harbors and port.

Elderly Housing

This fund is used to account for the operations of the elderly housing rental units.

Assisted Living

This fund is used to account for the operations of the assisted living facility.

Petersburg Borough, Alaska
Electric Utility Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2023 | 2022 |
|--|----------------------|----------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 6,839,819 | \$ 6,617,091 |
| Accounts receivable | 555,456 | 564,467 |
| Interest receivable | 5,432 | - |
| Allowance for doubtful accounts | (26,934) | (10,674) |
| Inventories | 332,493 | 340,292 |
| Total Current Assets | 7,706,266 | 7,511,176 |
| Noncurrent Assets | | |
| Restricted cash - capital asset acquisition | 4,805,434 | 6,788,607 |
| Restricted cash - bond reserve | 508,500 | 508,500 |
| Net other postemployment benefits asset | 618,130 | 866,151 |
| Capital assets: | | |
| Land and land improvements | 1,848,295 | 1,848,295 |
| Buildings | 3,758,199 | 3,758,199 |
| Improvements other than buildings | 5,284,998 | 5,284,998 |
| Machinery and equipment | 17,474,348 | 17,174,258 |
| Construction in progress | 5,113,544 | 2,606,165 |
| Total capital assets | 33,479,384 | 30,671,915 |
| Accumulated depreciation | (20,369,670) | (19,921,315) |
| Net capital assets | 13,109,714 | 10,750,600 |
| Total Noncurrent Assets | 19,041,778 | 18,913,858 |
| Total Assets | 26,748,044 | 26,425,034 |
| Deferred Outflows of Resources | | |
| Related to pension | 180,699 | 178,735 |
| Related to other postemployment benefits | 63,372 | 29,907 |
| Total Deferred Outflows of Resources | 244,071 | 208,642 |
| Total Assets and Deferred Outflows of Resources | \$ 26,992,115 | \$ 26,633,676 |

Petersburg Borough, Alaska
Electric Utility Enterprise Fund
Statement of Net Position, continued

| <i>June 30,</i> | 2023 | 2022 |
|--|----------------------|----------------------|
| Liabilities, Deferred Inflows of Resources and Net Position | | |
| Current Liabilities | | |
| Accounts payable - operations | \$ 179,125 | \$ 147,192 |
| Accounts payable - capital | 775,973 | 48,444 |
| Accrued payroll and employee benefits | 65,354 | 63,198 |
| Accrued leave | 125,757 | 131,225 |
| Accrued interest | 33,958 | 34,833 |
| Customer deposits | 39,002 | 36,261 |
| Current portion of general obligation bonds | 275,000 | 210,000 |
| Total Current Liabilities | 1,494,169 | 671,153 |
| Noncurrent Liabilities | | |
| General obligation bonds | 7,875,000 | 8,150,000 |
| Bond premium, net of accumulated amortization | 1,179,754 | 1,209,062 |
| Net pension liability | 1,528,483 | 1,192,396 |
| Total Noncurrent Liabilities | 10,583,237 | 10,551,458 |
| Total Liabilities | 12,077,406 | 11,222,611 |
| Deferred Inflows of Resources | | |
| Related to pension | - | 475,501 |
| Related to other postemployment benefits | 55,465 | 466,470 |
| Total Deferred Inflows of Resources | 55,465 | 941,971 |
| Net Position | | |
| Net investment in capital assets | 7,809,421 | 7,970,145 |
| Unrestricted | 7,049,823 | 6,498,949 |
| Total Net Position | 14,859,244 | 14,469,094 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 26,992,115 | \$ 26,633,676 |

Petersburg Borough, Alaska
Electric Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|------------------|------------------|
| Operating Revenues | | |
| Residential electric | \$ 2,970,829 | \$ 2,537,649 |
| Large commercial | 2,230,992 | 2,002,170 |
| General | 1,165,625 | 1,017,031 |
| Street and highway lighting | 85,824 | 81,531 |
| Municipal sales | 358,731 | 274,910 |
| Harbor electric | 352,077 | 290,234 |
| Pole rental | 54,600 | 52,340 |
| Other | 87,901 | 68,601 |
| Total Operating Revenues | 7,306,579 | 6,324,466 |
| Operating Expenses | | |
| Power production: | | |
| Salaries | 94,634 | 84,387 |
| Employee benefits - other | 52,773 | 53,589 |
| Employee benefits - PERS | (253,331) | (314,762) |
| Materials and supplies | 367,322 | 271,432 |
| Services and charges | 45,411 | 55,177 |
| SEAPA power purchase costs | 3,532,219 | 3,229,149 |
| Total power production | 3,839,028 | 3,378,972 |
| Distribution: | | |
| Salaries | 364,467 | 349,317 |
| Employee benefits | 214,180 | 218,225 |
| Materials and supplies | 32,533 | 28,763 |
| Services and charges | 37,882 | 38,643 |
| Total distribution | 649,062 | 634,948 |
| General and administrative: | | |
| Salaries | 373,753 | 385,343 |
| Employee benefits - other | 135,402 | 176,619 |
| Employee benefits - PERS | (113,724) | 207,426 |
| Materials and supplies | 230,839 | 200,451 |
| Services and charges | 360,865 | 192,309 |
| Allocated overhead | 188,650 | 181,447 |
| Motor pool charges: | | |
| Operation and maintenance | 51,324 | 80,900 |
| Equipment replacement | 607,972 | 215,072 |
| Total general and administrative | 1,835,081 | 1,639,567 |

Petersburg Borough, Alaska
Electric Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position, continued

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|----------------------|----------------------|
| Operating Expenses, continued | | |
| Depreciation | \$ 448,354 | \$ 463,686 |
| Total Operating Expenses | 6,771,525 | 6,117,173 |
| Income from Operations | 535,054 | 207,293 |
| Nonoperating Revenues (Expenses) | | |
| Investment income (loss) | 266,891 | (179,145) |
| Interest expense | (382,567) | (132,119) |
| Proceeds from issuance of loans | - | 27,196 |
| Federal interest subsidy | - | 216 |
| State PERS on-behalf, net pension and OPEB | (29,228) | 232 |
| Net Nonoperating Revenues (Expenses) | (144,904) | (283,620) |
| Income (Loss) Before Transfers | 390,150 | (76,327) |
| Transfers out | - | (40,000) |
| Change in Net Position | 390,150 | (116,327) |
| Net Position, beginning of year | 14,469,094 | 14,585,421 |
| Net Position, end of year | \$ 14,859,244 | \$ 14,469,094 |

Petersburg Borough, Alaska
Electric Utility Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|----------------------|----------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers and users | \$ 7,334,591 | \$ 6,403,941 |
| Payments for interfund services used | (847,946) | (477,419) |
| Payments to suppliers | (4,567,339) | (4,037,358) |
| Payments to employees | (1,238,521) | (1,315,902) |
| Net cash flows from operating activities | 680,785 | 573,262 |
| Cash Flows for Noncapital Financing Activities | | |
| Transfers out | - | (40,000) |
| Cash Flows from Capital and Related Financing Activities | | |
| Acquisition and construction of capital assets | (2,079,939) | (1,634,139) |
| Principal paid on long-term debt | (210,000) | (140,000) |
| Proceeds from bonds issuance | - | 7,070,000 |
| Premium from bond issuance | - | 999,338 |
| Interest paid on long-term debt | (412,750) | (133,902) |
| Federal interest subsidy received | - | 216 |
| Net cash flows from (for) capital and related financing activities | (2,702,689) | 6,161,513 |
| Cash Flows from (for) Investing Activities | | |
| Investment income (loss) | 261,459 | (179,145) |
| Net increase (decrease) in cash and investments | (1,760,445) | 6,515,630 |
| Cash and Investments, beginning of year | 13,914,198 | 7,398,568 |
| Cash and Investments, end of year | \$ 12,153,753 | \$ 13,914,198 |
| Cash Flows from Capital and Related Financing Activities | | |
| Equity in central treasury | \$ 6,839,819 | \$ 6,617,091 |
| Acquisition and construction of capital assets | 4,805,434 | 6,788,607 |
| Bond reserve account | 508,500 | 508,500 |
| Total Cash and Investments | \$ 12,153,753 | \$ 13,914,198 |

Petersburg Borough, Alaska
Electric Utility Enterprise Fund
Statement of Cash Flows, continued

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|-------------------|-------------------|
| Reconciliation of Income from Operations to Net Cash | | |
| Flows from Operating Activities | | |
| Income from operations | \$ 535,054 | \$ 207,293 |
| Adjustments to reconcile income from operations to net cash flows from operating activities: | | |
| Noncash expenses: | | |
| Depreciation | 448,354 | 463,686 |
| PERS on-behalf, net pension and OPEB | (29,228) | 232 |
| Increase (decrease) in allowance for doubtful accounts | 16,260 | (44,599) |
| (Increase) decrease in assets: | | |
| Amortization of deferred outflows of resources for pension | (1,964) | (10,441) |
| Amortization of deferred outflows of resources for other postemployment benefits | (33,465) | 51,836 |
| Accounts receivable | 9,011 | 125,838 |
| Inventories | 7,799 | (39,050) |
| Net other postemployment benefits asset | 248,021 | (745,803) |
| Increase (decrease) in liabilities: | | |
| Amortization of deferred inflows of resources for pension | (475,501) | 450,174 |
| Amortization of deferred inflows of resources for other postemployment benefits | (411,005) | 368,743 |
| Accounts payable | 31,933 | 17,616 |
| Accrued payroll and employee benefits | 2,156 | 184 |
| Accrued leave | (5,468) | (35,273) |
| Customer deposits | 2,741 | (1,764) |
| Net pension liability | 336,087 | (232,539) |
| Net other postemployment benefits liability | - | (2,871) |
| Net Cash Flows from Operating Activities | \$ 680,785 | \$ 573,262 |
| Supplemental Disclosure of Cash Flow Information | | |
| Capital assets purchased on account | \$ 775,973 | \$ 48,444 |

Petersburg Borough, Alaska
Electric Utility Enterprise Fund
Schedule of Electric Utility
Capital Projects

| <i>Year Ended June 30, 2023</i> | Standby Diesel Generator | Blind Slough Hydro | Totals |
|---------------------------------|--------------------------------|--------------------------|---------------------|
| Funding Sources | | | |
| Electric utility | \$ 13,326 | \$ 2,794,504 | \$ 2,807,830 |
| Expenditures | | | |
| Professional services | \$ 13,326 | \$ 627,094 | \$ 640,420 |
| Construction and contractors | - | 2,167,410 | 2,167,410 |
| Total Expenditures | \$ 13,326 | \$ 2,794,504 | \$ 2,807,830 |

Petersburg Borough, Alaska
Water Utility Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2023 | 2022 |
|--|----------------------|----------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 1,402,982 | \$ 1,346,762 |
| Accounts receivable | 92,048 | 89,391 |
| Allowance for doubtful accounts | (3,007) | (4,689) |
| Inventories | 204,620 | 82,605 |
| Total Current Assets | 1,696,643 | 1,514,069 |
| Noncurrent Assets | | |
| Net other postemployment benefits asset | 124,036 | 157,896 |
| Capital assets: | | |
| Buildings | 5,178,330 | 5,178,330 |
| Improvements other than buildings | 27,191,622 | 27,191,622 |
| Machinery and equipment | 3,013,527 | 3,005,917 |
| Total capital assets | 35,383,479 | 35,375,869 |
| Accumulated depreciation | (19,734,688) | (18,893,916) |
| Net capital assets | 15,648,791 | 16,481,953 |
| Total Noncurrent Assets | 15,772,827 | 16,639,849 |
| Total Assets | 17,469,470 | 18,153,918 |
| Deferred Outflows of Resources | | |
| Related to pension | 36,260 | 32,583 |
| Related to other postemployment benefits | 12,716 | 5,452 |
| Total Deferred Outflows of Resources | 48,976 | 38,035 |
| Total Assets and Deferred Outflows of Resources | \$ 17,518,446 | \$ 18,191,953 |

Petersburg Borough, Alaska
Water Utility Enterprise Fund
Statement of Net Position, continued

| <i>June 30,</i> | 2023 | 2022 |
|--|----------------------|----------------------|
| Liabilities, Deferred Inflows of Resources and Net Position | | |
| Current Liabilities | | |
| Accounts payable - operations | \$ 6,136 | \$ 8,373 |
| Accrued payroll and employee benefits | 17,322 | 17,976 |
| Accrued leave | 32,785 | 26,612 |
| Customer deposits | 7,731 | 7,990 |
| Accrued interest | 16,860 | 19,990 |
| Current portion - ADEC loans | 231,068 | 227,654 |
| Total Current Liabilities | 311,902 | 308,595 |
| Noncurrent Liabilities | | |
| ADEC loans | 995,112 | 1,226,180 |
| Net pension liability | 306,710 | 217,370 |
| Total Noncurrent Liabilities | 1,301,822 | 1,443,550 |
| Total Liabilities | 1,613,724 | 1,752,145 |
| Deferred Inflows of Resources | | |
| Related to pension | - | 86,682 |
| Related to other postemployment benefits | 11,130 | 85,036 |
| Total Deferred Inflows of Resources | 11,130 | 171,718 |
| Net Position | | |
| Net investment in capital assets | 14,422,611 | 15,028,119 |
| Unrestricted | 1,470,981 | 1,239,971 |
| Total Net Position | 15,893,592 | 16,268,090 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 17,518,446 | \$ 18,191,953 |

Petersburg Borough, Alaska
Water Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|----------------------|----------------------|
| Operating Revenues | | |
| Residential water | \$ 585,570 | \$ 572,477 |
| Commercial water | 426,944 | 423,874 |
| Water delivery | 14,200 | 16,800 |
| Other | 7,661 | 5,639 |
| Total Operating Revenues | 1,034,375 | 1,018,790 |
| Operating Expenses | | |
| Salaries | 247,489 | 230,665 |
| Employee benefits - other | 130,319 | 115,640 |
| Employee benefits - PERS | (54,194) | (827) |
| Materials and supplies | 108,164 | 119,274 |
| Services and charges | 191,140 | 145,316 |
| Allocated overhead | 75,430 | 70,558 |
| Motor pool charges: | | |
| Operation and maintenance | 12,161 | 7,725 |
| Equipment replacement | 13,856 | 6,383 |
| Depreciation | 840,772 | 841,379 |
| Total Operating Expenses | 1,565,137 | 1,536,113 |
| Loss from Operations | (530,762) | (517,323) |
| Nonoperating Revenues (Expenses) | | |
| Investment income (loss) | 47,964 | (99,005) |
| Interest expense | (18,678) | (22,088) |
| State PERS on-behalf, net pension and OPEB | (5,865) | 43 |
| Net Nonoperating Revenues (Expenses) | 23,421 | (121,050) |
| Loss Before Transfers | (507,341) | (638,373) |
| Transfers in | 132,843 | 162,320 |
| Change in Net Position | (374,498) | (476,053) |
| Net Position, beginning of year | 16,268,090 | 16,744,143 |
| Net Position, end of year | \$ 15,893,592 | \$ 16,268,090 |

Petersburg Borough, Alaska
Water Utility Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers and users | \$ 1,029,777 | \$ 1,021,976 |
| Payments for interfund services used | (101,447) | (84,666) |
| Payments to suppliers | (423,556) | (269,520) |
| Payments to employees | (372,289) | (343,000) |
| Net cash flows from operating activities | 132,485 | 324,790 |
| Cash Flows for Capital and Related Financing Activities | | |
| Principal paid on long-term debt | (227,654) | (224,289) |
| Interest paid on long-term debt | (21,808) | (25,172) |
| Acquisition and construction of capital assets | (7,610) | - |
| Transfers in | 132,843 | 162,320 |
| Net cash flows for capital and related financing activities | (124,229) | (87,141) |
| Cash Flows from (for) Investing Activities | | |
| Investment income (loss) | 47,964 | (99,005) |
| Net increase in cash and investments | 56,220 | 138,644 |
| Cash and Investments, beginning of year | 1,346,762 | 1,208,118 |
| Cash and Investments, end of year | \$ 1,402,982 | \$ 1,346,762 |
| Reconciliation of Loss from Operations to Net Cash | | |
| Flows from Operating Activities | | |
| Loss from operations | \$ (530,762) | \$ (517,323) |
| Adjustments to reconcile loss from operations to net cash flows from operating activities: | | |
| Noncash expenses: | | |
| Depreciation | 840,772 | 841,379 |
| PERS on-behalf, net pension and OPEB | (5,865) | 43 |
| Decrease in allowance for doubtful accounts | (1,682) | (5,995) |
| (Increase) decrease in assets: | | |
| Amortization of deferred outflows of resources for pension | (3,677) | (4,922) |
| Amortization of deferred outflows of resources for other postemployment benefits | (7,264) | 7,984 |
| Accounts receivable | (2,657) | 10,499 |
| Inventories | (122,015) | (7,920) |
| Net other postemployment benefits assets | 33,860 | (138,115) |
| Increase (decrease) in liabilities: | | |
| Amortization of deferred inflows of resources for pension | (86,682) | 82,519 |
| Amortization of deferred inflows of resources for other postemployment benefits | (73,906) | 68,973 |
| Accounts payable | (2,237) | 2,990 |
| Accrued payroll and employee benefits | (654) | 4,735 |
| Accrued leave | 6,173 | (1,430) |
| Customer deposits | (259) | (1,318) |
| Net pension liability | 89,340 | (16,837) |
| Net other postemployment benefits liability | - | (472) |
| Net Cash Flows from Operating Activities | \$ 132,485 | \$ 324,790 |

Petersburg Borough, Alaska
Wastewater Utility Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2023 | 2022 |
|--|----------------------|----------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 833,196 | \$ 941,227 |
| Receivables: | | |
| Grants and loan | 91,936 | 525 |
| Accounts | 89,413 | 87,589 |
| Allowance for doubtful accounts | (3,579) | (4,762) |
| Inventories | 93,540 | 60,110 |
| Total Current Assets | 1,104,506 | 1,084,689 |
| Noncurrent Assets | | |
| Net other postemployment benefits asset | 111,510 | 157,041 |
| Capital assets: | | |
| Buildings | 9,091,647 | 9,091,647 |
| Improvements other than buildings | 13,254,616 | 13,254,616 |
| Machinery and equipment | 823,578 | 734,721 |
| Construction in progress | 139,015 | 37,341 |
| Total capital assets | 23,308,856 | 23,118,325 |
| Accumulated depreciation | (13,652,184) | (13,177,014) |
| Net capital assets | 9,656,672 | 9,941,311 |
| Total Noncurrent Assets | 9,768,182 | 10,098,352 |
| Total Assets | 10,872,688 | 11,183,041 |
| Deferred Outflows of Resources | | |
| Related to pension | 32,598 | 32,406 |
| Related to other postemployment benefits | 11,432 | 5,422 |
| Total Deferred Outflows of Resources | 44,030 | 37,828 |
| Total Assets and Deferred Outflows of Resources | \$ 10,916,718 | \$ 11,220,869 |

Petersburg Borough, Alaska
Wastewater Utility Enterprise Fund
Statement of Net Position, continued

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|--|---------------------|---------------------|
| Liabilities, Deferred Inflows of Resources and Net Position | | |
| Current Liabilities | | |
| Accounts payable - operations | \$ 12,190 | \$ 904 |
| Accounts payable - capital | 33,988 | - |
| Accrued payroll and employee benefits | 19,486 | 17,728 |
| Accrued leave | 45,214 | 32,883 |
| Customer deposits | 7,087 | 7,375 |
| Accrued interest | 16,327 | 17,926 |
| Current portion of ADEC loans | 128,954 | 127,048 |
| Total Current Liabilities | 263,246 | 203,864 |
| Noncurrent Liabilities | | |
| ADEC loans | 1,969,070 | 2,033,315 |
| Net pension liability | 275,737 | 216,192 |
| Total Noncurrent Liabilities | 2,244,807 | 2,249,507 |
| Total Liabilities | 2,508,053 | 2,453,371 |
| Deferred Inflows of Resources | | |
| Related to pension | - | 86,213 |
| Related to other postemployment benefits | 10,006 | 84,575 |
| Total Deferred Inflows of Resources | 10,006 | 170,788 |
| Net Position | | |
| Net investment in capital assets | 7,524,660 | 7,780,948 |
| Unrestricted | 873,999 | 815,762 |
| Total Net Position | 8,398,659 | 8,596,710 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$10,916,718 | \$11,220,869 |

Petersburg Borough, Alaska
Wastewater Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|--|---------------------|---------------------|
| Operating Revenues | | |
| Residential sewer | \$ 672,688 | \$ 652,213 |
| Commercial sewer | 209,161 | 198,959 |
| Other | 21,234 | 8,539 |
| Total Operating Revenues | 903,083 | 859,711 |
| Operating Expenses | | |
| Salaries | 255,303 | 227,764 |
| Employee benefits - other | 142,098 | 133,511 |
| Employee benefits - PERS | (67,180) | (86,696) |
| Materials and supplies | 29,296 | 52,539 |
| Services and charges | 191,168 | 124,265 |
| Allocated overhead | 65,334 | 60,963 |
| Motor pool charges: | | |
| Operation and maintenance | 16,516 | 16,480 |
| Equipment replacement | 29,258 | 17,007 |
| Depreciation | 475,170 | 434,012 |
| Total Operating Expenses | 1,136,963 | 979,845 |
| Loss from Operations | (233,880) | (120,134) |
| Nonoperating Revenues (Expenses) | | |
| Investment income (loss) | 10,257 | (21,058) |
| Interest expense | (20,870) | (22,743) |
| Federal interest subsidy | 51,714 | 198,840 |
| State PERS on-behalf, net pension and OPEB | (5,272) | 42 |
| Net Nonoperating Revenues | 35,829 | 155,081 |
| Change in Net Position | (198,051) | 34,947 |
| Net Position, beginning of year | 8,596,710 | 8,561,763 |
| Net Position, end of year | \$ 8,398,659 | \$ 8,596,710 |

Petersburg Borough, Alaska
Wastewater Utility Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|--|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers and users | \$ 899,788 | \$ 854,729 |
| Payments for interfund services used | (111,108) | (94,450) |
| Payments to suppliers | (242,608) | (209,147) |
| Payments to employees | (383,312) | (363,545) |
| Net cash flows from operating activities | 162,760 | 187,587 |
| Cash Flows for Capital and Related Financing Activities | | |
| Proceeds from long-term debt | - | 176,267 |
| Principal payments on ADEC loans | (153,750) | - |
| Interest paid on long-term debt | (22,469) | (24,345) |
| Acquisition and construction of capital assets | (156,543) | (601,990) |
| Federal interest subsidy received | 51,714 | 198,840 |
| Net cash flows for capital and related financing activities | (281,048) | (251,228) |
| Cash Flows from (for) Investing Activities | | |
| Investment income (loss) | 10,257 | (21,058) |
| Net decrease in cash and investments | (108,031) | (84,699) |
| Cash and Investments, beginning of year | 941,227 | 1,025,926 |
| Cash and Investments, end of year | \$ 833,196 | \$ 941,227 |
| Reconciliation of Loss from Operations to Net Cash | | |
| Flows from Operating Activities | | |
| Loss from operations | \$ (233,880) | \$ (120,134) |
| Adjustments to reconcile loss from operations to net cash flows from operating activities: | | |
| Noncash expenses: | | |
| Depreciation | 475,170 | 434,012 |
| PERS on-behalf, net pension and OPEB | (5,272) | 42 |
| Increase (decrease) in allowance for doubtful accounts | (1,183) | (3,401) |
| (Increase) decrease in assets: | | |
| Amortization of deferred outflows of resources for pensions | (192) | 7,348 |
| Amortization of deferred outflows of resources for other postemployment benefits | (6,010) | 13,887 |
| Accounts receivable | (1,824) | (978) |
| Inventories | (33,430) | (865) |
| Net other postemployment benefits assets | 45,531 | (128,613) |
| Increase (decrease) in liabilities: | | |
| Amortization of deferred inflows of resources for pensions | (86,213) | 80,230 |
| Amortization of deferred inflows of resources for other postemployment benefits | (74,569) | 61,490 |
| Accounts payable | 11,286 | (31,478) |
| Accrued payroll and employee benefits | 1,758 | 849 |
| Accrued leave | 12,331 | (3,119) |
| Customer deposits | (288) | (603) |
| Net pension liability | 59,545 | (120,402) |
| Net other postemployment benefits liability | - | (678) |
| Net Cash Flows from Operating Activities | \$ 162,760 | \$ 187,587 |
| Supplemental Disclosure of Cash Flow Information | | |
| Capital assets purchased on account | \$ 33,988 | \$ - |

Petersburg Borough, Alaska
Wastewater Utility Enterprise Fund
Schedule of Wastewater Utility
Capital Projects

| <i>Year Ended June 30, 2023</i> | Pump Station 4 in Replacement | IRA II Street Sewer Main Replacement |
|---------------------------------|-------------------------------------|--|
| Funding Sources | | |
| Wastewater Utility | \$ 116,424 | \$ 4,950 |
| Expenditures | | |
| Professional services | \$ 116,424 | \$ 4,950 |

Petersburg Borough, Alaska
Sanitation Utility Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2023 | 2022 |
|--|---------------------|---------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 553,253 | \$ 467,598 |
| Accounts receivable | 137,464 | 113,042 |
| Allowance for doubtful accounts | (4,672) | (3,378) |
| Total Current Assets | 686,045 | 577,262 |
| Noncurrent Assets | | |
| Net other postemployment benefits asset | 89,515 | 172,902 |
| Capital assets: | | |
| Land and land improvements | 63,720 | 63,720 |
| Buildings | 2,211,180 | 2,211,180 |
| Improvements other than buildings | 807,695 | 807,695 |
| Machinery and equipment | 1,058,169 | 1,027,064 |
| Total capital assets | 4,140,764 | 4,109,659 |
| Accumulated depreciation | (2,548,245) | (2,361,990) |
| Net capital assets | 1,592,519 | 1,747,669 |
| Total Noncurrent Assets | 1,682,034 | 1,920,571 |
| Total Assets | 2,368,079 | 2,497,833 |
| Deferred Outflows of Resources | | |
| Related to pension | 26,168 | 35,679 |
| Related to other postemployment benefits | 9,177 | 5,970 |
| Total Deferred Outflows of Resources | 35,345 | 41,649 |
| Total Assets and Deferred Outflows of Resources | \$ 2,403,424 | \$ 2,539,482 |

Petersburg Borough, Alaska
Sanitation Utility Enterprise Fund
Statement of Net Position, continued

| June 30, | 2023 | 2022 |
|--|---------------------|---------------------|
| Liabilities, Deferred Inflows of Resources and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 37,094 | \$ 49,004 |
| Accrued payroll and employee benefits | 19,224 | 18,846 |
| Accrued leave | 35,511 | 29,218 |
| Customer deposits | 10,309 | 9,833 |
| Total Current Liabilities | 102,138 | 106,901 |
| Noncurrent Liabilities | | |
| Net pension liability | 221,348 | 238,027 |
| Landfill closure liability | 77,657 | 65,970 |
| Total Noncurrent Liabilities | 299,005 | 303,997 |
| Total Liabilities | 401,143 | 410,898 |
| Deferred Inflows of Resources | | |
| Related to pension | - | 94,920 |
| Related to other postemployment benefits | 8,032 | 93,117 |
| Total Deferred Inflows of Resources | 8,032 | 188,037 |
| Net Position | | |
| Net investment in capital assets | 1,592,519 | 1,747,669 |
| Unrestricted | 401,730 | 192,878 |
| Total Net Position | 1,994,249 | 1,940,547 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 2,403,424 | \$ 2,539,482 |

Petersburg Borough, Alaska
Sanitation Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|--|---------------------|---------------------|
| Operating Revenues | | |
| Refuse collection | \$ 992,268 | \$ 931,857 |
| Landfill charges | 477,550 | 350,764 |
| Other | - | 2,294 |
| Total Operating Revenues | 1,469,818 | 1,284,915 |
| Operating Expenses | | |
| Salaries | 272,897 | 255,858 |
| Employee benefits - other | 141,751 | 134,633 |
| Employee benefits - PERS | (111,225) | (12,581) |
| Materials and supplies | 42,749 | 48,821 |
| Services and charges | 241,214 | 155,634 |
| Bale disposal | 330,166 | 315,110 |
| Allocated overhead | 85,512 | 81,257 |
| Motor pool charges: | | |
| Operation and maintenance | 117,684 | 103,775 |
| Equipment replacement | 111,726 | 102,403 |
| Depreciation | 186,255 | 193,916 |
| Total Operating Expenses | 1,418,729 | 1,378,826 |
| Income (Loss) from Operations | 51,089 | (93,911) |
| Nonoperating Revenues (Expenses) | | |
| Investment loss | 6,845 | (14,696) |
| State PERS on-behalf, net pension and OPEB | (4,232) | 47 |
| Total Nonoperating Expenses | 2,613 | (14,649) |
| Change in Net Position | 53,702 | (108,560) |
| Net Position, beginning of year | 1,940,547 | 2,049,107 |
| Net Position, end of year | \$ 1,994,249 | \$ 1,940,547 |

Petersburg Borough, Alaska
Sanitation Utility Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers and users | \$ 1,447,166 | \$ 1,290,570 |
| Payments for interfund services used | (314,922) | (287,435) |
| Payments to suppliers | (614,352) | (498,816) |
| Payments to employees | (407,977) | (393,488) |
| Net cash flows from operating activities | 109,915 | 110,831 |
| Cash Flows for Capital and Related Financing Activities | | |
| Acquisition and construction of capital assets | (31,105) | (25,830) |
| Cash Flows for Investing Activities | | |
| Investment loss | 6,845 | (14,696) |
| Net increase in cash and investments | 85,655 | 70,305 |
| Cash and Investments, beginning of year | 467,598 | 397,293 |
| Cash and Investments, end of year | \$ 553,253 | \$ 467,598 |
| Reconciliation of Income (Loss) from Operations to Net Cash | | |
| Flows from Operating Activities | | |
| Income (loss) from operations | \$ 51,089 | \$ (93,911) |
| Adjustments to reconcile income (loss) from operations to net cash flows from operating activities: | | |
| Noncash expenses: | | |
| Depreciation | 186,255 | 193,916 |
| Landfill closure liability | 11,687 | - |
| PERS on-behalf, net pension and OPEB | (4,232) | 47 |
| Increase (decrease) in allowance for doubtful accounts | 1,294 | (4,296) |
| (Increase) decrease in assets: | | |
| Amortization of deferred outflows of resources for pension | 9,511 | (3,724) |
| Amortization of deferred outflows of resources for other postemployment benefits | (3,207) | 9,551 |
| Accounts receivable | (24,422) | 10,755 |
| Net other postemployment benefits asset | 83,387 | (150,051) |
| Increase (decrease) in liabilities: | | |
| Amortization of deferred inflows or resources for pension | (94,920) | 90,111 |
| Amortization of deferred inflows of resources for other postemployment benefits | (85,085) | 74,561 |
| Accounts payable | (11,910) | 20,749 |
| Accrued payroll and employee benefits | 378 | (1,382) |
| Accrued leave | 6,293 | (1,615) |
| Customer deposits | 476 | (804) |
| Net pension liability | (16,679) | (32,531) |
| Net other postemployment benefits liability | - | (545) |
| Net Cash Flows from Operating Activities | \$ 109,915 | \$ 110,831 |

Petersburg Borough, Alaska
Harbor and Port Facilities Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2023 | 2022 |
|--|----------------------|----------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 1,911,374 | \$ 3,609,874 |
| Accounts receivable | 270,748 | 262,036 |
| Leases receivable, current portion | 44,756 | 32,654 |
| Allowance for doubtful accounts | (49,567) | (39,685) |
| Total Current Assets | 2,177,311 | 3,864,879 |
| Noncurrent Assets | | |
| Leases receivable, long term | 1,299,645 | 1,358,328 |
| Net other postemployment benefits asset | 283,967 | 361,956 |
| Capital assets: | | |
| Land and land improvements | 360,059 | 360,059 |
| Buildings | 375,175 | 375,175 |
| Improvements other than buildings | 39,329,296 | 39,120,884 |
| Machinery and equipment | 697,690 | 533,520 |
| Construction in progress | 20,346 | 20,346 |
| Total capital assets | 40,782,566 | 40,409,984 |
| Accumulated depreciation | (19,942,643) | (18,550,462) |
| Net capital assets | 20,839,923 | 21,859,522 |
| Total Noncurrent Assets | 22,423,535 | 23,579,806 |
| Total Assets | 24,600,846 | 27,444,685 |
| Deferred Outflows of Resources | | |
| Related to pension | 83,013 | 74,691 |
| Related to other postemployment benefits | 29,113 | 12,498 |
| Total Deferred Outflows of Resources | 112,126 | 87,189 |
| Total Assets and Deferred Outflows of Resources | \$ 24,712,972 | \$ 27,531,874 |

Petersburg Borough, Alaska
Harbor and Port Facilities Enterprise Fund
Statement of Net Position, continued

| <i>June 30,</i> | 2023 | 2022 |
|--|----------------------|----------------------|
| Liabilities, Deferred Inflows of Resources and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 4,491 | \$ 18,829 |
| Accrued payroll and employee benefits | 40,373 | 35,684 |
| Accrued leave | 63,966 | 47,461 |
| Prepaid moorage | 16,671 | 16,671 |
| Total Current Liabilities | 125,501 | 118,645 |
| Noncurrent Liabilities | | |
| Net pension liability | 702,181 | 498,290 |
| Total Liabilities | 827,682 | 616,935 |
| Deferred Inflows of Resources | | |
| Lease related | 1,268,071 | 1,350,947 |
| Related to pension | - | 198,707 |
| Related to other postemployment benefits | 25,480 | 194,933 |
| Total Deferred Inflows of Resources | 1,293,551 | 1,744,587 |
| Net Position | | |
| Net investment in capital assets | 20,839,923 | 21,859,522 |
| Unrestricted | 1,751,816 | 3,310,830 |
| Total Net Position | 22,591,739 | 25,170,352 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 24,712,972 | \$ 27,531,874 |

Petersburg Borough, Alaska
Harbor and Port Facilities Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|----------------------|----------------------|
| Operating Revenues | | |
| Harbor charges | \$ 1,404,189 | \$ 1,328,761 |
| Port charges and leases | 150,744 | 126,818 |
| Other | 121,567 | 125,684 |
| Total Operating Revenues | 1,676,500 | 1,581,263 |
| Operating Expenses | | |
| Salaries | 519,997 | 464,764 |
| Employee benefits - other | 252,829 | 227,377 |
| Employee benefits - PERS | (124,644) | 44,940 |
| Materials and supplies | 2,143,171 | 1,067,985 |
| Services and charges | 373,204 | 306,164 |
| Derelict boat disposals | 1,650 | - |
| Allocated overhead | 93,619 | 97,456 |
| Motor pool charges: | | |
| Operation and maintenance | 201,375 | 23,285 |
| Equipment replacement | 17,843 | 4,202 |
| Depreciation | 1,392,181 | 1,400,015 |
| Total Operating Expenses | 4,871,225 | 3,636,188 |
| Loss from Operations | (3,194,725) | (2,054,925) |
| Nonoperating Revenues (Expenses) | | |
| Investment income (loss) | 34,549 | (126,454) |
| State PERS on-behalf, net pension and OPEB | (13,427) | 97 |
| Net Nonoperating Revenues (Expenses) | 21,122 | (126,357) |
| Loss before transfers | (3,173,603) | (2,181,282) |
| Transfers in | 594,990 | 503,081 |
| Change in Net Position | (2,578,613) | (1,678,201) |
| Net Position, beginning of year | 25,170,352 | 26,848,553 |
| Net Position, end of year | \$ 22,591,739 | \$ 25,170,352 |

Petersburg Borough, Alaska
Harbor and Port Facilities Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|-----------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers and users | \$ 1,641,375 | \$ 1,484,120 |
| Payments for interfund services used | (312,837) | (124,943) |
| Payments to suppliers | (2,532,363) | (1,355,618) |
| Payments to employees | (751,632) | (680,716) |
| Net cash flows for operating activities | (1,955,457) | (677,157) |
| Cash Flows from Capital and Related Financing Activities | | |
| Acquisition and construction of capital assets | (372,582) | (20,346) |
| Transfers in | 594,990 | 503,081 |
| Net cash flows from capital and related financing activities | 222,408 | 482,735 |
| Cash Flows from (for) Investing Activities | | |
| Investment income (loss) | 34,549 | (126,454) |
| Net decrease in cash and investments | (1,698,500) | (320,876) |
| Cash and Investments, beginning of year | 3,609,874 | 3,930,750 |
| Cash and Investments, end of year | \$ 1,911,374 | \$ 3,609,874 |
| Reconciliation of Loss from Operations to Net Cash Flows for Operating Activities | | |
| Loss from operations | \$ (3,194,725) | \$ (2,054,925) |
| Adjustments to reconcile loss from operations to net cash flows for operating activities: | | |
| Noncash expenses: | | |
| Depreciation | 1,392,181 | 1,400,015 |
| PERS on-behalf, net pension and OPEB | (13,427) | 97 |
| Increase in allowance for doubtful accounts | 9,882 | 2,192 |
| (Increase) decrease in assets: | | |
| Amortization of deferred outflows of resources for pension | (8,322) | (17,959) |
| Amortization of deferred outflows of resources for other postemployment benefits | (16,615) | 15,058 |
| Accounts receivable | (8,712) | (59,300) |
| Net other postemployment benefits asset | 77,989 | (321,386) |
| Leases receivable | 46,581 | 42,841 |
| Increase (decrease) in liabilities: | | |
| Amortization of deferred inflows of resources for pension | (198,707) | 190,169 |
| Amortization of deferred inflows of resources for other postemployment benefits | (169,453) | 161,989 |
| Accounts payable | (14,338) | 18,531 |
| Accrued payroll and employee benefits | 4,689 | 4,736 |
| Accrued leave | 16,505 | 6,689 |
| Prepaid moorage | - | - |
| Deferred inflows of resources related to leases | (82,876) | (82,876) |
| Net pension liability | 203,891 | 17,940 |
| Net other postemployment benefits liability | - | (968) |
| Net Cash Flows from (for) Operating Activities | \$ (1,955,457) | \$ (677,157) |
| Supplemental Disclosure of Cash Flow Information | | |
| Leases receivable and Deferred inflows of resources related to implementation of new accounting pronouncement | \$ - | \$ 1,433,823 |

Petersburg Borough, Alaska
Elderly Housing Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2023 | 2022 |
|--|---------------------|---------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 686,187 | \$ 617,066 |
| Noncurrent Assets | | |
| Restricted cash - security deposits | 11,653 | 11,647 |
| Net other postemployment benefits asset | 74,591 | 54,201 |
| Capital assets: | | |
| Land and land improvements | 127,419 | 127,419 |
| Buildings | 2,916,985 | 2,916,985 |
| Improvements other than buildings | 299,552 | 289,591 |
| Machinery and equipment | 202,228 | 202,228 |
| Total capital assets | 3,546,184 | 3,536,223 |
| Accumulated depreciation | (3,136,696) | (3,059,211) |
| Net capital assets | 409,488 | 477,012 |
| Total Noncurrent Assets | 495,732 | 542,860 |
| Total Assets | 1,181,919 | 1,159,926 |
| Deferred Outflows of Resources | | |
| Related to pension | 21,805 | 11,185 |
| Related to other postemployment benefits | 7,647 | 1,871 |
| Deferred charges on refunding | - | 3,161 |
| Total Deferred Outflows of Resources | 29,452 | 16,217 |
| Total Assets and Deferred Outflows of Resources | \$ 1,211,371 | \$ 1,176,143 |

Petersburg Borough, Alaska
Elderly Housing Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2023 | 2022 |
|--|---------------------|---------------------|
| Liabilities, Deferred Inflows of Resources and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 3,798 | \$ 862 |
| Accrued payroll and employee benefits | 8,488 | 4,086 |
| Accrued leave | 13,046 | 254 |
| Unearned revenue | 1,864 | 1,789 |
| Customer deposits | 10,127 | 9,679 |
| Accrued interest | 896 | 1,813 |
| Current portion of general obligation bonds | 53,750 | 55,000 |
| Total Current Liabilities | 91,969 | 73,483 |
| Noncurrent Liabilities | | |
| General obligation bonds | - | 53,750 |
| Bond premium, net of accumulated amortization | - | 7,388 |
| Net pension liability | 184,445 | 74,616 |
| Total Noncurrent Liabilities | 184,445 | 135,754 |
| Total Liabilities | 276,414 | 209,237 |
| Deferred Inflows of Resources | | |
| Related to pension | - | 29,755 |
| Related to other postemployment benefits | 6,693 | 29,190 |
| Total Deferred Inflows of Resources | 6,693 | 58,945 |
| Net Position | | |
| Net investment in capital assets | 355,738 | 364,035 |
| Unrestricted | 572,526 | 543,926 |
| Total Net Position | 928,264 | 907,961 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 1,211,371 | \$ 1,176,143 |

Petersburg Borough, Alaska
Elderly Housing Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|--|-------------------|-------------------|
| Operating Revenues | | |
| Federal government - rental subsidies | \$ 316,501 | \$ 311,901 |
| Rental income | 129,859 | 122,679 |
| Other | - | 15 |
| Total Operating Revenues | 446,360 | 434,595 |
| Operating Expenses | | |
| Salaries | 111,095 | 106,670 |
| Employee benefits - other | 48,668 | 54,185 |
| Employee benefits - PERS | 17,264 | 66,319 |
| Materials and supplies | 16,530 | 12,077 |
| Services and charges | 129,390 | 147,355 |
| Allocated overhead | 26,563 | 23,856 |
| Motor pool charges: | | |
| Operation and maintenance | 1,331 | 1,736 |
| Equipment replacement | 3,194 | 2,768 |
| Depreciation | 77,485 | 106,581 |
| Total Operating Expenses | 431,520 | 521,547 |
| Income (Loss) from Operations | 14,840 | (86,952) |
| Nonoperating Revenues (Expenses) | | |
| Investment income (loss) | 7,909 | (20,068) |
| Interest revenue (expense) | 1,081 | (1,566) |
| State PERS on-behalf, net pension and OPEB | (3,527) | - |
| Net Nonoperating Revenue (Expenses) | 5,463 | (21,634) |
| Change in Net Position | 20,303 | (108,586) |
| Net Position, beginning of year | 907,961 | 1,016,547 |
| Net Position, end of year | \$ 928,264 | \$ 907,961 |

Petersburg Borough, Alaska
Elderly Housing Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers and users | \$ 446,883 | \$ 434,750 |
| Payments for interfund services used | (31,088) | (28,360) |
| Payments to suppliers | (142,984) | (160,010) |
| Payments to employees | (142,569) | (162,854) |
| Net cash flows from operating activities | 130,242 | 83,526 |
| Cash Flows for Capital and Related Financing Activities | | |
| Principal paid on long-term debt | (55,000) | (53,750) |
| Interest paid on long-term debt | (4,063) | (6,512) |
| Acquisition and construction of capital assets | (9,961) | (20,512) |
| Net cash flows for capital and related financing activities | (69,024) | (80,774) |
| Cash Flows from (for) Investing Activities | | |
| Investment income (loss) | 7,909 | (20,068) |
| Net increase (decrease) in cash and investments | 69,127 | (17,316) |
| Cash and Investments, beginning of year | 628,713 | 646,029 |
| Cash and Investments, end of year | \$ 697,840 | \$ 628,713 |
| Cash and Investments at End of Year | | |
| Cash and investments | \$ 686,187 | \$ 617,066 |
| Restricted cash | 11,653 | 11,647 |
| Total Cash and Investments | \$ 697,840 | \$ 628,713 |
| Reconciliation of Income (Loss) from Operations to Net Cash | | |
| Flows from Operating Activities | | |
| Income (loss) from operations | \$ 14,840 | \$ (86,952) |
| Adjustments to reconcile income (loss) from operations to net cash flows from operating activities: | | |
| Noncash expenses: | | |
| Depreciation | 77,485 | 106,581 |
| PERS on-behalf, net pension and OPEB | (3,527) | - |
| Decrease in assets: | | |
| Amortization of deferred outflows of resources for pension | (10,620) | (11,185) |
| Amortization of deferred outflows of resources for other postemployment benefits | (5,776) | (1,871) |
| Net other postemployment benefits asset | (20,390) | (54,201) |
| Increase (decrease) in liabilities: | | |
| Amortization of deferred inflows of resources for pension | (29,755) | 29,755 |
| Amortization of deferred inflows of resources for other postemployment benefits | (22,497) | 29,190 |
| Accounts payable | 2,936 | (578) |
| Accrued payroll and employee benefits | 4,402 | (984) |
| Accrued leave | 12,792 | (1,000) |
| Unearned revenue | 75 | 210 |
| Customer deposits | 448 | (55) |
| Net pension liability | 109,829 | 74,616 |
| Net Cash Flows from Operating Activities | \$ 130,242 | \$ 83,526 |

Petersburg Borough, Alaska
Assisted Living Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2023 | 2022 |
|--|---------------------|---------------------|
| Assets and Deferred Outflows of Resources | | |
| Noncurrent Assets | | |
| Net other postemployment benefits asset | \$ 349,032 | \$ 593,389 |
| Capital assets: | | |
| Buildings | 4,079,118 | 4,079,118 |
| Machinery and equipment | 109,588 | 99,061 |
| Total capital assets | 4,188,706 | 4,178,179 |
| Accumulated depreciation | (2,046,213) | (1,935,917) |
| Net capital assets | 2,142,493 | 2,242,262 |
| Total Assets | 2,491,525 | 2,835,651 |
| Deferred Outflows of Resources | | |
| Related to pension | 102,033 | 122,449 |
| Related to other postemployment benefits | 35,784 | 20,489 |
| Deferred charges on refunding | - | 9,479 |
| Total Deferred Outflows of Resources | 137,817 | 152,417 |
| Total Assets and Deferred Outflows of Resources | \$ 2,629,342 | \$ 2,988,068 |

Petersburg Borough, Alaska
Assisted Living Enterprise Fund
Statement of Net Position, continued

| <i>June 30,</i> | 2023 | 2022 |
|--|---------------------|---------------------|
| Liabilities, Deferred Inflows of Resources and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 13,908 | \$ 9,302 |
| Accrued payroll and employee benefits | 56,068 | 80,722 |
| Accrued leave | 66,831 | 57,377 |
| Unearned revenue | 3,389 | 3,379 |
| Customer deposits | 3,300 | 2,700 |
| Due to other funds | 367,599 | 100,213 |
| Accrued interest | 2,689 | 5,438 |
| Current portion of general obligation bonds | 161,250 | 165,000 |
| Total Current Liabilities | 675,034 | 424,131 |
| Noncurrent Liabilities | | |
| General obligation bonds, net current portion | - | 161,250 |
| Bond premium, net of accumulated amortization | - | 22,167 |
| Net pension liability | 863,071 | 816,894 |
| Total Noncurrent Liabilities | 863,071 | 1,000,311 |
| Total Liabilities | 1,538,105 | 1,424,442 |
| Deferred Inflows of Resources | | |
| Related to pension | - | 325,759 |
| Related to other postemployment benefits | 31,319 | 319,572 |
| Total Deferred Inflows of Resources | 31,319 | 645,331 |
| Net Position | | |
| Net investment in capital assets | 1,981,243 | 1,903,324 |
| Deficit | (921,325) | (985,029) |
| Total Net Position | 1,059,918 | 918,295 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 2,629,342 | \$ 2,988,068 |

Petersburg Borough, Alaska
Assisted Living Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|--|---------------------|-------------------|
| Operating Revenues | | |
| Rents and royalties | \$ 247,399 | \$ 235,366 |
| Fees for services | 447,684 | 479,058 |
| Medicaid services | 535,354 | 609,186 |
| General relief for services | 36,680 | 10,752 |
| Transportation | - | 1,535 |
| Other revenues | 1,950 | 49,715 |
| Total Operating Revenues | 1,269,067 | 1,385,612 |
| Operating Expenses | | |
| Salaries | 849,060 | 798,376 |
| Employee benefits - other | 354,506 | 330,972 |
| Employee benefits - PERS | (334,861) | (357,688) |
| Materials and supplies | 176,575 | 118,556 |
| Services and charges | 161,340 | 163,531 |
| Allocated overhead | 88,647 | 82,585 |
| Motor pool charges: | | |
| Operation and maintenance | 3,693 | 5,681 |
| Equipment replacement | 3,194 | 2,768 |
| Depreciation | 110,296 | 108,260 |
| Total Operating Expenses | 1,412,450 | 1,253,041 |
| Income (Loss) from Operations | (143,383) | 132,571 |
| Nonoperating Revenues (Expenses) | | |
| Interest revenue (expense) | 3,250 | (4,700) |
| State PERS on-behalf, net pension and OPEB | (16,504) | 159 |
| Net Nonoperating Expenses | (13,254) | (4,541) |
| Income (loss) before transfers | (156,637) | 128,030 |
| Transfers in | 298,260 | 304,227 |
| Change in Net Position | 141,623 | 432,257 |
| Net Position, beginning of year | 918,295 | 486,038 |
| Net Position, end of year | \$ 1,059,918 | \$ 918,295 |

Petersburg Borough, Alaska
Assisted Living Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|--|---------------------|--------------------|
| Cash Flows from Operating Activities | | |
| Receipts for customers and users | \$1,269,677 | \$1,402,778 |
| Payments for interfund services used | (95,534) | (91,034) |
| Payments to suppliers | (333,309) | (275,885) |
| Payments to employees | (1,218,766) | (1,126,504) |
| Net cash flows for operating activities | (377,932) | (90,645) |
| Cash Flows from Noncapital Financing Activities | | |
| Increase in due to other funds | 267,386 | 16,114 |
| Cash Flows from Capital and Related Financing Activities | | |
| Acquisition and construction of capital assets | (10,527) | (48,908) |
| Principal paid on long term debt | (165,000) | (161,250) |
| Interest paid on long term debt | (12,187) | (19,538) |
| Transfers in | 298,260 | 304,227 |
| Net cash flows from capital and related financing activities | 110,546 | 74,531 |
| Net increase in cash and investments | - | - |
| Cash and Investments, beginning of year | - | - |
| Cash and Investments, end of year | \$ - | \$ - |
| Reconciliation of Income (Loss) from Operations to Net Cash | | |
| Flows for Operating Activities | | |
| Income (loss) from operations | \$ (143,383) | \$ 132,571 |
| Adjustments to reconcile income (loss) from operations to net cash flows for operating activities: | | |
| Noncash expenses: | | |
| Depreciation | 110,296 | 108,260 |
| PERS on-behalf, net pension and OPEB | (16,504) | 159 |
| (Increase) decrease in assets: | | |
| Amortization of deferred outflows of resources for pension | 20,416 | 32,055 |
| Amortization of deferred outflows of resources for other postemployment benefits | (15,295) | 54,556 |
| Accounts receivable | - | 46,012 |
| Net other postemployment benefits asset | 244,357 | (482,902) |
| Increase (decrease) in liabilities: | | |
| Amortization of deferred inflows of resources for pension | (325,759) | 302,508 |
| Amortization of deferred inflows of resources for other postemployment benefits | (288,253) | 229,853 |
| Accounts payable | 4,606 | 6,202 |
| Accrued payroll and employee benefits | (24,654) | 28,567 |
| Accrued leave | 9,454 | (25,723) |
| Unearned revenue | 10 | (28,546) |
| Customer deposits | 600 | (300) |
| Net pension liability | 46,177 | (491,281) |
| Net other postemployment benefits liability | - | (2,636) |
| Net Cash Flows for Operating Activities | \$ (377,932) | \$ (90,645) |

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Internal Service Fund

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government.

Motor Pool

This fund is used to account for the cost of operations of the vehicles included in the motor pool.

Petersburg Borough, Alaska
Motor Pool Internal Service Fund
Statement of Net Position

| <i>June 30,</i> | 2023 | 2022 |
|--|---------------------|---------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 4,135,865 | \$ 4,022,557 |
| Receivables - other | 261,110 | 441 |
| Total Current Assets | 4,396,975 | 4,022,998 |
| Noncurrent Assets | | |
| Net other postemployment benefits asset | 46,378 | 87,404 |
| Capital assets: | | |
| Equipment | 8,508,484 | 8,557,938 |
| Accumulated depreciation | (6,075,700) | (6,084,937) |
| Net capital assets | 2,432,784 | 2,473,001 |
| Total Noncurrent Assets | 2,479,162 | 2,560,405 |
| Total Assets | 6,876,137 | 6,583,403 |
| Deferred Outflows of Resources | | |
| Related to pensions | 13,558 | 18,036 |
| Related to other postemployment benefits | 4,756 | 3,018 |
| Total Deferred Outflows of Resources | 18,314 | 21,054 |
| Total Assets and Deferred Outflows of Resources | \$ 6,894,451 | \$ 6,604,457 |
| Liabilities, Deferred Inflows of Resources and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 5,072 | \$ 6,372 |
| Accrued payroll and employee benefits | 9,399 | 10,782 |
| Accrued leave | 3,243 | 4,012 |
| Total Current Liabilities | 17,714 | 21,166 |
| Noncurrent Liabilities | | |
| Net pension liability | 114,681 | 120,325 |
| Total Liabilities | 132,395 | 141,491 |
| Deferred Inflows of Resources | | |
| Related to pensions | - | 47,983 |
| Related to other postemployment benefits | 4,161 | 47,072 |
| Total Deferred Inflows of Resources | 4,161 | 95,055 |
| Net Position | | |
| Net investment in capital assets | 2,432,784 | 2,473,001 |
| Unrestricted | 4,325,111 | 3,894,910 |
| Total Net Position | 6,757,895 | 6,367,911 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 6,894,451 | \$ 6,604,457 |

Petersburg Borough, Alaska
Motor Pool Internal Service Fund
Statement of Revenues, Expenses and Changes in Net Position

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|--|---------------------|---------------------|
| Operating Revenues | | |
| Operation and maintenance charges | \$ 724,564 | \$ 575,107 |
| Replacement reserve charges | 500,572 | 376,653 |
| Other revenue | 9,542 | - |
| Total Operating Revenues | 1,234,678 | 951,760 |
| Operating Expenses | | |
| Salaries | 172,578 | 148,422 |
| Employee benefits - other | 80,877 | 75,391 |
| Employee benefits - PERS | (48,395) | (52,080) |
| Materials and supplies | 458,612 | 355,849 |
| Services and charges | 86,254 | 86,172 |
| Motor pool charges: | | |
| Operation and maintenance | 16,212 | (888) |
| Equipment replacement | 4,716 | 4,716 |
| Depreciation | 336,391 | 319,388 |
| Total Operating Expenses | 1,107,245 | 936,970 |
| Income from Operations | 127,433 | 14,790 |
| Nonoperating Revenues | | |
| Insurance recoveries | 259,547 | - |
| Sale of capital assets | 5,200 | 3,508 |
| State PERS relief | (2,196) | 24 |
| Change in Net Position | 389,984 | 18,322 |
| Net Position, beginning of year | 6,367,911 | 6,349,589 |
| Net Position, end of year | \$ 6,757,895 | \$ 6,367,911 |

Petersburg Borough, Alaska
Motor Pool Internal Service Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2023 | 2022 |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Receipts from interfund services provided | \$ 974,009 | \$ 952,519 |
| Payments for interfund services used | (20,928) | (3,828) |
| Payments to suppliers | (546,166) | (445,703) |
| Payments to employees | (262,180) | (219,097) |
| Net cash flows from operating activities | 144,735 | 283,891 |
| Cash Flows from Capital and Related Financing Activities | | |
| Proceeds from insurance recovery | 259,547 | 3,508 |
| Proceeds from sale of capital assets | 5,200 | - |
| Acquisition and construction of capital assets | (296,174) | (596,777) |
| Net cash flows for capital and related financing activities | (31,427) | (593,269) |
| Net increase (decrease) in cash and investments | 113,308 | (309,378) |
| Cash and Investments, beginning of year | 4,022,557 | 4,331,935 |
| Cash and Investments, end of year | \$ 4,135,865 | \$ 4,022,557 |
| Reconciliation of Income from Operations to Net Cash | | |
| Flows from Operating Activities | | |
| Income from operations | \$ 127,433 | \$ 14,790 |
| Adjustments to reconcile income from operations to net cash flows from operating activities: | | |
| Noncash expenses: | | |
| Depreciation | 336,391 | 319,388 |
| PERS relief | (2,196) | 24 |
| (Increase) decrease in assets: | | |
| Amortization of deferred outflows of resources for pension | 4,478 | 4,635 |
| Amortization of deferred outflows of resources for other postemployment benefit: | (1,738) | 7,994 |
| Accounts receivable - other | (260,669) | 759 |
| Net other postemployment benefits asset | 41,026 | (71,191) |
| Increase (decrease) in liabilities: | | |
| Amortization of deferred inflows of resources for pension | (47,983) | 44,571 |
| Amortization of deferred inflows of resources for other postemployment benefits | (42,911) | 33,907 |
| Accounts payable | (1,300) | (3,682) |
| Accrued payroll and employee benefits | (1,383) | 4,052 |
| Accrued leave | (769) | 664 |
| Net pension liability | (5,644) | (71,633) |
| Net other postemployment benefits liability | - | (387) |
| Net Cash Flows from Operating Activities | \$ 144,735 | \$ 283,891 |

Petersburg Borough, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

| Federal Grantor / Pass-Through Grantor / Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Provided to Subre- cipients | Total Federal Expend- itures |
|---|--|---|--------------------------------------|---------------------------------------|
| Department of Agriculture | | | | |
| Passed through the State of Alaska Department of Commerce, Community and Economic Development - Forest Service Schools and Roads Cluster - Schools and Roads - Grants to States - National Forest Receipts FY23 | 10.665 | | \$ - | \$ 567,574 |
| Department of Justice | | | | |
| Passed through the State of Alaska Department of Public Safety: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 23-21JAG-01 | - | 56,269 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 22-20JAG-01 | - | 24,877 |
| Total Department of Justice | | | - | 81,146 |
| Department of the Treasury | | | | |
| Passed through the State of Alaska Department of Commerce, Community and Economic Development - ARPA - Coronavirus State and Local Fiscal Recovery Fund | 21.027 | 22-LGLR-29 | - | 1,096,229 |
| Direct - ARPA - Coronavirus State and Local Fiscal Recovery Fund | 21.027 | | - | 354,089 |
| Total Department of the Treasury | | | - | 1,450,318 |
| Institute of Museum and Library Services | | | | |
| Passed through the Petersburg Indian Association - Grants to States - Continuing Education Grant | 45.311 | NAB-252144-OLS-22 | - | 10,000 |
| Grants to States - Continuing Education Grant | 45.310 | LS-250194-OLS | - | 7,821 |
| Total Institute of Museum and Library Services | | | - | 17,821 |
| Department of Homeland Security | | | | |
| Passed through the State of Alaska Department of Military and Veteran Affairs - Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Southeast Storm | 97.036 | DR-4585-AK | - | 601,147 |
| Total Department of Homeland Security | | | - | 601,147 |
| Total Expenditures of Federal Awards | | | \$ - | \$2,718,006 |

See accompanying notes to the schedule of expenditures of federal awards.

Petersburg Borough, Alaska

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Petersburg Borough, Alaska (the Borough) excluding its component units, Petersburg School District and Petersburg Medical Center, under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Borough.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

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

Single Audit Section



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

Honorable Mayor and Borough Assembly
Petersburg Borough, Alaska
Petersburg, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Petersburg Borough, Alaska, (the "Borough"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated January 26, 2024. Our report includes a reference to other auditors who audited the financial statements of Petersburg Medical Center, as described in our report on the Borough's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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



Report on Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, P.C.

Anchorage, Alaska
January 26, 2024



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and Borough Assembly
Petersburg Borough, Alaska
Petersburg, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Petersburg Borough, Alaska's (the "Borough") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal programs for the year ended June 30, 2023. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Other Matter - Federal Expenditures Not Included in the Compliance Audit

The Borough's basic financial statements include the operations of its discretely presented component unit, Petersburg School District, which expended \$1,403,090 in federal awards, which are not included in the Borough's schedule of expenditures of federal awards during the year ended June 30, 2023. Our compliance audit, described in the "Opinion on Each Major Federal Program," does not include the operations of Petersburg School District because it was subjected



to separate audits to perform an audit of compliance. In addition, the Borough's basic financial statements also include the operations of Petersburg Medical Center, a discretely presented component unit. Our audit, described below, did not include the operations of Petersburg Medical Center because it was subjected to separate audit procedures; however, they did not meet the threshold for an audit in accordance with Uniform Guidance.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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



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

Report on Internal Control Over Compliance

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

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

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

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

BDO USA, P.C.

Anchorage, Alaska
January 26, 2024

Petersburg Borough, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

Assistance Listing

| Number | Name of Federal Program or Cluster |
|--------|--|
| 21.027 | Coronavirus State and Local Fiscal Recovery Fund |

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

Auditee qualified as low-risk auditee? X yes no

Petersburg Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2023

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

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

Section III - Federal Award Findings and Questioned Costs

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