

# Petersburg Borough, Alaska

Basic Financial Statements, Required  
Supplementary Information, Supplementary  
Information, and Single Audit Reports  
Year Ended June 30, 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



## **Petersburg Borough, Alaska**

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Basic Financial Statements, Required Supplementary Information,  
Supplementary Information, and Single Audit Reports  
Year Ended June 30, 2024

# 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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

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

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

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

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

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

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



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules, and the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2024, 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, 2024.



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, 2023 (not presented herein), and have issued our report thereon dated January 26, 2024, 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, 2023 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 2023 financial statements. The information was subjected to the audit procedures applied in the audit of the 2023 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, 2023.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2025 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska  
February 6, 2025

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

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# Petersburg Borough

## 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, 2024. 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 \$128,841,519 (net position). Of this amount, \$97,594,228 was invested in capital assets, \$8,221,600 restricted in school support, roads special revenue fund and other post employment benefits. \$23,025,691 (unrestricted net position) is legally unreserved and may therefore be used to meet the Borough's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,993,266 which is an increase of \$584,628. This is due to larger than budgeted investment income. The unassigned fund balance for the General Fund represented 60% 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

## 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 Local Assistance and Tribal Consistence Special Revenue Fund. Data from seventeen other governmental funds are combined into a single, aggregated presentation, labeled the Nonmajor Funds. The seventeen nonmajor governmental funds report revenues and expenditures for: Miscellaneous Grants, National Forest Receipts - Schools, National Forest Receipts - Streets & Roads, Property Development, E911 Surcharge, Borough Organizational, Transient Room Tax, Marine Passenger Fee, American Rescue Plan - ARPA Funds, DCRA Local Government Lost Revenue, Local Assistance and Tribal Consistency, Debt Service, Pool Upgrades, Library Construction, Fishing Park, Economic Development, School Deferred Maintenance, and Homeland Security Fund.

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

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

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

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

# Petersburg Borough

## Management's Discussion and Analysis

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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 \$128,841,519 at the close of the most recent fiscal year. This was a net decrease of \$100,444 from the previous year.

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

**Table 1**  
**Petersburg Borough's Net Position**

	Governmental Activities		Business-type Activities		Total Activities	
	2024	2023	2024	2023	2024	2023
<b>Assets and Deferred Outflows of Resources</b>						
Current and other assets	\$ 25,032,440	\$24,084,261	\$17,140,324	\$19,021,067	\$ 42,172,764	\$ 43,105,328
Restricted cash and investments	-	-	2,364,851	5,325,587	2,364,851	5,325,587
Capital assets, net of depreciation	45,084,124	46,287,603	66,280,081	63,399,600	111,364,205	109,687,203
Deferred outflows of resources	860,271	867,363	662,389	651,817	1,522,660	1,519,180
<b>Total Assets and Deferred Outflows of Resources</b>	<b>70,976,835</b>	<b>71,239,227</b>	<b>86,447,645</b>	<b>88,398,071</b>	<b>157,424,480</b>	<b>159,637,298</b>
<b>Liabilities and Deferred Inflows of Resources</b>						
Long-term liabilities	7,047,552	8,045,940	16,536,839	17,411,700	23,584,391	25,457,640
Other liabilities	2,590,251	2,111,194	979,399	1,463,228	3,569,650	3,574,422
Deferred inflows of resources	187,903	247,077	1,241,017	1,416,196	1,428,920	1,663,273
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>9,825,706</b>	<b>10,404,211</b>	<b>18,757,255</b>	<b>20,291,124</b>	<b>28,582,961</b>	<b>30,695,335</b>
<b>Net Position</b>						
Net investment in capital assets	43,488,798	43,882,614	54,105,430	54,526,115	97,594,228	98,408,729
Restricted	6,332,554	4,181,588	1,889,046	-	8,221,600	4,181,588
Unrestricted	11,329,777	12,770,814	11,695,914	13,580,832	23,025,691	26,351,646
<b>Total Net Position</b>	<b>\$ 61,151,129</b>	<b>\$60,835,016</b>	<b>\$67,690,390</b>	<b>\$68,106,947</b>	<b>\$ 128,841,519</b>	<b>\$128,941,963</b>



# Petersburg Borough

## Management's Discussion and Analysis

### Statement of Activities

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

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Activities	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,703,657	\$ 2,588,642	\$14,265,424	\$14,151,161	\$ 16,969,081	\$ 16,739,803
Operating grants and contributions	1,478,573	2,036,063	44,628	(26,341)	1,523,201	2,009,722
Capital grants and contributions	35,158	-	-	-	35,158	-
General Revenues:						
Property Tax	3,833,519	3,500,627	-	-	3,833,519	3,500,627
Sales Tax	4,235,411	4,164,980	-	-	4,235,411	4,164,980
Payment in lieu of taxes	763,123	721,663	-	-	763,123	721,663
Other taxes	357,242	345,892	-	-	357,242	345,892
Grants and entitlements not restricted to a specific purpose	1,315,948	1,345,795	-	-	1,315,948	1,345,795
Investment gain (loss)	1,539,955	677,922	713,408	374,415	2,253,363	1,052,337
Loss on Disposal of Capital Asset	-	-	-	-	-	-
Other	52,326	2,799,664	22,486	-	74,812	2,799,664
<b>Total revenues</b>	<b>16,314,912</b>	<b>18,181,248</b>	<b>15,045,946</b>	<b>14,499,235</b>	<b>31,360,858</b>	<b>32,680,483</b>
<b>Expenses</b>						
General Government	2,440,051	1,240,769	-	-	2,440,051	1,240,769
Public Safety	3,715,479	4,053,813	-	-	3,715,479	4,053,813
Public Works	1,713,873	1,746,301	-	-	1,713,873	1,746,301
Community Development	397,092	416,786	-	-	397,092	416,786
Community Services	396,742	504,018	-	-	396,742	504,018
Culture & Recreation	2,630,377	2,396,390	-	-	2,630,377	2,396,390
Education	3,321,378	2,322,578	-	-	3,321,378	2,322,578
Interest	17,651	43,844	-	-	17,651	43,844
Electric utility	-	-	7,106,467	7,154,092	7,106,467	7,154,092
Water utility	-	-	1,653,400	1,583,815	1,653,400	1,583,815
Wastewater utility	-	-	1,293,263	1,157,833	1,293,263	1,157,833
Sanitation utility	-	-	1,640,637	1,418,729	1,640,637	1,418,729
Harbor/Port Facilities	-	-	2,928,221	4,871,225	2,928,221	4,871,225
Elderly Housing	-	-	373,347	430,439	373,347	430,439
Assisted Living	-	-	1,833,324	1,409,200	1,833,324	1,409,200
<b>Total expenses</b>	<b>14,632,643</b>	<b>12,724,499</b>	<b>16,828,659</b>	<b>18,025,333</b>	<b>31,461,302</b>	<b>30,749,832</b>
Increase (decrease) in net position before transfers						
special item	1,682,269	5,456,749	(1,782,713)	(3,526,098)	(100,444)	1,930,651
Transfers	(1,366,156)	(1,026,093)	1,366,156	1,026,093	-	-
Special item - Insurance recovery on capital assets, net	-	-	-	-	-	-
<b>Increase (decrease) in net position</b>	<b>316,113</b>	<b>4,430,656</b>	<b>(416,557)</b>	<b>(2,500,005)</b>	<b>(100,444)</b>	<b>1,930,651</b>
<b>Beginning net position</b>	<b>60,835,016</b>	<b>56,404,360</b>	<b>68,106,947</b>	<b>70,606,952</b>	<b>128,941,963</b>	<b>127,011,312</b>
<b>Ending net position</b>	<b>\$61,151,129</b>	<b>\$60,835,016</b>	<b>\$67,690,390</b>	<b>\$68,106,947</b>	<b>\$ 128,841,519</b>	<b>\$ 128,941,963</b>

# Petersburg Borough

## Management's Discussion and Analysis

### Governmental Activities

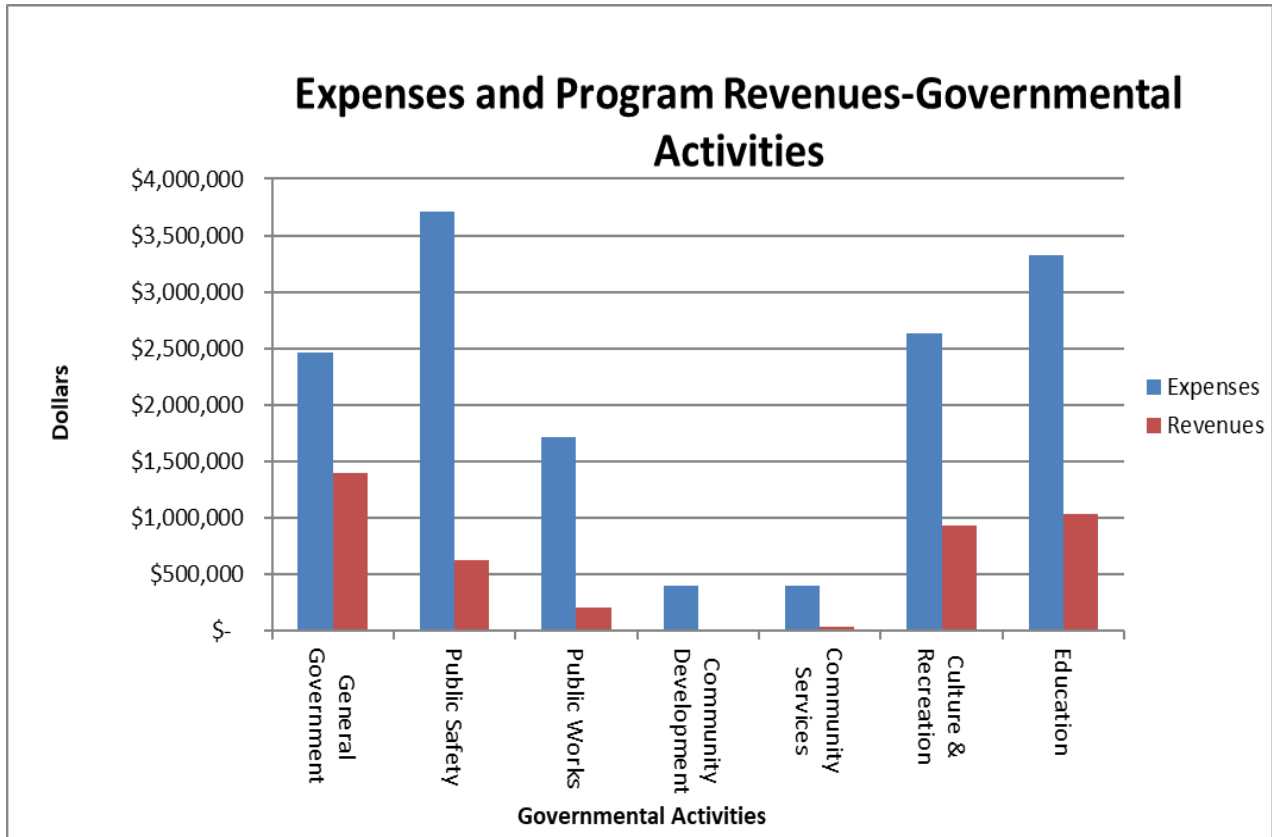
Governmental activities change in net position for 2024 was an increase of \$316,113. Key elements of this follows:

- A gain of \$1,539,955 of investment income, due to rising interest rates compared to the prior year investment gain of \$677,922.

The net position for the Borough's governmental activities was \$61,151,129. A substantial portion (71%) of the net position is invested in capital assets net of related debt. The Borough uses these assets to provide services to the citizens. The unrestricted net position of the governmental activities was \$11,329,777 as of June 30, 2024.

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

Figure 1

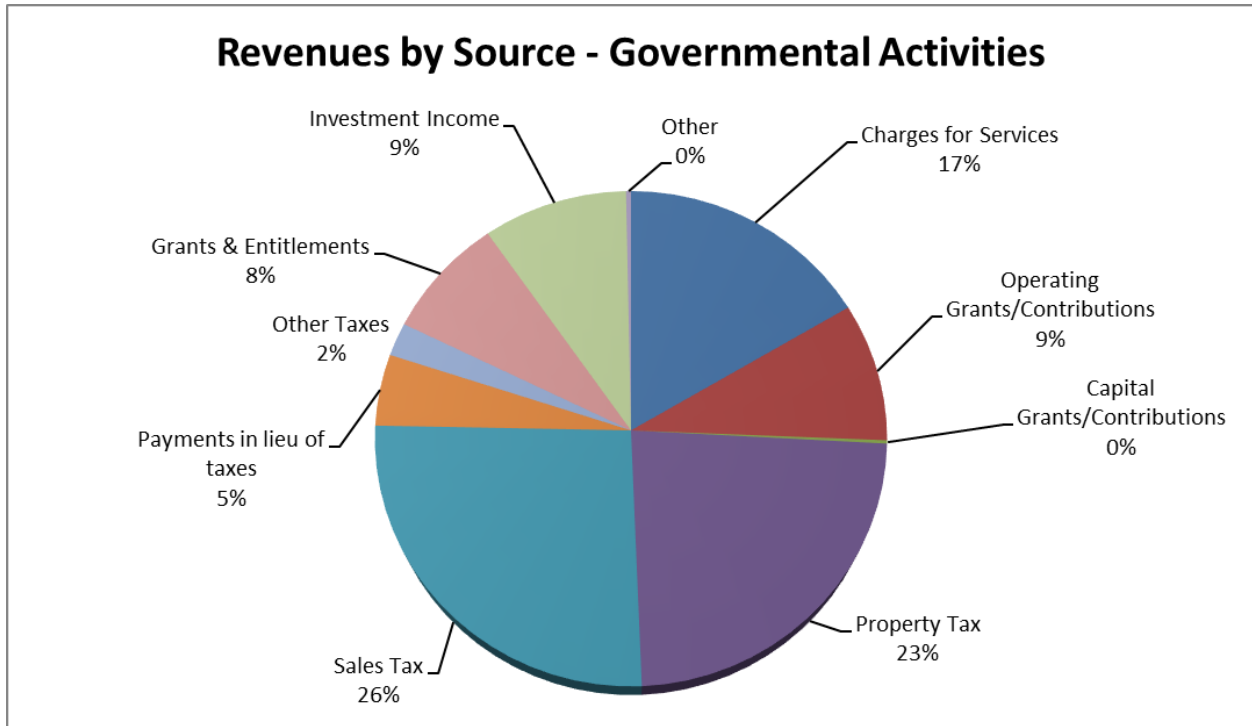


# Petersburg Borough

## Management's Discussion and Analysis

Figure 2 shows the percentages of all revenue sources for governmental activities, both program and general. In 2024, sales taxes and property tax totaled 26% and 23%, respectively, of revenues, with sales tax increasing from the prior year's 23% and property tax increasing 1%. The increase in sales tax can be attributed to the increase in remote sales tax collected by ARSSTC.

Figure 2



### *Business-type Activities*

The net position for the Borough's business-type activities was \$67,690,390, a decrease of \$416,557. 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.

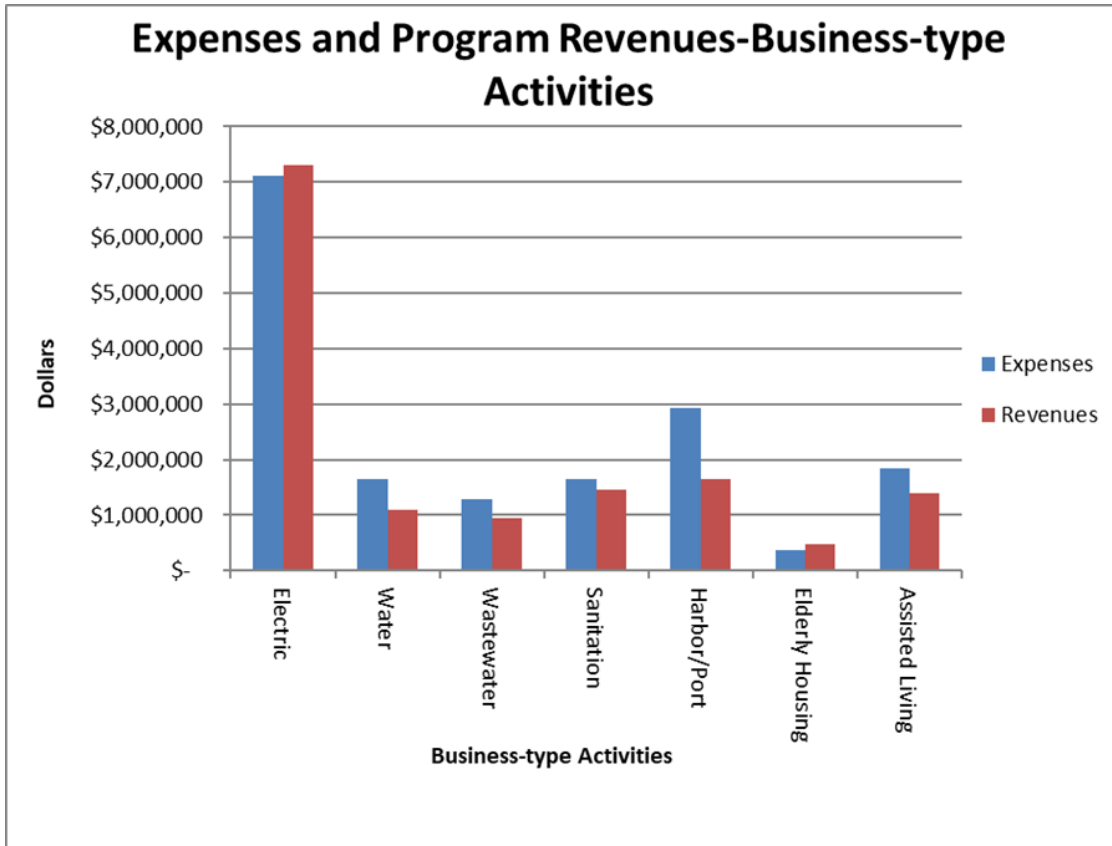
The unrestricted net position of the business-type activities was \$11,695,914 as of June 30, 2024. This is a decrease in unrestricted net position of \$1,884,918 due to restricting \$1,889,046 in net OPEB assets.

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 Elderly Housing Fund. It should be noted that covering depreciation of capital assets is difficult when a large portion of the Borough's infrastructure was originally paid for by capital grants or with the assistance of grants.

# Petersburg Borough

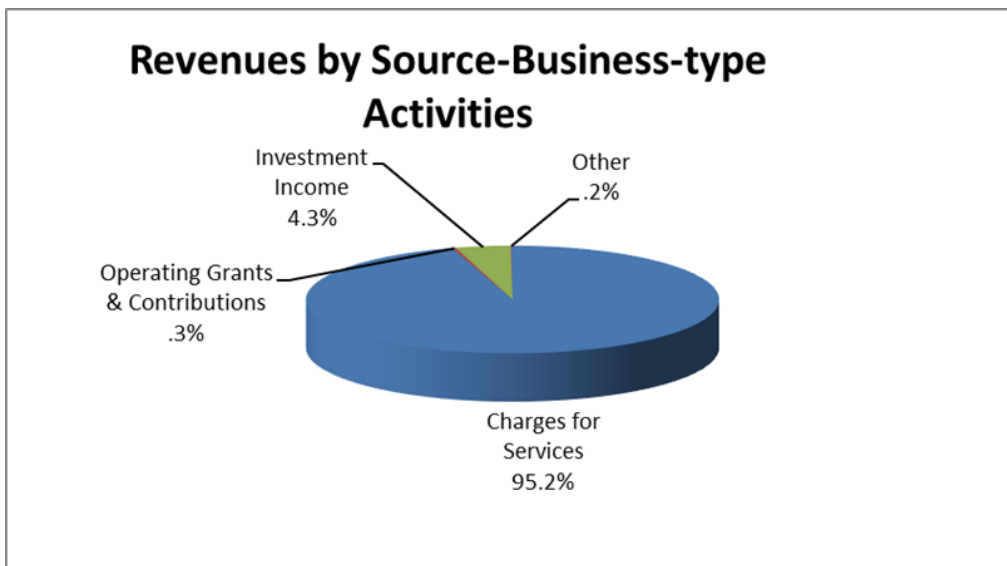
## Management's Discussion and Analysis

Figure 3



The pie chart of Figure 4 shows that the majority of all revenues are collected from service charges (95.2%) with 4.3% of revenues coming from investment income or grants for business type activities.

Figure 4



# Petersburg Borough

## 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 \$18,707,390 an increase of \$856,293 in comparison with the prior year.

The total fund balances of the governmental funds are made up of four components. \$3,920,871 restricted (National Forest Receipts School, and Public Roads funding), \$7,559,872 committed (Economic development, Public Works, Public Safety, Capital projects, and Tourism), \$233,381 assigned (Debt Service, Borough Organizational and subsequent year's expenditures), and \$6,993,266 unassigned.

### *General Fund*

The General Fund is the chief operating fund of the Borough. At the end of the current fiscal year, the unassigned and total fund balance was \$6,993,266. 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 60% of total General Fund expenditures. This is an decrease of 2% from the previous year. In 2023 unassigned fund balance increased by 3%.

### *General Fund Budgetary Highlights*

- General Fund revenues exceeds expenditures by \$1,090,290, which was a positive variance of \$1,558,290 over what was originally budgeted. This was mainly due to investment income exceeding budgeted totals by \$654,182.
- Total tax revenue recognized equaled \$8,375,530 a positive variance of \$109,768 from what was budgeted. This was mainly due to sales tax revenue being more than what was budgeted by \$78,636.
- Intergovernmental revenue recognized was \$2,647,364, a positive variance of \$209,854 from what was originally budgeted. This is due to revenue from state fisheries business tax above what was originally budgeted at \$700,000, as it came in at \$952,271.

# Petersburg Borough

## Management's Discussion and Analysis

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### *Nonmajor Special Revenue Funds*

Nonmajor Special Revenue funds experienced an overall decrease in fund balance of \$299,305 for a total of \$5,283,894. Miscellaneous Grants Fund balance at year end was \$3,703, National Forest Receipts - School Fund \$3,405,581, National Forest Receipts - Roads Fund \$515,290, the Property Development Fund \$898,927, E911 Surcharge \$129,377, Borough Organizational Fund \$56,128, Transient Room Tax \$125,745, and the Marine Passenger Fee ending fund balance \$149,143 at the end of FY24.

### *Nonmajor Capital Project Funds*

Nonmajor Capital Projects funds experienced an overall increase in fund balance of \$1,571,486 for a total of \$6,256,680. Fund balance at year end for the for the nonmajor capital projects funds are as follows: Fishing Park (\$99,545), Economic Development (\$4,701,882), Pool Upgrades (\$455,253), and School Deferred Maintenance (\$1,000,000).

**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 \$67,690,390, with \$54,105,430 invested in capital assets net of related debt, restricted of \$1,889,046 leaving unrestricted net position of \$9,384,456.

- The Electric Utility Fund's unrestricted net position was \$5,184,690, a decrease of \$1,865,133 from the prior year.
- The Water Utility Fund's unrestricted net position was \$1,584,318 an increase of \$113,337.
- The Wastewater Utility Fund's unrestricted net position was \$738,442 at the end of the year, a decrease of \$135,557.
- The Sanitation Utility Fund is showing an unrestricted fund balance of \$275,843 which is a decrease of \$125,887 from the prior year.
- The Harbor Fund increased its unrestricted net position by \$482,833, to end the year at \$2,234,649. This increase is due to the continued transfer of fisheries business tax to the Harbor Fund from the General Fund.
- The Elderly Housing Fund's unrestricted net position showed a decrease in fiscal year 2024 of \$12,176 to end the year at \$584,702.
- The Assisted Living Fund presents a deficit of unrestricted net position of \$1,218,188 at year end. This is due to the net other postemployment benefit asset, and related deferred outflows and inflows of resources amounting to \$428,618. Without these long-term liabilities and related deferred outflows and inflows of resources the deficit net position in FY 2024 would have been \$789,570.

# Petersburg Borough

## 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 2024 from the prior year of \$798,505 for a total of \$3,526,606.

### *Capital Asset and Debt Administration*

**Capital Assets.** As of June 30, 2024, the Borough had invested \$111,364,205 in capital assets net of accumulated depreciation as presented in Table 3. This investment includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. This is an increase from the previous year of \$1,677,002.

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

- \$192,829 by the Electric department for a new bucket truck.
- \$10,070,511 was capitalized in the Electric Fund for completion of the Blind Slough Hydro construction project.
- \$174,018 was expensed by the Wastewater department on the pumpstation 4 - force main project.
- The Harbor Department paid \$28,948 for four 20ft container vans and storage racks to replace their old storage containers.
- Two - 14yd roll off containers were purchased for the Sanitation Department in the amount of \$25,732.
- The Elderly Housing Department continues to purchase windows (\$20,000) each year to replace a few a year at the facility and they have started the main entrance rebuild project expending \$10,494 in fiscal year 24.
- Two police emergency vehicles were outfitted for a cost totaling \$52,846.
- Public Works purchased a multiple vehicles and equipment in FY24. \$243,935 for a 2025 International dump truck, \$466,580 for a Vactor, \$42,433 for a 2021 Chevrolet suburban hearse and \$50,271 for a personnel lift.

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

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

	Governmental Activities		Business-type Activities		Total Activities	
	2024	2023	2024	2023	2024	2023
Land and improvements	\$ 6,868,119	\$ 6,868,119	\$ 2,399,493	\$ 2,399,493	\$ 9,267,612	\$ 9,267,612
Infrastructure	14,686,515	14,856,059	-	-	14,686,515	14,856,059
Buildings	20,063,928	21,532,217	8,808,555	9,253,606	28,872,483	30,785,823
Improvements other than buildings	65,149	92,807	50,378,318	42,895,914	50,443,467	42,988,721
Machinery and equipment	3,398,699	2,936,687	3,063,918	3,577,682	6,462,617	6,514,369
Construction in progress	1,714	1,714	1,629,797	5,272,905	1,631,511	5,274,619
<b>Total Capital Assets</b>	<b>\$45,084,124</b>	<b>\$ 46,287,603</b>	<b>\$ 66,280,081</b>	<b>\$63,399,600</b>	<b>\$ 111,364,205</b>	<b>\$ 109,687,203</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 \$22,357,605. Of this amount, \$2,570,000 comprises debt backed by the full faith and credit of the government (i.e., general obligation bonds). \$844,853 is employee accrued leave. \$8,928,436 represents the Borough's net pension liability associated with membership in the State of Alaska Public Employees' Retirement System (PERS). \$3,115,712 is water and wastewater loans from the Alaska Department of Environmental Conservation. It should be noted that the State has historically reimbursed the Borough between 60-70% for a majority of the school G.O. Bond debt service. ADEC loans are at a 1.5% interest rate.

**Table 4**  
**Borough of Petersburg Outstanding Debt**

	Governmental Activities		Business-type Activities		Total Activities	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 1,515,000	\$ 2,260,000	\$ 1,055,000	\$ 1,390,000	\$ 2,570,000	\$ 3,650,000
Revenue Bonds	-	-	6,820,000	6,975,000	6,820,000	6,975,000
Accrued Leave	430,883	444,001	413,970	383,110	844,853	827,111
Net pension liability	5,006,725	5,152,320	3,921,711	4,081,975	8,928,436	9,234,295
Loans, long-term	-	-	3,115,712	3,324,204	3,115,712	3,324,204
Landfill closure liability	-	-	78,604	77,657	78,604	77,657
<b>Total Long-Term Debt</b>	<b>\$ 6,952,608</b>	<b>\$ 7,856,321</b>	<b>\$15,404,997</b>	<b>\$16,231,946</b>	<b>\$ 22,357,605</b>	<b>\$ 24,088,267</b>



# Petersburg Borough

## Management's Discussion and Analysis

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The Borough's governmental activities debt decreased by \$903,713 due to an decrease in outstanding GO Bonds of \$745,000, net pension liability of \$145,595 and accrued leave of \$13,118. The Borough's business-type activities debt decreased by \$826,949 mainly from decreasing debt.

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

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

- The Borough will continue spending ARPA funds in FY2025 on eligible expenditures, the deadline to obligate two of the three ARPA grants is December 31, 2024.
- There are new rate increases in FY 2025 for the Water (3%), Wastewater (3%) and Sanitation Department (3%).
- The Electric Department will be focusing on the Standby Diesel Generator Project in FY25 budgeting to spend over \$2 million.
- The Wastewater department will be focusing on the Pumpstation #4 Force main project near Hungry Point with budgeted expenses over \$3 million.
- The Property Development fund will spend over \$400,000 repairing the failing sewer line in the Community Gym.
- Replace a failing transite water main. The main is on Fram Street right of way from 9<sup>th</sup> street to 10<sup>th</sup> Street (\$285,000).
- Update the Borough utility mapping information to integrate with GIS parcel information (\$90,000).
- Remove and replace the current open top clearwell tank at the water treatment plant to address ADEC concerns.
- The Borough will go to the voters with a proposition to issue up to \$3.5 million in GO bonds to replace the middle school and high school roof as well as a security door project and renovation of the front office at the high school.
- Proposition going to the voters in the fall to increase the transient room tax from 4% to 7%.
- Proposition to go to the voters to increase the sales tax cap from \$1200 to \$5000, this would increase the maximum tax per invoice from \$72 to \$300.
- Putting together a funding package for the construction of a small vessel haul out at the Scot Bay Turnaround. This would include a new concrete-plank ramp, utilities and washdown pad.

For a copy of the Fiscal Year 2025 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, 2024</i>					
<b>Assets and Deferred Outflows of Resources</b>					
Cash and investments	\$ 23,468,732	\$ 12,121,352	\$ 35,590,084	\$ 2,481,763	\$ 1,414,123
Receivables, net	1,118,067	1,076,883	2,194,950	742,892	6,395,814
Internal balances	(1,978,980)	1,978,980	-	-	-
Inventories	-	711,062	711,062	4,076	303,569
Prepaid items	-	-	-	432,814	155,699
Leases receivable	69,946	1,252,047	1,321,993	-	-
Investments limited for use by board	-	-	-	-	4,062,070
Restricted cash and investments	-	520,460	520,460	-	541,941
Net other postemployment benefits asset (restricted)	2,354,675	1,844,391	4,199,066	2,729,148	7,338,848
Land and construction in progress	6,869,833	4,029,290	10,899,123	-	9,776,138
Other capital assets, net of accumulated depreciation	38,214,291	62,250,791	100,465,082	1,781,619	5,954,175
<b>Total Assets</b>	<b>70,116,564</b>	<b>85,785,256</b>	<b>155,901,820</b>	<b>8,172,312</b>	<b>35,942,377</b>
<b>Deferred Outflows of Resources</b>					
Related to pension	669,041	524,052	1,193,093	561,148	1,835,967
Related to other postemployment benefits	176,612	138,337	314,949	247,805	592,823
Deferred charges on refunding	14,618	-	14,618	-	-
<b>Total Deferred Outflows of Resources</b>	<b>860,271</b>	<b>662,389</b>	<b>1,522,660</b>	<b>808,953</b>	<b>2,428,790</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 70,976,835</b>	<b>\$ 86,447,645</b>	<b>\$ 157,424,480</b>	<b>\$ 8,981,265</b>	<b>\$ 38,371,167</b>

See accompanying notes to basic financial statements.

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

<i>June 30, 2024</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	\$ 79,605	\$ 269,787	\$ 349,392	\$ 1,476	\$ 1,330,773
Accounts payable - capital	-	52,097	52,097	-	2,011,634
Accrued payroll and employee benefit	276,154	267,743	543,897	12,025	477,532
Unearned revenue	2,213,455	239,964	2,453,419	271,225	120,527
Due to third party payors	-	-	-	-	301,048
Customer deposits	6,599	79,784	86,383	-	-
Accrued interest	14,438	70,024	84,462	-	-
Noncurrent liabilities:					
Due within one year:					
Accrued leave	430,883	413,970	844,853	24,043	1,018,401
Bonds payable	775,000	290,000	1,065,000	-	-
Loans payable	-	365,422	365,422	-	-
Leases and IT subscription payable	-	-	-	-	618,245
Due in more than one year:					
Bonds payable	740,000	7,585,000	8,325,000	-	-
Bond premium, net	94,944	1,131,842	1,226,786	-	-
Loans payable	-	2,750,290	2,750,290	-	-
Leases and IT subscription payable	-	-	-	-	2,283,595
Net pension liability	5,006,725	3,921,711	8,928,436	4,795,811	15,526,950
Landfill closure liability	-	78,604	78,604	-	-
<b>Total Liabilities</b>	<b>9,637,803</b>	<b>17,516,238</b>	<b>27,154,041</b>	<b>5,104,580</b>	<b>23,688,705</b>
<b>Deferred Inflows of Resources</b>					
Related to other					
postemployment benefits	119,604	93,682	213,286	143,856	413,688
Related to leases	68,299	1,147,335	1,215,634	-	-
<b>Total Deferred Inflows of Resources</b>	<b>187,903</b>	<b>1,241,017</b>	<b>1,428,920</b>	<b>143,856</b>	<b>413,688</b>
<b>Net Position</b>					
Net investment in capital assets	43,488,798	54,105,430	97,594,228	1,781,619	10,816,839
Restricted:					
School support and roads	3,920,871	-	3,920,871	-	-
Net OPEB assets	2,411,683	1,889,046	4,300,729	2,833,097	-
Scholarships	-	-	-	68,748	-
Foundation	-	-	-	-	541,941
Unrestricted (Deficit)	11,329,777	11,695,914	23,025,691	(950,635)	2,909,994
<b>Total Net Position</b>	<b>61,151,129</b>	<b>67,690,390</b>	<b>128,841,519</b>	<b>3,732,829</b>	<b>14,268,774</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 70,976,835</b>	<b>\$ 86,447,645</b>	<b>\$ 157,424,480</b>	<b>\$ 8,981,265</b>	<b>\$ 38,371,167</b>

*See accompanying notes to basic financial statements.*

**Petersburg Borough, Alaska**  
**Statement of Activities**

Year Ended June 30, 2024	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government		Component Units	
					Govern- mental Activities	Business- type Activities	Total	Peters- burg School District
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 2,440,051	\$ 1,342,329	\$ 54,427	\$ -	\$ (1,043,295)	\$ -	\$ (1,043,295)	
Public safety	3,715,479	538,546	55,335	35,158	(3,086,440)	-	(3,086,440)	
Public works	1,713,873	104,007	99,964	-	(1,509,902)	-	(1,509,902)	
Community development	397,092	-	-	-	(397,092)	-	(397,092)	
Community services	396,742	31,147	-	-	(365,595)	-	(365,595)	
Culture and recreation	2,630,377	687,628	239,371	-	(1,703,378)	-	(1,703,378)	
Education	3,321,378	-	1,029,476	-	(2,291,902)	-	(2,291,902)	
Interest	17,651	-	-	-	(17,651)	-	(17,651)	
<b>Total governmental activities</b>	<b>14,632,643</b>	<b>2,703,657</b>	<b>1,478,573</b>	<b>35,158</b>	<b>(10,415,255)</b>	<b>-</b>	<b>(10,415,255)</b>	
Business-type activities:								
Electric utility	7,106,467	7,297,376	13,902	-	-	204,811	204,811	
Water utility	1,653,400	1,097,675	3,425	-	-	(552,300)	(552,300)	
Wastewater utility	1,293,263	931,841	2,993	-	-	(358,429)	(358,429)	
Sanitation utility	1,640,637	1,460,007	4,240	-	-	(176,390)	(176,390)	
Harbor and port facilities	2,928,221	1,633,568	7,976	-	-	(1,286,677)	(1,286,677)	
Elderly housing	373,347	467,458	1,966	-	-	96,077	96,077	
Assisted living facilities	1,833,324	1,377,499	10,126	-	-	(445,699)	(445,699)	
<b>Total business-type activities</b>	<b>16,828,659</b>	<b>14,265,424</b>	<b>44,628</b>	<b>-</b>	<b>-</b>	<b>(2,518,607)</b>	<b>(2,518,607)</b>	

*See accompanying notes to basic financial statements.*

**Petersburg Borough, Alaska**  
**Statement of Activities, continued**

Year Ended June 30, 2024	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total	Petersburg School District	Petersburg Medical Center
					Governmental Activities	Business-type Activities			
<b>Total Primary Government</b>	\$ 31,461,302	\$ 16,969,081	\$ 1,523,201	\$ 35,158	\$(10,415,255)	\$ (2,518,607)	\$ (12,933,862)		
<b>Component Units</b>									
School District - education	\$ 11,466,520	\$ 220,012	\$ 2,634,435	\$ -			\$ (8,612,073)	\$ -	
Medical Center	\$ 22,297,403	\$ 21,993,528	\$ 1,910,204	\$ 8,437,900			\$ -	\$ 10,044,229	
<b>General Revenues</b>									
Property taxes					3,833,519	-	3,833,519	-	-
Sales taxes					4,235,411	-	4,235,411	-	-
Payments in lieu of taxes					763,123	-	763,123	-	-
Other taxes					357,242	-	357,242	-	-
Contributions from primary government					-	-	-	3,000,000	-
Grants and entitlements not restricted to a specific purpose					1,315,948	-	1,315,948	6,646,112	-
Investment income					1,539,955	713,408	2,253,363	12,786	487,039
Other					52,326	22,486	74,812	93,134	481,348
<b>Transfers</b>					(1,366,156)	1,366,156	-	-	-
<b>Total General Revenues and Transfers</b>					10,731,368	2,102,050	12,833,418	9,752,032	968,387
<b>Change in Net Position</b>					316,113	(416,557)	(100,444)	1,139,959	11,012,616
<b>Net Position, beginning of year</b>					60,835,016	68,106,947	128,941,963	2,592,870	3,256,158
<b>Net Position, end of year</b>					\$ 61,151,129	\$ 67,690,390	\$ 128,841,519	\$ 3,732,829	\$ 14,268,774

*See accompanying notes to basic financial statements.*

## Petersburg Borough, Alaska

Governmental Funds  
Balance Sheet

	Major Fund			Total Govern- mental Funds
	General	Local Assistance and Tribal Consistency	Nonmajor Funds	
<i>June 30, 2024</i>				
<b>Assets</b>				
Cash and investments	\$ 6,265,781	\$ 2,013,600	\$ 11,537,979	\$19,817,360
Receivables, net of allowance for doubtful accounts:				
Property taxes	78,345	-	-	78,345
Sales, tobacco and transient room taxes	484,348	-	358,910	843,258
Grants and shared revenues	-	-	8,159	8,159
Accounts	53,187	-	9,545	62,732
Leases	69,946	-	-	69,946
Interest	112,463	-	9,100	121,563
Due from other funds	332,478	-	-	332,478
<b>Total Assets</b>	<b>\$ 7,396,548</b>	<b>\$ 2,013,600</b>	<b>\$ 11,923,693</b>	<b>\$21,333,841</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 63,412	\$ -	\$ 13,306	\$ 76,718
Accrued payroll and employee benefits	261,380	-	-	261,380
Unearned revenue	10,191	2,013,600	189,664	2,213,455
Customer deposits	-	-	6,599	6,599
<b>Total Liabilities</b>	<b>334,983</b>	<b>2,013,600</b>	<b>209,569</b>	<b>2,558,152</b>
<b>Deferred Inflows of Resources</b>				
Leases	68,299	-	-	68,299
<b>Fund Balances</b>				
Restricted	-	-	3,920,871	3,920,871
Committed	-	-	7,559,872	7,559,872
Assigned	-	-	233,381	233,381
Unassigned	6,993,266	-	-	6,993,266
<b>Total Fund Balances</b>	<b>6,993,266</b>	<b>-</b>	<b>11,714,124</b>	<b>18,707,390</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,396,548</b>	<b>\$ 2,013,600</b>	<b>\$ 11,923,693</b>	<b>\$21,333,841</b>

See accompanying notes to basic financial statements.



**Petersburg Borough, Alaska**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Position**  
**June 30, 2024**

Total fund balances for governmental funds \$ 18,707,390

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

	Governmental Funds	Internal Service Fund	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:			
Land and land improvements	\$ 6,868,119	\$ -	
Construction in progress	1,714	-	
Buildings	59,525,353	-	
Improvements other than buildings	375,118	-	
Infrastructure	17,722,774	-	
Machinery and equipment	2,522,590	9,014,657	
Accumulated depreciation	(44,980,903)	(5,965,298)	
<b>Total capital assets</b>	<b>42,034,765</b>	<b>3,049,359</b>	<b>45,084,124</b>
Certain other postemployment benefits plans have been funded in excess of the required contributions. These assets are not financial resources and therefore are not reported in the funds.			
Net other postemployment benefits asset	2,296,843	57,832	2,354,675
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	(1,515,000)	-	
Deferred charges on refunding, net of accumulated amortization	14,618	-	
Bond premium, net of accumulated amortization	(94,944)	-	
Net pension liability	(4,883,758)	(122,967)	
Accrued interest	(14,438)	-	
Accrued leave	(426,303)	(4,580)	
<b>Total long-term liabilities</b>	<b>(6,919,825)</b>	<b>(127,547)</b>	<b>(7,047,372)</b>
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	652,609	16,432	
Deferred outflows of resources related to other postemployment benefits	172,274	4,338	
Deferred inflows of resources related to other postemployment benefits	(116,667)	2,937	
<b>Total deferred pension and other postemployment benefits items</b>	<b>708,216</b>	<b>23,707</b>	<b>731,923</b>
An internal service fund is used by the Borough to charge the cost of certain activities, such as motor pool charges, to individual funds. A portion of the assets and liabilities of the internal service fund is included in the governmental activities in the Statement of Net Position. This is the residual equity not reported above.			1,320,389
<b>Total Net Position of Governmental Activities</b>			<b>\$ 61,151,129</b>

*See accompanying notes to basic financial statements.*

## Petersburg Borough, Alaska

## Governmental Funds

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

<i>Year Ended June 30, 2024</i>	Major Fund General	Nonmajor Funds	Total Governmen- tal Funds
<b>Revenues</b>			
Property taxes	\$ 3,833,519	\$ -	\$ 3,833,519
Sales taxes	4,235,411	-	4,235,411
Other taxes	306,600	107,270	413,870
Intergovernmental	2,647,364	1,681,561	4,328,925
Licenses and permits	10,880	-	10,880
Charges for services	322,723	131,702	454,425
Land sales	-	525,736	525,736
Fines and forfeitures	2,572	-	2,572
Overhead charges	625,776	-	625,776
Investment income	767,292	772,663	1,539,955
Other	7,108	-	7,108
<b>Total Revenues</b>	<b>12,759,245</b>	<b>3,218,932</b>	<b>15,978,177</b>
<b>Expenditures</b>			
Current:			
General government	2,183,456	651,770	2,835,226
Public safety	2,831,751	355,060	3,186,811
Public works	1,445,401	-	1,445,401
Community development	389,887	-	389,887
Community services	124,707	272,035	396,742
Culture and recreation	1,693,753	239,811	1,933,564
Education - contribution to school district	3,000,000	-	3,000,000
Debt service:			
Principal	-	745,000	745,000
Interest	-	90,876	90,876
Capital outlay	-	69,409	69,409
<b>Total Expenditures</b>	<b>11,668,955</b>	<b>2,423,961</b>	<b>14,092,916</b>
<b>Excess of Revenues Over Expenditures</b>	<b>1,090,290</b>	<b>794,971</b>	<b>1,885,261</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,100,000	1,372,349	2,472,349
Transfers out	(1,605,662)	(2,232,843)	(3,838,505)
Insurance recovery	-	337,188	337,188
<b>Net Other Financing Sources (Uses)</b>	<b>(505,662)</b>	<b>(523,306)</b>	<b>(1,028,968)</b>
<b>Net Change in Fund Balances</b>	<b>584,628</b>	<b>271,665</b>	<b>856,293</b>
<b>Fund Balances, beginning of year</b>	<b>6,408,638</b>	<b>11,442,459</b>	<b>17,851,097</b>
<b>Fund Balances, end of year</b>	<b>\$ 6,993,266</b>	<b>\$ 11,714,124</b>	<b>\$ 18,707,390</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, 2024

Net change in fund balances - total governmental funds	\$	856,293
<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	\$	16,461
Depreciation	<u>(1,836,515)</u>	(1,820,054)
<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	745,000	
Decrease in unamortized bond premium	94,675	
Decrease in deferred charges on bonds	<u>(30,012)</u>	809,663
<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	14,455	
Decrease in accrued interest	8,562	
Decrease in net pension liability and related accounts	210,935	
Decrease in net other postemployment benefits liability/asset and related accounts	<u>289,132</u>	523,084
<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>(52,873)</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>316,113</u></b>

*See accompanying notes to basic financial statements.*

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

	Major Enterprise Funds						Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Sanitation Utility	Harbor and Port Facilities	Assisted Living	Elderly Housing		
<i>June 30, 2024</i>									
<b>Assets and Deferred Outflows of Resources</b>									
<b>Current Assets</b>									
Cash and investments	\$ 5,512,688	\$ 1,620,151	\$ 877,306	\$ 724,555	\$ 2,632,959	\$ -	\$ 753,693	\$ 12,121,352	\$ 3,651,372
Leases receivable, current portion	-	-	-	-	54,571	-	-	54,571	-
Receivables, net of allowance for doubtful accounts	473,497	87,784	96,767	135,947	241,078	41,810	-	1,076,883	4,010
Inventories	392,949	224,532	93,581	-	-	-	-	711,062	-
<b>Total Current Assets</b>	<b>6,379,134</b>	<b>1,932,467</b>	<b>1,067,654</b>	<b>860,502</b>	<b>2,928,608</b>	<b>41,810</b>	<b>753,693</b>	<b>13,963,868</b>	<b>3,655,382</b>
<b>Noncurrent Assets</b>									
Leases receivable, long term	-	-	-	-	1,197,476	-	-	1,197,476	-
Net other postemployment benefits asset (restricted)	574,593	141,562	123,700	175,206	329,604	418,486	81,240	1,844,391	57,832
Restricted cash - bond covenant accounts	508,500	-	-	-	-	-	-	508,500	-
Restricted cash - deposits	-	-	-	-	-	-	11,960	11,960	-
<b>Capital assets:</b>									
Land and land improvements	1,848,295	-	-	63,720	360,059	-	127,419	2,399,493	-
Buildings	3,758,199	5,178,330	9,091,647	2,211,180	375,175	4,079,118	2,927,479	27,621,128	-
Improvements other than buildings	15,355,509	27,191,622	13,254,616	807,695	39,355,844	-	319,552	96,284,838	-
Machinery and equipment	17,474,347	3,013,527	823,578	1,083,901	703,402	109,588	202,228	23,410,571	9,014,657
Construction in progress	1,296,418	-	313,033	-	20,346	-	-	1,629,797	-
<b>Total capital assets</b>	<b>39,732,768</b>	<b>35,383,479</b>	<b>23,482,874</b>	<b>4,166,496</b>	<b>40,814,826</b>	<b>4,188,706</b>	<b>3,576,678</b>	<b>151,345,827</b>	<b>9,014,657</b>
Accumulated depreciation	(21,017,205)	(20,480,721)	(14,135,122)	(2,738,803)	(21,355,280)	(2,153,061)	(3,185,554)	(85,065,746)	(5,965,298)
<b>Net capital assets</b>	<b>18,715,563</b>	<b>14,902,758</b>	<b>9,347,752</b>	<b>1,427,693</b>	<b>19,459,546</b>	<b>2,035,645</b>	<b>391,124</b>	<b>66,280,081</b>	<b>3,049,359</b>
<b>Total Noncurrent Assets</b>	<b>19,798,656</b>	<b>15,044,320</b>	<b>9,471,452</b>	<b>1,602,899</b>	<b>20,986,626</b>	<b>2,454,131</b>	<b>484,324</b>	<b>69,842,408</b>	<b>3,107,191</b>
<b>Total Assets</b>	<b>26,177,790</b>	<b>16,976,787</b>	<b>10,539,106</b>	<b>2,463,401</b>	<b>23,915,234</b>	<b>2,495,941</b>	<b>1,238,017</b>	<b>83,806,276</b>	<b>6,762,573</b>
<b>Deferred Outflows of Resources</b>									
Related to pension	163,261	40,222	35,147	49,782	93,651	118,906	23,083	524,052	16,432
Related to other postemployment benefits	43,097	10,618	9,278	13,141	24,722	31,388	6,093	138,337	4,338
<b>Total Deferred Outflows of Resources</b>	<b>206,358</b>	<b>50,840</b>	<b>44,425</b>	<b>62,923</b>	<b>118,373</b>	<b>150,294</b>	<b>29,176</b>	<b>662,389</b>	<b>20,770</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$26,384,148</b>	<b>\$17,027,627</b>	<b>\$10,583,531</b>	<b>\$ 2,526,324</b>	<b>\$24,033,607</b>	<b>\$2,646,235</b>	<b>\$1,267,193</b>	<b>\$84,468,665</b>	<b>\$6,783,343</b>

*See accompanying notes to basic financial statements.*

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

	Major Enterprise Funds						Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Sanitation Utility	Harbor and Port Facilities	Assisted Living	Elderly Housing		
<i>June 30, 2024</i>									
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>									
<b>Current Liabilities</b>									
Accounts payable - operations	\$ 135,288	\$ 3,277	\$ 2,079	\$ 103,450	\$ 7,369	\$ 16,365	\$ 1,959	\$ 269,787	\$ 2,887
Accounts payable - capital	52,097	-	-	-	-	-	-	52,097	-
Accrued payroll and employee benefits	82,495	21,228	20,906	23,442	46,846	63,431	9,395	267,743	14,774
Accrued leave	134,936	41,915	47,557	45,838	66,032	69,818	7,874	413,970	4,580
Prepaid moorage	-	-	-	-	16,671	-	-	16,671	-
Unearned revenue	217,965	-	-	-	-	3,389	1,939	223,293	-
Customer deposits	40,956	7,266	7,266	10,569	-	3,600	10,127	79,784	-
Due to other funds	-	-	-	-	-	332,478	-	332,478	-
Accrued interest	32,813	13,683	23,528	-	-	-	-	70,024	-
Current portion:									
General obligation bonds	290,000	-	-	-	-	-	-	290,000	-
ADEC loans	-	234,533	130,889	-	-	-	-	365,422	-
<b>Total Current Liabilities</b>	<b>986,550</b>	<b>321,902</b>	<b>232,225</b>	<b>183,299</b>	<b>136,918</b>	<b>489,081</b>	<b>31,294</b>	<b>2,381,269</b>	<b>22,241</b>
<b>Noncurrent Liabilities</b>									
General obligation bonds	7,585,000	-	-	-	-	-	-	7,585,000	-
Bond premium, net of accumulated amortization	1,131,842	-	-	-	-	-	-	1,131,842	-
ADEC loans	-	760,578	1,989,712	-	-	-	-	2,750,290	-
Net pension liability	1,221,752	301,002	263,023	372,538	700,833	889,823	172,740	3,921,711	122,967
Landfill closure liability	-	-	-	78,604	-	-	-	78,604	-
<b>Total Noncurrent Liabilities</b>	<b>9,938,594</b>	<b>1,061,580</b>	<b>2,252,735</b>	<b>451,142</b>	<b>700,833</b>	<b>889,823</b>	<b>172,740</b>	<b>15,467,447</b>	<b>122,967</b>
<b>Total Liabilities</b>	<b>10,925,144</b>	<b>1,383,482</b>	<b>2,484,960</b>	<b>634,441</b>	<b>837,751</b>	<b>1,378,904</b>	<b>204,034</b>	<b>17,848,716</b>	<b>145,208</b>

*See accompanying notes to basic financial statements.*

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

	Major Enterprise Funds						Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Sanitation Utility	Harbor and Port Facilities	Assisted Living	Elderly Housing		
<i>June 30, 2024</i>									
<b>Deferred Inflows of Resources</b>									
Lease related	\$ -	\$ -	\$ -	\$ -	\$ 1,147,335	\$ -	\$ -	\$ 1,147,335	\$ -
Related to other postemployment benefits	29,186	7,190	6,283	8,899	16,742	21,256	4,126	93,682	2,937
<b>Total Deferred Inflows of Resources</b>	29,186	7,190	6,283	8,899	1,164,077	21,256	4,126	1,241,017	2,937
<b>Net Position</b>									
Net investment in capital assets	9,656,624	13,907,647	7,227,151	1,427,693	19,459,546	2,035,645	391,124	54,105,430	3,049,359
Restricted for net OPEB assets	588,504	144,990	126,695	179,448	337,584	428,618	83,207	1,889,046	59,233
Unrestricted (deficit)	5,184,690	1,584,318	738,442	275,843	2,234,649	(1,218,188)	584,702	9,384,456	3,526,606
<b>Total Net Position</b>	15,429,818	15,636,955	8,092,288	1,882,984	22,031,779	1,246,075	1,059,033	65,378,932	6,635,198
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	\$ 26,384,148	\$ 17,027,627	\$ 10,583,531	\$ 2,526,324	\$ 24,033,607	\$ 2,646,235	\$ 1,267,193		\$ 6,783,343
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							2,311,458		
<b>Net Position of Business-Type Activities</b>							\$ 67,690,390		

*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, 2024	Major Enterprise Funds						Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Sanitation Utility	Harbor and Port Facilities	Assisted Living	Elderly Housing		
<b>Operating Revenues</b>	\$ 7,319,614	\$ 1,101,162	\$ 938,244	\$ 1,492,391	\$ 1,637,975	\$ 1,378,313	\$ 467,549	\$ 14,335,248	\$ 1,027,492
<b>Operating Expenses</b>									
Salaries and benefits	1,108,670	395,735	420,007	535,597	813,649	1,256,884	145,844	4,676,386	231,149
Services, supplies, and other charges	4,657,640	403,860	259,174	622,688	484,289	376,859	151,478	6,955,988	500,057
Allocated overhead and motor pool charges	341,054	92,558	103,380	291,794	191,336	91,391	26,719	1,138,232	2,475
Depreciation	647,536	746,033	482,939	190,558	1,438,947	106,848	48,858	3,661,719	468,013
<b>Total Operating Expenses</b>	<b>6,754,900</b>	<b>1,638,186</b>	<b>1,265,500</b>	<b>1,640,637</b>	<b>2,928,221</b>	<b>1,831,982</b>	<b>372,899</b>	<b>16,432,325</b>	<b>1,201,694</b>
<b>Income (Loss) from Operations</b>	<b>564,714</b>	<b>(537,024)</b>	<b>(327,256)</b>	<b>(148,246)</b>	<b>(1,290,246)</b>	<b>(453,669)</b>	<b>94,650</b>	<b>(2,097,077)</b>	<b>(174,202)</b>
<b>Nonoperating Revenues (Expenses)</b>									
Investment income	313,525	174,333	38,169	32,741	120,039	-	34,601	713,408	-
Interest expense	(351,567)	(15,214)	(27,763)	-	-	(1,342)	(448)	(396,334)	-
Sale of capital assets	-	-	-	-	-	-	-	-	50,105
Federal interest subsidy	-	-	22,486	-	-	-	-	22,486	-
State PERS on-behalf, net pension and OPEB	13,902	3,425	2,993	4,240	7,976	10,126	1,966	44,628	1,400
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(24,140)</b>	<b>162,544</b>	<b>35,885</b>	<b>36,981</b>	<b>128,015</b>	<b>8,784</b>	<b>36,119</b>	<b>384,188</b>	<b>51,505</b>
<b>Income (Loss) before Transfers</b>	<b>540,574</b>	<b>(374,480)</b>	<b>(291,371)</b>	<b>(111,265)</b>	<b>(1,162,231)</b>	<b>(444,885)</b>	<b>130,769</b>	<b>(1,712,889)</b>	<b>(122,697)</b>
Transfers in	30,000	132,843	-	-	602,271	631,042	-	1,396,156	-
Transfers out	-	(15,000)	(15,000)	-	-	-	-	(30,000)	-
<b>Change in Net Position</b>	<b>570,574</b>	<b>(256,637)</b>	<b>(306,371)</b>	<b>(111,265)</b>	<b>(559,960)</b>	<b>186,157</b>	<b>130,769</b>	<b>(346,733)</b>	<b>(122,697)</b>
<b>Net Position, beginning of year</b>	<b>14,859,244</b>	<b>15,893,592</b>	<b>8,398,659</b>	<b>1,994,249</b>	<b>22,591,739</b>	<b>1,059,918</b>	<b>928,264</b>		<b>6,757,895</b>
<b>Net Position, end of year</b>	<b>\$ 15,429,818</b>	<b>\$ 15,636,955</b>	<b>\$ 8,092,288</b>	<b>\$ 1,882,984</b>	<b>\$ 22,031,779</b>	<b>\$ 1,246,075</b>	<b>\$ 1,059,033</b>		<b>\$ 6,635,198</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.								(69,824)	
<b>Change in Net Position of Business-Type Activities</b>								<b>\$ (416,557)</b>	

See accompanying notes to basic financial statements.

## Petersburg Borough, Alaska

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2024	Major Enterprise Funds						Nonmajor Enterprise Fund	Total	Internal
	Electric Utility	Water Utility	Wastewater Utility	Sanitation Utility	Harbor and Port Facilities	Assisted Living	Elderly Housing	Enterprise Funds	Service Fund
<b>Cash Flows from (for) Operating Activities</b>									
Receipts from customers and users	\$ 7,599,990	\$ 1,101,954	\$ 938,272	\$ 1,489,496	\$ 1,589,696	\$ 1,336,803	\$ 467,624	\$ 14,523,835	\$ 1,284,592
Payments for interfund services used	(341,054)	(92,558)	(103,380)	(291,794)	(191,336)	(91,391)	(26,719)	(1,138,232)	(2,475)
Payments to suppliers	(4,761,933)	(426,631)	(269,326)	(555,385)	(481,411)	(374,402)	(153,317)	(7,022,405)	(502,242)
Payments to employees	(1,320,208)	(408,312)	(442,273)	(478,024)	(859,104)	(1,301,650)	(168,788)	(4,978,359)	(229,885)
<b>Net cash flows from (for) operating activities</b>	<b>1,176,795</b>	<b>174,453</b>	<b>123,293</b>	<b>164,293</b>	<b>57,845</b>	<b>(430,640)</b>	<b>118,800</b>	<b>1,384,839</b>	<b>549,990</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>									
Increase in due to other funds	-	-	-	-	-	(35,121)	-	(35,121)	-
Transfers out	-	(15,000)	(15,000)	-	-	-	-	(30,000)	-
Transfers in	30,000	-	-	-	-	-	-	30,000	-
<b>Net cash flows from (for) noncapital financing activities</b>	<b>30,000</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>-</b>	<b>-</b>	<b>(35,121)</b>	<b>-</b>	<b>(35,121)</b>	<b>-</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>									
Principal paid on long-term debt	(275,000)	(231,069)	(139,739)	-	-	(161,250)	(53,750)	(860,808)	-
Interest paid on long-term debt	(400,624)	(18,391)	(20,562)	-	-	(4,031)	(1,344)	(444,952)	-
Issuance of long-term debt	-	-	243,470	-	-	-	-	243,470	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	50,105
Acquisition and construction of capital assets	(6,977,261)	-	(208,007)	(25,732)	(58,570)	-	(30,494)	(7,300,064)	(1,084,588)
Transfers in	-	132,843	-	-	602,271	631,042	-	1,366,156	-
Federal interest subsidy received	-	-	22,486	-	-	-	-	22,486	-
<b>Net cash flows from (for) capital and related financing activities</b>	<b>(7,652,885)</b>	<b>(116,617)</b>	<b>(102,352)</b>	<b>(25,732)</b>	<b>543,701</b>	<b>465,761</b>	<b>(85,588)</b>	<b>(6,973,712)</b>	<b>(1,034,483)</b>
<b>Cash Flows from Investing Activities</b>									
Investment income	313,525	174,333	38,169	32,741	120,039	-	34,601	713,408	-
<b>Net increase (decrease) in cash and investments</b>	<b>(6,132,565)</b>	<b>217,169</b>	<b>44,110</b>	<b>171,302</b>	<b>721,585</b>	<b>-</b>	<b>67,813</b>	<b>(4,910,586)</b>	<b>(484,493)</b>
<b>Cash and Investments, beginning of year</b>	<b>12,153,753</b>	<b>1,402,982</b>	<b>833,196</b>	<b>553,253</b>	<b>1,911,374</b>	<b>-</b>	<b>697,840</b>	<b>17,552,398</b>	<b>4,135,865</b>
<b>Cash and Investments, end of year</b>	<b>\$ 6,021,188</b>	<b>\$ 1,620,151</b>	<b>\$ 877,306</b>	<b>\$ 724,555</b>	<b>\$ 2,632,959</b>	<b>\$ -</b>	<b>\$ 765,653</b>	<b>\$ 12,641,812</b>	<b>\$ 3,651,372</b>
<b>Cash and Investments at End of Year</b>									
Equity in central treasury	\$ 5,512,688	\$ 1,620,151	\$ 877,306	\$ 724,555	\$ 2,632,959	\$ -	\$ 753,693	\$ 12,121,352	\$ 3,651,372
Restricted cash:									
Deposits	-	-	-	-	-	-	11,960	11,960	-
Bond reserve account	508,500	-	-	-	-	-	-	508,500	-
<b>Total Cash and Investments</b>	<b>\$ 6,021,188</b>	<b>\$ 1,620,151</b>	<b>\$ 877,306</b>	<b>\$ 724,555</b>	<b>\$ 2,632,959</b>	<b>\$ -</b>	<b>\$ 765,653</b>	<b>\$ 12,641,812</b>	<b>\$ 3,651,372</b>

See accompanying notes to basic financial statements.



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

Year Ended June 30, 2024	Major Enterprise Funds						Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Fund
	Electric Utility	Water Utility	Wastewater Utility	Sanitation Utility	Harbor and Port Facilities	Assisted Living	Elderly Housing		
<b>Reconciliation of Income (Loss) from Operations to Net Cash</b>									
<b>Flows from (for) Operating Activities</b>									
Income (loss) from operations	\$ 564,714	\$ (537,024)	\$ (327,256)	\$ (148,246)	\$ (1,290,246)	\$ (453,669)	\$ 94,650	\$ (2,097,077)	\$ (174,202)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:									
Depreciation	647,536	746,033	482,939	190,558	1,438,947	106,848	48,858	3,661,719	468,013
Landfill closure liability	-	-	-	947	-	-	-	947	-
PERS on-behalf, net pension and OPEB	13,902	3,425	2,993	4,240	7,976	10,126	1,966	44,628	1,400
Increase (decrease) in allowance for doubtful accounts	5,926	36	(441)	(722)	9,225	-	-	14,024	-
(Increase) decrease in assets:									
Amortization of deferred outflows of resources for pension	17,438	(3,962)	(2,549)	(23,614)	(10,638)	(16,873)	(1,278)	(41,476)	(2,874)
Amortization of deferred outflows of resources for other postemployment benefits	20,275	2,098	2,154	(3,964)	4,391	4,396	1,554	30,904	418
Accounts receivable	54,531	1,221	290	(2,433)	(29,122)	(41,810)	-	(17,323)	257,100
Inventories	(60,456)	(19,912)	(41)	-	-	-	-	(80,409)	-
Net other postemployment benefits asset	43,537	(17,526)	(12,190)	(85,691)	(45,637)	(69,454)	(6,649)	(193,610)	(11,454)
Leases receivable	-	-	-	-	92,354	-	-	92,354	-
Increase (decrease) in liabilities:									
Amortization of deferred inflows of resources for other postemployment benefits	(26,279)	(3,940)	(3,723)	867	(8,738)	(10,063)	(2,567)	(54,443)	(1,224)
Accounts payable	(43,837)	(2,859)	(10,111)	66,356	2,878	2,457	(1,839)	13,045	(2,185)
Accrued payroll and employee benefits	17,141	3,906	1,420	4,218	6,473	7,363	907	41,428	5,375
Accrued leave	9,179	9,130	2,343	10,327	2,066	2,987	(5,172)	30,860	1,337
Deferred inflows of resources related to leases	-	-	-	-	(120,736)	-	-	(120,736)	-
Unearned revenue	217,965	-	-	-	-	-	75	218,040	-
Customer deposits	1,954	(465)	179	260	-	300	-	2,228	-
Net pension liability	(306,731)	(5,708)	(12,714)	151,190	(1,348)	26,752	(11,705)	(160,264)	8,286
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$1,176,795</b>	<b>\$ 174,453</b>	<b>\$ 123,293</b>	<b>\$ 164,293</b>	<b>\$ 57,845</b>	<b>\$ (430,640)</b>	<b>\$ 118,800</b>	<b>\$ 1,384,839</b>	<b>\$ 549,990</b>
<b>Supplemental Disclosure of Cash Flow Information</b>									
Capital assets purchased on account	\$ 52,097	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,097	\$ -

*See accompanying notes to basic financial statements.*

**Petersburg Borough, Alaska**  
**Notes to Basic Financial Statements**  
**Year Ended June 30, 2024**

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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 *Local Assistance and Tribal Consistency Special Revenue Fund* to account for the Borough's financial resources received and expended related to the Local Assistance and Tribal Consistency program.

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 *Sanitation Utility Enterprise Fund* is used to account for the operations of the Borough landfill and refuse collection activities.

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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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.

### ***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

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

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

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

### ***Leases***

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

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

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

### ***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.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### ***Unearned Grant Revenue***

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

### ***Accrued Leave***

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

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

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

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

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

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

### ***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

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

### ***Property Taxes***

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

### ***Interfund Transactions***

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

### ***Fund Balances***

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

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

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

*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.



# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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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.

### ***Net Position***

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Borough will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Borough's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## **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.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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- B. Notice of public hearings is published and public hearings are conducted to obtain taxpayer comments.
- C. Prior to June 15, the budget is adopted and the Assembly, by ordinance, makes an appropriation for the monies required.
- D. Unencumbered appropriation balances may be transferred within a department by the Borough Manager at any time. At the request of the Borough Manager, or on its own initiative, the Assembly may transfer unencumbered balances from one department or fund to another.
- E. Formal budgetary integration is employed as a management control device during the year for most funds. Appropriations lapse at year-end, except for capital projects which adopt project-length budgets.
- F. Budgets for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts included in the financial statements are as originally adopted, or as amended by the Assembly.

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

A schedule of interfund balances and transfers as of and for the year ended June 30, 2024, follows:

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#### Due from Other Funds

To General Fund from:

Assisted Living Enterprise Fund for short-term advances to cover operating costs	\$ 332,478
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<b>Total Due from Other Funds</b>	<b>\$ 332,478</b>
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#### Transfers

From General Fund to:

Assisted Living Enterprise Fund for operating subsidies	\$ 631,042
Harbor and Port Enterprise Fund to cover operating costs	602,271
Nonmajor governmental funds to cover operating and debt service costs	372,349

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<b>Total transfers from General Fund</b>	<b>\$ 1,605,662</b>
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From Water Utility Enterprise Fund to Electric Utility Enterprise Fund to cover capital costs	\$ 15,000
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From Wastewater Utility Enterprise Fund to Electric Utility Enterprise Fund to cover capital costs	15,000
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From nonmajor governmental funds to:

General Fund to cover operating costs	1,100,000
Water Enterprise Fund to cover operating cost	132,843
Nonmajor governmental funds to cover capital costs	1,000,000

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<b>Total transfers from nonmajor governmental funds</b>	<b>2,232,843</b>
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<b>Total Transfers to Other Funds</b>	<b>\$ 3,868,505</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, 2024.

	Pooled Cash and Investments	Economic Development Fund	Totals
Bank deposits	\$ 1,744,803	\$ -	\$ 1,744,803
Petty cash	2,730	-	2,730
Investments	29,670,230	4,692,781	34,363,011
<b>Total Cash and Investments</b>	<b>\$ 31,417,763</b>	<b>\$ 4,692,781</b>	<b>\$ 36,110,544</b>

	Pooled Cash and Investments	Economic Development Fund	Totals
Cash and investments	\$ 30,897,303	\$ 4,692,781	\$ 35,590,084
Restricted cash and investments	520,460	-	520,460
<b>Total Cash and Investments</b>	<b>\$ 31,417,763</b>	<b>\$ 4,692,781</b>	<b>\$ 36,110,544</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, 2024, the Borough had balances of \$1,452,383 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, 2024 are as follows:

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
Investment type:			
Money market funds	\$ 1,799,635	\$ 1,799,635	\$ -
U.S. government agencies	3,503,629	1,508,064	1,995,565
Certificates of deposit	20,158,287	10,750,878	9,407,409
U.S. treasury securities	1,751,342	-	1,751,342
Municipal bonds	179,076	-	179,076
Pooled investments	2,278,261	2,278,261	-
<b>Total Investments</b>	<b>\$ 29,670,230</b>	<b>\$ 16,336,838</b>	<b>\$ 13,333,392</b>

Investment maturities in the Economic Development Fund investments at June 30, 2024 are as follows:

	Fair Value	Investment Maturities (In Years)	
		Less Than 1	1-5
Investment type:			
Money market funds	\$ 567,470	\$ 567,470	\$ -
Certificates of deposit	1,928,783	519,367	1,409,416
<b>Total subject to interest rate risk</b>	<b>2,496,253</b>	<b>\$ 1,086,837</b>	<b>\$ 1,409,416</b>
International equity securities	180,416		
U.S. equity securities	2,016,112		
<b>Total Investments</b>	<b>\$ 4,692,781</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 \$3,503,629 were rated by Standard and Poor's as AA+. The Borough's investments in Municipal Bonds of \$179,076 were rated by Standard and Poor's as AA-. The Borough's investments in U.S. government agency investments maturing within 6 months, certificates of deposit, and money market funds were not rated.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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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, 2024, 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.

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, 2024:

- U.S. government agency securities of \$3,503,629 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs).
- U.S. treasuries of \$1,751,342 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 \$10,816,824 are valued using information for market sources, integrated relative credit information, observed market movement, and sector news into the evaluated pricing applications and models (Level 2 inputs).
- International and U.S. equities of \$2,196,528 are valued using quoted market prices (Level 1 inputs).
- Municipal bonds of \$179,076 are valued using information for market sources, integrated relative credit information, observed market movements, and sector news into the evaluated pricing applications and models (Level 2 inputs).

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

The Borough has investments in money market funds and certificates of deposits totaling \$13,637,351 that are not held at fair value, but instead recorded at amortized cost as of June 30, 2024. The Borough's investment in AMLIP of \$2,278,261 is measured at net asset value, as of June 30, 2024. Management believes that these values approximate fair value.

### 5. Accounts Receivable and Valuation Allowances

The Borough maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful accounts. At June 30, 2024, 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	Wastewater Utility Enterprise Fund	
Property, sales and transient room taxes	\$ 562,693	\$ 358,910	-	-	-	
Grants, loans and shared revenues	-	8,159	-	-	10,782	
Accounts	53,187	9,545	500,925	90,755	90,005	
Leases	69,946	-	-	-	-	
Interest	112,463	9,100	5,432	-	-	
<b>Total receivables</b>	<b>798,289</b>	<b>385,714</b>	<b>506,357</b>	<b>90,755</b>	<b>100,787</b>	
Less allowance for doubtful accounts	-	-	(32,860)	(2,971)	(4,020)	
<b>Net Receivables</b>	<b>\$ 798,289</b>	<b>\$ 385,714</b>	<b>\$ 473,497</b>	<b>\$ 87,784</b>	<b>\$ 96,767</b>	

	Sanitation Utility Enterprise Fund	Harbor and Port Facilities Enterprise Fund	Assisted Living Enterprise Fund	Internal Service Funds	Total
Property, sales and transient room taxes	\$ -	-	-	-	\$ 921,603
Grants, loans and shared revenues	-	-	-	-	18,941
Accounts	141,341	281,420	41,810	4,010	1,212,998
Leases	-	1,252,047	-	-	1,321,993
Interest	-	-	-	-	126,995
<b>Total receivables</b>	<b>141,341</b>	<b>1,533,467</b>	<b>41,810</b>	<b>4,010</b>	<b>3,602,530</b>
Less allowance for doubtful accounts	(5,394)	(40,342)	-	-	(85,587)
<b>Net Receivables</b>	<b>\$ 135,947</b>	<b>\$ 1,493,125</b>	<b>\$ 41,810</b>	<b>\$ 4,010</b>	<b>\$ 3,516,943</b>

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

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**6. Capital Assets**

Capital asset activity for the year ended June 30, 2024 was as follows:

<b>Governmental Activities</b>	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 6,868,119	\$ -	\$ -	\$ 6,868,119
Construction in progress	1,714	-	-	1,714
<b>Total assets not being depreciated</b>	<b>6,869,833</b>	<b>-</b>	<b>-</b>	<b>6,869,833</b>
<i>Capital assets being depreciated:</i>				
Buildings	59,525,353	-	-	59,525,353
Improvements other than buildings	375,118	-	-	375,118
Machinery and equipment*	11,014,614	1,101,049	(578,416)	11,537,247
Infrastructure	17,722,774	-	-	17,722,774
<b>Total assets being depreciated</b>	<b>88,637,859</b>	<b>1,101,049</b>	<b>(578,416)</b>	<b>89,160,492</b>
Less accumulated depreciation for:				
Buildings	37,993,136	1,468,289	-	39,461,425
Improvements other than buildings	282,311	27,658	-	309,969
Machinery and equipment*	8,077,927	639,037	(578,416)	8,138,548
Infrastructure	2,866,715	169,544	-	3,036,259
<b>Total accumulated depreciation</b>	<b>49,220,089</b>	<b>2,304,528</b>	<b>(578,416)</b>	<b>50,946,201</b>
<b>Total capital assets being depreciated, net</b>	<b>39,417,770</b>	<b>(1,203,479)</b>	<b>-</b>	<b>38,214,291</b>
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 46,287,603</b>	<b>\$ (1,203,479)</b>	<b>\$ -</b>	<b>\$ 45,084,124</b>

\* The ending balances include \$9,014,657 and \$5,965,298 of equipment cost and accumulated depreciation, respectively, related to the Motor Pool Internal Service Fund. Additions and deletions includes \$1,084,588 and \$578,416, respectively, for the Motor Pool Internal Service Fund.



# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

<b>Business-Type Activities</b>	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 2,399,493	\$ -	\$ -	\$ 2,399,493
Construction in progress	5,272,905	1,426,627	(5,069,735)	1,629,797
<b>Total assets not being depreciated</b>	<b>7,672,398</b>	<b>1,426,627</b>	<b>(5,069,735)</b>	<b>4,029,290</b>
<i>Capital assets being depreciated:</i>				
Buildings	27,610,634	10,494	-	27,621,128
Improvements other than buildings	86,167,779	10,119,459	(2,400)	96,284,838
Machinery and equipment	23,376,046	55,355	(20,831)	23,410,570
<b>Total assets being depreciated</b>	<b>137,154,459</b>	<b>10,185,308</b>	<b>(23,231)</b>	<b>147,316,536</b>
<i>Less accumulated depreciation for:</i>				
Buildings	18,357,028	455,545	-	18,812,573
Improvements other than buildings	43,271,865	2,637,055	(2,400)	45,906,520
Machinery and equipment	19,798,364	569,119	(20,831)	20,346,652
<b>Total accumulated depreciation</b>	<b>81,427,257</b>	<b>3,661,719</b>	<b>(23,231)</b>	<b>85,065,745</b>
<b>Total capital assets being depreciated, net</b>	<b>55,727,202</b>	<b>6,523,589</b>	<b>-</b>	<b>62,250,791</b>
<b>Business-Type Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 63,399,600</b>	<b>\$ 7,950,216</b>	<b>\$ (5,069,735)</b>	<b>\$ 66,280,081</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	\$ 107,683	\$ 210,605	\$ 318,288
Public safety	499,438	126,364	625,802
Public works	218,745	126,364	345,109
Culture and recreation	689,271	4,680	693,951
Education	321,378	-	321,378
<b>Total Governmental Activities</b>	<b>\$ 1,836,515</b>	<b>\$ 468,013</b>	<b>\$ 2,304,528</b>

<b>Business-Type Activities</b>	Depreciation
Electric utility	\$ 647,536
Water utility	746,033
Wastewater utility	482,939
Sanitation utility	190,558
Harbor and port facilities	1,438,947
Elderly housing	48,858
Assisted living	106,848
<b>Total Business-Type Activities</b>	<b>\$ 3,661,719</b>

### 7. Leases

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, 2024, 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, 2024, the balance of the deferred inflow of resources is listed below.

	Payment Amount	Lease Revenue	Lease Interest	Lease Receivable	Deferred Inflow
General Fund	\$ 7,078	\$ 1,061	\$ 6,031	\$ 69,946	\$ 68,299
Harbor and Port Facilities Fund	161,162	78,833	111,023	1,252,047	1,147,335

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

### 8. Long-term Obligations

Bonds and notes payable at June 30, 2024, are comprised of the following:

Governmental Activities	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
\$756,684 2016 general obligation pool refunding bonds, due in annual installments of \$70,000 to \$80,000 through 2027, plus interest at 2.0% to 5.0%	\$ 295,000	\$ -	\$ 70,000	\$ 225,000	\$ 70,000
\$2,010,000 2012 general obligation refunding school bonds, due in annual installment of \$240,000 through 2025, plus interest at 4.0% to 5.0%	470,000	-	230,000	240,000	240,000
\$1,150,000 2012 Series 3 general obligation library bonds, due in annual installments of \$90,000 to \$100,000 through 2027, plus interest at 4.0% to 5.0%	380,000	-	90,000	290,000	95,000
\$3,165,000 2014 Series 3 general obligation refunding school bonds, due in annual installments of \$370,000 to \$390,000 through 2025, plus interest of 4.0% to 5.0%	1,115,000	-	355,000	760,000	370,000
Accrued leave (net) *	444,001	240,557	253,675	430,883	430,883
Net pension liability	5,152,320	-	145,595	5,006,725	-
<b>Total Governmental Activities</b>	<b>\$ 7,856,321</b>	<b>\$ 240,557</b>	<b>\$ 1,144,270</b>	<b>\$ 7,047,552</b>	<b>\$ 1,205,883</b>
Unamortized bond premium				94,944	
				<b>\$ 7,047,552</b>	

\* The ending balance includes \$4,580 of accrued leave related to the Motor Pool Internal Service Fund.

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

#### Authorized but Unissued Bonds

On October 1, 2024 the qualified voters of Petersburg Borough voted to approve the issuance of general obligation bonds of an amount not to exceed \$3,500,000. As of February XX, 2025, the date the financial statements were issued, the bonds were not yet issued and the terms were not yet determined.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

<b>Business-Type Activities</b>	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	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%	\$ 215,000	-	\$ 215,000	-	-
\$1,560,000 2020 Series One general obligation electric utility refunding bonds, due in annual installments of \$140,000 to \$170,000 through 2030 plus interest at 5.0%	1,175,000	-	120,000	1,055,000	125,000
\$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%	6,975,000	-	155,000	6,820,000	165,000
<i>Direct Borrowings 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)	239,241	-	118,731	120,510	120,510
\$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)	76,463	-	37,947	38,516	38,516
\$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)	437,220	-	70,184	367,036	71,238
\$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)	141,554	-	10,854	130,700	11,017
\$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)	\$ 408,163	-	\$ 31,298	\$ 376,865	\$ 31,768

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

<b>Business-Type Activities, continued</b>	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
\$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)	347,283	-	26,631	320,652	27,029
\$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)	442,678	-	34,141	408,537	34,653
\$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)	504,430	-	30,238	474,192	30,691
\$550,000 (maximum) Wastewater Utility note, terms not yet established; plus interest at 1.5% (loan number 685271)	483,736	-	-	483,736	-
\$160,000 (maximum) Wastewater Utility note, terms not yet established; plus interest at 1.5% (loan number 685291)	160,000	-	-	160,000	-
\$360,000 (maximum) Wastewater Utility note, terms not yet established; plus interest at 1.5% (loan number 685301)	83,436	162,314	10,782 *	234,968	-
Accrued leave (net)	383,110	199,996	169,136	413,970	413,970
Net pension liability	4,081,975	-	160,264	3,921,711	-
Landfill closure liability	77,657	947	-	78,604	-
<b>Total Business-Type Activities</b>	<b>\$ 16,231,946</b>	<b>\$ 363,257</b>	<b>\$ 1,190,206</b>	<b>15,404,997</b>	<b>\$ 1,069,392</b>
Unamortized bond premium				<u>1,131,842</u>	
				<u>\$ 16,536,839</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
2025	\$ 775,000	\$ 57,450	\$ 832,450
2026	560,000	25,250	585,250
2027	180,000	9,925	189,925
	<b>\$ 1,515,000</b>	<b>\$ 92,625</b>	<b>\$ 1,607,625</b>

### Business-Type Activities

<i>Year Ending June 30,</i>	General Obligation Bonds		
	Principal	Interest	Total
2025	\$ 290,000	\$ 386,500	\$ 676,500
2026	315,000	379,875	694,875
2027	325,000	364,250	689,250
2028	340,000	356,875	696,875
2029	360,000	340,250	700,250
2030-2034	1,495,000	1,557,875	3,052,875
2035-2039	1,480,000	1,407,750	2,887,750
2040-2044	1,895,000	1,268,750	3,163,750
2045-2049	1,375,000	678,500	2,053,500
	<b>\$ 7,875,000</b>	<b>\$ 6,740,625</b>	<b>\$ 14,615,625</b>

<i>Year Ending June 30,</i>	Direct Borrowings Notes Payable		
	Principal	Interest	Total
2025	\$ 365,422	\$ 33,556	\$ 398,978
2026	209,491	28,074	237,565
2027	212,634	24,931	237,565
2028	215,824	21,742	237,566
2029	219,061	18,505	237,566
2030-2034	750,189	53,923	804,112
2035-2038	264,386	7,280	271,666
	<b>\$ 2,237,007</b>	<b>\$ 188,011</b>	<b>\$ 2,425,018</b>

Not included in the table above is \$878,704 of outstanding notes payable whose repayment terms have not yet been established.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

### Component Units

The following is a summary of long-term debt and liability transactions for the Borough’s discretely presented component units for the year ended June 30, 2024:

<b>Petersburg School District</b>	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
Accrued leave	\$ 40,006	\$ 98,093	\$ 114,056	\$ 24,043	\$ 24,043
Net pension liability	5,304,825	-	509,014	4,795,811	-
<b>Total</b>	<b>5,344,831</b>	<b>98,093</b>	<b>623,070</b>	<b>4,819,854</b>	<b>24,043</b>

### Petersburg Medical Center

Accrued leave	\$ 1,079,210	\$ -	\$ 60,809*	\$ 1,018,401	\$ 1,018,401
Leases and IT subscription Payable	2,783,403	492,442	374,005	2,901,840	618,245
Net pension liability	16,521,607	-	994,657	15,526,950	-
<b>Total</b>	<b>\$ 20,384,220</b>	<b>\$ 492,442</b>	<b>\$ 1,429,471</b>	<b>\$ 19,447,191</b>	<b>\$ 1,636,646</b>

\* This amount is net of both additions and retirements.

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# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

### 9. Fund Balances

Fund balances reported at June 30, 2024 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	\$ -		\$ 3,405,581	\$ 3,405,581
Streets and roads	-		515,290	515,290
<b>Total restricted</b>	-		<b>3,920,871</b>	<b>3,920,871</b>
<b>Committed:</b>				
Economic development	-		4,701,882	4,701,882
Public works	-		898,927	898,927
Public safety	-		129,377	129,377
Capital projects	-		1,554,798	1,554,798
Tourism	-		274,888	274,888
<b>Total committed</b>	-		<b>7,559,872</b>	<b>7,559,872</b>
<b>Assigned:</b>				
General government	-		56,128	56,128
Debt service	-		173,550	173,550
Subsequent year’s expenditures	-		3,703	3,703
<b>Total assigned</b>	-		<b>233,381</b>	<b>233,381</b>
<b>Unassigned</b>	<b>6,993,266</b>		-	<b>6,993,266</b>
<b>Total Fund Balances</b>	<b>\$ 6,993,266</b>	<b>\$</b>	<b>11,714,124</b>	<b>\$ 18,707,390</b>

### 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 \$78,604. This liability is based on what it would cost to perform all closure and postclosure care in 2024. Actual costs may be higher due to inflation, changes in technology or changes in regulations. At June 30, 2024, the Borough has not restricted any net position to fund the cost of closure and postclosure monitoring, nor have any assets been restricted for this purpose.



# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### 11. Pension and Other Postemployment Benefits Plans

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

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

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

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

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

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

##### *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.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### *Employee Contribution Rates*

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

### *Employer and Other Contribution Rates*

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

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

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

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

Contribution rates for the year ended June 30, 2024 were determined in the June 30, 2022 actuarial valuations. The Borough's contribution rates for the 2024 fiscal year were as follows:

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	18.47%	3.10%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.63%	-%
<b>Total Contribution Rates</b>	<b>25.10%</b>	<b>3.10%</b>

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

In 2024, the Borough was credited with the following contributions to the pension plan:

	Measurement Period	Borough Fiscal Year
	July 1, 2022	July 1, 2023
	to	to
	June 30, 2023	June 30, 2024
Employer contributions (including DBUL)	\$ 827,678	\$ 960,047
Nonemployer contributions (on-behalf)	155,446	184,827
<b>Total Contributions</b>	<b>\$ 983,124</b>	<b>\$ 1,144,874</b>

In addition, employee contributions to the Plan totaled \$135,637 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, 2024, 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	\$ 8,928,436
State's proportionate share of NPL associated with the Borough	2,978,343
<b>Total Net Pension Liability</b>	<b>\$ 11,906,779</b>

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 and adjusted to reflect updated assumptions 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, 2023 measurement date, the Borough's proportion was 0.17219 percent, which was a decrease of 0.00899 from its proportion measured as of June 30, 2022.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

For the year ended June 30, 2024, the Borough recognized pension expense of \$1,855,616 and on-behalf revenue of \$327,801 for support provided by the State. At June 30, 2024, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 233,046	\$ -
Borough contributions subsequent to the measurement date	960,047	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 1,193,093</b>	<b>\$ -</b>

The \$960,047 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, 2025. 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,*

2025	\$	(88,387)
2026		(195,479)
2027		528,837
2028		(11,925)
<b>Total Amortization</b>	<b>\$</b>	<b>233,046</b>

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2023 measurement date were allocated to employers based on the ratio of the present value of projected

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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	future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2024 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality Peace officer/firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All others	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

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

# 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 2.82%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.17 %
Global equity (non-U.S.)	18%	+/- 4%	6.55 %
Aggregate bonds	19%	+/- 10%	1.63 %
Multi-asset	8%	+/- 4%	- %
Real assets	14%	+/- 7%	4.87 %
Private equity	14%	+/- 7%	11.57 %
Cash equivalents	-%	-%	0.49 %

### *Discount Rate*

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

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

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

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Borough's proportionate share of the net pension liability	0.17219%	\$ 11,986,398	\$ 8,928,436	\$ 6,345,358

### *Pension Plan Fiduciary Net Position*

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

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

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

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

### ***Benefit Terms***

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2024 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2024, forfeitures reduced pension expense by \$10,748.

### ***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, 2024, 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, 2024 were \$238,769 and \$382,030, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

### ***(c) Defined Benefit OPEB Plans***

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

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

### **Employer Contribution Rates**

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

Employer contribution rates for the year ended June 30, 2024 were as follows:

	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.01%	1.01%
Occupational Death and Disability	0.30%	0.68%
<b>Total Contribution Rates</b>	<b>1.31%</b>	<b>1.69%</b>

In 2024, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period	Borough Fiscal Year
	July 1, 2022	July 1, 2023
	to	to
	June 30, 2023	June 30, 2024
Employer contributions - ARHCT	\$ (226)	\$ -
Employer contributions - RMP	47,004	48,232
Employer contributions - ODD	15,108	17,027
<b>Total Contributions</b>	<b>\$ 61,886</b>	<b>\$ 65,259</b>

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# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

At June 30, 2024, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

Borough's proportionate share of NOA - ARHCT	\$ 3,953,513
Borough's proportionate share of NOA - RMP	119,018
Borough's proportionate share of NOA - ODD	126,535
<b>Total Borough's Proportionate Share of Net OPEB Asset</b>	<b>\$ 4,199,066</b>
<hr/>	
State's proportionate share of the ARHCT NOA associated with the Borough	1,327,348
<b>Total Net OPEB Asset</b>	<b>\$ 5,526,414</b>

The total OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The Borough's proportion of the net OPEB assets was based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2022 Measurement Date Employer Proportion	June 30, 2023 Measurement Date Employer Proportion	Change
<hr/>			
Borough's proportionate share of the net OPEB assets:			
ARHCT	0.17993%	0.17182%	(0.00811)%
RMP	0.24960%	0.25065%	0.00105 %
ODD	0.24508%	0.24664%	0.00156 %

For the year ended June 30, 2024, the Borough recognized OPEB expense (benefit) of \$(612,624). Of this amount, \$(226,200) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB Expense (Benefit)	On-behalf Revenue
ARHCT	\$ (690,595)	\$ (226,200)
RMP	63,490	-
ODD	14,481	-
<b>Total</b>	<b>\$ (612,624)</b>	<b>\$ (226,200)</b>

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

At June 30, 2024, 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	\$ 8,209	\$ 3,628	\$ -	\$ 11,837
Changes in assumptions	-	12,798	-	12,798
Difference between projected and actual investment earnings	179,945	9,973	2,921	192,839
Changes in proportion and differences between Borough contributions and proportionate share of contributions	26,636	1,899	3,681	32,216
Borough contributions subsequent to the measurement date	-	48,232	17,027	65,259
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 214,790</b>	<b>\$ 76,530</b>	<b>\$ 23,629</b>	<b>\$ 314,949</b>

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ (3,842)	\$ (35,554)	\$ (39,396)
Changes in assumptions	(72,754)	(96,783)	(527)	(170,064)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(952)	(2,874)	(3,826)
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (72,754)</b>	<b>\$ (101,577)</b>	<b>\$ (38,955)</b>	<b>\$ (213,286)</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 an increase in the net OPEB assets in the year ending June 30, 2025. 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
2025	\$ (116,190)	\$ (15,026)	\$ (7,847)	\$ (139,063)
2026	(162,547)	(16,944)	(8,428)	(187,919)
2027	431,790	(27)	(3,577)	428,186
2028	(11,017)	(17,584)	(5,436)	(34,037)
2029	-	(12,744)	(3,855)	(16,599)
Thereafter	-	(10,954)	(3,210)	(14,164)
<b>Total Amortization</b>	<b>\$ 142,036</b>	<b>\$ (73,279)</b>	<b>\$ (32,353)</b>	<b>\$ 36,404</b>

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2023:

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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 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2023 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 2024 to 2039.
Investment rate of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 6.7% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.2% grading down to 4.5% Rx/EGWP: 7.2% grading down to 4.5% Initial trend rates are from FY 2024 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupation causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

All others  
(ARHCT and RMP Plans)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.
Peace officer/firefighter	20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.
All others	25% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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

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

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.82%, for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.17 %
Global equity (non-U.S.)	18%	+/- 4%	6.55 %
Aggregate bonds	19%	+/- 10%	1.63 %
Multi-asset	8%	+/- 4%	- %
Real assets	14%	+/- 7%	4.87 %
Private equity	14%	+/- 7%	11.57 %
Cash equivalents	-%	-%	0.49 %

### ***Discount Rate***

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2023 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

# 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 7.25%, 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Borough's proportionate share of the net OPEB asset:				
ARHCT	0.17182%	\$ 2,627,875	\$ 3,953,513	\$ 5,067,123
RMP	0.25065%	\$ 4,136	\$ 119,018	\$ 206,777
ODD	0.24664%	\$ 118,892	\$ 126,535	\$ 132,484

### *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 2022 actuarial valuation reports as well as what the Borough's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of the net OPEB asset (liability):				
ARHCT	0.17182%	\$ 5,194,503	\$ 3,953,513	\$ 2,475,832
RMP	0.25065%	\$ 218,555	\$ 119,018	\$ (14,683)
ODD	0.24664%	\$ 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, 2023, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,303 per year for each full-time employee, and \$1.48 per hour for part-time employees.

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

In fiscal year 2024, the Borough contributed \$163,264 in DC OPEB costs. This amount has been recognized as expense/expenditures.

## **12. Deferred Compensation Plan**

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

## **13. Risk Management**

The Borough faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs and certain other coverages. The Borough is a member of Alaska Public Entity Insurance (APEI), a governmental insurance pool. APEI provides insurance coverage for property and contents damage, torts, general and automobile liability, public officials and employees' liability, law enforcement professional liability and workers' compensation. The Borough has no coverage for potential losses from environmental damages. APEI is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2024.

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. Related Parties

In the normal course of business, the Borough may contract for goods or services from vendors whose shareholders, officers, or employees may also be associated with the Borough as an official, assembly member, or employee. Such payments during 2024 in aggregate were \$3,857,008.

### 16. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Borough for 2024 reporting:

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

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. The Borough evaluated the provisions of the statement and determined that they were not applicable, so no action was taken.

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

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

GASB Statement No. 102 - *Certain Risk Disclosures* - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.



# Petersburg Borough, Alaska

## Notes to Basic Financial Statements

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

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

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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, 2024</i>	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property taxes	\$ 3,960,503	\$3,822,648	\$ 3,833,519	\$ 10,871
Sales taxes	4,156,775	4,156,775	4,235,411	78,636
Other taxes	250,339	286,339	306,600	20,261
Intergovernmental	1,797,510	2,437,510	2,647,364	209,854
Licenses and permits	15,400	15,400	10,880	(4,520)
Charges for services	203,500	243,500	322,723	79,223
Fines and forfeitures	4,000	4,000	2,572	(1,428)
Overhead charges	625,785	625,785	625,776	(9)
Investment income	113,110	113,110	767,292	654,182
Other revenues	46,000	6,000	7,108	1,108
<b>Total Revenues</b>	<b>11,172,922</b>	<b>11,711,067</b>	<b>12,759,245</b>	<b>1,048,178</b>
<b>Expenditures</b>				
General government	2,192,594	2,346,210	2,183,456	162,754
Public safety	2,952,152	2,992,660	2,831,751	160,909
Public works	1,524,690	1,553,229	1,445,401	107,828
Community development	379,818	399,009	389,887	9,122
Community services	123,800	123,800	124,707	(907)
Culture and recreation	1,679,668	1,764,159	1,693,753	70,406
Education - contribution to school district	3,000,000	3,000,000	3,000,000	-
<b>Total Expenditures</b>	<b>11,852,722</b>	<b>12,179,067</b>	<b>11,668,955</b>	<b>510,112</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	(679,800)	(468,000)	1,090,290	1,558,290
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,100,000	1,100,000	1,100,000	-
Transfers out	(450,000)	(1,355,744)	(1,605,662)	(249,918)
<b>Net Other Financing Sources (Uses)</b>	<b>650,000</b>	<b>(255,744)</b>	<b>(505,662)</b>	<b>(249,918)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (29,800)</b>	<b>\$ (723,744)</b>	<b>584,628</b>	<b>\$ 1,308,372</b>
<b>Fund Balance, beginning of year</b>			<b>6,408,638</b>	
<b>Fund Balance, end of year</b>			<b>\$ 6,993,266</b>	

*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>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.17219%	0.18118%	0.20690%	0.15573%	0.16669%	0.18283%	0.16179%	0.19278%	0.17243%	0.11734%
Borough's Proportionate Share of the Net Pension Liability	\$ 8,928,436	\$ 9,234,295	\$ 7,589,977	\$ 9,189,627	\$ 9,124,893	\$ 9,084,797	\$ 8,363,876	\$ 10,775,746	\$ 8,362,857	\$ 5,473,005
State of Alaska Proportionate Share of the Net Pension Liability	2,978,343	2,557,468	1,029,687	3,802,442	3,624,575	2,633,836	3,116,497	1,355,716	2,239,001	4,937,000
Total Net Pension Liability	\$ 11,906,779	\$ 11,791,763	\$ 8,619,664	\$ 12,992,069	\$ 12,749,468	\$ 11,718,633	\$ 11,480,373	\$ 12,131,462	\$ 10,601,858	\$ 10,410,005
Borough's Covered Payroll	\$ 5,693,514	\$ 5,530,095	\$ 5,484,673	\$ 5,153,084	\$ 5,013,381	\$ 5,201,704	\$ 4,930,589	\$ 4,932,921	\$ 4,803,880	\$ 4,927,243
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	156.82%	166.98%	138.39%	178.33%	182.01%	174.65%	169.63%	218.45%	174.09%	111.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.23%	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	63.37%

**Schedule of the Borough's Contributions**

<i>Years Ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 960,047	\$ 827,678	\$ 719,370	\$ 682,182	\$ 553,391	\$ 602,526	\$ 666,076	\$ 567,503	\$ 498,118	\$ 470,978
Contributions Relative to the Contractually Required Contribution	960,047	827,678	719,370	682,182	553,391	602,526	666,076	567,503	498,118	470,978
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 6,486,955	\$ 5,693,514	\$ 5,530,095	\$ 5,484,673	\$ 5,153,084	\$ 5,013,381	\$ 5,201,704	\$ 4,930,589	\$ 4,932,921	\$ 4,803,880
Contributions as a Percentage of Covered Payroll	14.80%	14.54%	13.01%	12.44%	10.74%	12.02%	12.80%	11.51%	10.10%	9.80%

*See accompanying notes to Required Supplementary Information.*

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

Years Ended June 30,	ARHCT						
	2024	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.17182%	0.17993%	0.20772%	0.15565%	0.16680%	0.18272%	0.16180%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (3,953,513)	\$ (3,540,291)	\$ (5,328,729)	\$ (704,854)	\$ 247,470	\$ 1,875,226	\$ 1,367,076
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(1,327,348)	(1,011,655)	(696,639)	(292,826)	98,318	544,886	509,910
Total Net OPEB Liability (Asset)	\$ (5,280,861)	\$ (4,551,946)	\$ (6,025,368)	\$ (997,680)	\$ 345,788	\$ 2,420,112	\$ 1,876,986
Borough's Covered Payroll	\$ 1,422,444	\$ 1,583,175	\$ 1,658,128	\$ 1,647,430	\$ 2,037,057	\$ 2,373,974	\$ 2,250,241
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-277.94%	-223.62%	-321.37%	-42.79%	12.15%	78.99%	60.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	133.96%	128.51%	135.54%	106.15%	98.13%	88.12%	89.68%

**Schedule of the Borough's Contributions**

Years Ended June 30,	ARHCT						
	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ -	\$ (226)	\$ 102,275	\$ 123,202	\$ 221,016	\$ 217,527	\$ 189,860
Contributions Relative to the Contractually Required Contribution	-	(226)	102,275	123,202	221,016	217,527	189,860
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 1,711,584	\$ 1,422,444	\$ 1,583,175	\$ 1,658,128	\$ 1,647,430	\$ 2,037,057	\$ 2,373,974
Contributions as a Percentage of Covered Payroll	0.00%	-0.02%	6.46%	7.43%	13.42%	10.68%	8.00%

*See accompanying notes to Required Supplementary Information.*

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

Years Ended June 30,	RMP						
	2024	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.25065%	0.24960%	0.26185%	0.26107%	0.24213%	0.24982%	0.23299%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (119,018)	\$ (86,687)	\$ (70,286)	\$ 18,518	\$ 57,928	\$ 31,789	\$ 12,150
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (119,018)	\$ (86,687)	\$ (70,286)	\$ 18,518	\$ 57,928	\$ 31,789	\$ 12,150
Borough's Covered Payroll	\$ 4,271,069	\$ 3,946,920	\$ 3,826,545	\$ 3,505,654	\$ 2,976,324	\$ 2,827,730	\$ 2,680,348
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.79%	-2.20%	-1.84%	0.53%	1.95%	1.12%	0.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	124.29%	120.08%	115.10%	95.23%	83.17%	88.71%	93.98%

**Schedule of the Borough's Contributions**

Years Ended June 30,	RMP						
	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 48,232	\$ 47,004	\$ 42,233	\$ 48,597	\$ 46,571	\$ 28,415	\$ 29,123
Contributions Relative to the Contractually Required Contribution	48,232	47,004	42,233	48,597	46,571	28,415	29,123
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 4,775,371	\$ 4,271,069	\$ 3,946,920	\$ 3,826,545	\$ 3,505,654	\$ 2,976,324	\$ 2,827,730
Contributions as a Percentage of Covered Payroll	1.01%	1.10%	1.07%	1.27%	1.33%	0.95%	1.03%

*See accompanying notes to Required Supplementary Information.*

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

Years Ended June 30,	ODD						
	2024	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.24664%	0.24508%	0.25937%	0.26153%	0.24086%	0.24982%	0.23299%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (126,535)	\$ (107,439)	\$ (114,312)	\$ (71,292)	\$ (58,398)	\$ (48,519)	\$ (33,059)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (126,535)	\$ (107,439)	\$ (114,312)	\$ (71,292)	\$ (58,398)	\$ (48,519)	\$ (33,059)
Borough's Covered Payroll	\$ 4,271,069	\$ 3,946,920	\$ 3,826,545	\$ 3,505,654	\$ 2,976,324	\$ 2,827,730	\$ 2,680,348
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.96%	-2.72%	-2.99%	-2.03%	-1.96%	-1.72%	-1.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	349.24%	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%

**Schedule of the Borough's Contributions**

Years Ended June 30,	ODD						
	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 17,027	\$ 15,108	\$ 14,140	\$ 13,834	\$ 11,469	\$ 9,834	\$ 5,479
Contributions Relative to the Contractually Required Contribution	17,027	15,108	14,140	13,834	11,469	9,834	5,479
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 4,775,371	\$ 4,271,069	\$ 3,946,920	\$ 3,826,545	\$ 3,505,654	\$ 2,976,324	\$ 2,827,730
Contributions as a Percentage of Covered Payroll	0.36%	0.35%	0.36%	0.36%	0.33%	0.33%	0.19%

*See accompanying notes to Required Supplementary Information.*



# Petersburg Borough, Alaska

## Notes to Required Supplementary Information Year Ended June 30, 2024

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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, 2024, the Plan measurement date is June 30, 2023.

#### *Changes in Assumptions:*

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

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

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

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 Liability (Asset)*

This table is presented based on the Plan measurement date. For June 30, 2024, the Plan measurement date is June 30, 2023.

#### *Changes in Assumptions:*

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

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

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

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

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

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

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

## Supplementary Information

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

<i>June 30, 2024</i>	Special Revenue Funds					
	Miscel- laneous Grants	National Forest Receipts - School	National Forest Receipts - Streets and Roads	Property Develop- ment	Transient Room Tax	E911 Surcharge
<b>Assets</b>						
Cash and investments	\$ 70,875	\$ 3,405,581	\$ 515,290	\$ 557,361	\$ 115,000	\$ 132,003
Receivables:						
Grants and shared revenues	8,159	-	-	-	-	-
Accounts	-	-	-	-	-	-
Taxes	-	-	-	348,165	10,745	-
Interest	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 79,034</b>	<b>\$ 3,405,581</b>	<b>\$ 515,290</b>	<b>\$ 905,526</b>	<b>\$ 125,745</b>	<b>\$ 132,003</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 10,660	\$ -	\$ -	\$ -	\$ -	\$ 2,626
Unearned revenue	64,671	-	-	-	-	-
Customer deposits	-	-	-	6,599	-	-
<b>Total Liabilities</b>	<b>75,331</b>	<b>-</b>	<b>-</b>	<b>6,599</b>	<b>-</b>	<b>2,626</b>
<b>Fund Balances</b>						
Restricted:						
Streets and roads	-	-	515,290	-	-	-
School support	-	3,405,581	-	-	-	-
Committed:						
Economic development	-	-	-	-	-	-
Public works	-	-	-	898,927	-	-
Public safety	-	-	-	-	-	129,377
Capital projects	-	-	-	-	-	-
Tourism	-	-	-	-	125,745	-
Assigned:						
General government	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Subsequent year's expenditures	3,703	-	-	-	-	-
<b>Total Fund Balances</b>	<b>3,703</b>	<b>3,405,581</b>	<b>515,290</b>	<b>898,927</b>	<b>125,745</b>	<b>129,377</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 79,034</b>	<b>\$ 3,405,581</b>	<b>\$ 515,290</b>	<b>\$ 905,526</b>	<b>\$ 125,745</b>	<b>\$ 132,003</b>

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

	Special Revenue Funds, continued					
<i>June 30, 2024</i>	Marine Passenger Fee	Borough Organiz- ational	American Rescue Plan Act - ARPA	DCRA Local Government Lost Revenue	Debt Service Fund	
<b>Assets</b>						
Cash and investments	\$ 144,248	\$ 56,128	\$ 79,857	\$ 45,136	\$ 168,920	
Receivables:						
Grants and shared revenues	-	-	-	-	-	
Accounts	4,915	-	-	-	4,630	
Taxes	-	-	-	-	-	
Interest	-	-	-	-	-	
<b>Total Assets</b>	<b>\$ 149,163</b>	<b>\$ 56,128</b>	<b>\$ 79,857</b>	<b>\$ 45,136</b>	<b>\$ 173,550</b>	
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 20	\$ -	\$ -	\$ -	\$ -	
Unearned revenue	-	-	79,857	45,136	-	
Customer deposits	-	-	-	-	-	
<b>Total Liabilities</b>	<b>20</b>	<b>-</b>	<b>79,857</b>	<b>45,136</b>	<b>-</b>	
<b>Fund Balances</b>						
Restricted:						
Streets and roads	-	-	-	-	-	
School support	-	-	-	-	-	
Committed:						
Economic development	-	-	-	-	-	
Public works	-	-	-	-	-	
Public safety	-	-	-	-	-	
Capital projects	-	-	-	-	-	
Tourism	149,143	-	-	-	-	
Assigned:						
General government	-	56,128	-	-	-	
Debt service	-	-	-	-	173,550	
Subsequent year's expenditures	-	-	-	-	-	
<b>Total Fund Balances</b>	<b>149,143</b>	<b>56,128</b>	<b>-</b>	<b>-</b>	<b>173,550</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 149,163</b>	<b>\$ 56,128</b>	<b>\$ 79,857</b>	<b>\$ 45,136</b>	<b>\$ 173,550</b>	

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

<i>June 30, 2024</i>	Capital Project Funds				Total Nonmajor Govern- mental Funds
	Pool Upgrades	Fishing Park	Economic Develop- ment	School Deferred Maintenance	
<b>Assets</b>					
Cash and investments	\$ 455,253	\$ 99,545	\$ 4,692,782	\$ 1,000,000	\$ 11,537,979
Receivables:					
Grants and shared revenues	-	-	-	-	8,159
Accounts	-	-	-	-	9,545
Taxes	-	-	-	-	358,910
Interest	-	-	9,100	-	9,100
<b>Total Assets</b>	<b>\$ 455,253</b>	<b>\$ 99,545</b>	<b>\$ 4,701,882</b>	<b>\$ 1,000,000</b>	<b>\$ 11,923,693</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	13,306
Unearned revenue	-	-	-	-	189,664
Customer deposits	-	-	-	-	6,599
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,569</b>
<b>Fund Balances</b>					
Restricted:					
Streets and roads	-	-	-	-	515,290
School support	-	-	-	-	3,405,581
Committed:					
Economic development	-	-	4,701,882	-	4,701,882
Public works	-	-	-	-	898,927
Public safety	-	-	-	-	129,377
Capital projects	455,253	99,545	-	1,000,000	1,554,798
Tourism	-	-	-	-	274,888
Assigned:					
General government	-	-	-	-	56,128
Debt service	-	-	-	-	173,550
Subsequent year's expenditures	-	-	-	-	3,703
<b>Total Fund Balances</b>	<b>455,253</b>	<b>99,545</b>	<b>4,701,882</b>	<b>1,000,000</b>	<b>11,714,124</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 455,253</b>	<b>\$ 99,545</b>	<b>\$ 4,701,882</b>	<b>\$ 1,000,000</b>	<b>\$ 11,923,693</b>

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

<i>Year Ended June 30, 2024</i>	Special Revenue Funds						
	Miscel- laneous Grants	National Forest Receipts - School	National Forest Receipts - Streets and Roads	Property Development	Transient Room Tax	E911 Surcharge	Marine Passenger Fee
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ 22,428	\$ 84,842	\$ -	\$ -
Intergovernmental	101,201	566,465	99,964	-	-	-	-
Charges for services	-	-	-	-	-	77,862	53,840
Land sales	-	-	-	525,736	-	-	-
Investment income (loss)	-	151,813	21,041	27,425	-	-	-
<b>Total Revenues</b>	<b>101,201</b>	<b>718,278</b>	<b>121,005</b>	<b>575,589</b>	<b>84,842</b>	<b>77,862</b>	<b>53,840</b>
<b>Expenditures</b>							
General government	-	-	-	541,483	-	-	25,974
Public safety	53,084	-	-	-	-	183,858	-
Community services	-	-	-	-	52,000	-	-
Culture and recreation	48,117	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	22,406	-	-	-
<b>Total Expenditures</b>	<b>101,201</b>	<b>-</b>	<b>-</b>	<b>563,889</b>	<b>52,000</b>	<b>183,858</b>	<b>25,974</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>718,278</b>	<b>121,005</b>	<b>11,700</b>	<b>32,842</b>	<b>(105,996)</b>	<b>27,866</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(1,100,000)	-	-	-	-	-
Insurance recovery	-	-	-	-	-	-	-
<b>Net Other Financing Sources (Uses)</b>	<b>-</b>	<b>(1,100,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(381,722)</b>	<b>121,005</b>	<b>11,700</b>	<b>32,842</b>	<b>(105,996)</b>	<b>27,866</b>
<b>Fund Balances, beginning of year</b>	<b>3,703</b>	<b>3,787,303</b>	<b>394,285</b>	<b>887,227</b>	<b>92,903</b>	<b>235,373</b>	<b>121,277</b>
<b>Fund Balance, end of year</b>	<b>\$ 3,703</b>	<b>\$ 3,405,581</b>	<b>\$ 515,290</b>	<b>\$ 898,927</b>	<b>\$ 125,745</b>	<b>\$ 129,377</b>	<b>\$ 149,143</b>

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

<i>Year Ended June 30, 2024</i>	Special Revenue Funds, continued			
	Borough Organizational	American Rescue Plan Act	DCRA Local Government Lost Revenue	Debt Service Fund
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	185,505	230,257	463,011
Charges for services	-	-	-	-
Land sales	-	-	-	-
Investment income (loss)	-	-	-	-
<b>Total Revenues</b>	-	185,505	230,257	463,011
<b>Expenditures</b>				
General government	5,000	79,313	-	-
Public safety	-	106,118	12,000	-
Community services	-	-	26,637	-
Culture and recreation	-	74	191,620	-
Debt service:				
Principal	-	-	-	745,000
Interest	-	-	-	90,876
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	5,000	185,505	230,257	835,876
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(5,000)	-	-	(372,865)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	372,349
Transfers out	-	-	-	(1,000,000)
Insurance recovery	-	-	-	-
<b>Net Other Financing Sources (Uses)</b>	-	-	-	(627,651)
<b>Net Change in Fund Balances</b>	(5,000)	-	-	(1,000,516)
<b>Fund Balances, beginning of year</b>	61,128	-	-	1,174,066
<b>Fund Balance, end of year</b>	\$ 56,128	\$ -	\$ -	\$ 173,550



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

Year Ended June 30, 2024	Capital Project Funds						Total Nonmajor Governmental Funds
	Pool Upgrades	Library Cons- truction	Fishing Park	Economic Develop- ment	School Deferred Maintenance	Homeland Security Fund	
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,270
Intergovernmental	-	-	-	-	-	35,158	1,681,561
Charges for services	-	-	-	-	-	-	131,702
Land sales	-	-	-	-	-	-	525,736
Investment income (loss)	-	-	(173)	572,557	-	-	772,663
<b>Total Revenues</b>	-	-	(173)	572,557	-	35,158	3,218,932
<b>Expenditures</b>							
General government	-	-	-	-	-	-	651,770
Public safety	-	-	-	-	-	-	355,060
Community services	93,398	-	-	100,000	-	-	272,035
Culture and recreation	-	-	-	-	-	-	239,811
Debt service:							
Principal	-	-	-	-	-	-	745,000
Interest	-	-	-	-	-	-	90,876
Capital outlay	-	11,845	-	-	-	35,158	69,409
<b>Total Expenditures</b>	93,398	11,845	-	100,000	-	35,158	2,423,961
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(93,398)	(11,845)	(173)	472,557	-	-	794,971
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	-	-	-	1,000,000	-	1,372,349
Transfers out	-	-	-	(132,843)	-	-	(2,232,843)
Insurance recovery	337,188	-	-	-	-	-	337,188
<b>Net Other Financing Sources (Uses)</b>	337,188	-	-	(132,843)	1,000,000	-	(523,306)
<b>Net Change in Fund Balances</b>	243,790	(11,845)	(173)	339,714	1,000,000	-	271,665
<b>Fund Balances, beginning of year</b>	211,463	11,845	99,718	4,362,168	-	-	11,442,459
<b>Fund Balance, end of year</b>	\$455,253	\$ -	\$99,545	\$4,701,882	\$ 1,000,000	\$ -	\$ 11,714,124

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

<i>June 30, 2024</i>	Elderly Housing
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash and investments	\$ 753,693
<b>Noncurrent Assets</b>	
Net other postemployment benefits asset (restricted)	81,240
Restricted cash - security deposits	11,960
Capital assets:	
Land and land improvements	127,419
Buildings	2,927,479
Improvements other than buildings	319,552
Machinery and equipment	202,228
Total capital assets	3,576,678
Accumulated depreciation	(3,185,554)
Net capital assets	391,124
<b>Total Noncurrent Assets</b>	<b>484,324</b>
<b>Total Assets</b>	<b>1,238,017</b>
<b>Deferred Outflows of Resources</b>	
Related to pension	23,083
Related to other postemployment benefits	6,093
<b>Total Deferred Outflows of Resources</b>	<b>29,176</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,267,193</b>

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

<i>June 30, 2024</i>	Elderly Housing
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 1,959
Accrued payroll and employee benefits	9,395
Accrued leave	7,874
Unearned revenue	1,939
Customer deposits	10,127
<b>Total Current Liabilities</b>	<b>31,294</b>
<b>Noncurrent Liabilities</b>	
Net pension liability	172,740
<b>Total Liabilities</b>	<b>204,034</b>
<b>Deferred Inflows of Resources</b>	
Related to other postemployment benefits	4,126
<b>Net Position</b>	
Net investment in capital assets	391,124
Restricted for net OPEB assets	83,207
Unrestricted	584,702
<b>Total Net Position</b>	<b>1,059,033</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 1,267,193</b>

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

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<i>Year Ended June 30, 2024</i>	Elderly Housing
<b>Operating Revenues</b>	\$ 467,549
<b>Operating Expenses</b>	
Salaries and benefits	145,844
Services, supplies, and other charges	151,478
Allocated overhead and motor pool charges	26,719
Depreciation	48,858
<b>Total Operating Expenses</b>	372,899
<b>Income from Operations</b>	94,650
<b>Nonoperating Revenues (Expenses)</b>	
Investment income	34,601
Interest expense	(448)
State PERS on-behalf, net pension and OPEB	1,966
<b>Net Nonoperating Revenues (Expenses)</b>	36,119
<b>Change in Net Position</b>	130,769
<b>Net Position, beginning of year</b>	928,264
<b>Net Position, end of year</b>	\$ 1,059,033

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

<i>Year Ended June 30, 2024</i>	Elderly Housing
<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 467,624
Payments for interfund services used	(26,719)
Payments to suppliers	(153,317)
Payments to employees	(168,788)
<b>Net cash flows from operating activities</b>	<b>118,800</b>
<b>Cash Flows for Capital and Related Financing Activities</b>	
Principal paid on long-term debt	(53,750)
Interest paid on long-term debt	(1,344)
Acquisition and construction of capital assets	(30,494)
<b>Net cash flows for capital and related financing activities</b>	<b>(85,588)</b>
<b>Cash Flows from Investing Activities</b>	
Investment income received	34,601
<b>Net increase in cash and investments</b>	<b>67,813</b>
<b>Cash and Investments, beginning of year</b>	<b>697,840</b>
<b>Cash and Investments, end of year</b>	<b>\$ 765,653</b>
<b>Cash and Investments at End of Year</b>	
Cash and investments	\$ 753,693
Restricted cash	11,960
<b>Total Cash and Investments</b>	<b>\$ 765,653</b>
<b>Reconciliation of Income from Operations to Net Cash</b>	
<b>Flows from Operating Activities</b>	
Income from operations	\$ 94,650
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Noncash expenses:	
Depreciation	48,858
PERS on-behalf, net pension and OPEB	1,966
Increase (decrease) in assets:	
Amortization of deferred outflows of resources for pension	(1,278)
Amortization of deferred outflows of resources for other postemployment benefits	1,554
Net other postemployment benefits asset	(6,649)
Increase (decrease) in liabilities:	
Amortization of deferred inflows of resources for other postemployment benefits	(2,567)
Accounts payable	(1,839)
Accrued payroll and employee benefits	907
Accrued leave	(5,172)
Unearned revenue	75
Net pension liability	(11,705)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 118,800</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>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 6,265,781	\$ 5,551,074
Receivables:		
Property taxes	78,345	39,649
Sales and tobacco taxes	484,348	484,157
Accounts	53,187	75,763
Leases	69,946	62,977
Interest	112,463	97,523
Total receivables	798,289	760,069
Due from other funds	332,478	513,768
<b>Total Assets</b>	<b>\$ 7,396,548</b>	<b>\$ 6,824,911</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 63,412	\$ 85,145
Accrued payroll and employee benefits	261,380	255,873
Unearned revenue	10,191	15,143
<b>Total Liabilities</b>	<b>334,983</b>	<b>356,161</b>
<b>Deferred Inflows of Resources</b>		
Leases	68,299	60,112
<b>Fund Balance</b>		
Unassigned	6,993,266	6,408,638
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 7,396,548</b>	<b>\$ 6,824,911</b>



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

<i>Years Ended June 30,</i>	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 3,822,648	\$ 3,833,519	\$ 10,871	\$ 3,500,627
Sales taxes	4,156,775	4,235,411	78,636	4,164,980
Motor vehicle registration	36,000	34,200	(1,800)	34,014
Tobacco taxes	250,339	272,400	22,061	274,071
<b>Total taxes</b>	<b>8,265,762</b>	<b>8,375,530</b>	<b>109,768</b>	<b>7,973,692</b>
Intergovernmental:				
Payments in lieu of taxes	640,000	763,123	123,123	721,663
Library grants	9,000	7,000	(2,000)	7,000
Fisheries business tax	700,000	952,271	252,271	944,990
Shared fisheries business tax and landing tax	10,000	10,800	800	15,217
Liquor licenses	7,000	9,500	2,500	6,400
Jail and special services contract	369,484	369,484	-	369,484
State PERS relief	250,000	101,098	(148,902)	84,801
SEACAD police grants	102,026	90,711	(11,315)	81,146
State community assistance	350,000	343,377	(6,623)	379,188
<b>Total intergovernmental</b>	<b>2,437,510</b>	<b>2,647,364</b>	<b>209,854</b>	<b>2,609,889</b>
Licenses and permits	15,400	10,880	(4,520)	12,603
Charges for services:				
Police and public safety	3,000	1,200	(1,800)	983
Ambulance fees	60,000	75,428	15,428	80,688
Public works	6,000	13,296	7,296	3,505
Recreation activity fees	100,000	153,230	53,230	145,530
Cemetery charges	7,000	4,050	(2,950)	5,600

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

Years Ended June 30,	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues, continued</b>				
Charges for services, continued:				
Library charges	\$ 4,000	\$ 1,540	\$ (2,460)	\$ 5,968
Cemetery plot sales	5,000	4,510	(490)	3,010
Passport services	2,000	3,817	1,817	2,138
Other charges for services	56,500	65,652	9,152	89,348
<b>Total charges for services</b>	<b>243,500</b>	<b>322,723</b>	<b>79,223</b>	<b>336,770</b>
Fines and forfeitures	4,000	2,572	(1,428)	3,535
Overhead charges	625,785	625,776	(9)	623,755
Investment income	113,110	767,292	654,182	164,009
Other revenues:				
Lease income	5,000	6,108	1,108	8,464
Library donations	1,000	1,000	-	1,097
<b>Total other revenues</b>	<b>6,000</b>	<b>7,108</b>	<b>1,108</b>	<b>9,561</b>
<b>Total Revenues</b>	<b>11,711,067</b>	<b>12,759,245</b>	<b>1,048,178</b>	<b>11,733,814</b>
<b>Expenditures</b>				
General government:				
Borough assembly	140,887	134,471	6,416	151,666
Borough manager	495,497	494,494	1,003	451,893
Borough attorney	160,000	186,630	(26,630)	232,874
Information systems	149,554	121,748	27,806	105,084
Finance	770,582	771,609	(1,027)	705,980
Nondepartmental PERS on-behalf	250,000	101,098	148,902	84,801
Other	379,690	373,406	6,284	331,732
<b>Total general government</b>	<b>2,346,210</b>	<b>2,183,456</b>	<b>162,754</b>	<b>2,064,030</b>

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

Years Ended June 30,	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Expenditures, continued</b>				
Public safety:				
Police department	\$ 1,709,583	\$ 1,603,971	\$ 105,612	\$ 1,555,774
Jail	523,141	474,735	48,406	439,093
Fire department	759,936	753,045	6,891	701,369
<b>Total public safety</b>	<b>2,992,660</b>	<b>2,831,751</b>	<b>160,909</b>	<b>2,696,236</b>
Public works	1,553,229	1,445,401	107,828	1,570,178
Community development	399,009	389,887	9,122	376,152
Community services	123,800	124,707	(907)	82,996
Culture and recreation:				
Library	495,705	516,143	(20,438)	479,272
Parks and recreation	1,268,454	1,177,610	90,844	1,072,406
<b>Total culture and recreation</b>	<b>1,764,159</b>	<b>1,693,753</b>	<b>70,406</b>	<b>1,551,678</b>
Education - contribution to school district	3,000,000	3,000,000	-	2,000,000
<b>Total Expenditures</b>	<b>12,179,067</b>	<b>11,668,955</b>	<b>510,112</b>	<b>10,341,270</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(468,000)</b>	<b>1,090,290</b>	<b>1,558,290</b>	<b>1,392,544</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,100,000	1,100,000	-	600,000
Transfers out	(1,355,744)	(1,605,662)	(249,918)	(1,287,848)
<b>Net Other Financing Uses</b>	<b>(255,744)</b>	<b>(505,662)</b>	<b>(249,918)</b>	<b>(687,848)</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (723,744)</u></b>	<b>584,628</b>	<b><u>\$ 1,308,372</u></b>	<b>704,696</b>
<b>Fund Balance, beginning of year</b>		<b><u>6,408,638</u></b>		<b><u>5,703,942</u></b>
<b>Fund Balance, end of year</b>		<b><u>\$ 6,993,266</u></b>		<b><u>\$ 6,408,638</u></b>

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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.

### Transient Room Tax

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

### E911 Surcharge

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

### Marine Passenger Fee

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

### Borough Organizational

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

### 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>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 70,875	\$ 41,280
Receivables - grants	8,159	3,238
<b>Total Assets</b>	<b>\$ 79,034</b>	<b>\$ 44,518</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 10,660	\$ 69
Unearned revenue	64,671	40,746
<b>Total Liabilities</b>	<b>75,331</b>	<b>40,815</b>
<b>Fund Balance</b>		
Assigned for subsequent year's expenditures	3,703	3,703
<b>Total Liabilities and Fund Balance</b>	<b>\$ 79,034</b>	<b>\$ 44,518</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>	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 318,923	\$ 101,201	\$ (217,722)	\$ 75,309
<b>Expenditures</b>				
Public safety:				
Police department	-	-	-	1,781
Public health	66,322	53,084	13,238	25,616
Culture and recreation:				
Hazard mitigation	4,397	4,116	281	-
Ball park / skating rink lighting	127,142	8,159	118,983	13,759
IMLS library	9,000	9,000	-	10,000
Campgrounds	6,242	2,524	3,718	1,474
Library	31,000	24,318	6,682	22,679
<b>Total Expenditures</b>	<b>244,103</b>	<b>101,201</b>	<b>142,902</b>	<b>75,309</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ 74,820</u></b>	<b>-</b>	<b><u>\$ (74,820)</u></b>	<b>-</b>
<b>Fund Balance, beginning of year</b>		<u>3,703</u>		<u>3,703</u>
<b>Fund Balance, end of year</b>		<u>\$ 3,703</u>		<u>\$ 3,703</u>

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

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<i>June 30,</i>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 3,405,581	\$ 3,787,303
<b>Fund Balance</b>		
Restricted for school support	\$ 3,405,581	\$ 3,787,303



**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>	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 400,000	\$ 566,465	\$ 166,465	\$ 482,438
Investment income	37,156	151,813	114,657	45,541
<b>Total Revenues</b>	<b>437,156</b>	<b>718,278</b>	<b>281,122</b>	<b>527,979</b>
<b>Expenditures</b>				
Capital outlay	-	-	-	40,990
<b>Excess of Revenues Over Expenditures</b>	<b>437,156</b>	<b>718,278</b>	<b>281,122</b>	<b>486,989</b>
<b>Other Financing Uses - transfers out</b>	<b>(1,100,000)</b>	<b>(1,100,000)</b>	<b>-</b>	<b>(600,000)</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (662,844)</u></b>	<b>(381,722)</b>	<b><u>\$ 281,122</u></b>	<b>(113,011)</b>
Fund Balance, beginning of year		<u>3,787,303</u>		<u>3,900,314</u>
Fund Balance, end of year		<u>\$ 3,405,581</u>		<u>\$ 3,787,303</u>

Petersburg Borough, Alaska

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

<i>June 30,</i>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 515,290	\$ 394,285
<b>Fund Balance</b>		
Restricted for streets and roads	\$ 515,290	\$ 394,285

**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>	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 60,000	\$ 99,964	\$ 39,964	\$ 85,137
Investment income	3,150	21,041	17,891	4,899
<b>Total Revenues</b>	<b>63,150</b>	<b>121,005</b>	<b>57,855</b>	<b>90,036</b>
<b>Expenditures</b>				
Capital outlay	120,000	-	120,000	81,420
<b>Net Change in Fund Balance</b>	<b><u>\$ (56,850)</u></b>	<b>121,005</b>	<b><u>\$ 177,855</u></b>	<b>8,616</b>
<b>Fund Balance, beginning of year</b>		<b><u>394,285</u></b>		<b><u>385,669</u></b>
<b>Fund Balance, end of year</b>		<b><u>\$ 515,290</u></b>		<b><u>\$ 394,285</u></b>

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

<i>June 30,</i>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 557,361	\$ 892,055
Receivables - taxes	348,165	2,459
<b>Total Assets</b>	<b>\$ 905,526</b>	<b>\$ 894,514</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 687
Customer deposits	6,599	6,600
<b>Total Liabilities</b>	<b>6,599</b>	<b>7,287</b>
<b>Fund Balance</b>		
Committed for public works	898,927	887,227
<b>Total Liabilities and Fund Balance</b>	<b>\$ 905,526</b>	<b>\$ 894,514</b>

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

<i>Years Ended June 30,</i>	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Marijuana taxes	\$ 31,627	\$ 22,428	\$ (9,199)	\$ 24,680
Land sales	-	525,736	525,736	1,000
Investment income	7,179	27,425	20,246	10,800
<b>Total Revenues</b>	<b>38,806</b>	<b>575,589</b>	<b>536,783</b>	<b>36,480</b>
<b>Expenditures</b>				
General government - professional services	545,115	541,483	3,632	69,922
Capital outlay	45,000	22,406	22,594	29,165
<b>Total Expenditures</b>	<b>590,115</b>	<b>563,889</b>	<b>26,226</b>	<b>99,087</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(551,309)</b>	<b>11,700</b>	<b>563,009</b>	<b>(62,607)</b>
<b>Other Financing Sources</b>				
Transfers in	-	-	-	77,277
<b>Net Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,277</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (551,309)</u></b>	<b>11,700</b>	<b><u>\$ 563,009</u></b>	<b>14,670</b>
<b>Fund Balance, beginning of year</b>		<b><u>887,227</u></b>		<b><u>872,557</u></b>
<b>Fund Balance, end of year</b>		<b><u>\$ 898,927</u></b>		<b><u>\$ 887,227</u></b>

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

<i>June 30,</i>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 115,000	\$ 81,434
Receivables - transient room taxes	10,745	11,469
<b>Total Assets</b>	<b>\$ 125,745</b>	<b>\$ 92,903</b>
<b>Fund Balance</b>		
Committed for tourism	\$ 125,745	\$ 92,903

**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>	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Transient taxes	\$ 59,495	\$ 84,842	\$ 25,347	\$ 71,821
<b>Expenditures</b>				
Community Services - miscellaneous	51,500	52,000	(500)	51,321
<b>Net Change in Fund Balance</b>	<u>\$ 7,995</u>	32,842	<u>\$ 24,847</u>	20,500
<b>Fund Balance, beginning of year</b>		<u>92,903</u>		<u>72,403</u>
<b>Fund Balance, end of year</b>		<u>\$ 125,745</u>		<u>\$ 92,903</u>

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

<i>June 30,</i>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 132,003	\$ 237,659
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,626	\$ 2,286
<b>Fund Balance</b>		
Committed for public safety	129,377	235,373
<b>Total Liabilities and Fund Balance</b>	<b>\$ 132,003</b>	<b>\$ 237,659</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>	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Charges for services	\$ 80,000	\$ 77,862	\$ (2,138)	\$ 83,818
<b>Expenditures</b>				
Public safety:				
Professional services	81,000	63,015	17,985	48,919
Machine and equipment	119,376	120,843	(1,467)	34,950
<b>Total Expenditures</b>	200,376	183,858	16,518	83,869
<b>Net Change in Fund Balance</b>	<u>\$(120,376)</u>	(105,996)	<u>\$ 14,380</u>	(51)
<b>Fund Balance, beginning of year</b>		<u>235,373</u>		<u>235,424</u>
<b>Fund Balance, end of year</b>		<u>\$ 129,377</u>		<u>\$ 235,373</u>

## Petersburg Borough, Alaska

### Marine Passenger Fee Special Revenue Fund Balance Sheet

<i>June 30,</i>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 144,248	\$ 120,262
Receivables - accounts	4,915	1,015
<b>Total Assets</b>	<b>\$ 149,163</b>	<b>\$ 121,277</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 20	\$ -
<b>Fund Balance</b>		
Committed for tourism	149,143	121,277
<b>Total Liabilities and Fund Balance</b>	<b>\$ 149,163</b>	<b>\$ 121,277</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>	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 19,810
Charges for services	65,000	53,840	(11,160)	40,145
<b>Total Revenues</b>	65,000	53,840	(11,160)	59,955
<b>Expenditures</b>				
General government - other	29,250	25,974	3,276	7,989
<b>Net Change in Fund Balance</b>	<u>\$ 35,750</u>	27,866	<u>\$ (7,884)</u>	51,966
<b>Fund Balance, beginning of year</b>		<u>121,277</u>		<u>69,311</u>
<b>Fund Balance, end of year</b>		<u>\$ 149,143</u>		<u>\$ 121,277</u>

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

<i>June 30,</i>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 56,128	\$ 61,128
<b>Fund Balance</b>		
Assigned for general government	\$ 56,128	\$ 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>	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Expenditures</b>				
General government -				
comprehensive plan/zoning/mapping	\$ 61,128	\$ 5,000	\$ 56,128	\$ -
<b>Net Change in Fund Balance</b>	<u>\$ (61,128)</u>	(5,000)	<u>\$ 56,128</u>	-
<b>Fund Balance, beginning of year</b>		<u>61,128</u>		<u>61,128</u>
<b>Fund Balance, end of year</b>		<u>\$ 56,128</u>		<u>\$ 61,128</u>

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

<i>June 30,</i>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 79,857	\$ 266,116
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 754
Unearned revenue	79,857	265,362
<b>Total Liabilities</b>	<b>\$ 79,857</b>	<b>\$ 266,116</b>

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

<i>Years Ended June 30,</i>	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 185,505	\$ 185,505	\$ 354,089
<b>Expenditures</b>				
General government:				
School district	-	-	-	200,000
Finance - audit	20,000	20,000	-	30,000
Other	75,000	59,313	15,687	47,511
Community outreach	115,000	106,118	8,882	26,525
Culture and recreation	80,000	74	79,926	50,053
<b>Total Expenditures</b>	<b>290,000</b>	<b>185,505</b>	<b>104,495</b>	<b>354,089</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (290,000)</u></b>	<b>-</b>	<b><u>\$ 290,000</u></b>	<b>-</b>
Fund Balance, beginning of year		<u>-</u>		<u>-</u>
Fund Balance, end of year		<u>\$ -</u>		<u>\$ -</u>

## Petersburg Borough, Alaska

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

<i>June 30,</i>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 45,136	\$ 283,312
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 7,920
Unearned revenue	45,136	275,392
<b>Total Liabilities</b>	<b>\$ 45,136</b>	<b>\$ 283,312</b>



## Petersburg Borough, Alaska

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

<i>Years Ended June 30,</i>	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 230,257	\$ 230,257	\$ 1,096,229
<b>Expenditures</b>				
General government:				
Petersburg medical center	-	-	-	825,388
Public safety - ems	52,000	12,000	40,000	61,022
Borough assembly	-	-	-	106,092
Community development	55,000	26,637	28,363	28,402
Machine and equipment	195,000	191,620	3,380	75,325
<b>Total Expenditures</b>	<b>302,000</b>	<b>230,257</b>	<b>71,743</b>	<b>1,096,229</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (302,000)</u></b>	<b>-</b>	<b><u>\$ 302,000</u></b>	<b>-</b>
Fund Balance, beginning of year		<u>-</u>		<u>-</u>
Fund Balance, end of year		<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>	2024	2023
<b>Assets</b>		
Cash and investments	\$ 168,920	\$ 1,161,311
Receivables	4,630	12,755
<b>Total Assets</b>	<b>\$ 173,550</b>	<b>\$ 1,174,066</b>
<b>Fund Balance</b>		
Assigned for debt service	\$ 173,550	\$ 1,174,066

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

Years Ended June 30,	2024			2023
	Budget	Actual	Variance With Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 463,011	\$ 463,011	\$ -	\$ 459,577
<b>Expenditures</b>				
Debt service:				
2007 general obligation aquatic center refunding bonds:				
Principal	70,000	70,000	-	65,000
Interest	13,000	14,750	(1,750)	16,375
2012 (Series 2) general obligation refunding school bonds:				
Principal	230,000	230,000	-	220,000
Interest	17,750	17,750	-	29,000
2012 (Series 3) general obligation library bonds:				
Principal	90,000	90,000	-	90,000
Interest	13,250	11,501	1,749	17,750
2014 general obligation aquatic center/voc. ed refunding bonds:				
Principal	355,000	355,000	-	335,000
Interest	46,875	46,875	-	64,125
<b>Total Expenditures</b>	<b>835,875</b>	<b>835,876</b>	<b>(1)</b>	<b>837,250</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(372,864)</b>	<b>(372,865)</b>	<b>(1)</b>	<b>(377,673)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	372,864	372,349	(515)	338,002
Transfers out	(1,000,000)	(1,000,000)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(627,136)</b>	<b>(627,651)</b>	<b>(515)</b>	<b>338,002</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (1,000,000)</u></b>	<b>(1,000,516)</b>	<b><u>\$ (516)</u></b>	<b>(39,671)</b>
<b>Fund Balance, beginning of year</b>		<b><u>1,174,066</u></b>		<b><u>1,213,737</u></b>
<b>Fund Balance, end of year</b>		<b><u>\$ 173,550</u></b>		<b><u>\$1,174,066</u></b>

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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.

### School Deferred Maintenance

This fund accounts for monies set aside by the Assembly for school deferred maintenance requests.

### Homeland Security

This fund accounts for any homeland security grant the Borough receives for safety and technical equipment.

**Petersburg Borough, Alaska**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**

<i>June 30, 2024</i>	Pool Upgrades	Library Construction	Fishing Park	Economic Development	School Deferred Maintenance	Totals
<b>Assets</b>						
Cash and investments	\$ 455,253	\$ -	\$ 99,545	\$ 4,692,782	\$ 1,000,000	\$ 6,247,580
Accounts receivable:						
Interest	-	-	-	9,100	-	9,100
<b>Total Assets</b>	<b>\$ 455,253</b>	<b>\$ -</b>	<b>\$ 99,545</b>	<b>\$ 4,701,882</b>	<b>\$ 1,000,000</b>	<b>\$ 6,256,680</b>
<b>Fund Balances</b>						
Committed:						
Economic development	\$ -	\$ -	\$ -	\$ 4,701,882	\$ -	\$ 4,701,882
Capital projects	455,253	-	99,545	-	1,000,000	1,554,798
<b>Total Fund Balances</b>	<b>\$ 455,253</b>	<b>\$ -</b>	<b>\$ 99,545</b>	<b>\$ 4,701,882</b>	<b>\$ 1,000,000</b>	<b>\$ 6,256,680</b>



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

<i>Year Ended June 30, 2024</i>	Pool Upgrades	Library Construction	Fishing Park	Economic Development	School Deferred Maintenance	Homeland Security Fund	Totals
<b>Revenues</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,158	\$ 35,158
Investment income (loss)	-	-	(173)	572,557	-	-	572,384
<b>Total Revenues</b>	-	-	(173)	572,557	-	35,158	607,542
<b>Expenditures</b>							
Community services - contributions	-	-	-	100,000	-	-	100,000
Community services - pool upgrades	93,398	-	-	-	-	-	93,398
Capital outlay	-	11,845	-	-	-	35,158	47,003
<b>Total Expenditures</b>	93,398	11,845	-	100,000	-	35,158	240,401
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(93,398)	(11,845)	(173)	472,557	-	-	367,141
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	-	-	1,000,000	-	1,000,000
Transfers out	-	-	-	(132,843)	-	-	(132,843)
Insurance recovery	337,188	-	-	-	-	-	337,188
<b>Net Other Financing Sources (Uses)</b>	337,188	-	-	(132,843)	1,000,000	-	1,204,345
<b>Net Change in Fund Balances</b>	243,790	(11,845)	(173)	339,714	1,000,000	-	1,571,486
<b>Fund Balance, beginning of year</b>	211,463	11,845	99,718	4,362,168	-	-	4,685,194
<b>Fund Balance, end of year</b>	\$ 455,253	\$ -	\$ 99,545	\$ 4,701,882	\$ 1,000,000	\$ -	\$ 6,256,680

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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>	2024	2023
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 5,512,688	\$ 6,839,819
Accounts receivable	500,925	555,456
Interest receivable	5,432	5,432
Allowance for doubtful accounts	(32,860)	(26,934)
Inventories	392,949	332,493
<b>Total Current Assets</b>	<b>6,379,134</b>	<b>7,706,266</b>
<b>Noncurrent Assets</b>		
Restricted cash - capital asset acquisition	-	4,805,434
Restricted cash - bond reserve	508,500	508,500
Net other postemployment benefits asset (restricted)	574,593	618,130
<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	15,355,509	5,284,998
Machinery and equipment	17,474,347	17,474,348
Construction in progress	1,296,418	5,113,544
<b>Total capital assets</b>	<b>39,732,768</b>	<b>33,479,384</b>
Accumulated depreciation	(21,017,205)	(20,369,670)
<b>Net capital assets</b>	<b>18,715,563</b>	<b>13,109,714</b>
<b>Total Noncurrent Assets</b>	<b>19,798,656</b>	<b>19,041,778</b>
<b>Total Assets</b>	<b>26,177,790</b>	<b>26,748,044</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	163,261	180,699
Related to other postemployment benefits	43,097	63,372
<b>Total Deferred Outflows of Resources</b>	<b>206,358</b>	<b>244,071</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 26,384,148</b>	<b>\$ 26,992,115</b>

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

<i>June 30,</i>	2024	2023
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable - operations	\$ 135,288	\$ 179,125
Accounts payable - capital	52,097	775,973
Accrued payroll and employee benefits	82,495	65,354
Accrued leave	134,936	125,757
Accrued interest	32,813	33,958
Customer deposits	40,956	39,002
Unearned revenue	217,965	-
Current portion of general obligation bonds	290,000	275,000
<b>Total Current Liabilities</b>	<b>986,550</b>	<b>1,494,169</b>
<b>Noncurrent Liabilities</b>		
General obligation bonds	7,585,000	7,875,000
Bond premium, net of accumulated amortization	1,131,842	1,179,754
Net pension liability	1,221,752	1,528,483
<b>Total Noncurrent Liabilities</b>	<b>9,938,594</b>	<b>10,583,237</b>
<b>Total Liabilities</b>	<b>10,925,144</b>	<b>12,077,406</b>
<b>Deferred Inflows of Resources</b>		
Related to other postemployment benefits	29,186	55,465
<b>Net Position</b>		
Net investment in capital assets	9,656,624	7,809,421
Restricted for net OPEB assets	588,504	-
Unrestricted	5,184,690	7,049,823
<b>Total Net Position</b>	<b>15,429,818</b>	<b>14,859,244</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 26,384,148</b>	<b>\$ 26,992,115</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Operating Revenues</b>		
Residential electric	\$ 2,902,978	\$ 2,970,829
Large commercial	2,322,298	2,230,992
General	1,136,975	1,165,625
Street and highway lighting	84,815	85,824
Municipal sales	367,083	358,731
Harbor electric	336,442	352,077
Pole rental	53,100	54,600
Other	115,923	87,901
<b>Total Operating Revenues</b>	<b>7,319,614</b>	<b>7,306,579</b>
<b>Operating Expenses</b>		
Power production:		
Salaries	105,116	94,634
Employee benefits - other	45,227	52,773
Employee benefits - PERS	(164,163)	(253,331)
Materials and supplies	212,582	367,322
Services and charges	49,912	45,411
SEAPA power purchase costs	3,803,693	3,532,219
<b>Total power production</b>	<b>4,052,367</b>	<b>3,839,028</b>
Distribution:		
Salaries	434,358	364,467
Employee benefits	190,851	214,180
Materials and supplies	39,345	32,533
Services and charges	38,422	37,882
<b>Total distribution</b>	<b>702,976</b>	<b>649,062</b>
General and administrative:		
Salaries	451,429	373,753
Employee benefits - other	119,547	135,402
Employee benefits - PERS	(73,695)	(113,724)
Materials and supplies	162,516	230,839
Services and charges	351,170	360,865
Allocated overhead	198,840	188,650
Motor pool charges:		
Operation and maintenance	80,892	51,324
Equipment replacement	61,322	607,972
<b>Total general and administrative</b>	<b>1,352,021</b>	<b>1,835,081</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Operating Expenses, continued</b>		
Depreciation	\$ 647,536	\$ 448,354
<b>Total Operating Expenses</b>	<b>6,754,900</b>	<b>6,771,525</b>
<b>Income from Operations</b>	<b>564,714</b>	<b>535,054</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	313,525	266,891
Interest expense	(351,567)	(382,567)
State PERS on-behalf, net pension and OPEB	13,902	(29,228)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(24,140)</b>	<b>(144,904)</b>
<b>Income Before Transfers</b>	<b>540,574</b>	<b>390,150</b>
Transfers in	30,000	-
<b>Change in Net Position</b>	<b>570,574</b>	<b>390,150</b>
<b>Net Position, beginning of year</b>	<b>14,859,244</b>	<b>14,469,094</b>
<b>Net Position, end of year</b>	<b>\$ 15,429,818</b>	<b>\$ 14,859,244</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 7,599,990	\$ 7,334,591
Payments for interfund services used	(341,054)	(847,946)
Payments to suppliers	(4,761,933)	(4,567,339)
Payments to employees	(1,320,208)	(1,238,521)
<b>Net cash flows from operating activities</b>	<b>1,176,795</b>	<b>680,785</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in	30,000	-
<b>Cash Flows for Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(6,977,261)	(2,079,939)
Principal paid on long-term debt	(275,000)	(210,000)
Interest paid on long-term debt	(400,624)	(412,750)
<b>Net cash flows for capital and related financing activities</b>	<b>(7,652,885)</b>	<b>(2,702,689)</b>
<b>Cash Flows from Investing Activities</b>		
Investment income	313,525	261,459
<b>Net decrease in cash and investments</b>	<b>(6,132,565)</b>	<b>(1,760,445)</b>
<b>Cash and Investments, beginning of year</b>	<b>12,153,753</b>	<b>13,914,198</b>
<b>Cash and Investments, end of year</b>	<b>\$ 6,021,188</b>	<b>\$ 12,153,753</b>
<b>Cash and Investments at End of Year</b>		
Equity in central treasury	\$ 5,512,688	\$ 6,839,819
Acquisition and construction of capital assets	-	4,805,434
Bond reserve account	508,500	508,500
<b>Total Cash and Investments</b>	<b>\$ 6,021,188</b>	<b>\$ 12,153,753</b>



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

<i>Years Ended June 30,</i>	2024	2023
<b>Reconciliation of Income from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Income from operations	\$ 564,714	\$ 535,054
Adjustments to reconcile income from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	647,536	448,354
PERS on-behalf, net pension and OPEB	13,902	(29,228)
Increase in allowance for doubtful accounts	5,926	16,260
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	17,438	(1,964)
Amortization of deferred outflows of resources for other postemployment benefits	20,275	(33,465)
Accounts receivable	54,531	9,011
Inventories	(60,456)	7,799
Net other postemployment benefits asset	43,537	248,021
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	-	(475,501)
Amortization of deferred inflows of resources for other postemployment benefits	(26,279)	(411,005)
Accounts payable	(43,837)	31,933
Accrued payroll and employee benefits	17,141	2,156
Accrued leave	9,179	(5,468)
Unearned revenue	217,965	-
Customer deposits	1,954	2,741
Net pension liability	(306,731)	336,087
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 1,176,795</b>	<b>\$ 680,785</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Capital assets purchased on account	\$ 52,097	\$ 775,973

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

<i>Year Ended June 30, 2024</i>	Standby Diesel Generator	Blind Slough Hydro	Totals
<b>Funding Sources</b>			
Electric utility	\$ 1,252,609	\$ 5,012,197	\$ 6,264,806
<b>Expenditures</b>			
Professional services	\$ 48,459	\$ 487,349	\$ 535,808
Construction and contractors	1,204,150	4,524,848	5,728,998
<b>Total Expenditures</b>	<b>\$ 1,252,609</b>	<b>\$ 5,012,197</b>	<b>\$ 6,264,806</b>

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

<i>June 30,</i>	2024	2023
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 1,620,151	\$ 1,402,982
Accounts receivable	90,755	92,048
Allowance for doubtful accounts	(2,971)	(3,007)
Inventories	224,532	204,620
<b>Total Current Assets</b>	<b>1,932,467</b>	<b>1,696,643</b>
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset (restricted)	141,562	124,036
Capital assets:		
Buildings	5,178,330	5,178,330
Improvements other than buildings	27,191,622	27,191,622
Machinery and equipment	3,013,527	3,013,527
Total capital assets	35,383,479	35,383,479
Accumulated depreciation	(20,480,721)	(19,734,688)
Net capital assets	14,902,758	15,648,791
<b>Total Noncurrent Assets</b>	<b>15,044,320</b>	<b>15,772,827</b>
<b>Total Assets</b>	<b>16,976,787</b>	<b>17,469,470</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	40,222	36,260
Related to other postemployment benefits	10,618	12,716
<b>Total Deferred Outflows of Resources</b>	<b>50,840</b>	<b>48,976</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 17,027,627</b>	<b>\$ 17,518,446</b>

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

<i>June 30,</i>	2024	2023
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable - operations	\$ 3,277	\$ 6,136
Accrued payroll and employee benefits	21,228	17,322
Accrued leave	41,915	32,785
Customer deposits	7,266	7,731
Accrued interest	13,683	16,860
Current portion - ADEC loans	234,533	231,068
<b>Total Current Liabilities</b>	<b>321,902</b>	<b>311,902</b>
<b>Noncurrent Liabilities</b>		
ADEC loans	760,578	995,112
Net pension liability	301,002	306,710
<b>Total Noncurrent Liabilities</b>	<b>1,061,580</b>	<b>1,301,822</b>
<b>Total Liabilities</b>	<b>1,383,482</b>	<b>1,613,724</b>
<b>Deferred Inflows of Resources</b>		
Related to other postemployment benefits	7,190	11,130
<b>Net Position</b>		
Net investment in capital assets	13,907,647	14,422,611
Restricted for net OPEB assets	144,990	-
Unrestricted	1,584,318	1,470,981
<b>Total Net Position</b>	<b>15,636,955</b>	<b>15,893,592</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 17,027,627</b>	<b>\$ 17,518,446</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Operating Revenues</b>		
Residential water	\$ 600,227	\$ 585,570
Commercial water	478,935	426,944
Water delivery	14,800	14,200
Other	7,200	7,661
<b>Total Operating Revenues</b>	<b>1,101,162</b>	<b>1,034,375</b>
<b>Operating Expenses</b>		
Salaries	288,384	247,489
Employee benefits - other	132,964	130,319
Employee benefits - PERS	(25,613)	(54,194)
Materials and supplies	227,739	108,164
Services and charges	176,121	191,140
Allocated overhead	69,936	75,430
Motor pool charges:		
Operation and maintenance	14,883	12,161
Equipment replacement	7,739	13,856
Depreciation	746,033	840,772
<b>Total Operating Expenses</b>	<b>1,638,186</b>	<b>1,565,137</b>
<b>Loss from Operations</b>	<b>(537,024)</b>	<b>(530,762)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	174,333	47,964
Interest expense	(15,214)	(18,678)
State PERS on-behalf, net pension and OPEB	3,425	(5,865)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>162,544</b>	<b>23,421</b>
<b>Loss Before Transfers</b>	<b>(374,480)</b>	<b>(507,341)</b>
Transfers in	132,843	132,843
Transfer out	(15,000)	-
<b>Change in Net Position</b>	<b>(256,637)</b>	<b>(374,498)</b>
<b>Net Position, beginning of year</b>	<b>15,893,592</b>	<b>16,268,090</b>
<b>Net Position, end of year</b>	<b>\$ 15,636,955</b>	<b>\$ 15,893,592</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 1,101,954	\$ 1,029,777
Payments for interfund services used	(92,558)	(101,447)
Payments to suppliers	(426,631)	(423,556)
Payments to employees	(408,312)	(372,289)
Net cash flows from operating activities	174,453	132,485
<b>Cash Flows for Noncapital Financing Activities</b>		
Transfers out	(15,000)	-
<b>Cash Flows for Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(231,069)	(227,654)
Interest paid on long-term debt	(18,391)	(21,808)
Acquisition and construction of capital assets	-	(7,610)
Transfers in	132,843	132,843
Net cash flows for capital and related financing activities	(116,617)	(124,229)
<b>Cash Flows from Investing Activities</b>		
Investment income	174,333	47,964
Net increase in cash and investments	217,169	56,220
<b>Cash and Investments, beginning of year</b>	1,402,982	1,346,762
<b>Cash and Investments, end of year</b>	\$ 1,620,151	\$ 1,402,982
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (537,024)	\$ (530,762)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	746,033	840,772
PERS on-behalf, net pension and OPEB	3,425	(5,865)
Increase (decrease) in allowance for doubtful accounts	36	(1,682)
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	(3,962)	(3,677)
Amortization of deferred outflows of resources for other postemployment benefits	2,098	(7,264)
Accounts receivable	1,221	(2,657)
Inventories	(19,912)	(122,015)
Net other postemployment benefits assets	(17,526)	33,860
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	-	(86,682)
Amortization of deferred inflows of resources for other postemployment benefits	(3,940)	(73,906)
Accounts payable	(2,859)	(2,237)
Accrued payroll and employee benefits	3,906	(654)
Accrued leave	9,130	6,173
Customer deposits	(465)	(259)
Net pension liability	(5,708)	89,340
<b>Net Cash Flows from Operating Activities</b>	\$ 174,453	\$ 132,485

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

<i>June 30,</i>	2024	2023
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 877,306	\$ 833,196
Receivables:		
Grants and loan	10,782	91,936
Accounts	90,005	89,413
Allowance for doubtful accounts	(4,020)	(3,579)
Inventories	93,581	93,540
<b>Total Current Assets</b>	<b>1,067,654</b>	<b>1,104,506</b>
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset (restricted)	123,700	111,510
Capital assets:		
Buildings	9,091,647	9,091,647
Improvements other than buildings	13,254,616	13,254,616
Machinery and equipment	823,578	823,578
Construction in progress	313,033	139,015
Total capital assets	23,482,874	23,308,856
Accumulated depreciation	(14,135,122)	(13,652,184)
Net capital assets	9,347,752	9,656,672
<b>Total Noncurrent Assets</b>	<b>9,471,452</b>	<b>9,768,182</b>
<b>Total Assets</b>	<b>10,539,106</b>	<b>10,872,688</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	35,147	32,598
Related to other postemployment benefits	9,278	11,432
<b>Total Deferred Outflows of Resources</b>	<b>44,425</b>	<b>44,030</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 10,583,531</b>	<b>\$ 10,916,718</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable - operations	\$ 2,079	\$ 12,190
Accounts payable - capital	-	33,988
Accrued payroll and employee benefits	20,906	19,486
Accrued leave	47,557	45,214
Customer deposits	7,266	7,087
Accrued interest	23,528	16,327
Current portion of ADEC loans	130,889	128,954
<b>Total Current Liabilities</b>	<b>232,225</b>	<b>263,246</b>
<b>Noncurrent Liabilities</b>		
ADEC loans	1,989,712	1,969,070
Net pension liability	263,023	275,737
<b>Total Noncurrent Liabilities</b>	<b>2,252,735</b>	<b>2,244,807</b>
<b>Total Liabilities</b>	<b>2,484,960</b>	<b>2,508,053</b>
<b>Deferred Inflows of Resources</b>		
Related to other postemployment benefits	6,283	10,006
<b>Net Position</b>		
Net investment in capital assets	7,227,151	7,524,660
Restricted for net OPEB assets	126,695	-
Unrestricted	738,442	873,999
<b>Total Net Position</b>	<b>8,092,288</b>	<b>8,398,659</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$10,583,531</b>	<b>\$10,916,718</b>



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

<i>Years Ended June 30,</i>	2024	2023
<b>Operating Revenues</b>		
Residential sewer	\$ 713,545	\$ 672,688
Commercial sewer	216,225	209,161
Other	8,474	21,234
<b>Total Operating Revenues</b>	<b>938,244</b>	<b>903,083</b>
<b>Operating Expenses</b>		
Salaries	299,008	255,303
Employee benefits - other	147,028	142,098
Employee benefits - PERS	(26,029)	(67,180)
Materials and supplies	67,493	29,296
Services and charges	191,681	191,168
Allocated overhead	60,504	65,334
Motor pool charges:		
Operation and maintenance	20,104	16,516
Equipment replacement	22,772	29,258
Depreciation	482,939	475,170
<b>Total Operating Expenses</b>	<b>1,265,500</b>	<b>1,136,963</b>
<b>Loss from Operations</b>	<b>(327,256)</b>	<b>(233,880)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	38,169	10,257
Interest expense	(27,763)	(20,870)
Federal interest subsidy	22,486	51,714
State PERS on-behalf, net pension and OPEB	2,993	(5,272)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>35,885</b>	<b>35,829</b>
<b>Loss Before Transfers</b>	<b>(291,371)</b>	<b>(198,051)</b>
Transfers out	(15,000)	-
<b>Change in Net Position</b>	<b>(306,371)</b>	<b>(198,051)</b>
<b>Net Position, beginning of year</b>	<b>8,398,659</b>	<b>8,596,710</b>
<b>Net Position, end of year</b>	<b>\$ 8,092,288</b>	<b>\$ 8,398,659</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 938,272	\$ 899,788
Payments for interfund services used	(103,380)	(111,108)
Payments to suppliers	(269,326)	(242,608)
Payments to employees	(442,273)	(383,312)
<b>Net cash flows from operating activities</b>	<b>123,293</b>	<b>162,760</b>
<b>Cash Flows for Noncapital Financing Activities</b>		
Transfers out	(15,000)	-
<b>Cash Flows for Capital and Related Financing Activities</b>		
Proceeds from long-term debt	243,470	-
Principal payments on ADEC loans	(139,739)	(153,750)
Interest paid on long-term debt	(20,562)	(22,469)
Acquisition and construction of capital assets	(208,007)	(156,543)
Federal interest subsidy received	22,486	51,714
<b>Net cash flows for capital and related financing activities</b>	<b>(102,352)</b>	<b>(281,048)</b>
<b>Cash Flows from Investing Activities</b>		
Investment income	38,169	10,257
<b>Net increase (decrease) in cash and investments</b>	<b>44,110</b>	<b>(108,031)</b>
<b>Cash and Investments, beginning of year</b>	<b>833,196</b>	<b>941,227</b>
<b>Cash and Investments, end of year</b>	<b>\$ 877,306</b>	<b>\$ 833,196</b>
<b>Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities</b>		
Loss from operations	\$ (327,256)	\$ (233,880)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	482,939	475,170
PERS on-behalf, net pension and OPEB	2,993	(5,272)
Decrease in allowance for doubtful accounts	(441)	(1,183)
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pensions	(2,549)	(192)
Amortization of deferred outflows of resources for other postemployment benefits	2,154	(6,010)
Accounts receivable	290	(1,824)
Inventories	(41)	(33,430)
Net other postemployment benefits assets	(12,190)	45,531
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pensions	-	(86,213)
Amortization of deferred inflows of resources for other postemployment benefits	(3,723)	(74,569)
Accounts payable	(10,111)	11,286
Accrued payroll and employee benefits	1,420	1,758
Accrued leave	2,343	12,331
Customer deposits	179	(288)
Net pension liability	(12,714)	59,545
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 123,293</b>	<b>\$ 162,760</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Capital assets purchased on account	\$ -	\$ 33,988

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

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<i>Year Ended June 30, 2024</i>	Pump Station 4 in Replacement
<hr/>	
<b>Funding Sources</b>	
Wastewater Utility	\$ 174,018
<hr/>	
<b>Expenditures</b>	
Professional services	\$ 174,018
<hr/>	

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

<i>June 30,</i>	2024	2023
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 724,555	\$ 553,253
Accounts receivable	141,341	137,464
Allowance for doubtful accounts	(5,394)	(4,672)
<b>Total Current Assets</b>	<b>860,502</b>	<b>686,045</b>
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset (restricted)	175,206	89,515
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	1,083,901	1,058,169
Total capital assets	4,166,496	4,140,764
Accumulated depreciation	(2,738,803)	(2,548,245)
Net capital assets	1,427,693	1,592,519
<b>Total Noncurrent Assets</b>	<b>1,602,899</b>	<b>1,682,034</b>
<b>Total Assets</b>	<b>2,463,401</b>	<b>2,368,079</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	49,782	26,168
Related to other postemployment benefits	13,141	9,177
<b>Total Deferred Outflows of Resources</b>	<b>62,923</b>	<b>35,345</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,526,324</b>	<b>\$ 2,403,424</b>

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

June 30,	2024	2023
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 103,450	\$ 37,094
Accrued payroll and employee benefits	23,442	19,224
Accrued leave	45,838	35,511
Customer deposits	10,569	10,309
<b>Total Current Liabilities</b>	<b>183,299</b>	<b>102,138</b>
<b>Noncurrent Liabilities</b>		
Net pension liability	372,538	221,348
Landfill closure liability	78,604	77,657
<b>Total Noncurrent Liabilities</b>	<b>451,142</b>	<b>299,005</b>
<b>Total Liabilities</b>	<b>634,441</b>	<b>401,143</b>
<b>Deferred Inflows of Resources</b>		
Related to other postemployment benefits	8,899	8,032
<b>Net Position</b>		
Net investment in capital assets	1,427,693	1,592,519
Restricted for net OPEB assets	179,448	-
Unrestricted	275,843	401,730
<b>Total Net Position</b>	<b>1,882,984</b>	<b>1,994,249</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 2,526,324</b>	<b>\$ 2,403,424</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Operating Revenues</b>		
Refuse collection	\$ 1,049,553	\$ 992,268
Landfill charges	442,838	477,550
<b>Total Operating Revenues</b>	<b>1,492,391</b>	<b>1,469,818</b>
<b>Operating Expenses</b>		
Salaries	338,410	272,897
Employee benefits - other	154,159	141,751
Employee benefits - PERS	43,028	(111,225)
Materials and supplies	43,375	42,749
Services and charges	147,149	241,214
Bale disposal	432,164	330,166
Allocated overhead	84,048	85,512
Motor pool charges:		
Operation and maintenance	92,197	117,684
Equipment replacement	115,549	111,726
Depreciation	190,558	186,255
<b>Total Operating Expenses</b>	<b>1,640,637</b>	<b>1,418,729</b>
<b>Income (Loss) from Operations</b>	<b>(148,246)</b>	<b>51,089</b>
<b>Nonoperating Revenues</b>		
Investment income	32,741	6,845
State PERS on-behalf, net pension and OPEB	4,240	(4,232)
<b>Total Nonoperating Revenue</b>	<b>36,981</b>	<b>2,613</b>
<b>Change in Net Position</b>	<b>(111,265)</b>	<b>53,702</b>
<b>Net Position, beginning of year</b>	<b>1,994,249</b>	<b>1,940,547</b>
<b>Net Position, end of year</b>	<b>\$ 1,882,984</b>	<b>\$ 1,994,249</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 1,489,496	\$ 1,447,166
Payments for interfund services used	(291,794)	(314,922)
Payments to suppliers	(555,385)	(614,352)
Payments to employees	(478,024)	(407,977)
<b>Net cash flows from operating activities</b>	<b>164,293</b>	<b>109,915</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(25,732)	(31,105)
<b>Cash Flows from Investing Activities</b>		
Investment income	32,741	6,845
<b>Net increase in cash and investments</b>	<b>171,302</b>	<b>85,655</b>
<b>Cash and Investments, beginning of year</b>	<b>553,253</b>	<b>467,598</b>
<b>Cash and Investments, end of year</b>	<b>\$ 724,555</b>	<b>\$ 553,253</b>
<b>Reconciliation of Income (Loss) from Operations to Net Cash Flows from Operating Activities</b>		
Income (loss) from operations	\$ (148,246)	\$ 51,089
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	190,558	186,255
Landfill closure liability	947	11,687
PERS on-behalf, net pension and OPEB	4,240	(4,232)
Increase (decrease) in allowance for doubtful accounts	(722)	1,294
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	(23,614)	9,511
Amortization of deferred outflows of resources for other postemployment benefits	(3,964)	(3,207)
Accounts receivable	(2,433)	(24,422)
Net other postemployment benefits asset	(85,691)	83,387
Increase (decrease) in liabilities:		
Amortization of deferred inflows or resources for pension	-	(94,920)
Amortization of deferred inflows of resources for other postemployment benefits	867	(85,085)
Accounts payable	66,356	(11,910)
Accrued payroll and employee benefits	4,218	378
Accrued leave	10,327	6,293
Customer deposits	260	476
Net pension liability	151,190	(16,679)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 164,293</b>	<b>\$ 109,915</b>

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

<i>June 30,</i>	2024	2023
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 2,632,959	\$ 1,911,374
Accounts receivable	281,420	270,748
Leases receivable, current portion	54,571	44,756
Allowance for doubtful accounts	(40,342)	(49,567)
<b>Total Current Assets</b>	<b>2,928,608</b>	<b>2,177,311</b>
<b>Noncurrent Assets</b>		
Leases receivable, long term	1,197,476	1,299,645
Net other postemployment benefits asset (restricted)	329,604	283,967
<b>Capital assets:</b>		
Land and land improvements	360,059	360,059
Buildings	375,175	375,175
Improvements other than buildings	39,355,844	39,329,296
Machinery and equipment	703,402	697,690
Construction in progress	20,346	20,346
Total capital assets	40,814,826	40,782,566
Accumulated depreciation	(21,355,280)	(19,942,643)
Net capital assets	19,459,546	20,839,923
<b>Total Noncurrent Assets</b>	<b>20,986,626</b>	<b>22,423,535</b>
<b>Total Assets</b>	<b>23,915,234</b>	<b>24,600,846</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	93,651	83,013
Related to other postemployment benefits	24,722	29,113
<b>Total Deferred Outflows of Resources</b>	<b>118,373</b>	<b>112,126</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 24,033,607</b>	<b>\$ 24,712,972</b>



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

<i>June 30,</i>	2024	2023
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 7,369	\$ 4,491
Accrued payroll and employee benefits	46,846	40,373
Accrued leave	66,032	63,966
Prepaid moorage	16,671	16,671
<b>Total Current Liabilities</b>	<b>136,918</b>	<b>125,501</b>
<b>Noncurrent Liabilities</b>		
Net pension liability	700,833	702,181
<b>Total Liabilities</b>	<b>837,751</b>	<b>827,682</b>
<b>Deferred Inflows of Resources</b>		
Lease related	1,147,335	1,268,071
Related to other postemployment benefits	16,742	25,480
<b>Total Deferred Inflows of Resources</b>	<b>1,164,077</b>	<b>1,293,551</b>
<b>Net Position</b>		
Net investment in capital assets	19,459,546	20,839,923
Restricted for net OPEB assets	337,584	-
Unrestricted	2,234,649	1,751,816
<b>Total Net Position</b>	<b>22,031,779</b>	<b>22,591,739</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 24,033,607</b>	<b>\$ 24,712,972</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>	2024	2023
<b>Operating Revenues</b>		
Harbor charges	\$ 1,396,519	\$ 1,404,189
Port charges and leases	123,792	150,744
Other	117,664	121,567
<b>Total Operating Revenues</b>	<b>1,637,975</b>	<b>1,676,500</b>
<b>Operating Expenses</b>		
Salaries	596,585	519,997
Employee benefits - other	271,058	252,829
Employee benefits - PERS	(53,994)	(124,644)
Materials and supplies	139,122	2,143,171
Services and charges	337,107	373,204
Derelict boat disposals	8,060	1,650
Allocated overhead	99,396	93,619
Motor pool charges:		
Operation and maintenance	78,830	201,375
Equipment replacement	13,110	17,843
Depreciation	1,438,947	1,392,181
<b>Total Operating Expenses</b>	<b>2,928,221</b>	<b>4,871,225</b>
<b>Loss from Operations</b>	<b>(1,290,246)</b>	<b>(3,194,725)</b>
<b>Nonoperating Revenues</b>		
Investment income	120,039	34,549
State PERS on-behalf, net pension and OPEB	7,976	(13,427)
<b>Net Nonoperating Revenues</b>	<b>128,015</b>	<b>21,122</b>
Loss before transfers	(1,162,231)	(3,173,603)
Transfers in	602,271	594,990
<b>Change in Net Position</b>	<b>(559,960)</b>	<b>(2,578,613)</b>
<b>Net Position, beginning of year</b>	<b>22,591,739</b>	<b>25,170,352</b>
<b>Net Position, end of year</b>	<b>\$ 22,031,779</b>	<b>\$ 22,591,739</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Cash Flows from (for) Operating Activities</b>		
Receipts from customers and users	\$ 1,589,696	\$ 1,641,375
Payments for interfund services used	(191,336)	(312,837)
Payments to suppliers	(481,411)	(2,532,363)
Payments to employees	(859,104)	(751,632)
<b>Net cash flows from (for) operating activities</b>	<b>57,845</b>	<b>(1,955,457)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(58,570)	(372,582)
Transfers in	602,271	594,990
<b>Net cash flows from capital and related financing activities</b>	<b>543,701</b>	<b>222,408</b>
<b>Cash Flows from Investing Activities</b>		
Investment income	120,039	34,549
<b>Net increase (decrease) in cash and investments</b>	<b>721,585</b>	<b>(1,698,500)</b>
<b>Cash and Investments, beginning of year</b>	<b>1,911,374</b>	<b>3,609,874</b>
<b>Cash and Investments, end of year</b>	<b>\$ 2,632,959</b>	<b>\$ 1,911,374</b>
<b>Reconciliation of Loss from Operations to Net Cash Flows from (for) Operating Activities</b>		
Loss from operations	\$ (1,290,246)	\$ (3,194,725)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Noncash expenses:		
Depreciation	1,438,947	1,392,181
PERS on-behalf, net pension and OPEB	7,976	(13,427)
Increase in allowance for doubtful accounts	9,225	9,882
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	(10,638)	(8,322)
Amortization of deferred outflows of resources for other postemployment benefits	4,391	(16,615)
Accounts receivable	(29,122)	(8,712)
Net other postemployment benefits asset	(45,637)	77,989
Leases receivable	92,354	46,581
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	-	(198,707)
Amortization of deferred inflows of resources for other postemployment benefits	(8,738)	(169,453)
Accounts payable	2,878	(14,338)
Accrued payroll and employee benefits	6,473	4,689
Accrued leave	2,066	16,505
Deferred inflows of resources related to leases	(120,736)	(82,876)
Net pension liability	(1,348)	203,891
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 57,845</b>	<b>\$ (1,955,457)</b>

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

<i>June 30,</i>	2024	2023
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 753,693	\$ 686,187
<b>Noncurrent Assets</b>		
Restricted cash - security deposits	11,960	11,653
Net other postemployment benefits asset (restricted)	81,240	74,591
Capital assets:		
Land and land improvements	127,419	127,419
Buildings	2,927,479	2,916,985
Improvements other than buildings	319,552	299,552
Machinery and equipment	202,228	202,228
Total capital assets	3,576,678	3,546,184
Accumulated depreciation	(3,185,554)	(3,136,696)
Net capital assets	391,124	409,488
<b>Total Noncurrent Assets</b>	<b>484,324</b>	<b>495,732</b>
<b>Total Assets</b>	<b>1,238,017</b>	<b>1,181,919</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	23,083	21,805
Related to other postemployment benefits	6,093	7,647
<b>Total Deferred Outflows of Resources</b>	<b>29,176</b>	<b>29,452</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,267,193</b>	<b>\$ 1,211,371</b>

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

<i>June 30,</i>	2024	2023
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,959	\$ 3,798
Accrued payroll and employee benefits	9,395	8,488
Accrued leave	7,874	13,046
Unearned revenue	1,939	1,864
Customer deposits	10,127	10,127
Accrued interest	-	896
Current portion of general obligation bonds	-	53,750
<b>Total Current Liabilities</b>	<b>31,294</b>	<b>91,969</b>
<b>Noncurrent Liabilities</b>		
Net pension liability	172,740	184,445
<b>Total Liabilities</b>	<b>204,034</b>	<b>276,414</b>
<b>Deferred Inflows of Resources</b>		
Related to other postemployment benefits	4,126	6,693
<b>Net Position</b>		
Net investment in capital assets	391,124	355,738
Restricted for net OPEB assets	83,207	-
Unrestricted	584,702	572,526
<b>Total Net Position</b>	<b>1,059,033</b>	<b>928,264</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 1,267,193</b>	<b>\$ 1,211,371</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Operating Revenues</b>		
Federal government - rental subsidies	\$ 326,437	\$ 316,501
Rental income	141,112	129,859
<b>Total Operating Revenues</b>	<b>467,549</b>	<b>446,360</b>
<b>Operating Expenses</b>		
Salaries	116,261	111,095
Employee benefits - other	48,262	48,668
Employee benefits - PERS	(18,679)	17,264
Materials and supplies	11,595	16,530
Services and charges	139,883	129,390
Allocated overhead	26,220	26,563
Motor pool charges:		
Operation and maintenance	233	1,331
Equipment replacement	266	3,194
Depreciation	48,858	77,485
<b>Total Operating Expenses</b>	<b>372,899</b>	<b>431,520</b>
<b>Income from Operations</b>	<b>94,650</b>	<b>14,840</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	34,601	7,909
Interest revenue (expense)	(448)	1,081
State PERS on-behalf, net pension and OPEB	1,966	(3,527)
<b>Net Nonoperating Revenue (Expenses)</b>	<b>36,119</b>	<b>5,463</b>
<b>Change in Net Position</b>	<b>130,769</b>	<b>20,303</b>
<b>Net Position, beginning of year</b>	<b>928,264</b>	<b>907,961</b>
<b>Net Position, end of year</b>	<b>\$ 1,059,033</b>	<b>\$ 928,264</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 467,624	\$ 446,883
Payments for interfund services used	(26,719)	(31,088)
Payments to suppliers	(153,317)	(142,984)
Payments to employees	(168,788)	(142,569)
Net cash flows from operating activities	118,800	130,242
<b>Cash Flows for Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(53,750)	(55,000)
Interest paid on long-term debt	(1,344)	(4,063)
Acquisition and construction of capital assets	(30,494)	(9,961)
Net cash flows for capital and related financing activities	(85,588)	(69,024)
<b>Cash Flows from Investing Activities</b>		
Investment income	34,601	7,909
Net increase in cash and investments	67,813	69,127
Cash and Investments, beginning of year	697,840	628,713
Cash and Investments, end of year	\$ 765,653	\$ 697,840
<b>Cash and Investments at End of Year</b>		
Cash and investments	\$ 753,693	\$ 686,187
Restricted cash	11,960	11,653
<b>Total Cash and Investments</b>	<b>\$ 765,653</b>	<b>\$ 697,840</b>
<b>Reconciliation of Income from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Income from operations	\$ 94,650	\$ 14,840
Adjustments to reconcile income from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	48,858	77,485
PERS on-behalf, net pension and OPEB	1,966	(3,527)
Decrease in assets:		
Amortization of deferred outflows of resources for pension	(1,278)	(10,620)
Amortization of deferred outflows of resources for other postemployment benefits	1,554	(5,776)
Net other postemployment benefits asset	(6,649)	(20,390)
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	-	(29,755)
Amortization of deferred inflows of resources for other postemployment benefits	(2,567)	(22,497)
Accounts payable	(1,839)	2,936
Accrued payroll and employee benefits	907	4,402
Accrued leave	(5,172)	12,792
Unearned revenue	75	75
Customer deposits	-	448
Net pension liability	(11,705)	109,829
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 118,800</b>	<b>\$ 130,242</b>

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

<i>June 30,</i>	2024	2023
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Accounts receivable	\$ 41,810	\$ -
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset (restricted)	418,486	349,032
Capital assets:		
Buildings	4,079,118	4,079,118
Machinery and equipment	109,588	109,588
Total capital assets	4,188,706	4,188,706
Accumulated depreciation	(2,153,061)	(2,046,213)
Net capital assets	2,035,645	2,142,493
<b>Total Assets</b>	<b>2,495,941</b>	<b>2,491,525</b>
<b>Deferred Outflows of Resources</b>		
Related to pension	118,906	102,033
Related to other postemployment benefits	31,388	35,784
<b>Total Deferred Outflows of Resources</b>	<b>150,294</b>	<b>137,817</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,646,235</b>	<b>\$ 2,629,342</b>



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

<i>June 30,</i>	2024	2023
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 16,365	\$ 13,908
Accrued payroll and employee benefits	63,431	56,068
Accrued leave	69,818	66,831
Unearned revenue	3,389	3,389
Customer deposits	3,600	3,300
Due to other funds	332,478	367,599
Accrued interest	-	2,689
Current portion of general obligation bonds	-	161,250
<b>Total Current Liabilities</b>	<b>489,081</b>	<b>675,034</b>
<b>Noncurrent Liabilities</b>		
Net pension liability	889,823	863,071
<b>Total Liabilities</b>	<b>1,378,904</b>	<b>1,538,105</b>
<b>Deferred Inflows of Resources</b>		
Related to other postemployment benefits	21,256	31,319
<b>Net Position</b>		
Net investment in capital assets	2,035,645	1,981,243
Restricted for net OPEB assets	428,618	-
Unrestricted (deficit)	(1,218,188)	(921,325)
<b>Total Net Position</b>	<b>1,246,075</b>	<b>1,059,918</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 2,646,235</b>	<b>\$ 2,629,342</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Operating Revenues</b>		
Rents and royalties	\$ 316,173	\$ 247,399
Fees for services	629,674	447,684
Medicaid services	406,234	535,354
General relief for services	16,778	36,680
Other revenues	9,454	1,950
<b>Total Operating Revenues</b>	<b>1,378,313</b>	<b>1,269,067</b>
<b>Operating Expenses</b>		
Salaries	922,029	849,060
Employee benefits - other	389,863	354,506
Employee benefits - PERS	(55,008)	(334,861)
Materials and supplies	179,209	176,575
Services and charges	197,650	161,340
Allocated overhead	86,832	88,647
Motor pool charges:		
Operation and maintenance	2,445	3,693
Equipment replacement	2,114	3,194
Depreciation	106,848	110,296
<b>Total Operating Expenses</b>	<b>1,831,982</b>	<b>1,412,450</b>
<b>Loss from Operations</b>	<b>(453,669)</b>	<b>(143,383)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Interest revenue (expense)	(1,342)	3,250
State PERS on-behalf, net pension and OPEB	10,126	(16,504)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>8,784</b>	<b>(13,254)</b>
Loss before transfers	(444,885)	(156,637)
Transfers in	631,042	298,260
<b>Change in Net Position</b>	<b>186,157</b>	<b>141,623</b>
<b>Net Position, beginning of year</b>	<b>1,059,918</b>	<b>918,295</b>
<b>Net Position, end of year</b>	<b>\$ 1,246,075</b>	<b>\$ 1,059,918</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Cash Flows for Operating Activities</b>		
Receipts for customers and users	\$1,336,803	\$1,269,677
Payments for interfund services used	(91,391)	(95,534)
Payments to suppliers	(374,402)	(333,309)
Payments to employees	(1,301,650)	(1,218,766)
<b>Net cash flows for operating activities</b>	<b>(430,640)</b>	<b>(377,932)</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>		
Increase (decrease) in due to other funds	(35,121)	267,386
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	-	(10,527)
Principal paid on long term debt	(161,250)	(165,000)
Interest paid on long term debt	(4,031)	(12,187)
Transfers in	631,042	298,260
<b>Net cash flows from capital and related financing activities</b>	<b>465,761</b>	<b>110,546</b>
Net increase in cash and investments	-	-
<b>Cash and Investments, beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash and Investments, end of year</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows for Operating Activities</b>		
Loss from operations	\$ (453,669)	\$ (143,383)
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Noncash expenses:		
Depreciation	106,848	110,296
PERS on-behalf, net pension and OPEB	10,126	(16,504)
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	(16,873)	20,416
Amortization of deferred outflows of resources for other postemployment benefits	4,396	(15,295)
Accounts receivable	(41,810)	-
Net other postemployment benefits asset	(69,454)	244,357
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	-	(325,759)
Amortization of deferred inflows of resources for other postemployment benefits	(10,063)	(288,253)
Accounts payable	2,457	4,606
Accrued payroll and employee benefits	7,363	(24,654)
Accrued leave	2,987	9,454
Unearned revenue	-	10
Customer deposits	300	600
Net pension liability	26,752	46,177
<b>Net Cash Flows for Operating Activities</b>	<b>\$ (430,640)</b>	<b>\$ (377,932)</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>	2024	2023
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 3,651,372	\$ 4,135,865
Receivables - other	4,010	261,110
<b>Total Current Assets</b>	<b>3,655,382</b>	<b>4,396,975</b>
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset (restricted)	57,832	46,378
Capital assets:		
Equipment	9,014,657	8,508,484
Accumulated depreciation	(5,965,298)	(6,075,700)
Net capital assets	3,049,359	2,432,784
<b>Total Noncurrent Assets</b>	<b>3,107,191</b>	<b>2,479,162</b>
<b>Total Assets</b>	<b>6,762,573</b>	<b>6,876,137</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	16,432	13,558
Related to other postemployment benefits	4,338	4,756
<b>Total Deferred Outflows of Resources</b>	<b>20,770</b>	<b>18,314</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,783,343</b>	<b>\$ 6,894,451</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,887	\$ 5,072
Accrued payroll and employee benefits	14,774	9,399
Accrued leave	4,580	3,243
<b>Total Current Liabilities</b>	<b>22,241</b>	<b>17,714</b>
<b>Noncurrent Liabilities</b>		
Net pension liability	122,967	114,681
<b>Total Liabilities</b>	<b>145,208</b>	<b>132,395</b>
<b>Deferred Inflows of Resources</b>		
Related to other postemployment benefits	2,937	4,161
<b>Net Position</b>		
Net investment in capital assets	3,049,359	2,432,784
Restricted for net OPEB assets	59,233	-
Unrestricted	3,526,606	4,325,111
<b>Total Net Position</b>	<b>6,635,198</b>	<b>6,757,895</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 6,783,343</b>	<b>\$ 6,894,451</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Operating Revenues</b>		
Operation and maintenance charges	\$ 574,647	\$ 724,564
Replacement reserve charges	448,636	500,572
Other revenue	4,209	9,542
<b>Total Operating Revenues</b>	<b>1,027,492</b>	<b>1,234,678</b>
<b>Operating Expenses</b>		
Salaries	161,417	172,578
Employee benefits - other	75,180	80,877
Employee benefits - PERS	(5,448)	(48,395)
Materials and supplies	409,297	458,612
Services and charges	90,760	86,254
Motor pool charges:		
Operation and maintenance	14,223	16,212
Equipment replacement	(11,748)	4,716
Depreciation	468,013	336,391
<b>Total Operating Expenses</b>	<b>1,201,694</b>	<b>1,107,245</b>
<b>Income (Loss) from Operations</b>	<b>(174,202)</b>	<b>127,433</b>
<b>Nonoperating Revenues</b>		
Insurance recoveries	-	259,547
Sale of capital assets	50,105	5,200
State PERS relief	1,400	(2,196)
<b>Change in Net Position</b>	<b>(122,697)</b>	<b>389,984</b>
<b>Net Position, beginning of year</b>	<b>6,757,895</b>	<b>6,367,911</b>
<b>Net Position, end of year</b>	<b>\$ 6,635,198</b>	<b>\$ 6,757,895</b>

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

<i>Years Ended June 30,</i>	2024	2023
<b>Cash Flows from Operating Activities</b>		
Receipts from interfund services provided	\$ 1,284,592	\$ 974,009
Payments for interfund services used	(2,475)	(20,928)
Payments to suppliers	(502,242)	(546,166)
Payments to employees	(229,885)	(262,180)
<b>Net cash flows from operating activities</b>	<b>549,990</b>	<b>144,735</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Proceeds from insurance recovery	-	259,547
Proceeds from sale of capital assets	50,105	5,200
Acquisition and construction of capital assets	(1,084,588)	(296,174)
<b>Net cash flows for capital and related financing activities</b>	<b>(1,034,483)</b>	<b>(31,427)</b>
<b>Net increase (decrease) in cash and investments</b>	<b>(484,493)</b>	<b>113,308</b>
<b>Cash and Investments, beginning of year</b>	<b>4,135,865</b>	<b>4,022,557</b>
<b>Cash and Investments, end of year</b>	<b>\$ 3,651,372</b>	<b>\$ 4,135,865</b>
<b>Reconciliation of Income (Loss) from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Income (loss) from operations	\$ (174,202)	\$ 127,433
Adjustments to reconcile income from operations to net cash flows from operating activities:		
Noncash expenses:		
Depreciation	468,013	336,391
PERS on-behalf, net pension and OPEB	1,400	(2,196)
(Increase) decrease in assets:		
Amortization of deferred outflows of resources for pension	(2,874)	4,478
Amortization of deferred outflows of resources for other postemployment benefits	418	(1,738)
Accounts receivable - other	257,100	(260,669)
Net other postemployment benefits asset	(11,454)	41,026
Increase (decrease) in liabilities:		
Amortization of deferred inflows of resources for pension	-	(47,983)
Amortization of deferred inflows of resources for other postemployment benefits	(1,224)	(42,911)
Accounts payable	(2,185)	(1,300)
Accrued payroll and employee benefits	5,375	(1,383)
Accrued leave	1,337	(769)
Net pension liability	8,286	(5,644)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 549,990</b>	<b>\$ 144,735</b>



**Petersburg Borough, Alaska**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subre- cipients	Total Federal Expend- itures
<b>Department of Agriculture</b>				
Passed through the State of Alaska Department of Commerce, Community and Economic Development - Forest Service Schools and Roads Cluster - Schools and Roads - Grants to States - National Forest Receipts FY23	10.665	23-NFR-07	\$ -	\$ 1,100,000
<b>Department of Defense</b>				
Passed through the State of Alaska Department of Transportation and Public Facilities - Beach Erosion Control Projects - Banana Point Breakwater	12.101	2007	-	4,116
<b>Department of Justice</b>				
Passed through the State of Alaska Department of Public Safety:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	23-21JAG-01	-	24,743
Edward Byrne Memorial Justice Assistance Grant Program	16.738	24-22JAG-04	-	65,968
<b>Total Department of Justice</b>			-	90,711
<b>Department of the Treasury</b>				
Passed through the State of Alaska Department of Commerce, Community and Economic Development - ARPA - COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	22-LGLR-29	-	230,257
Direct - ARPA - COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027		-	185,505
<b>Total Department of the Treasury</b>			-	415,762
<b>Institute of Museum and Library Services</b>				
Passed through the Petersburg Indian Association - Native American and Native Hawaiian Library Services - Continuing Education Grant	45.311	NAB-253685-OLS-23	-	9,000
<b>Environmental Protection Agency</b>				
Passed through the State of Alaska Department of Environmental Conservation - Clean Water State Revolving Fund - Pumpstation 4 Upgrade	66.458	685301	-	145,320
<b>Department of Homeland Security</b>				
Passed through the State of Alaska Department of Military and Veteran Affairs - Disaster Grants - Homeland Security Grant Program	97.067	23SHSP-GY23	-	35,158
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 1,800,067

*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, 2024

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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, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Borough.

### 2. Summary of Significant Accounting Policies

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

### 3. Indirect Cost Rate

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

**Single Audit Section**

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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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information Petersburg Borough, Alaska, (the "Borough"), as of and for the year ended June 30, 2024, 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 6, 2025. 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 opinion 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

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## 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*.

## Borough's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Borough's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Borough's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of this Report

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

BDO USA, P.C.

Anchorage, Alaska  
February 6, 2025



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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, 2024. 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, 2024.

#### ***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 \$1,774,230 in federal awards, which are not included in the Borough's schedule of expenditures of federal awards during the year ended June 30, 2024. Our compliance audit, described in the "Opinion on Each Major Federal Program," does not include the operations of Petersburg School District because it was subjected to separate audits to perform an audit of compliance. In addition, the Borough's basic financial statements also include the operations of Petersburg Medical Center, a discretely presented component unit. Our audit, described below, did not include the operations of Petersburg Medical Center because it was subjected to separate audit procedures; however, they did not meet the threshold for an audit in accordance with Uniform Guidance.

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

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

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

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

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

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



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

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

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

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

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

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

BDO USA, P.C.

Anchorage, Alaska  
February 6, 2025



# Petersburg Borough, Alaska

## Schedule of Findings and Questioned Costs Year Ended June 30, 2024

**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?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal control over major federal programs:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> 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
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Fund

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

Auditee qualified as low-risk auditee?  yes  no

# Petersburg Borough, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2024

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

<b>Finding 2024-001</b>	<b>Completeness of Capital Assets Listing - Internal Control Over Financial Reporting - Significant Deficiency</b>
<i>Criteria</i>	Government Accounting Standards Board (GASB) Codification state that capital assets must be reported at historical cost. Capital assets attributable to governmental activities should be reported as assets in the governmental activities column in the government-wide statement of net position.
<i>Condition</i>	\$192,829 in capital additions in the motor pool internal service fund for the purchase of truck was excluded from the accounting system. As a result of the exclusion, the balance of capital assets in the motor pool fund was understated.
<i>Cause</i>	The Borough did not update capital asset summary details to identify capital asset additions. Control activities in place were not designed to catch such errors.
<i>Effect or Potential Effect</i>	Prior to the correction of the Borough's capital asset module, the accounting system omitted \$192,829 in capital asset additions, which would have resulted in an understatement of capital assets and overstatement of expenditures without the adjustment.
<i>Recommendation</i>	We recommend management establish robust processes, including thorough review, surrounding year-end general ledger and capital asset reconciliations to ensure that the capital asset listing is complete in 2025.
<i>Views of Responsible Officials</i>	Management agrees with the finding and plans to enhance review procedures related to capital assets.

### 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.

# Petersburg Borough, Alaska

## Corrective Action Plan Year Ended June 30, 2024

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Finding 2024-001 – Completeness of Capital Assets Listing – Internal Control Over Financial Reporting – Significant Deficiency

Issue: The Borough did not capitalize a newly purchased vehicle (Bucket Truck) in FY24 within the accounting system, resulting in its omission as an asset at year-end. Although the asset was recorded in the capital asset Excel workbook, its value did not transfer from the detailed worksheet to the consolidated total worksheet. The consolidated worksheet is used to generate the journal entry for the general ledger.

Objective: Enhance review procedures related to capital assets.

Corrective Action Plan: After completing the journal entry for capital assets, accounting reports will be run to ensure all capital assets are accounted for. Additionally, spreadsheets will be reviewed to verify that each asset listed has been transferred to the consolidated spreadsheet before finalizing the year-end journal entry.

Expected Completion Date: Fiscal Year 2025

**Finance Department**

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