



FINANCIAL STATEMENTS

June 30, 2019

Together with Independent Auditor's Report

HAINES BOROUGH

Table of Contents

Page

Financial Statements

Independent Auditor's Report	1
Statement of Net Position (Deficit)	3
Statement of Activities	4
Balance Sheets - Governmental Funds	5
Statements of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Balance Sheets - Proprietary Funds	8
Statements of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	9
Statements of Cash Flows - Proprietary Funds	10
Component Units Combining Statement of Net Position (Deficit)	11
Component Units Combining Statement of Activities	12
Notes to Financial Statements	13

Required Supplementary Information

Budgetary Comparison Schedule - General Fund	43
Budgetary Comparison Schedule - Passenger Vessel Tax Special Revenue Fund	44
Schedules of the Borough's Proportionate Share of the Net Pension and Other Postemployment Benefit Liabilities	45
Schedules of Borough Contributions	46

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Assembly of Haines Borough
Haines, Alaska

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Haines Borough (the Borough), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the Haines Borough School District, which represents 2% of total assets in the Statement of Net Position and 30% of total revenues in the Statement of Activities. Those financial statements were audited by other auditors whose report thereon has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Haines Borough School District, is based on the report of the other auditors. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, based on my audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and pension and other post-employment schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated December 13, 2019 on my consideration of the Borough's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



December 13, 2019

HAINES BOROUGH

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2019

	Primary Government			
	Governmental	Business-type		Component
	Activities	Activities	Total	Units
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,734,837	\$ 300	\$ 1,735,137	\$ 1,456,996
Investments	10,316,748	-	10,316,748	194,092
Receivables	737,907	236,078	973,985	132,868
Internal balances, net	(3,909,120)	3,909,120	-	-
Due from component units	19,452	-	19,452	-
Inventory and prepaid expenses	78,672	163,788	242,460	204,224
Total Current Assets	8,978,496	4,309,286	13,287,782	1,988,180
RESTRICTED ASSETS				
Cash and cash equivalents	11,966	-	11,966	-
Investments	8,898,089	-	8,898,089	-
Revenue bond debt service reserve investments	-	89,878	89,878	-
Receivables	54,203	-	54,203	-
NONCURRENT ASSETS				
Receivables, net of current portion	180,774	-	180,774	-
Capital assets, net	30,939,138	47,504,248	78,443,386	144,564
Total Assets	49,062,666	51,903,412	100,966,078	2,132,744
DEFERRED OUTFLOWS OF RESOURCES	1,108,611	96,400	1,205,011	495,814
Total Assets and Deferred Outflows of Resources	50,171,277	51,999,812	102,171,089	2,628,558
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	515,029	77,999	593,028	126,862
Accrued payroll	241,842	-	241,842	65,486
Due to primary government	-	-	-	19,452
Deposits	-	51,316	51,316	-
Unearned revenue	9,200	-	9,200	8,787
Current portion of long-term obligations	1,099,610	110,728	1,210,338	-
Total Current Liabilities	1,865,681	240,043	2,105,724	220,587
NONCURRENT LIABILITIES				
Compensated absences	206,018	22,522	228,540	67,473
Bonds and loans payable	7,923,069	1,730,757	9,653,826	-
Net OPEB Liability	875,634	76,141	951,775	550,747
Net pension liability	4,287,965	372,867	4,660,832	3,122,639
Total Liabilities	15,158,367	2,442,330	17,600,697	3,961,446
DEFERRED INFLOWS OF RESOURCES	438,120	38,219	476,339	334,378
Total Liabilities and Deferred Inflows of Resources	15,596,487	2,480,549	18,077,036	4,295,824
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	21,916,459	45,662,763	67,579,222	106,453
Restricted for:				
Bond reserves	-	89,878	89,878	-
Medical services	158,239	-	158,239	-
Capital projects	1,424,418	-	1,424,418	-
Economic development	625,990	-	625,990	-
Museum projects and other	-	-	-	263,889
Permanent fund - nonexpendable	7,353,781	-	7,353,781	-
Permanent fund - expendable	1,583,861	-	1,583,861	-
Unrestricted	1,512,042	3,766,622	5,278,664	(2,037,608)
Total Net Position (Deficit)	\$ 34,574,790	\$ 49,519,263	\$ 84,094,053	\$ (1,667,266)

The accompanying notes to financial statements are an integral part of these statements.

HAINES BOROUGH

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary Government								
Governmental Activities								
General government	\$ 837,287	\$ -	\$ -	\$ -	\$ (837,287)	\$ -	\$ (837,287)	\$ -
Public safety	1,829,645	1,911	246,955	-	(1,580,779)	-	(1,580,779)	-
Public works and streets	2,271,856	1,950	-	-	(2,269,906)	-	(2,269,906)	-
Economic development	418,094	-	-	-	(418,094)	-	(418,094)	-
Education	2,483,456	-	-	904,190	(1,579,266)	-	(1,579,266)	-
Port development	154,562	-	93,303	-	(61,259)	-	(61,259)	-
Culture, recreation and library	1,069,267	137,995	-	-	(931,272)	-	(931,272)	-
Interest on long-term debt	428,589	-	-	-	(428,589)	-	(428,589)	-
Total Governmental Activities	9,492,756	141,856	340,258	904,190	(8,106,452)	-	(8,106,452)	-
Business-Type Activities								
Water	722,718	467,419	-	-	-	(255,299)	(255,299)	-
Sewer	743,593	538,146	-	-	-	(205,447)	(205,447)	-
Small boat harbor	1,228,593	539,552	-	1,280,074	-	591,033	591,033	-
Lutak dock	275,978	517,804	-	-	-	241,826	241,826	-
Port Chilkoot dock	403,662	112,660	-	-	-	(291,002)	(291,002)	-
Total Business-Type Activities	3,374,544	2,175,581	-	1,280,074	-	81,111	81,111	-
Total Primary Government	\$ 12,867,300	\$ 2,317,437	\$ 340,258	\$ 2,184,264	(8,106,452)	81,111	(8,025,341)	-
Component Units	\$ 5,839,863	\$ 144,556	\$ 1,292,110	\$ -				(4,403,197)
General Revenue and Transfers								
Property taxes					3,023,472	-	3,023,472	-
Sales taxes					3,721,251	-	3,721,251	-
Provided by general government					-	-	-	1,842,725
Intergovernmental revenue not restricted to specific programs					1,508,771	-	1,508,771	2,736,405
Investment income					765,323	57,018	822,341	2,317
Contributions to Permanent Fund principal - inflation proofing					144,674	-	144,674	-
Licenses and permits					34,358	-	34,358	-
Contributions and other					172,420	-	172,420	324,499
Payments in lieu of taxes					481,090	-	481,090	-
Land sales					30,225	-	30,225	-
Transfers					(223,396)	223,396	-	-
Total General Revenue and Transfers					9,658,188	280,414	9,938,602	4,905,946
Change in Net Position					1,551,736	361,525	1,913,261	502,749
Net Position (Deficit), Beginning of Year					33,023,054	49,157,738	82,180,792	(2,170,015)
Net Position (Deficit), End of Year					\$ 34,574,790	\$ 49,519,263	\$ 84,094,053	\$ (1,667,266)

HAINES BOROUGH

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Permanent Fund	New School Debt Service	Capital Project Funds	Passenger Vessel Tax	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,734,837	\$ 11,966	\$ -	\$ -	\$ -	\$ -	\$ 1,746,803
Investments	10,316,748	8,898,089	-	-	-	-	19,214,837
Receivables	465,735	54,203	9,042	224,019	-	219,885	972,884
Due from other funds	115,843	-	24,496	1,468,911	211,726	1,103,176	2,924,152
Due from component units	19,452	-	-	-	-	-	19,452
Prepaid expenses	540	-	-	-	-	-	540
Inventory	78,132	-	-	-	-	-	78,132
Total Assets	\$ 12,731,287	\$ 8,964,258	\$ 33,538	\$ 1,692,930	\$ 211,726	\$ 1,323,061	\$ 24,956,800
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 200,763	\$ 1,868	\$ -	\$ 268,512	\$ 13,131	\$ 30,755	\$ 515,029
Accrued payroll	248,653	-	-	-	-	-	248,653
Due to other funds	6,808,524	24,748	-	-	-	-	6,833,272
Unearned revenue	372,862	-	-	-	194,195	9,200	576,257
Total Liabilities	7,630,802	26,616	-	268,512	207,326	39,955	8,173,211
Deferred Inflows of Resources							
Unavailable revenue - property taxes	96,436	-	-	-	-	-	96,436
Unavailable revenue - land sales	-	-	-	-	-	84,399	84,399
Total Deferred Inflow of Resources	96,436	-	-	-	-	84,399	180,835
Fund Balances							
Nonspendable	78,672	7,353,781	-	-	-	-	7,432,453
Restricted	1,790,394	-	33,538	1,424,418	-	1,198,707	4,447,057
Assigned	265,559	1,583,861	-	-	-	-	1,849,420
Unassigned	2,869,424	-	-	-	4,400	-	2,873,824
Total Fund Balances	5,004,049	8,937,642	33,538	1,424,418	4,400	1,198,707	16,602,754
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,731,287	\$ 8,964,258	\$ 33,538	\$ 1,692,930	\$ 211,726	\$ 1,323,061	
Net position reported for governmental activities is different from fund balance due to:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds							30,939,138
Unearned revenues and deferred inflows not available to pay for current-period expenditures are reported as earned in the Statement of Net Position							747,892
Contributions to the defined pension and OPEB plan and other related items in the current fiscal year are deferred outflows on the Statement of Net Position							1,108,611
Pension and OPEB related deferred inflows for changes differences in projections and actual earnings are not reported in the funds							(431,309)
Long-term liabilities, including bonds and defined benefit retirement plan payable, compensated absences and the net pension and OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds							(14,392,296)
Net Position of Governmental Activities							\$ 34,574,790

HAINES BOROUGH

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2019

	General Fund	Permanent Fund	New School Debt Service	Capital Project Funds	Passenger Vessel Tax	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes							
Property	\$ 2,632,245	\$ -	\$ 375,589	\$ -	\$ -	\$ 14,228	\$ 3,022,062
Sales	1,784,411	-	-	968,420	-	968,420	3,721,251
Intergovernmental							
Federal grants and contracts	296,840	-	-	130,990	-	2,264	430,094
Federal payments in lieu of taxes	426,976	-	-	-	-	-	426,976
State grants and contracts	1,214,258	-	904,190	65,363	174,489	46,011	2,404,311
Rentals, Service and admission fees	139,906	-	-	-	-	1,950	141,856
Licenses and permits	34,358	-	-	-	-	-	34,358
Investment earnings	308,098	601,899	-	-	-	-	909,997
Contributions and other	65,385	-	-	106,160	-	875	172,420
Total Revenues	6,902,477	601,899	1,279,779	1,270,933	174,489	1,033,748	11,263,325
EXPENDITURES							
Current							
General government	822,555	23,885	-	-	-	20,987	867,427
Public safety	1,674,685	-	-	-	-	247,901	1,922,586
Public works and streets	877,630	-	-	-	-	75,398	953,028
Economic development	-	-	-	-	-	448,004	448,004
Education	1,819,927	-	-	-	-	-	1,819,927
Port development	-	-	-	-	144,482	-	144,482
Culture, recreation, and library	1,143,826	-	-	-	-	-	1,143,826
Debt service							
Principal	-	-	870,000	-	-	7,259	877,259
Interest	-	-	421,700	-	-	6,889	428,589
Capital outlay	-	-	-	1,345,799	-	-	1,345,799
Total Expenditures	6,338,623	23,885	1,291,700	1,345,799	144,482	806,438	9,950,927
Excess (Deficiency) of Revenues Over (Under) Expenditures	563,854	578,014	(11,921)	(74,866)	30,007	227,310	1,312,398
Other Financing Sources (Uses)							
Transfers in	554,280	3,879	-	565,539	-	-	1,123,698
Transfers out	(626,345)	(304,000)	-	(250,059)	(30,007)	(136,683)	(1,347,094)
Sale of capital assets	-	-	-	-	-	24,866	24,866
Total Other Financing Sources (Uses)	(72,065)	(300,121)	-	315,480	(30,007)	(111,817)	(198,530)
Net Change in Fund Balances	491,789	277,893	(11,921)	240,614	-	115,493	1,113,868
Fund Balances, Beginning of Year	4,512,260	8,659,749	45,459	1,183,804	4,400	1,083,214	15,488,886
Fund Balances, End of Year	\$ 5,004,049	\$ 8,937,642	\$ 33,538	\$ 1,424,418	\$ 4,400	\$ 1,198,707	\$ 16,602,754

HAINES BOROUGH

**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds		\$ 1,113,868
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are capitalized and are allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlays	970,625	
Depreciation expense	<u>(1,561,342)</u>	(590,717)
Other transactions involving sales of land net of cash collected. Cash collected is presented as current year income in the fund financial statements.		
		(8,426)
Changes in deferred revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This amount is the change in the net amount recognized from year to year.		
		189,430
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds; however, this has no effect on net position since payments are applied to debt recorded on the Statement of Net Position rather than as an expense item. This amount reflects principal payments made during the fiscal year.		
		877,259
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:		
Pension and other post-employment (expense) benefit, net of pension and other post-employment contributions reflected in the governmental funds		(14,242)
Change in compensated absences		(15,436)
Change in Net Position of Governmental Activities		\$ 1,551,736

HAINES BOROUGH

BALANCE SHEETS - PROPRIETARY FUNDS

June 30, 2019

	Water	Sewer	Small Boat Harbor	Lutak Dock	Port Chilkoot Dock	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
CURRENT ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
Receivables	36,349	51,525	34,516	80,389	33,299	236,078
Due from other funds	424,532	458,332	845,799	2,068,134	228,166	4,024,963
Inventory	73,762	9,253	12,476	-	-	95,491
Prepaid expenses	-	68,297	-	-	-	68,297
Total Current Assets	534,643	587,407	893,091	2,148,523	261,465	4,425,129
RESTRICTED ASSETS						
Revenue bond debt service reserve instruments	-	89,878	-	-	-	89,878
CAPITAL ASSETS						
Land	85,584	9,000	-	-	-	94,584
Buildings, net of accumulated depreciation	25,561	1,994,948	-	-	337,114	2,357,623
Improvements other than buildings, net of accumulated depreciation	7,096,351	3,922,504	23,498,718	1,758,169	7,922,615	44,198,357
Equipment, net of accumulated depreciation	-	59,615	18,703	-	-	78,318
Construction in progress	75,485	55,129	511,193	133,559	-	775,366
Total Capital Assets	7,282,981	6,041,196	24,028,614	1,891,728	8,259,729	47,504,248
DEFERRED OUTFLOW OF RESOURCES	36,150	12,050	48,200	-	-	96,400
Total Assets and Deferred Outflows of Resources	7,853,774	6,730,531	24,969,905	4,040,251	8,521,194	52,115,655
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
CURRENT LIABILITIES						
Accounts payable	20,497	11,842	43,853	690	1,117	77,999
Loan payable - current	55,890	-	-	-	-	55,890
Bond payable - current	-	54,838	-	-	-	54,838
Deposits	11,557	12,585	27,174	-	-	51,316
Due to other funds	-	-	115,843	-	-	115,843
Total Current Liabilities	87,944	79,265	186,870	690	1,117	355,886
NONCURRENT LIABILITIES						
Accrued vacation	7,684	7,684	7,154	-	-	22,522
Revenue bonds payable	-	973,198	-	-	-	973,198
Loans payable	676,899	80,660	-	-	-	757,559
Net OPEB liability	28,553	9,517	38,071	-	-	76,141
Net pension liability	139,825	46,609	186,433	-	-	372,867
Total Noncurrent Liabilities	852,961	1,117,668	231,658	-	-	2,202,287
DEFERRED INFLOW OF RESOURCES	14,332	4,778	19,109	-	-	38,219
Total Liabilities and Deferred Inflows of Resources	955,237	1,201,711	437,637	690	1,117	2,596,392
NET POSITION						
Net investment in capital assets	6,550,192	4,932,500	24,028,614	1,891,728	8,259,729	45,662,763
Restricted for bond reserves	-	89,878	-	-	-	89,878
Unrestricted	348,345	506,442	503,654	2,147,833	260,348	3,766,622
Total Net Position	\$ 6,898,537	\$ 5,528,820	\$ 24,532,268	\$ 4,039,561	\$ 8,520,077	\$ 49,519,263

HAINES BOROUGH

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS**

For the Year Ended June 30, 2019

	Water	Sewer	Small Boat Harbor	Lutak Dock	Port Chilkoot Dock	Total
OPERATING REVENUES						
Charges for services	\$ 467,419	\$ 538,146	\$ 539,552	\$ 517,804	\$ 112,660	\$ 2,175,581
GENERAL REVENUES						
Intergovernmental - Federal Governments	-	-	363,212	-	-	363,212
Intergovernmental - State Governments	-	-	916,862	-	-	916,862
Total Operating and General Revenue	467,419	538,146	1,819,626	517,804	112,660	3,455,655
OPERATING EXPENSES						
Depreciation	283,056	316,722	681,371	99,307	327,291	1,707,747
Salaries and benefits	229,758	225,787	162,556	106,797	46,525	771,423
Materials and supplies	51,236	27,160	265,450	32,311	6,240	382,397
Utilities	23,289	95,990	68,885	5,731	8,373	202,268
Banking and insurance	9,075	17,791	16,431	4,350	11,666	59,313
Professional services	43,542	6,551	24,545	22,962	553	98,153
Repairs and maintenance	67,035	5,779	6,047	1,373	139	80,373
Vehicle	3,099	3,176	2,127	2,139	1,438	11,979
Travel and training	0	1,915	665	801	1,236	4,617
Advertising, dues and subscriptions	875	8,581	516	207	201	10,380
Total Operating Expenses	710,965	709,452	1,228,593	275,978	403,662	3,328,650
Operating Income (Loss)	(243,546)	(171,306)	591,033	241,826	(291,002)	127,005
NONOPERATING REVENUE (EXPENSE)						
Investment income	8,807	7,372	12,032	25,755	3,052	57,018
Interest expense	(11,753)	(34,141)	-	-	-	(45,894)
Total Nonoperating Revenue (Expense)	(2,946)	(26,769)	12,032	25,755	3,052	11,124
Income (Loss) Before Contributions and Transfers	(246,492)	(198,075)	603,065	267,581	(287,950)	138,129
Transfers In	20,340	55,219	113,337	-	49,500	238,396
Transfers out	-	-	(15,000)	-	-	(15,000)
Change in Net Position	(226,152)	(142,856)	701,402	267,581	(238,450)	361,525
Net Position, Beginning of Year	7,124,689	5,671,676	23,830,866	3,771,980	8,758,527	49,157,738
Net Position, End of Year	\$ 6,898,537	\$ 5,528,820	\$ 24,532,268	\$ 4,039,561	\$ 8,520,077	\$ 49,519,263

HAINES BOROUGH

STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2019

	Water	Sewer	Small Boat Harbor	Lutak Dock	Port Chilkoot Dock	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 473,798	\$ 539,076	\$ 2,327,006	\$ 510,238	\$ 98,729	\$ 3,948,847
Cash paid to suppliers	(239,808)	(194,037)	(901,510)	(70,298)	(31,108)	(1,436,761)
Cash paid to employees	(230,219)	(222,937)	(163,817)	(101,688)	(43,971)	(762,632)
Net cash transferred from (to) general fund	125,904	(15,305)	(103,171)	(364,007)	(76,202)	(432,781)
Net Cash Flows Provided by (Used for) Operating Activities	129,675	106,797	1,158,508	(25,755)	(52,552)	1,316,673
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of fixed assets	(95,825)	(75,098)	(1,268,877)	-	-	(1,439,800)
Net cash transferred from other funds	20,340	55,219	98,337	-	49,500	223,396
Proceeds from loans	24,849	-	-	-	-	24,849
Repayment of loan payable	(76,093)	-	-	-	-	(76,093)
Interest on bonds and loan payable	(11,753)	(34,141)	-	-	-	(45,894)
Repayment of bonds payable	-	(54,623)	-	-	-	(54,623)
Net Cash Flows Provided by (Used for) Capital and Related Financing Activities	(138,482)	(108,643)	(1,170,540)	-	49,500	(1,368,165)
CASH FLOWS FROM INVESTING ACTIVITIES						
Change in performance deposit	-	(5,526)	-	-	-	(5,526)
Cash receipts from investments	8,807	7,372	12,032	25,755	3,052	57,018
Net Cash Provided by Investing Activities	8,807	1,846	12,032	25,755	3,052	51,492
Increase in Cash and Cash Equivalents	-	-	-	-	-	-
Cash and Cash Equivalents, Beginning of Year	-	-	300	-	-	300
Cash and Cash Equivalents, End of Year	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ (243,546)	\$ (171,306)	\$ 591,033	\$ 241,826	\$ (291,002)	\$ 127,005
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Depreciation	283,056	316,722	681,371	99,307	327,291	1,707,747
Pension and Other Post-Employment Benefit related	5,253	8,564	1,043	5,109	2,554	22,523
Changes in operating assets and liabilities						
Receivables	5,345	352	507,380	(7,566)	(13,931)	491,580
Due to/from other funds	125,904	(15,305)	(103,171)	(364,007)	(76,202)	(432,781)
Inventory	(4,679)	143	(5,101)	-	-	(9,637)
Accounts payable	(36,978)	(27,237)	(511,743)	(424)	(1,262)	(577,644)
Accrued vacation	(5,714)	(5,714)	(2,304)	-	-	(13,732)
Deposits	1,034	578	-	-	-	1,612
Total adjustments	373,221	278,103	567,475	(267,581)	238,450	1,189,668
Net Cash Flows Provided by (Used for) Operating Activities	\$ 129,675	\$ 106,797	\$ 1,158,508	\$ (25,755)	\$ (52,552)	\$ 1,316,673

HAINES BOROUGH

COMPONENT UNITS COMBINING STATEMENT OF NET POSITION (DEFICIT)

June 30, 2019

	Haines Borough School District	Sheldon Museum	Non-major Component Unit	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,331,883	\$ 42,252	\$ 82,861	\$ 1,456,996
Investments	-	194,092	-	194,092
Receivables	126,352	6,516	-	132,868
Inventory and prepaid expenses	177,420	26,804	-	204,224
Total Current Assets	1,635,655	269,664	82,861	1,988,180
CAPITAL ASSETS, NET	106,453	38,111	-	144,564
DEFERRED OUTFLOW OF RESOURCES				
Pension and OPEB	495,814	-	-	495,814
Total Assets and Deferred Outflows of Resources	2,237,922	307,775	82,861	2,628,558
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
CURRENT LIABILITIES				
Accounts payable	115,753	11,109	-	126,862
Due to governmental entity	-	19,079	373	19,452
Accrued payroll and related liabilities	60,575	4,911	-	65,486
Deferred revenue	-	8,787	-	8,787
Total Current Liabilities	176,328	43,886	373	220,587
NONCURRENT PORTION OF LONG-TERM OBLIGATIONS				
Compensated absences	67,473	-	-	67,473
Net pension liability	3,122,639	-	-	3,122,639
Net OPEB liability	550,747	-	-	550,747
DEFERRED INFLOW OF RESOURCES				
Pension and OPEB	334,378	-	-	334,378
Total Liabilities and Deferred Inflows of Resources	4,251,565	43,886	373	4,295,824
NET POSITION (DEFICIT)				
Net investment in capital assets	106,453	-	-	106,453
Restricted for Museum projects and other	-	263,889	-	263,889
Unrestricted	(2,120,096)	-	82,488	(2,037,608)
Total Net Position (Deficit)	\$ (2,013,643)	\$ 263,889	\$ 82,488	\$ (1,667,266)

HAINES BOROUGH

COMPONENT UNITS COMBINING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Fee, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Haines Borough School District	Sheldon Museum	Non-Major Component Unit	Total
Expenses								
Component Units								
Haines Borough School District	\$ 5,314,400	\$ 50,807	\$ 1,201,330	\$ -	\$ (4,062,263)	\$ -	\$ -	\$ (4,062,263)
Sheldon Museum	397,512	93,749	74,991	-	-	(228,772)	-	(228,772)
Non-Major Component Unit	127,951	-	15,789	-	-	-	(112,162)	(112,162)
Total Component Units	\$ 5,839,863	\$ 144,556	\$ 1,292,110	\$ -	(4,062,263)	(228,772)	(112,162)	(4,403,197)
General Revenues								
Provided by general government					1,605,000	207,801	29,924	1,842,725
State of Alaska					2,736,405	-	-	2,736,405
Investment income					-	2,269	48	2,317
Contributions and other					104,768	217,113	2,618	324,499
Total General Revenues					4,446,173	427,183	32,590	4,905,946
Change in Net Position					383,910	198,411	(79,572)	502,749
Net Position (Deficit), Beginning of Year					(2,397,553)	65,478	162,060	(2,170,015)
Net Position (Deficit), End of Year					\$ (2,013,643)	\$ 263,889	\$ 82,488	\$ (1,667,266)

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Haines Borough ("the Borough") was created in October 2002, when the public voted to combine the Haines Borough with the City of Haines. The Borough is incorporated under the laws of the State of Alaska as a Home Rule borough. The Borough operates under a Manager-Assembly form of government and provides the following services: public safety (police, fire, and medical services), streets and sidewalks, water and sewer, health, culture-recreation and economic development, port authority, public improvements, planning and zoning, and general administrative services.

Discretely Presented Component Units

The accompanying financial statements present the Borough and its component units. The Borough Assembly approves the total annual budgets of these entities and annually provides significant operating subsidies to them. In addition, the Borough levies taxes on behalf of the Haines Borough School District ("the School District"). Accordingly, the Borough is considered to be financially accountable for these entities. However, each entity has a separate governing board (the District's board is elected by the public) and the component units are therefore discretely presented in the financial statements. The component units are:

- Haines Borough School District which provides elementary and secondary education within the Borough's jurisdiction.
- The Sheldon Museum and Cultural Center which operates and maintains the museum.
- Klehini Valley Volunteer Fire Department which provides fire protection in the Klehini Valley.

Information about major component units is included in the Component Unit Combining Statement of Net Position (Deficit) (page 11) and the Component Unit Combining Statement of Activities (page 12).

Complete financial statements for the School District may be obtained at the School District's administrative offices:

Haines Borough School District
P.O. Box 1289 Haines, AK 99827

The other component units do not have separately audited financial statements.

Government-Wide and Fund Financial Statements

The Statement of Net Position (Deficit) and the Statement of Activities display information about the primary government (the Borough) and its component units. These statements include the financial activities of the overall government. For the most part, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the Borough. Governmental activities generally are financed through taxes,

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Borough, and for each function of the Borough's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The Borough reports the following major governmental funds:

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

Permanent Fund – Accounts for assets held in a trustee capacity. The fund represents the cumulative net proceeds from the sale of municipal lands less construction of public improvements within local improvement districts. The principal balance of the fund cannot be spent and must be held in trust for the benefit of future residents of the Borough. Only income of the fund may be spent. The Assembly shall provide for the protection of the fund principal from the effects of inflation and may appropriate any remaining income for Borough expenses.

New School Debt Service – Accounts for property tax revenue and State of Alaska grants used to make payments on the bonds that were issued to construct the new school and related projects.

Capital Project Funds – Accounts for amounts spent on capital improvement and replacement projects, primarily funded by government grants and sales taxes that benefit the entire Borough area.

Passenger Vessel Tax – Accounts for docks and harbors improvements, funded by passenger vessel taxes.

The Borough reports the following major proprietary funds:

Water Fund – Accounts for activities including operating the water storage and distribution systems.

Sewer Fund – Accounts for activities including operating the sewage treatment plant, sewage pumping stations, and collection systems.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Small Boat Harbor Fund – Accounts for activities including operating the small boat harbor.

Lutak Dock Fund – Accounts for activities including operating Lutak Dock.

Port Chilkoot Dock Fund – Accounts for activities including operating Port Chilkoot Dock.

Garbage service for the Borough is not operated by the Borough government, but is provided by a private business.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of accounting refers to when financial activities are recognized in the accounts and reported in the financial statements.

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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments (if any), are recorded only when payment is due.

Property taxes, sales taxes, licenses, 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. Other revenue items are considered to be measurable and available only when cash is received by the government. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Proprietary (or enterprise) funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Borough's enterprise funds are charges to customers for sales and services. The water and sewer funds also recognize as operating revenue fees intended to recover the cost of connecting new customers to the systems.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Property Taxes

Property taxes are levied on July 1 and payable in two installments on September 1 and December 1. Property taxes attach as an enforceable lien on property approximately one year from the due date. The Borough bills and collects taxes for its own and school purposes. Borough property tax revenues are recognized when they become measurable and available which is generally when levied. Delinquent property taxes are not considered currently available, so they are reported as deferred inflow of resources in the fund financial statements.

Land Sales

The Borough also occasionally sells land using long-term receivable contracts. In the fund financial statements, the amounts due on the receivable contracts are not available to finance current period expenditures; therefore, they are reported as deferred inflow of resources in the fund financial statements. The amounts due on the receivable contracts are recognized as revenue when the funds are available to meet current period expenditures. These contracts are revenue for the government-wide Statement of Activities when the sale occurs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

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

Deposits and Investments

All cash deposits are in a single financial institution and are carried at cost. The Borough considers all investments in money market funds and highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Borough pools most of its cash resources of its various funds to facilitate the management of cash. The majority of the cash balances are recorded in the general fund with amounts allocated to the appropriate funds.

Securities are stated at fair market values determined by established trading market prices and any gains and losses (realized and unrealized) are included in the Borough's financial activities. Security transactions are recorded on the trade date.

Receivables

All receivables are reported at gross value and, if appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Due to and Due from Other Funds

Interfund receivables and payables arising from interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are current obligations. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Inventory

Inventory consists of fuel, parts, supplies and museum merchandise, and is stated at the lower of cost (first-in, first-out basis) or market.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

Certain cash, investments, and receivables are classified as restricted assets in the accompanying financial statements because they are permanently held for the benefit of future residents of the Borough.

In addition, assets which are restricted for specific uses by bond covenants, grant provisions, or other requirements are classified as restricted assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

	Estimated Useful Life
Building structures and other improvements	10 – 40 years
Machinery and equipment	5 – 15 years
Roads and bridges	15 – 50 years

All significant capital assets including infrastructure assets are capitalized and reported by the Borough.

Compensated Absences

It is the Borough's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Unearned Revenue

Amounts received from grants and other sources, but not yet spent for their restricted purpose, are shown on the balance sheet as unearned revenue on both the government-wide and fund financial statements.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund balance sheets.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Alaska Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on the same basis as PERS and TRS, assuming the State's pension support under AS 39.35.280 is a "Special Funding Situation" as defined by GASB 68. 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.

Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Alaska Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as PERS, and assuming the State's OPEB support under AS 39.35.280 is a "Special Funding Situation" as defined by GASB 75. 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 Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Financial Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consist of capital assets, net of accumulated depreciation, and related debt. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Borough Assembly or through external restriction imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources as budgeted by the Borough Assembly and then unrestricted resources as they are needed.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Fund Balance

Generally, fund balance represents the difference between the current assets, current liabilities and deferred inflows and outflows of resources. The Borough classifies its fund balances in accordance with GASB Statement No. 54 nonspendable, restricted, committed, assigned, or unassigned fund balance categories. See Note 7 for further information on the Borough's fund balance classifications.

In governmental funds, the Borough's policy regarding when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available is to consider restricted amounts to be reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, then committed amounts would be reduced first, followed by assigned and then unassigned amounts.

The Borough has not formally adopted a policy with respect to the minimum fund balance amount.

Reclassifications

Certain prior year financial statement balances have been reclassified to conform to the current year presentation.

Date of Subsequent Review

The Borough has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

The appropriated budget is prepared by fund, function, and department using the modified accrual basis of accounting. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Assembly made several supplemental budgetary appropriations during the year. The significant supplemental budgetary appropriations made were related to intergovernmental revenue, wage and related expenses, and other operating expenses.

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

- a. No later than April 1 the Borough Manager submits to the Borough Assembly a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. No later than June 1, a minimum of two public hearings are conducted to obtain taxpayer comments.
- c. On or before June 15, the budget is legally enacted through passage of an ordinance.
- d. The Borough Assembly may pass ordinances during the year that amend the budget.
- e. The Manager may transfer part or all of any unencumbered balance to another classification within a department.
- f. The Manager may transfer balances from one department to another only with the approval of the assembly through re-appropriation.
- g. Appropriations for the general fund and special revenue funds lapse at year-end. Appropriations for capital projects and those needed to meet grant requirements lapse when the project is complete or abandoned.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

- h. The Borough's legally prescribed budgetary basis of accounting is consistent with accounting principles generally accepted in the United States and, accordingly, where budgetary data are presented, the budget and actual information conform to the same basis of accounting.

Excess of Expenditures over Appropriations

For the year ended June 30, 2019 the following departments incurred expenditures in excess of their appropriations:

	Budget	Expenditures	Expenditures Over Budget
Information Technology	\$ 92,550	\$ 93,901	\$ (1,351)
Chilkat Center	107,800	114,073	(6,273)
Boat Harbor	1,188,295	1,307,337	(119,042)
	\$ 1,280,845	\$ 1,401,238	\$ (120,393)

NOTE 3 – CASH AND CASH EQUIVALENTS

The Borough follows the practice of pooling cash equivalents of its various funds. Interest income from pooled cash equivalents is allocated ratably over the various funds.

At June 30, 2019, the carrying amount of the Borough's cash balances was \$1,836,981, while the bank and other institution balances were \$1,720,070. These balances are categorized as follows:

	Bank Balance
Amount insured by the FDIC (up to \$250,000) or collateralized with securities held by the bank or other institutions in the Borough's name	\$ 1,697,056
Uncollateralized/uninsured	23,014
	\$ 1,720,070

Cash and cash equivalents for component units other than the School District are fully insured by the FDIC.

The following is the reconciliation of various components of cash to amounts presented in the statement of net position:

	Carrying Amount
Reconciliation to statement of net position-	
Cash and cash equivalents	\$ 1,735,137
Restricted assets:	
Cash and cash equivalents	11,966
Revenue bond debt service reserve instruments	89,878
	\$ 1,836,981

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INVESTMENTS

Credit risk – Statutes authorize the Borough to invest in obligations insured or guaranteed by the United States government or its agencies, as well as obligations of the State of Alaska or municipalities of the state, certificates of deposit, and corporate obligations of prime or equivalent quality as recognized by a nationally recognized rating organization. In addition, the Permanent Fund may be partially invested in equities.

Custodial credit risk – The Borough does not have a formal investment policy related to custodial credit risk, but management does not believe there is significant risk with respect to uncollateralized funds based on the nature and size of the custodian.

Interest rate risk – The Borough does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair market value of securities is determined by established trading market prices.

Investments made by the Borough are summarized below:

	Investment Maturities (in years)			Total
	Less than 1	1-5	6-10	
Investments held by agent in the Borough's name				
Certificates of Deposit	\$ -	\$ 8,424,038	\$ -	\$ 8,424,038
U.S. Government Instruments	1,125,279	2,510,822	2,161,287	5,797,388
Corporate Debt	-	1,843,304	206,817	2,050,121
Municipal Securities	267,430	-	-	267,430
Total debt securities	\$ 1,392,709	\$ 12,778,164	\$ 2,368,104	16,538,977
Equity funds				2,675,860
Total Investments made by the Borough				\$ 19,214,837
Reconciliation to statement of net position:				
Investments				10,316,748
Restricted investments				8,898,089
Total Investments made by the Borough				\$ 19,214,837

The credit quality ratings of the Borough's corporate debt, municipal securities, and U.S. Government instrument investments as of June 30, 2019, as described by nationally recognized statistical rating organizations, are shown below:

	S&P Rating	Investment Fair	Percentage of Total
Corporate debt	A	\$ 1,651,729	80.6%
Corporate debt	BBB	398,393	19.4%
		\$ 2,050,122	100.0%
Municipal securities	A	\$ 267,430	100.0%
		\$ 267,430	100.0%
U.S. Government instruments	AAA	\$ 5,797,388	100.0%
		\$ 5,797,388	100.0%

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements

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 input is quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 is used when there are no observable inputs.

At June 30, 2019, the Borough had the following recurring fair value measurements:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using			
		Level 1	Level 2	Level 3	
Investments in Exchange					
Traded Funds Funds	\$ 2,675,860	\$ 2,675,860	\$ -	\$ -	
Certificates of Deposit	8,424,038	-	8,424,038	-	
U.S. Government Instruments	5,797,388	-	5,797,388	-	
Corporate Debt	2,050,121	-	2,050,121	-	
Municipal Securities	267,430	-	267,430	-	
Total Investment By Fair Value Level					
	\$ 19,214,837	\$ 2,675,860	\$ 16,538,977	\$ -	

Securities classified in Level 1 are valued using prices quoted in active markets for those securities. Securities classified in Level 2 are valued using a market-based model which considers yield, price of comparable securities, coupon rate, maturity, credit-quality, and dealer-provided prices. The Borough does not have any securities classified in Level 3.

NOTE 5 - RECEIVABLES, DEFERRED INFLOW OF RESOURCES, AND UNEARNED REVENUE

Receivables at June 30, 2019, for the individual major and aggregate nonmajor funds were as follows:

	Taxes	Land Sale/LID Contracts	Revolving Loan Contracts	Customer Charges	State and Federal Governments	Accrued Interest and Other	Total
<i>Governmental funds:</i>							
General fund	\$ 301,265	\$ -	\$ 106,375	\$ -	\$ -	\$ 58,095	\$ 465,735
Permanent fund	-	-	-	-	-	54,203	54,203
New school debt service	-	-	-	-	9,042	-	9,042
Capital project funds	112,639	-	-	-	111,380	-	224,019
Other governmental funds	125,564	74,399	-	-	19,922	-	219,885
<i>Enterprise funds:</i>							
Water fund	-	-	-	36,349	-	-	36,349
Sewer fund	-	-	-	51,525	-	-	51,525
Small boat harbor fund	-	-	-	13,433	21,083	-	34,516
Lutak dock fund	-	-	-	80,389	-	-	80,389
Port Chilkoot dock fund	-	-	-	33,299	-	-	33,299
Total	\$ 539,468	\$ 74,399	\$ 106,375	\$ 214,995	\$ 161,427	\$ 112,298	\$1,208,962

Reconciliation to statement of net position:

Current receivables	\$ 973,985
Restricted receivables	54,203
Noncurrent receivables, net of current portion	180,774
	\$1,208,962

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

All receivables other than land sale/LID and revolving loan contracts are expected to be collected within one year. Land sale/LID contracts are to be collected over various lives and interest is charged at 10%. The current portion of these contracts is approximately \$10,000. Receivables also include \$121,730 due from the Juneau Economic Development Council (JEDC) pursuant to a 2011 agreement for the JEDC to establish a revolving loan fund. All loans made by the JEDC under the agreement have been repaid to JEDC.

Governmental funds report deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also recognize unearned revenue, a liability, in connection with resources that have been received, but not yet earned. At June 30 2019, the various components of deferred inflow of resources and unearned revenue reported in the governmental funds balance sheets and the statements of net position were as follows:

	Unavailable	Unearned	Total
Property taxes receivable (general fund)	\$ 96,436	\$ -	\$ 96,436
Payments in lieu of taxes	-	372,862	372,862
Land sale/LID receivables (including accrued interest)	84,399	-	84,399
Grants and contributions	-	203,395	203,395
Total Deferred Inflow of Resources/Unearned Revenue for Governmental Funds	180,835	576,257	757,092
Amounts recognized in the government-wide financial statements			
Property taxes receivable	(96,436)	-	(96,436)
Payments in lieu of taxes	-	(372,862)	(372,862)
Land sales/LID receivables	(84,399)	-	(84,399)
Passenger vessel excise tax	-	(194,195)	(194,195)
Total Unearned Revenue for Government-Wide Financial Statements	\$ -	\$ 9,200	\$ 9,200

This section left intentionally blank.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS

Capital assets for the year ended June 30, 2019 were as follows:

<i>Governmental activities</i>	Balance, June 30, 2018	Increases	Transfers/ Decreases	Balance, June 30, 2019
Capital assets not being depreciated:				
Land and improvements	\$ 1,151,005	\$ -	\$ -	\$ 1,151,005
Construction in progress	142,022	272,938	-	414,960
Total Capital Assets Not Being Depreciated	1,293,027	272,938	-	1,565,965
Other capital assets:				
Buildings	35,236,925	71,013	-	35,307,938
Other improvements	11,602,723	-	-	11,602,723
Furniture and equipment	7,359,601	373,941	(3,005,424)	4,728,118
Road network	6,440,093	252,730	(4,642,755)	2,050,068
Total Other Capital Assets	60,639,342	697,684	(7,648,179)	53,688,847
Less accumulated depreciation for:				
Buildings	16,822,902	851,038	-	17,673,940
Other improvements	3,412,272	-	-	3,412,272
Furniture and equipment	5,600,288	351,411	(2,995,432)	2,956,267
Road network	4,567,049	358,893	(4,652,747)	273,195
Total Accumulated Depreciation	30,402,511	1,561,342	(7,648,179)	24,315,674
Other Capital Assets, net	30,236,831	(863,658)	-	29,373,173
Governmental Activities Capital Assets, net	\$31,529,858	\$ (590,720)	\$ -	\$30,939,138
<i>Business-type activities</i>				
Capital assets not being depreciated:				
Land and improvements	\$ 94,584	\$ -	\$ -	\$ 94,584
Construction in progress	196,253	682,115	(103,002)	775,366
Total Capital Assets Not Being Depreciated	290,837	682,115	(103,002)	869,950
Other capital assets:				
Buildings	2,584,273	-	-	2,584,273
Other improvements (including distribution and collection systems)	68,083,318	860,688	(152,401)	68,791,605
Equipment	252,833	-	(8,508)	244,325
Total Other Capital Assets	70,920,424	860,688	(160,909)	71,620,203
Less accumulated depreciation for:				
Buildings	144,100	82,550	-	226,650
Other improvements (including distribution and collection systems)	23,135,748	1,609,902	(152,402)	24,593,248
Equipment	159,219	15,295	(8,507)	166,007
Total Accumulated Depreciation	23,439,067	1,707,747	(160,909)	24,985,905
Other Capital Assets, net	47,481,357	(847,059)	-	46,634,298
Business-type Activities Capital Assets, net	\$47,772,194	\$ (164,944)	\$ (103,002)	\$47,504,248

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Depreciation expense was charged to functions/programs of the Borough as follows:

<i>Governmental activities</i>	
General government	\$ 168,272
Public safety	95,368
Public works and streets, including depreciation of general infrastructure assets	382,154
Economic development	13,881
Education	677,998
Port development	10,828
Culture, recreation, and library	212,841
Total Depreciation Expense - Governmental Activities	\$ 1,561,342
<i>Business-type activities</i>	
Water	\$ 283,056
Sewer	316,722
Small Boat Harbor	681,371
Lutak Dock	99,307
Port Chilkoot dock fund	327,291
Total Depreciation Expense - Business-type Activities	\$ 1,707,747

The Borough owns the land and buildings used by the School District and records the land, buildings, and certain equipment as part of governmental activity capital assets. At June 30, 2019, the cost and accumulated depreciation associated with these assets was \$23,796,221 and \$10,153,924, respectively.

NOTE 7 - FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2019, fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – Nonspendable fund balance is that portion of fund equity that cannot be spent either because it is in a nonspendable form or because it is legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balance is that portion of fund equity that has constraints placed upon the use of the resources either by an external party or imposed by law.

Committed Fund Balance – Committed fund balance is that portion of fund equity that can only be used for specific purposes determined by a formal action by the Borough Assembly. Formal action by the Assembly is required to establish, modify or rescind a fund balance commitment.

Assigned Fund Balance – Assigned fund balance is that portion of fund equity that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent can be expressed by the governing body itself or by the Borough Manager or his designee to whom the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is that portion of fund balances not included in other spendable classifications.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019, fund balances are composed of the following:

	General Fund	Permanent Fund	New School Debt Service	Borough Capital Improvements	Passenger Vessel Tax	Other Governmental Funds	Total Governmental Funds
Nonspendable							
Permanent fund	\$ -	\$ 7,353,781	\$ -	\$ -	\$ -	\$ -	\$ 7,353,781
Inventory	78,132	-	-	-	-	-	78,132
Prepaid expenses	540	-	-	-	-	-	540
Total Nonspendable	78,672	7,353,781	-	-	-	-	7,432,453
Restricted							
Road maintenance	88,074	-	-	-	-	-	88,074
Fire service areas	26,666	-	-	-	-	-	26,666
Debt service	-	-	33,538	-	-	1,035	34,573
Capital projects	634,695	-	-	1,424,418	-	-	2,059,113
Medical services	-	-	-	-	-	158,239	158,239
Economic development	-	-	-	-	-	631,193	631,193
Land development	-	-	-	-	-	408,240	408,240
Townsite service area	1,040,959	-	-	-	-	-	1,040,959
Total Restricted	1,790,394	-	33,538	1,424,418	-	1,198,707	4,447,057
Assigned							
Subsequent year expenditures	265,559	-	-	-	-	-	265,559
Permanent fund	-	1,583,861	-	-	-	-	1,583,861
Total assigned	265,559	1,583,861	-	-	-	-	1,849,420
Unassigned	2,869,424	-	-	-	4,400	-	2,873,824
Total Fund Balances	\$ 5,004,049	\$ 8,937,642	\$ 33,538	\$ 1,424,418	\$ 4,400	\$ 1,198,707	\$ 16,602,754

NOTE 8 - LONG-TERM DEBT

The Borough's long-term debt includes general obligation debt and revenue bonds. General obligation bonds and loans are direct obligations of the Borough and the Borough has pledged its full faith and credit to their repayment. Revenue bonds are payable from the sewer user fees. Compensated absences included in governmental activities are generally liquidated by the general fund.

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance, June 30, 2018	Additions	Reductions	Balance, June 30, 2019	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
USDA bonds	\$ 146,823	\$ -	\$ (7,259)	\$ 139,564	\$ 7,597
School construction bonds	8,950,000	-	(870,000)	8,080,000	905,000
Bond premium	1,008,771	-	(205,656)	803,115	187,013
Total bonds and notes payable	10,105,594	-	(1,082,915)	9,022,679	1,099,610
Compensated absences	190,582	15,436	-	206,018	-
Governmental Activities					
Long-term Liabilities	\$ 10,296,176	\$ 15,436	\$ (1,082,915)	\$ 9,228,697	\$ 1,099,610

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

	Balance, June 30, 2018	Additions	Reductions	Balance, June 30, 2019	Amounts Due Within One Year
Business-type Activities					
Bonds and notes payable:					
AMBBA sewer revenue bonds	\$ 1,005,000	\$ -	\$ (45,000)	\$ 960,000	\$ 50,000
State of Alaska DEC loans payable	869,457	-	(56,008)	813,449	55,868
Bond premium	72,895	-	(4,859)	68,036	4,860
Total bonds and notes payable	1,947,352	-	(105,867)	1,841,485	110,728
Compensated absences	34,098	-	(11,576)	22,522	-
Business-type Activities					
Long-term Liabilities	\$ 1,981,450	\$ -	\$ (117,443)	\$ 1,864,007	\$ 110,728

Bonds and notes payable at June 30, 2019, are compromised of the following individual issues:

Governmental Activities:

\$1,155,000 2014 school construction bonds, due in annual installments of \$35,000 to \$90,000, plus interest at 2.0% to 5.25%, through June 2036 (not including unamortized premium of \$109,923 at June 30, 2019)	\$ 1,040,000
\$9,440,000 2014 school construction bonds, due in annual installments of \$775,000 to \$1,160,000, plus interest at 1.25% to 5.0%, through October 2025 (not including unamortized premium of \$693,192 at June 30, 2019)	7,040,000
Bonds payable to the United States Department of Agriculture used for construction of new library, due in semi-annual installments of \$7,074 through September 6, 2032, including interest at 4.75%	139,564
Total governmental activities bonds payable	8,219,564
Unamortized premium	803,115
Total governmental activities bonds payable	9,022,679
Less current portion	(1,099,610)
Governmental activities long-term bonds payable	\$ 7,923,069

This section left intentionally blank.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Business-type Activities:

\$1,210,000 2013 sewer revenue bonds, due in semi-annual installments of \$61,849 to \$81,856, including interest at 2%, through 2033	\$ 960,000
Loan from the State of Alaska Department of Environmental Conservation, due in annual principal installments of \$14,203, plus interest at 1.5%, through 2022	42,614
Loan from the State of Alaska Department of Environmental Conservation, due in annual installments of \$2,904, including interest at 1.5%, through 2033	36,433
Loan from the State of Alaska Department of Environmental Conservation, due in annual installments of \$3,432, including interest at 1.5%, through 2034	48,498
Loan from the State of Alaska Department of Environmental Conservation, due in annual installments of \$14,439 including interest @ 1.5%, through 2034	192,665
Loan from the State of Alaska Department of Environmental Conservation, due in annual installments of \$4,936 including interest @ 1.5%, through 2034	63,619
Loan from the State of Alaska Department of Environmental Conservation, due in annual installments of \$3,422, starting once loan is in repayment. Interest is to accrue at 1.5% and principal paid over 20 years.	51,016
Loan from the State of Alaska Department of Environmental Conservation, due in annual installments of \$6,045 including interest @ 1.5%, through 2034	80,660
Loan from the State of Alaska Department of Environmental Conservation, due in annual installments of \$5,499 starting once loan is in repayment. Interest is to accrue at 1.5% and principal paid over 20 years.	86,180
Loan from the State of Alaska Department of Environmental Conservation, due in annual installments of \$12,079 starting once loan is in repayment. Interest is to accrue at 1.5% and principal paid over 20 years.	211,764
Total business-type activities bond and loans payable	1,773,449
Unamortized premium	68,036
Total business-type activities bond and note payable debt	1,841,485
Less current portion	(110,728)
Business-type activities long-term bond and note payable debt	\$ 1,730,757

In conjunction with the issuance of the above school construction bonds, the State of Alaska Department of Education and Early Development has approved the project for a 70% reimbursement rate from the State of Alaska. As State of Alaska funding is on a reimbursement basis, the eventual payments to be received have not been recognized in these financial statements.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

The debt service annual requirements to amortize bond and note payable debt outstanding as of June 30, 2019, are as follows:

Governmental Activities:

Year Ending June 30	Principal	Interest	Total
2020	\$ 1,099,610	\$ 388,226	\$ 1,487,836
2021	1,115,982	341,610	1,457,592
2022	1,146,146	292,603	1,438,749
2023	1,165,037	241,077	1,406,114
2024	1,118,344	187,031	1,305,375
2025-2029	2,775,833	305,108	3,080,941
2030-2034	426,727	98,012	524,739
2035-2039	175,000	9,319	184,319
	\$ 9,022,679	\$ 1,862,986	\$ 10,885,665

Business-type Activities:

Year Ending June 30	Principal	Interest	Total
2020	\$ 110,728	\$ 47,073	\$ 157,801
2021	111,354	43,734	155,088
2022	116,957	40,262	157,219
2023	108,432	39,401	147,833
2024	114,084	32,911	146,995
2025-2029	610,593	113,608	724,201
2030-2034	587,744	40,234	627,978
2035-2039	81,593	1,370	82,963
	\$ 1,841,485	\$ 358,593	\$ 2,200,078

NOTE 9 – BOND REQUIREMENTS

The various bonds of the enterprise funds require establishment of certain cash reserves and maintenance of certain revenue levels.

The sewer revenue bonds required the establishment of a reserve account. The required reserve account was set up and fully funded in prior years. The reserve account balance at June 30, 2019, was \$89,878.

These bond agreements also require that the Borough maintain sewer rates at a level which will produce an annual amount of Net Operating Revenue, as defined by the agreement, before depreciation equal to at least 1.25 times the maximum amount required each year for debt service. In fiscal year 2019, sewer fund Net Operating Revenues were \$160,931 and the debt service requirement was \$82,719 resulting in a ratio of 1.95.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – RETIREMENT PLANS

The Borough participates the State of Alaska Public Employees' Retirement System (PERS). PERS is governed by the Alaska Retirement Management Board (the "Board" or the "System"), which consists of nine trustees, as follows: the Commissioner of the Department of Administration, the Commissioner of the Department of Revenue, two trustees who are members of the general public, one trustee who is employed as a finance officer for a political subdivision participating in either the PERS or Teachers' Retirement System (TRS), two trustees who are members of PERS, and two trustees who are members of TRS. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. PERS issues a publicly available financial report that can be obtained at <http://doa.alaska.gov/dr/pers/employee/resources/index.html>.

Description of Plans Available to Employees

The Borough provides three types of plans to its employees through its participation in PERS. A cost-sharing multiple-employer defined benefit (DB) pension plan administered by the State of Alaska is provided, which includes a defined benefit health plan under the State of Alaska Retiree Healthcare Trust (ARHCT), a healthcare trust fund of the State of Alaska. The DB, including ARHCT, was closed to all new members effective July 1, 2006.

A Defined Contribution Pension Plan (DC Plan) provides retirement benefits for eligible employees hired after July 1, 2006, as described in the Defined Contribution Pension Plan section below. PERS also includes a Retiree Medical Plan (RMP) which provides major medical coverage to all employees of the DC Plan.

An Occupational Death and Disability (ODD) plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. Together the ARHCT, RMP and ODD plans are referred to as Other Postemployment Benefits ("OPEB"), which are further described in the Defined Benefit Other Postemployment Benefit Plans (OPEB) section below.

State of Alaska PERS Defined Benefit Plan

Benefits Provided

PERS provides retirement, disability, death, and postemployment health benefits. Benefits vest with five years of credited service. Employees enrolled prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for Police/Fire members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

The percentage multipliers for police/fire personnel are 2.00% for the first ten years of service and 2.50% for all service over 10 years. The percentage multipliers for all other participants are 2.00% for the first 10 years, 2.25% for the next 10 years, and 2.50% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2.00%.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Postemployment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986 and who have not reached age 60 may elect to pay for major medical benefits; thereafter they are provided without cost.

The Plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the Plan's Administrator if the funding ratio of the Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

Contributions

Contribution requirements of the active plan members and the participating employers are actuarially determined and approved by the Board as an amount that, when combined, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The DB Plans members' contribution rates are 7.5% for peace officers and firefighters, 9.6% for some school district employees, and 6.75% for general DB Plan members, as required by statute. The Borough's effective contribution rate is 22.00% of annual payroll. Alaska Statute 39.35.280 states that the State of Alaska, as a non-employer contributing entity, shall contribute each July 1, or as soon after July 1 for the ensuing fiscal year, an amount that when combined with the total employer contributions is sufficient to pay the System's past service liability at the actuarially determined contribution rate adopted by the Board for that fiscal year. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Retirement (DC) Plan payroll. The DBUL amount is computed as the difference between:

- (A) The amount calculated for the 22.00% statutory employer contribution rate on eligible salary, less
- (B) The total of the employer contributions for
 - (1) the defined contribution employer matching amount,
 - (2) major medical,
 - (3) occupational death & disability, and
 - (4) health reimbursement arrangement.

The difference is deposited based on an actuarial allocation into the DB Plan's pension and healthcare funds.

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

At June 30, 2019, the Borough reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Borough were as follows:

Borough's proportionate share of the net pension liability	\$	4,660,832
State's proportionate share of the net pension liability associated the Borough		1,349,933
Total Net Pension Liability	\$	6,010,765

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

The Borough will record the entire net pension liability, including the State's proportionate share, if the State of Alaska no longer contributes its proportionate share as measured by the annual State contributions and provided under Alaska Statute 39.35.280. By changing the existing statute to a higher rate above and up to the actuarially determined rate, the Borough may be required to record some or all of the State's proportion and its contribution amounts will increase accordingly.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation 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 employers and the State, actuarially determined. At June 30, 2018, the Borough's proportion was .09380%, which was an increase of .01724% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Borough recognized a net pension expense of \$87,694 including revenue of \$63,206 for support provided by the State. At June 30, 2019, 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
Changes in Proportion and differences between employer contributions	\$ 340,461	\$ -
Differences between expected and actual experience	-	116,978
Differences between projected and actual investment earnings	102,936	-
Borough contributions subsequent to measurement date	361,536	-
Total	\$ 804,933	\$ 116,978

Of the total amount reported as deferred outflows of resources related to pensions, \$361,536 resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the measurement year (fiscal year) as follows:

Year ended June 30:	
2019 (2020)	\$ 354,404
2020 (2021)	56,285
2021 (2022)	(79,757)
2022 (2023)	(4,513)

Actuarial Assumptions

The total pension liability at the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

	Peace Officers/Firefighters
	Graded by age and service, from 8.55% to 4.34%
	for All Others
Investment rate of return	8.00%, net of pension plan investment expenses.
	This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.

Pre-termination mortality rates were based on the 2010-2013 actual mortality experience, 60% of male and 65% of the female post-termination rates. Deaths are assumed to be occupational 70% of the time for Peace Officers/Firefighters, 50% of the time for others. Post-termination mortality rates were based on 96% of all rates of the RP-2000 table, 2000 Base Year projection to 2018 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed as of June 30, 2013.

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 real rates of return for each major asset class included in the System's current and expected asset allocation are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	8.90%
Global ex-US equity	7.85
Intermediate treasuries	1.25
Opportunistic	4.76
Real assets	6.20
Absolute return	4.76
Private equity	12.08
Cash equivalents	0.66

Discount Rate

The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that employer and non-employer 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 Borough's Proportionate Share 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 8 percent, as well as what the Borough's proportionate share of the net pension liability

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Borough's proportionate share of the net pension liability	\$ 6,172,117	\$ 4,660,832	\$ 3,382,467

Pension Plan Fiduciary Net Position

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

Defined Contribution Pension Plan

Plan Description

The Borough participates in the State of Alaska Defined Contribution Pension Plan (DC Plan), Tier 4, which provides pension benefits and certain Other Postemployment Benefits (OPEB) benefits similar to those of the defined benefit plan for eligible employees hired after July 1, 2006. The State of Alaska Healthcare Reimbursement Arrangement Plan is also provided to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. The OPEB benefits are described further below. Additionally, certain active members of the DB Plan were eligible to transfer to the DC Plan if that member had not vested in the DB Plan. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The DC Plan is administered by the System.

Pension Benefits

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf, and the related earnings, in the ratio of (a) 25% with two years of service; (b) 50% with three years of service; (c) 75% with four years of service; and (d) 100% with five years of service.

Contributions

Alaska statutes require an 8.0% contribution rate for DC Plan members. Employers are required to contribute 5.0% of the member's compensation. For the year ended June 30, 2019 and 2018, employee contributions totaled \$159,017 and \$146,613, respectively, and the Borough recognized pension expense of \$99,386 and \$91,633 respectively.

Refunds

A member is eligible to elect distribution of their account 60 days after termination of employment.

Participant Accounts

Participant accounts under the DC Plan are self-directed with respect to investment options.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Each participant designates how contributions are to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds.

Record-keeping/administrative fees, consisting of a fixed amount, applied in a lump sum each calendar year, and a variable amount, applied monthly, are deducted from each participant's account, applied pro rata to all the funds in which the employee participates. This fee is for all costs incurred by the record keeper and by the State. The investment management fees are netted out of the funds' performance.

Defined Benefit Other Postemployment Benefit Plans (OPEB)

OPEB Benefits Provided

Major medical benefits under (ARHCT) are provided to retirees and their surviving spouses at no premium cost for all members hired before July 1, 1986 (Tier 1), and disabled retirees. Members hired after June 30, 1986 (Tier 2), and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996 (Tier 3)) must pay the full monthly premium if they are under age 60 and will receive benefits at no premium cost if they are over age 60. Tier 3 members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 members with less than five years of credited service are not eligible for postemployment healthcare benefits. Tier 2 members who are receiving a conditional benefit and are age eligible are eligible for postemployment healthcare benefits. In addition, peace officers and their surviving spouses with 25 years of peace officer membership service and all other members and their surviving spouses with 30 years of membership service receive benefits at no premium cost, regardless of their age or date of hire. Peace officers/firefighters who are disabled and retire between 20 and 25 years must pay the full monthly premium.

The Occupational Death and Disability Plan (ODD) provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System.

The Retiree Medical Plan (RMP) provides major medical coverage to retirees of the DC Plan. The RMP is self-insured. Members are not eligible to use this plan until they have at least 10 years of service, and are Medicare age eligible.

Contributions

Employer contribution rates for major medical OPEB benefits to the ARHCT are actuarially determined and adopted by the Board as described in the PERS defined pension plan above. The 2019 employer effective contribution rate is 22.00% of member's compensation.

Employer contribution for the ODD plan are to each member's account based on the member's compensation. For fiscal year 2019, the rates are 0.76% for occupational death and disability for peace officers and firefighters, and 0.26% for occupational death and disability all other members.

Employer contribution rates for the RMP plan are actuarially determined and adopted by the Alaska Retirement Management Board (Board). For fiscal year 2019, the employer rate is .94% of member's compensation.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2019, the Borough reported a liability (asset) for its proportionate share of the net OPEB liability (asset) for each OPEB plan which reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough as its proportionate share of the net OPEB liability (liability), the related State support, and the total portion of the net OPEB liability (asset) that was associated with the Borough were as follows:

	ARHCT	ODD	RMP	Total
Borough's proportionate share of the net OPEB liability (asset)	\$ 962,621	\$ (31,449)	\$ 20,603	\$ 951,775
State's proportionate share of the net OPEB liability associated the Borough	280,368	-	-	280,368
Total Net OPEB Liability (Asset)	\$ 1,242,989	\$ (31,449)	\$ 20,603	1,232,143

The Borough will record the entire net ARHCT OPEB liability, including the State's proportionate share, if the State of Alaska no longer contributes its proportionate share as measured by the annual State contributions and provided under Alaska Statute 39.35.280. By changing the existing statute to a higher rate above and up to the actuarially determined rate, the Borough may be required to record some or all of the State's proportion and its contribution amounts will increase accordingly.

The net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability (asset) was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2018, the Borough's proportion was .09380% for ARHCT and .16192% for ODD and RM, which was an increase of .01717% for ARHCT, and a decrease of .00303% for ODD and RM from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Borough recognized a net OPEB expense of \$112,254 including revenue of \$36,806 for support provided by the State. At June 30, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions	\$ 122,393	\$ 39,863
Changes in assumptions	155,584	
Differences between projected and actual investment earnings	-	208,099
Differences between expected and actual experience	-	111,399
Borough contributions subsequent to measurement date	122,101	-
Total	\$ 400,078	\$ 359,361

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Of the total amount reported as deferred outflows of resources related to OPEB, \$122,101 resulting from Borough contributions subsequent to the measurement date and before the end of the fiscal year will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense in the measurement year (fiscal year) as follows:

Year ended June 30:		
2019 (2020)	\$	(3,357)
2020 (2021)		(7,139)
2021 (2022)		(66,485)
2022 (2023)		(4,474)
2023 (2024)		(12)
2024 (2025) and thereafter		81

Actuarial Assumptions

The total OPEB liability at the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.12%
Investment rate of return	8.00%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates (ARHCT and RMP)	Pre-65 medical; 8.0% grading down to 4.0% Post-65 medical; 5.5% grading down to 4.0% Prescription drug; 9.0% grading down to 4.0%.

Pre-termination mortality rates were based on the 2010-2013 actual mortality experience, 60% of male and 65% of the female post-termination rates. Deaths are assumed to be occupational 70% of the time for Peace Officers/Firefighters, 50% of the time for others. Post-termination mortality rates were based on 96% of all rates of the RP-2000 table, 2000 Base Year projection to 2018 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study performed as of June 30, 2013.

The long-term expected rate of return on OPEB 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 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. Best estimates of arithmetic real rates of return for each major asset class included in the System's current and expected asset allocation are summarized in the following table (note that the rates shown below exclude the inflation component):

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	8.90%
Global ex-US equity	7.85
Intermediate treasuries	1.25
Opportunistic	4.76
Real assets	6.20
Absolute return	4.76
Private equity	12.08
Cash equivalents	0.66

Discount Rate

The discount rate used to measure the total OPEB liability was 8%. The projection of cash flows used to determine the discount rate assumed that employer and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 8 percent, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
ARHCT	\$ 1,948,825	\$ 962,621	\$ 135,980
ODD	\$ (29,532)	\$ (31,449)	\$ (33,026)
RMP	\$ 61,531	\$ 20,605	\$ (11,317)

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost

Trend Rates

The following presents the net OPEB liability (asset) for the ARHCT and ODD plans as of June 30, 2019, calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation report, as well as what the respective amount for each plan's net OPEB liability would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates (trend not provided for ODD as healthcare is not a component of the measurement of the liability or asset):

	1% Decrease	Current Trend Rate	1% Increase
ARHCT	\$ 16,686	\$ 962,621	\$ 2,099,682
RMP	\$ (17,519)	\$ 20,605	\$ 71,626

OPEB Plan Fiduciary Net Position

The separately issued PERS financial report has more information about the OPEB plan's net position.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

Total Deferred Outflows of Resources and Inflows of Resources

Total deferred outflows of resources and deferred inflows of resources presented in the Statement of Net Position consists of the following at June 30, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Related	\$ 804,933	\$ 116,978
OPEB Related	400,078	359,361
Total	\$ 1,205,011	\$ 476,339

NOTE 11 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances represent cash collected or disbursed on behalf of another fund. The composition of interfund balances as of June 30, 2019, was as follows:

	Interfund Balances	
	Due from other funds	Due to other funds
General Fund	\$ 115,843	\$ 6,808,524
Permanent Fund	-	24,748
New School Debt Service	24,496	-
Capital Project Funds	1,468,911	-
Passenger Vessel Tax	211,726	-
Other Governmental Funds	1,103,176	-
Water Fund	424,532	-
Sewer Fund	458,332	-
Small Boat Harbor Fund	845,799	115,843
Lutak Dock Fund	2,068,134	-
Port Chilkoot Dock Fund	228,166	-
	\$ 6,949,115	\$ 6,949,115

Interfund transfers result from the Borough budget and are as follows:

	Transfers In							
	General Fund	Capital Project Funds	Permanent Fund	Water	Sewer	Small Boat Harbor	Port Chilkoot Dock	Total
Transfers out:								
General fund	\$ 50,780	\$ 465,565	\$ -	\$ -	\$ -	\$ 110,000	\$ -	\$ 626,345
Permanent fund	304,000	-	-	-	-	-	-	304,000
Capital Project Funds	174,500	-	-	20,340	55,219	-	-	250,059
Passenger vessel tax	-	30,007	-	-	-	-	-	30,007
Other governmental funds	10,000	69,967	3,879	-	-	3,337	49,500	136,683
Small boat harbor	15,000	-						15,000
Total	\$ 554,280	\$ 565,539	\$ 3,879	\$ 20,340	\$ 55,219	\$ 113,337	\$ 49,500	\$ 1,362,094

Transfers between funds are in accordance with the Borough Code and budgetary authorizations, and are generally used for capital outlay and operations.

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - RISK MANAGEMENT

Haines Borough is exposed to numerous risks of loss associated with the operations of a government. These potential losses include, but are not limited to, employee relations and injuries, contracts, theft, loss or damage of property, natural disasters and general liability. The Borough manages its risks from these potential losses by participating in Alaska Public Entity Insurance (a governmental insurance pool), as well as purchasing commercial insurance coverage. This insurance has provided the Borough with adequate coverage in the past. The Borough's insurance is on a claims-occurred basis, except for public officials' coverage which is on a claims-made basis. There were no significant changes in insurance coverage obtained and there were no claims or settlements that exceeded insurance coverage in any of the past three fiscal years.

The Borough, in the normal course of its activities, is involved in various claims and pending litigation. In the opinion of management and legal counsel, the disposition of these matters is not expected to have a material adverse effect on the Borough's general-purpose financial statements.

NOTE 13 - PERMANENT FUND

The Borough Assembly has established the Haines Borough Permanent Fund ("the Permanent Fund"). Any deposits into the Permanent Fund shall not be spent, but shall be held perpetually in trust for the benefit of the present and future generations of Borough residents.

Deposits into the Permanent Fund consist of net proceeds from the sale of municipal lands, less amounts allocated by the Assembly for construction of public improvements within local improvement districts. These land sales and public improvements are originally recorded in a special revenue fund (Municipal Land Disposal Special Revenue Fund). At the end of each fiscal year, the excess of revenue over expenditures in this fund is transferred as deposits to the Permanent Fund.

Income from permanent fund investments sufficient to offset the effect of inflation on principal is retained in the fund annually. The amount is calculated by computing a 3-year average of the rates of change of the Consumer Price Index and applying it to the principal balance. After inflation proofing, income derived from Permanent Fund investments may be used as designated by the Borough Assembly after consideration of public input. Income available for Borough expenses may not exceed 3.5% of the average total market value of the fund for 3 of the 4 fiscal years immediately preceding the budget year.

NOTE 15 – NEW ACCOUNTING PRONOUNCEMENTS

The Borough implemented GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements in fiscal year 2019. There was no significant impact on the financial statements of the Borough.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements.

GASB 84 – Fiduciary Activities - Effective for the fiscal year ended June 30, 2020, with earlier application encouraged, this statement addresses criteria for identifying and reporting fiduciary activities.

GASB 87 – Leases - Effective for the fiscal year ended June 30, 2021, with earlier application encouraged, this statement addresses accounting and financial reporting for certain lease assets and liabilities for

HAINES BOROUGH

NOTES TO FINANCIAL STATEMENTS

leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period* – Effective for the fiscal year ended June 30, 2021, this statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

GASB 90 – *Majority Equity Interests* – Effective for the fiscal year ended June 30, 2020, this statement enhances financial reporting related to a government’s majority equity interest in a legally separate organization.

GASB 91 – *Conduit Debt Obligations* – Effective for the fiscal year ended June 30, 2022, this statement provides a single method of reporting conduit debt obligations by issuers of debt and clarifies the related definitions and disclosures.

REQUIRED SUPPLEMENTARY INFORMATION

HAINES BOROUGH

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For the Year Ended June 30, 2019

	Budget Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes				
Property	\$ 2,580,980	\$ 2,605,980	\$ 2,632,245	\$ 26,265
Sales	1,596,400	1,593,400	1,784,411	191,011
Intergovernmental				
Federal grants and contracts	132,000	284,344	296,840	12,496
Federal payments in lieu of taxes	350,000	426,976	426,976	-
State grants and contracts	1,117,848	1,170,732	1,214,258	43,526
Rentals, service and admission fees	151,200	151,200	139,906	(11,294)
Licenses and permits	46,800	46,800	34,358	(12,442)
Investment earnings	121,000	171,000	308,098	137,098
Contributions and other	49,474	64,474	65,385	911
Total Revenues	6,145,702	6,514,906	6,902,477	387,571
EXPENDITURES				
Current				
General government	854,010	839,267	822,555	16,712
Public safety	1,707,457	1,714,600	1,674,685	39,915
Public works and streets	952,903	930,990	877,630	53,360
Education	1,817,000	1,817,000	1,819,927	(2,927)
Culture, recreation, and library	1,135,207	1,141,664	1,143,826	(2,162)
Total Expenditures	6,466,577	6,443,521	6,338,623	104,898
Excess (Deficiency) of Revenues Over (Under) Expenditures	(320,875)	71,385	563,854	492,469
Other financing sources (uses)				
Transfers in	524,500	554,500	554,280	(220)
Transfers out	(470,500)	(816,500)	(626,345)	190,155
Total Other Financing Sources	54,000	(262,000)	(72,065)	189,935
Net Change in Fund Balance	\$ (266,875)	\$ (190,615)	\$ 491,789	\$ 682,404

HAINES BOROUGH

**BUDGETARY COMPARISON SCHEDULE -
PASSENGER VESSEL TAX SPECIAL REVENUE FUND**

For the Year Ended June 30, 2019

	Budget Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Intergovernmental - State of Alaska	227,000	\$ 227,000	\$ 174,489	\$ (52,511)
EXPENDITURES				
Port development	134,100	140,100	144,482	(4,382)
Excess of Revenues Over Expenditures	92,900	86,900	30,007	(56,893)
Other financing uses - transfers out	(80,000)	(80,000)	(30,007)	49,993
Net Change in Fund Balance	\$ 12,900	\$ 6,900	\$ -	\$ (6,900)

HAINES BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULES OF THE BOROUGH'S PROPORTIONATE SHARE
OF THE NET PENSION AND OTHER POSTEMPLOYMENT BENEFIT LIABILITIES**

Fiscal Years 2014 through 2019 for Pension and Fiscal Years 2017 through 2019 for OPEB

	2019	2018	2017	2016	2015	2014
PENSION						
Borough's proportion of the net pension liability	0.09380%	0.07656%	0.08974%	0.10934%	0.04988%	0.04807%
Borough's proportionate share of the net pension liability	\$ 4,660,832	\$ 3,957,760	\$ 5,016,030	\$ 5,302,798	\$ 2,326,689	\$ 2,524,319
State's proportionate share of the net pension liability associated with the Borough	1,349,933	1,475,078	633,379	1,419,808	2,289,751	2,758,681
Total	\$ 6,010,765	\$ 5,432,838	\$ 5,649,409	\$ 6,722,606	\$ 4,616,440	\$ 5,283,000
Borough's covered payroll	\$ 2,650,102	\$ 2,560,610	\$ 2,437,198	\$ 2,142,611	\$ 2,303,150	\$ 2,281,338
Borough's proportionate share of the net pension liability as a percentage of its covered employee payroll	175.87%	154.56%	205.81%	247.49%	101.02%	110.65%
Plan fiduciary net position as a percentage of the total pension liability	59.55%	63.37%	59.55%	63.96%	62.37%	56.04%

This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB 68 was implemented in the fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, the Borough has only presented information for the years in which information is available.

OTHER POSTEMPLOYMENT BENEFIT			
Borough's proportion of the net OPEB liability	0.00938%	0.07663%	0.08983%
Borough's proportionate share of the net OPEB liability	\$ 951,775	\$ 632,528	\$ 1,024,526
State's proportionate share of the net OPEB liability associated with the Borough	280,368	240,555	389,635
Total	\$ 1,232,143	\$ 873,083	\$ 1,414,161
Borough's covered payroll	\$ 2,650,102	\$ 2,560,610	\$ 2,437,198
Borough's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	35.91%	24.70%	42.04%
Plan fiduciary net position as a percentage of the total OPEB liability	89.68%	85.78%	90.18%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in the fiscal year ended June 30, 2018, and, until a full 10-year trend is compiled, the Borough has only presented information for the years in which information is available.

HAINES BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF BOROUGH CONTRIBUTIONS

Fiscal Years 2014 through 2019 for Pension and Fiscal Years 2017 through 2019 for OPEB

	2019	2018	2017	2016	2015	2014
PENSION						
Contractually required contribution	\$ 361,536	\$ 356,457	\$255,460	\$201,400	\$210,862	\$191,334
Contributions in relation to the contractually required contribution	(361,536)	(356,457)	(255,460)	(201,400)	(210,862)	(191,334)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's covered payroll	\$ 2,650,102	\$ 2,560,610	\$2,437,198	\$2,142,611	\$2,303,150	\$2,281,338
Contributions as a percentage of covered employee payroll	13.64%	13.92%	10.48%	9.40%	9.16%	8.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, the Borough has only presented information for the years in which information is available.

OTHER POSTEMPLOYMENT BENEFIT

Contractually required contribution	\$ 112,101	\$ 115,245	\$ 138,181
Contributions in relation to the contractually required contribution	(112,101)	(115,245)	(138,181)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Borough's covered payroll	\$ 2,650,102	\$ 2,560,610	\$2,437,198
Contributions as a percentage of covered employee payroll	4.23%	4.50%	5.67%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in the fiscal year ended June 30, 2018, and, until a full 10-year trend is compiled, the Borough has only presented information for the years in which information is available.