



Petersburg Borough, Alaska

**Basic Financial Statements, Required
Supplementary Information, Supplementary
Information, and Single Audit Reports
Year Ended June 30, 2020**

Petersburg Borough, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information, and Single Audit Reports
Year Ended June 30, 2020

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 Financial Statements

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Petersburg Medical Center, a discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Petersburg Medical Center, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 6 through 17, the budgetary comparison schedules and the schedules the Borough's proportionate share of the net pension liability and net other postemployment benefits liability or asset and Borough contributions on pages 74 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2020 conducted for the purpose of forming opinions on the financial statements that collectively comprise Petersburg Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for the year ended June 30, 2020, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2020, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Petersburg Borough as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated December 31, 2019 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, 2019 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 June 30, 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 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, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021, on our consideration of Petersburg 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 Petersburg 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 Petersburg Borough's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
February 5, 2021

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Management's Discussion & Analysis (Unaudited)

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, 2020. 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 \$130,015,474 (net position). Of this amount, \$103,653,771 was invested in capital assets, \$4,405,673 restricted in school support and a roads special revenue fund, and \$21,956,030 (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 \$5,738,456 which is an increase of \$1,338,758. This is due to an increase in property tax revenue and a decrease in expenditures. The unassigned fund balance for the General Fund represented 69% of total General Fund expenditures exclusive of transfers out.

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 two major governmental funds, the General Fund and CARES Act Municipal Relief Special Revenue Fund. Data from thirteen other governmental funds are combined into a single, aggregated presentation, labeled the Nonmajor Funds. The thirteen 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, Debt Service, Library Construction, Fishing Park, Economic Development, and Disaster Response.

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 and CARES Act Municipal Relief Special Revenue Fund to demonstrate compliance with these budgets.

- **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 non-major 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 \$130,015,474 at the close of the most recent fiscal year. This was a net increase of \$882,188 from the previous year.

The largest portion of the Borough's net position, 80%, 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	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 19,751,105	\$ 15,881,813	\$ 18,690,543	\$ 18,578,610	\$ 38,441,648	\$ 34,460,423
Restricted cash and investments			11,645	11,639	11,645	11,639
Capital assets, net of depreciation	47,626,659	49,660,071	67,552,631	69,768,656	115,179,290	119,428,727
Deferred outflows of resources	990,006	1,182,242	846,227	1,010,648	1,836,233	2,192,890
Total Assets and Deferred Outflows of Resources	68,367,770	66,724,126	87,101,046	89,369,553	155,468,816	156,093,679
Liabilities						
Long-term liabilities	10,189,986	11,730,460	11,757,952	13,112,744	21,947,938	24,843,204
Other liabilities	1,854,653	445,703	851,431	681,890	2,706,084	1,127,593
Deferred Inflows of resources	459,799	529,820	339,521	403,501	799,320	933,321
Total Liabilities and Deferred Inflows of Resources	12,504,438	12,705,983	12,948,904	14,198,135	25,453,342	26,904,118
Net Position						
Net investment in capital assets	42,942,192	44,250,978	60,711,579	62,254,826	103,653,771	106,505,804
Restricted	4,405,673	4,186,672	-	-	4,405,673	4,186,672
Unrestricted	8,515,467	5,580,493	13,440,563	12,916,592	21,956,030	18,497,085
Total Net Position	\$ 55,863,332	\$ 54,018,143	\$ 74,152,142	\$ 75,171,418	\$ 130,015,474	\$ 129,189,561

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	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 737,206	\$ 721,279	\$ 11,714,433	\$ 12,136,454	\$ 12,451,639	\$ 12,857,733
Operating grants and contributions	1,816,846	1,104,751	266,390	251,975	2,083,236	1,356,726
Capital grants and contributions	-	163,605	-	-	-	163,605
General Revenues:						
Property Tax	3,597,938	3,347,614	-	-	3,597,938	3,347,614
Sales Tax	3,229,385	3,192,022	-	-	3,229,385	3,192,022
Payment in lieu of taxes	650,935	611,636	-	-	650,935	611,636
Other taxes	284,879	298,129	-	-	284,879	298,129
Grants and entitlements not restricted to a specific purpose	1,108,412	1,275,344	-	-	1,108,412	1,275,344
Investment Income	673,190	778,765	505,478	434,903	1,178,668	1,213,668
Other	7,758	5,298	-	-	7,758	5,298
Total revenues	12,106,549	11,498,443	12,486,301	12,823,332	24,592,850	24,321,775
Expenses						
General Government	744,614	1,281,167	-	-	744,614	1,281,167
Public Safety	3,204,558	2,624,835	-	-	3,204,558	2,624,835
Public Works	1,313,508	1,509,675	-	-	1,313,508	1,509,675
Community Development	326,572	328,459	-	-	326,572	328,459
Community Services	371,140	164,526	-	-	371,140	164,526
Culture & Recreation	2,134,613	2,041,825	-	-	2,134,613	2,041,825
Education	2,227,309	2,200,303	-	-	2,227,309	2,200,303
Electric utility	-	-	5,915,702	5,990,083	5,915,702	5,990,083
Water utility	-	-	1,608,849	1,636,183	1,608,849	1,636,183
Wastewater utility	-	-	1,107,455	1,110,727	1,107,455	1,110,727
Sanitation utility	-	-	1,277,217	1,212,128	1,277,217	1,212,128
Harbor/Port Facilities	-	-	2,530,118	2,658,537	2,530,118	2,658,537
Elderly Housing	-	-	447,604	441,505	447,604	441,505
Assisted Living	-	-	1,511,366	1,641,465	1,511,366	1,641,465
Total expenses	10,322,314	10,150,790	14,398,311	14,690,628	24,720,625	24,841,418
Increase (decrease) in net position before transfers special item	1,784,235	1,347,653	(1,912,010)	(1,867,296)	(127,775)	(519,643)
Transfers	(892,734)	(1,285,454)	892,734	1,285,454	-	-
Special item - Insurance recovery on capital assets, net	953,688	-	-	-	953,688	-
Increase (decrease) in net position	1,845,189	62,199	(1,019,276)	(581,842)	825,913	(519,643)
Beginning net position	54,018,143	53,955,944	75,171,418	75,753,260	129,189,561	129,709,204
Ending net position	\$ 55,863,332	\$ 54,018,143	\$ 74,152,142	\$ 75,171,418	\$ 130,015,474	\$ 129,189,561

Petersburg Borough

Management's Discussion and Analysis

Governmental Activities

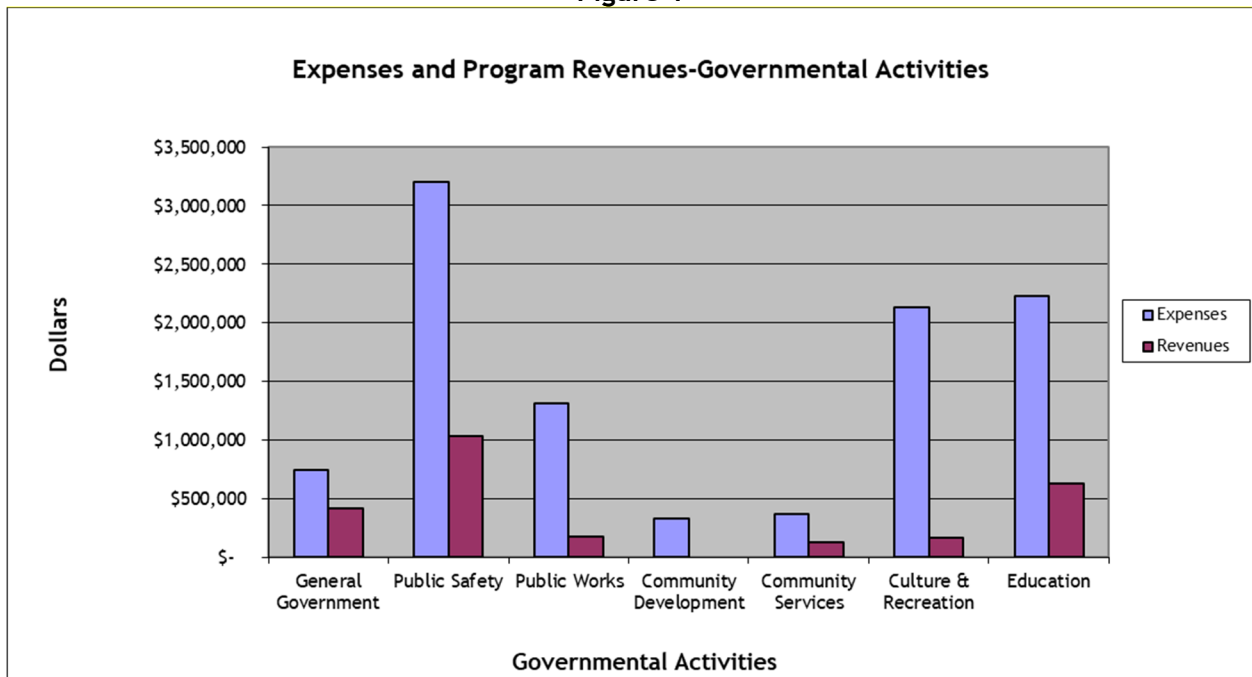
Governmental activities change in net position for 2020 was an increase of \$1,845,189. Key elements of this follows:

- \$3,597,938 in property tax revenues, this is a \$250,324 (7%) increase from the prior year.
- \$953,688 in net insurance recoveries on capital assets.

The net position for the Borough's governmental activities is \$55,863,332. A substantial portion (77%) 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 is \$8,515,467 as of June 30, 2020.

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.

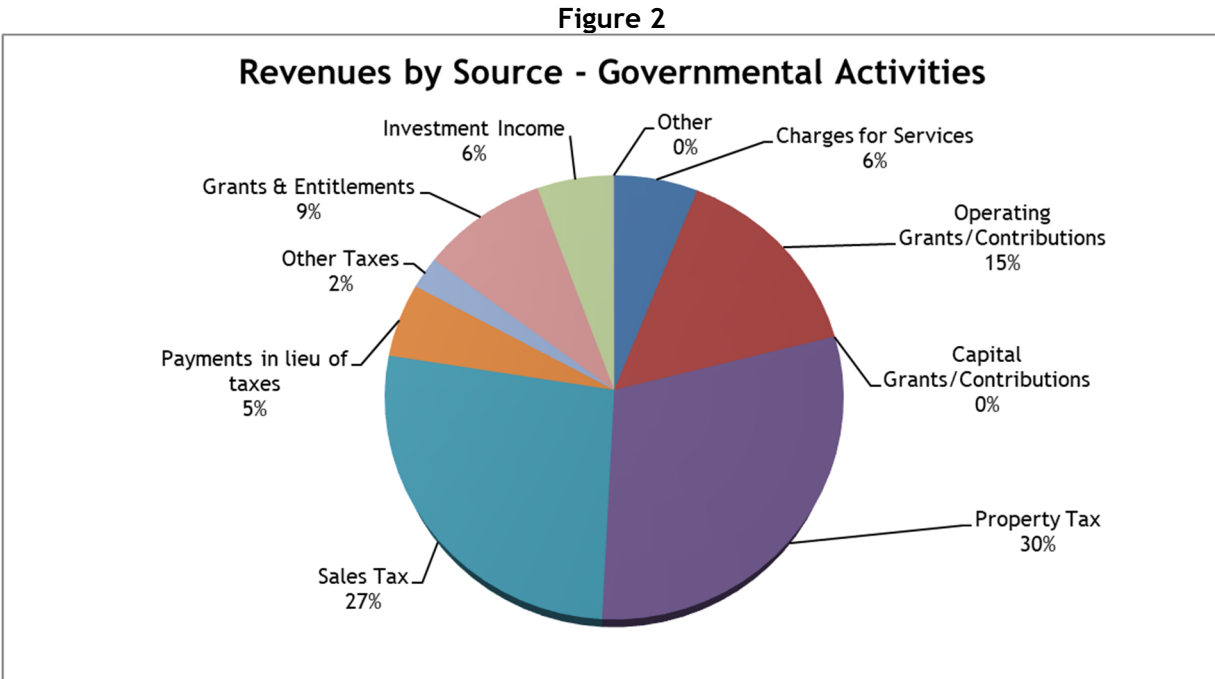
Figure 1



Petersburg Borough

Management's Discussion and Analysis

Figure 2 shows the percentages of all revenue sources for governmental activities, both program and general. In 2020, sales taxes and property tax totaled 27% and 30%, respectively, of revenues, with sales tax decreasing from the prior year's 28% and property tax increasing from 29%.



Business-type Activities

The net position for the Borough's business-type activities was \$74,152,142, a decrease of \$1,019,276. As with governmental activities, a substantial portion (82%) 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 \$13,440,563 as of June 30, 2020. This is an increase in unrestricted net position of \$523,971.

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. 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.

The pie chart of Figure 4 shows that the majority of all revenues are collected from service charges (94%) with 6% of revenues coming from investment income or grants for business type activities.

Petersburg Borough

Management's Discussion and Analysis

Figure 3

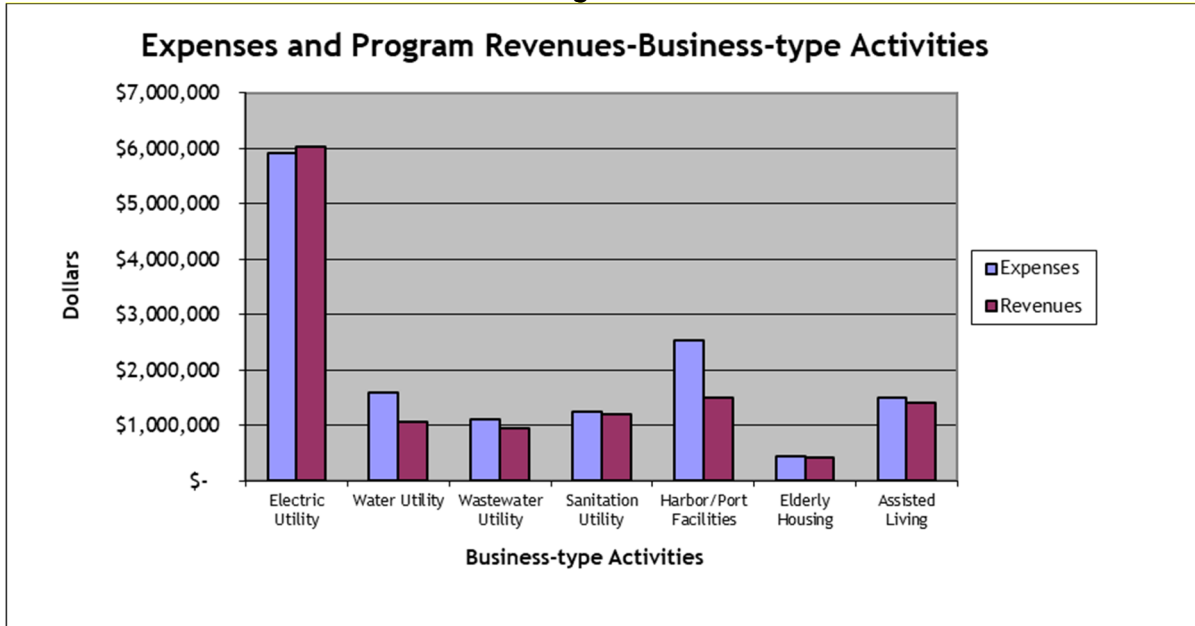
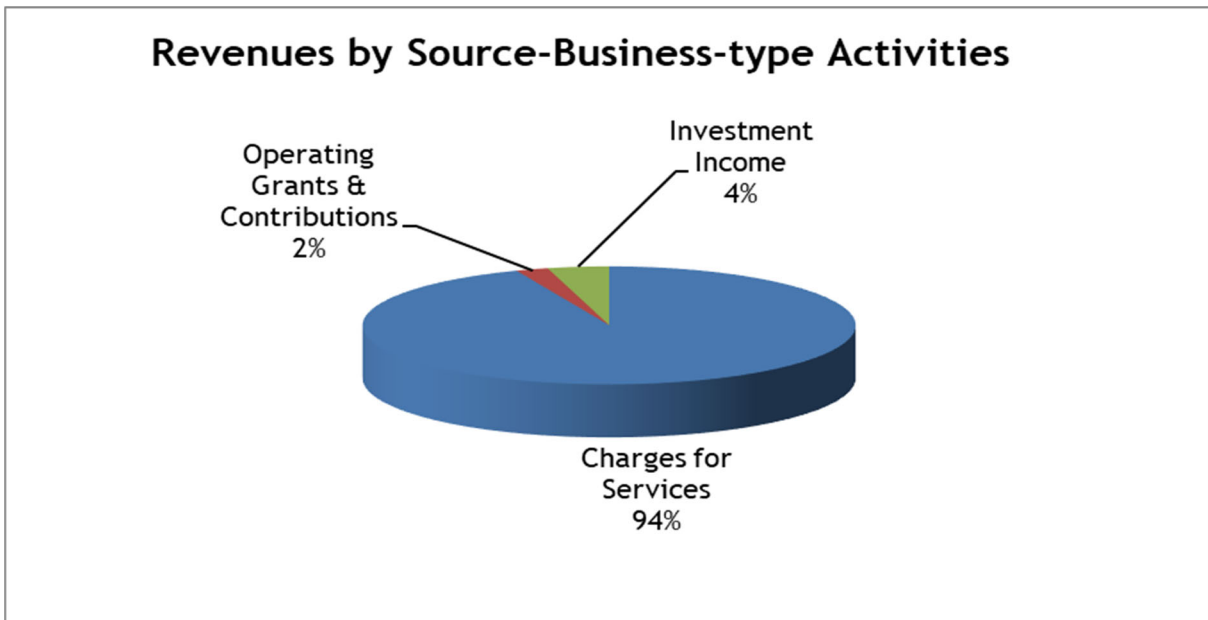


Figure 4



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 \$14,941,329, an increase of \$1,254,827 in comparison with the prior year.

The total fund balances of the governmental funds are made up of four components. \$4,405,673 restricted (National Forest Receipts School, Public Roads funding and Public Safety), \$4,680,659 committed (Economic development, Public Works, Public Safety, Capital projects, and Tourism), \$246,092 assigned (Debt Service and Borough Organizational), and \$5,608,905 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 \$5,738,456. 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 69% of total General Fund expenditures. This is an increase of 18% from the previous year. In 2019 unassigned fund balance increased by 10%.

General Fund Budgetary Highlights

- General Fund revenues exceeds expenditures by \$2,301,685, which was a positive variance of \$1,140,489 over what was budgeted. This was due to revenue actuals of investment income having a positive variance of \$338,889, intergovernmental revenue having a positive variance of \$236,089, and positive sales tax variance of \$122,385. Total expenditures came in lower than budgeted by \$727,991.
- Total tax revenue recognized equaled \$7,094,084, a negative variance of \$134,132 from what was budgeted. This was mostly due to property tax revenue being less than what was budgeted by \$240,278, offset partially by sales tax revenues exceeding what was budgeted by \$122,385.
- Intergovernmental revenue recognized was \$2,121,360, a positive variance of \$236,089 from what was budgeted. This is due to revenue from state fisheries business tax revenues exceeding what was budgeted by \$99,771 and PERS relief exceeding what was budgeted by \$91,126.

Petersburg Borough

Management's Discussion and Analysis

CARES Act Municipal Relief Special Revenue Fund Budgetary Highlights

- CARES Act Municipal Relief Special Revenue Fund revenues exceeded expenditures by \$4,186, which is a positive variance of \$4,186 from what was budgeted. This is due to the Borough receiving funding from an airport contract with revenues (\$35,713) exceeding related expenditures (\$31,527). The majority of the fund's revenues were derived from the Coronavirus Relief Fund grant received for the US Department of the Treasury, passed-through the State of Alaska. Revenue from the grant (\$799,483) equaled expenditures.

Nonmajor Special Revenue Funds

Nonmajor Special Revenue funds experienced an overall increase in fund balance of \$270,034 for a total of \$5,029,201. Miscellaneous Grants Fund balance at year end was \$3,703, National Forest Receipts - School Fund \$4,157,383, National Forest Receipts - Roads Fund \$244,104, the Property Development Fund \$171,053, E911 Surcharge \$300,166, Borough Organizational Fund \$61,128, Transient Room Tax \$41,144 and the new Marine Passenger Fee ending the fiscal year at \$50,520 in fund balance.

Nonmajor Capital Project Funds

Two governmental Capital Project Funds (Library Construction \$33,968, Fishing Park \$99,927) had no activity throughout the year and therefore the fund balance did not change. The other two nonmajor capital funds, Economic Development and Disaster Response, ended the year with a \$3,983,881 fund balance, and a \$129,551 deficit in fund balance, respectively.

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 \$71,814,541 with \$60,711,579 invested in capital assets net of related debt leaving unrestricted net position of \$11,159,237.

- The Electric Utility Fund's unrestricted net position was \$6,307,781, a decrease of \$111,594 from the prior year.
- The Water Utility Fund's unrestricted net position was \$1,007,514, an increase of \$165,729.
- The Wastewater Utility Fund's unrestricted net position was \$1,124,750 at the end of the year, an increase of \$129,568.
- The Sanitation Utility Fund is showing a large decrease in this year's unrestricted net position due to net loss from operations and an increase in net investment in capital assets. Unrestricted net position was \$79,059 which is a decrease of \$357,476 from the prior year.
- The Harbor Fund increased its unrestricted net position by \$583,771, to end the year at \$3,237,371. The majority of this increase is due to the State Fisheries Business Tax payment.

Petersburg Borough

Management's Discussion and Analysis

- The Elderly Housing Fund's unrestricted net position showed an increase in fiscal year 2020 of \$21,357 to end the year at \$410,606.
- The Assisted Living Fund presents a deficit of unrestricted net position of \$1,064,119 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 \$893,340. Without these long-term liabilities and related deferred outflows and inflows of resources the deficit net position in FY 2020 would have been \$170,779.

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 2020 from the prior year of \$1,129,966 for a total of \$5,146,676.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2020, the Borough had invested \$115,179,290 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 a decrease from the previous year of \$4,259,258.

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

- \$137,227 by the Electric Utility auto meter reading project.
- \$475,355 by the Electric Utility on the Blind Slough Hydro System upgrade project.
- \$155,035 by the Wastewater Utility for Kisenno Street sewer main replacement.
- \$434,666 by the Sanitation department to continue the process of replacing the Solid Waste Baler.
- New security cameras (\$29,962) and pool system components (\$55,065)

Petersburg Borough
Management's Discussion and Analysis

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

	Governmental Activities		Business-type Activities		Total Activities	
	2020	2019	2020	2019	2020	2019
Land and improvements	\$ 4,076,919	\$ 4,076,919	\$ 2,399,493	\$ 2,399,493	\$ 6,476,412	\$ 6,476,412
Infrastructure	15,366,496	15,542,371	-	-	15,366,496	15,542,371
Buildings	25,349,386	26,022,535	11,007,959	11,616,482	36,357,345	37,639,017
Improvements other than buildings	134,363	59,228	48,998,805	51,531,798	49,133,168	51,591,026
Machinery and equipment	2,697,781	3,078,473	3,430,628	3,778,026	6,128,409	6,856,499
Construction in progress	1,714	880,545	1,715,746	442,857	1,717,460	1,323,402
Total Capital Assets	\$47,626,659	\$ 49,660,071	\$ 67,552,631	\$69,768,656	\$ 115,179,290	\$ 119,428,727

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

Long-term Debt. At the end of the current fiscal year, the Borough had total long-term debt outstanding of \$21,947,938. Of this amount, \$7,717,477 comprises debt backed by the full faith and credit of the government (i.e., general obligation bonds), with outstanding unamortized bond premiums of \$617,469. \$747,405 is employee accrued leave. \$9,124,893 represents the Borough's net pension liability associated with membership in the State of Alaska Public Employees' Retirement System (PERS). \$305,398 is due to the Borough's net other postemployment benefits (OPEB) liability, also related to membership in PERS. \$3,986,795 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, although that may not be the case in future years and that the ADEC loans are at a 1.5% interest rate.

Table 4
Borough of Petersburg Outstanding Debt

	Governmental Activities		Business-type Activities		Total Activities	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 4,821,046	\$ 5,576,451	\$ 2,896,431	\$ 3,357,675	\$ 7,717,477	\$ 8,934,126
Accrued Leave	385,193	379,649	362,212	304,941	747,405	684,590
Net pension liability	4,797,238	4,776,286	4,327,655	4,308,511	9,124,893	9,084,797
Net OPEB liability	186,509	998,074	118,889	860,422	305,398	1,858,496
Loans, long-term	-	-	3,986,795	4,215,225	3,986,795	4,215,225
Landfill closure liability	-	-	65,970	65,970	65,970	65,970
Total Long-Term Debt	\$10,189,986	\$ 11,730,460	\$11,757,952	\$13,112,744	\$ 21,947,938	\$ 24,843,204

Petersburg Borough

Management's Discussion and Analysis

The Borough's governmental activities debt decreased by \$1,540,474 due to a decrease in the net OPEB liability of \$811,565 and GO bonds of \$755,405, offset by small increases in accrued leave and net pension liability. The Borough's business-type activities debt decreased by \$1,354,792, due to a decrease in the net OPEB liability of \$741,533 and due to the continued repayment of general obligation bonds and ADEC loans of \$689,674, offset by the increase of the net pension liability and accrued leave of \$76,415.

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 public health emergency caused by the Coronavirus pandemic is expected to continue to impact the finances of the Borough. It is possible that the pandemic will adversely impact the Borough's tax base, demand for services, access to federal and state grant funding, as well as depress the value of investments. Additional, previously budgeted costs may be incurred in response to the pandemic.
- The Borough expects to spend the remaining awarded Coronavirus Relief Fund payments in fiscal year 2021 on eligible expenditures, such as public safety costs, community grants and relief.
- The Governor vetoed 100% of all School Bond Debt Reimbursement for FY2021 which means that Petersburg will have an additional \$470,000 of debt service payments to fund.
- There are no new rate increases for the Utility Departments or the Harbor scheduled.
- The Electric Department will be refunding General Obligation Bonds in July of 2020.
- The Electric Department is planning another Bond Issuance in FY2022 for a Blind Slough Hydro System Upgrade.
- Water and Wastewater will be transferring a total of \$60,000 to start the design process for the Lake Street Capital Project to replace a poorly graded and failing sewer main and a transit water main.
- Water department is also budgeting \$40,000 for a Sing Lee Alley Main Replacement that serves customers on Rasmus Enge Bridge.
- Predicting for a 35% reduction in tour ship revenue for FY2021 due to COVID.
- The Motor Pool Department will be going out to bid and starting the repairs for the department's building that was damaged by fire in 2019.

For a copy of the Fiscal Year 2021 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, 2020</i>					
Assets and Deferred Outflows of Resources					
Assets					
Cash and investments	\$ 21,460,280	\$ 14,445,464	\$ 35,905,744	\$ 2,154,721	\$ 16,244,315
Receivables, net	597,717	1,452,335	2,050,052	297,658	1,413,444
Internal balances	(2,337,408)	2,337,408	-	-	-
Inventories	-	427,454	427,454	11,382	287,035
Prepaid items	-	-	-	307,027	95,727
Restricted cash and investments	-	11,645	11,645	-	400,748
Net other postemployment benefits asset	30,516	27,882	58,398	302,035	-
Land and construction in progress	4,078,633	4,115,239	8,193,872	-	789,742
Other capital assets, net of accumulated depreciation	43,548,026	63,437,392	106,985,418	2,495,807	3,466,432
Total Assets	67,377,764	86,254,819	153,632,583	5,568,630	22,697,443
Deferred Outflows of Resources					
Related to pension	490,132	473,455	963,587	444,589	1,359,088
Related to other postemployment benefits	363,295	330,598	693,893	343,136	1,165,806
Deferred charges on refunding	136,579	42,174	178,753	-	-
Total Deferred Outflows of Resources	990,006	846,227	1,836,233	787,725	2,524,894
Total Assets and Deferred Outflows of Resources	\$ 68,367,770	\$ 87,101,046	\$ 155,468,816	\$ 6,356,355	\$ 25,222,337

Petersburg Borough, Alaska
Statement of Net Position, continued

<i>June 30, 2020</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	\$ 100,205	\$ 373,308	\$ 473,513	\$ 94,929	\$ 732,502
Accounts payable - capital	-	16,347	16,347	-	-
Accrued payroll and employee benefits	252,030	222,215	474,245	2,128	573,514
Unearned revenue	1,441,955	64,196	1,506,151	59,939	2,654,847
Due to third party payors	-	-	-	-	4,404,094
Customer deposits	-	68,053	68,053	-	-
Accrued interest	60,463	107,312	167,775	-	-
Noncurrent liabilities:					
Due within one year:					
Accrued leave	385,193	362,212	747,405	41,132	880,051
Bonds payable	678,346	446,662	1,125,008	-	-
Loans payable	-	344,295	344,295	-	1,800,000
Capital lease	-	-	-	-	85,962
Due in more than one year:					
Bonds payable	3,650,000	2,325,000	5,975,000	-	-
Bond premium, net	492,700	124,769	617,469	-	-
Loans payable	-	3,642,500	3,642,500	-	-
Capital lease	-	-	-	-	69,412
Net pension liability	4,797,238	4,327,655	9,124,893	5,011,764	11,270,762
Net other postemployment benefits liability	186,509	118,889	305,398	62,656	323,644
Landfill closure liability	-	65,970	65,970	-	-
Total Liabilities	12,044,639	12,609,383	24,654,022	5,272,548	22,794,788
Deferred Inflows of Resources					
Related to pension	252,110	181,078	433,188	268,547	654,694
Related to other postemployment benefits	207,689	158,443	366,132	282,882	494,283
Total Deferred Inflows of Resources	459,799	339,521	799,320	551,429	1,148,977
Net Position					
Net investment in capital assets	42,942,192	60,711,579	103,653,771	2,495,807	4,100,800
Restricted:					
School support and roads	4,405,673	-	4,405,673	-	-
Scholarships	-	-	-	75,028	-
Foundation	-	-	-	-	400,748
Unrestricted	8,515,467	13,440,563	21,956,030	(2,038,457)	(3,222,976)
Total Net Position	55,863,332	74,152,142	130,015,474	532,378	1,278,572
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 68,367,770	\$ 87,101,046	\$ 155,468,816	\$ 6,356,355	\$ 25,222,337

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Statement of Activities

Year Ended June 30, 2020	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government		Total	Peters- burg School District	Peters- burg Medical Center
					Govern- mental Activities	Business- type Activities			
Primary Government									
Governmental activities:									
General government	\$ 744,614	\$ 172,297	\$ 248,874	\$ -	\$ (323,443)	\$ -	\$ (323,443)	\$ -	\$ -
Public safety	3,204,558	318,209	715,990	-	(2,170,359)	-	(2,170,359)	-	-
Public works	1,313,508	108,356	70,272	-	(1,134,880)	-	(1,134,880)	-	-
Community development	326,572	-	-	-	(326,572)	-	(326,572)	-	-
Community services	371,140	6,544	120,258	-	(244,338)	-	(244,338)	-	-
Culture and recreation	2,134,613	131,800	36,856	-	(1,965,957)	-	(1,965,957)	-	-
Education	2,227,309	-	624,596	-	(1,602,713)	-	(1,602,713)	-	-
Total governmental activities	10,322,314	737,206	1,816,846	-	(7,768,262)	-	(7,768,262)		
Business-type activities:									
Electric utility	5,915,702	5,649,934	114,097	-	-	(151,671)	(151,671)	-	-
Water utility	1,608,849	1,018,370	12,956	-	-	(577,523)	(577,523)	-	-
Wastewater utility	1,107,455	882,061	18,943	-	-	(206,451)	(206,451)	-	-
Sanitation utility	1,277,217	1,154,485	18,865	-	-	(103,867)	(103,867)	-	-
Harbor and port facilities	2,530,118	1,263,928	37,068	-	-	(1,229,122)	(1,229,122)	-	-
Elderly housing	447,604	402,481	-	-	-	(45,123)	(45,123)	-	-
Assisted living facilities	1,511,366	1,343,174	64,461	-	-	(103,731)	(103,731)	-	-
Total business-type activities	14,398,311	11,714,433	266,390	-	-	(2,417,488)	(2,417,488)		

Petersburg Borough, Alaska
Statement of Activities, continued

Year Ended June 30, 2020	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government		Total	Component Units	
					Govern- mental Activities	Business- type Activities		Peters- burg School District	Peters- burg Medical Center
Total Primary Government	\$ 24,720,625	\$ 12,451,639	\$ 2,083,236	\$ -	\$ (7,768,262)	\$ (2,417,488)	\$ (10,185,750)	\$ -	\$ -
Component Units School District - education	\$ 8,824,875	\$ 100,237	\$ 1,721,348	\$ 578,712				\$ (6,424,578)	\$ -
Medical center	\$ 17,327,227	\$ 14,944,770	\$ 3,218,008	\$ -				\$ -	\$ 835,551
General Revenues									
Property taxes					3,597,938	-	3,597,938	-	-
Sales taxes					3,229,385	-	3,229,385	-	-
Payments in lieu of taxes					650,935	-	650,935	-	-
Other taxes					284,879	-	284,879	-	-
Contributions from primary government					-	-	-	1,800,000	-
Grants and entitlements not restricted to a specific purpose					1,108,412	-	1,108,412	6,192,159	-
Investment income					673,190	505,478	1,178,668	734	55,563
Other					7,758	-	7,758	185,151	87,287
Transfers					(892,734)	892,734	-	-	-
Total General Revenues and Transfers					8,659,763	1,398,212	10,057,975	8,178,044	142,850
Special Item									
Insurance recovery on capital assets, net					953,688	-	953,688	-	-
Change in Net Position					1,845,189	(1,019,276)	825,913	1,753,466	978,401
Net Position, beginning of year					54,018,143	75,171,418	129,189,561	(1,221,088)	300,171
Net Position, end of year					\$ 55,863,332	\$ 74,152,142	\$ 130,015,474	\$ 532,378	\$ 1,278,572

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska

Governmental Funds

Balance Sheet

June 30, 2020	Major Funds			Total Govern- mental Funds
	General	CARES Act Municipal Relief Special Revenue Fund	Nonmajor Funds	
Assets				
Cash and investments	\$ 4,557,381	\$ 2,216,502	\$ 9,352,140	\$ 16,126,023
Receivables, net of allowance for doubtful accounts:				
Property taxes	22,465	-	-	22,465
Sales, tobacco and transient room taxes	407,883	-	9,369	417,252
Grants and shared revenues	-	35,713	729	36,442
Accounts	51,474	-	-	51,474
Interest	63,174	-	6,910	70,084
Due from other funds	919,176	-	-	919,176
Total Assets	\$ 6,021,553	\$ 2,252,215	\$ 9,369,148	\$ 17,642,916
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 37,543	\$ 32,849	\$ 27,993	\$ 98,385
Accrued payroll and employee benefits	235,618	6,646	-	242,264
Unearned revenue	9,936	1,417,019	15,000	1,441,955
Due to other funds	-	791,515	127,468	918,983
Total Liabilities	283,097	2,248,029	170,461	2,701,587
Fund Balances				
Restricted	-	4,186	4,401,487	4,405,673
Committed	-	-	4,680,659	4,680,659
Assigned	-	-	246,092	246,092
Unassigned (deficit)	5,738,456	-	(129,551)	5,608,905
Total Fund Balances	5,738,456	4,186	9,198,687	14,941,329
Total Liabilities and Fund Balances	\$ 6,021,553	\$ 2,252,215	\$ 9,369,148	\$ 17,642,916

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2020

Total fund balances for governmental funds \$ 14,941,329

Total net position reported for governmental activities in the
Statement of Net Position is different because:

	Governmental Funds	Internal Service Fund	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:			
Land and land improvements	\$ 4,076,919	\$ -	
Construction in progress	1,714	-	
Buildings	58,927,171	-	
Improvements other than buildings	328,078	-	
Infrastructure	17,710,274	-	
Machinery and equipment	2,446,966	7,704,730	
Accumulated depreciation	(38,069,772)	(5,499,421)	
Total capital assets	45,421,350	2,205,309	47,626,659

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	29,453	1,063	30,516
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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	(4,328,346)	-	
Deferred charges on refunding, net of accumulated amortization	136,579	-	
Bond premium, net of accumulated amortization	(492,700)	-	
Net pension liability	(4,623,329)	(173,909)	
Net other postemployment benefits liability	(171,639)	(14,870)	
Accrued interest	(60,463)	-	
Accrued leave	(382,528)	(2,665)	
Total long-term liabilities	(9,922,426)	(191,444)	(10,113,870)

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	473,774	16,358	
Deferred outflows of resources related to other postemployment benefits	346,902	16,393	
Deferred inflows of resources related to pension	(243,852)	(8,258)	
Deferred inflows of resources related to other postemployment benefits	(197,582)	(10,107)	

Total deferred pension and other postemployment benefits items	379,242	14,386	393,628
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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.

2,985,070

Total Net Position of Governmental Activities **\$ 55,863,332**

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2020	Major Funds			Total Govern- mental Funds
	General	CARES Act Municipal Relief Special Revenue Fund	Nonmajor Funds	
Revenues				
Property taxes	\$ 3,597,938	\$ -	\$ -	\$ 3,597,938
Sales taxes	3,229,385	-	-	3,229,385
Other taxes	266,761	-	85,574	352,335
Intergovernmental	2,121,360	835,196	702,320	3,658,876
Licenses and permits	8,721	-	-	8,721
Charges for services	358,243	-	123,228	481,471
Fines and forfeitures	5,932	-	-	5,932
Overhead charges	605,627	-	-	605,627
Investment income	388,889	-	284,301	673,190
Other	8,691	-	24,729	33,420
Total Revenues	10,591,547	835,196	1,220,152	12,646,895
Expenditures				
Current:				
General government	1,793,633	-	41,715	1,835,348
Public safety	1,848,378	710,752	164,878	2,724,008
Public works	1,064,398	-	-	1,064,398
Community development	320,395	-	-	320,395
Community services	76,095	120,258	190,000	386,353
Culture and recreation	1,386,963	-	31,129	1,418,092
Education - contribution to school district	1,800,000	-	-	1,800,000
Debt service	-	-	866,213	866,213
Capital outlay	-	-	85,027	85,027
Total Expenditures	8,289,862	831,010	1,378,962	10,499,834
Excess of Revenues Over (Under) Expenditures	2,301,685	4,186	(158,810)	2,147,061
Other Financing Sources (Uses)				
Transfers in	400,000	-	635,193	1,035,193
Transfers out	(1,362,927)	-	(565,000)	(1,927,927)
Proceeds from sale of capital assets	-	-	500	500
Net Other Financing Sources (Uses)	(962,927)	-	70,693	(892,234)
Net Change in Fund Balances	1,338,758	4,186	(88,117)	1,254,827
Fund Balances, beginning of year	4,399,698	-	9,286,804	13,686,502
Fund Balances, end of year	\$ 5,738,456	\$ 4,186	\$ 9,198,687	\$ 14,941,329

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, 2020

Net change in fund balances - total governmental funds		\$ 1,254,827
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which depreciation (\$1,842,102) exceeded capital outlays (\$205,279).		
		(1,636,823)
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	\$ 641,671	
Decrease in unamortized bond premium	113,734	
Decrease in deferred charges on bonds	(30,779)	
		724,626
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	\$ (26,168)	
Decrease in accrued interest	5,200	
Increase in net pension liability and related accounts	(264,677)	
Decrease in net other postemployment benefits liability/asset and related accounts	968,962	
Impairment loss on capital assets	(58,207)	
		625,110
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 revenue of these activities is reported with governmental activities.		
		877,449
Change in Net Position of Governmental Activities		\$ 1,845,189

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, 2020</i>								
Assets and Deferred Outflows of Resources								
Current Assets								
Cash and investments	\$ 7,093,423	\$ 1,150,989	\$ 1,310,625	\$ 3,881,851	\$ -	\$ 1,008,576	\$ 14,445,464	\$ 5,334,257
Receivables, net of allowance for doubtful accounts	803,393	91,915	265,758	180,075	-	111,194	1,452,335	-
Inventories	311,902	58,387	57,165	-	-	-	427,454	-
Total Current Assets	8,208,718	1,301,291	1,633,548	4,061,926	-	1,119,770	16,325,253	5,334,257
Noncurrent Assets								
Net other postemployment benefits asset	9,820	1,537	2,247	4,396	7,645	2,237	27,882	1,063
Restricted cash and investments - Security deposits	-	-	-	-	-	11,645	11,645	-
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	360,225	4,015,877	5,128,165	27,532,443	-
Improvements other than buildings	5,284,998	27,191,622	11,896,447	39,120,884	-	1,077,736	84,571,687	-
Machinery and equipment	17,203,547	3,005,917	723,904	533,520	99,061	611,629	22,177,578	7,704,730
Construction in progress	772,722	-	361,361	14,950	-	566,713	1,715,746	-
Total capital assets	28,867,761	35,375,869	22,073,359	40,389,638	4,114,938	7,575,382	138,396,947	7,704,730
Accumulated depreciation	(19,003,281)	(17,203,314)	(12,319,437)	(15,751,145)	(1,719,397)	(4,847,742)	(70,844,316)	(5,499,421)
Net capital assets	9,864,480	18,172,555	9,753,922	24,638,493	2,395,541	2,727,640	67,552,631	2,205,309
Total Noncurrent Assets	9,874,300	18,174,092	9,756,169	24,642,889	2,403,186	2,741,522	67,592,158	2,206,372
Total Assets	18,083,018	19,475,383	11,389,717	28,704,815	2,403,186	3,861,292	83,917,411	7,540,629
Deferred Outflows of Resources								
Related to pension	170,566	26,808	25,978	78,995	102,737	68,371	473,455	16,358
Related to other postemployment benefits	118,764	17,736	25,854	48,789	83,913	35,542	330,598	16,393
Deferred charges on refunding	-	-	-	4,260	28,435	9,479	42,174	-
Total Deferred Outflows of Resources	289,330	44,544	51,832	132,044	215,085	113,392	846,227	32,751
Total Assets and Deferred Outflows of Resources	\$ 18,372,348	\$ 19,519,927	\$ 11,441,549	\$ 28,836,859	\$ 2,618,271	\$ 3,974,684	\$ 84,763,638	\$ 7,573,380

See accompanying notes to basic financial statements.

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

	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, 2019</i>								
Liabilities, Deferred Inflows of Resources and Net Position								
Liabilities								
Current Liabilities								
Accounts payable	\$ 175,594	\$ 3,191	\$ 157,293	\$ 3,464	\$ 1,845	\$ 31,921	\$ 373,308	\$ 1,820
Accounts payable - capital	16,347	-	-	-	-	-	16,347	-
Accrued payroll and employee benefits	74,190	13,503	20,074	36,822	60,069	17,557	222,215	9,766
Accrued leave	154,457	25,045	35,066	46,906	71,949	28,789	362,212	2,665
Prepaid moorage	-	-	-	39,257	-	-	39,257	-
Unearned revenue	-	-	-	-	23,435	1,504	24,939	-
Customer deposits	34,792	7,295	6,173	-	3,200	16,593	68,053	-
Due to other funds	-	-	-	-	193	-	193	-
Accrued interest	35,798	26,112	21,079	10,872	10,088	3,363	107,312	-
Current portion:								
General obligation bonds	130,000	-	-	116,662	150,000	50,000	446,662	-
ADEC loans	-	220,975	123,320	-	-	-	344,295	-
Total Current Liabilities	621,178	296,121	363,005	253,983	320,779	149,727	2,004,793	14,251
Noncurrent Liabilities								
General obligation bonds	1,675,000	-	-	-	487,500	162,500	2,325,000	-
Bond premium, net of accumulated amortization	30,818	-	-	5,286	66,499	22,166	124,769	-
ADEC loans	-	1,678,123	1,964,377	-	-	-	3,642,500	-
Net pension liability	1,544,360	240,768	287,828	730,575	1,003,925	520,199	4,327,655	173,909
Net other postemployment benefits liability	45,661	5,482	8,332	20,973	9,633	28,808	118,889	14,870
Landfill closure liability	-	-	-	-	-	65,970	65,970	-
Total Noncurrent Liabilities	3,295,839	1,924,373	2,260,537	756,834	1,567,557	799,643	10,604,783	188,779
Total Liabilities	3,917,017	2,220,494	2,623,542	1,010,817	1,888,336	949,370	12,609,576	203,030

See accompanying notes to basic financial statements.

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

	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, 2020</i>								
Deferred Inflows of Resources								
Related to pension	\$ 62,188	\$ 10,094	\$ 14,550	\$ 39,391	\$ 40,734	\$ 14,121	\$ 181,078	\$ 8,258
Related to other postemployment benefits	56,700	8,368	12,482	28,475	33,343	19,075	158,443	10,107
Total Deferred Inflows of Resources	118,888	18,462	27,032	67,866	74,077	33,196	339,521	18,365
Net Position								
Net investment in capital assets	8,028,662	16,273,457	7,666,225	24,520,805	1,719,977	2,502,453	60,711,579	2,205,309
Unrestricted (deficit)	6,307,781	1,007,514	1,124,750	3,237,371	(1,064,119)	489,665	11,102,962	5,146,676
Total Net Position	14,336,443	17,280,971	8,790,975	27,758,176	655,858	2,992,118	71,814,541	7,351,985
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 18,372,348	\$ 19,519,927	\$ 11,441,549	\$ 28,836,859	\$ 2,618,271	\$ 3,974,684		\$ 7,573,380
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							2,337,601	
Net Position of Business-Type Activities							\$ 74,152,142	

See accompanying notes to basic financial statements.

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

Year Ended June 30, 2020	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	\$ 5,649,934	\$ 1,018,370	\$ 882,061	\$ 1,263,928	\$ 1,343,174	\$ 1,556,966	\$ 11,714,433	\$ 746,535
Operating Expenses								
Salaries and benefits	1,139,508	283,962	359,678	618,709	1,053,635	512,518	3,968,010	215,184
Services, supplies, and other charges	3,869,251	346,343	188,074	383,288	248,286	638,626	5,673,868	378,860
Allocated overhead and motor pool charges	267,473	93,653	99,179	118,611	81,246	253,739	913,901	13,788
Depreciation	499,816	850,105	425,375	1,399,303	108,260	271,972	3,554,831	367,973
Total Operating Expenses	5,776,048	1,574,063	1,072,306	2,519,911	1,491,427	1,676,855	14,110,610	975,805
Loss from Operations	(126,114)	(555,693)	(190,245)	(1,255,983)	(148,253)	(119,889)	(2,396,177)	(229,270)
Nonoperating Revenues (Expenses)								
Investment income	255,783	35,423	44,004	132,303	-	37,965	505,478	-
Interest expense	(114,513)	(29,588)	(26,913)	(5,807)	(18,762)	(6,253)	(201,836)	-
Federal interest subsidy	31,302	-	-	-	-	-	31,302	-
State PERS relief	82,795	12,956	18,943	37,068	64,461	18,865	235,088	8,959
Net Nonoperating Revenues (Expenses)	255,367	18,791	36,034	163,564	45,699	50,577	570,032	8,959
Income (loss) before transfers and special item	129,253	(536,902)	(154,211)	(1,092,419)	(102,554)	(69,312)	(1,826,145)	(220,311)
Transfers in	-	165,000	-	399,770	327,964	-	892,734	-
Special item - insurance recovery on capital asset:	-	-	-	-	-	-	-	1,011,895
Change in Net Position	129,253	(371,902)	(154,211)	(692,649)	225,410	(69,312)	(933,411)	791,584
Net Position, beginning of year	14,207,190	17,652,873	8,945,186	28,450,825	430,448	3,061,430		6,560,401
Net Position, end of year	\$ 14,336,443	\$ 17,280,971	\$ 8,790,975	\$ 27,758,176	\$ 655,858	\$ 2,992,118		\$ 7,351,985
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(85,865)	
Change in Net Position of Business-Type Activities							\$ (1,019,276)	

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2020	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	\$ 5,688,795	\$ 1,018,584	\$ 891,585	\$ 1,396,209	\$ 1,363,405	\$ 1,555,553	\$ 11,914,131	\$ 749,056
Payments for interfund services used	(267,473)	(93,653)	(99,179)	(118,611)	(81,246)	(253,739)	(913,901)	(13,788)
Payments to suppliers	(3,880,572)	(340,212)	(40,533)	(395,785)	(252,886)	(657,985)	(5,567,973)	(383,151)
Payments to employees	(1,252,672)	(304,561)	(381,167)	(696,608)	(1,165,273)	(530,211)	(4,330,492)	(254,324)
Net cash flows from (for) operating activities	288,078	280,158	370,706	185,205	(136,000)	113,618	1,101,765	97,793
Cash Flows from (for) Noncapital Financing Activities								
Proceeds from insurance	-	-	-	-	-	-	-	1,011,895
Decrease in due to other funds	-	-	-	-	(15,638)	-	(15,638)	-
Net cash flows from (for) noncapital financing activities	-	-	-	-	(15,638)	-	(15,638)	1,011,895
Cash Flows from (for) Capital and Related Financing Activities								
Principal paid on long-term debt	(125,000)	(312,474)	84,044	(108,321)	(142,500)	(47,500)	(651,751)	-
Interest paid on long-term debt	(109,895)	(33,174)	(28,049)	(6,834)	(33,826)	(11,273)	(223,051)	-
Construction and acquisition of capital assets	(596,235)	-	(225,640)	(13,535)	-	(487,050)	(1,322,460)	(29,591)
Transfers in	-	165,000	-	399,770	327,964	-	892,734	-
Capital contributions received	-	-	(90,357)	-	-	-	(90,357)	-
Federal interest subsidy received	31,302	-	-	-	-	-	31,302	-
Net cash flows from (for) capital and related financing activities	(799,828)	(180,648)	(260,002)	271,080	151,638	(545,823)	(1,363,583)	(29,591)
Cash Flows from Investing Activities								
Investment income received	255,783	35,423	44,004	132,303	-	37,965	505,478	-
Net increase (decrease) in cash and investments	(255,967)	134,933	154,708	588,588	-	(394,240)	228,022	1,080,097
Cash and Investments, beginning of year	7,349,390	1,016,056	1,155,917	3,293,263	-	1,414,461	14,229,087	4,254,160
Cash and Investments, end of year	\$ 7,093,423	\$ 1,150,989	\$ 1,310,625	\$ 3,881,851	\$ -	\$ 1,020,221	\$ 14,457,109	\$ 5,334,257

See accompanying notes to basic financial statements.

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

<i>Year Ended June 30, 2020</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			
Reconciliation of Loss from Operations to Net Cash								
Flows from (for) Operating Activities								
Loss from operations	\$ (126,114)	\$ (555,693)	\$ (190,245)	\$ (1,255,983)	\$ (148,253)	\$ (119,889)	\$ (2,396,177)	\$ (229,270)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:								
Depreciation	499,816	850,105	425,375	1,399,303	108,260	271,972	3,554,831	367,973
PERS relief	82,795	12,956	18,943	37,068	64,461	18,865	235,088	8,959
Amortization of deferred outflows of resources for pension	47,001	7,355	10,754	21,043	36,594	10,709	133,456	5,086
Amortization of deferred outflows of resources for other postemployment benefits	4,955	775	1,134	2,218	3,858	1,129	14,069	536
Amortization of deferred inflows of resources for pension	34,501	5,399	7,894	15,446	26,861	7,861	97,962	3,733
Amortization of deferred inflows of resources for other postemployment benefits	(57,034)	(8,925)	(13,049)	(25,534)	(44,405)	(12,995)	(161,942)	(6,171)
Increase in allowance for doubtful accounts	26,569	7,213	4,826	4,462	-	5,868	48,938	-
(Increase) decrease in assets:								
Accounts receivable	7,717	(7,000)	4,777	126,306	-	(6,148)	125,652	2,521
Inventories	(9,317)	5,505	(6,683)	-	-	-	(10,495)	-
Net other postemployment benefits asset	(9,820)	(1,537)	(2,247)	(4,396)	(7,645)	(2,237)	(27,882)	(1,063)
Increase (decrease) in liabilities:								
Accounts payable	(2,004)	626	154,224	(12,497)	(4,600)	(19,359)	116,390	(4,291)
Accrued payroll and employee benefits	9,919	(604)	1,459	(1,339)	4,886	(2,436)	11,885	(2,067)
Accrued leave	28,935	3,793	11,832	(8,502)	1,833	19,380	57,271	(20,624)
Prepaid moorage	-	-	-	1,513	-	-	1,513	-
Unearned revenue	-	-	-	-	20,231	65	20,296	-
Customer deposits	4,575	1	(79)	-	-	(1,198)	3,299	-
Net pension liability	6,742	1,055	1,543	3,019	5,249	1,536	19,144	730
Net other postemployment benefits liability	(261,158)	(40,866)	(59,752)	(116,922)	(203,330)	(59,505)	(741,533)	(28,259)
Net Cash Flows from (for) Operating Activities	\$ 288,078	\$ 280,158	\$ 370,706	\$ 185,205	\$ (136,000)	\$ 113,618	\$ 1,101,765	\$ 97,793
Supplemental Disclosure of Cash Flow Information								
Capital assets purchased on account	\$ 16,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,347	\$ -

See accompanying notes to basic financial statements.

Petersburg Borough, Alaska
Notes to Basic Financial Statements
Year Ended June 30, 2020

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 (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 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 compensated absences 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.

The *CARES Act Municipal Relief Special Revenue Fund* is used to account for the Borough's financial resources received and expended related to the Coronavirus Aid, Relief and Economic Security (CARES) Act.

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 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.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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.

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

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).

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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, 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 (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 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 September 30. Property taxes are recorded as revenue in governmental funds when available.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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.

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.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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 20, 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.
- 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.

Deficit Fund Balance

As of June 30, 2020, the Disaster Response Capital Project fund had a deficit in fund balance of \$129,551 due to expenditures being more than revenues. Management is evaluating options to address the fund balance deficit in future periods.

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Petersburg Borough, Alaska

Notes to Basic Financial Statements

3. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers as of and for the year ended June 30, 2020, follows:

Due from Other Funds

To General Fund from:

CARES Act Municipal Relief Special Revenue Fund for short-term advances to cover operating costs	\$ 791,515
Assisted Living Enterprise Fund for short-term advances to cover operating costs	193
Nonmajor governmental funds for short-term advances to cover operating costs	127,468

Total Due from Other Funds **\$ 919,176**

Transfers

From General Fund to:

Harbor and Port Facilities Enterprise Fund to cover capital costs	\$ 399,770
Assisted Living Enterprise Fund for operating subsidies and to cover debt service costs	327,964
Debt Service Fund to cover debt service costs	635,193

Total transfers from General Fund 1,362,927

From nonmajor governmental funds to:

Water Utility Enterprise Fund to cover capital costs	165,000
Nonmajor government funds to cover operating costs	400,000

Total transfers from nonmajor governmental funds 565,000

Total Transfers to Other Funds **\$ 1,927,927**

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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 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, 2020.

	Pooled Cash and Investments	Economic Development Fund	Totals
Bank deposits	\$ 1,548,752	\$ -	\$ 1,548,752
Petty cash	2,730	-	2,730
Investments	30,388,936	3,976,971	34,365,907
Total Cash and Investments	\$ 31,940,418	\$ 3,976,971	\$ 35,917,389

	Pooled Cash and Investments	Economic Development Fund	Totals
Cash and investments	\$ 31,928,773	\$ 3,976,971	\$ 35,905,744
Restricted cash and investments	11,645	-	11,645
Total Cash and Investments	\$ 31,940,418	\$ 3,976,971	\$ 35,917,389

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 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;
- 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, 2020, the Borough had balances of \$784,624 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, 2020 are as follows:

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
Investment type:			
Money market funds	\$ 2,558,600	\$ 2,558,600	\$ -
U.S. government agencies	345,863	-	345,863
Corporate Bonds	3,950,027	1,211,965	2,738,062
Certificates of deposit	18,986,161	7,088,725	11,897,436
Pooled investments	4,548,285	4,548,285	-
Total Investments	\$ 30,388,936	\$ 15,407,575	\$ 14,981,361

Investment maturities in the Economic Fund investments at June 30, 2020 are as follows:

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
Investment type:			
Money market funds	\$ 76,649	\$ 76,749	\$ -
Corporate Bonds	1,072,388	457,959	614,429
Certificates of deposit	898,878	491,514	407,364
Total subject to interest rate risk	2,047,915	\$ 1,026,222	\$ 1,021,793
International equity securities	179,441		
U.S. equity securities	1,749,615		
Total Investments	\$ 3,976,971		

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 \$345,863 were rated by Standard and Poor's as AA+. The Borough's investments in corporate bonds of \$3,950,027 were rated as follows by Moody's: \$437,149 rated AAA; \$1,876,525 rated AA3; \$761,163 rated AA2; \$375,178 rated A3; and \$500,012 rated A1. The Borough's investments in certificates of deposit 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, 2020, 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 Borough's investments in the Economic Fund, the Borough's investments in corporate bonds of \$1,072,388 were rated as follows by Moody's: \$372,496 rated AA3; \$436,586 rated AA2; \$263,306 rated A3. The Borough's investments in certificates of deposit 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, 2020:

- U.S. government agency securities of \$345,863 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).
- Corporate bonds of \$5,022,415 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 \$12,304,800 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 \$1,929,056 are valued using quoted market prices (Level 1 inputs).

The Borough has investments in money market funds and certificates of deposits totaling \$10,215,488 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2020. The Borough's investment in AMLIP of \$4,548,285 is measured at net asset value, as of June 30, 2020. Management believes that these values approximate fair value.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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, 2020, 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	CARES Act Municipal Relief Special Revenue Fund	Nonmajor Governmental Funds	Electric Utility Enterprise Fund
Property, sales and transient room taxes	\$ 430,348	\$ -	\$ 9,369	\$ -
Grants, loans and shared revenues		35,713	729	-
Accounts	51,474	-	-	856,332
Interest	63,174	-	6,910	-
Total receivables	544,996	35,713	17,008	856,332
Less allowance for doubtful accounts	-	-	-	(52,939)
Net Receivables	\$ 544,996	\$ 35,713	\$ 17,008	\$ 803,393

	Water Utility Enterprise Fund	Wastewater Utility Enterprise Fund	Harbor and Port Facilities Enterprise Fund	Nonmajor Enterprise and Internal Service Funds	Total
Property, sales and transient room taxes	\$ -	\$ -	\$ -	\$ -	\$ 439,717
Grants, loans and shared revenues	-	179,477	-	-	215,919
Accounts	104,136	92,882	218,911	119,411	1,443,146
Interest	-	-	-	-	70,084
Total receivables	104,136	272,359	218,911	119,411	2,168,866
Less allowance for doubtful accounts	(12,221)	(6,601)	(38,836)	(8,217)	(118,814)
Net Receivables	\$ 91,915	\$ 265,758	\$ 180,075	\$ 111,194	\$ 2,050,052

Petersburg Borough, Alaska

Notes to Basic Financial Statements

6. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

Governmental Activities	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 4,076,919	\$ -	\$ -	\$ 4,076,919
Construction in progress	880,545	-	(878,831)	1,714
Total assets not being depreciated	4,957,464	-	(878,831)	4,078,633
<i>Capital assets being depreciated:</i>				
Buildings	58,048,340	878,831	-	58,927,171
Improvements other than buildings	243,052	85,026	-	328,078
Machinery and equipment*	10,060,059	91,637	-	10,151,696
Infrastructure	17,710,274	-	-	17,710,274
Total assets being depreciated	86,061,725	1,055,494	-	87,117,219
Less accumulated depreciation for:				
Buildings	32,025,805	1,551,980	-	33,577,785
Improvements other than buildings	183,824	9,891	-	193,715
Machinery and equipment*	6,981,586	472,329	-	7,453,915
Infrastructure	2,167,903	175,875	-	2,343,778
Total accumulated depreciation	41,359,118	2,210,075	-	43,569,193
Total capital assets being depreciated, net	44,702,607	(1,154,581)	-	43,548,026
Governmental Activities				
Capital Assets, net	\$ 49,660,071	\$ (1,154,581)	\$ (878,831)	\$ 47,626,659

* The ending balances include \$7,704,370 and \$5,499,421 of equipment cost and accumulated depreciation, respectively, related to the Motor Pool Internal Service Fund.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Business-Type Activities	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 2,399,493	\$ -	\$ -	\$ 2,399,493
Construction in progress	442,857	1,272,889	-	1,715,746
Total assets not being depreciated	2,842,350	1,272,889	-	4,115,239
<i>Capital assets being depreciated:</i>				
Buildings	27,518,908	13,535	-	27,532,443
Improvements other than buildings	84,561,187	10,500	-	84,571,687
Machinery and equipment	22,145,467	41,882	(9,771)	22,177,578
Total assets being depreciated	134,225,562	65,917	(9,771)	134,281,708
<i>Less accumulated depreciation for:</i>				
Buildings	15,902,426	622,058	-	16,524,484
Improvements other than buildings	33,029,389	2,543,493	-	35,572,882
Machinery and equipment	18,367,441	389,280	(9,771)	18,746,950
Total accumulated depreciation	67,299,256	3,554,831	(9,771)	70,844,316
Total capital assets being depreciated, net	66,926,306	(3,488,914)	-	63,437,392
Business-Type Activities				
Capital Assets, net	\$ 69,768,656	\$ (2,216,025)	\$ -	\$ 67,552,631

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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	\$ 123,526	\$ 165,587	\$ 289,113
Public safety	415,374	99,353	514,727
Public works	297,074	99,353	396,427
Culture and recreation	682,473	3,680	686,153
Education	323,655	-	323,655
Total Governmental Activities	\$ 1,842,102	\$ 367,973	\$ 2,210,075

Business-Type Activities	Depreciation
Electric utility	\$ 499,816
Water utility	850,105
Wastewater utility	425,375
Sanitation utility	165,877
Harbor and port facilities	1,399,303
Elderly housing	106,095
Assisted living	108,260
Total Business-Type Activities	\$ 3,554,831

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Petersburg Borough, Alaska

Notes to Basic Financial Statements

7. Long-term Debt

Bonds and notes payable at June 30, 2020, are comprised of the following:

Governmental Activities	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	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%	\$ 595,017	-	\$ 81,671	\$ 513,346	\$ 88,346
\$2,010,000 2012 general obligation refunding school bonds, due in annual installments of \$205,000 to \$240,000 through 2025, plus interest at 4.0% to 5.0%	1,300,000	-	195,000	1,105,000	205,000
\$1,150,000 2012 Series 3 general obligation library bonds, due in annual installments of \$80,000 to \$100,000 through 2027, plus interest at 4.0% to 5.0%	710,000	-	75,000	635,000	80,000
\$3,165,000 2014 Series 3 general obligation refunding school bonds, due in annual installments of \$305,000 to \$390,000 through 2025, plus interest of 4.0% to 5.0%	2,365,000	-	290,000	2,075,000	305,000
Accrued leave (net)	379,649	210,780	205,236	385,193	385,193
Total Governmental Activities	\$ 5,349,666	\$ 210,780	\$ 846,907	4,713,539	\$ 1,063,539
Unamortized bond premium				492,700	
				<u>\$ 5,206,239</u>	

* The ending balance includes \$2,665 of accrued leave related to the Motor Pool Internal Service Fund.

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

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Business-Type Activities	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	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 \$200,000 to \$220,000 through 2024, plus interest at 4.0% to 5.0%	\$ 1,040,000	\$ -	\$ 190,000	\$ 850,000	\$ 200,000
\$2,800,000 2010 general obligation electric bonds, due in annual installments of \$130,000 to \$200,000 through 2031, plus interest at 2.0% to 6.34% with partial rebate subsidy of interest	1,930,000	-	125,000	1,805,000	130,000
\$433,316 2016 series general obligation harbor/port bonds, with one remaining annual installments of \$116,662 due 2021, plus interest at 4.0%	224,983	-	108,321	116,662	116,662
<i>Notes Payable:</i>					
\$1,900,000 Water Utility note, due in annual installments of \$94,766 through 2020, plus interest at 1.5% (loan number 685021)	94,766	-	94,766	-	-
\$1,989,840 Water Utility note, due in annual installments of \$113,545 to \$120,508 through 2025, including interest at 1.5% (loan number 685041)	696,876	-	111,867	585,009	113,545
\$643,823 Wastewater Utility note, due in annual installments of \$36,288 to \$38,515 through 2025, including interest at 1.5% (loan number 685011)	222,719	-	35,751	186,968	36,288
\$1,317,577 Water Utility note, due in annual installments of \$67,119 to \$75,609 through 2029, including interest at 1.5% (loan number 685051)	707,740	-	66,127	641,613	67,119
\$600,000 (maximum) Water Utility note, due in annual installments of \$10,380 to \$16,165 through 2035, including interest at 1.5% (loan number 685241)	183,390	-	10,226	173,164	10,380

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Business-Type Activities	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
<i>Notes Payable, continued:</i>					
\$642,460 Water Utility note, due in annual installments of \$29,931 to \$36,868 through 2035; interest at 1.5% (loan number 685251)	\$ 528,800	\$ -	\$ 29,488	\$ 499,312	\$ 29,931
\$629,191 Wastewater Utility note, due in annual installments of \$25,466 to \$31,368 through 2035; interest at 1.5% (loan number 685211)	449,925	-	25,092	424,833	25,466
\$728,000 Wastewater Utility note, due in annual installments of \$32,649 to \$39,622 through 2035; interest at 1.5% (loan number 685221)	574,269	-	32,136	542,133	32,649
\$828,702 (maximum) Wastewater Utility note, due in annual installments of \$28,917 to \$37,246; interest at 1.5% (loan number 685261)	620,979	-	28,489	592,490	28,917
\$550,000 (maximum) Wastewater Utility note, terms not yet established; interest at 1.5% (loan number 685271)	109,831	48,850	-	158,681	-
\$160,000 (maximum) Wastewater Utility note, terms not yet established; interest at 1.5% (loan number 685291)	25,470	134,530	-	160,000	-
\$360,000 (maximum) Wastewater Utility note, terms not yet established; interest at 1.5% (loan number 685301)	460	22,132	-	22,592	-
Accrued leave (net)	304,941	187,107	129,836	362,212	362,212
Total Business-Type Activities	\$ 7,715,149	\$ 392,619	\$ 987,099	\$ 7,120,669	\$ 1,153,169
Unamortized bond premium				<u>124,769</u>	
				<u>\$ 7,245,438</u>	

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
2021	\$ 678,346	\$ 191,817	\$ 870,163
2022	680,000	159,675	839,675
2023	710,000	126,625	836,625
2024	745,000	90,825	835,825
2025	775,000	53,750	828,750
2026-2027	740,000	27,425	767,425
	\$ 4,328,346	\$ 650,117	\$ 4,978,463

Business-Type Activities

<i>Year Ending June 30,</i>	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 446,662	\$ 142,447	\$ 589,109
2022	355,000	124,744	479,744
2023	365,000	107,099	472,099
2024	365,000	87,385	452,385
2025	155,000	72,870	227,870
2026-2030	885,000	207,539	1,092,539
2031	200,000	6,341	206,341
	\$ 2,771,662	\$ 748,425	\$ 3,520,087

<i>Year Ending June 30,</i>	Notes Payable		
	Principal	Interest	Total
2021	\$ 344,295	\$ 54,683	\$ 398,978
2022	349,461	49,518	398,979
2023	354,702	44,277	398,979
2024	360,023	38,957	398,980
2025	365,419	33,556	398,975
2026-2030	1,002,614	108,471	1,111,085
2031-2035	758,882	42,670	801,552
2036-2038	110,126	3,316	113,442
	\$ 3,645,522	\$ 375,448	\$ 4,020,970

Not included in the table above is \$341,273 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 transactions for the Borough's discretely presented component units for the year ended June 30, 2020:

Petersburg School District	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Accrued leave	\$ 53,193	\$ 5,726	\$ 17,787	\$ 41,132	\$ 41,132
Petersburg Medical Center					
Accrued leave	\$ 719,578	\$ 160,473	\$ -	\$ 880,051	\$ 880,051
Capital leases	280,269	-	124,895	155,374	85,962
Payroll Protection Program advance	-	1,800,000	-	1,800,000	1,800,000
Total	\$ 999,847	\$ 1,960,473	\$ 124,895	\$ 2,835,425	\$ 2,766,013

8. Fund Balances

Fund balances reported at June 30, 2020 for the Borough's individual major funds and nonmajor funds in the aggregate are subject to the following constraints:

	Major Funds			Total Nonmajor Funds	Totals
	General Fund	CARES Act Municipal Relief Special Revenue Fund			
Restricted:					
School support	\$ -	\$ -	\$ -	\$ 4,157,383	\$ 4,157,383
Streets and roads	-	-	-	244,104	244,104
Public safety	-	4,186	-	-	4,186
Total restricted	-	4,186	-	4,401,487	4,405,673
Committed:					
Economic development	-	-	-	3,983,881	3,983,881
Public works	-	-	-	171,053	171,053
Public safety	-	-	-	300,166	300,166
Capital projects	-	-	-	133,895	133,895
Tourism	-	-	-	91,664	91,664
Total committed	-	-	-	4,680,659	4,680,659
Assigned:					
General government	-	-	-	61,128	61,128
Debt service	-	-	-	181,261	181,261
Subsequent year's expenditures	-	-	-	3,703	3,703
Total assigned	-	-	-	246,092	246,092
Unassigned (deficit)	5,738,456	-	-	(129,551)	5,608,905
Total Fund Balances	\$ 5,738,456	\$ 4,186	\$ -	\$ 9,198,687	\$ 14,941,329

Petersburg Borough, Alaska

Notes to Basic Financial Statements

9. 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 \$65,970. This liability is based on what it would cost to perform all closure and post-closure care in 2020. Actual costs may be higher due to inflation, changes in technology or changes in regulations. At June 30, 2020, the Borough has not committed or assigned any fund balance to fund the cost of closure and post-closure monitoring, nor have any assets been restricted for this purpose.

10. Retirement Plans

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 a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/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. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

(a) Defined Benefit (DB) Pension Plan

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

Historical Context and Special Funding Situation

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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.

Employee Contribution Rates

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

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.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Contribution rates for the year ended June 30, 2020 were determined in the June 30, 2017 actuarial valuations. The Borough's contribution rates for the 2020 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	0.00%
Total Contribution Rates	22.00%	28.62%	6.62%

In 2020, the Borough was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2018 to June 30, 2019	Borough Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions (including DBUL)	\$ 602,526	\$ 553,391
Nonemployer contributions (on-behalf)	298,538	359,127
Total Contributions	\$ 901,064	\$ 912,518

In addition, employee contributions to the Plan totaled \$113,601 during the Borough's fiscal year.

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

At June 30, 2020, 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	\$ 9,124,893
State's proportionate share of NPL associated with the Borough	3,624,575
Total Net Pension Liability	\$ 12,749,468

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plan for the fiscal years 2020 to 2039. At the June 30, 2019 measurement date, the Borough's proportion was 0.16669 percent, which was a decrease of 0.016140 percent from its proportion measured as of June 30, 2018.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

For the year ended June 30, 2020, the Borough recognized pension expense of \$2,129,068 and on-behalf revenue of \$492,380 for support provided by the State. At June 30, 2020, 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
Difference between expected and actual experience	\$ -	\$ (135,084)
Changes in assumptions	279,364	-
Net difference between projected and actual earnings on pension plan investments	130,832	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(298,104)
Borough contributions subsequent to the measurement date	553,391	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 963,587	\$ (433,188)

The \$553,391 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2021. 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,

2021		\$ (8,659)
2022		(96,595)
2023		37,120
2024		45,142
2025		-
Thereafter		-
Total Amortization		\$ (22,992)

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of pay, closed
Inflation	2.50%
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which was 8.00%. 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 7.38%, 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 (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net pension liability	0.16669%	\$ 12,043,258	\$ 9,124,893	\$ 6,680,858

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 participation accounts. Each participation account is self-directed with respect to investment options. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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, 2020 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2020, forfeitures reduced pension expense by \$10,295.

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, 2020, 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, 2020 were \$176,492 and \$282,387, 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).

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 is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). 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 comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

Employer Contribution Rate

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

Petersburg Borough, Alaska

Notes to Basic Financial Statements

Employer contribution rates for the year ended June 30, 2020 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	6.28%	6.28%
Retiree Medical Plan	1.32%	1.32%
Occupational Death and Disability Benefits	0.26%	0.72%
Total Contribution Rates	7.86%	8.32%

In 2020, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2018 to June 30, 2019	Borough Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions - ARHCT	\$ 217,527	\$ 221,016
Employer contributions - RMP	28,415	46,571
Employer contributions - ODD	9,834	11,469
Total Contributions	\$ 255,776	\$ 279,056

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

At June 30, 2020, the Borough reported a liability for its proportionate share of the net OPEB liabilities (NOL) 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 NOL - ARHCT	\$ 247,470
Borough's proportionate share of NOL - RMP	57,928
Total Borough's Proportionate Share of Net OPEB Liabilities	\$ 305,398
State's proportionate share of the ARHCT NOL associated with the Borough	98,318
Total Net OPEB Liabilities	\$ 403,716

At June 30, 2020, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) associated with the Borough's participation in the ODD Plan. The amount recognized by the Borough for its proportionate share was \$58,398.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

The total OPEB liabilities (asset) for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net OPEB liabilities (asset) as of that date. The Borough's proportion of the net OPEB liabilities (asset) is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plans for the fiscal years 2020 to 2039.

	June 30, 2018 Measurement Date Employer Proportion	June 30, 2019 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.18272%	0.16680%	(0.02592)%
RMP	0.24982%	0.24213%	(0.00769)%
ODD	0.24982%	0.24086%	(0.00896)%

For the year ended June 30, 2020, the Borough recognized OPEB expense of \$(1,954,935). Of this amount, \$(635,430) 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	\$ (2,056,892)	\$ (635,430)
RMP	87,086	-
ODD	14,871	-
Total	\$ (1,954,935)	\$ (635,430)

At June 30, 2020, 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
Changes in assumptions	\$	328,388	\$ 28,039	\$ -	\$ 356,427
Changes in proportion and differences between Borough contributions and proportionate share of contributions		55,353	1,022	2,035	58,410
Borough contributions subsequent to the measurement date		221,016	46,571	11,469	279,056
Total Deferred Outflows of Resources Related to OPEB Plans	\$	604,757	\$ 75,632	\$ 13,504	\$ 693,893

Petersburg Borough, Alaska

Notes to Basic Financial Statements

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (166,295)	\$ (4,291)	\$ (18,207)	\$ (188,793)
Changes in assumptions	-	-	(1,117)	(1,117)
Difference between projected and actual investment earnings	(108,365)	(639)	(386)	(109,390)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	(63,729)	(1,371)	(1,732)	(66,832)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (338,389)	\$ (6,301)	\$ (21,442)	\$ (366,132)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2021. 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
2021	\$ 69,485	\$ 2,333	\$ (3,026)	\$ 68,792
2022	(84,230)	2,333	(3,026)	(84,923)
2023	26,071	3,867	(2,493)	27,445
2024	34,026	3,842	(2,482)	35,386
2025	-	3,253	(2,660)	593
Thereafter	-	7,132	(5,720)	1,412
Total Amortization	\$ 45,352	\$ 22,760	\$ (19,407)	\$ 48,705

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Petersburg Borough, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2019 was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of payroll, closed
Inflation	2.50%
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.75% for all others
Investment return of return	7.38%, 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 4.88%.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table project with MP-2017 generational improvement. The rates for pre- termination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation:

1. 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 larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2019 was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which was 8.00%. 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.

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

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what the Borough's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<i>Proportional Share</i>	<i>1% Decrease (6.38%)</i>	<i>Current Discount Rate (7.38%)</i>	<i>1% Increase (8.38%)</i>
<i>Borough's proportionate share of the net OPEB liability (asset):</i>				
ARHCT	0.16680%	\$ 1,990,583	\$ 247,470	\$ (1,186,432)
RMP	0.24213%	\$ 145,496	\$ 57,928	\$ (7,998)
ODD	0.24086%	\$ (55,394)	\$ (58,398)	\$ (60,826)

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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

The following presents the Borough’s proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2019 actuarial valuation reports as well as what the Borough’s proportionate share of the respective plan’s net OPEB liability (asset) 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 liability (asset):				
ARHCT	0.16680%	\$ (1,354,137)	\$ 247,470	\$ 2,202,033
RMP	0.24213%	\$ (17,816)	\$ 57,928	\$ 161,615
ODD	0.24086%	\$ 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 is established under AS 39.30.300. 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.

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, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,121 per year for each full-time employee, and \$1.36 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2020, the Borough contributed \$130,205 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

11. 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.

12. 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, 2020.

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

13. Subsequent Events

On July 7, 2020, the Borough issued General Obligation Refunding Bonds 2020 Series One, in the amount of \$1,560,000, for the purpose of refinancing the 2010 General Obligation Electric Bonds. Proceeds of \$1,872,124, including premiums, were used to refund remaining principal of \$1,805,000 and pay issuance costs of \$22,974. The remaining proceeds will be used to reduce the subsequent year's debt service for the newly issued refunding bonds. The refunding resulted in a present value savings of \$252,371.

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Petersburg Borough, Alaska

Notes to Basic Financial Statements

14. Coronavirus Pandemic

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the coronavirus as a pandemic, based on the rapid increase in exposure globally.

The Borough’s operations are heavily dependent upon the ability to collect sales taxes, property taxes and charges for services. Additionally, the Borough also receives significant grant funding from the federal government and State of Alaska. The coronavirus pandemic has adversely impacted economic and financial market conditions, both globally and locally. It is possible that the coronavirus pandemic will adversely impact the Borough’s tax revenue base, demand for services, access to federal and state grant funding, as well as depress the value of the Borough’s investments in marketable securities. It is also possible the Borough will incur additional, previously unbudgeted expenditures as a result of the pandemic. Furthermore, it is possible that the coronavirus pandemic may adversely impact the Borough’s operations by limiting or restricting the Borough’s ability or deploy its workforce effectively.

Management has and is continuing to evaluate the impact of COVID-19. The full impact of COVID-19 and the scope of any adverse impact on the Borough’s financial condition, results from operations and liquidity cannot be fully determined at this time.

15. CARES Act

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act.” The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. The Borough received \$2,216,502 in payments from the Coronavirus Relief Fund (CRF), passed through the State of Alaska, for the year ended June 30, 2020. The City applied \$799,483 in CRF funding toward eligible expenditures in fiscal year 2020. Subsequent to year end, the Borough received an additional \$1,762,392 through the CRF. The Borough continues to examine the impact that the CARES Act may have. Currently, the Borough is unable to determine the full impact that the CARES Act will have on the Borough’s financial condition, results of operations, or liquidity.

16. 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.

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.

Petersburg Borough, Alaska

Notes to Basic Financial Statements

17. New Accounting Pronouncements

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

GASB Statement No. 84 - Fiduciary Activities - Effective for year-end June 30, 2020. This Statement addresses criteria for identifying and reporting fiduciary activities.

GASB Statement No. 87 - Leases - Effective for year-end June 30, 2021, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2021. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB Statement No. 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61 - Effective for year-end June 30, 2020. This Statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

GASB Statement No. 91 - Conduit Debt Obligations - Effective for year-end June 30, 2022. 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 obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB Statement No. 92 - Omnibus 2020 - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2021. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB Statement No. 93 - Replacement of Interbank Offered Rates - The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2022. The requirements in paragraph 11b are required to be implemented for year-end June 30, 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

Petersburg Borough, Alaska

Notes to Basic Financial Statements

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 provides guidance for accounting and financial reporting for availability payment arrangements (APA).

In light of the COVID-19 Pandemic, on May 8, 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, to provide relief to governments. This Statement, which was effective upon issuance, postpones the effective dates of certain provisions in the above noted pronouncements for one year, except for Statement No. 87 and provisions related to leases in Statement No. 92 which are postponed for eighteen months, Certain other provisions of Statement No. 92 are excluded from Statement No. 95. Additionally, Statement No. 95 excludes provisions in Statement No. 93 related to lease modifications and excludes Statement No. 94 since the GASB considered the pandemic in determining effective dates. Earlier application of the standards is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

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, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32 - Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

Required Supplementary Information (Unaudited)

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

<i>Year Ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 3,425,678	\$ 3,838,216	\$ 3,597,938	\$ (240,278)
Sales taxes	3,107,000	3,107,000	3,229,385	122,385
Other taxes	250,000	283,000	266,761	(16,239)
Intergovernmental	1,384,056	1,885,271	2,121,360	236,089
Licenses and permits	8,500	8,500	8,721	221
Charges for services	248,450	384,235	358,243	(25,992)
Fines and forfeitures	11,200	11,200	5,932	(5,268)
Overhead charges	605,627	605,627	605,627	-
Investment income	50,000	50,000	388,889	338,889
Other revenues	43,000	6,000	8,691	2,691
Total Revenues	9,133,511	10,179,049	10,591,547	412,498
Expenditures				
General government	1,697,400	1,697,400	1,793,633	(96,233)
Public safety	2,420,223	2,420,221	1,848,378	571,843
Public works	1,223,384	1,223,384	1,064,398	158,986
Community development	347,025	347,025	320,395	26,630
Community services	1,880,095	80,095	76,095	4,000
Culture and recreation	1,449,728	1,449,728	1,386,963	62,765
Education - contribution to school district	-	1,800,000	1,800,000	-
Total Expenditures	9,017,855	9,017,853	8,289,862	727,991
Excess of Revenues Over Expenditures	115,656	1,161,196	2,301,685	1,140,489
Other Financing Sources (Uses)				
Transfers in	400,000	400,000	400,000	-
Transfers out	(450,000)	(1,495,538)	(1,362,927)	132,611
Net Other Financing Sources (Uses)	(50,000)	(1,095,538)	(962,927)	132,611
Net Change in Fund Balance	\$ 65,656	\$ 65,658	1,338,758	\$ 1,273,100
Fund Balance, beginning of year			4,399,698	
Fund Balance, end of year			\$ 5,738,456	

See accompanying notes to Required Supplementary Information.

Petersburg Borough, Alaska
CARES Act Municipal Relief Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	\$ 2,216,502	\$ 835,196	\$ (1,381,306)
Expenditures				
Public safety	-	1,895,745	710,752	1,184,993
Community services	-	320,757	120,258	200,499
Total Expenditures	-	2,216,502	831,010	1,385,492
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,186	<u>\$ 4,186</u>
Fund Balance, beginning of year			<u>-</u>	
Fund Balance, end of year			<u>\$ 4,186</u>	

See accompanying notes to Required Supplementary Information.

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

<i>Years Ended June 30,</i>	2020	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.16669%	0.18283%	0.16179%	0.19278%	0.17243%	0.11734%
Borough's Proportionate Share of the Net Pension Liability	\$ 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	3,624,575	2,633,836	3,116,497	1,355,716	2,239,001	4,937,000
Total Net Pension Liability	\$ 12,749,468	\$ 11,718,633	\$ 11,480,373	\$ 12,131,462	\$ 10,601,858	\$ 10,410,005
Borough's Covered Payroll	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	182.01%	174.65%	169.63%	218.45%	174.09%	111.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.42%	65.19%	63.37%	59.55%	63.96%	63.37%

Schedule of Borough Contributions

<i>Years Ended June 30,</i>	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 553,391	\$ 602,526	\$ 666,076	\$ 567,503	\$ 498,118	\$ 470,978
Contributions Relative to the Contractually Required Contribution	553,391	602,526	666,076	567,503	498,118	470,978
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	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	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 (PERS) - OPEB Plans
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30,	ARHCT			RMP			ODD		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.16680%	0.18272%	0.16180%	0.24213%	0.24982%	0.23299%	0.24086%	0.24982%	0.23299%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ 247,470	\$ 1,875,226	\$ 1,367,076	\$ 57,928	\$ 31,789	\$ 12,150	\$ (58,398)	\$ (48,519)	\$ (33,059)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	98,318	544,886	509,910	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ 345,788	\$ 2,420,112	\$ 1,876,986	\$ 57,928	\$ 31,789	\$ 12,150	\$ (58,398)	\$ (48,519)	\$ (33,059)
Borough's Covered Payroll	2,037,057	2,373,974	2,250,241	2,976,324	2,827,730	2,680,348	2,976,324	2,827,730	2,680,348
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	12.15%	78.99%	60.75%	1.95%	1.12%	0.45%	-1.96%	-1.72%	-1.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	98.13%	88.12%	89.68%	83.17%	88.71%	93.98%	297.43%	270.62%	212.97%

Schedule of Borough Contributions

Years Ended June 30,	ARHCT			RMP			ODD		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Contractually Required Contributions	\$ 221,016	\$ 217,527	\$ 189,860	\$ 46,571	\$ 28,415	\$ 29,123	\$ 11,469	\$ 9,834	\$ 5,479
Contributions Relative to the Contractually Required Contribution	221,016	217,527	189,860	46,571	28,415	29,123	11,469	9,834	5,479
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	1,647,430	2,037,057	2,373,974	3,505,654	2,976,324	2,827,730	3,505,654	2,976,324	2,827,730
Contributions as a Percentage of Covered Payroll	13.42%	10.68%	8.00%	1.33%	0.95%	1.03%	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, 2020

1. Budgetary Comparison Schedule

The budgetary comparison schedule is 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, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

In 2020, the discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

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 Borough 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 Year Ended June 30, 2020

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, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

1. 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 larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.
5. The discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

Changes in Methods:

As part of the experience study, the actuarial cost method for the retiree healthcare plan was changed from the Entry Age Level Dollar method to the Entry Age Level Percent of Pay method.

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 Borough Contributions

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

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

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Supplementary Information

Petersburg Borough, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds							
	Miscellaneous Grants	National Forest Receipts - School	National Forest Receipts - Streets and Roads	Property Development	E911 Surcharge	Borough Organizational	Transient Room Tax	Marine Passenger Fee
<i>June 30, 2020</i>								
Assets								
Cash and investments	\$ 17,974	\$ 4,157,383	\$ 244,104	\$ 193,277	\$ 300,166	\$ 61,128	\$ 34,768	\$ 50,520
Receivables:								
Grants and shared revenues	729	-	-	-	-	-	-	-
Taxes	-	-	-	2,993	-	-	6,376	-
Interest	-	-	-	-	-	-	-	-
Total Assets	\$ 18,703	\$ 4,157,383	\$ 244,104	\$ 196,270	\$ 300,166	\$ 61,128	\$ 41,144	\$ 50,520
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 25,217	\$ -	\$ -	\$ -	\$ -
Unearned revenue	15,000	-	-	-	-	-	-	-
Total Liabilities	15,000	-	-	25,217	-	-	-	-
Fund Balances								
Restricted:								
Streets and roads	-	-	244,104	-	-	-	-	-
School support	-	4,157,383	-	-	-	-	-	-
Committed:								
Economic development	-	-	-	-	-	-	-	-
Public works	-	-	-	171,053	-	-	-	-
Public safety	-	-	-	-	300,166	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	41,144	50,520
Assigned:								
General government	-	-	-	-	-	61,128	-	-
Debt service	-	-	-	-	-	-	-	-
Subsequent year's expenditures	3,703	-	-	-	-	-	-	-
Total Fund Balances	3,703	4,157,383	244,104	171,053	300,166	61,128	41,144	50,520
Total Liabilities and Fund Balances	\$ 18,703	\$ 4,157,383	\$ 244,104	\$ 196,270	\$ 300,166	\$ 61,128	\$ 41,144	\$ 50,520

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

<i>June 30, 2020</i>	Capital Project Funds					Total Nonmajor Govern- mental Funds
	Debt Service Fund	Library Construc- tion	Fishing Park	Economic Develop- ment	Disaster Response	
Assets						
Cash and investments	\$ 181,954	\$ 33,968	\$ 99,927	\$ 3,976,971	\$ -	\$ 9,352,140
Receivables:						
Grants and shared revenues	-	-	-	-	-	729
Taxes	-	-	-	-	-	9,369
Interest	-	-	-	6,910	-	6,910
Total Assets	\$ 181,954	\$ 33,968	\$ 99,927	\$ 3,983,881	\$ -	\$ 9,369,148
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 693	\$ -	\$ -	\$ -	\$ 2,083	\$ 27,993
Unearned revenue	-	-	-	-	-	15,000
Due to other funds	-	-	-	-	127,468	127,468
Total Liabilities	693	-	-	-	129,551	170,461
Fund Balances						
Restricted:						
Streets and roads	-	-	-	-	-	244,104
School support	-	-	-	-	-	4,157,383
Committed:						
Economic development	-	-	-	3,983,881	-	3,983,881
Public works	-	-	-	-	-	171,053
Public safety	-	-	-	-	-	300,166
Capital projects	-	33,968	99,927	-	-	133,895
Tourism	-	-	-	-	-	91,664
Assigned:						
General government	-	-	-	-	-	61,128
Debt service	181,261	-	-	-	-	181,261
Subsequent year's expenditures	-	-	-	-	-	3,703
Unassigned - deficit	-	-	-	-	(129,551)	(129,551)
Total Fund Balances	181,261	33,968	99,927	3,983,881	(129,551)	9,198,687
Total Liabilities and Fund Balances	\$ 181,954	\$ 33,968	\$ 99,927	\$ 3,983,881	\$ -	\$ 9,369,148

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

<i>Year Ended June 30, 2020</i>	Special Revenue Funds							
	Miscel- laneous Grants	National Forest Receipts - School	National Forest Receipts - Streets and Roads	Property Develop- ment	E911 Surcharge	Borough Organiz- ational	Transient Room Tax	Marine Passenger Fee
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ 37,406	\$ -	\$ -	\$ 48,168	\$ -
Intergovernmental	7,452	398,210	70,272	-	-	-	-	-
Charges for services	-	-	-	-	81,043	-	-	42,185
Investment income	-	139,584	6,749	6,934	-	-	-	-
Other	24,129	-	-	-	-	-	-	-
Total Revenues	31,581	537,794	77,021	44,340	81,043	-	48,168	42,185
Expenditures								
General government	-	-	-	3,240	-	-	38,475	-
Public safety	752	-	-	-	33,975	-	-	-
Community services	-	-	-	-	-	-	-	-
Culture and recreation	31,129	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	85,027	-	-	-	-
Total Expenditures	31,881	-	-	88,267	33,975	-	38,475	-
Excess (Deficiency) of Revenues Over Expenditures	(300)	537,794	77,021	(43,927)	47,068	-	9,693	42,185
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(400,000)	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	500	-	-	-	-
Net Other Financing Sources (Uses)	-	(400,000)	-	500	-	-	-	-
Net Change in Fund Balances	(300)	137,794	77,021	(43,427)	47,068	-	9,693	42,185
Fund Balances, beginning of year	4,003	4,019,589	167,083	214,480	253,098	61,128	31,451	8,335
Fund Balances, end of year	\$ 3,703	\$ 4,157,383	\$ 244,104	\$ 171,053	\$ 300,166	\$ 61,128	\$ 41,144	\$ 50,520

Petersburg Borough, Alaska

Nonmajor Governmental Funds

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

Year Ended June 30, 2020	Capital Project Funds					Total Nonmajor Govern- mental Funds
	Debt Service Fund	Library Construc- tion	Fishing Park	Economic Develop- ment	Disaster Response	
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,574
Intergovernmental	226,386	-	-	-	-	702,320
Charges for services	-	-	-	-	-	123,228
Investment income	-	-	-	131,034	-	284,301
Other	-	-	-	-	600	24,729
Total Revenues	226,386	-	-	131,034	600	1,220,152
Expenditures						
General government	-	-	-	-	-	41,715
Public safety	-	-	-	-	130,151	164,878
Community services	-	-	-	190,000	-	190,000
Culture and recreation	-	-	-	-	-	31,129
Debt service:						
Principal	641,671	-	-	-	-	641,671
Interest	224,542	-	-	-	-	224,542
Capital outlay	-	-	-	-	-	85,027
Total Expenditures	866,213	-	-	190,000	130,151	1,378,962
Excess (Deficiency) of Revenues Over Expenditures	(639,827)	-	-	(58,966)	(129,551)	(158,810)
Other Financing Sources (Uses)						
Transfers in	635,193	-	-	-	-	635,193
Transfers out	-	-	-	(165,000)	-	(565,000)
Proceeds from sale of capital assets	-	-	-	-	-	500
Net Other Financing Sources (Uses)	635,193	-	-	(165,000)	-	70,693
Net Change in Fund Balances	(4,634)	-	-	(223,966)	(129,551)	(88,117)
Fund Balances, beginning of year	185,895	33,968	99,927	4,207,847	-	9,286,804
Fund Balances, end of year	\$ 181,261	\$ 33,968	\$99,927	\$ 3,983,881	\$ (129,551)	\$ 9,198,687

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

<i>June 30, 2020</i>	Sanitation Utility	Elderly Housing	Total Nonmajor Enterprise Funds
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and investments	\$ 403,891	\$ 604,685	\$ 1,008,576
Receivables, net of allowance for doubtful accounts	111,194	-	111,194
Total Current Assets	515,085	604,685	1,119,770
Noncurrent Assets			
Net other postemployment benefits asset	2,237	-	2,237
Restricted cash - security deposits	-	11,645	11,645
Capital assets:			
Construction in progress	566,713	-	566,713
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	270,041	1,077,736
Machinery and equipment	419,413	192,216	611,629
Total capital assets	4,068,721	3,506,661	7,575,382
Accumulated depreciation	(2,000,788)	(2,846,954)	(4,847,742)
Net capital assets	2,067,933	659,707	2,727,640
Total Noncurrent Assets	2,070,170	671,352	2,741,522
Total Assets	2,585,255	1,276,037	3,861,292
Deferred Outflows of Resources			
Related to pension	38,773	29,598	68,371
Related to other postemployment benefits	26,380	9,162	35,542
Deferred charges on refunding	-	9,479	9,479
Total Deferred Outflows of Resources	65,153	48,239	113,392
Total Assets and Deferred Outflows of Resources	\$ 2,650,408	\$ 1,324,276	\$ 3,974,684

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

<i>June 30, 2020</i>	Sanitation Utility	Elderly Housing	Total Nonmajor Enterprise Funds
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Current Liabilities			
Accounts payable	\$ 30,736	\$ 1,185	\$ 31,921
Accrued payroll and employee benefits	13,115	4,442	17,557
Accrued leave	27,861	928	28,789
Unearned revenue	-	1,504	1,504
Customer deposits	7,856	8,737	16,593
Accrued interest	-	3,363	3,363
Current portion of general obligation bonds	-	50,000	50,000
Total Current Liabilities	79,568	70,159	149,727
Noncurrent Liabilities			
General obligation bonds	-	162,500	162,500
Bond premium, net of accumulated amortization	-	22,166	22,166
Net pension liability	333,755	186,444	520,199
Net other postemployment benefits liability	4,614	24,194	28,808
Landfill closure liability	65,970	-	65,970
Total Noncurrent Liabilities	404,339	395,304	799,643
Total Liabilities	483,907	465,463	949,370
Deferred Inflows of Resources			
Related to pension	9,776	4,345	14,121
Related to other postemployment benefits	9,733	9,342	19,075
Total Deferred Inflows of Resources	19,509	13,687	33,196
Net Position			
Net investment in capital assets	2,067,933	434,520	2,502,453
Unrestricted	79,059	410,606	489,665
Total Net Position	2,146,992	845,126	2,992,118
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,650,408	\$ 1,324,276	\$ 3,974,684

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

<i>Year Ended June 30, 2020</i>	Sanitation Utility	Elderly Housing	Total Nonmajor Enterprise Funds
Operating Revenues	\$ 1,154,485	\$ 402,481	\$ 1,556,966
Operating Expenses			
Salaries and benefits	359,035	153,483	512,518
Services, supplies, and other charges	488,350	150,276	638,626
Allocated overhead and motor pool charges	223,947	29,792	253,739
Depreciation	165,877	106,095	271,972
Total Operating Expenses	1,237,209	439,646	1,676,855
Loss from Operations	(82,724)	(37,165)	(119,889)
Nonoperating Revenues (Expenses)			
Investment income	17,056	20,909	37,965
Interest expense	-	(6,253)	(6,253)
State PERS relief	18,865	-	18,865
Net Nonoperating Revenues (Expenses)	35,921	14,656	50,577
Change in Net Position	(46,803)	(22,509)	(69,312)
Net Position, beginning of year	2,193,795	867,635	3,061,430
Net Position, end of year	\$ 2,146,992	\$ 845,126	\$ 2,992,118

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

<i>Year Ended June 30, 2020</i>	Sanitation Utility	Elderly Housing	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 1,153,725	\$ 401,828	\$ 1,555,553
Payments for interfund services used	(223,947)	(29,792)	(253,739)
Payments to suppliers	(503,958)	(154,027)	(657,985)
Payments to employees	(376,828)	(153,383)	(530,211)
Net cash flows from operating activities	48,992	64,626	113,618
Cash Flows for Capital and Related Financing Activities			
Principal paid on long-term debt	-	(47,500)	(47,500)
Interest paid on long-term debt	-	(11,273)	(11,273)
Purchase of property, plant and equipment	(476,550)	(10,500)	(487,050)
Net cash flows for capital and related financing activities	(476,550)	(69,273)	(545,823)
Cash Flows from Investing Activities			
Investment income received	17,056	20,909	37,965
Net increase (decrease) in cash and investments	(410,502)	16,262	(394,240)
Cash and Investments, beginning of year	814,393	600,068	1,414,461
Cash and Investments, end of year	\$ 403,891	\$ 616,330	\$ 1,020,221
Cash and Investments at End of Year			
Cash and investments	\$ 403,891	\$ 604,685	\$ 1,008,576
Restricted cash	-	11,645	11,645
Total Cash and Investments	\$ 403,891	\$ 616,330	\$ 1,020,221
Reconciliation of Loss from Operations to Net Cash			
Flows from Operating Activities			
Loss from operations	\$ (82,724)	\$ (37,165)	\$ (119,889)
Adjustments to reconcile loss from operations to net cash flows from operating activities:			
Noncash expenses:			
Depreciation	165,877	106,095	271,972
PERS relief	18,865	-	18,865
Amortization of deferred outflows of resources for pension	10,709	-	10,709
Amortization of deferred outflows of resources for other postemployment benefits	1,129	-	1,129
Amortization of deferred inflows of resources for pension	7,861	-	7,861
Amortization of deferred inflows of resources for other postemployment benefits	(12,995)	-	(12,995)
Increase in allowance for doubtful accounts	5,868	-	5,868
Decrease in assets:			
Accounts receivable	(6,148)	-	(6,148)
Net other postemployment benefits asset	(2,237)	-	(2,237)
Increase (decrease) in liabilities:			
Accounts payable	(15,608)	(3,751)	(19,359)
Accrued payroll and employee benefits	(2,270)	(166)	(2,436)
Accrued leave	19,114	266	19,380
Unearned revenue	-	65	65
Customer deposits	(480)	(718)	(1,198)
Net pension liability	1,536	-	1,536
Net other postemployment benefits liability	(59,505)	-	(59,505)
Net Cash Flows from Operating Activities	\$ 48,992	\$ 64,626	\$ 113,618

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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>	2020	2019
Assets		
Cash and investments	\$ 4,557,381	\$ 4,161,326
Receivables:		
Property taxes	22,465	32,559
Sales and tobacco taxes	407,883	390,807
Accounts	51,474	45,421
Interest	63,174	70,328
Total receivables	544,996	539,115
Due from other funds	919,176	15,831
Total Assets	\$ 6,021,553	\$ 4,716,272
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 37,543	\$ 100,310
Accrued payroll and employee benefits	235,618	206,610
Unearned revenue	9,936	9,654
Total Liabilities	283,097	316,574
Fund Balance		
Unassigned	5,738,456	4,399,698
Total Fund Balance	5,738,456	4,399,698
Total Liabilities and Fund Balance	\$ 6,021,553	\$ 4,716,272

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance with Budget	Actual
Revenues				
Taxes:				
Property taxes	\$ 3,838,216	\$ 3,597,938	\$ (240,278)	\$ 3,347,614
Sales taxes	3,107,000	3,229,385	122,385	3,192,022
Motor vehicle registration	33,000	30,050	(2,950)	29,470
Tobacco taxes	250,000	236,711	(13,289)	241,318
Total taxes	7,228,216	7,094,084	(134,132)	6,810,424
Intergovernmental:				
Payments in lieu of taxes	600,000	650,935	50,935	611,636
Library grants	7,000	4,794	(2,206)	7,000
Fisheries business tax	650,000	749,771	99,771	889,855
Shared fisheries business tax and landing tax	14,000	6,035	(7,965)	16,174
Liquor licenses	7,000	7,700	700	9,200
Jail and special services contract	173,626	173,626	-	173,626
State PERS relief	90,000	181,126	91,126	146,205
State provider relief fund	-	2,467	2,467	-
State community assistance	343,645	344,906	1,261	360,115
Total intergovernmental	1,885,271	2,121,360	236,089	2,213,811
Licenses and permits	8,500	8,721	221	12,831
Charges for services:				
Police and public safety	1,950	2,278	328	2,158
Ambulance fees	45,000	55,330	10,330	44,920
Public works	20,000	17,300	(2,700)	16,896
SEACAD police reimbursement	98,785	91,056	(7,729)	77,563
Recreation activity fees	160,000	123,060	(36,940)	149,483
Cemetery charges	3,000	6,750	3,750	7,050

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance with Budget	Actual
Revenues, continued				
Charges for services, continued:				
Library charges	\$ 6,000	\$ 1,990	\$ (4,010)	\$ 3,959
Cemetery plot sales	2,000	6,544	4,544	4,640
Passport services	3,500	2,287	(1,213)	3,309
Other charges for services	44,000	51,648	7,648	58,612
Total charges for services	384,235	358,243	(25,992)	368,590
Fines and forfeitures	11,200	5,932	(5,268)	9,271
Overhead charges	605,627	605,627	-	639,710
Investment income	50,000	388,889	338,889	307,682
Other revenues:				
Lease income	5,000	7,758	2,758	5,298
Library donations	1,000	933	(67)	95
Total other revenues	6,000	8,691	2,691	5,393
Total Revenues	10,179,049	10,591,547	412,498	10,367,712
Expenditures				
General government:				
Borough assembly	134,850	137,430	(2,580)	127,429
Borough manager	431,131	394,409	36,722	394,686
Borough attorney	60,000	92,911	(32,911)	82,792
Information systems	108,375	102,529	5,846	154,296
Finance	627,859	621,266	6,593	633,973
Nondepartmental PERS on-behalf	90,000	181,126	(91,126)	146,205
Other	245,185	263,962	(18,777)	244,821
Total general government	1,697,400	1,793,633	(96,233)	1,784,202

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

<i>Years Ended June 30,</i>	2020			2019
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public safety:				
Police department	\$ 1,378,121	\$ 1,101,536	\$ 276,585	\$ 1,328,950
Jail	393,164	279,963	113,201	306,936
Fire department	648,936	466,879	182,057	520,165
Total public safety	2,420,221	1,848,378	571,843	2,156,051
Public works	1,223,384	1,064,398	158,986	1,241,640
Community development	347,025	320,395	26,630	343,263
Community services	80,095	76,095	4,000	88,511
Culture and recreation:				
Library	419,482	415,177	4,305	432,809
Parks and recreation	1,030,246	971,786	58,460	880,412
Total culture and recreation	1,449,728	1,386,963	62,765	1,313,221
Education - contribution to school district	1,800,000	1,800,000	-	1,800,000
Total Expenditures	9,017,853	8,289,862	727,991	8,726,888
Excess of Revenues Over Expenditures	1,161,196	2,301,685	1,140,489	1,640,824
Other Financing Sources (Uses)				
Transfers in	400,000	400,000	-	400,000
Transfers out	(1,495,538)	(1,362,927)	132,611	(1,322,698)
Net Other Financing Sources (Uses)	(1,095,538)	(962,927)	132,611	(922,698)
Net Change in Fund Balance	<u>\$ 65,658</u>	1,338,758	<u>\$ 1,273,100</u>	718,126
Fund Balance, beginning of year		<u>4,399,698</u>		<u>3,681,572</u>
Fund Balance, end of year		<u>\$ 5,738,456</u>		<u>\$ 4,399,698</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.

E911 Surcharge

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

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.

Transient Room Tax

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

Marine Passenger Fee

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

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.

Petersburg Borough, Alaska
Miscellaneous Grants Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 17,974	\$ 41,753
Receivables - grants	729	7,772
Total Assets	\$ 18,703	\$ 49,525
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ -	\$ 3,768
Accrued payroll and employee benefits	-	355
Unearned revenue	15,000	41,399
Total Liabilities	15,000	45,522
Fund Balance		
Assigned for subsequent year's expenditures	3,703	4,003
Total Liabilities and Fund Balance	\$ 18,703	\$ 49,525

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>	2020			2019
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental	\$ 73,542	\$ 7,452	\$ (66,090)	\$ 24,797
Other	-	24,129	24,129	-
Total Revenues	73,542	31,581	(41,961)	24,797
Expenditures				
Public safety:				
Police department	-	752	(752)	467
Local emergency planning committee	12,300	-	12,300	14,896
Culture and recreation:				
Hazard Mitigation	5,000	-	5,000	-
Ball Park/Skating Rink Lighting	10,000	-	10,000	-
IMLS library	10,000	7,000	3,000	10,000
Campgrounds	6,242	1,129	5,113	3,645
Library	30,000	23,000	7,000	-
Total Expenditures	73,542	31,881	41,661	29,008
Net Change in Fund Balance	\$ -	(300)	\$ (300)	(4,211)
Fund Balance, beginning of year		4,003		8,214
Fund Balance, end of year		\$ 3,703		\$ 4,003

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

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 4,157,383	\$ 4,019,589
Fund Balance		
Restricted for school support	\$ 4,157,383	\$ 4,019,589

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>	2020			2019
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental	\$ -	\$ 398,210	\$ 398,210	\$ 464,352
Investment income	-	139,584	139,584	115,737
Total Revenues	-	537,794	537,794	580,089
Other Financing Uses				
Transfers out	(425,000)	(400,000)	25,000	(400,000)
Net Change in Fund Balance	<u>\$ (425,000)</u>	137,794	<u>\$ 562,794</u>	180,089
Fund Balance, beginning of year		<u>4,019,589</u>		<u>3,839,500</u>
Fund Balance, end of year		<u>\$ 4,157,383</u>		<u>\$ 4,019,589</u>

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

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 244,104	\$ 167,083
Fund Balance		
Restricted for streets and roads	\$ 244,104	\$ 167,083

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>	2020			2019
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental	\$ -	\$ 70,272	\$ 70,272	\$ 82,062
Investment income	-	6,749	6,749	3,256
Total Revenues	-	77,021	77,021	85,318
Expenditures				
Capital outlay - paving	36,765	-	36,765	-
Excess (Deficiency) of Revenues Over Expenditure:	(36,765)	77,021	113,786	85,318
Other Financing Uses				
Transfers out	(45,000)	-	45,000	-
Net Change in Fund Balance	<u>\$ (81,765)</u>	77,021	<u>\$ 158,786</u>	85,318
Fund Balance, beginning of year		<u>167,083</u>		<u>81,765</u>
Fund Balance, end of year		<u>\$ 244,104</u>		<u>\$ 167,083</u>

Petersburg Borough, Alaska
Property Development Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 193,277	\$ 211,488
Receivables - taxes	2,993	2,992
Total Assets	\$ 196,270	\$ 214,480
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 25,217	\$ -
Fund Balance		
Committed for public works	171,053	214,480
Total Liabilities and Fund Balance	\$ 196,270	\$ 214,480

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>	2020			2019
	Budget	Actual	Variance with Budget	Actual
Revenues				
Marijuana taxes	\$ 45,000	\$ 37,406	\$ (7,594)	\$ 34,770
Charges for services	-	-	-	1,000
Investment income	-	6,934	6,934	6,126
Total Revenues	45,000	44,340	(660)	41,896
Expenditures				
General government - professional services	5,000	3,240	1,760	130
Capital outlay	86,000	85,027	973	-
Total Expenditures	91,000	88,267	2,733	130
Excess (Deficiency) of Revenues Over Expenditure:	(46,000)	(43,927)	2,073	41,766
Other Financing Sources				
Sale of capital assets	-	500	500	-
Net Change in Fund Balance	<u>\$ (46,000)</u>	(43,427)	<u>\$ 2,573</u>	41,766
Fund Balance, beginning of year		<u>214,480</u>		<u>172,714</u>
Fund Balance, end of year		<u>\$ 171,053</u>		<u>\$ 214,480</u>

Petersburg Borough, Alaska
E911 Surcharge Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 300,166	\$ 253,098
Fund Balance		
Committed for public safety	\$ 300,166	\$ 253,098

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>	2020			2019
	Budget	Actual	Variance with Budget	Actual
Revenues				
Charges for services	\$ 86,000	\$ 81,043	\$ (4,957)	\$ 83,386
Expenditures				
Public safety	65,037	33,975	31,062	14,235
Net Change in Fund Balance	<u>\$ 20,963</u>	47,068	<u>\$ 26,105</u>	69,151
Fund Balance, beginning of year		<u>253,098</u>		<u>183,947</u>
Fund Balance, end of year		<u>\$ 300,166</u>		<u>\$ 253,098</u>

Petersburg Borough, Alaska
Borough Organizational Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2020	2019
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>	2020			2019
	Budget	Actual	Variance with Budget	Actual
Expenditures				
General government:				
Assessment services	\$ -	\$ -	\$ -	\$ 5,000
Comprehensive plan/zoning/mapping	61,128	-	61,128	-
Total Expenditures	\$ 61,128	-	\$ 61,128	5,000
Fund Balance, beginning of year		<u>61,128</u>		<u>66,128</u>
Fund Balance, end of year		<u>\$ 61,128</u>		<u>\$ 61,128</u>

Petersburg Borough, Alaska
Transient Room Tax Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 34,768	\$ 21,926
Receivables - transient room taxes	6,376	9,525
Total Assets	\$ 41,144	\$ 31,451
Fund Balance		
Committed for tourism	\$ 41,144	\$ 31,451

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>	2020			2019
	Budget	Actual	Variance with Budget	Actual
Revenues				
Transient taxes	\$ 55,000	\$ 48,168	\$ (6,832)	\$ 56,811
Expenditures				
General government - miscellaneous	38,475	38,475	-	42,750
Net Change in Fund Balance	<u>\$ 16,525</u>	9,693	<u>\$ (6,832)</u>	14,061
Fund Balance, beginning of year		<u>31,451</u>		<u>17,390</u>
Fund Balance, end of year		<u>\$ 41,144</u>		<u>\$ 31,451</u>

Petersburg Borough, Alaska
Marine Passenger Fee Special Revenue Fund
Balance Sheet

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 50,520	\$ 3,060
Receivables - marine passenger fees	-	5,275
Total Assets	\$ 50,520	\$ 8,335
Fund Balance		
Committed for tourism	\$ 50,520	\$ 8,335

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>	2020			2019
	Budget	Actual	Variance with Budget	Actual
Revenues				
Charges for services	\$ 25,000	\$ 42,185	\$ 17,185	\$ 8,335
Fund Balance, beginning of year		<u>8,335</u>		<u>-</u>
Fund Balance, end of year		<u>\$ 50,520</u>		<u>\$ 8,335</u>

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

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 2,216,502	\$ -
Receivables - grants	35,713	-
Total Assets	\$ 2,252,215	\$ -
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 32,849	\$ -
Accrued payroll and employee benefits	6,646	-
Unearned revenue	1,417,019	-
Due to other funds	791,515	-
Total Liabilities	2,248,029	-
Fund Balance		
Restricted for public safety	4,186	-
Total Liabilities and Fund Balance	\$ 2,252,215	\$ -

Petersburg Borough, Alaska
CARES Act Municipal Relief Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2020			2019
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental	\$ 2,216,502	\$ 835,196	\$ (1,381,306)	\$ -
Expenditures				
Public safety:				
Police department	1,569,387	588,394	980,993	-
Medical	43,889	16,455	27,434	-
Public health	144,778	54,280	90,498	-
Compliance	137,691	51,623	86,068	-
Total public safety	1,895,745	710,752	1,184,993	-
Community services:				
Economic support	320,757	120,258	200,499	-
Total Expenditures	2,216,502	831,010	1,385,492	-
Net Change in Fund Balance	<u>\$ -</u>	4,186	<u>\$ 4,186</u>	-
Fund Balance, beginning of year		<u>-</u>		<u>-</u>
Fund Balance, end of year		<u>\$ 4,186</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>	2020	2019
Assets		
Cash and investments	\$ 181,954	\$ 181,234
Receivables - grants and shared revenues	-	4,661
Total Assets	\$ 181,954	\$ 185,895
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 693	\$ -
Fund Balance		
Assigned for debt service	181,261	185,895
Total Liabilities and Fund Balance	\$ 181,954	\$ 185,895

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

<i>Years Ended June 30,</i>	2020			2019
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental	\$ -	\$ 226,386	\$ 226,386	\$ 466,050
Expenditures				
Debt service:				
2007 general obligation aquatic center refunding bonds:				
Principal	60,000	60,000	-	60,000
Interest	24,400	24,400	-	26,800
2007 general obligation pool refunding bonds:				
Principal	21,671	21,671	-	21,667
Interest	1,367	1,367	-	2,238
2012 (Series 2) general obligation refunding school bonds:				
Principal	198,000	195,000	3,000	185,000
Interest	58,025	58,025	-	66,600
2012 (Series 3) general obligation library bonds:				
Principal	75,000	75,000	-	70,000
Interest	29,750	29,750	-	33,250
2014 general obligation aquatic center/voc.ed refunding bonds:				
Principal	290,000	290,000	-	275,000
Interest	111,000	111,000	-	123,750
Total Expenditures	869,213	866,213	3,000	864,305
Excess (deficiency) of revenues over expenditures	(869,213)	(639,827)	229,386	(398,255)
Other Financing Sources				
Transfers in	869,213	635,193	(234,020)	402,244
Net Change in Fund Balance	\$ -	(4,634)	\$ (4,634)	3,989
Fund Balance, beginning of year		185,895		181,906
Fund Balance, end of year		\$ 181,261		\$ 185,895

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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.

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.

Disaster Response

This fund accounts for monies used in response to the COVID-19 public health emergency not associated with the CARES Act.

Petersburg Borough, Alaska
Nonmajor Capital Project Funds
Combining Balance Sheet

<i>June 30, 2020</i>	Library Construc- tion	Fishing Park	Economic Development	Disaster Response	Totals
Assets					
Cash and investments	\$ 33,968	\$ 99,927	\$ 3,976,971	\$ -	\$ 4,110,866
Interest receivable	-	-	6,910	-	6,910
Total Assets	\$ 33,968	\$ 99,927	\$ 3,983,881	\$ -	\$ 4,117,776
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,083	\$ 2,083
Due to other funds	-	-	-	127,468	127,468
Total Liabilities	-	-	-	129,551	129,551
Fund Balances					
Committed:					
Economic development	-	-	3,983,881	-	3,983,881
Capital projects	33,968	99,927	-	-	133,895
Unassigned (deficit)	-	-	-	(129,551)	(129,551)
Total Fund Balances (Defect)	33,968	99,927	3,983,881	(129,551)	3,988,225
Total Liabilities and Fund Balances	\$ 33,968	\$ 99,927	\$ 3,983,881	\$ -	\$ 4,117,776

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

<i>Year Ended June 30, 2020</i>	Library Construc- tion	Fishing Park	Economic Development	Disaster Response	Totals
Revenues					
Investment income	\$ -	\$ -	\$ 131,034	\$ -	\$ 131,034
Other	-	-	-	600	600
Total Revenues	-	-	131,034	600	131,634
Expenditures					
Community services - contributions	-	-	190,000	-	190,000
Public safety - disaster response	-	-	-	130,151	130,151
Total Expenditures	-	-	190,000	130,151	320,151
Deficiency of Revenues Over Expenditures	-	-	(58,966)	(129,551)	(188,517)
Other Financing Uses - transfers out	-	-	(165,000)	-	(165,000)
Net Change in Fund Balances	-	-	(223,966)	(129,551)	(353,517)
Fund Balances, beginning of year	33,968	99,927	4,207,847	-	4,341,742
Fund Balances, end of year	\$ 33,968	\$ 99,927	\$ 3,983,881	\$ (129,551)	\$ 3,988,225

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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>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 7,093,423	\$ 7,349,390
Accounts receivable	856,332	864,049
Allowance for doubtful accounts	(52,939)	(26,370)
Inventories	311,902	302,585
Total Current Assets	8,208,718	8,489,654
Noncurrent Assets		
Net other postemployment benefits asset	9,820	-
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	17,203,547	17,203,547
Construction in progress	772,722	160,140
Total capital assets	28,867,761	28,255,179
Accumulated depreciation	(19,003,281)	(18,503,465)
Net capital assets	9,864,480	9,751,714
Total Noncurrent Assets	9,874,300	9,751,714
Total Assets	18,083,018	18,241,368
Deferred Outflows of Resources		
Related to pension	170,566	217,567
Related to other postemployment benefits	118,764	123,719
Total Deferred Outflows of Resources	289,330	341,286
Total Assets and Deferred Outflows of Resources	\$ 18,372,348	\$ 18,582,654

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

<i>June 30,</i>	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities		
Accounts payable - operations	\$ 175,594	\$ 177,598
Accounts payable - capital	16,347	-
Accrued payroll and employee benefits	74,190	64,271
Accrued leave	154,457	125,522
Accrued interest	35,798	28,099
Customer deposits	34,792	30,217
Current portion of general obligation bonds	130,000	125,000
Total Current Liabilities	621,178	550,707
Noncurrent Liabilities		
General obligation bonds	1,675,000	1,805,000
Bond premium, net of accumulated amortization	30,818	33,899
Net pension liability	1,544,360	1,537,618
Net other postemployment benefits liability	45,661	306,819
Total Noncurrent Liabilities	3,295,839	3,683,336
Total Liabilities	3,917,017	4,234,043
Deferred Inflows of Resources		
Related to pension	62,188	27,687
Related to other postemployment benefits	56,700	113,734
Total Deferred Inflows of Resources	118,888	141,421
Net Position		
Net investment in capital assets	8,028,662	7,787,815
Unrestricted	6,307,781	6,419,375
Total Net Position	14,336,443	14,207,190
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 18,372,348	\$ 18,582,654

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

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Residential electric	\$ 2,227,486	\$ 2,146,180
Large commercial	1,869,729	1,915,276
General	911,880	920,794
Street and highway lighting	77,490	77,193
Municipal sales	209,190	204,272
Harbor electric	255,425	239,545
Pole rental	53,420	53,420
Other	45,314	41,983
Total Operating Revenues	5,649,934	5,598,663
Operating Expenses		
Power production:		
Salaries	66,097	110,994
Employee benefits	(280,260)	61,625
Materials and supplies	212,577	862,202
Services and charges	44,829	10,798
SEAPA power purchase costs	3,103,004	2,441,380
Total power production	3,146,247	3,486,999
Distribution:		
Salaries	331,465	330,607
Employee benefits	221,455	191,977
Materials and supplies	17,063	22,057
Services and charges	51,016	63,184
Total distribution	620,999	607,825
General and administrative:		
Salaries	390,619	408,234
Employee benefits	410,132	211,474
Materials and supplies	134,305	116,650
Services and charges	306,457	213,964
Allocated overhead	180,939	197,379
Motor pool charges:		
Operation and maintenance	46,380	55,441
Equipment replacement	40,154	59,858
Total general and administrative	1,508,986	1,263,000

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

<i>Years Ended June 30,</i>	2020	2019
Operating Expenses, continued		
Depreciation	\$ 499,816	\$ 495,340
Total Operating Expenses	5,776,048	5,853,164
Loss from Operations	(126,114)	(254,501)
Nonoperating Revenues (Expenses)		
Investment income	255,783	226,858
SEAPA distribution	-	202,911
Interest expense	(114,513)	(110,513)
Federal interest subsidy	31,302	31,312
State PERS relief	82,795	21,647
Net Nonoperating Revenues (Expenses)	255,367	372,215
Change in Net Position	129,253	117,714
Net Position, beginning of year	14,207,190	14,089,476
Net Position, end of year	\$ 14,336,443	\$ 14,207,190

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 5,688,795	\$ 5,391,428
Receipts from other parties	-	483,230
Payments for interfund services used	(267,473)	(312,678)
Payments to suppliers	(3,880,572)	(4,176,490)
Payments to employees	(1,252,672)	(1,340,339)
Net cash flows from operating activities	288,078	45,151
Cash Flows for Capital and Related Financing Activities		
Construction and acquisition of capital assets	(596,235)	(136,614)
Principal paid on long-term debt	(125,000)	(120,000)
Interest paid on long-term debt	(109,895)	(114,794)
Federal interest subsidy received	31,302	31,312
Net cash flows for capital and related financing activities	(799,828)	(340,096)
Cash Flows from Investing Activities		
Investment income received	255,783	226,858
Net decrease in cash and investments	(255,967)	(68,087)
Cash and Investments, beginning of year	7,349,390	7,417,477
Cash and Investments, end of year	\$ 7,093,423	\$ 7,349,390

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

<i>Years Ended June 30,</i>	2020	2019
Reconciliation of Loss from Operations to Net Cash		
Flows from Operating Activities		
Loss from operations	\$ (126,114)	\$ (254,501)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	499,816	495,340
PERS relief	82,795	21,647
Amortization of deferred outflows of resources for pension	47,001	(55,059)
Amortization of deferred outflows of resources for other postemployment benefits	4,955	(87,344)
Amortization of deferred inflows of resources for pension	34,501	(118,778)
Amortization of deferred inflows of resources for other postemployment benefits	(57,034)	1,189
Nonoperating revenues received	-	202,911
Increase in allowance for doubtful accounts	26,569	9,350
(Increase) decrease in assets:		
Accounts receivable	7,717	(419,449)
Inventories	(9,317)	446
Prepaid expenses	-	21,232
Net other postemployment benefits asset	(9,820)	-
Increase (decrease) in liabilities:		
Accounts payable	(2,004)	15,297
Accrued payroll and employee benefits	9,919	(1,566)
Accrued leave	28,935	(1,994)
Customer deposits	4,575	(47)
Net pension liability	6,742	126,546
Net other postemployment benefits liability	(261,158)	89,931
Net Cash Flows from Operating Activities	\$ 288,078	\$ 45,151
Supplemental Disclosure of Cash Flow Information		
Capital assets purchased on account	\$ 16,347	-

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

<i>Year Ended June 30, 2020</i>	Auto Meter Reading	Blind Slough Hydro	Totals
Funding Sources			
Electric utility	\$ 137,227	\$ 475,355	\$ 612,582
Expenditures			
Professional services	\$ -	\$ 475,355	\$ 475,355
Construction and contractors	137,227	-	137,227
Total Expenditures	\$ 137,227	\$ 475,355	\$ 612,582

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,150,989	\$ 1,016,056
Receivables:		
Accounts	104,136	97,136
Allowance for doubtful accounts	(12,221)	(5,008)
Inventories	58,387	63,892
Total Current Assets	1,301,291	1,172,076
Noncurrent Assets		
Net other postemployment benefits asset	1,537	-
Capital assets:		
Buildings	5,178,330	5,178,330
Improvements other than buildings	27,191,622	27,191,622
Machinery and equipment	3,005,917	3,005,917
Total capital assets	35,375,869	35,375,869
Accumulated depreciation	(17,203,314)	(16,353,209)
Net capital assets	18,172,555	19,022,660
Total Noncurrent Assets	18,174,092	19,022,660
Total Assets	19,475,383	20,194,736
Deferred Outflows of Resources		
Related to pension	26,808	34,163
Related to other postemployment benefits	17,736	18,511
Total Deferred Outflows of Resources	44,544	52,674
Total Assets and Deferred Outflows of Resources	\$ 19,519,927	\$ 20,247,410

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

<i>June 30,</i>	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities		
Accounts payable - operations	\$ 3,191	\$ 2,565
Accrued payroll and employee benefits	13,503	14,107
Accrued leave	25,045	21,252
Customer deposits	7,295	7,294
Accrued interest	26,112	29,698
Current portion - ADEC loans	220,975	312,476
Total Current Liabilities	296,121	387,392
Noncurrent Liabilities		
ADEC loans	1,678,123	1,899,096
Net pension liability	240,768	239,713
Net other postemployment benefits liability	5,482	46,348
Total Noncurrent Liabilities	1,924,373	2,185,157
Total Liabilities	2,220,494	2,572,549
Deferred Inflows of Resources		
Related to pension	10,094	4,695
Related to other post employment benefits	8,368	17,293
Deferred Inflows of Resources	18,462	21,988
Net Position		
Net investment in capital assets	16,273,457	16,811,088
Unrestricted	1,007,514	841,785
Total Net Position	17,280,971	17,652,873
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 19,519,927	\$ 20,247,410

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

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Residential water	\$ 565,732	\$ 560,473
Commercial water	427,728	446,629
Water delivery	15,500	17,400
Other	9,410	15,572
Total Operating Revenues	1,018,370	1,040,074
Operating Expenses		
Salaries	197,868	202,275
Employee benefits	86,094	99,919
Materials and supplies	180,464	165,742
Services and charges	165,879	185,832
Allocated overhead	75,557	76,193
Motor pool charges:		
Operation and maintenance	5,341	16,441
Equipment replacement	12,755	9,937
Depreciation	850,105	839,558
Total Operating Expenses	1,574,063	1,595,897
Loss from Operations	(555,693)	(555,823)
Nonoperating Revenues (Expenses)		
Investment income	35,423	30,529
Interest expense	(29,588)	(34,271)
State PERS relief	12,956	3,217
Net Nonoperating Revenues (Expenses)	18,791	(525)
Loss before transfers	(536,902)	(556,348)
Transfers in	165,000	165,000
Change in Net Position	(371,902)	(391,348)
Net Position, beginning of year	17,652,873	18,044,221
Net Position, end of year	\$ 17,280,971	\$ 17,652,873

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 1,018,584	\$ 1,043,211
Payments for interfund services used	(93,653)	(102,571)
Payments to suppliers	(340,212)	(363,763)
Payments to employees	(304,561)	(300,486)
Net cash flows from operating activities	280,158	276,391
Cash Flows for Capital and Related Financing Activities		
Principal paid on long-term debt	(312,474)	(309,259)
Interest paid on long-term debt	(33,174)	(37,813)
Acquisition and construction of capital assets	-	(159,229)
Transfers in	165,000	165,000
Net cash flows for capital and related financing activities	(180,648)	(341,301)
Cash Flows from Investing Activities		
Investment income received	35,423	30,529
Net increase (decrease) in cash and investments	134,933	(34,381)
Cash and Investments, beginning of year	1,016,056	1,050,437
Cash and Investments, end of year	\$ 1,150,989	\$ 1,016,056
Reconciliation of Loss from Operations to Net Cash		
Flows from Operating Activities		
Loss from operations	\$ (555,693)	\$ (555,823)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	850,105	839,558
PERS relief	12,956	3,217
Amortization of deferred outflows of resources for pension	7,355	(8,181)
Amortization of deferred outflows of resources for other postemployment benefits	775	(12,979)
Amortization of deferred inflows of resources for pension	5,399	(17,650)
Amortization of deferred inflows of resources for other postemployment benefits	(8,925)	177
Increase in allowance for doubtful accounts	7,213	1,348
(Increase) decrease in assets:		
Accounts receivable	(7,000)	1,800
Inventories	5,505	(14,200)
Prepaid expenses	-	2,581
Net other postemployment benefits assets	(1,537)	-
Increase (decrease) in liabilities:		
Accounts payable	626	(570)
Accrued payroll and employee benefits	(604)	1,175
Accrued leave	3,793	3,782
Customer deposits	1	(11)
Net pension liability	1,055	18,804
Net other postemployment benefits liability	(40,866)	13,363
Net Cash Flows from Operating Activities	\$ 280,158	\$ 276,391

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,310,625	\$ 1,155,917
Receivables:		
Grants and loan	179,477	89,120
Accounts	92,882	97,659
Allowance for doubtful accounts	(6,601)	(1,775)
Inventories	57,165	50,482
Total Current Assets	1,633,548	1,391,403
Noncurrent Assets		
Net other postemployment benefits asset	2,247	-
Capital assets:		
Buildings	9,091,647	9,091,647
Improvements other than buildings	11,896,447	11,896,447
Machinery and equipment	723,904	723,904
Construction in progress	361,361	135,721
Total capital assets	22,073,359	21,847,719
Accumulated depreciation	(12,319,437)	(11,894,062)
Net capital assets	9,753,922	9,953,657
Total Noncurrent Assets	9,756,169	9,953,657
Total Assets	11,389,717	11,345,060
Deferred Outflows of Resources		
Related to pension	25,978	36,732
Related to other postemployment benefits	25,854	26,988
Total Deferred Outflows of Resources	51,832	63,720
Total Assets and Deferred Outflows of Resources	\$ 11,441,549	\$ 11,408,780

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

<i>Years Ended June 30,</i>	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 157,293	\$ 3,069
Accrued payroll and employee benefits	20,074	18,615
Accrued leave	35,066	23,234
Customer deposits	6,173	6,252
Accrued interest	21,079	22,215
Current portion of ADEC loans	123,320	121,499
Total Current Liabilities	363,005	194,884
Noncurrent Liabilities		
ADEC loans	1,964,377	1,882,154
Net pension liability	287,828	286,285
Net other postemployment benefits liability	8,332	68,084
Total Noncurrent Liabilities	2,260,537	2,236,523
Total Liabilities	2,623,542	2,431,407
Deferred Inflows of Resources		
Related to pension	14,550	6,656
Related to other postemployment benefits	12,482	25,531
Total Deferred Inflows of Resources	27,032	32,187
Net Position		
Net investment in capital assets	7,666,225	7,950,004
Unrestricted	1,124,750	995,182
Total Net Position	8,790,975	8,945,186
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 11,441,549	\$ 11,408,780

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

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Residential sewer	\$ 648,858	\$ 647,562
Commercial sewer	214,515	242,601
Other	18,688	8,474
Total Operating Revenues	882,061	898,637
Operating Expenses		
Salaries	224,781	215,784
Employee benefits	134,897	137,730
Materials and supplies	52,835	39,647
Services and charges	135,239	133,559
Allocated overhead	64,029	65,008
Motor pool charges:		
Operation and maintenance	12,399	11,763
Equipment replacement	22,751	52,593
Depreciation	425,375	394,560
Total Operating Expenses	1,072,306	1,050,644
Loss from Operations	(190,245)	(152,007)
Nonoperating Revenues (Expenses)		
Investment income	44,004	35,747
Interest expense	(26,913)	(54,097)
ADEC loan subsidy	-	160,643
State PERS relief	18,943	4,664
Net Nonoperating Revenues	36,034	146,957
Change in Net Position	(154,211)	(5,050)
Net Position, beginning of year	8,945,186	8,950,236
Net Position, end of year	\$ 8,790,975	\$ 8,945,186

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 891,585	\$ 884,298
Payments for interfund services used	(99,179)	(129,364)
Payments to suppliers	(40,533)	(181,632)
Payments to employees	(381,167)	(360,104)
Net cash flows from operating activities	370,706	213,198
Cash Flows for Capital and Related Financing Activities		
Principal paid on long-term debt	84,044	(119,704)
Interest paid on long-term debt	(28,049)	(50,287)
Acquisition and construction of capital assets	(225,640)	(114,566)
Proceeds from issuance of debt	-	101,056
Capital contributions received	(90,357)	(72,820)
Net cash flows for capital and related financing activities	(260,002)	(256,321)
Cash Flows from Investing Activities		
Investment income received	44,004	35,747
Net increase (decrease) in cash and investments	154,708	(7,376)
Cash and Investments, beginning of year	1,155,917	1,163,293
Cash and Investments, end of year	\$ 1,310,625	\$ 1,155,917
Reconciliation of Loss from Operations to Net Cash		
Flows from Operating Activities		
Loss from operations	\$ (190,245)	\$ (152,007)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	425,375	394,560
PERS relief	18,943	4,664
Amortization of deferred outflows of resources for pensions	10,754	(11,863)
Amortization of deferred outflows of resources for other postemployment benefits	1,134	(18,819)
Amortization of deferred inflows of resources for pensions	7,894	(25,591)
Amortization of deferred inflows of resources for other postemployment benefits	(13,049)	256
Increase in allowance for doubtful accounts	4,826	416
(Increase) decrease in assets:		
Accounts receivable	4,777	(14,746)
Inventories	(6,683)	(16,499)
Prepaid expenses	-	7,183
Net other postemployment benefits assets	(2,247)	-
Increase (decrease) in liabilities:		
Accounts payable	154,224	890
Accrued payroll and employee benefits	1,459	911
Accrued leave	11,832	(2,789)
Customer deposits	(79)	(9)
Net pension liability	1,543	27,265
Net other postemployment benefits liability	(59,752)	19,376
Net Cash Flows from Operating Activities	\$ 370,706	\$ 213,198
Noncash Capital and Related Financing Activities		
Principal forgiveness on long-term debt	\$ -	\$ 160,643

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

<i>Year Ended June 30, 2020</i>	Pumpstation #4 Force Main Replacement	Scow Bay Pumpstation #1 Upgrade	Kiseno Street Sewer Main Replacement	Totals
Funding Sources				
Wastewater Utility	\$ 22,132	\$ 48,473	\$ 155,035	\$ 225,640
Expenditures				
Contractor	\$ -	\$ 19,208	\$ 155,035	\$ 174,243
Professional services	22,132	29,265	-	51,397
Total Expenditures	\$ 22,132	\$ 48,473	\$ 155,035	\$ 225,640

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 403,891	\$ 814,393
Accounts receivable	119,411	113,263
Allowance for doubtful accounts	(8,217)	(2,349)
Total Current Assets	515,085	925,307
Noncurrent Assets		
Net other postemployment benefits asset	2,237	-
Capital assets:		
Construction in progress	566,713	132,046
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	419,413	387,302
Total capital assets	4,068,721	3,601,943
Accumulated depreciation	(2,000,788)	(1,844,683)
Net capital assets	2,067,933	1,757,260
Total Noncurrent Assets	2,070,170	1,757,260
Total Assets	2,585,255	2,682,567
Deferred Outflows of Resources		
Related to pension	38,773	49,482
Related to other postemployment benefits	26,380	27,509
Total Deferred Outflows of Resources	65,153	76,991
Total Assets and Deferred Outflows of Resources	\$ 2,650,408	\$ 2,759,558

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

June 30,	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 30,736	\$ 46,344
Accrued payroll and employee benefits	13,115	15,385
Accrued leave	27,861	8,747
Customer deposits	7,856	8,336
Total Current Liabilities	79,568	78,812
Noncurrent Liabilities		
Net pension liability	333,755	332,219
Net other postemployment benefits liability	4,614	64,119
Landfill closure liability	65,970	65,970
Total Noncurrent Liabilities	404,339	462,308
Total Liabilities	483,907	541,120
Deferred Inflows of Resources		
Related to pension	9,776	1,915
Related to other postemployment benefits	9,733	22,728
Total Deferred Inflows of Resources	19,509	24,643
Net Position		
Net investment in capital assets	2,067,933	1,757,260
Unrestricted	79,059	436,535
Total Net Position	2,146,992	2,193,795
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,650,408	\$ 2,759,558

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

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Refuse collection	\$ 875,876	\$ 893,608
Landfill charges	278,609	304,143
Other	-	40
Total Operating Revenues	1,154,485	1,197,791
Operating Expenses		
Salaries	249,479	240,301
Employee benefits	109,556	117,842
Materials and supplies	36,639	37,652
Services and charges	148,543	146,232
Bale disposal	303,168	271,878
Allocated overhead	87,631	89,947
Motor pool charges:		
Operation and maintenance	69,394	59,730
Equipment replacement	66,922	66,882
Depreciation	165,877	152,289
Total Operating Expenses	1,237,209	1,182,753
Income (Loss) from Operations	(82,724)	15,038
Nonoperating Revenues		
Investment income	17,056	23,153
State PERS relief	18,865	5,019
Total Nonoperating Revenues	35,921	28,172
Income (loss) before transfers	(46,803)	43,210
Transfers in	-	200,000
Change in Net Position	(46,803)	243,210
Net Position, beginning of year	2,193,795	1,950,585
Net Position, end of year	\$ 2,146,992	\$ 2,193,795

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 1,153,725	\$ 1,200,188
Payments for interfund services used	(223,947)	(216,559)
Payments to suppliers	(503,958)	(447,024)
Payments to employees	(376,828)	(356,416)
Net cash flows from operating activities	48,992	180,189
Cash Flows from (for) Capital and Related Financing Activities		
Acquisition and construction of capital assets	(476,550)	(177,789)
Transfers in	-	200,000
Net cash flows from (for) capital and related financing activities	(476,550)	22,211
Cash Flows from Investing Activities		
Investment income received	17,056	23,153
Net increase (decrease) in cash and investments	(410,502)	225,553
Cash and Investments, beginning of year	814,393	588,840
Cash and Investments, end of year	\$ 403,891	\$ 814,393
Reconciliation of Income (Loss) from Operations to Net Cash		
Flows from Operating Activities		
Income (loss) from operations	\$ (82,724)	\$ 15,038
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	165,877	152,289
PERS relief	18,865	5,019
Amortization of deferred outflows of resources for pension	10,709	(12,767)
Amortization of deferred outflows of resources for other postemployment benefits	1,129	(20,253)
Amortization of deferred inflows or resources for pension	7,861	(27,542)
Amortization of deferred inflows of resources for other postemployment benefits	(12,995)	276
Increase in allowance for doubtful accounts	5,868	447
(Increase) decrease in assets:		
Accounts receivable	(6,148)	1,963
Prepaid expenses	-	2,810
Net other postemployment benefits asset	(2,237)	-
Increase (decrease) in liabilities:		
Accounts payable	(15,608)	5,928
Accrued payroll and employee benefits	(2,270)	3,643
Accrued leave	19,114	3,155
Customer deposits	(480)	(13)
Net pension liability	1,536	29,343
Net other postemployment benefits liability	(59,505)	20,853
Net Cash Flows from Operating Activities	\$ 48,992	\$ 180,189

Petersburg Borough, Alaska

Harbor and Port Facilities Enterprise Fund

Statement of Net Position

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 3,881,851	\$ 3,293,263
Accounts receivable	218,911	345,217
Allowance for doubtful accounts	(38,836)	(34,374)
Total Current Assets	4,061,926	3,604,106
Noncurrent Assets		
Net other postemployment benefits asset	4,396	-
Capital assets:		
Land and land improvements	360,059	360,059
Buildings	360,225	346,690
Improvements other than buildings	39,120,884	39,120,884
Machinery and equipment	533,520	533,520
Construction in progress	14,950	14,950
Total capital assets	40,389,638	40,376,103
Accumulated depreciation	(15,751,145)	(14,351,842)
Net capital assets	24,638,493	26,024,261
Total Noncurrent Assets	24,642,889	26,024,261
Total Assets	28,704,815	29,628,367
Deferred Outflows of Resources		
Related to pension	78,995	100,038
Related to other postemployment benefits	48,789	51,007
Deferred charges on refunding	4,260	8,519
Total Deferred Outflows of Resources	132,044	159,564
Total Assets and Deferred Outflows of Resources	\$ 28,836,859	\$ 29,787,931

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

<i>June 30,</i>	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 3,464	\$ 15,961
Accrued payroll and employee benefits	36,822	38,161
Accrued leave	46,906	55,408
Prepaid moorage	39,257	37,744
Accrued interest	10,872	10,872
Current portion of general obligation bonds	116,662	108,333
Total Current Liabilities	253,983	266,479
Noncurrent Liabilities		
General obligation bonds	-	116,650
Bond premium, net of accumulated amortization	5,286	10,572
Net pension liability	730,575	727,556
Net other postemployment benefits liability	20,973	137,895
Total Noncurrent Liabilities	756,834	992,673
Total Liabilities	1,010,817	1,259,152
Deferred Inflows of Resources		
Related to pension	39,391	23,945
Related to other postemployment benefits	28,475	54,009
Total Deferred Inflows of Resources	67,866	77,954
Net Position		
Net investment in capital assets	24,520,805	25,797,225
Unrestricted	3,237,371	2,653,600
Total Net Position	27,758,176	28,450,825
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 28,836,859	\$ 29,787,931

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

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Harbor charges	\$ 1,066,485	\$ 1,238,581
Port charges and leases	192,939	191,431
Other	4,504	6,565
Total Operating Revenues	1,263,928	1,436,577
Operating Expenses		
Salaries	441,975	445,290
Employee benefits	176,734	262,242
Materials and supplies	77,330	72,397
Services and charges	305,958	338,509
Allocated overhead	95,582	99,574
Motor pool charges:		
Operation and maintenance	20,299	31,647
Equipment replacement	2,730	2,282
Depreciation	1,399,303	1,390,497
Total Operating Expenses	2,519,911	2,642,438
Loss from Operations	(1,255,983)	(1,205,861)
Nonoperating Revenues (Expenses)		
Investment income	132,303	100,975
Interest expense	(5,807)	(9,164)
State PERS relief	37,068	8,351
Net Nonoperating Revenues	163,564	100,162
Loss before transfers	(1,092,419)	(1,105,699)
Transfers in	399,770	589,855
Change in Net Position	(692,649)	(515,844)
Net Position, beginning of year	28,450,825	28,966,669
Net Position, end of year	\$ 27,758,176	\$ 28,450,825

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 1,396,209	\$ 1,307,783
Payments for interfund services used	(118,611)	(133,503)
Payments to suppliers	(395,785)	(384,709)
Payments to employees	(696,608)	(713,768)
Net cash flows from operating activities	185,205	75,803
Cash Flows from Capital and Related Financing Activities		
Principal paid on long-term debt	(108,321)	(108,337)
Interest paid on long-term debt	(6,834)	(11,166)
Acquisition and construction of capital assets	(13,535)	(221,094)
Transfers in	399,770	589,855
Net cash flows from capital and related financing activities	271,080	249,258
Cash Flows from Investing Activities		
Investment income received	132,303	100,975
Net increase in cash and investments	588,588	426,036
Cash and Investments, beginning of year	3,293,263	2,867,227
Cash and Investments, end of year	\$ 3,881,851	\$ 3,293,263
Reconciliation of Loss from Operations to Net Cash		
Flows from Operating Activities		
Loss from operations	\$ (1,255,983)	\$ (1,205,861)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	1,399,303	1,390,497
PERS relief	37,068	8,351
Amortization of deferred outflows of resources for pension	21,043	(21,243)
Amortization of deferred outflows of resources for other postemployment benefits	2,218	(33,699)
Amortization of deferred inflows of resources for pension	15,446	(45,827)
Amortization of deferred inflows of resources for other postemployment benefits	(25,534)	459
Increase in allowance for doubtful accounts	4,462	1,184
(Increase) decrease in assets:		
Accounts receivable	126,306	(124,142)
Prepaid expenses	-	13,571
Net other postemployment benefits asset	(4,396)	-
Increase (decrease) in liabilities:		
Accounts payable	(12,497)	12,626
Accrued payroll and employee benefits	(1,339)	529
Accrued leave	(8,502)	1,673
Prepaid moorage	1,513	(5,836)
Net pension liability	3,019	48,824
Net other postemployment benefits liability	(116,922)	34,697
Net Cash Flows from Operating Activities	\$ 185,205	\$ 75,803

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets - cash and investments	\$ 604,685	\$ 588,429
Noncurrent Assets		
Restricted Cash - security deposits	11,645	11,639
Capital assets:		
Land and land improvements	127,419	127,419
Buildings	2,916,985	2,916,985
Improvements other than buildings	270,041	259,541
Machinery and equipment	192,216	192,216
Total capital assets	3,506,661	3,496,161
Accumulated depreciation	(2,846,954)	(2,740,858)
Net capital assets	659,707	755,303
Total Noncurrent Assets	671,352	766,942
Total Assets	1,276,037	1,355,371
Deferred Outflows of Resources		
Related to pension	29,598	29,598
Related to other postemployment benefits	9,162	9,162
Deferred charges on refunding	9,479	12,638
Total Deferred Outflows of Resources	48,239	51,398
Total Assets and Deferred Outflows of Resources	\$ 1,324,276	\$ 1,406,769

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

<i>June 30,</i>	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,185	\$ 4,936
Accrued payroll and employee benefits	4,442	4,608
Accrued leave	928	662
Unearned revenue	1,504	1,439
Customer deposits	8,737	9,455
Accrued interest	3,363	4,154
Current portion of general obligation bonds	50,000	47,500
Total Current Liabilities	70,159	72,754
Noncurrent Liabilities		
General obligation bonds	162,500	212,500
Bond premium, net of accumulated amortization	22,166	29,555
Net pension liability	186,444	186,444
Net other postemployment benefits liability	24,194	24,194
Total Noncurrent Liabilities	395,304	452,693
Total Liabilities	465,463	525,447
Deferred Inflows of Resources		
Related to pension	4,345	4,345
Related to other postemployment benefits	9,342	9,342
Total Deferred Inflows of Resources	13,687	13,687
Net Position		
Net investment in capital assets	434,520	478,386
Unrestricted	410,606	389,249
Total Net Position	845,126	867,635
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,324,276	\$ 1,406,769

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

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Federal government - rental subsidies	\$ 289,079	\$ 285,260
Rental income	113,402	109,597
Total Operating Revenues	402,481	394,857
Operating Expenses		
Salaries	97,710	97,063
Employee benefits	55,773	34,084
Materials and supplies	12,701	17,127
Services and charges	137,575	142,381
Allocated overhead	25,922	29,564
Motor pool charges:		
Operation and maintenance	1,102	2,274
Equipment replacement	2,768	2,768
Depreciation	106,095	106,386
Total Operating Expenses	439,646	431,647
Loss from Operations	(37,165)	(36,790)
Nonoperating Revenues (Expenses)		
Investment income	20,909	17,641
Interest expense	(6,253)	(8,618)
State PERS relief	-	1,529
Net Nonoperating Revenues	14,656	10,552
Change in Net Position	(22,509)	(26,238)
Net Position, beginning of year	867,635	893,873
Net Position, end of year	\$ 845,126	\$ 867,635

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 401,828	\$ 396,179
Payments for interfund services used	(29,792)	(34,606)
Payments to suppliers	(154,027)	(158,603)
Payments to employees	(153,383)	(137,580)
Net cash flows from operating activities	64,626	65,390
Cash Flows for Capital and Related Financing Activities		
Principal paid on long-term debt	(47,500)	(46,250)
Interest paid on long-term debt	(11,273)	(13,619)
Acquisition and construction of capital assets	(10,500)	(9,225)
Net cash flows for capital and related financing activities	(69,273)	(69,094)
Cash Flows from Investing Activities		
Investment income received	20,909	17,641
Net increase in cash and investments	16,262	13,937
Cash and Investments, beginning of year	600,068	586,131
Cash and Investments, end of year	\$ 616,330	\$ 600,068
Cash and Investments at End of Year		
Cash and investments	\$ 604,685	\$ 588,429
Restricted cash	11,645	11,639
Total Cash and Investments	\$ 616,330	\$ 600,068
Reconciliation of Loss from Operations to Net Cash		
Flows from Operating Activities		
Loss from operations	\$ (37,165)	\$ (36,790)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	106,095	106,386
PERS relief	-	1,529
Amortization of deferred outflows of resources for pension	-	(3,889)
Amortization of deferred outflows of resources for other postemployment benefits	-	(6,169)
Amortization of deferred inflows of resources for pension	-	(8,389)
Amortization of deferred inflows of resources for other postemployment benefits	-	84
Decrease in assets - prepaid expenses	-	937
Increase (decrease) in liabilities:		
Accounts payable	(3,751)	(32)
Accrued payroll and employee benefits	(166)	(967)
Accrued leave	266	(3,922)
Unearned revenue	65	2
Customer deposits	(718)	1,320
Net pension liability	-	8,938
Net other postemployment benefits liability	-	6,352
Net Cash Flows from Operating Activities	\$ 64,626	\$ 65,390

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

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Assets		
Net other postemployment benefits asset	\$ 7,645	\$ -
Capital assets:		
Buildings	4,015,877	4,015,877
Machinery and equipment	99,061	99,061
Total capital assets	4,114,938	4,114,938
Accumulated depreciation	(1,719,397)	(1,611,137)
Net capital assets	2,395,541	2,503,801
Total Assets	2,403,186	2,503,801
Deferred Outflows of Resources		
Related to pension	102,737	139,331
Related to other postemployment benefits	83,913	87,771
Deferred charges on refunding	28,435	37,913
Total Deferred Outflows of Resources	215,085	265,015
Total Assets and Deferred Outflows of Resources	\$ 2,618,271	\$ 2,768,816

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

<i>June 30,</i>	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,845	\$ 6,445
Accrued payroll and employee benefits	60,069	55,183
Accrued leave	71,949	70,116
Unearned revenue	23,435	3,204
Customer deposits	3,200	3,200
Due to other funds	193	15,831
Accrued interest	10,088	12,463
Current portion of general obligation bonds	150,000	142,500
Total Current Liabilities	320,779	308,942
Noncurrent Liabilities		
General obligation bonds	487,500	637,500
Bond premium, net of accumulated amortization	66,499	88,666
Net pension liability	1,003,925	998,676
Net other postemployment benefits liability	9,633	212,963
Total Noncurrent Liabilities	1,567,557	1,937,805
Total Liabilities	1,888,336	2,246,747
Deferred Inflows of Resources		
Related to pension	40,734	13,873
Related to other postemployment benefits	33,343	77,748
Total Deferred Inflows of Resources	74,077	91,621
Net Position		
Net investment in capital assets	1,719,977	1,673,048
Deficit	(1,064,119)	(1,242,600)
Total Net Position	655,858	430,448
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,618,271	\$ 2,768,816

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

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Rents and royalties	\$ 256,772	\$ 269,159
Fees for services	428,618	513,604
Medicaid services	644,254	566,251
General relief for services	3,648	931
Transportation	7,528	7,110
Other revenues	2,354	9,889
Total Operating Revenues	1,343,174	1,366,944
Operating Expenses		
Salaries	803,617	852,960
Employee benefits	250,018	346,312
Materials and supplies	96,019	95,862
Services and charges	152,267	121,476
Allocated overhead	75,967	82,045
Motor pool charges:		
Operation and maintenance	2,511	5,043
Equipment replacement	2,768	2,768
Depreciation	108,260	107,280
Total Operating Expenses	1,491,427	1,613,746
Loss from Operations	(148,253)	(246,802)
Nonoperating Revenues (Expenses)		
Interest expense	(18,762)	(25,856)
State PERS relief	64,461	15,593
Net Nonoperating Revenues (Expenses)	45,699	(10,263)
Loss before transfers	(102,554)	(257,065)
Transfers in	327,964	330,599
Change in Net Position	225,410	73,534
Net Position, beginning of year	430,448	356,914
Net Position, end of year	\$ 655,858	\$ 430,448

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows for Operating Activities		
Receipts from customers and users	\$ 1,363,405	\$ 1,366,644
Payments for interfund services used	(81,246)	(89,856)
Payments to suppliers	(252,886)	(200,798)
Payments to employees	(1,165,273)	(1,207,332)
Net cash flows for operating activities	(136,000)	(131,342)
Cash Flows for Noncapital Financing Activities		
Decrease in due to other funds	(15,638)	(9,852)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	-	(9,799)
Principal paid on long term debt	(142,500)	(138,750)
Interest paid on long term debt	(33,826)	(40,856)
Transfers in	327,964	330,599
Net cash flows from capital and related financing activities	151,638	141,194
Net increase in cash and investments	-	-
Cash and Investments, beginning of year	-	-
Cash and Investments, end of year	\$ -	\$ -
Reconciliation of Loss from Operations to Net Cash		
Flows for Operating Activities		
Loss from operations	\$ (148,253)	\$ (246,802)
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Noncash expenses:		
Depreciation	108,260	107,280
PERS relief	64,461	15,593
Amortization of deferred outflows of resources for pension	36,594	(39,662)
Amortization of deferred outflows of resources for other postemployment benefits	3,858	(62,919)
Amortization of deferred inflows of resources for pension	26,861	(85,563)
Amortization of deferred inflows of resources for other postemployment benefits	(44,405)	856
(Increase) decrease in assets:		
Prepaid expenses	-	15,632
Net other postemployment benefits asset	(7,645)	-
Increase (decrease) in liabilities:		
Accounts payable	(4,600)	908
Accrued payroll and employee benefits	4,886	7,807
Accrued leave	1,833	(114)
Unearned revenue	20,231	-
Customer deposits	-	(300)
Net pension liability	5,249	91,159
Net other postemployment benefits liability	(203,330)	64,783
Net Cash Flows for Operating Activities	\$ (136,000)	\$ (131,342)

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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>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 5,334,257	\$ 4,254,160
Receivables - other	-	2,521
Total Current Assets	5,334,257	4,256,681
Noncurrent Assets		
Net other postemployment benefits asset	1,063	-
Capital assets:		
Equipment	7,704,730	7,675,139
Accumulated depreciation	(5,499,421)	(5,131,448)
Net capital assets	2,205,309	2,543,691
Total Noncurrent Assets	2,206,372	2,543,691
Total Assets	7,540,629	6,800,372
Deferred Outflows of Resources		
Related to pensions	16,358	21,444
Related to other postemployment benefits	16,393	16,929
Total Deferred Outflows of Resources	32,751	38,373
Total Assets and Deferred Outflows of Resources	\$ 7,573,380	\$ 6,838,745
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,820	\$ 6,111
Accrued payroll and employee benefits	9,766	11,833
Accrued leave	2,665	23,289
Total Current Liabilities	14,251	41,233
Noncurrent Liabilities		
Net pension liability	173,909	173,179
Net other postemployment benefits liability	14,870	43,129
Total Noncurrent Liabilities	188,779	216,308
Total Liabilities	203,030	257,541
Deferred Inflows of Resources		
Related to pensions	8,258	4,525
Related to other postemployment benefits	10,107	16,278
Total Deferred Inflows of Resources	18,365	20,803
Net Position		
Net investment in capital assets	2,205,309	2,543,691
Unrestricted	5,146,676	4,016,710
Total Net Position	7,351,985	6,560,401
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 7,573,380	\$ 6,838,745

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

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Operation and maintenance charges	\$ 439,932	\$ 501,989
Replacement reserve charges	306,603	310,630
Total Operating Revenues	746,535	812,619
Operating Expenses		
Salaries	168,477	149,898
Employee benefits	46,707	99,107
Materials and supplies	203,950	236,866
Services and charges	174,910	79,242
Motor pool charges:		
Operation and maintenance	10,684	19,978
Equipment replacement	3,104	1,336
Depreciation	367,973	431,173
Total Operating Expenses	975,805	1,017,600
Loss from Operations	(229,270)	(204,981)
Nonoperating Revenues		
Gain on sale of capital assets	-	11,815
State PERS relief	8,959	2,905
Total Nonoperating Revenues	8,959	14,720
Loss before transfers and special item	(220,311)	(190,261)
Transfers out	-	(200,000)
Special item - insurance recovery on capital assets	1,011,895	-
Change in Net Position	791,584	(390,261)
Net Position, beginning of year	6,560,401	6,950,662
Net Position, end of year	\$ 7,351,985	\$ 6,560,401

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

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Receipts from interfund services provided	\$ 749,056	\$ 821,318
Payments for interfund services used	(13,788)	(21,314)
Payments to suppliers	(383,151)	(306,838)
Payments to employees	(254,324)	(249,392)
Net cash flows from operating activities	97,793	243,774
Cash Flows from (for) Capital and Related Financing Activities		
Proceeds from insurance recovery	1,011,895	-
Proceeds from sale of equipment	-	11,815
Construction and acquisition of capital assets	(29,591)	(210,103)
Transfers out	-	(200,000)
Net cash flows from (for) capital and related financing activities	982,304	(398,288)
Net increase (decrease) in cash and investments	1,080,097	(154,514)
Cash and Investments, beginning of year	4,254,160	4,408,674
Cash and Investments, end of year	\$ 5,334,257	\$ 4,254,160
Reconciliation of Loss from Operations to Net Cash		
Flows from Operating Activities		
Loss from operations	\$ (229,270)	\$ (204,981)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	367,973	431,173
PERS relief	8,959	2,905
Amortization of deferred outflows of resources for pension	5,086	(7,388)
Amortization of deferred outflows of resources for other postemployment benefits	536	(11,720)
Amortization of deferred inflows of resources for pension	3,733	(15,939)
Amortization of deferred inflows of resources for other postemployment benefits	(6,171)	160
(Increase) decrease in assets:		
Accounts receivable - other	2,521	8,699
Prepaid expenses	-	4,655
Net other postemployment benefits asset	(1,063)	-
Increase (decrease) in liabilities:		
Accounts payable	(4,291)	4,615
Accrued payroll and employee benefits	(2,067)	208
Accrued leave	(20,624)	2,338
Net pension liability	730	16,981
Net other postemployment benefits liability	(28,259)	12,068
Net Cash Flows from Operating Activities	\$ 97,793	\$ 243,774

Petersburg Borough, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Award Amount	Provided to Subre- cipients	Total Federal Expend- itures
Department of Agriculture					
Forest Service Schools and Roads Cluster -					
Schools and Roads - Grants to States -					
National Forest Receipts FY20	10.665		\$ 468,482	\$ -	\$ 400,000
Department of Justice					
Passed through the State of Alaska Department of Public Safety -					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	19-JAG2	107,993		29,925
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20-18JAG-03	90,231	-	61,226
Total CFDA #16.738				-	91,151
Public Safety Partnership and Community Policing Grants:					
2017 Bullet Proof Vest Program	16.710	2017-BU-BX-17089787	2,170	-	452
Total Department of Justice				-	91,603
Environmental Protection Agency					
Passed through the State of Alaska Department of Environmental Conservation -					
Alaska Clean Water Fund Loan -					
Clean Water State Revolving Fund Cluster -					
Capitalization Grants for Clean Water State Revolving Funds -					
ACWF Snow Bay 1 Pumpstation	66.458	685271	70,000	-	48,852
ACWF Kieno Street Upgrade	66.458	685291	160,000	-	134,530
ACWF Pumpstation 4 Upgrade	66.458	685301	360,000	-	22,132
Total CFDA #66.458				-	205,514
Department of the Interior					
Passed through the State of Alaska Department of Commerce, Community and Economic Development -					
Payments in Lieu of Taxes	15.226	FY20	612,876	-	612,876
Payments in Lieu of Taxes	15.226	FY2015-2017 Lawsuit	16,222	-	16,222
Total CFDA #15.226				-	629,098
Institute of Museum and Library Services					
Passed through the of Petersburg Indian Association -					
Grants to States - Continuing Education Grant	45.310	NG-01-18-0016-18	7,000	-	7,000
Department of the Treasury					
Passed through the State of Alaska Department of Commerce, Community and Economic Development -					
COVID-19 - Coronavirus Relief Fund	21.019	20-CRF-161	3,978,894	-	799,483
Total Expenditures of Federal Awards				\$ -	\$ 2,132,698

The accompanying notes are an integral part of this schedule.

Petersburg Borough, Alaska

Notes to the Schedules of Expenditures of Federal Awards for the Year Ended June 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") include the federal award activity of Petersburg Borough (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, 2020. 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 do 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 represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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



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

Honorable Mayor and Borough Assembly
Petersburg Borough, 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 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Petersburg Borough's basic financial statements and have issued our report thereon dated February 5, 2021. Our report includes a reference to other auditors who audited the financial statements of Petersburg Medical Center, as described in our report on Petersburg Borough's basic financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Petersburg 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 Petersburg Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Petersburg 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Petersburg 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
February 5, 2021



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3601 C Street, Suite 600
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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and Borough Assembly
Petersburg Borough, Alaska

Report on Compliance for Each Major Federal Program

We have audited Petersburg Borough's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Petersburg Borough's major federal programs for the year ended June 30, 2020. Petersburg Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Petersburg Borough's basic financial statements include the operations of the Petersburg School District, a discretely presented component unit, which expended \$1,020,098 in federal awards which is not included in Petersburg Borough's schedule of expenditures of federal awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of the Petersburg School District, because it was subjected to a separate audit. In addition, Petersburg 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 the Petersburg Medical Center because it was subjected to a separate audit; however, it did not meet the threshold for an audit in accordance with the Uniform Guidance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Petersburg Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

BDO USA, LLP

Anchorage, Alaska
February 5, 2021

Petersburg Borough, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2020

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:

CFDA Number	Name of Federal Program or Cluster	Agency
21.019	Coronavirus Relief Fund	Department of the Treasury

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, 2020

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.

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Summary Schedule of Prior Year Audit Findings (Unaudited)



**Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2020**

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Finding 2019-001 Revenue and Receivable Recognition - Significant Deficiency in Internal Control

Finding During 2019, the Borough determined that certain past billings had been inaccurate in the Electric Fund due to a faulty meter. The Utility Director researched the issue, determine the magnitude of the erroneous billings, and corrected the revenue and receivable amount in 2019. A significant portion of the issue related to 2018. While revenue and receivables were reported at the amounts they were actually billed and were conservative, there was additional revenue that was available to be billed. This was ultimately billed to the customer and is being recovered by the Borough.

Status This finding is considered resolved.