



## **Petersburg Borough, Alaska**

Basic Financial Statements, Required  
Supplementary Information, Supplementary  
Information, and Single Audit Reports  
Year Ended June 30, 2022

## **Petersburg Borough, Alaska**

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Basic Financial Statements, Required Supplementary Information,  
Supplementary Information, and Single Audit Reports  
Year Ended June 30, 2022

# Petersburg Borough, Alaska

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## Financial Section

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## **Independent Auditor's Report**

Honorable Mayor and Borough Assembly  
Petersburg Borough, Alaska

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Petersburg Borough, Alaska (the Borough), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the Financial statement of Petersburg Medical Center (the Medical Center), a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Center, is based solely on the report of the other auditors.

#### ***Emphasis of Matter***

As discussed in Note 7 to the financial statements, the Borough adopted the provisions of Governmental Accounting Standards Board Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules, and Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of State Financial Assistance as required by the *State of Alaska Single Audit Guide and Compliance Supplement for State Single Audits* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules, schedule of expenditures of federal awards, and the schedule of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Borough as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated March 15, 2022, 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, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information was subjected to the audit procedures applied in the audit of the 2021 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, 2021.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
February 28, 2023

## **Management's Discussion & Analysis**

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# Petersburg Borough, Alaska

## Management's Discussion and Analysis

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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, 2022. 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

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- The assets and deferred outflows of resources of the Borough exceed its liabilities at the close of the most recent year by \$127,011,312 (net position). Of this amount, \$98,750,585 was invested in capital assets, \$4,285,983 restricted in school support and a roads special revenue fund, and \$23,974,744 (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 \$5,703,942 which is an increase of \$154,544. This is due to larger than budgeted Sales Tax revenue. The unassigned fund balance for the General Fund represented 59% of total General Fund expenditures exclusive of transfers out.

### Overview of the Financial Statements

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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, Alaska

## Management's Discussion and Analysis

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**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 DCRA Local Government Lost Revenue - ARPA Special Revenue Fund. Data from eighteen other governmental funds are combined into a single, aggregated presentation, labeled the Nonmajor Funds. The eighteen 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, CARES Act Municipal Relief, American Rescue Plan Act - ARPA, Debt Service, Pool Upgrades, Library Construction, Fishing Park, Economic Development, Homeland Security, Motor Pool Building Repair 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 DCRA Local Government Lost Revenue - ARPA 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 nonmajor Enterprise Funds - the Sanitation and Elderly Housing Funds and one Internal Service Fund, the Motor Pool Fund.

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

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



# Petersburg Borough, Alaska

## Management's Discussion and Analysis

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### 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 \$127,011,311 at the close of the most recent fiscal year. This was a net decrease of \$2,352,633 from the previous year.

The largest portion of the Borough's net position, 78%, 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	
	2022	2021	2022	2021	2022	2021
<b>Assets and Deferred Outflows of Resources</b>						
Current and other assets	\$ 24,466,875	\$ 19,957,857	\$ 21,126,695	\$ 19,016,716	\$ 45,593,570	\$ 38,974,573
Restricted cash and investments	-	-	7,308,754	11,646	7,308,754	11,646
Capital assets, net of depreciation	45,276,101	46,744,586	63,500,329	64,649,358	108,776,430	111,393,944
Deferred outflows of resources	833,756	1,006,817	581,977	750,120	1,415,733	1,756,937
<b>Total Assets and Deferred Outflows of Resources</b>	<b>70,576,732</b>	<b>67,709,260</b>	<b>92,517,755</b>	<b>84,427,840</b>	<b>163,094,487</b>	<b>152,137,100</b>
<b>Liabilities and Deferred Inflows of Resources</b>						
Long-term liabilities	7,940,653	9,569,841	17,292,599	10,865,426	25,233,252	20,435,267
Other liabilities	2,743,813	953,447	696,827	590,852	3,440,640	1,544,299
Deferred Inflows of resources	3,487,906	443,425	3,921,377	350,165	7,409,283	793,590
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>14,172,372</b>	<b>10,966,713</b>	<b>21,910,803</b>	<b>11,806,443</b>	<b>36,083,175</b>	<b>22,773,156</b>
<b>Net Position</b>						
Net investment in capital assets	42,096,823	42,821,411	56,653,762	58,338,002	98,750,585	101,159,413
Restricted	4,285,983	4,321,171	-	-	4,285,983	4,321,171
Unrestricted	10,021,554	9,599,965	13,953,190	14,283,395	23,974,744	23,883,360
<b>Total Net Position</b>	<b>\$ 56,404,360</b>	<b>\$ 56,742,547</b>	<b>\$ 70,606,952</b>	<b>\$ 72,621,397</b>	<b>\$ 127,011,312</b>	<b>\$ 129,363,944</b>

# Petersburg Borough, Alaska

## 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	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,239,300	\$ 643,447	\$ 12,895,430	\$ 12,033,588	\$ 14,134,730	\$ 12,677,035
Operating grants and contributions	2,891,351	5,029,250	199,676	252,420	3,091,027	5,281,670
Capital grants and contributions	93,121	191,879	-	-	93,121	191,879
General Revenues:						
Property Tax	3,467,823	3,419,968	-	-	3,467,823	3,419,968
Sales Tax	4,141,309	3,218,481	-	-	4,141,309	3,218,481
Payment in lieu of taxes	662,534	642,762	-	-	662,534	642,762
Other taxes	357,853	262,847	-	-	357,853	262,847
Grants and entitlements not restricted to a specific purpose	1,186,175	649,243	-	-	1,186,175	649,243
Investment loss	(895,529)	798,001	(460,426)	34,042	(1,355,955)	832,043
Loss on Disposal of Capital Asset	(19,282)	-	-	-	(19,282)	-
Other	7,987	121,723	27,196	-	35,183	121,723
<b>Total revenues</b>	<b>13,132,642</b>	<b>14,977,601</b>	<b>12,661,876</b>	<b>12,320,050</b>	<b>25,794,518</b>	<b>27,297,651</b>
<b>Expenses</b>						
General Government	1,057,023	1,297,768	-	-	1,057,023	1,297,768
Public Safety	4,008,164	4,440,094	-	-	4,008,164	4,440,094
Public Works	1,621,186	1,267,548	-	-	1,621,186	1,267,548
Community Development	355,189	333,797	-	-	355,189	333,797
Community Services	873,008	2,324,141	-	-	873,008	2,324,141
Culture & Recreation	3,063,905	2,216,431	-	-	3,063,905	2,216,431
Education	2,189,698	2,199,839	-	-	2,189,698	2,199,839
Electric utility	-	-	6,249,292	5,699,673	6,249,292	5,699,673
Water utility	-	-	1,558,201	1,600,695	1,558,201	1,600,695
Wastewater utility	-	-	1,002,588	1,157,236	1,002,588	1,157,236
Sanitation utility	-	-	1,378,826	1,308,259	1,378,826	1,308,259
Harbor/Port Facilities	-	-	3,636,188	2,353,160	3,636,188	2,353,160
Elderly Housing	-	-	523,113	243,884	523,113	243,884
Assisted Living	-	-	1,257,741	1,912,154	1,257,741	1,912,154
<b>Total expenses</b>	<b>13,168,173</b>	<b>14,079,618</b>	<b>15,605,949</b>	<b>14,275,061</b>	<b>28,774,122</b>	<b>28,354,679</b>
Increase (decrease) in net position before transfers special item	(35,531)	897,983	(2,944,073)	(1,955,011)	(2,979,604)	(1,057,028)
Transfers Special item -	(929,628)	(424,266)	929,628	424,266	-	-
Insurance recovery on capital assets, net	626,972	405,498	-	-	626,972	405,498
Increase (decrease) in net position	(38,187)	879,215	(2,014,445)	(1,530,745)	(2,352,632)	(651,530)
<b>Beginning net position</b>	<b>56,742,547</b>	<b>55,863,332</b>	<b>72,621,397</b>	<b>74,152,142</b>	<b>129,363,944</b>	<b>130,015,474</b>
<b>Ending net position</b>	<b>\$ 56,404,360</b>	<b>\$ 56,742,547</b>	<b>\$ 70,606,952</b>	<b>\$ 72,621,397</b>	<b>\$ 127,011,312</b>	<b>\$ 129,363,944</b>

# Petersburg Borough, Alaska

## Management’s Discussion and Analysis

### Governmental Activities

Governmental activities change in net position for 2022 was a decrease of \$338,187. Key elements of this follows:

- 2021 had \$536,932 more in grants and entitlements than in FY2022, however it was in FY2022 that most of these grant monies were spent.
- A loss of \$895,529 of investment income, this was due to inflation, and the Fed raising interest rates so quickly.

The net position for the Borough’s governmental activities is \$56,404,360. A substantial portion (75%) 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 \$10,021,554 as of June 30, 2022.

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

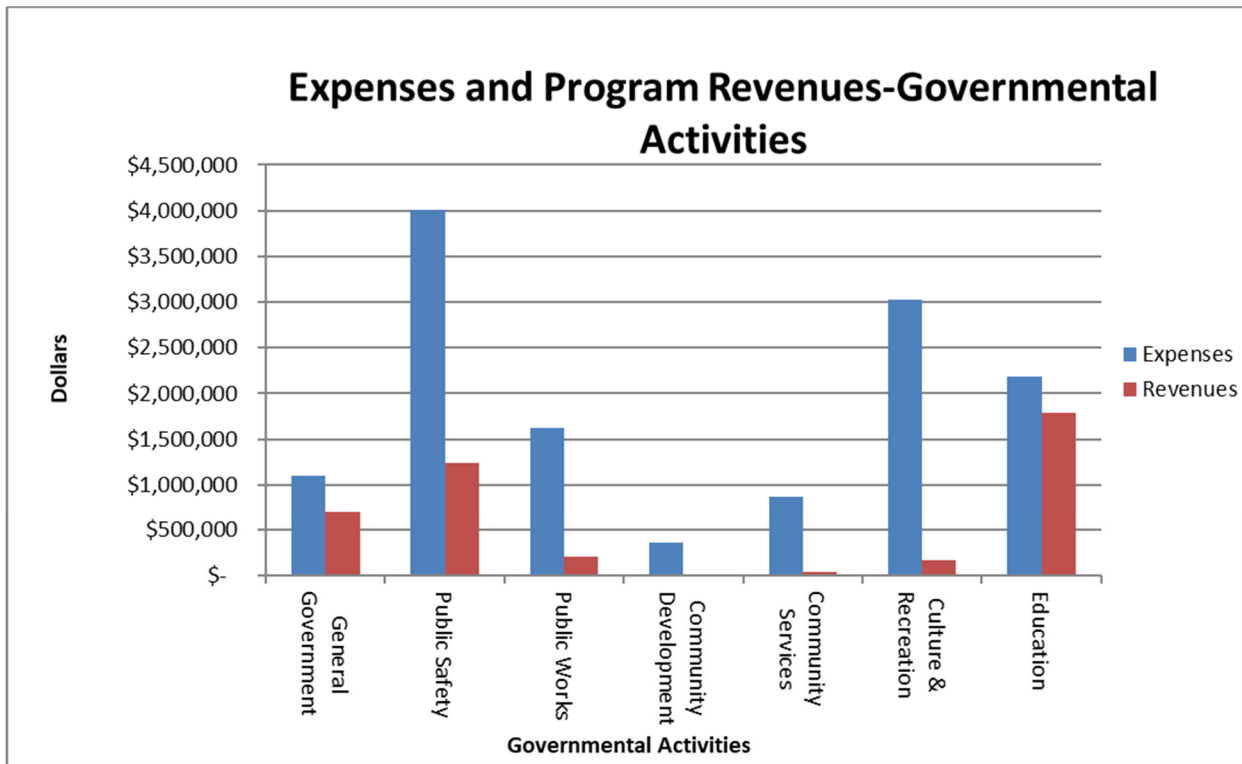
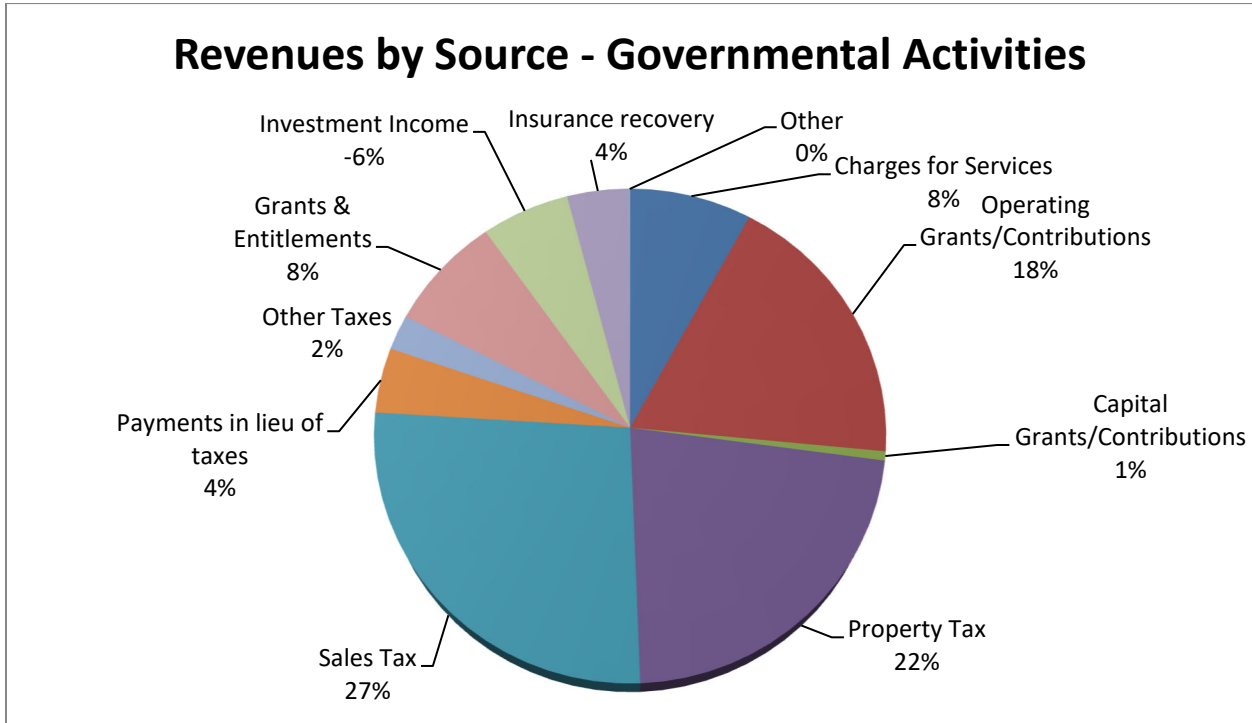


Figure 2 shows the percentages of all revenue sources for governmental activities, both program and general. In 2022, sales taxes and property tax totaled 32% and 26%, respectively, of revenues, with sales tax increasing from the prior year’s 27% and property tax increasing from prior year’s 22%. The increase in sales tax can be attributed to an increase in remote seller sales tax and an uptick in travelers visiting since the COVID pandemic began.

**Petersburg Borough, Alaska**  
**Management's Discussion and Analysis**

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Figure 2



***Business-type Activities***

The net position for the Borough's business-type activities was \$70,606,952, a decrease of \$2,014,445. As with governmental activities, a substantial portion (80%) of the net position is invested in capital assets net of related debt. The Borough uses these assets to provide services to the citizens.

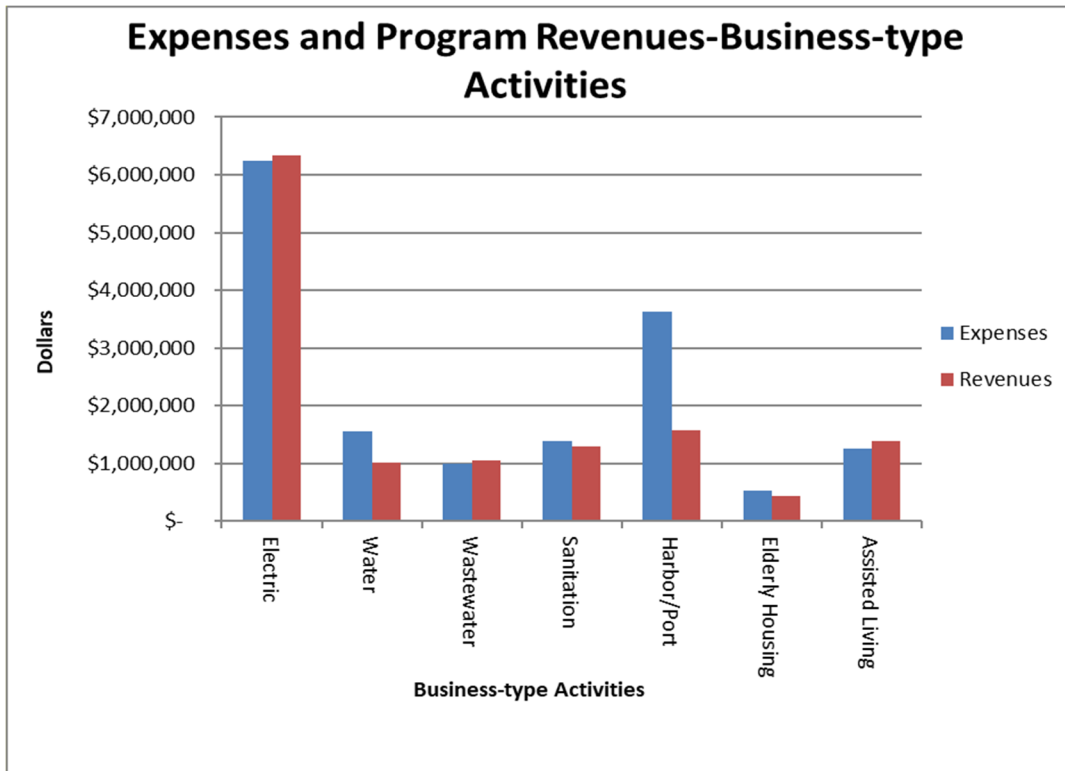
The unrestricted net position of the business-type activities was \$11,172,735 as of June 30, 2022. This is a decrease in unrestricted net position of \$3,110,660.

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

**Petersburg Borough, Alaska**  
**Management's Discussion and Analysis**

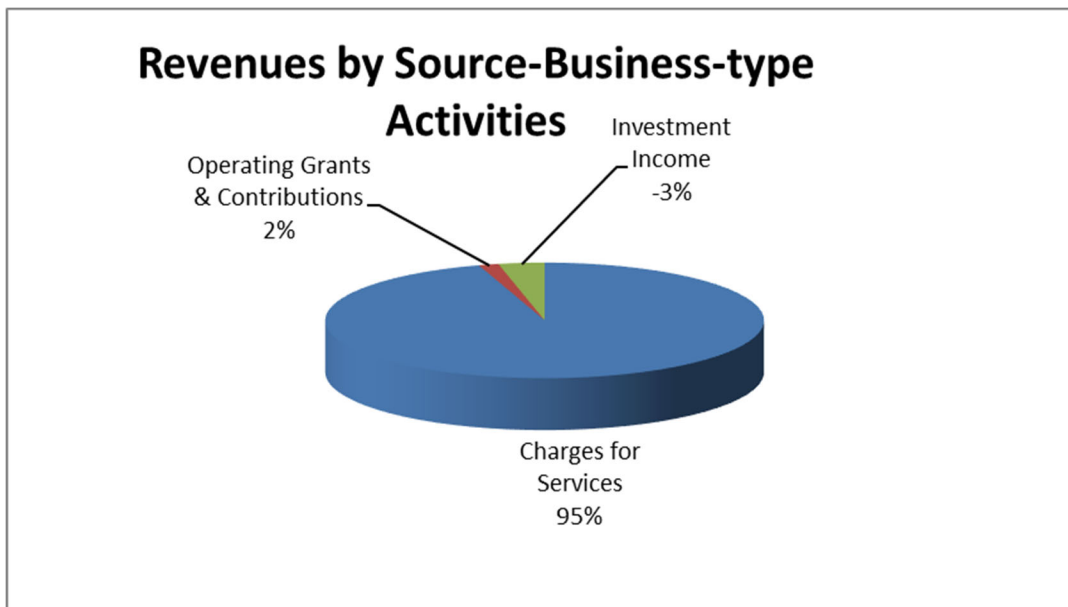
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Figure 3



The pie chart of Figure 4 shows that the majority of all revenues are collected from service charges (95%) with 2% of revenues coming from investment income or grants for business type activities.

Figure 4



# Petersburg Borough, Alaska

## Management's Discussion and Analysis

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### *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 \$16,883,059, an increase of \$247,714 in comparison with the prior year.

The total fund balances of the governmental funds are made up of four components. \$4,285,983 restricted (National Forest Receipts School, Public Roads funding and Public Safety), \$5,855,503 committed (Economic development, Public Works, Public Safety, Capital projects, and Tourism), \$1,278,568 assigned (Debt Service and Borough Organizational), and \$5,463,005 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 \$5,703,942. 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 59% of total General Fund expenditures. This is a decrease of 6% from the previous year. In 2021 unassigned fund balance decreased by 4% however it increased by 18% in 2020.

### *General Fund Budgetary Highlights*

- General Fund revenues exceeds expenditures by \$1,127,209, which was a positive variance of \$534,737 over what was originally budgeted. This was due to sales tax revenue exceeding budgeted totals by \$921,309.
- Total tax revenue recognized equaled \$7,937,877 a positive variance of \$997,174 from what was budgeted. This was due to sales tax revenue being more than what was budgeted by \$921,309.
- Intergovernmental revenue recognized was \$2,273,883, a positive variance of \$136,515 from what was originally budgeted. This is due to revenue from state fisheries business tax revenues above what was originally budgeted by \$553,081 and PERS relief exceeding what was budgeted by \$100,789.

# Petersburg Borough, Alaska

## Management's Discussion and Analysis

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### *Nonmajor Special Revenue Funds*

Nonmajor Special Revenue funds experienced an overall increase in fund balance of \$25,982 for a total of \$5,595,655. Miscellaneous Grants Fund balance at year end was \$3,703, National Forest Receipts - School Fund \$3,900,314, National Forest Receipts - Roads Fund \$385,669, the Property Development Fund \$872,557, E911 Surcharge \$235,424, Borough Organizational Fund \$61,128, Transient Room Tax \$72,403, CARES Act Municipal Relief (\$4,854) and the new Marine Passenger Fee ending the fiscal year at \$69,311 in fund balance.

### *Nonmajor Capital Project Funds*

One governmental Capital Project Funds, the Fishing Park \$99,718 had no activity throughout the year, and therefore, the fund balance did not change. The other five nonmajor capital funds showed fund balances as follows: Library Construction \$31,449, Economic Development \$4,043,822, Disaster Response (\$94,768), Pool Upgrades \$430,819 and Motor Pool Project (\$146,169).

**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 \$70,606,952 with \$56,653,762 invested in capital assets net of related debt leaving unrestricted net position of \$13,953,190.

- The Electric Utility Fund's unrestricted net position was \$6,498,949, an increase of \$250,999 from the prior year.
- The Water Utility Fund's unrestricted net position was \$1,239,971, an increase of \$141,038.
- The Wastewater Utility Fund's unrestricted net position was \$815,762 at the end of the year, a decrease of \$224,490.
- The Sanitation Utility Fund is showing an unrestricted fund balance of \$192,878 which is an increase of \$59,526 from the prior year.
- The Harbor Fund decreased its unrestricted net position by \$298,532, to end the year at \$3,310,830. The majority of this decrease is due to a decrease in operating revenue - port charges (tourship fees) and an increase in expenses compared to the prior year due to harbor dredging.
- The Elderly Housing Fund's unrestricted net position showed a decrease in fiscal year 2022 of \$80,497 to end the year at \$543,926.
- The Assisted Living Fund presents a deficit of unrestricted net position of \$985,029 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 \$1,462,225. Without these long-term liabilities and related deferred outflows and inflows of resources the deficit net position in FY 2022 would have been \$477,196.

# Petersburg Borough, Alaska

## Management's Discussion and Analysis

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### *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 a decrease in fiscal year 2022 from the prior year of \$259,067 for a total of \$3,894,910.

### *Capital Asset and Debt Administration*

**Capital Assets.** As of June 30, 2022, the Borough had invested \$108,776,432 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 \$2,617,514.

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

- \$368,966 by the Wastewater Utility for Ira II Sewer Main Replacement.
- \$702,817 for Scow Bay Pump Station #1 replacement.
- \$25,830 by the Sanitation department for the Solid Waste Garbage Can Replacement.
- The Assisted Living completed a covered porch for \$63,240.
- Fire Department Pierce Saber Fire Truck (\$596,776) and emergency defibrillator (\$36,431).
- Aquatic Center Repairs totaling \$646,152 from fire damage in the electrical room.
- \$305,786 was expensed in FY 2022 for the Southeast Storm Damage Culvert Replacement.

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**Petersburg Borough, Alaska**  
**Management's Discussion and Analysis**

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

	Governmental Activities		Business-type Activities		Total Activities	
	2022	2021	2022	2021	2022	2021
Land and improvements	\$ 4,076,919	\$ 4,076,919	\$ 2,399,493	\$ 2,399,493	\$ 6,476,412	\$ 6,476,412
Infrastructure	15,016,802	15,190,621	-	-	15,016,802	15,190,621
Buildings	22,972,552	24,468,932	9,843,413	10,401,896	32,815,965	34,870,828
Improvements other than buildings	120,465	157,654	45,277,710	46,750,770	45,398,175	46,908,424
Machinery and equipment	3,087,649	2,848,746	3,315,861	3,639,984	6,403,510	6,488,730
Construction in progress	1,714	1,714	2,663,852	1,457,215	2,665,566	1,458,929
<b>Total Capital Assets</b>	<b>\$45,276,101</b>	<b>\$ 46,744,586</b>	<b>\$ 63,500,329</b>	<b>\$64,649,358</b>	<b>\$ 108,776,430</b>	<b>\$ 111,393,944</b>

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

**Long-term Liabilities.** At the end of the current fiscal year, the Borough had total long-term liabilities outstanding of \$23,706,547. Of this amount, \$4,695,008 comprises debt backed by the full faith and credit of the government (i.e., general obligation bonds). \$675,191 is employee accrued leave. \$7,589,977 represents the Borough's net pension liability associated with membership in the State of Alaska Public Employees' Retirement System (PERS). \$3,610,392 is water and wastewater loans from the Alaska Department of Environmental Conservation. It should be noted that the State has historically reimbursed the Borough between 60-70% for a majority of the school G.O. Bond debt service. ADEC loans are at a 1.5% interest rate.

**Table 4**  
**Borough of Petersburg Long-term Liabilities**

	Governmental Activities		Business-type Activities		Total Activities	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 2,970,008	\$ 4,028,976	\$ 1,725,000	\$ 2,420,021	\$ 4,695,008	\$ 6,448,997
Revenue Bonds	-	-	7,070,000	-	7,070,000	-
Accrued Leave	350,160	395,709	325,031	386,501	675,191	782,210
Net pension liability	4,336,192	5,134,808	3,253,785	4,054,819	7,589,977	9,189,627
Net OPEB liability	-	10,348	-	8,170	-	18,518
Loans, long-term	-	-	3,614,197	3,929,945	3,614,197	3,929,945
Landfill closure liability	-	-	65,970	65,970	65,970	65,970
<b>Total Long-Term Debt</b>	<b>\$ 7,656,360</b>	<b>\$ 9,569,841</b>	<b>\$ 16,053,983</b>	<b>\$ 10,865,426</b>	<b>\$ 23,710,343</b>	<b>\$ 20,435,267</b>

# Petersburg Borough, Alaska

## Management's Discussion and Analysis

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The Borough's governmental activities debt decreased by \$1,913,481 due to a decrease in GO bonds of \$1,058,968 and Net pension liability of \$798,616. The Borough's business-type activities debt increased by \$5,184,752, due to a new issuance of Revenue Bonds for \$7,070,000, offset by a decrease in net pension liability of \$801,034 and due to the continued repayment of general obligation bonds and ADEC loans of \$1,014,574.

Additional information on the Petersburg Borough's long-term debt can be found in Note 8 to the financial statements.

GASB 87 was implemented in 2022 which resulted in the change in accounting for the land leased by the Borough for terms ranging from 10 to 55 years. This has resulted in the General Fund and the Harbor Enterprise fund recording lease receivable and deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources is \$62,396 and \$1,350,947, and receivables of \$63,855 and \$1,390,982 in the General fund and Harbor Enterprise Fund respectively.

### ***Economic Factors and Rates for Next Fiscal Year***

- The Borough will continue spending ARPA funds in FY2023 on eligible expenditures.
- There are new rate increases in FY 2023 for the Electric Department, Water, Sewer and Sanitation Department.
- The Electric Department will award and begin construction in FY2023 for a Blind Slough Hydro System Upgrade and Standby Diesel Generator Project.
- Water and Wastewater will be starting 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 planning to replace a failing transite water main on Fram Street, estimating the cost to be \$285,000.
- Update the Borough utility mapping information to integrate with GIS parcel information (\$90,000).

For a copy of the Fiscal Year 2023 budget go to the Borough's website at [www.petersburgak.gov](http://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](mailto:jtow@petersburgak.gov).

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# Basic Financial Statements

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## 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, 2022</i>					
<b>Assets and Deferred Outflows of Resources</b>					
<b>Assets</b>					
Cash and investments	\$ 20,753,416	\$ 13,599,618	\$ 34,353,034	\$ 2,599,909	\$ 4,297,995
Receivables, net	2,735,503	1,053,862	3,789,365	232,741	2,987,828
Internal balances	(2,235,690)	2,235,690	-	-	-
Inventories	-	483,007	483,007	19,247	356,624
Prepaid items	-	-	-	325,005	111,147
Leases receivable	63,855	1,390,982	1,454,837	-	-
Restricted cash and investments	-	7,308,754	7,308,754	-	3,802,833
Net other postemployment benefits asset	3,149,791	2,363,536	5,513,327	3,927,836	8,781,677
Land and construction in progress	4,078,633	5,063,345	9,141,978	-	421,307
Other capital assets, net of accumulated depreciation	41,197,468	58,436,984	99,634,452	2,287,883	7,816,487
<b>Total Assets</b>	<b>69,742,976</b>	<b>91,935,778</b>	<b>161,678,754</b>	<b>9,392,621</b>	<b>28,575,898</b>
<b>Deferred Outflows of Resources</b>					
Related to pension	649,976	487,728	1,137,704	523,230	1,936,773
Related to other postemployment benefits	108,757	81,609	190,366	174,411	819,481
Deferred charges on refunding	75,023	12,640	87,663	-	-
<b>Total Deferred Outflows of Resources</b>	<b>833,756</b>	<b>581,977</b>	<b>1,415,733</b>	<b>697,641</b>	<b>2,756,254</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 70,576,732</b>	<b>\$ 92,517,755</b>	<b>\$ 163,094,487</b>	<b>\$ 10,090,262</b>	<b>\$ 31,332,152</b>

See accompanying notes to basic financial statements.

**Petersburg Borough, Alaska**  
**Statement of Net Position, continued**

<i>June 30, 2022</i>	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Petersburg School District	Petersburg Medical Center
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>					
<b>Liabilities</b>					
Accounts payable	\$ 422,770	\$ 234,466	\$ 657,236	\$ 105,809	\$ 1,286,753
Accounts payable - capital	-	48,444	48,444	-	-
Accrued payroll and employee benefits	236,211	238,240	474,451	8,655	314,809
Unearned revenue	2,036,107	21,839	2,057,946	26,240	402,639
Due to third party payors	-	-	-	-	2,544,436
Other	-	-	-	-	3,515
Customer deposits	6,600	73,838	80,438	-	-
Accrued interest	42,125	80,000	122,125	-	-
<b>Noncurrent liabilities:</b>					
Due within one year:					
Accrued leave	350,160	325,030	675,190	63,050	994,450
Bonds payable	710,000	430,000	1,140,000	-	-
Loans payable	-	354,702	354,702	-	-
Leases payable	-	-	-	-	333,818
Due in more than one year:					
Bonds payable	2,260,008	8,365,000	10,625,008	-	-
Bond premium, net	284,293	1,238,617	1,522,910	-	-
Loans payable	-	3,259,495	3,259,495	-	-
Leases payable	-	-	-	-	2,734,424
Net pension liability	4,336,192	3,253,785	7,589,977	3,328,246	12,053,763
Landfill closure liability	-	65,970	65,970	-	-
<b>Total Liabilities</b>	<b>10,684,466</b>	<b>17,989,426</b>	<b>28,673,892</b>	<b>3,532,000</b>	<b>20,668,607</b>
<b>Deferred Inflows of Resources</b>					
Related to pension	1,729,176	1,297,537	3,026,713	2,482,439	4,806,772
Related to other					
postemployment benefits	1,696,334	1,272,893	2,969,227	1,883,915	4,806,264
Related to leases	62,396	1,350,947	1,413,343	-	-
<b>Total Deferred Inflows of Resources</b>	<b>3,487,906</b>	<b>3,921,377</b>	<b>7,409,283</b>	<b>4,366,354</b>	<b>9,613,036</b>
<b>Net Position</b>					
Net investment in capital assets	42,096,823	56,653,762	98,750,585	2,287,883	5,169,552
<b>Restricted:</b>					
School support and roads	4,285,983	-	4,285,983	-	-
Scholarships	-	-	-	70,870	-
Foundation	-	-	-	-	440,409
Unrestricted (deficit)	10,021,554	13,953,190	23,974,744	(166,845)	(4,559,452)
<b>Total Net Position</b>	<b>56,404,360</b>	<b>70,606,952</b>	<b>127,011,312</b>	<b>2,191,908</b>	<b>1,050,509</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 70,576,732</b>	<b>\$ 92,517,755</b>	<b>\$ 163,094,487</b>	<b>\$ 10,090,262</b>	<b>\$ 31,332,152</b>

*See accompanying notes to basic financial statements.*

## Petersburg Borough, Alaska

## Statement of Activities

Year Ended June 30, 2022	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total	Peters-burg School District	Peters-burg Medical Center
					Governmental Activities	Business-type Activities			
<b>Primary Government</b>									
Governmental activities:									
General government	\$ 1,057,023	\$ 668,943	\$ 820	\$ -	\$ (387,260)	\$ -	\$ (387,260)		
Public safety	4,008,164	326,217	913,030	93,121	(2,675,796)	-	(2,675,796)		
Public works	1,621,186	112,211	90,327	-	(1,418,648)	-	(1,418,648)		
Community development	355,189	-	-	-	(355,189)	-	(355,189)		
Community services	873,008	7,130	27,753	-	(838,125)	-	(838,125)		
Culture and recreation	3,063,905	124,799	76,491	-	(2,862,615)	-	(2,862,615)		
Education	2,189,698	-	1,782,930	-	(406,768)	-	(406,768)		
<b>Total governmental activities</b>	<b>13,168,173</b>	<b>1,239,300</b>	<b>2,891,351</b>	<b>93,121</b>	<b>(8,944,401)</b>	<b>-</b>	<b>(8,944,401)</b>		
Business-type activities:									
Electric utility	6,249,292	6,326,377	448	-	-	77,533	77,533		
Water utility	1,558,201	1,018,994	43	-	-	(539,164)	(539,164)		
Wastewater utility	1,002,588	860,152	198,882	-	-	56,446	56,446		
Sanitation utility	1,378,826	1,287,917	47	-	-	(90,862)	(90,862)		
Harbor and port facilities	3,636,188	1,581,586	97	-	-	(2,054,505)	(2,054,505)		
Elderly housing	523,113	434,663	-	-	-	(88,450)	(88,450)		
Assisted living facilities	1,257,741	1,385,741	159	-	-	128,159	128,159		
<b>Total business-type activities</b>	<b>15,605,949</b>	<b>12,895,430</b>	<b>199,676</b>	<b>-</b>	<b>-</b>	<b>(2,510,843)</b>	<b>(2,510,843)</b>		

See accompanying notes to basic financial statements.

## Petersburg Borough, Alaska

## Statement of Activities, continued

Year Ended June 30, 2022	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total	Peters- burg School District	Peters- burg Medical Center
					Governmental Activities	Business- type Activities			
<b>Total Primary Government</b>	\$ 28,774,122	\$ 14,134,730	\$ 3,091,027	\$ 93,121	\$ (8,944,401)	\$ (2,510,843)	\$ (11,455,244)		
<b>Component Units</b>									
School District - education	\$ 8,961,817	\$ 218,102	\$ 1,841,696	\$ 323,403			\$ (6,578,616)	\$ -	
Medical Center	\$ 23,482,464	\$ 16,703,912	\$ 3,506,192	\$ -			\$ -	\$ (3,272,360)	
<b>General Revenues</b>									
Property taxes					3,467,823	-	3,467,823	-	-
Sales taxes					4,141,309	-	4,141,309	-	-
Payments in lieu of taxes					662,534	-	662,534	-	-
Other taxes					357,853	-	357,853	-	-
Contributions from primary government					-	-	-	1,800,000	-
Grants and entitlements not restricted to a specific purpose					1,186,175	-	1,186,175	5,809,743	-
Investment income (loss)					(895,529)	(460,426)	(1,355,955)	566	(493,406)
Loss on disposal of capital assets					(19,282)	-	(19,282)	-	-
Other					7,987	27,196	35,183	93,134	36,571
<b>Transfers</b>					(929,628)	929,628	-	-	-
<b>Total General Revenues and Transfers</b>					7,979,242	496,398	8,475,640	7,703,443	(456,835)
<b>Special Item</b>									
Insurance recovery on capital assets, net					626,972	-	626,972	-	-
<b>Change in Net Position</b>					(338,187)	(2,014,445)	(2,352,632)	1,124,827	(3,729,195)
<b>Net Position, beginning of year</b>					56,742,547	72,621,397	129,363,944	1,067,081	4,779,704
<b>Net Position, end of year</b>					\$ 56,404,360	\$ 70,606,952	\$ 127,011,312	\$ 2,191,908	\$ 1,050,509

See accompanying notes to basic financial statements.



## Petersburg Borough, Alaska

Governmental Funds  
Balance Sheet

	Major Funds			Total Govern- mental Funds
	General	DCRA Local Government Lost Revenue - ARPA	Nonmajor Funds	
<i>June 30, 2022</i>				
<b>Assets</b>				
Cash and investments	\$ 4,644,438	\$ 1,371,621	\$10,714,800	\$16,730,859
Receivables, net of allowance for doubtful accounts:				
Property taxes	20,482	-	-	20,482
Sales, tobacco and transient room taxes	432,466	-	14,455	446,921
Grants and shared revenues	-	-	305,786	305,786
Accounts	358,900	-	1,563,381	1,922,281
Leases	63,855	-	-	63,855
Interest	37,719	-	1,873	39,592
Due from other funds	560,849	-	4,853	565,702
<b>Total Assets</b>	<b>\$ 6,118,709</b>	<b>\$ 1,371,621</b>	<b>\$12,605,148</b>	<b>\$20,095,478</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 105,878	\$ -	\$ 310,520	\$ 416,398
Accrued payroll and employee benefits	225,087	-	342	225,429
Unearned revenue	16,553	1,371,621	647,933	2,036,107
Customer deposits	-	-	6,600	6,600
Due to other funds	4,853	-	460,636	465,489
<b>Total Liabilities</b>	<b>352,371</b>	<b>1,371,621</b>	<b>1,426,031</b>	<b>3,150,023</b>
<b>Deferred Inflows of Resources</b>				
Leases	62,396	-	-	62,396
<b>Fund Balances</b>				
Restricted	-	-	4,285,983	4,285,983
Committed	-	-	5,855,503	5,855,503
Assigned	-	-	1,278,568	1,278,568
Unassigned (deficit)	5,703,942	-	(240,937)	5,463,005
<b>Total Fund Balances</b>	<b>5,703,942</b>	<b>-</b>	<b>11,179,117</b>	<b>16,883,059</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,118,709</b>	<b>\$ 1,371,621</b>	<b>\$12,605,148</b>	<b>\$20,095,478</b>

See accompanying notes to basic financial statements.

**Petersburg Borough, Alaska**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Position**  
**June 30, 2022**

Total fund balances for governmental funds		\$ 16,883,059
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:	Governmental Funds	Internal Service Fund
Land and land improvements	\$ 4,076,919	\$ -
Construction in progress	1,714	-
Buildings	59,495,853	-
Improvements other than buildings	375,118	-
Infrastructure	17,710,274	-
Machinery and equipment	2,760,860	8,557,938
Accumulated depreciation	<u>(41,617,638)</u>	<u>(6,084,937)</u>
Total capital assets	<u>42,803,100</u>	<u>2,473,001</u>
45,276,101		
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	<u>3,062,387</u>	<u>87,404</u>
		3,149,791
Long-term liabilities, including bonds payable, net pension liability and other items are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
General obligation bonds payable	(2,970,008)	-
Deferred charges on refunding, net of accumulated amortization	75,023	-
Bond premium, net of accumulated amortization	(284,293)	-
Net pension liability	(4,215,867)	(120,325)
Accrued interest	(42,125)	-
Accrued leave	<u>(346,148)</u>	<u>(4,012)</u>
Total long-term liabilities	<u>(7,783,418)</u>	<u>(124,337)</u>
		(7,907,755)
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	631,940	18,036
Deferred outflows of resources related to other postemployment benefits	105,739	3,018
Deferred inflows of resources related to pension	(1,681,193)	(47,983)
Deferred inflows of resources related to other postemployment benefits	<u>(1,649,262)</u>	<u>-</u>
Total deferred pension and other postemployment benefits items	<u>(2,592,776)</u>	<u>(26,929)</u>
		(2,619,705)
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.		
		<u>1,622,869</u>
<b>Total Net Position of Governmental Activities</b>		<u>\$ 56,404,360</u>

*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, 2022	Major Funds			Total Governmen- tal Funds
	General	DCRA Local Government Lost Revenue - ARPA	Nonmajor Funds	
<b>Revenues</b>				
Property taxes	\$ 3,467,823	\$ -	\$ -	\$ 3,467,823
Sales taxes	4,141,309	-	-	4,141,309
Other taxes	328,745	-	95,350	424,095
Intergovernmental	2,273,883	59,272	2,922,846	5,256,001
Licenses and permits	7,093	-	-	7,093
Charges for services	370,245	-	107,215	477,460
Land sales	-	-	510,243	510,243
Fines and forfeitures	4,636	-	-	4,636
Overhead charges	598,122	-	-	598,122
Investment loss	(380,873)	-	(514,880)	(895,753)
Other	8,987	-	-	8,987
<b>Total Revenues</b>	<b>10,819,970</b>	<b>59,272</b>	<b>3,120,774</b>	<b>14,000,016</b>
<b>Expenditures</b>				
Current:				
General government	2,111,389	-	25,159	2,136,548
Public safety	2,437,577	-	1,110,431	3,548,008
Public works	1,432,487	-	-	1,432,487
Community development	377,381	-	-	377,381
Community services	81,855	-	791,153	873,008
Culture and recreation	1,452,072	59,272	74,733	1,586,077
Education - contribution to school district	1,800,000	-	-	1,800,000
Debt service	-	-	840,500	840,500
Capital outlay	-	-	855,637	855,637
<b>Total Expenditures</b>	<b>9,692,761</b>	<b>59,272</b>	<b>3,697,613</b>	<b>13,449,646</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,127,209</b>	<b>-</b>	<b>(576,839)</b>	<b>550,370</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	450,000	-	1,065,347	1,515,347
Transfers out	(1,422,655)	-	(1,022,320)	(2,444,975)
Special item - insurance recovery	-	-	626,972	626,972
<b>Net Other Financing Sources (Uses)</b>	<b>(972,655)</b>	<b>-</b>	<b>669,999</b>	<b>(302,656)</b>
<b>Net Change in Fund Balances</b>	<b>154,554</b>	<b>-</b>	<b>93,160</b>	<b>247,714</b>
<b>Fund Balances, beginning of year</b>	<b>5,549,388</b>	<b>-</b>	<b>11,085,957</b>	<b>16,635,345</b>
<b>Fund Balances, end of year</b>	<b>\$ 5,703,942</b>	<b>\$ -</b>	<b>\$ 11,179,117</b>	<b>\$ 16,883,059</b>

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, 2022

Net change in fund balances - total governmental funds	\$	247,714
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p>		
<p>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.</p>		
Capital outlay	\$	181,748
Depreciation		(1,904,832)
Disposals		<u>(22,790)</u>
		(1,745,874)
<p>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.</p>		
Repayment of principal		680,000
Decrease in unamortized bond premium		94,675
Decrease in deferred charges on bonds		<u>(30,778)</u>
		743,897
<p>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.</p>		
Decrease in accrued leave		46,213
Decrease in accrued interest		9,017
Increase in net pension liability and related accounts		(818,200)
Decrease in net other postemployment benefits liability/asset and related accounts		<u>1,166,802</u>
		403,832
<p>The Internal Service Fund is used by management to charge the costs of vehicle operations and the replacement cost of vehicles to individual funds. A portion of the net expense of these activities is reported with governmental activities.</p>		
		<u>12,244</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>(338,187)</u></b>

*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, 2022</i>								
<b>Assets and Deferred Outflows of Resources</b>								
<b>Current Assets</b>								
Cash and investments	\$ 6,617,091	\$ 1,346,762	\$ 941,227	\$ 3,609,874	\$ -	\$ 1,084,664	\$ 13,599,618	\$ 4,022,557
Leases receivable, current portion	-	-	-	32,654	-	-	32,654	-
Receivables, net of allowance for doubtful accounts	553,793	84,702	83,352	222,351	-	109,664	1,053,862	441
Inventories	340,292	82,605	60,110	-	-	-	483,007	-
<b>Total Current Assets</b>	<b>7,511,176</b>	<b>1,514,069</b>	<b>1,084,689</b>	<b>3,864,879</b>	<b>-</b>	<b>1,194,328</b>	<b>15,169,141</b>	<b>4,022,998</b>
<b>Noncurrent Assets</b>								
Leases receivable, long term	-	-	-	1,358,328	-	-	1,358,328	-
Net other postemployment benefits asset	866,151	157,896	157,041	361,956	593,389	227,103	2,363,536	87,404
Restricted cash - Capital asset acquisition	6,788,607	-	-	-	-	-	6,788,607	-
Restricted cash - Bond covenant accounts	508,500	-	-	-	-	-	508,500	-
Restricted cash - Deposits	-	-	-	-	-	11,647	11,647	-
<b>Capital assets:</b>								
Land and land improvements	1,848,295	-	-	360,059	-	191,139	2,399,493	-
Buildings	3,758,199	5,178,330	9,091,647	375,175	4,079,118	5,128,165	27,610,634	-
Improvements other than buildings	5,284,998	27,191,622	13,254,616	39,120,884	-	1,097,286	85,949,406	-
Machinery and equipment	17,174,258	3,005,917	734,721	533,520	99,061	1,229,292	22,776,769	8,557,938
Construction in progress	2,606,165	-	37,341	20,346	-	-	2,663,852	-
Total capital assets	30,671,915	35,375,869	23,118,325	40,409,984	4,178,179	7,645,882	141,400,154	8,557,938
Accumulated depreciation	(19,921,315)	(18,893,916)	(13,177,014)	(18,550,462)	(1,935,917)	(5,421,201)	(77,899,825)	(6,084,937)
Net capital assets	10,750,600	16,481,953	9,941,311	21,859,522	2,242,262	2,224,681	63,500,329	2,473,001
<b>Total Noncurrent Assets</b>	<b>18,913,858</b>	<b>16,639,849</b>	<b>10,098,352</b>	<b>23,579,806</b>	<b>2,835,651</b>	<b>2,463,431</b>	<b>74,530,947</b>	<b>2,560,405</b>
<b>Total Assets</b>	<b>26,425,034</b>	<b>18,153,918</b>	<b>11,183,041</b>	<b>27,444,685</b>	<b>2,835,651</b>	<b>3,657,759</b>	<b>89,700,088</b>	<b>6,583,403</b>
<b>Deferred Outflows of Resources</b>								
Related to pension	178,735	32,583	32,406	74,691	122,449	46,864	487,728	18,036
Related to other postemployment benefits	29,907	5,452	5,422	12,498	20,489	7,841	81,609	3,018
Deferred charges on refunding	-	-	-	-	9,479	3,161	12,640	-
<b>Total Deferred Outflows of Resources</b>	<b>208,642</b>	<b>38,035</b>	<b>37,828</b>	<b>87,189</b>	<b>152,417</b>	<b>57,866</b>	<b>581,977</b>	<b>21,054</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 26,633,676</b>	<b>\$ 18,191,953</b>	<b>\$ 11,220,869</b>	<b>\$ 27,531,874</b>	<b>\$ 2,988,068</b>	<b>\$ 3,715,625</b>	<b>\$ 90,282,065</b>	<b>\$ 6,604,457</b>

*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, 2022</i>								
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>								
<b>Current Liabilities</b>								
Accounts payable	\$ 147,192	\$ 8,373	\$ 904	\$ 18,829	\$ 9,302	\$ 49,866	\$ 234,466	\$ 6,372
Accounts capital	48,444	-	-	-	-	-	48,444	-
Accrued payroll and employee benefits	63,198	17,976	17,728	35,684	80,722	22,932	238,240	10,782
Accrued leave	131,225	26,612	32,883	47,461	57,377	29,472	325,030	4,012
Prepaid moorage	-	-	-	16,671	-	-	16,671	-
Unearned revenue	-	-	-	-	3,379	1,789	5,168	-
Customer deposits	36,261	7,990	7,375	-	2,700	19,512	73,838	-
Due to other funds	-	-	-	-	100,213	-	100,213	-
Accrued interest	34,833	19,990	17,926	-	5,438	1,813	80,000	-
Current portion:								
General obligation bonds	210,000	-	-	-	165,000	55,000	430,000	-
ADEC loans	-	227,654	127,048	-	-	-	354,702	-
<b>Total Current Liabilities</b>	<b>671,153</b>	<b>308,595</b>	<b>203,864</b>	<b>118,645</b>	<b>424,131</b>	<b>180,384</b>	<b>1,906,772</b>	<b>21,166</b>
<b>Noncurrent Liabilities</b>								
General obligation bonds	8,150,000	-	-	-	161,250	53,750	8,365,000	-
Bond premium, net of accumulated amortization	1,209,062	-	-	-	22,167	7,388	1,238,617	-
ADEC loans	-	1,226,180	2,033,315	-	-	-	3,259,495	-
Net pension liability	1,192,396	217,370	216,192	498,290	816,894	312,643	3,253,785	120,325
Landfill closure liability	-	-	-	-	-	65,970	65,970	-
<b>Total Noncurrent Liabilities</b>	<b>10,551,458</b>	<b>1,443,550</b>	<b>2,249,507</b>	<b>498,290</b>	<b>1,000,311</b>	<b>439,751</b>	<b>16,182,867</b>	<b>120,325</b>
<b>Total Liabilities</b>	<b>11,222,611</b>	<b>1,752,145</b>	<b>2,453,371</b>	<b>616,935</b>	<b>1,424,442</b>	<b>620,135</b>	<b>18,089,639</b>	<b>141,491</b>

*See accompanying notes to basic financial statements.*

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

<i>June 30, 2022</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			
<b>Deferred Inflows of Resources</b>								
Lease related	\$ -	\$ -	\$ -	\$ 1,350,947	\$ -	\$ -	\$ 1,350,947	\$ -
Related to pension	475,501	86,682	86,213	198,707	325,759	124,675	1,297,537	47,983
Related to other postemployment benefits	466,470	85,036	84,575	194,933	319,572	122,307	1,272,893	47,072
<b>Total Deferred Inflows of Resources</b>	<b>941,971</b>	<b>171,718</b>	<b>170,788</b>	<b>1,744,587</b>	<b>645,331</b>	<b>246,982</b>	<b>3,921,377</b>	<b>95,055</b>
<b>Net Position</b>								
Net investment in capital assets	7,970,145	15,028,119	7,780,948	21,859,522	1,903,324	2,111,704	56,653,762	2,473,001
Unrestricted (deficit)	6,498,949	1,239,971	815,762	3,310,830	(985,029)	736,804	11,617,287	3,894,910
<b>Total Net Position</b>	<b>14,469,094</b>	<b>16,268,090</b>	<b>8,596,710</b>	<b>25,170,352</b>	<b>918,295</b>	<b>2,848,508</b>	<b>68,271,049</b>	<b>6,367,911</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 26,633,676</b>	<b>\$ 18,191,953</b>	<b>\$ 11,220,869</b>	<b>\$ 27,531,874</b>	<b>\$ 2,988,068</b>	<b>\$ 3,715,625</b>		<b>\$ 6,604,457</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							<u>2,335,903</u>	
								<u><b>\$ 70,606,952</b></u>

*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, 2022	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Harbor and Port Facilities	Assisted Living			
<b>Operating Revenues</b>	\$ 6,324,466	\$ 1,018,790	\$ 859,711	\$ 1,581,263	\$ 1,385,612	\$ 1,719,510	\$ 12,889,352	\$ 951,760
<b>Operating Expenses</b>								
Salaries and benefits	1,160,144	345,478	274,579	737,081	771,660	605,084	3,894,026	171,733
Services, supplies, and other charges	4,015,924	264,590	176,804	1,374,149	282,087	678,997	6,792,551	442,021
Allocated overhead and motor pool charges	477,419	84,666	94,450	124,943	91,034	315,795	1,188,307	3,828
Depreciation	463,686	841,379	434,012	1,400,015	108,260	300,497	3,547,849	319,388
<b>Total Operating Expenses</b>	6,117,173	1,536,113	979,845	3,636,188	1,253,041	1,900,373	15,422,733	936,970
<b>Income (Loss) from Operations</b>	207,293	(517,323)	(120,134)	(2,054,925)	132,571	(180,863)	(2,533,381)	14,790
<b>Nonoperating Revenues (Expenses)</b>								
Investment loss	(179,145)	(99,005)	(21,058)	(126,454)	-	(34,764)	(460,426)	-
Interest expense	(132,119)	(22,088)	(22,743)	-	(4,700)	(1,566)	(183,216)	-
Federal interest subsidy	216	-	198,840	-	-	-	199,056	-
State PERS relief	232	43	42	97	159	47	620	24
<b>Net Nonoperating Revenues (Expenses)</b>	(310,816)	(121,050)	155,081	(126,357)	(4,541)	(36,283)	(443,966)	24
Income (Loss) before Transfers and Special Item	(103,523)	(638,373)	34,947	(2,181,282)	128,030	(217,146)	(2,977,347)	14,814
<b>Other Financing Sources (Uses)</b>								
Proceeds from issuance of loans	27,196	-	-	-	-	-	27,196	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	3,508
Transfers in	-	162,320	-	503,081	304,227	-	969,628	-
Transfers out	(40,000)	-	-	-	-	-	(40,000)	-
<b>Net Other Financing Sources (Uses)</b>	(12,804)	162,320	-	503,081	304,227	-	956,824	3,508
<b>Change in Net Position</b>	(116,327)	(476,053)	34,947	(1,678,201)	432,257	(217,146)	(2,020,523)	18,322
<b>Net Position, beginning of year</b>	14,585,421	16,744,143	8,561,763	26,848,553	486,038	3,065,654		6,349,589
<b>Net Position, end of year</b>	\$ 14,469,094	\$ 16,268,090	\$ 8,596,710	\$ 25,170,352	\$ 918,295	\$ 2,848,508		\$ 6,367,911
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							6,078	
<b>Change in Net Position of Business-Type Activities</b>							\$ (2,014,445)	

See accompanying notes to basic financial statements.



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

Year Ended June 30, 2022	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Harbor and Port Facilities	Assisted Living			
<b>Cash Flows from (for) Operating Activities</b>								
Receipts from customers and users	\$ 6,403,941	\$ 1,021,976	\$ 854,729	\$ 1,484,120	\$ 1,402,778	\$ 1,725,320	\$ 12,892,864	\$ 952,519
Payments for interfund services used	(477,419)	(84,666)	(94,450)	(124,943)	(91,034)	(315,795)	(1,188,307)	(3,828)
Payments to suppliers	(4,037,358)	(269,520)	(209,147)	(1,355,618)	(275,885)	(658,826)	(6,806,354)	(445,703)
Payments to employees	(1,315,902)	(343,000)	(363,545)	(680,716)	(1,126,504)	(556,342)	(4,386,009)	(219,097)
<b>Net cash flows from (for) operating activities</b>	<b>573,262</b>	<b>324,790</b>	<b>187,587</b>	<b>(677,157)</b>	<b>(90,645)</b>	<b>194,357</b>	<b>512,194</b>	<b>283,891</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>								
Transfers out	(40,000)	-	-	-	-	-	(40,000)	-
Increase in due to other funds	-	-	-	-	16,114	-	16,114	-
<b>Net cash flows from (for) noncapital financing activities</b>	<b>(40,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,114</b>	<b>-</b>	<b>(23,886)</b>	<b>-</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>								
Principal paid on long-term debt	(140,000)	(224,289)	-	-	(161,250)	(53,750)	(579,289)	-
Proceeds from long-term debt	-	-	176,267	-	-	-	176,267	-
Interest paid on long-term debt	(133,902)	(25,172)	(24,345)	-	(19,538)	(6,512)	(209,469)	-
Proceeds from bonds issuance	7,070,000	-	-	-	-	-	7,070,000	-
Premium from bond issuance	999,338	-	-	-	-	-	999,338	-
Acquisition and construction of capital assets	(1,634,139)	-	(601,990)	(20,346)	(48,908)	(46,342)	(2,351,725)	(596,777)
Transfers in	-	162,320	-	503,081	304,227	-	969,628	-
Proceeds from insurance recovery	-	-	-	-	-	-	-	3,508
Federal interest subsidy received	216	-	198,840	-	-	-	199,056	-
<b>Net cash flows from (for) capital and related financing activities</b>	<b>6,161,513</b>	<b>(87,141)</b>	<b>(251,228)</b>	<b>482,735</b>	<b>74,531</b>	<b>(106,604)</b>	<b>6,273,806</b>	<b>(593,269)</b>
<b>Cash Flows for Investing Activities</b>								
Investment loss	(179,145)	(99,005)	(21,058)	(126,454)	-	(34,764)	(460,426)	-
<b>Net increase (decrease) in cash and investments</b>	<b>6,515,630</b>	<b>138,644</b>	<b>(84,699)</b>	<b>(320,876)</b>	<b>-</b>	<b>52,989</b>	<b>6,301,688</b>	<b>(309,378)</b>
<b>Cash and Investments, beginning of year</b>	<b>7,398,568</b>	<b>1,208,118</b>	<b>1,025,926</b>	<b>3,930,750</b>	<b>-</b>	<b>1,043,322</b>	<b>14,606,684</b>	<b>4,331,935</b>
<b>Cash and Investments, end of year</b>	<b>\$ 13,914,198</b>	<b>\$ 1,346,762</b>	<b>\$ 941,227</b>	<b>\$ 3,609,874</b>	<b>\$ -</b>	<b>\$ 1,096,311</b>	<b>\$ 20,908,372</b>	<b>\$ 4,022,557</b>
<b>Cash Flows from Capital and Related Financing Activities</b>								
Equity in central treasury	\$ 6,617,091	\$ 1,346,762	\$ 941,227	\$ 3,609,874	\$ -	\$ 1,084,664	\$ 13,599,618	\$ 4,022,557
Restricted cash:								
Deposits	-	-	-	-	-	11,647	11,647	-
Acquisition and construction of capital assets	6,788,607	-	-	-	-	-	6,788,607	-
Bond reserve account	508,500	-	-	-	-	-	508,500	-
<b>Total Cash and Investments</b>	<b>\$ 13,914,198</b>	<b>\$ 1,346,762</b>	<b>\$ 941,227</b>	<b>\$ 3,609,874</b>	<b>\$ -</b>	<b>\$ 1,096,311</b>	<b>\$ 20,908,372</b>	<b>\$ 4,022,557</b>

See accompanying notes to basic financial statements.

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

Year Ended June 30, 2022	Major Enterprise Funds					Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Harbor and Port Facilities	Assisted Living			
<b>Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities</b>								
Income (loss) from operations	\$ 207,293	\$ (517,323)	\$ (120,134)	\$ (2,054,925)	\$ 132,571	\$ (180,863)	\$ (2,533,381)	\$ 14,790
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:								
Depreciation	463,686	841,379	434,012	1,400,015	108,260	300,497	3,547,849	319,388
PERS relief	232	43	42	97	159	47	620	24
Increase (decrease) in allowance for doubtful accounts	(44,599)	(5,995)	(3,401)	2,192	-	(4,296)	(56,099)	-
(Increase) decrease in assets:								
Amortization of deferred outflows of resources for pension	(10,441)	(4,922)	7,348	(17,959)	32,055	(14,909)	(8,828)	4,635
Amortization of deferred outflows of resources for other postemployment benefits	51,836	7,984	13,887	15,058	54,556	7,680	151,001	7,994
Accounts receivable	125,838	10,499	(978)	(59,300)	46,012	10,755	132,826	759
Inventories	(39,050)	(7,920)	(865)	-	-	-	(47,835)	-
Net other postemployment benefits asset	(745,803)	(138,115)	(128,613)	(321,386)	(482,902)	(204,252)	(2,021,071)	(71,191)
Leases receivable	-	-	-	42,841	-	-	42,841	-
Increase (decrease) in liabilities:								
Amortization of deferred inflows of resources for pension	450,174	82,519	80,230	190,169	302,508	119,866	1,225,466	44,571
Amortization of deferred inflows of resources for other postemployment benefits	368,743	68,973	61,490	161,989	229,853	103,751	994,799	33,907
Accounts payable	17,616	2,990	(31,478)	18,531	6,202	20,171	34,032	(3,682)
Accrued payroll and employee benefits	184	4,735	849	4,736	28,567	(2,366)	36,705	4,052
Accrued leave	(35,273)	(1,430)	(3,119)	6,689	(25,723)	(2,615)	(61,471)	664
Deferred inflows of resources related to leases	-	-	-	(82,876)	-	-	(82,876)	-
Unearned revenue	-	-	-	-	(28,546)	210	(28,336)	-
Customer deposits	(1,764)	(1,318)	(603)	-	(300)	(859)	(4,844)	-
Net pension liability	(232,539)	(16,837)	(120,402)	17,940	(491,281)	42,085	(801,034)	(71,633)
Net other postemployment benefits liability	(2,871)	(472)	(678)	(968)	(2,636)	(545)	(8,170)	(387)
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 573,262</b>	<b>\$ 324,790</b>	<b>\$ 187,587</b>	<b>\$ (677,157)</b>	<b>\$ (90,645)</b>	<b>\$ 194,357</b>	<b>\$ 512,194</b>	<b>\$ 283,891</b>
<b>Supplemental Disclosure of Cash Flow Information</b>								
Leases receivable and Deferred inflows of resources related to implementation of new accounting pronouncement	\$ -	\$ -	\$ -	\$ 1,433,823	\$ -	\$ -	\$ 1,433,823	\$ -

*See accompanying notes to basic financial statements.*

**Petersburg Borough, Alaska**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2022**

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**1. Summary of Significant Accounting Policies**

***Reporting Entity***

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

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

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

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

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

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

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

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

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

Petersburg Medical Center  
PO Box 589  
Petersburg, AK 99833

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

### ***Government-Wide and Fund Financial Statements***

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

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

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

### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers all revenues except reimbursement grants to be available if they are collected within 60 days after year end. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to accrued leave, pension and other postemployment benefits are recorded only to the extent they have matured.

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

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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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 *DRCA Local Government Lost Revenue - ARPA Special Revenue Fund* was established to support communities who were significantly impacted by the pandemic and economic crisis. These funds are to replace lost revenue and use for the provision of general government services.

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**

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***Central Treasury***

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

***Cash and Investments***

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

***Receivables***

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

***Interfund Balances***

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

***Inventories***

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

***Prepaid Items***

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

***Capital Assets***

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

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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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

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### ***Leases***

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

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

Key estimates and judgments include how the Borough determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Borough uses the explicit rate found in the current lease contracts between the Borough and the Lessee. The lease term is recognized as the length of time until the lease can be renewed. If there is not a renewal clause in the lease agreement then the term shall be the length of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Borough monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### ***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.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### ***Accrued Leave***

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

### ***Long-term Debt***

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective-interest method. Bond issuance costs are expensed as incurred.

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

### ***Pension and Other Postemployment Benefits (OPEB)***

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

### ***Deferred Inflows of Resources***

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

### ***Grants and Other Intergovernmental Revenues***

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



# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### ***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.

### ***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

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### 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, 2022, the Motor Pool Building Repair Capital Project Fund, and Disaster Response Capital Project Fund had deficits in fund balance of \$94,768 and \$146,169, respectively, due to cumulative 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**

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**3. Interfund Receivables, Payables, and Transfers**

A schedule of interfund balances and transfers as of and for the year ended June 30, 2022, follows:

**Due from Other Funds**

To General Fund from:	
Assisted Living Enterprise Fund for short-term advances to cover operating costs	\$ 100,213
Nonmajor governmental funds for short-term advances to cover capital costs	460,636
<hr/>	
To Nonmajor governmental funds from General Fund to cover operating costs	\$ 4,853
<hr/>	
<b>Total Due from Other Funds</b>	<b>\$ 565,702</b>

**Transfers**

From General Fund to:	
Assisted Living Enterprise Fund for operating subsidies and to cover debt service costs	\$ 304,227
Harbor and Port Enterprise Fund to cover operating costs	503,081
Nonmajor governmental funds to cover operating and debt service costs	615,347
<hr/>	
Total transfers from General Fund	1,422,655
<hr/>	
From Electric Utility Enterprise Fund to Water Utility Enterprise Fund to cover capital costs	40,000
<hr/>	
From nonmajor governmental funds to:	
Water Utility Enterprise Fund to cover capital costs	122,320
General Fund to cover operating costs	450,000
Nonmajor governmental funds to cover capital costs	450,000
<hr/>	
Total transfers from nonmajor governmental funds	1,022,320
<hr/>	
<b>Total Transfers to Other Funds</b>	<b>\$ 2,484,975</b>

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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 or statement of net position as "Cash and investments", or in the case of "negative cash," is included in "Due to other funds."

#### *Reconciliation of Deposit and Investment Balances*

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2022.

	Pooled Cash and Investments	Economic Development Fund	Totals
Bank deposits	\$ 2,336,634	\$ -	\$ 2,336,634
Petty cash	2,730	-	2,730
Investments	35,058,155	4,264,269	39,322,424
<b>Total Cash and Investments</b>	<b>\$ 37,397,519</b>	<b>\$ 4,264,269</b>	<b>\$ 41,661,788</b>

	Pooled Cash and Investments	Economic Development Fund	Totals
Cash and investments	\$ 30,088,765	\$ 4,264,269	\$ 34,353,034
Restricted cash and investments	7,308,754	-	7,308,754
<b>Total Cash and Investments</b>	<b>\$ 37,397,519</b>	<b>\$ 4,264,269</b>	<b>\$ 41,661,788</b>

#### *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

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

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

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

### *Interest Rate Risk*

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

### *Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure to custodial credit risk, Borough policy requires that all deposits and investments be fully insured or collateralized. As of June 30, 2022, the Borough had balances of \$114,252 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, 2022 are as follows:

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
Investment type:			
Money market funds	\$ 216,189	\$ 216,189	\$ -
U.S. government agencies	2,181,668	-	2,181,668
Corporate bonds	1,132,495	357,209	775,286
Certificates of deposit	21,277,252	5,456,985	15,820,267
U.S. treasury securities	241,065	-	241,065
Pooled investments	10,009,486	10,009,486	-
<b>Total Investments</b>	<b>\$ 35,058,155</b>	<b>\$ 16,039,869</b>	<b>\$ 19,018,286</b>

Investment maturities in the Economic Development Fund investments at June 30, 2022 are as follows:

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
Investment type:			
Money market funds	\$ 79,476	\$ 79,476	\$ -
Certificates of deposit	2,276,205	418,179	1,858,026
<b>Total subject to interest rate risk</b>	<b>2,355,681</b>	<b>\$ 497,655</b>	<b>\$ 1,858,026</b>
International equity securities	160,464		
U.S. equity securities	1,748,124		
<b>Total Investments</b>	<b>\$ 4,264,269</b>		

#### *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 \$2,181,668 were rated by Standard and Poor's as AA+. The Borough's investments in corporate bonds of \$1,132,495 were rated as follows by Moody's: \$436,439 rated AAA; \$193,814 rated AA2; and \$502,243 rated A1. The Borough's investments in certificates of deposit and money market funds were not rated.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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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, 2022, the fair value of the investments in the Pool approximates amortized cost and is equal to the value of Pool shares. The Borough has no unfunded commitments to the Pool. The Borough can redeem its investment in AMLIP on a daily basis with no prior notification.

Within the investments in the Economic Development Fund, the Borough's investments in corporate bonds of \$1,340,787 were rated A1 by Moody's. The Borough's investments in certificates of deposit and money market funds were not rated.

### *Concentration of Credit Risk*

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

### *Fair Value Measurement*

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

The Borough has the following recurring fair value measurements as of June 30, 2022:

- U.S. government agency securities of \$2,181,668 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs).
- U.S. treasuries of \$241,065 are valued using information for market sources, integrated relative credit information, observed market movement, and sector news into the evaluated pricing applications and models (Level 2 inputs).
- Corporate bonds of \$1,132,495 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 \$23,553,457 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 \$1,908,588 are valued using quoted market prices (Level 1 inputs).

The Borough has investments in money market funds and certificates of deposits totaling \$295,665 that are not held at fair value, but instead recorded at amortized cost as of June 30, 2022. The Borough's investment in AMLIP of \$10,009,486 is measured at net asset value, as of June 30, 2022. 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, 2022, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Nonmajor Governmental Funds	Electric Utility Enterprise Fund	Water Utility Enterprise Fund
Property, sales and transient room taxes	\$ 452,948	\$ 14,455	\$ -	\$ -
Grants, loans and shared revenues	-	305,786	-	-
Accounts	358,900	1,563,822	564,467	89,391
Leases	63,855	-	-	-
Interest	37,719	1,873	-	-
<b>Total receivables</b>	<b>913,422</b>	<b>1,885,936</b>	<b>564,467</b>	<b>89,391</b>
Less allowance for doubtful accounts	-	-	(10,674)	(4,689)
<b>Net Receivables</b>	<b>\$ 913,422</b>	<b>\$ 1,885,936</b>	<b>\$ 553,793</b>	<b>\$ 84,702</b>

	Wastewater Utility Enterprise Fund	Harbor and Port Facilities Enterprise Fund	Nonmajor Enterprise and Internal Service Funds	Total
Property, sales and transient room taxes	\$ -	\$ -	\$ -	\$ 467,403
Grants, loans and shared revenues	525	-	-	306,311
Accounts	87,589	262,036	113,042	3,039,247
Leases	-	1,390,982	-	1,454,837
Interest	-	-	-	39,592
<b>Total receivables</b>	<b>88,114</b>	<b>1,653,018</b>	<b>113,042</b>	<b>5,307,390</b>
Less allowance for doubtful accounts	(4,762)	(39,685)	(3,378)	(63,188)
<b>Net Receivables</b>	<b>\$ 83,352</b>	<b>\$ 1,613,333</b>	<b>\$ 109,664</b>	<b>\$ 5,244,202</b>



**Petersburg Borough, Alaska**  
**Notes to Basic Financial Statements**

**6. Capital Assets**

Capital asset activity for the year ended June 30, 2022 was as follows:

<b>Governmental Activities</b>	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 4,076,919	\$ -	\$ -	\$ 4,076,919
Construction in progress	1,714	-	-	1,714
<b>Total assets not being depreciated</b>	<b>4,078,633</b>	<b>-</b>	<b>-</b>	<b>4,078,633</b>
<i>Capital assets being depreciated:</i>				
Buildings	59,500,953	-	(5,100)	59,495,853
Improvements other than buildings	375,118	-	-	375,118
Machinery and equipment*	10,743,494	778,524	(203,220)	11,318,798
Infrastructure	17,710,274	-	-	17,710,274
<b>Total assets being depreciated</b>	<b>88,329,839</b>	<b>778,524</b>	<b>(208,320)</b>	<b>88,900,043</b>
<i>Less accumulated depreciation for:</i>				
Buildings	35,032,021	1,496,380	(5,100)	36,523,301
Improvements other than buildings	217,464	37,189	-	254,653
Machinery and equipment*	7,894,748	516,831	(180,430)	8,231,149
Infrastructure	2,519,653	173,819	-	2,693,472
<b>Total accumulated depreciation</b>	<b>45,663,886</b>	<b>2,224,219</b>	<b>(185,530)</b>	<b>47,702,575</b>
<b>Total capital assets being depreciated, net</b>	<b>42,665,953</b>	<b>(1,445,695)</b>	<b>(22,790)</b>	<b>41,197,468</b>
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 46,744,586</b>	<b>\$ (1,445,696)</b>	<b>\$ (22,790)</b>	<b>\$ 45,276,101</b>

\* The ending balances include \$8,557,938 and \$6,084,937 of equipment cost and accumulated depreciation, respectively, related to the Motor Pool Internal Service Fund. Additions includes \$596,776 for the Motor Pool Internal Service Fund.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

<b>Business-Type Activities</b>	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 2,399,493	\$ -	\$ -	\$ 2,399,493
Construction in progress	1,457,215	1,716,329	(509,692)	2,663,852
<b>Total assets not being depreciated</b>	<b>3,856,708</b>	<b>1,716,329</b>	<b>(509,692)</b>	<b>5,063,345</b>
<i>Capital assets being depreciated:</i>				
Buildings	27,547,393	63,241	-	27,610,634
Improvements other than buildings	84,867,123	1,082,283	-	85,949,406
Machinery and equipment	22,759,399	46,659	(29,289)	22,776,769
<b>Total assets being depreciated</b>	<b>135,173,915</b>	<b>1,192,183</b>	<b>(29,289)</b>	<b>136,336,809</b>
<i>Less accumulated depreciation for:</i>				
Buildings	17,145,497	621,724	-	17,767,221
Improvements other than buildings	38,116,353	2,555,343	-	40,671,696
Machinery and equipment	19,119,415	370,782	(29,289)	19,460,908
<b>Total accumulated depreciation</b>	<b>74,381,265</b>	<b>3,547,849</b>	<b>(29,289)</b>	<b>77,899,825</b>
<b>Total capital assets being depreciated, net</b>	<b>60,792,650</b>	<b>(2,355,666)</b>	<b>-</b>	<b>58,436,984</b>
<b>Business-Type Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 64,649,358</b>	<b>\$ (639,335)</b>	<b>\$ (509,692)</b>	<b>\$ 63,500,329</b>

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# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows:

<b>Governmental Activities</b>	Depreciation Excluding Internal Service Fund	Internal Service Fund Allocation	Total Depreciation
General government	\$ 124,584	\$ 143,723	\$ 268,307
Public safety	508,425	86,235	594,660
Public works	239,941	86,235	326,176
Culture and recreation	708,749	3,194	711,943
Education	323,133	-	323,133
<b>Total Governmental Activities</b>	<b>\$ 1,904,832</b>	<b>\$ 319,387</b>	<b>\$ 2,224,219</b>

<b>Business-Type Activities</b>	Depreciation
Electric utility	\$ 463,686
Water utility	841,379
Wastewater utility	434,012
Sanitation utility	193,916
Harbor and port facilities	1,400,015
Elderly housing	106,581
Assisted living	108,260
<b>Total Business-Type Activities</b>	<b>\$ 3,547,849</b>

### 7. Leases

The Borough has retroactively implemented Governmental Accounting Standards Board (GASB) Statement Number 87, *Leases* (GASB 87) effective for the Borough's fiscal year beginning July 1, 2021. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. There was no significant impact from GASB 87 implementation on the Borough's opening net position.

During the current fiscal year, the Borough leased General Fund land, and Harbor and Port Facilities Fund Tidelands. The leases range from two to ninety-nine years and the Borough will receive annual payments listed in the table below. There are no agreements as a lessee or lessor that include sale-leaseback or lease-leaseback provision or contain subleases. The Borough recognized lease revenue and interest revenue during the current fiscal year related to all leases as stated in the table below. As of June 30, 2022, the Borough receivable for lease payments is stated below. Also, the Borough has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources is listed below.

	Payment Amount	Lease Revenue	Lease Interest	Lease Receivable	Deferred Inflow
General Fund	\$ 6,278	\$ 2,284	\$ 5,453	\$ 63,855	\$ 62,396
Harbor and Port Facilities Fund	160,962	82,876	107,267	1,390,982	1,350,947

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

The future expected minimum lease payments to be received for the General Fund and Harbor Fund as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business Type Activities	
	General Fund	Harbor and Port Facilities Fund	Total	
2023	\$ 6,278	\$ 139,515	\$ 145,793	
2024	6,278	137,766	144,044	
2025	6,278	137,767	144,045	
2026	6,278	133,748	140,026	
2027	6,278	133,749	140,027	
2028-2032	31,390	654,705	686,095	
2033-2037	31,390	640,774	672,164	
2038-2042	26,470	511,379	537,849	
2043-2047	21,088	177,785	198,873	
2048-2052	21,050	112,446	132,496	
2053-2057	21,050	83,860	103,910	
2058-2062	21,050	73,200	93,250	
2062-2067	-	73,200	73,200	
<b>Totals</b>	<b>\$ 201,878</b>	<b>\$ 3,009,894</b>	<b>\$ 3,211,772</b>	

### 8. Long-term Debt

Bonds and notes payable at June 30, 2022, are comprised of the following:

Governmental Activities	Balance July 1, 2021	Additions	Retirements	Balance Due Within June 30, 2022	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%	\$ 425,008	\$ -	\$ 65,000	\$ 360,008	\$ 65,000
\$2,010,000 2012 general obligation refunding school bonds, due in annual installments of \$210,000 to \$240,000 through 2025, plus interest at 4.0% to 5.0%	900,000	-	210,000	690,000	220,000
\$1,150,000 2012 Series 3 general obligation library bonds, due in annual installments of \$85,000 to \$100,000 through 2027, plus interest at 4.0% to 5.0%	555,000	-	85,000	470,000	90,000
\$3,165,000 2014 Series 3 general obligation refunding school bonds, due in annual installments of \$320,000 to \$390,000 through 2025, plus interest of 4.0% to 5.0%	1,770,000	-	320,000	1,450,000	335,000
Accrued leave (net) *	395,709	-	45,549	350,160	350,160
<b>Total Governmental Activities</b>	<b>\$ 4,045,717</b>	<b>\$ -</b>	<b>\$ 725,549</b>	<b>3,320,168</b>	<b>\$ 1,060,160</b>
Unamortized bond premium				284,293	
				<b>\$ 3,604,461</b>	

\* The ending balance includes \$4,012 of accrued leave related to the Motor Pool Internal Service Fund.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

<b>Business-Type Activities</b>	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
<i>General Obligation Bonds:</i>					
\$1,910,000 2012 general obligation elderly housing and assisted living refunding bonds, due in annual installments of \$215,000 to \$220,000 through 2024, plus interest at 4.0% to 5.0%	\$ 650,000	\$ -	\$ 215,000	\$ 435,000	\$ 220,000
\$1,560,000 2020 Series One general obligation electric utility refunding bonds, due in annual installments of \$140,000 to \$170,000 through 2030 plus interest at 5.0%	1,430,000	-	140,000	1,290,000	115,000
\$7,070,000 2022 obligation electric utility revenue bonds, due in annual installments of \$95,000 to \$480,000 through 2047, plus interest at 5.0%	-	7,070,000	-	7,070,000	95,000
<i>Notes Payable:</i>					
\$1,989,840 Water Utility note, due in annual installments of \$115,248 to \$120,508 through 2025, plus interest at 1.5% (loan number 685041)	471,464	-	115,248	356,216	116,976
\$643,823 Wastewater Utility note, due in annual installments of \$36,833 to \$38,515 through 2025, plus interest at 1.5% (loan number 685011)	150,680	-	36,833	113,847	37,385
\$1,317,577 Water Utility note, due in annual installments of \$68,126 to \$75,609 through 2029, plus interest at 1.5% (loan number 685051)	574,494	-	68,126	506,368	69,148

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

<b>Business-Type Activities</b>	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
<i>Notes Payable:</i>					
\$600,000 (maximum) Water Utility note, due in annual installments of \$10,536 to \$16,165 through 2035, plus interest at 1.5% (loan number 685241)	\$ 162,784	\$ -	\$ 10,536	\$ 152,248	\$ 10,694
\$642,460 Water Utility note, due in annual installments of \$30,380 to \$36,868 through 2035; plus interest at 1.5% (loan number 685251)	469,380	-	30,380	439,000	30,836
\$629,191 Wastewater Utility note, due in annual installments of \$25,848 to \$31,368 through 2035; plus interest at 1.5% (loan number 685211)	399,367	-	25,848	373,519	26,236
\$728,000 Wastewater Utility note, due in annual installments of \$33,139 to \$39,622 through 2035; plus interest at 1.5% (loan number 685221)	509,514	-	33,139	476,375	33,636
\$828,702 Wastewater Utility note, due in annual installments of \$29,351 to \$37,246 through 2038; plus interest at 1.5% (loan number 685261)	563,572	-	29,351	534,221	29,791
\$550,000 (maximum) Wastewater Utility note, terms not yet established; plus interest at 1.5% (loan number 685271)	449,963	232,552	198,840 *	483,736	-
\$160,000 (maximum) Wastewater Utility note, terms not yet established; plus interest at 1.5% (loan number 685291)	160,000	-	-	160,000	-
\$360,000 (maximum) Wastewater Utility note, terms not yet established; plus interest at 1.5% (loan number 685301)	18,727	-	-	14,862	-
Accrued leave (net)	386,501	-	61,470	325,030	325,030
<b>Total Business-Type Activities</b>	<b>\$ 6,396,446</b>	<b>\$ 7,302,552</b>	<b>\$ 964,771</b>	<b>12,734,227</b>	<b>\$ 1,109,732</b>
Unamortized bond premium				<u>1,238,617</u>	
				<u>\$ 13,972,844</u>	

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

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

### Governmental Activities

<i>Year Ending June 30,</i>	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 710,000	\$ 126,625	\$ 836,625
2024	745,000	90,825	835,825
2025	775,000	53,750	828,750
2026	560,000	21,925	581,925
2027	180,000	5,500	185,500
	<b>\$ 2,970,000</b>	<b>\$ 298,625</b>	<b>\$ 3,268,625</b>

### Business-Type Activities

<i>Year Ending June 30,</i>	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 430,000	\$ 429,000	\$ 859,000
2024	490,000	406,000	896,000
2025	290,000	386,500	676,500
2026	315,000	379,875	694,875
2027	325,000	364,250	689,250
2028-2031	6,945,000	5,393,000	12,338,000
	<b>\$ 8,795,000</b>	<b>\$ 7,358,625</b>	<b>\$ 16,153,625</b>

<i>Year Ending June 30,</i>	Notes Payable		
	Principal	Interest	Total
2023	\$ 354,702	\$ 44,276	\$ 398,978
2024	360,023	38,956	398,979
2025	365,419	33,556	398,975
2026	209,492	28,074	237,566
2027	212,634	24,931	237,565
2028-2032	878,280	79,318	957,598
2033-2037	533,938	21,578	555,516
2038	37,246	559	37,805
	<b>\$ 2,951,734</b>	<b>\$ 271,248</b>	<b>\$ 3,222,982</b>

Not included in the table above is \$662,463 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, 2022:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
<b>Petersburg School District</b>					
Accrued leave	\$ 48,745	\$ 121,677	\$ 107,372	\$ 63,050	\$ 63,050
<b>Petersburg Medical Center</b>					
Accrued leave	\$ 1,012,792	\$ 128,666	\$ 147,008	\$ 994,450	\$ 994,450
Capital leases	259,368	3,050,000	241,126	3,068,242	333,818
<b>Total</b>	<b>\$ 1,272,160</b>	<b>\$ 3,178,666</b>	<b>\$ 388,134</b>	<b>\$ 4,062,692</b>	<b>\$ 1,328,268</b>

### 9. Fund Balances

Fund balances reported at June 30, 2022 for the Borough's individual major funds and nonmajor funds in the aggregate are subject to the following constraints:

	<u>Major Fund</u> General Fund	Total Nonmajor Funds	Totals
<b>Restricted:</b>			
School support	\$ -	\$ 3,900,314	\$ 3,900,314
Streets and roads	-	385,669	385,669
<b>Total restricted</b>	<b>-</b>	<b>4,285,983</b>	<b>4,285,983</b>
<b>Committed:</b>			
Economic development	-	4,043,822	4,043,822
Public works	-	872,557	872,557
Public safety	-	235,424	235,424
Capital projects	-	561,986	561,986
Tourism	-	141,714	141,714
<b>Total committed</b>	<b>-</b>	<b>5,855,503</b>	<b>5,855,503</b>
<b>Assigned:</b>			
General government	-	61,128	61,128
Debt service	-	1,213,737	1,213,737
Subsequent year's expenditures	-	3,703	3,703
<b>Total assigned</b>	<b>-</b>	<b>1,278,568</b>	<b>1,278,568</b>
<b>Unassigned (deficit)</b>	<b>5,703,942</b>	<b>(240,937)</b>	<b>5,463,005</b>
<b>Total Fund Balances</b>	<b>\$ 5,703,942</b>	<b>\$ 11,179,117</b>	<b>\$ 16,883,059</b>



# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### 10. Municipal Landfill Closure and Postclosure Liability

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

The Borough believes the cost to close the landfill will be \$65,970. This liability is based on what it would cost to perform all closure and postclosure care in 2022. Actual costs may be higher due to inflation, changes in technology or changes in regulations. At June 30, 2022, the Borough has not committed or assigned any fund balance to fund the cost of closure and postclosure monitoring, nor have any assets been restricted for this purpose.

### 11. Pension and Other Postemployment Benefits Plans

#### *(a) Defined Benefit (DB) Pension Plan*

##### *General Information About the Plan*

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

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

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

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

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### *Historical Context and Special Funding Situation*

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

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

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

### *Employee Contribution Rates*

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

### *Employer and Other Contribution Rates*

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

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

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

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

Contribution rates for the year ended June 30, 2022 were determined in the June 30, 2020 actuarial valuations. The Borough's contribution rates for the 2022 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>30.11%</b>	<b>8.11%</b>

In 2022, the Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2020 to June 30, 2021	Borough Fiscal Year July 1, 2021 to June 30, 2022
Employer contributions (including DBUL)	\$ 682,182	\$ 719,370
Nonemployer contributions (on-behalf)	478,050	451,506
<b>Total Contributions</b>	<b>\$ 1,160,232</b>	<b>\$ 1,170,876</b>

In addition, employee contributions to the Plan totaled \$109,491 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, 2022, 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	\$ 7,589,977
State's proportionate share of NPL associated with the Borough	1,029,687
<b>Total Net Pension Liability</b>	<b>\$ 8,619,664</b>

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2021 measurement date, the Borough's proportion was 0.20690 percent, which was an increase of 0.05117 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Borough recognized pension expense of \$2,660,064 and on-behalf revenue of \$1,476 for support provided by the State. At June 30, 2022, 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	\$ -	\$ (33,625)
Net difference between projected and actual earnings on pension plan investments	-	(2,993,088)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	418,334	-
Borough contributions subsequent to the measurement date	719,370	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 1,137,704</b>	<b>\$ (3,026,713)</b>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2023. 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,*

2023	\$ (310,846)
2024	(685,599)
2025	(741,629)
2026	(870,305)
<b>Total Amortization</b>	<b>\$ (2,608,379)</b>

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# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039.
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-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others.

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The actuarial assumptions used in the June 30, 2020 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, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

### *Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 7.38%, 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	0.20690%	\$ 11,241,813	\$ 7,589,977	\$ 4,521,966

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### ***Pension Plan Fiduciary Net Position***

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

### ***(b) Defined Contribution (DC) Pension Plan***

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

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, 2022 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2022, forfeitures reduced pension expense by zero.

### ***Employee Contribution Rate***

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

### ***Employer Contribution Rate***

For the year ended June 30, 2022, 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, 2022 were \$197,346 and \$315,754, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

***Employer Contribution Rate***

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

Employer contribution rates for the year ended June 30, 2022 were as follows:

	Other	Peace/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability Benefits	0.31%	0.68%
<b>Total Contribution Rates</b>	<b>7.84%</b>	<b>8.21%</b>

In 2022, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period	Borough Fiscal
	July 1, 2020	Year
	to	July 1, 2021
	June 30, 2021	to
		June 30, 2022
Employer contributions - ARHCT	\$ 123,202	\$ 102,275
Employer contributions - RMP	48,597	42,233
Employer contributions - ODD	13,834	14,140
<b>Total Contributions</b>	<b>\$ 185,633</b>	<b>\$ 158,648</b>



# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

At June 30, 2022, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

Borough's proportionate share of NOA - ARHCT	\$ 5,328,729
Borough's proportionate share of NOA - RMP	70,286
Borough's proportionate share of NOA - ODD	114,312
<b>Total Borough's Proportionate Share of Net OPEB Asset</b>	<b>\$ 5,513,327</b>

State's proportionate share of the ARHCT NOA associated with the Borough	696,639
<b>Total Net OPEB Asset</b>	<b>\$ 6,209,966</b>

The total OPEB liabilities for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB assets as of that date. The Borough's proportion of the net OPEB assets is based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2020 Measurement Date Employer Proportion	June 30, 2021 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB assets:			
ARHCT	0.15565%	0.20772%	0.05207 %
RMP	0.26107%	0.26185%	0.00078 %
ODD	0.26153%	0.25937%	(0.00216)%

For the year ended June 30, 2022, the Borough recognized OPEB expense of \$(2,003,989). Of this amount, \$(241,708) 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:

Plan	OPEB expense	On-behalf revenue
ARHCT	\$ (2,081,810)	\$ (241,708)
RMP	65,659	-
ODD	12,162	-
<b>Total</b>	<b>\$ (2,003,989)</b>	<b>\$ (241,708)</b>

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

At June 30, 2022, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 5,226	\$ -	\$ 5,226
Changes in assumptions	-	21,846	-	21,846
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	2,872	1,774	4,646
Borough contributions subsequent to the measurement date	102,275	42,233	14,140	158,648
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 102,275</b>	<b>\$ 72,177</b>	<b>\$ 15,914</b>	<b>\$ 190,366</b>

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (55,960)	\$ (3,342)	\$ (31,222)	\$ (90,524)
Changes in assumptions	(201,374)	(41,770)	(868)	(244,012)
Difference between projected and actual investment earnings	(2,493,560)	(62,880)	(18,330)	(2,574,770)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	(55,211)	(953)	(3,757)	(59,921)
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (2,806,105)</b>	<b>\$ (108,945)</b>	<b>\$ (54,177)</b>	<b>\$ (2,969,227)</b>

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 assets in the year ending June 30, 2023. 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
2023	\$ (896,708)	\$ (17,023)	\$ (10,062)	\$ (923,793)
2024	(574,259)	(17,052)	(10,050)	(601,361)
2025	(616,634)	(17,687)	(10,242)	(644,563)
2026	(718,504)	(19,690)	(10,854)	(749,048)
2027	-	(2,022)	(5,744)	(7,766)
Thereafter	-	(5,527)	(5,451)	(10,978)
<b>Total Amortization</b>	<b>\$ (2,806,105)</b>	<b>\$ (79,001)</b>	<b>\$ (52,403)</b>	<b>\$ (2,937,509)</b>

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total OPEB liability for each plan for the measurement period ended June 30, 2021 was determined by actuarial valuations as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021:

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Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
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.
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate of return	7.38%, 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	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%
Mortality (ARHCT, RMP and ODD Plans)	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
(ODD Plan)	Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others. Disability mortality in accordance with the RP-2014 Disabled Table, benefit-weighted, rolled back to 2006, and projected 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. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 and CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

### ***Long-Term Expected Rate of Return***

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 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	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

### ***Discount Rate***

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2021 was 7.38%. This discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

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

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net OPEB asset:				
ARHCT	0.20772%	\$ (3,484,909)	\$ (5,328,729)	\$ (6,859,884)
RMP	0.26185%	\$ 45,873	\$ 70,286	\$ (158,020)
ODD	0.25937%	\$ (109,459)	\$ (114,312)	\$ (118,177)

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

The following presents the Borough's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the Borough's proportionate share of the respective plan's net OPEB 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 asset:				
ARHCT	0.20772%	\$ (7,039,125)	\$ (5,328,729)	\$ (3,264,727)
RMP	0.26185%	\$ (170,578)	\$ 70,286	\$ 66,371
ODD	0.25937%	\$ n/a	\$ n/a	\$ n/a

### *OPEB Plan Fiduciary Net Position*

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

#### *(d) Defined Contribution OPEB Plans*

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

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### ***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, 2021, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,168 per year for each full-time employee, and \$1.39 per hour for part-time employees.

### ***Annual Postemployment Healthcare Cost***

In fiscal year 2022, the Borough contributed \$141,400 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

## **12. Deferred Compensation Plan**

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

## **13. Risk Management**

The Borough faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs and certain other coverages. The Borough is a member of Alaska Public Entity Insurance (APEI), a governmental insurance pool. APEI provides insurance coverage for property and contents damage, torts, general and automobile liability, public officials and employees' liability, law enforcement professional liability and workers' compensation. The Borough has no coverage for potential losses from environmental damages. APEI is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2022.

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

## **14. Contingencies**

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

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

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### 15. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were implemented by the Borough for 2022 reporting:

*GASB Statement No. 87 - Leases* - Effective for year-end June 30, 2022. 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. The Borough adopted this pronouncement effective June 30, 2022 which resulted in the recognition of lease receivables, and deferred inflows of resources as of the beginning of the period.

*GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for year-end June 30, 2022. 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. The Borough does not incur normal interest costs for construction, so no action was required on this statement.

*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, 2022. 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. No action was required on this statement.

*GASB Statement No. 93 - Replacement of Interbank Offered Rates* - The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end June 30, 2021. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end June 30, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The Borough does not hold any investments with replacement of interbank offered rates, therefore, no action was required on this statement.

*GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* - 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 (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Borough does not have a 457 plan that meets the definition of a pension plan, therefore, no action was required on this statement.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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*GASB Statement No. 98 - The Annual Comprehensive Financial Report* - Effective for year-end June 30, 2022. Earlier application is encouraged. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Borough does not issue an Annual Comprehensive Financial Report, therefore no action was required on this statement.

The GASB has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB Statement No. 95). 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. 91 - Conduit Debt Obligations* - Effective for year-end June 30, 2023. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit 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. 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).

*GASB Statement No. 96 - Subscription-Based Information Technology Arrangements* - Effective for year-end June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

*GASB Statement No. 99 - Omnibus 2022* - Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024.

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

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



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## Required Supplementary Information

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

<i>Year Ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property taxes	\$ 3,450,703	\$ 3,450,703	\$ 3,467,823	\$ 17,120
Sales taxes	3,220,000	3,220,000	4,141,309	921,309
Other taxes	270,000	270,000	328,745	58,745
Intergovernmental	1,584,287	2,137,368	2,273,883	136,515
Licenses and permits	10,500	10,500	7,093	(3,407)
Charges for services	409,929	409,929	370,245	(39,684)
Fines and forfeitures	7,500	7,500	4,636	(2,864)
Overhead charges	598,122	598,122	598,122	-
Investment income (loss)	175,000	175,000	(380,873)	(555,873)
Other revenues	6,000	6,000	8,987	2,987
<b>Total Revenues</b>	<b>9,732,041</b>	<b>10,285,122</b>	<b>10,819,970</b>	<b>534,848</b>
<b>Expenditures</b>				
General government	1,874,571	1,874,571	2,111,389	(236,818)
Public safety	2,342,114	2,512,264	2,437,577	74,687
Public works	1,421,706	1,421,706	1,432,487	(10,781)
Community development	352,003	352,003	377,381	(25,378)
Community services	81,500	81,500	81,855	(355)
Culture and recreation	1,577,283	1,650,606	1,452,072	198,534
Education - contribution to school district	1,800,000	1,800,000	1,800,000	-
<b>Total Expenditures</b>	<b>9,449,177</b>	<b>9,692,650</b>	<b>9,692,761</b>	<b>(111)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>282,864</b>	<b>592,472</b>	<b>1,127,209</b>	<b>534,737</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	450,000	450,000	450,000	-
Transfers out	(1,064,483)	(1,417,802)	(1,422,655)	(4,853)
<b>Net Other Financing Uses</b>	<b>(614,483)</b>	<b>(967,802)</b>	<b>(972,655)</b>	<b>(4,853)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (331,619)</b>	<b>\$ (375,330)</b>	<b>154,554</b>	<b>\$ 529,884</b>
<b>Fund Balance, beginning of year</b>			<b>5,549,388</b>	
<b>Fund Balance, end of year</b>			<b>\$ 5,703,942</b>	

*See accompanying notes to Required Supplementary Information.*

## Petersburg Borough, Alaska

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

<i>Year Ended June 30, 2022</i>	Original and Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>			
Intergovernmental	\$ 1,430,893	\$ 59,272	\$ (1,371,621)
<b>Expenditures</b>			
Culture and recreation	1,430,893	59,272	1,371,621
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, beginning of year		<u>-</u>	
Fund Balance, end of year		<u>\$ -</u>	

*See accompanying notes to Required Supplementary Information.*

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

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

**Schedule of the Borough's Contributions**

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

*See accompanying notes to Required Supplementary Information.*

**Petersburg Borough, Alaska**

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

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

**Schedule of the Borough's Contributions**

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

*See accompanying notes to Required Supplementary Information.*

**Petersburg Borough, Alaska**

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

<i>Years Ended June 30,</i>	RMP				
	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.26185%	0.26107%	0.24213%	0.24982%	0.23299%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (70,286)	\$ 18,518	\$ 57,928	\$ 31,789	\$ 12,150
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (70,285)</b>	<b>\$ 18,518</b>	<b>\$ 57,928</b>	<b>\$ 31,789</b>	<b>\$ 12,150</b>
Borough's Covered Payroll	\$ 3,826,545	\$ 3,505,654	\$ 2,976,324	\$ 2,827,730	\$ 2,680,348
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-1.84%	0.53%	1.95%	1.12%	0.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.10%	95.23%	83.17%	88.71%	93.98%

**Schedule of the Borough's Contributions**

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

*See accompanying notes to Required Supplementary Information.*

**Petersburg Borough, Alaska**

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

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

**Schedule of the Borough's Contributions**

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

*See accompanying notes to Required Supplementary Information.*



# Petersburg Borough, Alaska

## Notes to Required Supplementary Information Year Ended June 30, 2022

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### 1. Budgetary Comparison Schedules

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

### 2. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For June 30, 2022, the Plan measurement date is June 30, 2021.

#### *Changes in Assumptions:*

The actuarial assumptions used in the June 30, 2020 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, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

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

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

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

#### *Schedule of the Borough's Contributions*

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

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

# Petersburg Borough, Alaska

## Notes to Required Supplementary Information, continued

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### 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, 2022, the Plan measurement date is June 30, 2021.

#### *Changes in Assumptions:*

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 to CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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

In 2020, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

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

#### *Schedule of the Borough's Contributions*

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

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

### 4. Significant Budget Deficits

General fund expenditures for general government showed a significant budget variance during the fiscal year ended June 30, 2022. This variance was due to higher than expected attorney fees, information system costs, and PERS on-behalf payments, which resulting in a corresponding increase in associated expenditures.

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## Supplementary Information

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

<i>June 30, 2022</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
<b>Assets</b>						
Cash and investments	\$ 38,864	\$ 3,900,314	\$ 385,669	\$ 875,936	\$ 236,164	\$ 61,128
Receivables:						
Grants and shared revenues	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Taxes	-	-	-	3,221	-	-
Interest	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 38,864</b>	<b>\$ 3,900,314</b>	<b>\$ 385,669</b>	<b>\$ 879,157</b>	<b>\$ 236,164</b>	<b>\$ 61,128</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 6,337	\$ -	\$ -	\$ -	\$ 740	\$ -
Accrued payroll and employee benefits	342	-	-	-	-	-
Unearned revenue	28,482	-	-	-	-	-
Customer deposits	-	-	-	6,600	-	-
Due to other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>35,161</b>	<b>-</b>	<b>-</b>	<b>6,600</b>	<b>740</b>	<b>-</b>
<b>Fund Balances</b>						
Restricted:						
Streets and roads	-	-	385,669	-	-	-
School support	-	3,900,314	-	-	-	-
Public safety	-	-	-	-	-	-
Committed:						
Economic development	-	-	-	-	-	-
Public works	-	-	-	872,557	-	-
Public safety	-	-	-	-	235,424	-
Capital projects	-	-	-	-	-	-
Tourism	-	-	-	-	-	-
Assigned:						
General government	-	-	-	-	-	61,128
Debt service	-	-	-	-	-	-
Subsequent year's expenditures	3,703	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>3,703</b>	<b>3,900,314</b>	<b>385,669</b>	<b>872,557</b>	<b>235,424</b>	<b>61,128</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 38,864</b>	<b>\$ 3,900,314</b>	<b>\$ 385,669</b>	<b>\$ 879,157</b>	<b>\$ 236,164</b>	<b>\$ 61,128</b>

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

	Special Revenue Funds, continued				Capital Project Funds		
	Transient Room Tax	Marine Passenger Fee	CARES Act Municipal Relief	American Rescue Plan Act - ARPA	Debt Service Fund	Pool Upgrades	Library Construc- tion
<i>June 30, 2022</i>							
<b>Assets</b>							
Cash and investments	\$ 61,169	\$ 71,061	\$ -	\$ 619,451	\$ 111,866	\$ 180,062	\$ 31,449
Receivables:							
Grants and shared revenues	-	-	-	-	-	-	-
Accounts	-	-	-	-	1,101,871	461,510	-
Taxes	11,234	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Due from other funds	-	-	4,853	-	-	-	-
<b>Total Assets</b>	<b>\$ 72,403</b>	<b>\$ 71,061</b>	<b>\$ 4,853</b>	<b>\$ 619,451</b>	<b>\$ 1,213,737</b>	<b>\$ 641,572</b>	<b>\$ 31,449</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ 1,750	\$ 4,853	\$ -	\$ -	\$ 210,753	\$ -
Accrued payroll and employee benefits	-	-	-	-	-	-	-
Unearned revenue	-	-	-	619,451	-	-	-
Customer deposits	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>1,750</b>	<b>4,853</b>	<b>619,451</b>	<b>-</b>	<b>210,753</b>	<b>-</b>
<b>Fund Balances</b>							
Restricted:							
Streets and roads	-	-	-	-	-	-	-
School support	-	-	-	-	-	-	-
Committed:							
Economic development	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	430,819	31,449
Tourism	72,403	69,311	-	-	-	-	-
Assigned:							
General government	-	-	-	-	-	-	-
Debt service	-	-	-	-	1,213,737	-	-
Subsequent year's expenditures	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>72,403</b>	<b>69,311</b>	<b>-</b>	<b>-</b>	<b>1,213,737</b>	<b>430,819</b>	<b>31,449</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 72,403</b>	<b>\$ 71,061</b>	<b>\$ 4,853</b>	<b>\$ 619,451</b>	<b>\$ 1,213,737</b>	<b>\$ 641,572</b>	<b>\$ 31,449</b>

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

	Capital Project Funds, continued					Total Nonmajor Govern- mental Funds
	Fishing Park	Economic Develop- ment	Motor Pool Building Repair	Disaster Response		
<i>June 30, 2022</i>						
<b>Assets</b>						
Cash and investments	\$ 99,718	\$ 4,041,949	\$ -	\$ -		\$ 10,714,800
Receivables:						
Grants and shared revenues	-	-	-	305,786		305,786
Accounts	-	-	-	-		1,563,381
Taxes	-	-	-	-		14,455
Interest	-	1,873	-	-		1,873
Interest	-	-	-	-		4,853
<b>Total Assets</b>	<b>\$ 99,718</b>	<b>\$ 4,043,822</b>	<b>\$ -</b>	<b>\$ 305,786</b>		<b>\$ 12,605,148</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 86,087		\$ 310,520
Accrued payroll and employee benefits	-	-	-	-		342
Unearned revenue	-	-	-	-		647,933
Customer deposits	-	-	-	-		6,600
Due to other funds	-	-	146,169	314,467		460,636
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>146,169</b>	<b>400,554</b>		<b>1,426,031</b>
<b>Fund Balances</b>						
Restricted:						
Streets and roads	-	-	-	-		385,669
School support	-	-	-	-		3,900,314
Committed:						
Economic development	-	4,043,822	-	-		4,043,822
Public works	-	-	-	-		872,557
Public safety	-	-	-	-		235,424
Capital projects	99,718	-	-	-		561,986
Tourism	-	-	-	-		141,714
Assigned:						
General government	-	-	-	-		61,128
Debt service	-	-	-	-		1,213,737
Subsequent year's expenditures	-	-	-	-		3,703
Unassigned (deficit)	-	-	(146,169)	(94,768)		(240,937)
<b>Total Fund Balances</b>	<b>99,718</b>	<b>4,043,822</b>	<b>(146,169)</b>	<b>(94,768)</b>		<b>11,179,117</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 99,718</b>	<b>\$ 4,043,822</b>	<b>\$ -</b>	<b>\$ 305,786</b>		<b>\$ 12,605,148</b>

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

<i>Year Ended June 30, 2022</i>	Special Revenue Funds						
	National			Property Development	E911 Surcharge	Borough	
	Miscel- laneous Grants	National Forest Receipts - School	National Forest Receipts - Streets and Roads			Organiz- ational	Transient Room Tax
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ 29,441	\$ -	\$ -	\$ 65,909
Intergovernmental	146,142	511,854	90,327	-	-	-	-
Charges for services	-	-	-	-	79,065	-	-
Land sales	-	-	-	510,243	-	-	-
Investment loss	-	(125,118)	(10,607)	(24,176)	-	-	-
<b>Total Revenues</b>	146,142	386,736	79,720	515,508	79,065	-	65,909
<b>Expenditures</b>							
General government	-	-	-	15,808	-	-	-
Public safety	86,340	-	-	-	86,403	-	-
Community services	-	-	-	-	-	-	45,000
Culture and recreation	59,802	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	16,046	-	-	-
<b>Total Expenditures</b>	146,142	-	-	31,854	86,403	-	45,000
<b>Excess of Revenues Over (Under) Expenditures</b>	-	386,736	79,720	483,654	(7,338)	-	20,909
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(450,000)	-	(450,000)	-	-	-
Special item - insurance recovery	-	-	-	-	-	-	-
<b>Net Other Financing Sources (Uses)</b>	-	(450,000)	-	(450,000)	-	-	-
<b>Net Change in Fund Balances</b>	-	(63,264)	79,720	33,654	(7,338)	-	20,909
<b>Fund Balances (Deficit), beginning of year</b>	3,703	3,963,578	305,949	838,903	242,762	61,128	51,494
<b>Fund Balance (Deficit), end of year</b>	\$ 3,703	\$ 3,900,314	\$ 385,669	\$ 872,557	\$ 235,424	\$ 61,128	\$ 72,403



## Petersburg Borough, Alaska

## Nonmajor Governmental Funds

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

Year Ended June 30, 2022	Special Revenue Funds			Capital Project Funds		
	Marine Passenger Fee	CARES Act Municipal Relief	American Rescue Plan Act	Debt Service Fund	Pool Upgrades	Library Construction
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	489,609	14,931	1,271,076	-	-
Charges for services	28,150	-	-	-	-	-
Land sales	-	-	-	-	-	-
Investment loss	-	-	-	-	-	-
<b>Total Revenues</b>	<b>28,150</b>	<b>489,609</b>	<b>14,931</b>	<b>1,271,076</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>						
General government	9,351	-	-	-	-	-
Public safety	-	546,106	-	-	-	-
Community services	-	-	-	-	646,153	-
Culture and recreation	-	-	14,931	-	-	-
Debt service:						
Principal	-	-	-	680,000	-	-
Interest	-	-	-	160,500	-	-
Capital outlay	-	-	-	-	-	2,519
<b>Total Expenditures</b>	<b>9,351</b>	<b>546,106</b>	<b>14,931</b>	<b>840,500</b>	<b>646,153</b>	<b>2,519</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>18,799</b>	<b>(56,497)</b>	<b>-</b>	<b>430,576</b>	<b>(646,153)</b>	<b>(2,519)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	4,853	-	610,494	450,000	-
Transfers out	-	-	-	-	-	-
Special item - insurance recovery	-	-	-	-	626,972	-
<b>Net Other Financing Sources (Uses)</b>	<b>-</b>	<b>4,853</b>	<b>-</b>	<b>610,494</b>	<b>1,076,972</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>18,799</b>	<b>(51,644)</b>	<b>-</b>	<b>1,041,070</b>	<b>430,819</b>	<b>(2,519)</b>
<b>Fund Balances (Deficit), beginning of year</b>	<b>50,512</b>	<b>51,644</b>	<b>-</b>	<b>172,667</b>	<b>-</b>	<b>33,968</b>
<b>Fund Balance (Deficit), end of year</b>	<b>\$ 69,311</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,213,737</b>	<b>\$ 430,819</b>	<b>\$ 31,449</b>

## Petersburg Borough, Alaska

## Nonmajor Governmental Funds

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

Year Ended June 30, 2022	Capital Project Funds					Total Nonmajor Governmental Funds
	Fishing Park	Economic Develop- ment	Homeland Security	Motor Pool Building Repair	Disaster Response	
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,350
Intergovernmental	-	-	93,121	-	305,786	2,922,846
Charges for services	-	-	-	-	-	107,215
Land sales	-	-	-	-	-	510,243
Investment loss	-	(354,979)	-	-	-	(514,880)
<b>Total Revenues</b>	-	(354,979)	93,121	-	305,786	3,120,774
<b>Expenditures</b>						
General government	-	-	-	-	-	25,159
Public safety	-	-	-	-	391,582	1,110,431
Community services	-	100,000	-	-	-	791,153
Culture and recreation	-	-	-	-	-	74,733
Debt service:						
Principal	-	-	-	-	-	680,000
Interest	-	-	-	-	-	160,500
Capital outlay	-	-	93,121	743,951	-	855,637
<b>Total Expenditures</b>	-	100,000	93,121	743,951	391,582	3,697,613
<b>Excess of Revenues Over (Under) Expenditures</b>	-	(454,979)	-	(743,951)	(85,796)	(576,839)
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	1,065,347
Transfers out	-	(122,320)	-	-	-	(1,022,320)
Special item - insurance recovery	-	-	-	-	-	626,972
<b>Net Other Financing Sources (Uses)</b>	-	(122,320)	-	-	-	669,999
<b>Net Change in Fund Balances</b>	-	(577,299)	-	(743,951)	(85,796)	93,160
<b>Fund Balances (Deficit), beginning of year</b>	99,718	4,621,121	-	597,782	(8,972)	11,085,957
<b>Fund Balance (Deficit), end of year</b>	\$ 99,718	\$ 4,043,822	\$ -	\$ (146,169)	\$ (94,768)	\$ 11,179,117

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

<i>June 30, 2022</i>	Sanitation Utility	Elderly Housing	Total Nonmajor Enterprise Funds
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets</b>			
Cash and investments	\$ 467,598	\$ 617,066	\$ 1,084,664
Receivables, net of allowance for doubtful accounts	109,664	-	109,664
<b>Total Current Assets</b>	<b>577,262</b>	<b>617,066</b>	<b>1,194,328</b>
<b>Noncurrent Assets</b>			
Net other postemployment benefits asset	172,902	54,201	227,103
Restricted cash - security deposits	-	11,647	11,647
Capital assets:			
Land and land improvements	63,720	127,419	191,139
Buildings	2,211,180	2,916,985	5,128,165
Improvements other than buildings	807,695	289,591	1,097,286
Machinery and equipment	1,027,064	202,228	1,229,292
Total capital assets	4,109,659	3,536,223	7,645,882
Accumulated depreciation	(2,361,990)	(3,059,211)	(5,421,201)
Net capital assets	1,747,669	477,012	2,224,681
<b>Total Noncurrent Assets</b>	<b>1,920,571</b>	<b>542,860</b>	<b>2,463,431</b>
<b>Total Assets</b>	<b>2,497,833</b>	<b>1,159,926</b>	<b>3,657,759</b>
<b>Deferred Outflows of Resources</b>			
Related to pension	35,679	11,185	46,864
Related to other postemployment benefits	5,970	1,871	7,841
Deferred charges on refunding	-	3,161	3,161
<b>Total Deferred Outflows of Resources</b>	<b>41,649</b>	<b>16,217</b>	<b>57,866</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,539,482</b>	<b>\$ 1,176,143</b>	<b>\$ 3,715,625</b>

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

<i>June 30, 2022</i>	Sanitation Utility	Elderly Housing	Total Nonmajor Enterprise Funds
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 49,004	\$ 862	\$ 49,866
Accrued payroll and employee benefits	18,846	4,086	22,932
Accrued leave	29,218	254	29,472
Unearned revenue	-	1,789	1,789
Customer deposits	9,833	9,679	19,512
Accrued interest	-	1,813	1,813
Current portion of general obligation bonds	-	55,000	55,000
<b>Total Current Liabilities</b>	<b>106,901</b>	<b>73,483</b>	<b>180,384</b>
<b>Noncurrent Liabilities</b>			
General obligation bonds	-	53,750	53,750
Bond premium, net of accumulated amortization	-	7,388	7,388
Net pension liability	238,027	74,616	312,643
Landfill closure liability	65,970	-	65,970
<b>Total Noncurrent Liabilities</b>	<b>303,997</b>	<b>135,754</b>	<b>439,751</b>
<b>Total Liabilities</b>	<b>410,898</b>	<b>209,237</b>	<b>620,135</b>
<b>Deferred Inflows of Resources</b>			
Related to pension	94,920	29,755	124,675
Related to other postemployment benefits	93,117	29,190	122,307
<b>Total Deferred Inflows of Resources</b>	<b>188,037</b>	<b>58,945</b>	<b>246,982</b>
<b>Net Position</b>			
Net investment in capital assets	1,747,669	364,035	2,111,704
Unrestricted	192,878	543,926	736,804
<b>Total Net Position</b>	<b>1,940,547</b>	<b>907,961</b>	<b>2,848,508</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 2,539,482</b>	<b>\$ 1,176,143</b>	<b>\$ 3,715,625</b>

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

<i>Year Ended June 30, 2022</i>	Sanitation Utility	Elderly Housing	Total Nonmajor Enterprise Funds
<b>Operating Revenues</b>	\$ 1,284,915	\$ 434,595	\$ 1,719,510
<b>Operating Expenses</b>			
Salaries and benefits	377,910	227,174	605,084
Services, supplies, and other charges	519,565	159,432	678,997
Allocated overhead and motor pool charges	287,435	28,360	315,795
Depreciation	193,916	106,581	300,497
<b>Total Operating Expenses</b>	1,378,826	521,547	1,900,373
<b>Loss from Operations</b>	(93,911)	(86,952)	(180,863)
<b>Nonoperating Revenues (Expenses)</b>			
Investment loss	(14,696)	(20,068)	(34,764)
Interest expense	-	(1,566)	(1,566)
State PERS relief	47	-	47
<b>Net Nonoperating Expenses</b>	(14,649)	(21,634)	(36,283)
<b>Change in Net Position</b>	(108,560)	(108,586)	(217,146)
<b>Net Position, beginning of year</b>	2,049,107	1,016,547	3,065,654
<b>Net Position, end of year</b>	\$ 1,940,547	\$ 907,961	\$ 2,848,508

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

<i>Year Ended June 30, 2022</i>	Sanitation Utility	Elderly Housing	Total Nonmajor Enterprise Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ 1,290,570	\$ 434,750	\$ 1,725,320
Payments for interfund services used	(287,435)	(28,360)	(315,795)
Payments to suppliers	(498,816)	(160,010)	(658,826)
Payments to employees	(393,488)	(162,854)	(556,342)
<b>Net cash flows from operating activities</b>	<b>110,831</b>	<b>83,526</b>	<b>194,357</b>
<b>Cash Flows for Capital and Related Financing Activities</b>			
Principal paid on long-term debt	-	(53,750)	(53,750)
Interest paid on long-term debt	-	(6,512)	(6,512)
Acquisition and construction of capital assets	(25,830)	(20,512)	(46,342)
<b>Net cash flows for capital and related financing activities</b>	<b>(25,830)</b>	<b>(80,774)</b>	<b>(106,604)</b>
<b>Cash Flows for Investing Activities</b>			
Investment income received	(14,696)	(20,068)	(34,764)
<b>Net increase (decrease) in cash and investments</b>	<b>70,305</b>	<b>(17,316)</b>	<b>52,989</b>
<b>Cash and Investments, beginning of year</b>	<b>397,293</b>	<b>646,029</b>	<b>1,043,322</b>
<b>Cash and Investments, end of year</b>	<b>\$ 467,598</b>	<b>\$ 628,713</b>	<b>\$ 1,096,311</b>
<b>Cash and Investments at End of Year</b>			
Cash and investments	\$ 467,598	\$ 617,066	\$ 1,084,664
Restricted cash	-	11,647	11,647
<b>Total Cash and Investments</b>	<b>\$ 467,598</b>	<b>\$ 628,713</b>	<b>\$ 1,096,311</b>
<b>Reconciliation of Loss from Operations to Net Cash</b>			
<b>Flows from Operating Activities</b>			
Loss from operations	\$ (93,911)	\$ (86,952)	\$ (180,863)
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:			
Noncash expenses:			
Depreciation	193,916	106,581	300,497
PERS relief	47	-	47
Decrease in allowance for doubtful accounts	(4,296)	-	(4,296)
Increase (decrease) in assets:			
Amortization of deferred outflows of resources for pension	(3,724)	(11,185)	(14,909)
Amortization of deferred outflows of resources for other postemployment benefits	9,551	(1,871)	7,680
Accounts receivable	10,755	-	10,755
Net other postemployment benefits asset	(150,051)	(54,201)	(204,252)
Increase (decrease) in liabilities:			
Amortization of deferred inflows of resources for pension	90,111	29,755	119,866
Amortization of deferred inflows of resources for other postemployment benefits	74,561	29,190	103,751
Accounts payable	20,749	(578)	20,171
Accrued payroll and employee benefits	(1,382)	(984)	(2,366)
Accrued leave	(1,615)	(1,000)	(2,615)
Unearned revenue	-	210	210
Customer deposits	(804)	(55)	(859)
Net pension liability	(32,531)	74,616	42,085
Net other postemployment benefits liability	(545)	-	(545)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 110,831</b>	<b>\$ 83,526</b>	<b>\$ 194,357</b>

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## **General Fund**

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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>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 4,644,438	\$ 4,838,250
Receivables:		
Property taxes	20,482	19,596
Sales and tobacco taxes	432,466	396,270
Accounts	358,900	66,611
Leases	63,855	-
Interest	37,719	34,088
Total receivables	913,422	516,565
Due from other funds	555,996	520,530
<b>Total Assets</b>	<b>\$ 6,113,856</b>	<b>\$ 5,875,345</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 105,878	\$ 80,475
Accrued payroll and employee benefits	225,087	233,946
Unearned revenue	16,553	11,536
<b>Total Liabilities</b>	<b>347,518</b>	<b>325,957</b>
<b>Deferred Inflows of Resources</b>		
Leases	62,396	-
<b>Fund Balance</b>		
Unassigned	5,703,942	5,549,388
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 6,113,856</b>	<b>\$ 5,875,345</b>

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

<i>Years Ended June 30,</i>	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 3,450,703	\$ 3,467,823	\$ 17,120	\$ 3,419,968
Sales taxes	3,220,000	4,141,309	921,309	3,218,481
Motor vehicle registration	30,000	36,801	6,801	36,657
Tobacco taxes	240,000	291,944	51,944	217,683
<b>Total taxes</b>	<b>6,940,703</b>	<b>7,937,877</b>	<b>997,174</b>	<b>6,892,789</b>
Intergovernmental:				
Payments in lieu of taxes	625,000	662,534	37,534	642,762
Library grants	7,000	758	(6,242)	7,000
Fisheries business tax	853,081	862,640	9,559	336,244
Shared fisheries business tax and landing tax	6,000	1,940	(4,060)	5,509
Liquor licenses	7,700	7,950	250	6,400
Jail and special services contract	173,626	173,626	-	173,626
State PERS relief	150,000	250,790	100,790	257,130
State community assistance	314,961	313,645	(1,316)	301,090
<b>Total intergovernmental</b>	<b>2,137,368</b>	<b>2,273,883</b>	<b>136,515</b>	<b>1,729,761</b>
Licenses and permits	10,500	7,093	(3,407)	20,292
Charges for services:				
Police and public safety	1,950	1,993	43	8,448
Ambulance fees	52,000	66,897	14,897	65,412
Public works	17,000	12,990	(4,010)	3,162
SEACAD police reimbursement	125,479	99,221	(26,258)	105,713
Recreation activity fees	150,000	109,415	(40,585)	25,407
Cemetery charges	5,000	11,775	6,775	6,425

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues, continued</b>				
Charges for services, continued:				
Library charges	\$ 3,000	\$ 3,609	\$ 609	\$ 595
Cemetery plot sales	4,000	7,130	3,130	5,715
Passport services	2,500	2,820	320	1,101
Other charges for services	49,000	54,395	5,395	64,613
<b>Total charges for services</b>	<b>409,929</b>	<b>370,245</b>	<b>(39,684)</b>	<b>286,591</b>
Fines and forfeitures	7,500	4,636	(2,864)	3,444
Overhead charges	598,122	598,122	-	614,377
Investment income (loss)	175,000	(380,873)	(555,873)	27,978
Other revenues:				
Lease income	5,000	7,987	2,987	6,528
Library donations	1,000	1,000	-	1,000
<b>Total other revenues</b>	<b>6,000</b>	<b>8,987</b>	<b>2,987</b>	<b>7,528</b>
<b>Total Revenues</b>	<b>10,285,122</b>	<b>10,819,970</b>	<b>534,848</b>	<b>9,582,760</b>
<b>Expenditures</b>				
General government:				
Borough assembly	146,862	146,864	(2)	139,008
Borough manager	419,065	417,823	1,242	418,709
Borough attorney	80,000	152,861	(72,861)	150,905
Information systems	106,700	152,376	(45,676)	118,396
Finance	663,419	675,815	(12,396)	650,650
Nondepartmental PERS on-behalf	150,000	250,790	(100,790)	257,130
Other	308,525	314,860	(6,335)	300,181
<b>Total general government</b>	<b>1,874,571</b>	<b>2,111,389</b>	<b>(236,818)</b>	<b>2,034,979</b>

## Petersburg Borough, Alaska

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Expenditures, continued</b>				
Public safety:				
Police department	\$ 1,450,861	\$ 1,386,932	\$ 63,929	\$ 950,398
Jail	420,884	401,351	19,533	227,467
Fire department	640,519	649,294	(8,775)	467,792
<b>Total public safety</b>	<b>2,512,264</b>	<b>2,437,577</b>	<b>74,687</b>	<b>1,645,657</b>
Public works	1,421,706	1,432,487	(10,781)	1,160,552
Community development	352,003	377,381	(25,378)	328,859
Community services	81,500	81,855	(355)	80,953
Culture and recreation:				
Library	442,136	448,469	(6,333)	433,616
Parks and recreation	1,208,470	1,003,603	204,867	1,003,626
<b>Total culture and recreation</b>	<b>1,650,606</b>	<b>1,452,072</b>	<b>198,534</b>	<b>1,437,242</b>
Education - contribution to school district	1,800,000	1,800,000	-	1,800,000
<b>Total Expenditures</b>	<b>9,692,650</b>	<b>9,692,761</b>	<b>(111)</b>	<b>8,488,242</b>
<b>Excess of Revenues Over Expenditures</b>	<b>592,472</b>	<b>1,127,209</b>	<b>534,737</b>	<b>1,094,518</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	450,000	450,000	-	550,000
Transfers out	(1,417,802)	(1,422,655)	(4,853)	(1,833,586)
<b>Net Other Financing Uses</b>	<b>(967,802)</b>	<b>(972,655)</b>	<b>(4,853)</b>	<b>(1,283,586)</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (375,330)</u></b>	<b>154,554</b>	<b><u>\$ 529,884</u></b>	<b>(189,068)</b>
Fund Balance, beginning of year		<u>5,549,388</u>		<u>5,738,456</u>
Fund Balance, end of year		<u>\$ 5,703,942</u>		<u>\$ 5,549,388</u>

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## Special Revenue Funds

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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.

### American Rescue Plan Act - ARPA

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

### DCRA Local Government Lost Revenue - ARPA

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

**Petersburg Borough, Alaska**  
**Miscellaneous Grants Special Revenue Fund**  
**Balance Sheet**

<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 38,864	\$ -
Receivables - grants	-	92,412
<b>Total Assets</b>	<b>\$ 38,864</b>	<b>\$ 92,412</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 6,337	\$ 12,022
Accrued payroll and employee benefits	342	-
Due to other funds	-	57,686
Unearned revenue	28,482	19,001
<b>Total Liabilities</b>	<b>35,161</b>	<b>88,709</b>
<b>Fund Balance</b>		
Assigned for subsequent year's expenditures	3,703	3,703
<b>Total Liabilities and Fund Balance</b>	<b>\$ 38,864</b>	<b>\$ 92,412</b>

**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>	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 260,893	\$ 146,142	\$ (114,751)	\$ 144,653
<b>Expenditures</b>				
Public safety:				
Police department	-	-	-	16,159
Public health	177,593	86,340	91,253	91,253
Culture and recreation:				
Hazard mitigation	4,397	-	4,397	603
Ball park / skating rink lighting	10,000	4,135	5,865	-
IMLS library	7,000	10,000	(3,000)	10,000
Campgrounds	6,242	7,826	(1,584)	1,638
Library	55,661	37,841	17,820	25,000
<b>Total Expenditures</b>	<b>260,893</b>	<b>146,142</b>	<b>114,751</b>	<b>144,653</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>
<b>Fund Balance, beginning of year</b>		<b>3,703</b>		<b>3,703</b>
<b>Fund Balance, end of year</b>		<b>\$ 3,703</b>		<b>\$ 3,703</b>



## Petersburg Borough, Alaska

National Forest Receipts - School Special Revenue Fund  
Balance Sheet

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<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 3,900,314	\$ 3,963,578
<b>Fund Balance</b>		
Restricted for school support	\$ 3,900,314	\$ 3,963,578

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## 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>	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 400,000	\$ 511,854	\$ 111,854	\$ 347,045
Investment income (loss)	100,000	(125,118)	(225,118)	9,150
<b>Total Revenues</b>	500,000	386,736	(113,264)	356,195
<b>Other Financing Uses - transfers out</b>	(475,000)	(450,000)	25,000	(550,000)
<b>Net Change in Fund Balance</b>	<u>\$ 25,000</u>	(63,264)	<u>\$ (88,264)</u>	(193,805)
<b>Fund Balance, beginning of year</b>		<u>3,963,578</u>		<u>4,157,383</u>
<b>Fund Balance, end of year</b>		<u>\$ 3,900,314</u>		<u>\$ 3,963,578</u>

## Petersburg Borough, Alaska

National Forest Receipts - Streets and Roads Special Revenue Fund  
Balance Sheet

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<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 385,669	\$ 305,949
<b>Fund Balance</b>		
Restricted for streets and roads	\$ 385,669	\$ 305,949

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## 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>	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 70,000	\$ 90,327	\$ 20,327	\$ 61,243
Investment income (loss)	4,000	(10,607)	(14,607)	602
<b>Total Revenues</b>	74,000	79,720	5,720	61,845
<b>Other Financing Uses - transfers out</b>	(244,000)	-	244,000	-
<b>Net Change in Fund Balance</b>	<u>\$ (170,000)</u>	79,720	<u>\$ 249,720</u>	61,845
Fund Balance, beginning of year		<u>305,949</u>		<u>244,104</u>
Fund Balance, end of year		<u>\$ 385,669</u>		<u>\$ 305,949</u>

**Petersburg Borough, Alaska**  
**Property Development Special Revenue Fund**  
**Balance Sheet**

<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 875,936	\$ 849,561
Receivables - taxes	3,221	5,842
<b>Total Assets</b>	<b>\$ 879,157</b>	<b>\$ 855,403</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Customer deposits	\$ 6,600	\$ 16,500
<b>Fund Balance</b>		
Committed for public works	872,557	838,903
<b>Total Liabilities and Fund Balance</b>	<b>\$ 879,157</b>	<b>\$ 855,403</b>

## Petersburg Borough, Alaska

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Marijuana taxes	\$ 38,000	\$ 28,399	\$ (9,601)	\$ 40,715
Tobacco taxes	-	1,042	1,042	-
Charges for services	-	-	-	1,085
Land sales	-	510,243	510,243	115,195
Investment loss	-	(24,176)	(24,176)	696
<b>Total Revenues</b>	<b>38,000</b>	<b>515,508</b>	<b>477,508</b>	<b>157,691</b>
<b>Expenditures</b>				
General government - professional services	45,000	15,808	29,192	565
Capital outlay	25,000	16,046	8,954	50,355
<b>Total Expenditures</b>	<b>70,000</b>	<b>31,854</b>	<b>38,146</b>	<b>50,920</b>
<b>Excess (Deficiency) of Revenues Under Expenditures</b>	<b>(32,000)</b>	<b>483,654</b>	<b>515,654</b>	<b>106,771</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	669,379
Transfers out	(450,000)	(450,000)	-	(108,300)
<b>Net Other Financing Sources (Uses)</b>	<b>(450,000)</b>	<b>(450,000)</b>	<b>-</b>	<b>561,079</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (482,000)</u></b>	<b>33,654</b>	<b><u>\$ 515,654</u></b>	<b>667,850</b>
<b>Fund Balance, beginning of year</b>		<b><u>838,903</u></b>		<b><u>171,053</u></b>
<b>Fund Balance, end of year</b>		<b><u>\$ 872,557</u></b>		<b><u>\$ 838,903</u></b>

**Petersburg Borough, Alaska**  
**E911 Surcharge Special Revenue Fund**  
**Balance Sheet**

<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 236,164	\$ 247,132
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 740	\$ 4,370
<b>Fund Balance</b>		
Committed for public safety	235,424	242,762
<b>Total Liabilities and Fund Balance</b>	<b>\$ 236,164</b>	<b>\$ 247,132</b>

**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>	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Charges for services	\$ 86,000	\$ 79,065	\$ (6,935)	\$ 81,037
<b>Expenditures</b>				
Public safety:				
Professional services	40,344	46,924	(6,580)	33,072
Machine and equipment	21,627	4,319	17,308	105,369
Miscellaneous	20,000	35,160	(15,160)	-
<b>Total Expenditures</b>	81,971	86,403	(4,432)	138,441
<b>Net Change in Fund Balance</b>	<u>\$ 4,029</u>	(7,338)	<u>\$ (11,367)</u>	(57,404)
<b>Fund Balance, beginning of year</b>		<u>242,762</u>		<u>300,166</u>
<b>Fund Balance, end of year</b>		<u>\$ 235,424</u>		<u>\$ 242,762</u>



**Petersburg Borough, Alaska**  
**Borough Organizational Special Revenue Fund**  
**Balance Sheet**

<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 61,128	\$ 61,128
<b>Fund Balance</b>		
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>	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Expenditures</b>				
General government -				
comprehensive plan/zoning/mapping	\$ 61,128	\$ -	\$ 61,128	\$ -
<b>Net Change in Fund Balance</b>	<u>\$ (61,128)</u>	-	<u>\$ 61,128</u>	-
<b>Fund Balance, beginning of year</b>		<u>61,128</u>		<u>61,128</u>
<b>Fund Balance, end of year</b>		<u>\$ 61,128</u>		<u>\$ 61,128</u>

## Petersburg Borough, Alaska

### Transient Room Tax Special Revenue Fund Balance Sheet

<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 61,169	\$ 41,716
Receivables - transient room taxes	11,234	9,845
<b>Total Assets</b>	<b>\$ 72,403</b>	<b>\$ 51,561</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 67
<b>Fund Balance</b>		
Committed for tourism	72,403	51,494
<b>Total Liabilities and Fund Balance</b>	<b>\$ 72,403</b>	<b>\$ 51,561</b>

**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>	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Transient taxes	\$ 36,000	\$ 65,909	\$ 29,909	\$ 45,164
<b>Expenditures</b>				
Community Services - miscellaneous	46,000	45,000	1,000	34,814
<b>Net Change in Fund Balance</b>	<u>\$ (10,000)</u>	20,909	<u>\$ 30,909</u>	10,350
<b>Fund Balance, beginning of year</b>		<u>51,494</u>		<u>41,144</u>
<b>Fund Balance, end of year</b>		<u>\$ 72,403</u>		<u>\$ 51,494</u>

**Petersburg Borough, Alaska**

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

<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 71,061	\$ 50,520
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,750	\$ 8
<b>Fund Balance</b>		
Committed for tourism	69,311	50,512
<b>Total Liabilities and Fund Balance</b>	<b>\$ 71,061</b>	<b>\$ 50,520</b>

**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>	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Charges for services	\$ 12,000	\$ 28,150	\$ 16,150	\$ -
<b>Expenditures</b>				
General government - miscellaneous	50,000	9,351	40,649	8
<b>Net Change in Fund Balance</b>	<u>\$ (38,000)</u>	18,799	<u>\$ 56,799</u>	(8)
<b>Fund Balance, beginning of year</b>		<u>50,512</u>		<u>50,520</u>
<b>Fund Balance, end of year</b>		<u>\$ 69,311</u>		<u>\$ 50,512</u>

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

<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ -	\$ 47,659
Receivables - grants	-	37,850
Due from other funds	4,853	-
<b>Total Assets</b>	<b>\$ 4,853</b>	<b>\$ 85,509</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 4,853	\$ 31,574
Accrued payroll and employee benefits	-	2,291
<b>Total Liabilities</b>	<b>4,853</b>	<b>33,865</b>
<b>Fund Balance</b>		
Restricted for public safety	-	51,644
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,853</b>	<b>\$ 85,509</b>

**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>	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 420,000	\$ 489,609	\$ 69,609	\$ 3,999,610
Investment income	-	-	-	224
<b>Total Revenues</b>	420,000	489,609	69,609	3,999,834
<b>Expenditures</b>				
Public safety:				
Police department	-	-	-	814,779
Medical	-	-	-	68,100
Public health	-	-	-	302,230
Compliance	420,000	546,106	(126,106)	848,617
<b>Total public safety</b>	420,000	546,106	(126,106)	2,033,726
Community services - economic support	-	-	-	1,818,650
<b>Total Expenditures</b>	420,000	546,106	(126,106)	3,852,376
<b>Deficiency of Revenues Over Expenditures</b>	-	(56,497)	(56,497)	147,458
<b>Other Financing Uses -     transfers in</b>	-	4,853	4,853	(100,000)
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	(51,644)	<u>\$ (51,644)</u>	47,458
<b>Fund Balance, beginning of year</b>		<u>51,644</u>		<u>4,186</u>
<b>Fund Balance, end of year</b>		<u>\$ -</u>		<u>\$ 51,644</u>



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

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<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 619,451	\$ 317,191
<b>Liabilities</b>		
Unearned revenue	\$ 619,451	\$ 317,191

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Petersburg Borough, Alaska

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 633,420	\$ 14,931	\$ (618,489)	\$ -
<b>Expenditures</b>				
Culture and recreation - library	633,420	14,931	618,489	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	-	<u>\$ -</u>	-
<b>Fund Balance, beginning of year</b>		<u>-</u>		<u>-</u>
<b>Fund Balance, end of year</b>		<u>\$ -</u>		<u>\$ -</u>

Petersburg Borough, Alaska

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

<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 1,371,621	\$ -
<b>Liabilities</b>		
Unearned revenue	\$ 1,371,621	\$ -

Petersburg Borough, Alaska

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

Years Ended June 30,	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 1,430,893	\$ 59,272	\$ (1,371,621)	\$ -
<b>Expenditures</b>				
Culture and recreation - library	1,430,893	59,272	1,371,621	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	-	<u>\$ -</u>	-
<b>Fund Balance, beginning of year</b>		<u>-</u>		<u>-</u>
<b>Fund Balance, end of year</b>		<u>\$ -</u>		<u>\$ -</u>

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## **Debt Service Fund**

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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>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 111,866	\$ 172,667
Receivables	1,101,871	-
<b>Total Assets</b>	<b>\$ 1,213,737</b>	<b>\$ 172,667</b>
<b>Fund Balance</b>		
Assigned for debt service	\$ 1,213,737	\$ 172,667

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

<i>Years Ended June 30,</i>	2022			2021
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 231,805	\$ 1,271,076	\$ 1,039,271	\$ -
<b>Expenditures</b>				
Debt service:				
2007 general obligation aquatic center refunding bonds:				
Principal	65,000	65,000	-	65,000
Interest	19,300	19,300	-	21,900
2007 general obligation pool refunding bonds:				
Principal	-	-	-	23,338
Interest	-	-	-	467
2012 (Series 2) general obligation refunding school bonds:				
Principal	210,000	210,000	-	205,000
Interest	38,700	38,700	-	48,025
2012 (Series 3) general obligation library bonds:				
Principal	85,000	85,000	-	80,000
Interest	22,000	22,000	-	26,000
2014 general obligation aquatic center/voc. ed refunding bonds:				
Principal	320,000	320,000	-	305,000
Interest	80,500	80,500	-	96,125
<b>Total Expenditures</b>	840,500	840,500	-	870,855
<b>Excess of Revenues Under Expenditures</b>	(608,695)	430,576	1,039,271	(870,855)
<b>Other Financing Sources -</b>				
transfers in	608,695	610,494	1,799	862,261
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	1,041,070	<u>\$ 1,041,070</u>	(8,594)
<b>Fund Balance, beginning of year</b>		<u>172,667</u>		<u>181,261</u>
<b>Fund Balance, end of year</b>		<u>\$ 1,213,737</u>		<u>\$ 172,667</u>



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## Capital Project Funds

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

### Pool Upgrades

This fund accounts for the pool replacement project.

### Library Construction

This fund accounts for the library project.

### Fishing Park

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

### Economic Development

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

### Homeland Security

This fund accounts for the homeland security project.

### Motor Pool Building Repair

This fund accounts for the motor pool building repair.

### 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, 2022</i>	Pool Upgrades	Library Construction	Fishing Park	Economic Development	Motor Pool Building Repair	Disaster Response	Totals
<b>Assets</b>							
Cash and investments	\$ 180,062	\$ 31,449	\$ 99,718	\$ 4,041,949	\$ -	\$ -	\$ 4,353,178
Accounts receivable:							
Grants and shared revenue	-	-	-	-	-	305,786	305,786
Accounts	461,510	-	-	-	-	-	461,510
Interest	-	-	-	1,873	-	-	1,873
<b>Total Assets</b>	<b>\$ 641,572</b>	<b>\$ 31,449</b>	<b>\$ 99,718</b>	<b>\$ 4,043,822</b>	<b>\$ -</b>	<b>\$ 305,786</b>	<b>\$ 5,122,347</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 210,753	\$ -	\$ -	\$ -	\$ -	\$ 86,087	\$ 296,840
Due to other funds	-	-	-	-	146,169	314,467	460,636
<b>Total Liabilities</b>	<b>210,753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146,169</b>	<b>400,554</b>	<b>757,476</b>
<b>Fund Balances</b>							
Committed:							
Economic development	-	-	-	4,043,822	-	-	4,043,822
Capital projects	430,819	31,449	99,718	-	-	-	561,986
Unassigned (deficit)	-	-	-	-	(146,169)	(94,768)	(240,937)
<b>Total Fund Balances (Deficit)</b>	<b>430,819</b>	<b>31,449</b>	<b>99,718</b>	<b>4,043,822</b>	<b>(146,169)</b>	<b>(94,768)</b>	<b>4,364,871</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 641,572</b>	<b>\$ 31,449</b>	<b>\$ 99,718</b>	<b>\$ 4,043,822</b>	<b>\$ -</b>	<b>\$ 305,786</b>	<b>\$ 5,122,347</b>

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

<i>Year Ended June 30, 2022</i>	Pool Upgrades	Library Construction	Fishing Park	Economic Development	Homeland Security	Motor Pool Building Repair	Disaster Response	Totals
<b>Revenues</b>								
Investment loss	\$ -	\$ -	\$ -	\$ (354,979)	\$ -	\$ -	\$ -	\$ (354,979)
Intergovernmental	-	-	-	-	93,121	-	305,786	398,907
<b>Total Revenues</b>	-	-	-	(354,979)	93,121	-	305,786	43,928
<b>Expenditures</b>								
Community services - contributions	-	-	-	100,000	-	-	-	100,000
Public safety - disaster response	-	-	-	-	-	-	391,582	391,582
Community services - pool upgrades	646,153	-	-	-	-	-	-	646,153
Capital outlay	-	2,519	-	-	93,121	743,951	-	839,591
<b>Total Expenditures</b>	646,153	2,519	-	100,000	93,121	743,951	391,582	1,977,326
<b>Excess of Revenues Under Expenditures</b>	(646,153)	(2,519)	-	(454,979)	-	(743,951)	(85,796)	(1,933,398)
<b>Other Financing Sources (Uses):</b>								
Transfers in	450,000	-	-	-	-	-	-	450,000
Transfers out	-	-	-	(122,320)	-	-	-	(122,320)
Special item - insurance recovery	626,972	-	-	-	-	-	-	626,972
<b>Net Other Financing Sources (Uses)</b>	1,076,972	-	-	(122,320)	-	-	-	954,652
<b>Net Change in Fund Balances</b>	430,819	(2,519)	-	(577,299)	-	(743,951)	(85,796)	(978,746)
<b>Fund Balance (Deficit), beginning of year</b>	-	33,968	99,718	4,621,121	-	597,782	(8,972)	5,343,617
<b>Fund Balance (Deficit), end of year</b>	\$ 430,819	\$ 31,449	\$ 99,718	\$ 4,043,822	\$ -	\$ (146,169)	\$ (94,768)	\$ 4,364,871

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## **Enterprise Funds**

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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>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 6,617,091	\$ 7,398,568
Accounts receivable	564,467	690,305
Allowance for doubtful accounts	(10,674)	(55,273)
Inventories	340,292	301,242
<b>Total Current Assets</b>	<b>7,511,176</b>	<b>8,334,842</b>
<b>Noncurrent Assets</b>		
Restricted cash - capital asset acquisition	6,788,607	-
Restricted cash - bond reserve	508,500	-
Net other postemployment benefits asset	866,151	120,348
<b>Capital assets:</b>		
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	17,174,258	17,203,547
Construction in progress	2,606,165	924,931
Total capital assets	30,671,915	29,019,970
Accumulated depreciation	(19,921,315)	(19,486,919)
Net capital assets	10,750,600	9,533,051
<b>Total Noncurrent Assets</b>	<b>18,913,858</b>	<b>9,653,399</b>
<b>Total Assets</b>	<b>26,425,034</b>	<b>17,988,241</b>
<b>Deferred Outflows of Resources</b>		
Deferred charge on refunding	-	13,333
Related to pension	178,735	168,294
Related to other postemployment benefits	29,907	81,743
<b>Total Deferred Outflows of Resources</b>	<b>208,642</b>	<b>263,370</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 26,633,676</b>	<b>\$ 18,251,611</b>

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

<i>June 30,</i>	2022	2021
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable - operations	\$ 147,192	\$ 129,576
Accounts payable - capital	48,444	1,348
Accrued payroll and employee benefits	63,198	63,014
Accrued leave	131,225	166,498
Accrued interest	34,833	5,958
Customer deposits	36,261	38,025
Current portion of general obligation bonds	210,000	140,000
<b>Total Current Liabilities</b>	<b>671,153</b>	<b>544,419</b>
<b>Noncurrent Liabilities</b>		
General obligation bonds	8,150,000	1,290,000
Bond premium, net of accumulated amortization	1,209,062	280,911
Net pension liability	1,192,396	1,424,935
Net other postemployment benefits liability	-	2,871
<b>Total Noncurrent Liabilities</b>	<b>10,551,458</b>	<b>2,998,717</b>
<b>Total Liabilities</b>	<b>11,222,611</b>	<b>3,543,136</b>
<b>Deferred Inflows of Resources</b>		
Related to pension	475,501	25,327
Related to other postemployment benefits	466,470	97,727
<b>Total Deferred Inflows of Resources</b>	<b>941,971</b>	<b>123,054</b>
<b>Net Position</b>		
Net investment in capital assets	7,970,145	7,835,473
Unrestricted	6,498,949	6,749,948
<b>Total Net Position</b>	<b>14,469,094</b>	<b>14,585,421</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 26,633,676</b>	<b>\$ 18,251,611</b>



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

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Revenues</b>		
Residential electric	\$ 2,537,649	\$ 2,341,826
Large commercial	2,002,170	1,816,664
General	1,017,031	937,936
Street and highway lighting	81,531	78,424
Municipal sales	274,910	226,912
Harbor electric	290,234	269,506
Pole rental	52,340	53,420
Other	68,601	77,454
<b>Total Operating Revenues</b>	<b>6,324,466</b>	<b>5,802,142</b>
<b>Operating Expenses</b>		
Power production:		
Salaries	84,387	73,373
Employee benefits - other	53,589	47,071
Employee benefits - PERS	(314,762)	(75,270)
Materials and supplies	271,432	315,862
Services and charges	55,177	105,599
SEAPA power purchase costs	3,229,149	2,984,896
<b>Total power production</b>	<b>3,378,972</b>	<b>3,451,531</b>
Distribution:		
Salaries	349,317	343,773
Employee benefits	218,225	224,469
Materials and supplies	28,763	22,801
Services and charges	38,643	44,551
<b>Total distribution</b>	<b>634,948</b>	<b>635,594</b>
General and administrative:		
Salaries	385,343	394,809
Employee benefits - other	176,619	181,705
Employee benefits - PERS	207,426	(73,086)
Materials and supplies	200,451	86,146
Services and charges	192,309	246,560
Allocated overhead	181,447	184,036
Motor pool charges:		
Operation and maintenance	80,900	39,780
Equipment replacement	215,072	45,653
<b>Total general and administrative</b>	<b>1,639,567</b>	<b>1,105,603</b>

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

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Expenses, continued</b>		
Depreciation	\$ 463,686	\$ 483,638
<b>Total Operating Expenses</b>	<b>6,117,173</b>	<b>5,676,366</b>
<b>Income from Operations</b>	<b>207,293</b>	<b>125,776</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income (loss)	(179,145)	17,249
Interest expense	(132,119)	(21,315)
Federal interest subsidy	216	11,074
State PERS relief	232	76,194
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(310,816)</b>	<b>83,202</b>
<b>Income before Transfers</b>	<b>(103,523)</b>	<b>208,978</b>
<b>Other Financing Sources (Uses)</b>		
Proceeds from issuance of loans	27,196	-
Transfers in	-	40,000
Transfers out	(40,000)	-
<b>Net Other Financing Sources (Uses)</b>	<b>(12,804)</b>	<b>40,000</b>
<b>Change in Net Position</b>	<b>(116,327)</b>	<b>248,978</b>
<b>Net Position, beginning of year</b>	<b>14,585,421</b>	<b>14,336,443</b>
<b>Net Position, end of year</b>	<b>\$ 14,469,094</b>	<b>\$ 14,585,421</b>

## Petersburg Borough, Alaska

### Electric Utility Enterprise Fund Statement of Cash Flows

Years Ended June 30,	2022	2021
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 6,403,941	\$ 5,973,736
Payments for interfund services used	(477,419)	(269,469)
Payments to suppliers	(4,037,358)	(3,841,773)
Payments to employees	(1,315,902)	(1,269,069)
Net cash flows from operating activities	573,262	593,425
<b>Cash Flows for Noncapital Financing Activities</b>		
Transfers out	(40,000)	-
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(1,634,139)	(167,208)
Principal paid on long-term debt	(140,000)	(130,000)
Proceeds from bonds issuance	7,070,000	-
Premium from bond issuance	999,338	-
Proceeds from refunding bonds issued	-	1,560,000
Payment to refunded bond escrow agent	-	(1,805,000)
Premium from refunding bonds	-	312,124
Transfers in	-	40,000
Interest paid on long-term debt	(133,902)	(126,519)
Federal interest subsidy received	216	11,074
Net cash flows from (for) capital and related financing activities	6,161,513	(305,529)
<b>Cash Flows from (for) Investing Activities</b>		
Investment income (loss)	(179,145)	17,249
Net increase in cash and investments	6,515,630	305,145
<b>Cash and Investments, beginning of year</b>	<b>7,398,568</b>	<b>7,093,423</b>
<b>Cash and Investments, end of year</b>	<b>\$ 13,914,198</b>	<b>\$ 7,398,568</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Equity in central treasury	\$ 6,617,091	\$ 7,398,568
Acquisition and construction of capital assets	6,788,607	-
Bond reserve account	508,500	-
<b>Total Cash and Investments</b>	<b>\$ 13,914,198</b>	<b>\$ 7,398,568</b>

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

<i>Years Ended June 30,</i>	2022	2021
<b>Reconciliation of Income from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Income from operations	\$ 207,293	\$ 125,776
Adjustments to reconcile income from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	463,686	483,638
PERS relief	232	76,194
Increase (decrease) in allowance for doubtful accounts	(44,599)	2,334
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	(10,441)	2,272
Amortization of deferred outflows of resources for other postemployment benefits	51,836	37,021
Accounts receivable	125,838	166,027
Inventories	(39,050)	10,660
Net other postemployment benefits asset	(745,803)	(110,528)
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	450,174	(36,861)
Amortization of deferred inflows of resources for other postemployment benefits	368,743	41,027
Accounts payable	17,616	(46,018)
Accrued payroll and employee benefits	184	(11,176)
Accrued leave	(35,273)	12,041
Customer deposits	(1,764)	3,233
Net pension liability	(232,539)	(119,425)
Net other postemployment benefits liability	(2,871)	(42,790)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 573,262</b>	<b>\$ 593,425</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Capital assets purchased on account	\$ 48,444	\$ 1,348

## Petersburg Borough, Alaska

### Electric Utility Enterprise Fund Schedule of Electric Utility Capital Projects

<i>Year Ended June 30, 2022</i>	Standby Diesel Generator	Hydro Substation Upgrade	Auto Meter Reading	Blind Slough Hydro	Totals
<b>Funding Sources</b>					
Electric utility	\$ 30,483	\$ 26,470	\$ 2,139	\$ 1,622,142	\$ 1,681,234
<b>Expenditures</b>					
Professional services	\$ 30,483	\$ 14,849	\$ -	\$ 262,218	\$ 307,550
Payroll and benefits	-	359	1,082	-	1,441
Construction and contractors	-	11,262	1,057	1,359,924	1,372,243
<b>Total Expenditures</b>	<b>\$ 30,483</b>	<b>\$ 26,470</b>	<b>\$ 2,139</b>	<b>\$ 1,622,142</b>	<b>\$ 1,681,234</b>

## Petersburg Borough, Alaska

### Water Utility Enterprise Fund Statement of Net Position

<i>June 30,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 1,346,762	\$ 1,208,118
Accounts receivable	89,391	99,890
Allowance for doubtful accounts	(4,689)	(10,684)
Inventories	82,605	74,685
<b>Total Current Assets</b>	<b>1,514,069</b>	<b>1,372,009</b>
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset	157,896	19,781
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	(18,893,916)	(18,052,536)
Net capital assets	16,481,953	17,323,333
<b>Total Noncurrent Assets</b>	<b>16,639,849</b>	<b>17,343,114</b>
<b>Total Assets</b>	<b>18,153,918</b>	<b>18,715,123</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	32,583	27,661
Related to other postemployment benefits	5,452	13,436
<b>Total Deferred Outflows of Resources</b>	<b>38,035</b>	<b>41,097</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 18,191,953</b>	<b>\$ 18,756,220</b>

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

<i>June 30,</i>	2022	2021
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable - operations	\$ 8,373	\$ 5,384
Accrued payroll and employee benefits	17,976	13,241
Accrued leave	26,612	28,042
Customer deposits	7,990	9,308
Accrued interest	19,990	23,074
Current portion - ADEC loans	227,654	224,290
<b>Total Current Liabilities</b>	<b>308,595</b>	<b>303,339</b>
<b>Noncurrent Liabilities</b>		
ADEC loans	1,226,180	1,453,833
Net pension liability	217,370	234,207
Net other postemployment benefits liability	-	472
<b>Total Noncurrent Liabilities</b>	<b>1,443,550</b>	<b>1,688,512</b>
<b>Total Liabilities</b>	<b>1,752,145</b>	<b>1,991,851</b>
<b>Deferred Inflows of Resources</b>		
Related to pension	86,682	4,163
Related to other postemployment benefits	85,036	16,063
<b>Total Deferred Inflows of Resources</b>	<b>171,718</b>	<b>20,226</b>
<b>Net Position</b>		
Net investment in capital assets	15,028,119	15,645,210
Unrestricted	1,239,971	1,098,933
<b>Total Net Position</b>	<b>16,268,090</b>	<b>16,744,143</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 18,191,953</b>	<b>\$ 18,756,220</b>

## Petersburg Borough, Alaska

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

Years Ended June 30,	2022	2021
<b>Operating Revenues</b>		
Residential water	\$ 572,477	\$ 567,216
Commercial water	423,874	404,010
Water delivery	16,800	10,700
Other	5,639	9,070
<b>Total Operating Revenues</b>	<b>1,018,790</b>	<b>990,996</b>
<b>Operating Expenses</b>		
Salaries	230,665	213,524
Employee benefits - other	115,640	111,745
Employee benefits - PERS	(827)	(12,080)
Materials and supplies	119,274	169,034
Services and charges	145,316	157,327
Allocated overhead	70,558	71,564
Motor pool charges:		
Operation and maintenance	7,725	7,404
Equipment replacement	6,383	7,170
Depreciation	841,379	849,222
<b>Total Operating Expenses</b>	<b>1,536,113</b>	<b>1,574,910</b>
<b>Loss from Operations</b>	<b>(517,323)</b>	<b>(583,914)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income (loss)	(99,005)	2,690
Interest expense	(22,088)	(25,448)
State PERS relief	43	12,524
<b>Net Nonoperating Expenses</b>	<b>(121,050)</b>	<b>(10,234)</b>
<b>Loss Before Transfers</b>	<b>(638,373)</b>	<b>(594,148)</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	162,320	122,320
Transfers out	-	(65,000)
<b>Net Other Financing Sources</b>	<b>162,320</b>	<b>57,320</b>
<b>Change in Net Position</b>	<b>(476,053)</b>	<b>(536,828)</b>
<b>Net Position, beginning of year</b>	<b>16,744,143</b>	<b>17,280,971</b>
<b>Net Position, end of year</b>	<b>\$ 16,268,090</b>	<b>\$ 16,744,143</b>



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

<i>Years Ended June 30,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 1,021,976	\$ 995,718
Payments for interfund services used	(84,666)	(86,138)
Payments to suppliers	(269,520)	(340,466)
Payments to employees	(343,000)	(322,534)
<b>Net cash flows from operating activities</b>	<b>324,790</b>	<b>246,580</b>
<b>Cash Flows for Noncapital Financing Activities</b>		
Transfers out	-	(65,000)
<b>Cash Flows for Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(224,289)	(220,975)
Interest paid on long-term debt	(25,172)	(28,486)
Transfers in	162,320	122,320
<b>Net cash flows for capital and related financing activities</b>	<b>(87,141)</b>	<b>(127,141)</b>
<b>Cash Flows from (for) Investing Activities</b>		
Investment income (loss)	(99,005)	2,690
<b>Net increase in cash and investments</b>	<b>138,644</b>	<b>57,129</b>
<b>Cash and Investments, beginning of year</b>	<b>1,208,118</b>	<b>1,150,989</b>
<b>Cash and Investments, end of year</b>	<b>\$ 1,346,762</b>	<b>\$ 1,208,118</b>
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (517,323)	\$ (583,914)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	841,379	849,222
PERS relief	43	12,524
Decrease in allowance for doubtful accounts	(5,995)	(1,537)
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	(4,922)	(853)
Amortization of deferred outflows of resources for other postemployment benefits	7,984	4,300
Accounts receivable	10,499	4,246
Inventories	(7,920)	(16,298)
Net other postemployment benefits assets	(138,115)	(18,244)
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	82,519	(5,931)
Amortization of deferred inflows of resources for other postemployment benefits	68,973	7,695
Accounts payable	2,990	2,193
Accrued payroll and employee benefits	4,735	(262)
Accrued leave	(1,430)	2,997
Customer deposits	(1,318)	2,013
Net pension liability	(16,837)	(6,561)
Net other postemployment benefits liability	(472)	(5,010)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 324,790</b>	<b>\$ 246,580</b>

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

<i>June 30,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 941,227	\$ 1,025,926
Receivables:		
Grants and loan	525	268,251
Accounts	87,589	86,611
Allowance for doubtful accounts	(4,762)	(8,163)
Inventories	60,110	59,245
<b>Total Current Assets</b>	<b>1,084,689</b>	<b>1,431,870</b>
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset	157,041	28,428
Capital assets:		
Buildings	9,091,647	9,091,647
Improvements other than buildings	13,254,616	12,182,833
Machinery and equipment	734,721	723,904
Construction in progress	37,341	517,951
Total capital assets	23,118,325	22,516,335
Accumulated depreciation	(13,177,014)	(12,743,002)
Net capital assets	9,941,311	9,773,333
<b>Total Noncurrent Assets</b>	<b>10,098,352</b>	<b>9,801,761</b>
<b>Total Assets</b>	<b>11,183,041</b>	<b>11,233,631</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	32,406	39,754
Related to other postemployment benefits	5,422	19,309
<b>Total Deferred Outflows of Resources</b>	<b>37,828</b>	<b>59,063</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 11,220,869</b>	<b>\$ 11,292,694</b>

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

<i>Years Ended June 30,</i>	2022	2021
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 904	\$ 32,382
Accrued payroll and employee benefits	17,728	16,879
Accrued leave	32,883	36,002
Customer deposits	7,375	7,978
Accrued interest	17,926	19,528
Current portion of ADEC loans	127,048	125,171
<b>Total Current Liabilities</b>	<b>203,864</b>	<b>237,940</b>
<b>Noncurrent Liabilities</b>		
ADEC loans	2,033,315	2,126,651
Net pension liability	216,192	336,594
Net other postemployment benefits liability	-	678
<b>Total Noncurrent Liabilities</b>	<b>2,249,507</b>	<b>2,463,923</b>
<b>Total Liabilities</b>	<b>2,453,371</b>	<b>2,701,863</b>
<b>Deferred Inflows of Resources</b>		
Related to pension	86,213	5,983
Related to other postemployment benefits	84,575	23,085
<b>Total Deferred Inflows of Resources</b>	<b>170,788</b>	<b>29,068</b>
<b>Net Position</b>		
Net investment in capital assets	7,780,948	7,521,511
Unrestricted	815,762	1,040,252
<b>Total Net Position</b>	<b>8,596,710</b>	<b>8,561,763</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$11,220,869</b>	<b>\$11,292,694</b>

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

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Revenues</b>		
Residential sewer	\$ 652,213	\$ 651,775
Commercial sewer	198,959	201,229
Other	8,539	4,203
<b>Total Operating Revenues</b>	<b>859,711</b>	<b>857,207</b>
<b>Operating Expenses</b>		
Salaries	227,764	232,529
Employee benefits - other	133,511	148,344
Employee benefits - PERS	(86,696)	27,735
Materials and supplies	52,539	48,941
Services and charges	124,265	146,221
Allocated overhead	60,963	61,883
Motor pool charges:		
Operation and maintenance	16,480	13,524
Equipment replacement	17,007	29,164
Depreciation	434,012	423,565
<b>Total Operating Expenses</b>	<b>979,845</b>	<b>1,131,906</b>
<b>Loss from Operations</b>	<b>(120,134)</b>	<b>(274,699)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income (loss)	(21,058)	2,639
Interest expense	(22,743)	(24,676)
Federal interest subsidy	198,840	-
State PERS relief	42	42,524
<b>Net Nonoperating Revenues</b>	<b>155,081</b>	<b>20,487</b>
<b>Income (Loss) Before Transfers</b>	<b>34,947</b>	<b>(254,212)</b>
<b>Other Financing Sources -</b>		
transfer in	-	25,000
<b>Change in Net Position</b>	<b>34,947</b>	<b>(229,212)</b>
<b>Net Position, beginning of year</b>	<b>8,561,763</b>	<b>8,790,975</b>
<b>Net Position, end of year</b>	<b>\$ 8,596,710</b>	<b>\$ 8,561,763</b>

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

<i>Years Ended June 30,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 854,729	\$ 866,845
Payments for interfund services used	(94,450)	(104,571)
Payments to suppliers	(209,147)	(322,153)
Payments to employees	(363,545)	(358,607)
<b>Net cash flows from operating activities</b>	<b>187,587</b>	<b>81,514</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Principal paid on long-term debt	-	(147,814)
Proceeds from long-term debt	176,267	223,165
Interest paid on long-term debt	(24,345)	(26,227)
Acquisition and construction of capital assets	(601,990)	(442,976)
Federal interest subsidy received	198,840	-
Transfers in	-	25,000
<b>Net cash flows for capital and related financing activities</b>	<b>(251,228)</b>	<b>(368,852)</b>
<b>Cash Flows from (for) Investing Activities</b>		
Investment income (loss)	(21,058)	2,639
<b>Net decrease in cash and investments</b>	<b>(84,699)</b>	<b>(284,699)</b>
<b>Cash and Investments, beginning of year</b>	<b>1,025,926</b>	<b>1,310,625</b>
<b>Cash and Investments, end of year</b>	<b>\$ 941,227</b>	<b>\$ 1,025,926</b>
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (120,134)	\$ (274,699)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	434,012	423,565
PERS relief	42	42,524
Increase (decrease) in allowance for doubtful accounts	(3,401)	1,562
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pensions	7,348	(13,776)
Amortization of deferred outflows of resources for other postemployment benefits:	13,887	6,545
Accounts receivable	(978)	6,271
Inventories	(865)	(2,080)
Net other postemployment benefits assets	(128,613)	(26,181)
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pensions	80,230	(8,567)
Amortization of deferred inflows of resources for other postemployment benefits:	61,490	10,603
Accounts payable	(31,478)	(124,911)
Accrued payroll and employee benefits	849	(3,195)
Accrued leave	(3,119)	936
Customer deposits	(603)	1,805
Net pension liability	(120,402)	48,766
Net other postemployment benefits liability	(678)	(7,654)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 187,587</b>	<b>\$ 81,514</b>

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

<i>Year Ended June 30, 2022</i>	Scow Bay Pump Station #1 Upgrade	WW SCADA Upgrades	IRA II Street Sewer Main Replacement	Totals
<b>Funding Sources</b>				
Wastewater Utility	\$ 232,613	\$ 14,750	\$ 343,811	\$ 591,174
<b>Expenditures</b>				
Payroll and benefits	\$ -	\$ -	\$ 9,900	\$ 9,900
Contractor	221,109	-	333,911	555,020
Materials	926	-	-	926
Professional services	10,578	14,750	-	25,328
<b>Total Expenditures</b>	<b>\$ 232,613</b>	<b>\$ 14,750</b>	<b>\$ 343,811</b>	<b>\$ 591,174</b>

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

<i>June 30,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 467,598	\$ 397,293
Accounts receivable	113,042	123,797
Allowance for doubtful accounts	(3,378)	(7,674)
<b>Total Current Assets</b>	<b>577,262</b>	<b>513,416</b>
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset	172,902	22,851
Capital assets:		
Land and land improvements	63,720	63,720
Buildings	2,211,180	2,211,180
Improvements other than buildings	807,695	807,695
Machinery and equipment	1,027,064	1,001,234
Total capital assets	4,109,659	4,083,829
Accumulated depreciation	(2,361,990)	(2,168,074)
Net capital assets	1,747,669	1,915,755
<b>Total Noncurrent Assets</b>	<b>1,920,571</b>	<b>1,938,606</b>
<b>Total Assets</b>	<b>2,497,833</b>	<b>2,452,022</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	35,679	31,955
Related to other postemployment benefits	5,970	15,521
<b>Total Deferred Outflows of Resources</b>	<b>41,649</b>	<b>47,476</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,539,482</b>	<b>\$ 2,499,498</b>

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

June 30,	2022	2021
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 49,004	\$ 28,255
Accrued payroll and employee benefits	18,846	20,228
Accrued leave	29,218	30,833
Customer deposits	9,833	10,637
<b>Total Current Liabilities</b>	<b>106,901</b>	<b>89,953</b>
<b>Noncurrent Liabilities</b>		
Net pension liability	238,027	270,558
Net other postemployment benefits liability	-	545
Landfill closure liability	65,970	65,970
<b>Total Noncurrent Liabilities</b>	<b>303,997</b>	<b>337,073</b>
<b>Total Liabilities</b>	<b>410,898</b>	<b>427,026</b>
<b>Deferred Inflows of Resources</b>		
Related to pension	94,920	4,809
Related to other postemployment benefits	93,117	18,556
<b>Total Deferred Inflows of Resources</b>	<b>188,037</b>	<b>23,365</b>
<b>Net Position</b>		
Net investment in capital assets	1,747,669	1,915,755
Unrestricted	192,878	133,352
<b>Total Net Position</b>	<b>1,940,547</b>	<b>2,049,107</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 2,539,482</b>	<b>\$ 2,499,498</b>



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

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Revenues</b>		
Refuse collection	\$ 931,857	\$ 909,781
Landfill charges	350,764	280,968
Other	2,294	-
<b>Total Operating Revenues</b>	<b>1,284,915</b>	<b>1,190,749</b>
<b>Operating Expenses</b>		
Salaries	255,858	264,700
Employee benefits - other	134,633	137,599
Employee benefits - PERS	(12,581)	(51,879)
Materials and supplies	48,821	43,827
Services and charges	155,634	189,380
Bale disposal	315,110	293,886
Allocated overhead	81,257	82,416
Motor pool charges:		
Operation and maintenance	103,775	69,940
Equipment replacement	102,403	106,969
Depreciation	193,916	167,286
<b>Total Operating Expenses</b>	<b>1,378,826</b>	<b>1,304,124</b>
<b>Loss from Operations</b>	<b>(93,911)</b>	<b>(113,375)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income (loss)	(14,696)	1,022
State PERS relief	47	14,468
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(14,649)</b>	<b>15,490</b>
<b>Change in Net Position</b>	<b>(108,560)</b>	<b>(97,885)</b>
<b>Net Position, beginning of year</b>	<b>2,049,107</b>	<b>2,146,992</b>
<b>Net Position, end of year</b>	<b>\$ 1,940,547</b>	<b>\$ 2,049,107</b>

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

<i>Years Ended June 30,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 1,290,570	\$ 1,188,601
Payments for interfund services used	(287,435)	(259,325)
Payments to suppliers	(498,816)	(529,574)
Payments to employees	(393,488)	(392,214)
<b>Net cash flows from operating activities</b>	<b>110,831</b>	<b>7,488</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(25,830)	(15,108)
<b>Cash Flows from (for) Investing Activities</b>		
Investment income (loss)	(14,696)	1,022
<b>Net increase (decrease) in cash and investments</b>	<b>70,305</b>	<b>(6,598)</b>
<b>Cash and Investments, beginning of year</b>	<b>397,293</b>	<b>403,891</b>
<b>Cash and Investments, end of year</b>	<b>\$ 467,598</b>	<b>\$ 397,293</b>
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (93,911)	\$ (113,375)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	193,916	167,286
PERS relief	47	14,468
Decrease in allowance for doubtful accounts	(4,296)	(543)
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	(3,724)	6,818
Amortization of deferred outflows of resources for other postemployment benefits	9,551	10,859
Accounts receivable	10,755	(4,386)
Net other postemployment benefits asset	(150,051)	(20,614)
Increase (decrease) in liabilities:		
Amortization of deferred inflows or resources for pension	90,111	(4,967)
Amortization of deferred inflows of resources for other postemployment benefits	74,561	8,823
Accounts payable	20,749	(2,481)
Accrued payroll and employee benefits	(1,382)	7,113
Accrued leave	(1,615)	2,972
Customer deposits	(804)	2,781
Net pension liability	(32,531)	(63,197)
Net other postemployment benefits liability	(545)	(4,069)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 110,831</b>	<b>\$ 7,488</b>

## Petersburg Borough, Alaska

### Harbor and Port Facilities Enterprise Fund Statement of Net Position

<i>June 30,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 3,609,874	\$ 3,930,750
Accounts receivable	262,036	202,736
Leases receivable, current portion	32,654	-
Allowance for doubtful accounts	(39,685)	(37,493)
<b>Total Current Assets</b>	<b>3,864,879</b>	<b>4,095,993</b>
<b>Noncurrent Assets</b>		
Leases receivable, long term	1,358,328	-
Net other postemployment benefits asset	361,956	40,570
<b>Capital assets:</b>		
Land and land improvements	360,059	360,059
Buildings	375,175	375,175
Improvements other than buildings	39,120,884	39,120,884
Machinery and equipment	533,520	533,520
Construction in progress	20,346	-
Total capital assets	40,409,984	40,389,638
Accumulated depreciation	(18,550,462)	(17,150,447)
Net capital assets	21,859,522	23,239,191
<b>Total Noncurrent Assets</b>	<b>23,579,806</b>	<b>23,279,761</b>
<b>Total Assets</b>	<b>27,444,685</b>	<b>27,375,754</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	74,691	56,732
Related to other postemployment benefits	12,498	27,556
<b>Total Deferred Outflows of Resources</b>	<b>87,189</b>	<b>84,288</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 27,531,874</b>	<b>\$ 27,460,042</b>

## Petersburg Borough, Alaska

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

<i>June 30,</i>	2022	2021
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 18,829	\$ 298
Accrued payroll and employee benefits	35,684	30,948
Accrued leave	47,461	40,772
Prepaid moorage	16,671	16,671
<b>Total Current Liabilities</b>	<b>118,645</b>	<b>88,689</b>
<b>Noncurrent Liabilities</b>		
Net pension liability	498,290	480,350
Net other postemployment benefits liability	-	968
<b>Total Noncurrent Liabilities</b>	<b>498,290</b>	<b>481,318</b>
<b>Total Liabilities</b>	<b>616,935</b>	<b>570,007</b>
<b>Deferred Inflows of Resources</b>		
Lease related	1,350,947	-
Related to pension	198,707	8,538
Related to other postemployment benefits	194,933	32,944
<b>Total Deferred Inflows of Resources</b>	<b>1,744,587</b>	<b>41,482</b>
<b>Net Position</b>		
Net investment in capital assets	21,859,522	23,239,191
Unrestricted	3,310,830	3,609,362
<b>Total Net Position</b>	<b>25,170,352</b>	<b>26,848,553</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 27,531,874</b>	<b>\$ 27,460,042</b>

## Petersburg Borough, Alaska

### Harbor and Port Facilities Enterprise Fund Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Revenues</b>		
Harbor charges	\$ 1,328,761	\$ 1,182,147
Port charges and leases	126,818	207,327
Other	125,684	18,907
<b>Total Operating Revenues</b>	<b>1,581,263</b>	<b>1,408,381</b>
<b>Operating Expenses</b>		
Salaries	464,764	420,589
Employee benefits - other	227,377	226,295
Employee benefits - PERS	44,940	(263,148)
Materials and supplies	1,067,985	184,618
Services and charges	306,164	262,839
Allocated overhead	97,456	98,847
Motor pool charges:		
Operation and maintenance	23,285	14,098
Equipment replacement	4,202	7,969
Depreciation	1,400,015	1,399,302
<b>Total Operating Expenses</b>	<b>3,636,188</b>	<b>2,351,409</b>
<b>Loss from Operations</b>	<b>(2,054,925)</b>	<b>(943,028)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income (loss)	(126,454)	9,027
Interest expense	-	(1,307)
State PERS relief	97	25,685
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(126,357)</b>	<b>33,405</b>
Loss before transfers	(2,181,282)	(909,623)
<b>Other Financing Sources - transfers in</b>	<b>503,081</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(1,678,201)</b>	<b>(909,623)</b>
<b>Net Position, beginning of year</b>	<b>26,848,553</b>	<b>27,758,176</b>
<b>Net Position, end of year</b>	<b>\$ 25,170,352</b>	<b>\$ 26,848,553</b>

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

<i>Years Ended June 30,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 1,484,120	\$ 1,400,627
Payments for interfund services used	(124,943)	(120,914)
Payments to suppliers	(1,355,618)	(450,623)
Payments to employees	(680,716)	(659,351)
<b>Net cash flows from (for) operating activities</b>	<b>(677,157)</b>	<b>169,739</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Principal paid on long-term debt	-	(116,662)
Interest paid on long-term debt	-	(13,205)
Acquisition and construction of capital assets	(20,346)	-
Transfers in	503,081	-
<b>Net cash flows from (for) capital and related financing activities</b>	<b>482,735</b>	<b>(129,867)</b>
<b>Cash Flows from (for) Investing Activities</b>		
Investment income (loss)	(126,454)	9,027
<b>Net increase (decrease) in cash and investments</b>	<b>(320,876)</b>	<b>48,899</b>
<b>Cash and Investments, beginning of year</b>	<b>3,930,750</b>	<b>3,881,851</b>
<b>Cash and Investments, end of year</b>	<b>\$ 3,609,874</b>	<b>\$ 3,930,750</b>
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (2,054,925)	\$ (943,028)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	1,400,015	1,399,302
PERS relief	97	25,685
Increase (decrease) in allowance for doubtful accounts	2,192	(1,343)
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	(17,959)	22,263
Amortization of deferred outflows of resources for other postemployment benefits	15,058	21,233
Accounts receivable	(59,300)	16,175
Net other postemployment benefits asset	(321,386)	(36,174)
Leases receivable	42,841	-
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	190,169	(30,853)
Amortization of deferred inflows of resources for other postemployment benefits	161,989	4,469
Accounts payable	18,531	(3,166)
Accrued payroll and employee benefits	4,736	(5,874)
Accrued leave	6,689	(6,134)
Prepaid moorage	-	(22,586)
Deferred inflows of resources related to leases	(82,876)	-
Net pension liability	17,940	(250,225)
Net other postemployment benefits liability	(968)	(20,005)
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ (677,157)</b>	<b>\$ 169,739</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Leases receivable and Deferred inflows of resources related to implementation of new accounting pronouncement	\$ 1,433,823	\$ -

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

<i>June 30,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 617,066	\$ 634,383
<b>Noncurrent Assets</b>		
Restricted cash - security deposits	11,647	11,646
Net other postemployment benefits asset	54,201	-
Capital assets:		
Land and land improvements	127,419	127,419
Buildings	2,916,985	2,916,985
Improvements other than buildings	289,591	279,091
Machinery and equipment	202,228	192,216
Total capital assets	3,536,223	3,515,711
Accumulated depreciation	(3,059,211)	(2,952,630)
Net capital assets	477,012	563,081
<b>Total Noncurrent Assets</b>	<b>542,860</b>	<b>574,727</b>
<b>Total Assets</b>	<b>1,159,926</b>	<b>1,209,110</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	11,185	-
Related to other postemployment benefits	1,871	-
Deferred charges on refunding	3,161	6,320
<b>Total Deferred Outflows of Resources</b>	<b>16,217</b>	<b>6,320</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,176,143</b>	<b>\$ 1,215,430</b>

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

<i>June 30,</i>	2022	2021
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 862	\$ 1,440
Accrued payroll and employee benefits	4,086	5,070
Accrued leave	254	1,254
Unearned revenue	1,789	1,579
Customer deposits	9,679	9,734
Accrued interest	1,813	2,529
Current portion of general obligation bonds	55,000	53,750
<b>Total Current Liabilities</b>	<b>73,483</b>	<b>75,356</b>
<b>Noncurrent Liabilities</b>		
General obligation bonds	53,750	108,750
Bond premium, net of accumulated amortization	7,388	14,777
Net pension liability	74,616	-
<b>Total Noncurrent Liabilities</b>	<b>135,754</b>	<b>123,527</b>
<b>Total Liabilities</b>	<b>209,237</b>	<b>198,883</b>
<b>Deferred Inflows of Resources</b>		
Related to pension	29,755	-
Related to other postemployment benefits	29,190	-
<b>Total Deferred Inflows of Resources</b>	<b>58,945</b>	<b>-</b>
<b>Net Position</b>		
Net investment in capital assets	364,035	392,124
Unrestricted	543,926	624,423
<b>Total Net Position</b>	<b>907,961</b>	<b>1,016,547</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 1,176,143</b>	<b>\$ 1,215,430</b>



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

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Revenues</b>		
Federal government - rental subsidies	\$ 311,901	\$ 296,448
Rental income	122,679	117,354
Other	15	-
<b>Total Operating Revenues</b>	<b>434,595</b>	<b>413,802</b>
<b>Operating Expenses</b>		
Salaries	106,670	103,704
Employee benefits - other	54,185	48,618
Employee benefits - PERS	66,319	(185,565)
Materials and supplies	12,077	11,451
Services and charges	147,355	126,553
Allocated overhead	23,856	25,985
Motor pool charges:		
Operation and maintenance	1,736	832
Equipment replacement	2,768	2,768
Depreciation	106,581	105,676
<b>Total Operating Expenses</b>	<b>521,547</b>	<b>240,022</b>
<b>Income (Loss) from Operations</b>	<b>(86,952)</b>	<b>173,780</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income (loss)	(20,068)	1,415
Interest expense	(1,566)	(3,774)
<b>Net Nonoperating Expenses</b>	<b>(21,634)</b>	<b>(2,359)</b>
<b>Change in Net Position</b>	<b>(108,586)</b>	<b>171,421</b>
<b>Net Position, beginning of year</b>	<b>1,016,547</b>	<b>845,126</b>
<b>Net Position, end of year</b>	<b>\$ 907,961</b>	<b>\$ 1,016,547</b>

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

<i>Years Ended June 30,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 434,750	\$ 414,874
Payments for interfund services used	(28,360)	(29,585)
Payments to suppliers	(160,010)	(137,749)
Payments to employees	(162,854)	(151,368)
<b>Net cash flows from operating activities</b>	<b>83,526</b>	<b>96,172</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(53,750)	(50,000)
Interest paid on long-term debt	(6,512)	(8,838)
Acquisition and construction of capital assets	(20,512)	(9,050)
<b>Net cash flows for capital and related financing activities</b>	<b>(80,774)</b>	<b>(67,888)</b>
<b>Cash Flows from (for) Investing Activities</b>		
Investment income (loss)	(20,068)	1,415
<b>Net increase (decrease) in cash and investments</b>	<b>(17,316)</b>	<b>29,699</b>
<b>Cash and Investments, beginning of year</b>	<b>646,029</b>	<b>616,330</b>
<b>Cash and Investments, end of year</b>	<b>\$ 628,713</b>	<b>\$ 646,029</b>
<b>Cash and Investments at End of Year</b>		
Cash and investments	\$ 617,066	\$ 634,383
Restricted cash	11,647	11,646
<b>Total Cash and Investments</b>	<b>\$ 628,713</b>	<b>\$ 646,029</b>
<b>Reconciliation of Income (Loss) from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Income (loss) from operations	\$ (86,952)	\$ 173,780
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:		
Noncash expenses -		
Depreciation	106,581	105,676
Increase (decrease) in assets:		
Amortization of deferred outflows of resources for pension	(11,185)	29,598
Amortization of deferred outflows of resources for other postemployment benefits	(1,871)	9,162
Net other postemployment benefits asset	(54,201)	-
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	29,755	(4,345)
Amortization of deferred inflows of resources for other postemployment benefits	29,190	(9,342)
Accounts payable	(578)	255
Accrued payroll and employee benefits	(984)	628
Accrued leave	(1,000)	326
Unearned revenue	210	75
Customer deposits	(55)	997
Net pension liability	74,616	(186,444)
Net other postemployment benefits liability	-	(24,194)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 83,526</b>	<b>\$ 96,172</b>

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

<i>June 30,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Accounts receivable	\$ -	\$ 46,012
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset	593,389	110,487
Capital assets:		
Buildings	4,079,118	4,015,877
Machinery and equipment	99,061	99,061
Construction in progress	-	14,333
Total capital assets	4,178,179	4,129,271
Accumulated depreciation	(1,935,917)	(1,827,657)
Net capital assets	2,242,262	2,301,614
<b>Total Noncurrent Assets</b>	<b>2,835,651</b>	<b>2,412,101</b>
<b>Total Assets</b>	<b>2,835,651</b>	<b>2,458,113</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	122,449	154,504
Related to other postemployment benefits	20,489	75,045
Deferred charges on refunding	9,479	18,957
<b>Total Deferred Outflows of Resources</b>	<b>152,417</b>	<b>248,506</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,988,068</b>	<b>\$ 2,706,619</b>

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

<i>June 30,</i>	2022	2021
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 9,302	\$ 3,100
Accrued payroll and employee benefits	80,722	52,155
Accrued leave	57,377	83,100
Unearned revenue	3,379	31,925
Customer deposits	2,700	3,000
Due to other funds	100,213	84,099
Accrued interest	5,438	7,588
Current portion of general obligation bonds	165,000	161,250
<b>Total Current Liabilities</b>	<b>424,131</b>	<b>426,217</b>
<b>Noncurrent Liabilities</b>		
General obligation bonds	161,250	326,250
Bond premium, net of accumulated amortization	22,167	44,333
Net pension liability	816,894	1,308,175
Net other postemployment benefits liability	-	2,636
<b>Total Noncurrent Liabilities</b>	<b>1,000,311</b>	<b>1,681,394</b>
<b>Total Liabilities</b>	<b>1,424,442</b>	<b>2,107,611</b>
<b>Deferred Inflows of Resources</b>		
Related to pension	325,759	23,251
Related to other postemployment benefits	319,572	89,719
<b>Total Deferred Inflows of Resources</b>	<b>645,331</b>	<b>112,970</b>
<b>Net Position</b>		
Net investment in capital assets	1,903,324	1,788,738
Deficit	(985,029)	(1,302,700)
<b>Total Net Position</b>	<b>918,295</b>	<b>486,038</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 2,988,068</b>	<b>\$ 2,706,619</b>

## Petersburg Borough, Alaska

### Assisted Living Enterprise Fund

#### Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Revenues</b>		
Rents and royalties	\$ 235,366	\$ 243,965
Fees for services	479,058	493,496
Medicaid services	609,186	611,636
General relief for services	10,752	2,740
Transportation	1,535	2,391
Other revenues	49,715	16,083
<b>Total Operating Revenues</b>	<b>1,385,612</b>	<b>1,370,311</b>
<b>Operating Expenses</b>		
Salaries	798,376	814,740
Employee benefits - other	330,972	372,521
Employee benefits - PERS	(357,688)	260,356
Materials and supplies	118,556	114,872
Services and charges	163,531	135,486
Allocated overhead	82,585	89,646
Motor pool charges:		
Operation and maintenance	5,681	2,054
Equipment replacement	2,768	2,768
Depreciation	108,260	108,260
<b>Total Operating Expenses</b>	<b>1,253,041</b>	<b>1,900,703</b>
<b>Income (Loss) from Operations</b>	<b>132,571</b>	<b>(530,392)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Interest expense	(4,700)	(11,325)
State PERS relief	159	69,951
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(4,541)</b>	<b>58,626</b>
Income (loss) before transfers	128,030	(471,766)
<b>Other Financing Sources - transfers in</b>	<b>304,227</b>	<b>301,946</b>
<b>Change in Net Position</b>	<b>432,257</b>	<b>(169,820)</b>
<b>Net Position, beginning of year</b>	<b>486,038</b>	<b>655,858</b>
<b>Net Position, end of year</b>	<b>\$ 918,295</b>	<b>\$ 486,038</b>

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

<i>Years Ended June 30,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Receipts for customers and users	\$1,402,778	\$1,332,589
Payments for interfund services used	(91,034)	(94,468)
Payments to suppliers	(275,885)	(249,103)
Payments to employees	(1,126,504)	(1,184,024)
Net cash flows for operating activities	(90,645)	(195,006)
<b>Cash Flows from Noncapital Financing Activities</b>		
Increase in due to other funds	16,114	83,906
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(48,908)	(14,333)
Principal paid on long term debt	(161,250)	(150,000)
Interest paid on long term debt	(19,538)	(26,513)
Transfers in	304,227	301,946
Net cash flows from capital and related financing activities	74,531	111,100
Net increase in cash and investments	-	-
<b>Cash and Investments, beginning of year</b>	-	-
<b>Cash and Investments, end of year</b>	\$ -	\$ -
<b>Reconciliation of Income (Loss) from Operations to Net Cash Flows for Operating Activities</b>		
Income (loss) from operations	\$ 132,571	\$ (530,392)
Adjustments to reconcile income (loss) from operations to net cash flows for operating activities:		
Noncash expenses:		
Depreciation	108,260	108,260
PERS relief	159	69,951
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	32,055	(51,767)
Amortization of deferred outflows of resources for other postemployment benefits	54,556	8,868
Accounts receivable	46,012	(46,012)
Net other postemployment benefits asset	(482,902)	(102,842)
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	302,508	(17,483)
Amortization of deferred inflows of resources for other postemployment benefits	229,853	56,376
Accounts payable	6,202	1,255
Accrued payroll and employee benefits	28,567	(7,914)
Accrued leave	(25,723)	11,151
Unearned revenue	(28,546)	8,490
Customer deposits	(300)	(200)
Net pension liability	(491,281)	304,250
Net other postemployment benefits liability	(2,636)	(6,997)
<b>Net Cash Flows for Operating Activities</b>	<b>\$ (90,645)</b>	<b>\$ (195,006)</b>

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## **Internal Service Fund**

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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>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 4,022,557	\$ 4,331,935
Receivables - other	441	1,200
<b>Total Current Assets</b>	<b>4,022,998</b>	<b>4,333,135</b>
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset	87,404	16,213
Capital assets:		
Equipment	8,557,938	8,017,165
Accumulated depreciation	(6,084,937)	(5,821,553)
Net capital assets	2,473,001	2,195,612
<b>Total Noncurrent Assets</b>	<b>2,560,405</b>	<b>2,211,825</b>
<b>Total Assets</b>	<b>6,583,403</b>	<b>6,544,960</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	18,036	22,671
Related to other postemployment benefits	3,018	11,012
<b>Total Deferred Outflows of Resources</b>	<b>21,054</b>	<b>33,683</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,604,457</b>	<b>\$ 6,578,643</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 6,372	\$ 10,054
Accrued payroll and employee benefits	10,782	6,730
Accrued leave	4,012	3,348
<b>Total Current Liabilities</b>	<b>21,166</b>	<b>20,132</b>
<b>Noncurrent Liabilities</b>		
Net pension liability	120,325	191,958
Net other postemployment benefits liability	-	387
<b>Total Noncurrent Liabilities</b>	<b>120,325</b>	<b>192,345</b>
<b>Total Liabilities</b>	<b>141,491</b>	<b>212,477</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	47,983	3,412
Related to other postemployment benefits	47,072	13,165
<b>Total Deferred Inflows of Resources</b>	<b>95,055</b>	<b>16,577</b>
<b>Net Position</b>		
Net investment in capital assets	2,473,001	2,195,612
Unrestricted	3,894,910	4,153,977
<b>Total Net Position</b>	<b>6,367,911</b>	<b>6,349,589</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 6,604,457</b>	<b>\$ 6,578,643</b>

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

<i>Years Ended June 30,</i>	2022	2021
<b>Operating Revenues</b>		
Operation and maintenance charges	\$ 575,107	\$ 479,417
Replacement reserve charges	376,653	375,933
Other revenue	-	1,530
<b>Total Operating Revenues</b>	<b>951,760</b>	<b>856,880</b>
<b>Operating Expenses</b>		
Salaries	148,422	147,498
Employee benefits - other	75,391	77,840
Employee benefits - PERS	(52,080)	(4,039)
Materials and supplies	355,849	227,990
Services and charges	86,172	97,825
Motor pool charges:		
Operation and maintenance	(888)	14,887
Equipment replacement	4,716	3,104
Depreciation	319,388	322,132
<b>Total Operating Expenses</b>	<b>936,970</b>	<b>887,237</b>
<b>Income (Loss) from Operations</b>	<b>14,790</b>	<b>(30,357)</b>
<b>Nonoperating Revenues</b>		
State PERS relief	24	10,265
Income (loss) before transfers and special item	14,814	(20,092)
<b>Other Financing Sources (Uses)</b>		
Transfers out	-	(982,304)
Proceeds from sale of capital assets	3,508	-
<b>Net Other Financing Sources (Uses)</b>	<b>3,508</b>	<b>(982,304)</b>
<b>Change in Net Position</b>	<b>18,322</b>	<b>(1,002,396)</b>
<b>Net Position, beginning of year</b>	<b>6,349,589</b>	<b>7,351,985</b>
<b>Net Position, end of year</b>	<b>\$ 6,367,911</b>	<b>\$ 6,349,589</b>

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

<i>Years Ended June 30,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Receipts from interfund services provided	\$ 952,519	\$ 855,680
Payments for interfund services used	(3,828)	(17,991)
Payments to suppliers	(445,703)	(317,581)
Payments to employees	(219,097)	(227,691)
<b>Net cash flows from operating activities</b>	<b>283,891</b>	<b>292,417</b>
<b>Cash Flows for Noncapital Financing Activities</b>		
Transfers out	-	(982,304)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from insurance recovery	3,508	-
Acquisition and construction of capital assets	(596,777)	(312,435)
<b>Net cash flows for capital and related financing activities</b>	<b>(593,269)</b>	<b>(312,435)</b>
Net decrease in cash and investments	(309,378)	(1,002,322)
<b>Cash and Investments, beginning of year</b>	<b>4,331,935</b>	<b>5,334,257</b>
<b>Cash and Investments, end of year</b>	<b>\$4,022,557</b>	<b>\$4,331,935</b>
<b>Reconciliation of Income (Loss) from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Income (loss) from operations	\$ 14,790	\$ (30,357)
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	319,388	322,132
PERS relief	24	10,265
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	4,635	(6,313)
Amortization of deferred outflows of resources for other postemployment benefits	7,994	5,381
Accounts receivable - other	759	(1,200)
Net other postemployment benefits asset	(71,191)	(15,150)
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	44,571	(4,846)
Amortization of deferred inflows of resources for other postemployment benefits	33,907	3,058
Accounts payable	(3,682)	8,234
Accrued payroll and employee benefits	4,052	(3,036)
Accrued leave	664	683
Net pension liability	(71,633)	18,049
Net other postemployment benefits liability	(387)	(14,483)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 283,891</b>	<b>\$ 292,417</b>

**Petersburg Borough, Alaska**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Award Amount	Provided to Subre- cipients	Total Federal Expend- itures
<b>Department of Agriculture</b>					
Forest Service Schools and Roads Cluster - Schools and Roads - Grants to States - National Forest Receipts FY22	10.665		\$ 602,180	\$ -	\$ 450,000
<b>Department of Health and Human Services</b>					
Passed through the State of Alaska Department of Health and Social Services - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	C0621-570-0	177,593	-	86,340
<b>Department of Justice</b>					
Passed through the State of Alaska Department of Public Safety:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	22-20JAG-01	95,427	-	68,468
Edward Byrne Memorial Justice Assistance Grant Program	16.738	21-19JAG-01	104,536	-	30,753
<b>Total Department of Justice</b>				-	99,221
<b>Department of the Treasury</b>					
Passed through the State of Alaska Department of Commerce, Community and Economic Development - ARPA - Coronavirus State and Local Fiscal Recovery Fund	21.027	22-LGLR-29	633,420	-	14,931
Direct - ARPA - Coronavirus State and Local Fiscal Recover Fund	21.027		1,430,893	-	59,272
<b>Total Institute of Museum and Library Services</b>				-	74,203
<b>Institute of Museum and Library Services</b>					
Passed through the Petersburg Indian Association - Grants to States - Continuing Education Grant	45.310	EASY22-001	6,000	-	6,000
Grants to States - Continuing Education Grant	45.310	ARPA30	39,661	-	31,840
Direct - Continuing Education Grant	45.310		10,000	-	10,000
<b>Total Institute of Museum and Library Services</b>				-	47,840
<b>Environmental Protection Agency</b>					
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 Scow Bay #1 Pump Station	66.458	685271	744,695	-	232,613
<b>Department of Homeland Security</b>					
Passed through the State of Alaska Department of Military and Veteran Affairs - Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Southeast Storm	97.036	DR-4585-AK	873,383	-	274,946
Passed through the State of Alaska Department of Military and Veteran Affairs - Homeland Security Grant Program - 2019	97.067	20SHSP-GY19	285,000	-	93,121
<b>Total Department of Homeland Security</b>				-	368,067
<b>Total Expenditures of Federal Awards</b>				\$ -	\$ 1,358,284

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

# Petersburg Borough, Alaska

## Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2022

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Petersburg Borough, Alaska (the Borough) excluding its component units, Petersburg School District and Petersburg Medical Center, under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Borough.

### 2. Summary of Significant Accounting Policies

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

### 3. Indirect Cost Rate

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

**Petersburg Borough, Alaska**  
**Schedule of State Financial Assistance**  
**Year Ended June 30, 2022**

Name of Award	Grant Number	Total Grant Award	State Share of Expend- itures
<b>Department of Education and Early Development</b>			
*Debt Retirement Program	2017-2022	\$ 1,271,076	\$ 1,271,076
Public Library Assistance Grant	PLA22-Peter	7,000	<u>7,000</u>
<b>Total Department of Education and Early Development</b>			<u>1,278,076</u>
<b>Department of Natural Resources</b>			
E. Haugen Public Use Area Maintenance	2021	6,242	4,604
E. Haugen Public Use Area Maintenance	2022	11,842	<u>3,222</u>
<b>Total Department of Natural Resources</b>			<u>7,826</u>
<b>Department of Military and Veteran's Affairs</b>			
2020 December Southeast Storm - Public Assistance	DR-4585-AK	97,043	<u>30,550</u>
<b>Department of Revenue</b>			
Liquor Licenses	2021	7,950	<u>7,950</u>
<b>Department of Administration</b>			
Motor Vehicle Registration Tax	FY2022	36,801	<u>36,801</u>
<b>Department of Environmental Conservation</b>			
Clean Water State Revolving Fund			
ACWF Scow Bay #1 Pump Station	685271	198,840	<u>198,840</u>
<b>Total State Financial Assistance</b>			<u>\$ 1,560,043</u>

\* Major Program

*The accompanying notes are an integral part of this schedule.*

# Petersburg Borough, Alaska

## Notes to the State Schedule of Financial Assistance for the Year Ended June 30, 2022

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### 1. Major Program Notation

\* Denotes a major program.

### 2. Basis of Presentation

The accompanying Schedule of State Financial Assistance (the “Schedule”) includes the state award activity of Petersburg Borough, Alaska (the Borough) under programs of the State of Alaska for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in net position or cash flows of the Borough.

### 3. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

## 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  
Petersburg, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Petersburg Borough, Alaska, (the Borough), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated February 28, 2023. Our report includes a reference to other auditors who audited the financial statements of Petersburg Medical Center, as described in our report on the Borough's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of this Report

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

*BDO USA, LLP*

Anchorage, Alaska  
February 28, 2023



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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  
Petersburg, Alaska

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Petersburg Borough, Alaska's (the Borough) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal programs for the year ended June 30, 2022. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Other Matter - Federal Expenditures Not Included in the Compliance Audit***

The Borough's basic financial statements include the operations of its discretely presented component unit, Petersburg School District, which expended \$1,825,429 in federal awards, which are not included in the Borough's schedule of expenditures of federal awards during the year ended June 30, 2022. Our compliance audit, described in the "Opinion on Each Major Federal Program," does not include the operations of Petersburg School District because it was subjected

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*BDO USA, LLP*

Anchorage, Alaska  
February 28, 2023



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## **Independent Auditor’s Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits***

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

### **Report on Compliance for Each Major State Program**

#### ***Opinion on Compliance for Each Major State Program***

We have audited Petersburg Borough’s (the Borough) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the Borough’s major state programs for the year ended June 30, 2022. The Borough’s major state programs are identified in the accompanying Schedule of State Financial Assistance.

In our opinion, the 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 state programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Our responsibilities under those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

### ***Other Matter - State Expenditures Not Included in the Compliance Audit***

The Borough's basic financial statements include the operations of its component unit, the Petersburg School District (the School District) which expended \$5,899,245 of state awards which is not included in the Schedule of State Financial Assistance for the year ended June 30, 2022. Our compliance audit, described in the Opinion on Each Major State Program, did not include the operations of the School District because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* for the year ended June 30, 2022. In addition, the Borough's basic financial statements also include the operations of Petersburg Medical Center, a discretely presented component unit. Our audit, described below, did not include the operations of Petersburg Medical Center because it was subjected to separate audit procedures; however, they did not meet the threshold for and audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* for the year ended June 30, 2022.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Borough's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Borough’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of the Borough’s internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

*BDO USA, LLP*

Anchorage, Alaska  
February 28, 2023



# Petersburg Borough, Alaska

## Schedule of Findings and Questioned Costs Year Ended June 30, 2022

**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  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal control over major federal programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

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

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

Identification of major federal programs:

**Assistance Listing**

Number	Name of Federal Program or Cluster	Agency
10.665	Forest Service Schools and Roads Cluster - Schools and Roads - Grants to States	U.S. Department of Agriculture

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

Auditee qualified as low-risk auditee?  yes  no

***State Financial Assistance***

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

Internal control over major state programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Dollar threshold used to determine a state major program: \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

## Petersburg Borough, Alaska

### Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2022

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#### 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.

#### Section IV - State Award Findings and Questioned Costs

There were no findings and questioned costs for State of Alaska awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.