



City and Borough of Wrangell, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information and Single Audit Reports
Year Ended June 30, 2017

City and Borough of Wrangell, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information
and Single Audit Reports
Year Ended June 30, 2017

City and Borough of Wrangell, Alaska

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Independent Auditor's Report

Honorable Mayor and Borough Assembly
City and Borough of Wrangell

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell, Alaska (the Borough), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell, Alaska, as of June 30, 2017, 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 on pages 48 through 50, and the schedules of the borough's information on the net pension liability and pension contributions on pages 51 through 52, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit for the year ended June 30, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City and Borough of Wrangell's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents for the year ended June 30, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of State Financial Assistance is required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2017 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2017.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City and Borough of Wrangell as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated February 7, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2018, on our consideration of City and Borough of Wrangell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City and Borough of Wrangell's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City and Borough of Wrangell's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
March 29, 2018

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Basic Financial Statements

City and Borough of Wrangell, Alaska

Statement of Net Position

	Primary Government			Component Units	
	Govern- mental Activities	Business- type Activities	Total	Wrangell Public Schools	Wrangell Medical Center
<i>June 30, 2017</i>					
Assets and Deferred Outflows of Resources					
Assets					
Cash and investments	\$ 21,200,158	\$ 7,793,194	\$ 28,993,352	\$ 1,613,960	\$ 838,604
Receivables, net of allowance for doubtful accounts:					
Property and sales taxes	735,102	-	735,102	-	-
Accounts	62,624	506,449	569,073	186,019	2,314,105
Grants and shared revenues	208,700	98,659	307,359	-	-
Land sales and improvements	82,260	-	82,260	-	-
Accrued interest	53,318	449	53,767	-	-
Internal balances	142,503	(142,503)	-	25,276	44,312
Inventories	88,547	146,564	235,111	34,845	143,399
Restricted cash and investments	-	2,580,058	2,580,058	-	-
Capital assets:					
Land, land improvements and construction in progress	1,186,678	2,500,132	3,686,810	-	-
Other capital assets, net of depreciation	28,173,657	44,490,548	72,664,205	147,755	1,713,456
Total Assets	51,933,547	57,973,550	109,907,097	2,007,855	5,053,876
Deferred Outflows of Resources, related to pensions	845,049	456,435	1,301,484	1,053,982	-
Total Assets and Deferred Outflows of Resources	\$ 52,778,596	\$ 58,429,985	\$ 111,208,581	\$ 3,061,837	\$ 5,053,876
Liabilities, Deferred Inflows of Resources, and Net Position					
Liabilities					
Accounts payable	\$ 172,225	\$ 451,925	\$ 624,150	\$ 18,790	\$ 462,736
Customer utility deposits	-	96,812	96,812	-	-
Accrued interest payable	10,679	4,194	14,873	38,095	-
Employee compensation and related items	-	-	-	-	529,432
Unearned revenue	94,513	1,372,549	1,467,062	2,018	-
Noncurrent liabilities:					
Due within one year:					
Accrued leave	265,768	98,613	364,381	46,756	-
Bonds and loans	230,000	97,177	327,177	-	-
Capital lease obligation	-	-	-	-	21,164
Due in more than one year:					
Unamortized bond premium	78,466	-	78,466	-	-
ADEC loan	-	262,060	262,060	-	-
USDA Rural Development loan	-	88,669	88,669	-	-
Bonds	750,000	355,074	1,105,074	-	-
Capital lease obligation	-	-	-	-	96,687
Net pension liability	4,650,056	2,511,634	7,161,690	4,290,842	-
Total Liabilities	6,251,707	5,338,707	11,590,414	4,396,501	1,110,019
Deferred Inflows of Resources					
Related to pensions	61,424	33,176	94,600	421,080	-
Taxes collected in advance	5,339	-	5,339	-	-
Total Deferred Inflows of Resources	66,763	33,176	99,939	421,080	-
Total Liabilities and Deferred Inflows of Resources	6,318,470	5,371,883	11,690,353	4,817,581	1,110,019
Net Position					
Net investment in capital assets	28,301,869	46,187,700	74,489,569	147,755	1,713,456
Restricted	10,862,998	-	10,862,998	-	-
Unrestricted (deficit)	7,295,259	6,870,402	14,165,661	(1,903,499)	2,230,401
Total Net Position	46,460,126	53,058,102	99,518,228	(1,755,744)	3,943,857
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 52,778,596	\$ 58,429,985	\$ 111,208,581	\$ 3,061,837	\$ 5,053,876

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Statement of Activities

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government			Component Units	
					Govern- mental Activities	Business- type Activities	Total	Wrangell Public Schools	Wrangell Medical Center
Year Ended June 30, 2017	Expenses								
Functions									
Primary Government									
Governmental activities:									
General government	\$ 1,161,552	\$ 87,020	\$ 14,513	\$ 76,211	\$ (983,808)	\$ -	\$ (983,808)		
Public safety	2,630,976	334,271	503,391	-	(1,793,314)	-	(1,793,314)		
Public works	1,323,344	36,551	18,990	664,149	(603,654)	-	(603,654)		
Parks and recreation	738,656	89,921	-	-	(648,735)	-	(648,735)		
Library	305,688	-	19,482	-	(286,206)	-	(286,206)		
Community services	1,132,616	6,169	423,959	143,887	(558,601)	-	(558,601)		
Education	2,495,313	-	138,014	-	(2,357,299)	-	(2,357,299)		
Unallocated interest	26,483	-	-	-	(26,483)	-	(26,483)		
Total governmental activities	9,814,628	553,932	1,118,349	884,247	(7,258,100)	-	(7,258,100)		
Business-type activities:									
Electric utility	4,103,885	4,311,923	19,107	-	-	227,145	227,145		
Water utility	1,518,160	669,448	80,878	280,359	-	(487,475)	(487,475)		
Sewer utility	808,173	582,891	4,902	175,322	-	(45,058)	(45,058)		
Sanitation utility	610,418	587,399	3,494	-	-	(19,525)	(19,525)		
Port	3,104,712	1,428,479	257,920	193,579	-	(1,224,733)	(1,224,733)		
Total business-type activities	10,145,348	7,580,140	366,301	649,260	-	(1,549,646)	(1,549,646)		
Total Primary Government	\$ 19,959,976	\$ 8,134,072	\$ 1,484,650	\$ 1,533,507	(7,258,100)	(1,549,646)	(8,807,747)		
Component Units									
School District	\$ 6,809,908	\$ 23,535	\$ 1,151,180	\$ -				\$ (5,635,193)	\$ -
Medical Center	11,593,265	10,424,553	451,166	-				-	(717,546)
Total Component Units	\$ 18,403,173	\$ 10,448,088	\$ 1,602,346	\$ -				(5,635,193)	(717,546)
General Revenues									
Taxes:									
Property taxes					1,730,258	-	1,730,258	-	-
Sales taxes					2,643,364	-	2,643,364	-	-
Payments in lieu of taxes					434,795	-	434,795	-	-
Other taxes					93,825	-	93,825	-	-
Contributions from primary government					-	-	-	1,516,288	-
Grants and entitlements not restricted to a specific purpose					392,715	-	392,715	3,472,453	-
Investment income					639,499	5,779	645,278	788	618
Other					53,260	-	53,260	-	3,072
Total General Revenues					5,987,716	5,779	5,993,495	4,989,529	3,690
Change in Net Position					(1,270,384)	(1,543,867)	(2,814,251)	(645,664)	(713,856)
Net Position, beginning					47,730,510	54,601,969	102,332,479	(1,110,080)	4,657,713
Net Position, ending					\$ 46,460,126	\$ 53,058,102	\$ 99,518,228	\$ (1,755,744)	\$ 3,943,857

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Governmental Funds
Balance Sheet

	Major Funds				Total Govern- mental Funds
	General	Permanent Fund Special Revenue	Sales Tax Special Revenue	Nonmajor Funds	
<i>June 30, 2017</i>					
Assets					
Cash and investments	\$ 7,098,486	\$ 7,479,458	\$ 1,054,363	\$ 5,567,851	\$ 21,200,158
Receivables, net of allowance for doubtful accounts:					
Property and sales taxes	512,435	-	222,667	-	735,102
Accounts	47,554	15,070	-	-	62,624
Grants and shared revenues	79,945	-	-	128,755	208,700
Accrued interest	33,744	16,100	-	3,474	53,318
Land sales and improvements	-	-	-	82,260	82,260
Interfund loans receivable	118,994	23,509	-	-	142,503
Due from other funds	115,766	-	-	-	115,766
Inventory	-	-	-	88,547	88,547
Total Assets	\$ 8,006,924	\$ 7,534,137	\$ 1,277,030	\$ 5,870,887	\$ 22,688,978
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 111,332	\$ -	\$ -	\$ 60,893	\$ 172,225
Unearned revenue	11,825	-	-	82,688	94,513
Due to other funds	-	-	-	115,766	115,766
Total Liabilities	123,157	-	-	259,347	382,504
Deferred Inflows of Resources					
Delinquent property taxes	82,764	-	-	-	82,764
Taxes collected in advance	5,339	-	-	-	5,339
Land sale receivables not yet due	-	-	-	82,260	82,260
Total Deferred Inflows of Resources	88,103	-	-	82,260	170,363
Total Liabilities and Deferred Inflows of Resources	211,260	-	-	341,607	552,867
Fund Balances					
Nonspendable	118,994	-	-	88,547	207,541
Restricted	-	7,534,137	-	3,328,861	10,862,998
Committed	-	-	1,277,030	1,675,367	2,952,397
Assigned	-	-	-	453,412	453,412
Unassigned (deficit)	7,676,670	-	-	(16,907)	7,659,763
Total Fund Balances	7,795,664	7,534,137	1,277,030	5,529,280	22,136,111
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,006,924	\$ 7,534,137	\$ 1,277,030	\$ 5,870,887	\$ 22,688,978

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2017

Total fund balances for governmental funds \$ 22,136,111

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. These
assets, net of accumulated depreciation consist of:

Land and land improvements	\$ 1,186,678	
Infrastructure	15,429,146	
Buildings	48,368,164	
Improvements other than buildings	6,268,622	
Machinery and equipment	6,037,964	
Accumulated depreciation	(47,930,239)	
Total capital assets		29,360,335

Other long-term assets are not available to pay for current
period expenditures and therefore are deferred in the funds.

These assets consist of:

Delinquent property taxes receivable	82,764	
Deferred land sales and improvements receivable	82,260	
Total long-term assets		165,024

Long-term liabilities, including bonds payable and net pension liability
are not due and payable in the current period and therefore are
not reported as fund liabilities. These liabilities consist of:

General obligation bonds payable	(980,000)	
Unamortized bond premium	(78,466)	
Accrued interest on bonds	(10,679)	
Accrued leave	(265,768)	
Net pension liability	(4,650,056)	
Total long term liabilities		(5,984,969)

Certain changes in net pension items are deferred rather than
recognized immediately. These items are amortized over time.

Deferred outflows related to pensions	845,049	
Deferred inflows related to pensions	(61,424)	
Total deferred pension items		783,625

Total Net Position of Governmental Activities	\$ 46,460,126
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See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

	Major Funds				
		Permanent Fund Special Revenue	Sales Tax Special Revenue	Nonmajor Funds	Total Govern- mental Funds
Year Ended June 30, 2017	General				
Revenues					
Property taxes, penalties and interest	\$ 1,739,404	\$ -	\$ -	\$ -	\$ 1,739,404
Payments in lieu of taxes	434,795	-	-	-	434,795
Sales taxes, penalties and interest	1,808,724	-	834,640	-	2,643,364
Transient taxes	-	-	-	93,825	93,825
Intergovernmental	967,403	-	-	957,344	1,924,747
Charges for services	266,138	-	-	183,196	449,334
Sales and leases	123,863	31,440	-	70,043	225,346
Investment income (loss)	(1,710)	590,202	(241)	52,148	640,399
Land sales and improvements	-	65,858	-	16,013	81,871
Fines and forfeitures	4,575	-	-	-	4,575
Donations and contributions	-	-	-	224,512	224,512
Other	24,760	-	39,961	23,320	88,041
Total Revenues	5,367,952	687,500	874,360	1,620,401	8,550,213
Expenditures					
Current:					
General government	1,098,826	-	-	-	1,098,826
Public safety	2,240,290	-	-	-	2,240,290
Public works	742,463	-	-	-	742,463
Parks and recreation	-	-	-	536,450	536,450
Library	254,903	-	-	-	254,903
Community services	161,584	2,650	-	580,463	744,697
Education - contributions to school district	-	-	667,800	848,488	1,516,288
Debt service:					
Principal	-	-	-	265,000	265,000
Interest	-	-	-	46,100	46,100
Capital outlay	-	-	306,305	876,162	1,182,467
Total Expenditures	4,498,066	2,650	974,105	3,152,663	8,627,484
Excess of Revenues Over (Under) Expenditures	869,886	684,850	(99,745)	(1,532,262)	(77,271)
Other Financing Sources (Uses)					
Transfers in	256,595	-	5,156	806,770	1,068,521
Transfers out	(766,010)	(250,000)	(29,000)	(23,511)	(1,068,521)
Net Other Financing Sources (Uses)	(509,415)	(250,000)	(23,844)	783,259	-
Net Change in Fund Balances	360,471	434,850	(123,589)	(749,003)	(77,271)
Fund Balances, beginning	7,435,193	7,099,287	1,400,619	6,278,283	22,213,382
Fund Balances, ending	\$ 7,795,664	\$ 7,534,137	\$ 1,277,030	\$ 5,529,280	\$ 22,136,111

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska
Reconciliation of Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ (77,271)

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which depreciation (\$2,310,229) exceeded capital outlays (\$1,168,807). (1,141,422)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the increase in other long-term receivables. 8,841

The repayment of the principal of long-term debt consumes current financial resources in governmental funds. Also, governmental funds report the effect of bond premiums when the debt is first issued, whereas this amount is deferred and amortized in the Statement of Activities. In addition, accrued interest is not recorded in the fund financial statements. This is the change in bond-related transactions:

Principal payments	\$	265,000	
Net decrease in bond premium		19,617	
Decrease in accrued interest		2,404	
		287,021	287,021

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.

Decrease in accrued leave		10,673	
Increase in net pension obligation and related accounts		(358,226)	
		(347,553)	(347,553)

Change in Net Position of Governmental Activities \$ (1,270,384)

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Net Position

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Port	Sewer Utility	Sanitation Utility	Enterprise Funds
<i>June 30, 2017</i>						
Assets and Deferred Outflows of Resources						
Current Assets						
Cash and investments	\$ 2,547,668	\$ 291,501	\$ 4,170,602	\$ 578,190	\$ 205,233	\$ 7,793,194
Receivables, net of allowance for doubtful accounts:						
Accounts	274,521	39,555	117,155	39,230	35,988	506,449
Grants	-	540	98,119	-	-	98,659
Accrued interest	-	31	162	256	-	449
Inventories	146,564	-	-	-	-	146,564
Total Current Assets	2,968,753	331,627	4,386,038	617,676	241,221	8,545,315
Restricted Cash and Investments	-	666,702	1,838,900	74,456	-	2,580,058
Property, plant and equipment	6,902,992	17,134,388	57,847,524	12,511,332	1,451,117	95,847,353
Less accumulated depreciation	(5,190,447)	(11,075,935)	(22,656,665)	(8,983,784)	(949,842)	(48,856,673)
Net Property, Plant and Equipment	1,712,545	6,058,453	35,190,859	3,527,548	501,275	46,990,680
Total Assets	4,681,298	7,056,782	41,415,797	4,219,680	742,496	58,116,053
Deferred Outflows of Resources related to pensions	204,644	34,359	127,506	52,506	37,420	456,435
Total Assets and Deferred Outflows of Resources	\$ 4,885,942	\$ 7,091,141	\$ 41,543,303	\$ 4,272,186	\$ 779,916	\$ 58,572,488
Liabilities, Deferred Inflows of Resources, and Net Position						
Current Liabilities						
Accounts payable	\$ 224,583	\$ 27,541	\$ 109,485	\$ 51,522	\$ 38,794	\$ 451,925
Accrued leave	39,941	13,728	21,398	18,532	5,014	98,613
Customer utility deposits	86,867	9,945	-	-	-	96,812
Accrued interest payable	-	2,507	-	1,687	-	4,194
Unearned revenue	-	-	1,372,549	-	-	1,372,549
Current portion of bonds and loans	-	90,200	-	6,977	-	97,177
Interfund loans payable	-	-	23,509	-	-	23,509
Total Current Liabilities	351,391	143,921	1,526,941	78,718	43,808	2,144,779
Long-term Liabilities, net of current portion						
Revenue bonds	-	177,530	-	177,544	-	355,074
USDA Rural Development loan	-	-	-	88,669	-	88,669
ADEC loan	-	262,060	-	-	-	262,060
Interfund loans payable	-	-	118,994	-	-	118,994
Net pension liability	1,126,098	189,068	701,629	288,925	205,914	2,511,634
Total Long-term Liabilities	1,126,098	628,658	820,623	555,138	205,914	3,336,431
Total Liabilities	1,477,489	772,579	2,347,564	633,856	249,722	5,481,210
Deferred Inflows of Resources, related to pensions	14,875	2,497	9,268	3,816	2,720	33,176
Net Position						
Net investment in capital assets	1,712,545	5,528,663	35,190,859	3,254,358	501,275	46,187,700
Unrestricted	1,681,033	787,402	3,995,612	380,156	26,199	6,870,402
Total Net Position	3,393,578	6,316,065	39,186,471	3,634,514	527,474	53,058,102
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,885,942	\$ 7,091,141	\$ 41,543,303	\$ 4,272,186	\$ 779,916	\$ 58,572,488

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2017	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Port	Sewer Utility	Sanitation Utility	Enterprise Funds
Operating Revenues						
Charges for services	\$ 3,961,874	\$ 627,336	\$ 1,428,479	\$ 582,291	\$ 587,399	\$ 7,187,379
Operating Expenses						
Salaries and employee benefits	861,173	229,508	695,433	261,291	197,748	2,245,153
Other operating expenses	2,953,912	606,512	485,019	184,752	345,878	4,576,073
Depreciation	286,663	667,280	1,924,260	352,164	66,792	3,297,159
Total Operating Expenses	4,101,748	1,503,300	3,104,712	798,207	610,418	10,118,385
Loss from Operations	(139,874)	(875,964)	(1,676,233)	(215,916)	(23,019)	(2,931,006)
Nonoperating Revenues (Expenses)						
Investment income (loss)	(536)	1,318	5,012	39	(54)	5,779
Interest expense	(2,137)	(14,860)	-	(9,966)	-	(26,963)
State PERS relief	19,107	3,208	11,904	4,902	3,494	42,615
Pilot study grant	-	77,670	-	-	-	77,670
Other revenues	350,049	42,112	246,016	600	-	638,777
Net Nonoperating Revenues (Expenses)	366,483	109,448	262,933	(4,425)	3,440	737,879
Income (Loss) Before Contributions	226,609	(766,516)	(1,413,300)	(220,341)	(19,579)	(2,193,127)
Capital contributions	-	280,359	193,579	175,322	-	649,260
Change in Net Position	226,609	(486,157)	(1,219,721)	(45,019)	(19,579)	(1,543,867)
Net Position, beginning	3,166,969	6,802,222	40,406,192	3,679,533	547,053	54,601,969
Net Position, ending	\$ 3,393,578	\$ 6,316,065	\$ 39,186,471	\$ 3,634,514	\$ 527,474	\$ 53,058,102

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Cash Flows

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Port	Sewer Utility	Sanitation Utility	Enterprise Funds
Year Ended June 30, 2017						
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 4,284,930	\$ 782,672	\$ 1,386,888	\$ 595,306	\$ 598,787	\$ 7,648,583
Payments for interfund services used	(115,724)	(138,523)	(84,097)	(74,608)	(90,674)	(503,626)
Payments to suppliers	(2,763,480)	(451,861)	(307,176)	(60,903)	(234,459)	(3,817,879)
Payments to employees	(806,269)	(173,017)	(602,450)	(196,528)	(172,927)	(1,951,191)
Net cash flows from operating activities	599,457	19,271	393,166	263,267	100,727	1,375,888
Cash Flows from Noncapital Financing Activities						
State fish taxes received	-	-	246,016	-	-	246,016
Cash Flows from (for) Capital and Related Financing Activities						
Purchase of property, plant and equipment	(65,063)	(481,278)	(342,731)	(45,905)	(5,943)	(940,920)
Principal payments on long-term debt	-	(88,693)	(35,301)	(5,931)	-	(129,925)
Interest payments on long-term debt	(2,137)	(15,565)	-	(9,962)	-	(27,664)
Proceeds from issuance of USDA Rural Development loan	-	-	-	91,000	-	91,000
Capital contributions received	-	280,359	156,470	175,322	-	612,151
Net cash flows from (for) capital and related financing activities	(67,200)	(305,177)	(221,562)	204,524	(5,943)	(395,358)
Cash Flows from (for) Investing Activities						
Investment income received (loss)	(536)	1,344	5,000	(182)	(54)	5,572
Net Increase (Decrease) in Cash and Investments	531,721	(284,562)	422,620	467,609	94,730	1,232,118
Cash and Investments, beginning	2,015,947	1,242,765	5,586,882	185,037	110,503	-
Cash and Investments, ending	\$ 2,547,668	\$ 958,203	\$ 6,009,502	\$ 652,646	\$ 205,233	\$ 10,373,252
Reconciliation of Cash and Investments to Statement of Net Position						
Cash and investments:						
Current assets	\$ 2,547,668	\$ 291,501	\$ 4,170,602	\$ 578,190	\$ 205,233	\$ 7,793,194
Restricted assets	-	666,702	1,838,900	74,456	-	2,580,058
Total Cash and Investments	\$ 2,547,668	\$ 958,203	\$ 6,009,502	\$ 652,646	\$ 205,233	\$ 10,373,252

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds

Statement of Cash Flows, continued

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Port	Sewer Utility	Sanitation Utility	Enterprise Funds
Reconciliation of Loss from Operations to Net Cash						
Flows from Operating Activities						
Loss from operations	\$ (139,874)	\$ (875,964)	\$ (1,676,233)	\$ (215,916)	\$ (23,019)	\$ (2,931,006)
Adjustments to reconcile loss from operations to net cash flows from operating activities:						
Depreciation	286,663	667,280	1,924,260	352,164	66,792	3,297,159
Noncash expense - PERS relief	19,107	3,208	11,904	4,902	3,494	42,615
Decrease in allowance for doubtful accounts	(113,000)	-	-	-	-	(113,000)
Miscellaneous nonoperating revenues	350,049	119,782	-	600	-	470,431
(Increase) decrease in assets:						
Accounts receivable	88,340	12,517	(41,591)	12,415	11,388	83,069
Noncapital grants receivable	-	22,637	-	-	-	22,637
Inventories	16,256	-	-	-	-	16,256
Increase in deferred outflows related to pensions	(38,283)	(12,041)	(29,096)	(16,237)	(7,879)	(103,536)
Increase (decrease) in liabilities:						
Accounts payable	58,452	16,128	93,746	49,241	20,745	238,312
Accrued leave	2,377	7,291	2,392	2,660	1,676	16,396
Customer utility deposits	(2,333)	400	-	-	-	(1,933)
Net pension liability	81,829	56,895	107,388	72,294	27,485	345,891
Increase (decrease) in deferred inflows related to pensions	(10,126)	1,138	395	1,144	45	(7,404)
Net Cash Flows from Operating Activities	\$ 599,457	\$ 19,271	\$ 393,166	\$ 263,267	\$ 100,727	\$ 1,375,888

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2017

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Wrangell (City) was incorporated in 1903 as a home rule municipality under the laws of the State of Alaska. It operated as a home rule city until May 30, 2008, at which time it was incorporated and certified as a unified home rule borough by the State of Alaska. On May 30, 2008, the City and Borough of Wrangell (the Borough) was created and the City of Wrangell was dissolved. The City and Borough of Wrangell immediately succeeded to all rights, powers, duties, assets, and liabilities of the former City of Wrangell.

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

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

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

Wrangell Public Schools

Wrangell Public Schools is responsible for elementary and secondary education within the Borough. The voters elect the members of the School Board; however, the School District is fiscally dependent upon the Borough because the Borough Assembly approves the total annual budget of the School District, levies the necessary taxes and approves the issuance of bonds for School construction.

Wrangell Medical Center

Wrangell Medical Center provides health care, including long-term care, in the Wrangell area. The voters elect the members of the Hospital Board; however, the Borough Assembly approves the total annual budget of the Hospital and approves the issuance of bonds for construction.

Complete financial statements of individual component units can be obtained from their respective administrative offices at the addresses below:

Wrangell Public Schools
P.O. Box 2319
Wrangell, AK 99929

Wrangell Medical Center
P.O. Box 1081
Wrangell, AK 99929

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Related Organization

Thomas Bay Power Authority (TBPA), a related organization, was formed as a joint venture between the cities (now boroughs) of Petersburg and Wrangell. The function of TBPA in recent years was to operate and maintain the Tyee Lake Hydroelectric Project under contract to the Southeast Alaska Power Agency (SEAPA). TBPA had been overseen by a Commission composed of three appointed members from each community, with a seventh "at large" member chosen by the Commission.

In 2014 the two Boroughs surrendered the O&M contract to SEAPA. TBPA is now "dormant" until such time as the two communities agree on a specific task.

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

Government-Wide and Fund Financial Statements

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

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

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

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property and sales taxes, intergovernmental revenues, charges for services, sales and leases, and investment income 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue in the current period. All other revenue items are considered to be measurable and available only when received by the government.

The Borough reports the following major funds based on the required quantitative calculations:

Major governmental funds:

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

The *Permanent Fund Special Revenue Fund* accounts for monies set aside to help provide future economic stability to the citizens of Wrangell.

Sales Tax Special Revenue Fund accounts for sales tax revenue collected by the Borough from purchases made within the Borough from consumers and business owners.

Major proprietary funds:

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

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

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

The *Port Enterprise Fund* is used to account for the operations of the municipal dock, boat harbors, and travel lift.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

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

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

Central Treasury

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

Cash and Cash Equivalents

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

Inventories

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

Receivables and Payables

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Grants and Other Intergovernmental Revenues

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

Property Taxes

Property taxes are assessed on real property on January 1 of each year. Mill rates are established annually by Borough ordinance. Taxes are levied on July 1 of each year and are due in two equal installments on August 15 and December 15. Property taxes are recorded as revenue when billed. Borough statutes call for annual foreclosures on property for delinquent taxes.

Interfund Transactions

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets (e.g. roads, sidewalks, etc.) were capitalized and included in capital assets for the first time during 2006. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

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

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

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

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Deferred Outflows of Resources

A deferred outflow of resources is an item that will result in a future decrease or consumption of equity. In the Government-Wide and Enterprise Fund financial statements, deferred outflows are comprised entirely of pension related transactions.

Long-term Liabilities

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

Compensated Absences

The Borough allows employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since the Borough does not have a policy to pay any amounts when employees terminate employment. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured (e.g. the employee has terminated employment).

Deferred Inflows of Resources

A deferred inflow of resources is an item that will result in a future increase or acquisition of equity. In the Governmental Funds, deferred inflows are reported in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and taxes collected in advance of their levy date.

In the Government-Wide and Enterprise Fund Financial Statements, deferred inflows are reported in connection with taxes paid in advance and certain pension related transactions. Those items deferred under modified accrual in the governmental funds as "unavailable" are reversed to revenue at the full-accrual level.

Pensions

Substantially all employees of the Borough participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska.

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

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources:

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Fund Balances, continued

Nonspendable fund balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

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

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

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

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

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

Encumbrances

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

Unearned Grant Revenue

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

Comparative Data

Comparative data for the prior year have been presented in some of the accompanying individual financial statements in order to provide an understanding of changes in the Borough's financial position and operations. Certain amounts in the prior year data have been reclassified to conform to the current year's presentation.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

2. Stewardship, Compliance and Accountability

Budgetary Accounting

An operating budget is adopted each fiscal year for the General Fund, most Special Revenue Funds, and the Debt Service Fund on the same modified accrual basis used to reflect actual revenues and expenditures. Appropriations for these funds lapse at year end to the extent that they have not been expended or encumbered. Budgetary control is exercised at the department level. The Borough Manager is authorized to transfer budget amounts between line items within any department; however, any supplemental appropriations that amend the total expenditures of any department or fund require Assembly approval. The budgeted financial statements presented in this report reflect the final budget authorization, including Assembly amendments made during the year.

Budgetary comparison statements are presented as Required Supplementary Information for the following major funds: General Fund, Permanent Fund Special Revenue Fund and Sales Tax Special Revenue Fund.

Compliance with Bond Covenants

Certain covenants of the revenue bonds require establishment of bond redemption and bond reserve accounts. The balances in these accounts are included as restricted cash in the financial statements.

The 1997 Water Utility and Sewer Utility revenue bonds require that rates be maintained at a level that will produce net revenues at least equal to the annual debt service for each year. For the year ended June 30, 2017, the Borough met this requirement for the Sewer Utility but not the Water Utility.

Revenue requirements of the bonds are computed as follows:

<i>Year Ended June 30, 2017</i>	Water Utility	Sewer Utility
Loss before contributions and transfers	\$ (766,516)	\$ (220,341)
Add back:		
Depreciation	667,280	352,164
Interest on bonded debt	9,109	9,109
Amount available for debt service Requirement	(90,127) 14,270	140,932 14,270
Excess of Revenue Over (Under) Requirement	\$ (104,397)	\$ 126,662

3. Cash and Investments

The City and Borough of Wrangell utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of "negative cash," is included in "due to other funds." The Borough also maintains water and sewer bond redemption and reserve accounts as required by the bond covenants.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2017.

	Pooled Cash and Investments	Other	Totals
Bank deposits	\$ 9,973,124	\$ 40,452	\$ 10,013,576
Investments	14,350,559	7,209,275	21,559,834
Total Cash and Investments	\$ 24,323,683	\$ 7,249,727	\$ 31,573,410

	Government- wide Statement of Net Position
Cash and investments	\$ 28,993,352
Restricted cash and investments	2,580,058
Total Cash and Investments	\$ 31,573,410

Investment Policy

The Borough's general investment policy authorizes investments in:

1. Treasury bonds, bills, notes or other general obligation evidences of indebtedness of the United States or an agency or instrumentality of the United States, or of the State of Alaska, or of other states of the United States, or of this Borough, of other cities of the State, and of boroughs of this State;
2. Fully insured or fully collateralized certificates of deposit, savings deposits, and other interest-bearing deposit accounts in member banks insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC); and/or
3. Repurchase agreements where the general checking balance at the end of each business day is used to buy a security from the bank and held overnight.

The Borough's Permanent Fund investment policy authorizes investments in:

1. Fixed income securities, including corporate notes and bonds, mortgage backed bonds, preferred stock, fixed income securities of foreign governments and corporations, and collateralized mortgage obligations;
2. Equity securities, including common stocks, convertible notes and bonds, convertible preferred stocks and other stocks;
3. Mutual funds which invest in allowable securities; and
4. Miscellaneous other assets.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Investments may be placed with or through member banks insured by the FDIC or FSLIC and broker dealers that are members of the New York Stock Exchange (NYSE), members of the Securities Investor Protection Corporation (SIPC) and registered broker dealers in Alaska.

The Permanent Fund's investment policy has the following asset allocation guidelines based on fair value:

Asset Class	Minimum	Maximum
Fixed income	30%	60%
Equities	35%	65%
Cash and cash equivalents	5%	15%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Investment maturities in general investments at June 30, 2017 are as follows:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More than 10 Years
Money market funds	\$ 38,973	\$ 38,973	\$ -	\$ -	\$ -
Certificates of deposit	10,495,089	4,511,877	5,983,212	-	-
U.S. Treasuries	3,006,204	-	2,946,289	59,915	-
U.S. government agencies	121,633	10,002	111,631	-	-
Corporate bonds	271,516	52,671	187,239	31,606	-
Total subject to interest rate risk	13,933,415	\$ 4,613,523	\$ 9,228,371	\$ 91,521	\$ -
Equity securities	417,144				
Total General Investments	\$ 14,350,559				

Fair Value Measurement

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

General investments are classified in the fair value hierarchy as follows at June 30, 2017:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
U.S. Treasuries	\$ 3,006,204	\$ -	\$ -	\$ 3,006,204
U.S. government agencies	-	121,633	-	121,633
Corporate bonds	-	271,516	-	271,516
Equity securities	417,144	-	-	417,144
Total Investments at Fair Value	\$ 3,423,348	\$ 393,149	\$ -	\$ 3,816,497

Investments at amortized cost:

Money market funds	\$ 38,973
Certificates of deposit	10,495,089
Total Investments at Amortized Cost	10,534,062
Total Investments	\$ 14,350,559

The Borough has investments in money market funds and certificates of deposit that are not held at fair value, but instead are recorded at amortized cost, as of June 30, 2017.

Credit Risk

The Borough's general investments in corporate bonds of \$271,516 were rated as follows by Standard & Poors: \$9,959 rated AA+, \$12,109 rated AA, \$22,014 rated AA-, \$60,085 rated A+, \$46,862 rated A, \$27,996 rated A-, \$84,402 rated BBB+, and \$8,089 rated BBB. All of the Borough's investments in U.S. Treasuries are rated AAA. The U.S. government agencies and treasuries are rated AA+.

Investment maturities in Permanent Fund investments at June 30, 2017 are as follows:

<i>Investment Type</i>	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10 Years
Money market funds	\$ 125,826	\$ 125,826	\$ -	\$ -	\$ -
U.S. Treasuries	1,098,289	20,259	776,783	235,949	65,298
U.S. government agencies	879,813	45,006	152,759	41,101	640,947
Corporate bonds	923,499	70,951	559,739	167,596	125,213
Total subject to interest rate risk	3,027,427	\$ 262,042	\$ 1,489,281	\$ 444,646	\$ 831,458
Equity securities	4,181,848				
Total Permanent Fund Investments	\$ 7,209,275				

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Fair Value Measurement

Permanent fund investments are classified in the fair value hierarchy as follows at June 30, 2017:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
Equity securities	\$ 4,181,848	\$ -	\$ -	4,181,848
Money market funds	125,826	-	-	125,826
Corporate bonds	-	923,499	-	923,499
U.S. Treasuries	1,098,289	-	-	1,098,289
U.S. government agencies	-	879,813	-	879,813
Total Investments at Fair Value	\$ 5,405,963	\$ 1,803,312	\$ -	7,209,275

Credit Risk

The Borough's Permanent Fund investments in corporate bonds of \$923,499 were rated as follows by Standard & Poors: \$10,690 rated AAA, \$20,816 rated AA+, \$20,182 rated AA, \$110,590 rated AA-, \$129,312 rated A+, \$266,200 rated A, \$172,930 rated A-, \$125,076 rated BBB+, and \$67,703 rated BBB. All of the Borough's investments in U.S. Treasuries are rated AAA. The U.S. government agencies and treasuries are rated AA+.

4. Accounts Receivable and Valuation Allowances

The Borough maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful receivables. At June 30, 2017, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	Major Governmental Funds			Nonmajor Govern- mental Funds	Total Govern- mental Funds
<i>June 30, 2017</i>	General	Permanent	Sales Tax		
Grants and shared revenues	\$ 79,945	\$ -	\$ -	\$ 128,755	\$ 208,700
Property taxes	82,764	-	-	-	82,764
Sales taxes	429,671	-	222,667	-	652,338
Accounts	131,425	15,070	-	-	146,495
Land sales and improvements	-	-	-	82,260	82,260
Accrued interest	33,744	16,100	-	3,474	53,318
Total receivables	757,549	31,170	222,667	214,489	1,225,875
Less allowance for doubtful accounts	(83,871)	-	-	-	(83,871)
Net Receivables	\$ 673,678	\$ 31,170	\$ 222,667	214,489	\$ 1,142,004

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

	Major Enterprise Funds				Non major Enterprise	Total Enterprise Funds
	Electric Utility	Water Utility	Port	Sewer Utility	Sanitation Utility	
Grants	\$ -	\$ 540	\$ 98,119	\$ -	\$ -	\$ 98,659
Accounts	294,521	39,555	140,155	39,230	35,988	549,449
Accrued interest	-	31	162	256	-	449
Total receivables	294,521	40,126	238,436	39,486	35,988	648,557
Less allowance for doubtful accounts	(20,000)	-	(23,000)	-	-	(43,000)
Net Receivables	\$ 274,521	\$ 40,126	\$ 215,436	\$ 39,486	\$ 35,988	\$ 605,557

5. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2017
Governmental Activities				
<i>Capital assets not being depreciated -</i>				
Land and land improvements	\$ 1,186,678	\$ -	\$ -	\$ 1,186,678
<i>Capital assets being depreciated:</i>				
Infrastructure	14,345,907	1,083,239	-	15,429,146
Buildings	48,321,950	46,214	-	48,368,164
Improvements other than buildings	6,253,302	15,320	-	6,268,622
Machinery and equipment	6,013,930	24,034	-	6,037,964
Total capital assets being depreciated	74,935,089	1,168,807	-	76,103,896
Less accumulated depreciation for:				
Infrastructure	2,891,898	360,028	-	3,251,926
Buildings	33,972,869	1,564,386	-	35,537,255
Improvements other than buildings	3,847,013	192,493	-	4,039,506
Machinery and equipment	4,908,230	193,322	-	5,101,552
Total accumulated depreciation	45,620,010	2,310,229	-	47,930,239
Total capital assets being depreciated, net	29,315,079	(1,141,422)	-	28,173,657
Governmental Activities Capital Assets, net	\$ 30,501,757	\$ (1,141,422)	\$ -	\$ 29,360,335

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

	Balance July 1, 2016	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2017
Business-type Activities				
<i>Capital assets not being depreciated -</i>				
Land and land improvements	\$ 959,233	\$ -	\$ -	\$ 959,233
Construction in progress	1,474,247	207,133	(140,481)	1,540,899
Total capital assets not being depreciated	2,433,480	207,133	(140,481)	2,500,132
<i>Capital assets being depreciated:</i>				
Buildings	8,854,122	191,529	-	9,045,651
Improvements other than buildings	78,445,379	641,509	-	79,086,888
Machinery and equipment	5,410,167	46,840	(242,325)	5,214,682
Total capital assets being depreciated	92,709,668	879,878	(242,325)	93,347,221
Less accumulated depreciation for:				
Buildings	6,338,935	396,281	-	6,735,216
Improvements other than buildings	35,754,548	2,595,182	-	38,349,730
Machinery and equipment	3,702,746	305,696	(236,715)	3,771,727
Total accumulated depreciation	45,796,229	3,297,159	(236,715)	48,856,673
Total capital assets being depreciated, net	46,913,439	(2,417,281)	(5,610)	44,490,548
Business-Type Activity Capital Assets, net	\$ 49,346,919	\$ (2,210,148)	\$ (146,091)	\$ 46,990,680

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows for the year ended June 30, 2017:

Governmental Activities	
General government	\$ 54,333
Public safety	257,879
Public works	490,133
Library	30,083
Parks and recreation	60,430
Community services	435,942
Education	981,429

Total Depreciation Expense - Governmental Activities	\$ 2,310,229
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Business-Type Activities	
Electric utility	\$ 286,663
Water utility	667,280
Sewer utility	352,164
Sanitation utility	66,792
Port	1,924,260

Total Depreciation Expense - Business Type Activities	\$ 3,297,159
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6. Interfund Balances and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2017, follows:

Due to Other Funds	
Due to General Fund from:	
Nonmajor governmental fund for State of Alaska government bonds reimbursement receivable	\$ 8,332
Nonmajor governmental funds for short-term capital advances	107,434
Total Amount Due to General Fund	\$ 115,766

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Transfers

From General Fund to:		
Nonmajor governmental fund to cover debt service costs	\$	173,086
Nonmajor governmental funds to cover operating costs		592,924
Total transfers from General Fund		766,010
From Permanent Fund Special Revenue Fund to General Fund for operating costs		250,000
From Sales Tax Special Revenue Fund to Nonmajor governmental fund for pool operating costs		29,000
From nonmajor governmental funds to:		
Sales Tax Special Revenue Fund to transfer fund balance		5,156
Other nonmajor governmental funds for operating costs		11,760
General Fund to transfer fund balance		6,595
Total transfers from nonmajor governmental funds		23,511
Total Transfers to Other Funds	\$	1,068,521

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

7. Long-term Liabilities

The following is a summary of long-term liability transactions of the Borough for the year ended June 30, 2017:

Governmental Activities	Balance July 1, 2016	Additions	Retired	Balance June 30, 2017	Due Within One Year
General Obligation Bonds:					
\$1,289,000 refunding 2015A Series One School bond, due in annual installments of \$205,000 to \$240,000 through 2021, plus semi-annual interest payments at rates ranging from 2.0% to 5.0% per annum	\$1,085,000	\$ -	\$ 205,000	\$ 880,000	\$ 205,000
\$220,000 2011 school bonds, due in annual installments of \$25,000 through 2021, plus semi-annual interest payments at rates ranging from 3.0% to 4.0% per annum	120,000	-	20,000	100,000	25,000
\$165,000 2011 refunding school bonds, due in final installment of \$40,000 through 2017, plus semi-annual interest payments at rates ranging from 4.0% to 5.0%	40,000	-	40,000	-	-
Accrued leave	276,441	29,782	40,455	265,768	265,768
Net pension liability	4,112,239	537,817	-	4,650,056	-
Total Governmental Activities	5,633,680	\$ 565,599	\$ 305,455	5,895,824	\$ 495,768
Plus unamortized bond premium	98,083			78,466	
	\$5,731,763			\$ 5,974,290	

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance July 1, 2016	Additions	Retired	Balance June 30, 2017	Due Within One Year
Revenue Bonds:					
\$250,000 1997 Sewer Utility revenue bonds, due in semi-annual installments of \$7,135 including interest at 4.875% through 2038	\$ 188,121	\$ -	\$ 5,161	\$ 182,960	\$ 5,416
\$250,000 1997 Water Utility revenue bonds, due in semi-annual installments of \$7,135 including interest at 4.875% through 2038	188,108	-	5,162	182,946	5,416
Loans Payable:					
\$91,000 Sewer loan due in semi-annual installments of \$1,623 including interest at 1.875% through 2057	-	91,000	770	90,230	1,561
\$1,501,836 Water Utility loan due in annual installments of \$89,987 including interest at 1.5% through 2021	430,375	-	83,531	346,844	84,784
\$200,000 Port loan from the General Fund to be paid with 50% of port development fees	130,786	-	11,792	118,994	11,792*
\$235,096 Port loan from the Permanent Fund Special Revenue Fund	47,018	-	23,509	23,509	23,509 *
Accrued leave	82,217	16,396	-	98,613	98,613
Net pension liability	2,165,743	345,891	-	2,511,634	-
Total Business-Type Activities	\$ 3,232,368	\$ 453,287	\$ 129,925	\$ 3,555,730	\$ 231,091

* These interfund loans have been eliminated from long-term debt and loans receivable on the government-wide Statement of Net Position.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Annual debt service requirements to maturity for all of the above obligations, except the accrued leave and the Port loans, follow:

Governmental Activities <i>Year Ending June 30,</i>	General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 230,000	\$ 37,325	\$ 267,325
2019	240,000	28,050	268,050
2020	250,000	18,250	268,250
2021	260,000	6,875	266,875
	\$ 980,000	\$ 90,500	\$ 1,070,500

Business-type Activities <i>Year Ending June 30,</i>	Revenue Bonds			Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 10,832	\$ 17,708	\$ 28,540	\$ 86,345	\$ 6,888	\$ 93,233
2019	11,367	17,173	28,540	87,647	5,586	93,233
2020	11,928	16,612	28,540	88,968	4,265	93,233
2021	12,516	16,024	28,540	90,308	2,925	93,233
2022	13,134	15,406	28,540	1,682	1,564	3,246
2023-2027	76,053	66,647	142,700	8,900	7,330	16,230
2028-2032	96,762	45,938	142,700	9,770	6,460	16,230
2033-2037	123,107	19,593	142,700	10,726	5,504	16,230
2038-2042	10,206	-	10,206	11,775	4,455	16,230
2043-2047	-	-	-	12,927	3,303	16,230
2048-2052	-	-	-	14,191	2,039	16,230
2053-2056	-	-	-	13,835	652	14,487
	\$ 365,906	\$ 215,101	\$ 581,007	\$ 437,074	\$ 50,971	\$ 488,045

8. Net Position

In the Statement of Net Position, net position is reported in the following categories:

	Governmental Activities	Business -type Activities	Total
Net investment in capital assets	\$ 28,301,869	\$ 46,187,700	\$ 74,489,569
Restricted:			
Barnes Endowment	50,000	-	50,000
Economic stability	7,534,137	-	7,534,137
Schools and roads	3,278,861	-	3,278,861
Total restricted	10,862,998	-	10,862,998
Unrestricted	7,295,259	6,870,402	14,165,661
Total Net Position	\$ 46,460,126	\$ 53,058,102	\$ 99,518,228

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

9. Fund Balances

Fund balances, reported in the Borough's individual major funds and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2017:

	Major Governmental Funds					
	General	Permanent Fund Special Revenue	Sales Tax Special Revenue	Nonmajor Funds	Totals	
Nonspendable:						
Interfund loans	\$ 118,994	\$ -	\$ -	\$ -	\$ 118,994	
Inventory	-	-	-	88,547	88,547	
Total nonspendable	118,994	-	-	88,547	207,541	
Restricted:						
Economic stability	-	7,534,137	-	-	7,534,137	
Schools and roads	-	-	-	3,278,861	3,278,861	
Barnes Endowment	-	-	-	50,000	50,000	
Total restricted	-	7,534,137	-	3,328,861	10,862,998	
Committed:						
Community services	-	-	-	261,080	261,080	
Education and health	-	-	1,277,030	-	1,277,030	
Swimming pool	-	-	-	1,086,361	1,086,361	
Land and industrial development	-	-	-	327,926	327,926	
Total committed	-	-	1,277,030	1,675,367	2,952,397	
Assigned:						
Projects	-	-	-	401,992	401,992	
Community services	-	-	-	51,420	51,420	
Total assigned	-	-	-	453,412	453,412	
Unassigned (deficit)	7,676,670	-	-	(16,907)	7,659,763	
Total Fund Balances	\$ 7,795,664	\$ 7,534,137	\$ 1,277,030	\$ 5,529,280	\$ 22,136,111	

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

10. Municipal Landfill Closure and Postclosure Liability

On January 15, 1998, the Borough entered into an agreement with Regional Disposal Company to transport and dispose of municipal solid waste. State and federal laws and regulations require the Borough to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

The Borough has been successful in obtaining grants to assist with closing the landfill and the closure was completed at the end of fiscal year 2012. Management believes that the ongoing monitoring costs will be minimal; therefore no liability has been reflected in these financial statements.

11. Restrictions of Sales Tax Revenues

According to the Municipal Code, 28% of sales tax revenue is to be used (1) to pay principal and interest for any bond indebtedness relating to education and health of the Borough; (2) to operate and maintain school facilities; and (3) to construct and maintain sewers within the Borough and other purposes relating to the health and sanitation of the Borough.

Four percent of the total sales tax revenue is to be used to plan, design, construct, and/or improve streets and sidewalks, such as pavement of gravel streets or the replacement of previously paved streets.

The remaining 68% of the current sales tax is available for any General Fund purpose as authorized by law or charter.

12. School Support

The following is a summary of the total support provided by the Borough to the School District for the year ended June 30, 2017. Support provided to the School District does not include debt service payments on school facilities or capital expenditures.

Special Revenue Funds:	
Sales Tax	\$ 667,800
National Forest Receipts	848,488
<hr/>	
Total Contributions to School District	\$ 1,516,288

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

13. Defined Benefit (DB) Pension Plan

General Information about the Plan

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

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

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

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

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

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows, and disclosures on this basis.

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

It is important to note that the Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (police and firefighters are required to contribute 7.50% of their annual covered salary).

Employer and Other Contribution Rates

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

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

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

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

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY17, the rate uses an 8% pension discount rate and a 4.30% healthcare discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Contribution rates for the year ended June 30, 2017 were determined in the June 30, 2014 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	14.96%	20.34%	4.14 %	24.49%
Postemployment healthcare (see Note 16)	7.04%	5.80%	0.00 %	56.64%
Total Contribution Rates	22.00%	26.14%	4.14 %	81.13%

In 2017, the Borough was credited with the following contributions to the pension plan.

	Measurement Period Borough FY16	Borough FY17
Employer contributions (including DBUL)	\$ 343,399	\$ 537,369
Non-employer contributions (on-behalf)	127,047	144,324
Total Contributions	\$ 470,446	\$ 681,693

In addition, employee contributions to the Plan totaled \$149,765 during the Borough fiscal year.

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

At June 30, 2017, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

	2017
Borough proportionate share of NPL	\$ 7,161,690
State's proportionate share of NPL associated with the Borough	901,438
Total Net Pension Liability	\$ 8,063,128

The net pension liability was measured as of June 30, 2016, 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 entities, including the State, actuarially determined. At June 30, 2017, the Borough's proportion was 0.12813 percent, which was a decrease of 0.001310 from its proportion measured as of the prior measurement date.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

For the year ended June 30, 2017, the Borough recognized pension expense of \$1,235,210 and on-behalf revenue of \$121,515 for support provided by the State. At June 30, 2017, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 658	\$ (79,829)
Changes in assumptions	33,031	-
Net difference between projected and actual earnings on pension plan investments	703,960	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	26,466	(14,771)
Borough contributions subsequent to the measurement date	537,369	-
Total Deferred Outflows and Deferred Inflows Related to Pensions	\$ 1,301,484	\$ (94,600)

The \$537,369 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2018	\$ 89,330
2019	106,574
2020	287,781
2021	185,830

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2016 (Borough fiscal year 2017) was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2016. The actuarial assumptions used in the June 30, 2015 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial Cost Method	Entry Age Normal - Level Percentage of Payroll
Asset Valuation Method	Invested assets are reported at fair value.
Allocation Methodology	Amounts for FY14 and FY13 were allocated to employers based on actual contributions made in FY14 and FY13, respectively. Amounts for FY15 were allocated to employers based on the projected present value of contributions for FY2017-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00% per year (geometric), compounded annually, net of expenses
Salary Scale	Inflation - 3.12% per year Productivity - 0.50% per year Peace Officer/Firefighter - graded by years of service from 9.66% to 4.92% All others - graded by age and years of service from 8.55% to 4.34%
Total Inflation	Measured by the consumer price index for urban and clerical workers for Anchorage and is assumed to increase 3.12% annually.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	<i>Long-Term Expected Real Rate of Return</i>
Domestic equity	5.35%
Global equity (non-US)	5.55%
Private equity	6.25%
Fixed income composite	0.80%
Real estate	3.65%
Alternative equity	4.70%

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that Employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<i>1% Decrease (7.00%)</i>	<i>Current Discount Rate (8.00%)</i>	<i>1% Increase (9.00%)</i>
Borough's proportionate share of the net pension liability	\$ 9,223,894	\$ 7,161,690	\$ 5,442,316

Pension Plan Fiduciary Net Position

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

14. Defined Contribution (DC) Pension Plan

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

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended June 30, 2017, the Borough was required to contribute 5% of covered salary into the Plan. In addition, during 2017, the State on-behalf contribution rate for OPEB was 0.00%.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2017 were \$53,474 and \$85,558, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

15. Other Post-Employment Benefit (OPEB) Plans

Defined Benefit OPEB Plan

As part of its participation in the PERS DB Plan (Tiers I, II, III), the Borough participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The Plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan described earlier in these notes.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Employer Contribution Rate

The Borough is required to contribute 8.75% of covered payroll into the OPEB plan. Employees do not contribute.

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. In 2015 and 2017 there were no on-behalf contributions to the OPEB Plan; however, on-behalf contributions to the OPEB Plan in 2016 were \$54,405.

<i>Year Ended June 30,</i>	Annual OPEB Costs	Borough Contributions	% of Costs Contributed
2017	\$ 275,984	\$ 275,984	100 %
2016	\$ 226,771	\$ 226,771	100 %
2015	\$ 257,181	\$ 257,181	100 %

Defined Contribution OPEB Plans

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2017 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.18%	1.18%
Occupational death and disability benefits	0.17%	0.49%
Total Contribution Rates	1.35%	1.67%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2016, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,049 per year for each full-time employee, and \$1.31 per hour for part-time employees.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Annual Postemployment Healthcare Cost

In 2017, the Borough contributed \$58,095 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

16. Risk Management

The Borough faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs. The Borough is a member of Alaska Public Entity Insurance (APEI), a governmental insurance pool. APEI provides insurance coverage for property and contents damage, torts, general and automobile liability, public officials and employees' liability, law enforcement professional liability and workers' compensation. The Borough has no coverage for potential losses from environmental damages. APEI is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2017. Coverage limits and the deductibles on the policies have stayed relatively constant for the last several years.

17. Contingencies

Grants

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

Environmental Remediation

The City and Borough of Wrangell foreclosed on a piece of property in 2004 for the owner's failure to pay property taxes. This property was previously used as a junk yard and is classified as contaminated by both the Alaska Department of Environmental Conservation (ADEC) and the U.S. Environmental Protection Agency (EPA). Both ADEC and EPA have met with the Borough in regards to cleaning this site up to a residential level. As of June 30, 2017, the debris has been removed and the EPA and ADEC have completed their assessment. Clean-up costs have been estimated in the \$4 million range. In September 2015, the ADEC announced that it would step in and manage the project with funding under the State's Oil and Hazardous Substance Release Prevention and Response Fund. Management believes that the State funding will cover the costs of clean up and that the Borough will only provide limited administrative support. No liability has been recorded in these financial statements in connection with this issue.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

18. Subsequent Events

On October 24, 2017, the Borough entered into a line of credit agreement with the Wrangell Medical Center for an amount not to exceed \$500,000. The line of credit is interest free and will be reviewed and renewed on an annual basis by the Borough based on need. As of March 29, 2018, the Medical Center had drawn down \$250,000 on the line of credit.

On July 6, 2017, the Borough completed a sale of the Borough's Belt Freezer facility to Trident Seafoods, receiving \$950,000 in proceeds.

19. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 75 will result in the biggest reporting change. However, actual impacts have not yet been determined.

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - Effective for year-end June 30, 2018, with earlier application encouraged - This statement contains accounting and financial reporting guidelines for OPEB related activities at the participating employer level and generally brings the OPEB reporting rules into alignment with the new GASB 68 Pension rules.

GASB 81 - Irrevocable Split-Interest Agreements - Effective for year-end June 30, 2018, with earlier application encouraged - This statement establishes recording and recognition criteria for governments who receive resources pursuant to an irrevocable split-interest agreement.

GASB 83 - Certain Asset Retirement Obligations - Effective for year-end June 30, 2019, with earlier application encouraged - This statement addresses accounting and financial reporting for certain asset retirement obligations that are legally enforceable liabilities associated with the retirement of a tangible capital asset.

GASB 84 - Fiduciary Activities - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 85 - Omnibus - Effective for year-end June 30, 2018, with earlier application encouraged - This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. Issues covered include blending of component units, goodwill, fair value measurement and application, and postemployment benefits.

GASB 86 - Certain Debt Extinguishment Issues - Effective for year-end June 30, 2018, with earlier application encouraged - This statement addresses accounting and financial reporting for in-substance defeasance of debt when only existing resources are used, as well as accounting and financial reporting for prepaid insurance on extinguished debt.

GASB 87 - Leases - Effective for year-end June 30, 2021, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Required Supplementary Information

City and Borough of Wrangell, Alaska

General Fund

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

<i>Year Ended June 30, 2017</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 3,969,000	\$ 3,945,140	\$ 3,982,923	\$ 37,783
Intergovernmental	1,034,521	1,010,824	967,403	(43,421)
Charges for services	278,633	270,333	266,138	(4,195)
Sales and leases	117,000	118,000	123,863	5,863
Fines and forfeitures	7,500	7,500	4,575	(2,925)
Investment income (loss)	15,000	30,000	(1,710)	(31,710)
Other	11,250	8,750	24,760	16,010
Total Revenues	5,432,904	5,390,547	5,367,952	(22,595)
Expenditures				
General government	1,038,300	1,178,724	1,098,826	79,898
Public safety	2,352,022	2,227,752	2,240,290	(12,538)
Public works	853,306	824,112	742,463	81,649
Library	286,960	286,010	254,903	31,107
Community services	138,200	184,703	161,584	23,119
Total Expenditures	4,668,788	4,701,301	4,498,066	203,235
Excess of Revenues Over Expenditures	764,116	689,246	869,886	180,640
Other Financing Sources (Uses)				
Transfers in	304,250	304,250	256,595	(47,655)
Transfers out	(591,730)	(697,025)	(766,010)	(68,985)
Net Other Financing Sources (Uses)	(287,480)	(392,775)	(509,415)	(116,640)
Net Change in Fund Balance	\$ 476,636	\$ 296,471	360,471	\$ 64,000
Fund Balance, beginning			7,435,193	
Fund Balance, ending			\$ 7,795,664	

City and Borough of Wrangell, Alaska
Permanent Fund Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

<i>Year Ended June 30, 2017</i>	Original and Final Budget	Actual	Variance with Budget
Revenues			
Investment income	\$ 250,000	\$ 590,202	\$ 340,202
Land sales	-	65,858	65,858
Lease revenue	34,440	31,440	(3,000)
Total Revenues	284,440	687,500	403,060
Expenditures - community services:			
Insurance	4,130	2,400	1,730
Other	-	250	(250)
Total Expenditures	4,130	2,650	1,480
Excess of Revenue Over Expenditures	280,310	684,850	404,540
Other Financing Uses - transfers out	(250,000)	(250,000)	-
Net Change in Fund Balance	<u>\$ 30,310</u>	434,850	<u>\$ 404,540</u>
Fund Balance, beginning		<u>7,099,287</u>	
Fund Balance, ending		<u>\$ 7,534,137</u>	

City and Borough of Wrangell, Alaska
Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

<i>Year Ended June 30, 2017</i>	Original and Final Budget	Actual	Variance with Budget
Revenues			
Sales tax	\$ 845,000	\$ 834,640	\$ 10,360
Miscellaneous reimbursement	-	39,961	(39,961)
Investment income (loss)	10,000	(241)	10,241
Total Revenues	855,000	874,360	(19,360)
Expenditures			
Contributions to school district	667,800	667,800	-
Street design/construction	266,000	306,305	(40,305)
Professional services	-	-	-
Total Expenditures	933,800	974,105	(40,305)
Excess of Revenues Over (Under) Expenditures	(78,800)	(99,745)	20,945
Other Financing Sources (Uses)			
Transfers in	-	5,156	(5,156)
Transfers out	(29,000)	(29,000)	-
Net Change in Fund Balance	<u>\$ (107,800)</u>	(123,589)	<u>\$ 15,789</u>
Fund Balance, beginning		<u>1,400,619</u>	
Fund Balance, ending		<u>\$ 1,277,030</u>	

City and Borough of Wrangell, Alaska
Public Employees Retirement System (PERS)
Schedule of the Borough's Information on the Net Pension Liability

<i>Year Ended June 30,</i>	Borough's Proportion of the Net Pension Liability	Borough's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Borough's Covered Payroll	Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2008	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2015	0.09481%	\$ 4,421,796	\$ 3,807,733	\$ 8,229,709	\$ 3,598,834	122.87%	62.37%
2016	0.12944%	\$ 6,277,982	\$ 1,682,286	\$ 7,960,268	\$ 3,219,425	195.00%	63.96%
2017	0.12813%	\$ 7,161,690	\$ 901,438	\$ 8,063,128	\$ 3,146,642	227.60%	59.55%

* Information for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Wrangell, Alaska
Public Employees Retirement System (PERS)
Schedule of the Borough's Contributions

<i>Year Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Borough's Covered Payroll	Contributions as a Percentage of Covered Payroll
2008	*	*	*	*	*
2009	*	*	*	*	*
2010	*	*	*	*	*
2011	*	*	*	*	*
2012	*	*	*	*	*
2013	*	*	*	*	*
2014	*	*	*	*	*
2015	\$ 340,908	\$ 340,908	\$ -	\$ 3,219,425	10.59%
2016	\$ 343,399	\$ 343,399	\$ -	\$ 3,146,642	10.91%
2017	\$ 537,369	\$ 537,369	\$ -	\$ 3,185,949	16.87%

* Information for these years is not available.

See accompanying notes to Required Supplementary Information.

City and Borough of Wrangell, Alaska

Notes to Required Supplementary Information June 30, 2017

1. Budgetary Comparison Schedules

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

2. Schedule of the Borough's Information on the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2017, the Plan measurement date is June 30, 2016.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

There were no changes in the allocation methodology.

3. Schedule of Borough Contributions - Public Employees Retirement System

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

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Supplementary Information

City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds				Capital Project Funds					Total Nonmajor Govern- mental Funds
	Transient Tax	Secure Rural Schools	Parks and Recreation	Nolan Center	Debt Service Fund	Residential Construc- tion	Industrial Construc- tion	Misc- ellaneous	Economic Recovery	
<i>June 30, 2017</i>										
Assets										
Cash and investments	\$ 262,080	\$ 3,278,861	\$ 1,111,913	\$ 116,428	\$ -	\$ -	\$ 327,926	\$ 68,651	\$ 401,992	\$ 5,567,851
Receivables:										
Grants	-	-	-	-	8,332	-	-	120,423	-	128,755
Accrued interest	-	-	3,472	2	-	-	-	-	-	3,474
Land sales and improvements	-	-	-	-	-	25,047	57,213	-	-	82,260
Inventory	-	-	-	88,547	-	-	-	-	-	88,547
Total Assets	\$ 262,080	\$ 3,278,861	\$ 1,115,385	\$ 204,977	\$ 8,332	\$ 25,047	\$ 385,139	\$ 189,074	\$ 401,992	\$ 5,870,887
Liabilities, Deferred Inflows of Resources and Fund Balances										
Liabilities										
Accounts payable	\$ 1,000	\$ -	\$ 29,024	\$ 3,832	\$ -	\$ -	\$ -	\$ 27,037	\$ -	\$ 60,893
Unearned revenue	-	-	-	11,178	-	-	-	71,510	-	82,688
Due to other funds	-	-	-	-	8,332	4,314	-	103,120	-	115,766
Total Liabilities	1,000	-	29,024	15,010	8,332	4,314	-	201,667	-	259,347
Deferred Inflows of Resources - land sales not yet due	-	-	-	-	-	25,047	57,213	-	-	82,260
Fund Balances										
Nonspendable - inventory	-	-	-	88,547	-	-	-	-	-	88,547
Restricted:										
Schools and roads	-	3,278,861	-	-	-	-	-	-	-	3,278,861
Barnes Endowment	-	-	-	50,000	-	-	-	-	-	50,000
Committed:										
Community services	261,080	-	-	-	-	-	-	-	-	261,080
Swimming pool	-	-	1,086,361	-	-	-	-	-	-	1,086,361
Land development	-	-	-	-	-	-	327,926	-	-	327,926
Assigned:										
Projects	-	-	-	-	-	-	-	-	401,992	401,992
Community services	-	-	-	51,420	-	-	-	-	-	51,420
Unassigned (deficit)	-	-	-	-	-	(4,314)	-	(12,593)	-	(16,907)
Total Fund Balances (deficits)	261,080	3,278,861	1,086,361	189,967	-	(4,314)	327,926	(12,593)	401,992	5,529,280
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 262,080	\$ 3,278,861	\$ 1,115,385	\$ 204,977	\$ 8,332	\$ 25,047	\$ 385,139	\$ 189,074	\$ 401,992	\$ 5,870,887

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

	Special Revenue Funds					Capital Project Funds							Total Nonmajor Governmental Funds
	Transient Tax	Secure Rural Schools	Parks and Recreation	Nolan Center	Misc- ellaneous Grants	Debt Service Fund	Residential Construc- tion	Industrial Construc- tion	Street Construc- tion	Misc- ellaneous	School Renovation	Economic Recovery	
<i>Year Ended June 30, 2017</i>													
Revenues													
Taxes	\$ 93,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,825
Intergovernmental	-	-	4,785	6,509	-	138,014	-	-	664,149	143,887	-	-	957,344
Charges for services	-	-	72,688	110,508	-	-	-	-	-	-	-	-	183,196
Sales and leases	-	-	-	70,043	-	-	-	-	-	-	-	-	70,043
Investment income (loss)	(58)	(731)	48,130	40	-	-	900	3,867	-	-	-	-	52,148
Land sales and improvements	-	-	-	-	-	-	8,953	7,060	-	-	-	-	16,013
Donations and contributions	500	-	11,045	212,967	-	-	-	-	-	-	-	-	224,512
Other	2,278	-	1,403	19,639	-	-	-	-	-	-	-	-	23,320
Total Revenues	96,545	(731)	138,051	419,706	-	138,014	9,853	10,927	664,149	143,887	-	-	1,620,401
Expenditures													
Parks and recreation	-	-	536,450	-	-	-	-	-	-	-	-	-	536,450
Community services	36,458	-	-	544,005	-	-	-	-	-	-	-	-	580,463
Education - contributions to school district	-	848,488	-	-	-	-	-	-	-	-	-	-	848,488
Debt service:													
Principal	-	-	-	-	-	265,000	-	-	-	-	-	-	265,000
Interest	-	-	-	-	-	46,100	-	-	-	-	-	-	46,100
Capital outlay	-	-	32,752	-	-	-	894	1,227	664,149	156,480	660	20,000	876,162
Total Expenditures	36,458	848,488	569,202	544,005	-	311,100	894	1,227	664,149	156,480	660	20,000	3,152,663
Excess of Revenues Over (Under) Expenditures	60,087	(849,219)	(431,151)	(124,299)	-	(173,086)	8,959	9,700	-	(12,593)	(660)	(20,000)	(1,532,262)
Other Financing Sources (Uses)													
Transfers in	-	-	508,470	125,214	-	173,086	-	-	-	-	-	-	806,770
Transfers out	(11,760)	-	-	-	(6,595)	-	-	-	-	-	(5,156)	-	(23,511)
Net Other Financing Sources (Uses)	(11,760)	-	508,470	125,214	(6,595)	173,086	-	-	-	-	(5,156)	-	783,259
Net Change in Fund Balances	48,327	(849,219)	77,319	915	(6,595)	-	8,959	9,700	-	(12,593)	(5,816)	(20,000)	(749,003)
Fund Balances (Deficits), beginning	212,753	4,128,080	1,009,042	189,052	6,595	-	(13,273)	318,226	-	-	5,816	421,992	6,278,283
Fund Balances (Deficits), ending	\$ 261,080	\$ 3,278,861	\$ 1,086,361	\$ 189,967	\$ -	\$ -	\$ (4,314)	\$ 327,926	\$ -	\$ (12,593)	\$ -	\$ 401,992	\$ 5,529,280

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General Fund

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

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

City and Borough of Wrangell, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2017	2016
Assets		
Cash and investments	\$ 7,098,486	\$ 6,681,329
Receivables:		
Property taxes	82,764	91,910
Sales taxes	429,671	413,470
Accounts	131,425	229,758
Accrued interest	33,744	20,293
Grants and shared revenues	79,945	2,245
Total receivables	757,549	757,676
Less allowance for doubtful accounts	(83,871)	(41,800)
Net receivables	673,678	715,876
Due from other funds	115,766	150,022
Interfund loan receivable	118,994	130,786
Total Assets	\$ 8,006,924	\$ 7,678,013
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities		
Accounts payable	\$ 111,332	\$ 66,278
Unearned revenue	11,825	79,052
Total Liabilities	123,157	145,330
Deferred Inflows of Resources		
Delinquent property taxes	82,764	91,910
Taxes collected in advance	5,339	5,580
Total Liabilities and Deferred Inflows of Resources	211,260	242,820
Fund Balance		
Nonspendable - interfund loan receivable	118,994	130,786
Unassigned	7,676,670	7,304,407
Total Fund Balance	7,795,664	7,435,193
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 8,006,924	\$ 7,678,013

City and Borough of Wrangell, Alaska

General Fund

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance with Budget	Actual
Revenues				
Taxes:				
Real property taxes	\$ 1,710,000	\$ 1,719,014	\$ 9,014	\$ 1,652,942
Property tax penalties and interest	20,140	20,390	250	23,287
Payments in lieu of taxes	400,000	434,795	34,795	455,831
Sales taxes	1,780,000	1,774,678	(5,322)	1,785,571
Sales tax penalties and interest	35,000	34,046	(954)	19,050
Total taxes	3,945,140	3,982,923	37,783	3,936,681
Intergovernmental:				
State of Alaska:				
Jail contract	325,274	325,274	-	325,274
Revenue - sharing	379,515	379,515	-	568,634
Library grants	7,700	7,964	264	7,650
LEPC grant revenue	8,900	9,278	378	8,787
State PERS relief	269,235	85,466	(183,769)	108,618
Sate of Alaska reimbursement	-	5,512	5,512	-
Liquor licenses	13,200	13,200	-	8,200
Total State of Alaska	1,003,824	826,209	(177,615)	1,027,163
Federal government:				
911 system replacement	-	134,194	134,194	-
Library grants	7,000	7,000	-	7,000
Total federal government	7,000	141,194	134,194	7,000
Total intergovernmental	1,010,824	967,403	(43,421)	1,034,163
Charges for services:				
Cemetery services	1,700	1,816	116	2,604
Police services	102,000	95,512	(6,488)	104,560
911 surcharge	48,000	50,177	2,177	43,162
R/V revenues	-	-	-	3,874
Airport security	118,633	118,633	-	118,633
Total charges for services	270,333	266,138	(4,195)	272,833

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Revenues, continued				
Sales and leases:				
Court rental	\$ 62,000	\$ 65,374	\$ 3,374	\$ 70,162
Tideland leases	43,500	46,972	3,472	41,303
Material sales	10,000	9,442	(558)	80,303
Cemetery plot sales	2,500	2,075	(425)	3,009
Total sales and leases	118,000	123,863	5,863	194,777
Fines and forfeitures	7,500	4,575	(2,925)	5,989
Investment income (loss)	30,000	(1,710)	(31,710)	33,708
Other revenues:				
Licenses and permits	5,000	3,024	(1,976)	2,760
Copies	250	72	(178)	464
Library grants	3,500	6,303	2,803	500
Public works labor	-	2,062	2,062	-
Miscellaneous	-	13,299	13,299	4,611
Total other revenues	8,750	24,760	16,010	8,335
Total Revenues	5,390,547	5,367,952	(22,595)	5,486,486
Expenditures				
General government:				
Finance:				
Personnel services:				
Salaries	236,500	234,792	1,708	234,930
Overtime salaries	7,150	6,904	246	6,988
Employee benefits	184,850	158,248	26,602	151,604
Total personnel services	428,500	399,944	28,556	393,522
Contractual services:				
Auditor	23,500	21,436	2,064	20,173
Assessor	70,000	51,000	19,000	52,410
Telephone and internet	-	1,447	(1,447)	4,622
Travel and training	-	(43)	43	1,346

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
General government, continued:				
Finance, continued:				
Contractual services, continued:				
Utilities	\$ 12,500	\$ -	\$ 12,500	\$ 11,616
Equipment rental	1,000	283	717	849
Programming	80,000	49,963	30,037	11,308
Financial services	-	346	(346)	-
Foreclosure costs	4,000	5,689	(1,689)	3,055
Allocated - public works building costs	32,723	41,466	(8,743)	-
Collection charges	-	(81)	81	869
Total contractual services	223,723	171,506	52,217	106,248
Commodities:				
Materials and supplies	17,500	15,344	2,156	16,663
Custodial supplies	1,500	1,113	387	1,282
Postage	15,000	15,504	(504)	8,530
Building repairs and maintenance	-	-	-	5,436
Equipment repairs and maintenance	12,500	9,891	2,609	4,950
Publications and advertising	-	686	(686)	-
Capital expenditures	-	-	-	1,350
Total commodities	46,500	42,538	3,962	38,211
Bad debts	-	16,127	(16,127)	-
Total finance	698,723	630,115	68,608	537,981
Less charges to other funds	(163,600)	(163,600)	-	(160,392)
Net finance	535,123	466,515	68,608	377,589
Administration:				
Personnel services:				
Salaries	200,000	223,273	(23,273)	220,939
Employee benefits	55,000	63,547	(8,547)	67,108
Total personnel services	255,000	286,820	(31,820)	288,047

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
General government, continued:				
Administration, continued:				
Contractual services:				
Attorney	\$ 138,860	\$ 124,777	\$ 14,083	\$ 48,394
Telephone and internet	-	1,248	(1,248)	6,558
Administration travel and training	6,200	9,019	(2,819)	6,252
Publications and advertising	250	1,358	(1,108)	-
Litigation	-	-	-	16,934
Allocated - public works building costs	8,726	11,058	(2,332)	-
Tourism program	20,000	6,707	13,293	22,390
Total contractual services	174,036	154,167	19,869	100,528
Commodities:				
Materials and supplies	2,000	1,565	435	5,063
Memberships and dues	-	455	(455)	-
Total commodities	2,000	2,020	(20)	5,063
General insurance	11,850	6,885	4,965	9,114
Total administration	442,886	449,892	(7,006)	402,752
Clerk and assembly:				
Personnel services:				
Salaries	73,000	71,682	1,318	70,223
Overtime salaries	300	241	59	259
Employee benefits	64,850	53,044	11,806	49,557
Total personnel services	138,150	124,967	13,183	120,039
Contractual services:				
Telephone and internet	-	395	(395)	-
Clerk travel and training	14,000	12,932	1,068	3,295
Assembly travel and training	-	-	-	13,296
Recorder fees	850	779	71	122
Allocated - public works building costs	2,182	2,764	(582)	-
Public communications	-	-	-	7,120
Total contractual services	17,032	16,870	162	23,833

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
General government, continued:				
Clerk and assembly, continued:				
Commodities:				
Materials and supplies	\$ 1,500	\$ 844	\$ 656	\$ 3,030
Publications	19,120	19,864	(744)	17,851
Records preservation	1,093	1,093	-	690
Election supplies	3,870	4,107	(237)	2,930
Republishing WMC	3,000	2,441	559	3,604
Total commodities	28,583	28,349	234	28,105
Total clerk and assembly	183,765	170,186	13,579	171,977
City hall building:				
Personnel services:				
Salaries	4,060	5,179	(1,119)	-
Overtime salaries	150	121	29	-
Employee benefits	12,740	6,933	5,807	-
Total personnel services	16,950	12,233	4,717	-
Contractual services:				
Telephone and internet	9,200	8,760	440	-
Utilities	12,500	13,368	(868)	-
Software programming and licensing	-	14,845	(14,845)	-
Computer repairs and maintenance	-	2,051	(2,051)	-
Equipment rental	350	566	(216)	-
Allocated - public works labor	5,000	766	4,234	-
Total contractual services	27,050	40,356	(13,306)	-
Commodities:				
Materials and supplies	350	259	91	-
Facility repair and maintenance	6,800	8,078	(1,278)	-
Custodial supplies	330	645	(315)	-
Equipment repair and maintenance	-	1,180	(1,180)	-
Capital expenditures	9,100	4,770	4,330	-
Total commodities	16,580	14,932	1,648	-
Total city hall building	60,580	67,521	(6,941)	-
Less charges to other departments and funds	(43,630)	(55,288)	11,658	-
Net city hall building	16,950	12,233	4,717	-
Total general government	1,178,724	1,098,826	79,898	952,318

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public safety:				
Fire department:				
Personnel services:				
Salaries	\$ 94,400	\$ 89,013	\$ 5,387	\$ 81,233
Overtime salaries	8,500	8,707	(207)	12,072
Employee benefits	84,400	69,124	15,276	69,831
Contributions for fire calls	5,500	5,500	-	5,500
Total personnel services	192,800	172,344	20,456	168,636
Contractual services:				
Telephone and internet	6,500	6,950	(450)	6,502
Travel and training	10,000	12,208	(2,208)	8,732
Publications and advertising	-	72	(72)	-
Volunteer accident hospital	12,600	-	12,600	-
Fire prevention and education	2,000	-	2,000	1,017
Hydrant rental	39,750	42,112	(2,362)	42,112
Insurance	13,580	7,890	5,690	24,459
Allocated - public works labor	-	3,544	(3,544)	-
LEPC costs	-	-	-	8,062
Total contractual services	84,430	72,776	11,654	90,884
Commodities:				
Materials and supplies	11,000	6,074	4,926	10,968
Fire substation costs	13,500	15,622	(2,122)	12,449
Vehicle maintenance	10,000	56,250	(46,250)	-
Equipment repairs and maintenance	-	-	-	9,888
Allocated vehicle charges - garage	45,315	26,870	18,445	43,352
Turn out gear	7,000	2,173	4,827	7,373
Total commodities	86,815	106,989	(20,174)	84,030
Total fire department	364,045	352,109	11,936	343,550
Police department:				
Personnel services:				
Salaries	475,000	493,413	(18,413)	495,270
Overtime salaries	50,000	53,501	(3,501)	42,445
Employee benefits	312,290	304,738	7,552	326,178
Uniform allowances	5,700	2,125	3,575	3,125
Total personnel services	842,990	853,777	(10,787)	867,018

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public safety, continued:				
Police department, continued:				
Contractual services:				
Telephone and internet	\$ 12,000	\$ 12,778	\$ (778)	\$ 11,575
Utilities	-	76,030	(76,030)	-
Insurance	30,120	17,499	12,621	17,991
Travel and training	8,000	5,960	2,040	3,653
Professional dues	-	75,612	(75,612)	85
911 expenditures	5,000	2,469	2,531	1,359
Capital expenditures	6,000	3,972	2,028	4,047
Animal control	7,000	1,971	5,029	1,738
State portion of driver licenses	70,000	60,274	9,726	68,747
Vehicle impound	500	250	250	-
State portion of citations	500	150	350	400
Total contractual services	139,120	256,965	(117,845)	109,595
Commodities:				
Materials and supplies	12,000	5,778	6,222	7,960
Boat expenditures	5,000	1,106	3,894	827
Publications	1,750	482	1,268	45
Ammunition	7,500	7,599	(99)	6,701
Special investigations	2,500	-	2,500	447
Equipment repairs and maintenance	8,000	8,210	(210)	4,001
Capital expenditures	-	56,709	(56,709)	-
Allocated vehicle charges - garage	54,378	43,467	10,911	45,616
Total commodities	91,128	123,351	(32,223)	65,597
Total police department	1,073,238	1,234,093	(160,855)	1,042,210
Police corrections department:				
Personnel services:				
Salaries	266,460	221,109	45,351	237,782
Overtime salaries	29,650	27,577	2,073	26,636
Employee benefits	210,000	175,331	34,669	180,265
Total personnel services	506,110	424,017	82,093	444,683
Contractual services:				
Telephone and internet	1,500	1,500	-	1,500
Travel and training	2,000	-	2,000	-
Total contractual services	3,500	1,500	2,000	1,500

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

Years Ended June 30,	2017			2016
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public safety continued:				
Police corrections department, continued:				
Materials and supplies	\$ 3,500	\$ 1,520	\$ 1,980	\$ 7,030
Allocated vehicle charges - garage	2,559	1,919	640	2,086
Prisoner meals	20,000	5,423	14,577	15,699
Reimbursement of prisoner costs	-	248	(248)	(34)
Total commodities	26,059	9,110	16,949	24,781
Total police corrections department	535,669	434,627	101,042	470,964
Public safety building:				
Personnel services:				
Salaries	20,330	19,188	1,142	18,091
Overtime	-	206	(206)	101
Employee benefits	39,270	30,667	8,603	29,501
Total personnel services	59,600	50,061	9,539	47,693
Telephone and internet	600	523	77	507
Insurance	8,100	4,706	3,394	4,838
Allocated - public works labor	34,000	35,173	(1,173)	-
Utilities	120,000	50,129	69,871	120,382
Total contractual services	162,700	90,531	72,169	125,727
Commodities:				
Fuel oil	-	-	-	1,075
Custodial supplies	2,500	3,073	(573)	2,971
Capital expenditures	-	42,822	(42,822)	-
Facility repair and maintenance	30,000	32,974	(2,974)	76,716
Total commodities	32,500	78,869	(46,369)	80,762
Total public safety building	254,800	219,461	35,339	254,182
Total public safety	2,227,752	2,240,290	(12,538)	2,110,906
Public works:				
Garage:				
Personnel services:				
Salaries	121,750	117,852	3,898	131,568
Overtime salaries	1,000	796	204	2,145
Employee benefits	110,500	110,552	(52)	91,319
Total personnel services	233,250	229,200	4,050	225,032

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public works, continued:				
Garage, continued:				
Contractual services:				
Utilities	\$ 22,150	\$ 23,134	\$ (984)	\$ 21,496
Insurance	1,750	1,017	733	1,039
Telephone and internet	-	18	(18)	-
Vehicle maintenance	-	48	(48)	-
Computer maintenance and repair	-	285	(285)	-
Publications and advertising	-	367	(367)	-
Allocated - public works labor	8,000	8,608	(608)	-
Travel and training	-	150	(150)	(1,501)
Total contractual services	31,900	33,627	(1,727)	21,034
Commodities:				
Materials and supplies	115,000	39,469	75,531	158,743
Fuel oil	13,000	12,544	456	5,533
Fuel and lubrication	65,000	45,386	19,614	45,039
Capital expenditures	10,000	10,588	(588)	-
Expendable tools	3,000	2,952	48	4,072
Total commodities	206,000	110,939	95,061	213,387
Total garage	471,150	373,766	97,384	459,453
Less charges to other departments and funds	(453,150)	(339,991)	(113,159)	(452,333)
Net garage	18,000	33,775	(15,775)	7,120
General:				
Personnel services:				
Salaries	404,000	381,438	22,562	412,706
Overtime salaries	33,570	28,124	5,446	9,008
Special projects salaries	-	-	-	1,680
Uniform allowances	1,600	2,817	(1,217)	-
Employee benefits	309,930	250,237	59,693	249,414
Total personnel services	749,100	662,616	86,484	672,808
Contractual services:				
Telephone	9,500	10,666	(1,166)	9,114
Senior Citizen Program	-	638	(638)	-
Publications and advertising	-	220	(220)	-
Vehicle maintenance	-	993	(993)	-
Insurance	8,800	5,113	3,687	-
Travel and training	800	1,034	(234)	8,383
Total contractual services	19,100	18,664	436	17,497

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public works, continued:				
General, continued:				
Commodities:				
Materials and supplies	\$ 8,000	\$ 10,877	\$ (2,877)	\$ 5,808
Engineering supplies	2,500	79	2,421	129
Publications and advertising	-	585	(585)	-
Capital expenditures	-	14,247	(14,247)	-
Building repairs and maintenance	3,500	2,659	841	24,528
Total commodities	14,000	28,447	(14,447)	30,465
Total general	782,200	709,727	72,473	720,770
Less charges to other departments and funds	(416,780)	(406,133)	(10,647)	(500,140)
Net general	365,420	303,594	61,826	220,630
Streets:				
Personnel services - allocated salaries - public works	185,792	154,557	31,235	122,227
Contractual services:				
Street lighting	7,600	12,215	(4,615)	20,978
Insurance	-	5,113	(5,113)	5,041
Rock quarry electricity	26,000	12,143	13,857	2,742
Allocated - public works labor	145,000	161,383	(16,383)	-
Sanding and snow removal	1,300	(3,761)	5,061	17,696
Total contractual services	179,900	187,093	(7,193)	46,457
Commodities:				
Materials and supplies	5,000	6,849	(1,849)	10,909
Street light fixtures	-	-	-	3,844
Equipment repairs and maintenance	-	-	-	191,916
Crushing and maintenance	15,000	15,253	(253)	33,943
Street repairs and maintenance	55,000	41,342	13,658	11,918
Total commodities	75,000	63,444	11,556	252,530
Total streets	440,692	405,094	35,598	421,214
Total public works	824,112	742,463	81,649	648,964
Parks and recreation	-	-	-	50,851

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Library:				
Personnel services:				
Salaries	\$ 114,000	\$ 108,272	\$ 5,728	\$ 115,517
Employee benefits	95,310	77,052	18,258	77,641
Total personnel services	209,310	185,324	23,986	193,158
Contractual services:				
Telephone and internet	2,000	2,235	(235)	1,071
Internet	-	-	-	188
Travel and training	2,000	2,553	(553)	1,906
Insurance	3,000	1,743	1,257	1,708
Allocated - public works labor	-	1,639	(1,639)	-
Utilities	10,500	8,499	2,001	8,391
Total contractual services	17,500	16,669	831	13,264
Commodities:				
Materials and supplies	5,000	4,227	773	4,365
Custodian supplies	1,500	155	1,345	652
Books, subscriptions and dues	21,000	20,586	414	17,258
Library grant expenditures	6,700	7,106	(406)	6,815
State library grant expenditures	-	4,360	(4,360)	7,533
Postage	2,000	953	1,047	1,296
Building repairs and maintenance	8,000	2,275	5,725	7,488
Equipment repairs and maintenance	-	1,593	(1,593)	4,323
Vehicle maintenance	8,000	7,155	845	-
Capital expenditures	7,000	4,500	2,500	3,270
Total commodities	59,200	52,910	6,290	53,000
Total library	286,010	254,903	31,107	259,422
Community services:				
Community development:				
Contractual services:				
Dues and subscriptions	5,000	4,983	17	6,123
Telephone and internet	-	959	(959)	-
Lobbyist	72,200	64,200	8,000	67,200
Publications and advertising	-	50	(50)	-
Web hosting	-	3,000	(3,000)	-
Allocated - public works labor	-	1,877	(1,877)	-
Travel and training	-	115	(115)	-
Utilities - KSTK	-	-	-	8,500
Customs	-	-	-	271
Total contractual services	77,200	75,184	2,016	82,094

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Community services, continued:				
Contributions:				
Chamber fireworks	\$ -	\$ -	\$ -	\$ 4,000
Senior citizens program	15,500	11,240	4,260	11,144
Community promotion	10,000	1,099	8,901	15,597
Chamber of Commerce	23,000	23,000	-	23,000
Local radio	8,500	8,500	-	-
Miscellaneous donations	-	7,691	(7,691)	-
Volunteer fire department	4,000	4,551	(551)	-
Total contributions	61,000	56,081	4,919	53,741
Total community development	138,200	131,265	6,935	135,835
Planning and zoning:				
Personnel services - allocated clerical	22,821	17,894	4,927	22,182
Contractual services:				
Travel and training	1,500	1,804	(304)	1,808
Computer IT and software support	-	210	(210)	-
Total contractual services	1,500	2,014	(514)	1,808
Commodities:				
Materials and supplies	100	37	63	29
Publications	1,500	147	1,353	1,074
Subdivisions and surveys	10,000	2,725	7,275	-
Memberships and dues	-	428	(428)	-
Mapping upgrade	6,000	2,480	3,520	4,659
Total commodities	17,600	5,817	11,783	5,762
Total planning and zoning	41,921	25,725	16,196	29,752
Cemetery:				
Personnel services -				
allocated salaries - public works	4,082	3,494	588	10,701
Commodities - materials and supplies	500	1,100	(600)	1,285
Total cemetery	4,582	4,594	(12)	11,986
Total community services	184,703	161,584	23,119	177,573
Total Expenditures	4,701,301	4,498,066	203,235	4,200,034

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Excess of Revenues Over Expenditures	\$ 689,246	\$ 869,886	\$ 180,640	\$ 1,286,452
Other Financing Sources (Uses)				
Transfers in	304,250	256,595	(47,655)	55,377
Transfers out	(697,025)	(766,010)	(68,985)	(732,214)
Net Other Financing Sources (Uses)	(392,775)	(509,415)	(116,640)	(676,837)
Net Change in Fund Balance	<u>\$ 296,471</u>	360,471	<u>\$ 64,000</u>	609,615
Fund Balance, beginning		<u>7,435,193</u>		<u>6,825,578</u>
Fund Balance, ending		<u>\$ 7,795,664</u>		<u>\$ 7,435,193</u>

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Special Revenue Funds

Transient Tax

This fund accounts for transient occupancy tax revenue, which is used to develop and implement a visitor industry program.

Sales Tax

This fund accounts for the portion of the sales tax revenue that is designated to finance various street, water and sewer, and community development activities.

Parks and Recreation

This fund accounts for the operations and maintenance of the swimming pool recreational activities and parks.

Nolan Center

This fund accounts for the operating activities of the museum, civic center, nolan center and theater.

Permanent Fund

This fund accounts for monies set aside to help provide future economic stability to the citizens of Wrangell.

Secure Rural Schools

This fund is established to provide for the receipt and subsequent use of National Forest Receipt monies.

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Revenues				
Transient and excise taxes	\$ 40,650	\$ 93,825	\$ 53,175	\$ 91,639
Advertising and promotion	3,000	2,278	(722)	4,529
Donations	-	500	500	-
CPV revenue sharing	39,630	-	(39,630)	-
Investment income (loss)	250	(58)	(308)	1,119
Total Revenues	83,530	96,545	13,015	97,287
Expenditures - community services:				
Salaries	-	-	-	388
Employee benefits	-	-	-	43
Travel and training	8,000	9,082	(1,082)	2,750
Materials and supplies	-	45	(45)	-
Telephone and internet	1,000	1,014	(14)	954
Postage	1,500	888	612	1,546
Promotional	20,000	8,281	11,719	5,744
Web hosting	1,400	970	430	1,197
Dues	5,500	1,975	3,525	5,445
Publications	18,000	9,500	8,500	7,479
CPV expenditures	2,500	4,703	(2,203)	9,167
Total Expenditures	57,900	36,458	21,442	34,713
Excess of Revenues Over Expenditures	25,630	60,087	34,457	62,574
-	-	-	-	-
Other Financing Uses - transfers out	(10,000)	(11,760)	(1,760)	(10,000)
Net Change in Fund Balance	\$ 15,630	48,327	\$ 32,697	52,574
Fund Balance, beginning		212,753		160,179
Fund Balance, ending		\$ 261,080		\$ 212,753

City and Borough of Wrangell, Alaska
Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

Years Ended June 30,	2017					2016
		Actual			Variance	
		Restricted			with	
	Budget	28%	4%	Total	Budget	Actual
Revenues						
Sales tax	\$ 845,000	\$ 723,785	\$ 110,855	\$ 834,640	\$ (10,360)	\$ 839,951
Miscellaneous reimbursement	-	-	39,961	39,961	39,961	-
Investment income (loss)	10,000	-	(241)	(241)	(10,241)	13,985
Total Revenues	855,000	723,785	150,575	874,360	19,360	853,936
Expenditures						
Contributions to school district	667,800	667,800	-	667,800	-	667,800
Street design/construction	266,000	-	306,305	306,305	(40,305)	2,119
Professional services	-	-	-	-	-	775
Total Expenditures	933,800	667,800	306,305	974,105	(40,305)	670,694
Excess of Revenues Over (Under)						
Expenditures	(78,800)	55,985	(155,730)	(99,745)	(20,945)	183,242
Other Financing Sources (Uses)						
Transfers in	-	5,156	-	5,156	5,156	-
Transfers out	(29,000)	-	(29,000)	(29,000)	-	(29,000)
Net Change in Fund Balance	<u>\$ (107,800)</u>	61,141	(184,730)	(123,589)	<u>\$ (15,789)</u>	154,242
Fund Balance, beginning		621,716	778,903	1,400,619		1,246,377
Fund Balance, ending		\$ 682,857	\$ 594,173	\$ 1,277,030		\$ 1,400,619

City and Borough of Wrangell, Alaska
Parks and Recreation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

Years Ended June 30,	2017						2016
	Actual					Variance with Budget	Actual
	Budget	Swimming Pool	Recreational Activity	Parks	Total		
Revenues							
User fees	\$ 65,950	\$ 51,121	\$ 15,901	\$ 5,666	\$ 72,688	\$ 6,738	\$ 68,635
Investment income	30,000	48,130	-	-	48,130	18,130	16,088
Donations	29,000	-	-	11,045	11,045	(17,955)	-
Other	700	1,403	-	-	1,403	703	-
State PERS relief	15,000	4,785	-	-	4,785	(10,215)	5,620
Total Revenues	140,650	105,439	15,901	16,711	138,051	(2,599)	90,343
Expenditures - parks and recreation:							
Personnel services:							
Salaries	134,670	53,760	74,935	29,972	158,667	(23,997)	90,014
Extra help	65,000	-	-	-	-	65,000	29,211
Casual labor	15,000	67,292	-	-	67,292	(52,292)	60,800
Allocated salaries - public works	40,615	-	272	754	1,026	39,589	-
Employee benefits	48,481	36,053	27,708	3,545	67,306	(18,825)	84,557
Total personnel services	303,766	157,105	102,915	34,271	294,291	9,475	264,582
Contractual services:							
Telephone and internet	7,250	5,271	1,980	-	7,251	(1)	6,513
Utilities	66,500	42,191	7,338	11,272	60,801	5,699	50,068
Travel and training	6,750	3,938	-	77	4,015	2,735	7,438
Insurance	19,160	19,415	2,458	366	22,239	(3,079)	23,104
Total contractual services	99,660	70,815	11,776	11,715	94,306	5,354	87,123
Commodities:							
Materials and supplies	32,000	24,919	9,639	11,767	46,325	(14,325)	26,532
Allocated vehicle charges - garage	10,237	-	-	5,477	5,477	4,760	-
Heating fuel	55,000	45,696	-	-	45,696	9,304	34,916
Vehicle maintenance	-	-	-	1,748	1,748	(1,748)	-
Chemicals	15,000	12,594	-	-	12,594	2,406	14,723
Health reports and permits	2,860	601	490	-	1,091	1,769	797
Publications	2,700	530	454	896	1,880	820	2,094
Capital expenditures	-	25,416	7,336	-	32,752	(32,752)	-
Building repair and maintenance	50,000	23,659	5,925	3,458	33,042	16,958	24,710
Total commodities	167,797	133,415	23,844	23,346	180,605	(12,808)	103,772
Total Expenditures	571,223	361,335	138,535	69,332	569,202	2,021	455,477
Excess of Revenues Over (Under) Expenditures	(430,573)	(255,896)	(122,634)	(52,621)	(431,151)	(578)	(365,134)
Other Financing Sources - transfers in	430,573	322,815	121,988	63,667	508,470	77,897	364,765
Net Change in Fund Balance	\$ -	\$ 66,919	\$ (646)	\$ 11,046	77,319	\$ 77,319	(369)
Fund Balance, beginning					1,009,042		1,009,411
Fund Balance, ending					\$ 1,086,361		\$1,009,042

City and Borough of Wrangell, Alaska
Nolan Center Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

Years Ended June 30,	2017							2016
		Actual					Variance	
	Budget	Museum	Civic Center	Theater	Nolan Center	Total	with Budget	Actual
Revenues								
Admissions	\$ 80,000	\$ 30,248	\$ -	\$ 46,072	\$ -	\$ 76,320	\$ (3,680)	\$ 70,519
Concessions	36,000	-	-	34,188	-	34,188	(1,812)	34,114
Museum gift store revenue	80,000	70,043	-	-	-	70,043	(9,957)	81,098
Donations and contributions	3,000	3,000	100,000	-	109,967	212,967	209,967	100,000
Rental revenue	20,000	-	19,639	-	-	19,639	(361)	24,762
Investment income	200	-	-	-	40	40	(160)	283
State PERS relief	8,930	-	-	-	3,458	3,458	(5,472)	4,227
Other grant revenue	100,000	3,051	-	-	-	3,051	(96,949)	-
Museum computer grant	-	-	-	-	-	-	-	1,551
Total Revenues	328,130	106,342	119,639	80,260	113,465	419,706	91,576	316,554
Expenditures - community services:								
Personnel services:								
Salaries	83,600	14,688	57,542	20,246	-	92,476	(8,876)	97,241
Casual labor	54,000	39,562	10,946	-	4,761	55,269	(1,269)	27,376
Employee benefits	44,590	6,849	25,526	1,859	-	34,234	10,356	36,087
Total personnel services	182,190	61,099	94,014	22,105	4,761	181,979	211	160,704
Contractual services:								
Collection management	1,500	-	-	-	-	-	1,500	508
Telephone and internet	-	-	-	-	-	-	-	357
Travel and training	3,000	1,680	172	-	-	1,852	1,148	2,190
Building maintenance and utilities	111,051	77,840	-	6,598	106,267	190,705	(79,654)	125,804
Allocated salaries - public works	-	-	-	-	1,930	1,930	(1,930)	-
Credit card costs	3,000	2,326	-	-	-	2,326	674	2,652
Total contractual services	118,551	81,846	172	6,598	108,197	196,813	(78,262)	131,511
Commodities:								
Materials and supplies	51,900	4,174	56,791	1,675	-	62,640	(10,740)	11,266
Book store inventory	-	-	-	-	-	-	-	45,617
Books, subscriptions and dues	1,600	41,098	619	-	-	41,717	(40,117)	615
Publications and advertising	20,800	1,115	5,686	2,438	-	9,239	11,561	19,575
Concessions	20,000	-	-	14,590	-	14,590	5,410	15,603
Film costs	30,000	-	-	23,979	-	23,979	6,021	26,112
Postage	300	17	41	-	-	58	242	35
Equipment repairs and maintenance	2,000	-	975	11,724	-	12,699	(10,699)	1,531
Insurance on loaned artifacts	500	291	-	-	-	291	209	299
Total commodities	127,100	46,695	64,112	54,406	-	165,213	(38,113)	120,653
Total Expenditures	427,841	189,640	158,298	83,109	112,958	544,005	(116,164)	412,868
Excess of Revenues Over (Under) Expenditures	(99,711)	(83,298)	(38,659)	(2,849)	507	(124,299)	(24,588)	(96,314)
Other Financing Sources - transfers in	96,598	86,555	38,659	-	-	125,214	28,616	115,500
Net Change in Fund Balance	\$ (3,113)	\$ 3,257	\$ -	\$ (2,849)	\$ 507	915	\$ 4,028	19,186
Fund Balance, beginning						189,052		169,866
Fund Balance, ending						\$ 189,967		\$ 189,052

City and Borough of Wrangell, Alaska
Permanent Fund Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2017			2016
			Variance with Budget	
	Budget	Actual		Actual
Revenues				
Investment income (loss)	\$ 250,000	\$ 590,202	\$ 340,202	\$ (67,333)
Land sales	-	65,858	65,858	-
Lease revenue	34,440	31,440	(3,000)	31,440
Total Revenues	284,440	687,500	403,060	(35,893)
Expenditures - community services:				
Insurance	4,130	2,400	1,730	2,467
Other	-	250	(250)	126
Total Expenditures	4,130	2,650	1,480	2,593
Excess of Revenues Over (Under) Expenditures	280,310	684,850	404,540	(38,486)
Other Financing Uses - transfers out	(250,000)	(250,000)	-	-
Net Change in Fund Balance	<u>\$ 30,310</u>	434,850	<u>\$ 404,540</u>	(38,486)
Fund Balance, beginning		<u>7,099,287</u>		<u>7,137,773</u>
Fund Balance, ending		<u>\$ 7,534,137</u>		<u>\$ 7,099,287</u>

City and Borough of Wrangell, Alaska
Secure Rural Schools Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental - national forest receipts	\$ 904,250	\$ -	\$ (904,250)	\$ 922,952
Investment income (loss)	20,000	(731)	(20,731)	23,095
Total Revenues	924,250	(731)	(924,981)	946,047
Expenditures - education - contributions to school district	848,488	848,488	-	848,488
Excess of Revenues Over (Under) Expenditures	75,762	(849,219)	(924,981)	97,559
Other Financing Uses - transfers out	(54,250)	-	54,250	(55,377)
Net Change in Fund Balance	<u>\$ 21,512</u>	(849,219)	<u>\$ (870,731)</u>	42,182
Fund Balance, beginning		<u>4,128,080</u>		<u>4,085,898</u>
Fund Balance, ending		<u>\$ 3,278,861</u>		<u>\$ 4,128,080</u>

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Debt Service Fund

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

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

<i>Years Ended June 30,</i>	2017			2016
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental - State of Alaska	\$ 126,546	\$ 138,014	\$ 11,468	\$ 201,921
Expenditures				
Debt service:				
Principal	265,000	265,000	-	305,000
Interest	46,100	46,100	-	56,376
Total Expenditures	311,100	311,100	-	361,376
Excess of Revenues Over (Under) Expenditures	(184,554)	(173,086)	11,468	(159,455)
Other Financing Sources				
Transfers in	182,404	173,086	(9,318)	159,455
Net Change in Fund Balance	<u>\$ (2,150)</u>	-	<u>\$ 2,150</u>	-
Fund Balance, beginning		-		-
Fund Balance, ending		<u>\$ -</u>		<u>\$ -</u>

Capital Project Funds

Residential Construction

This fund accounts for residential water, sewer, and street projects, which are financed by revenues derived from sales of residential property.

Industrial Construction

This fund accounts for industrial water, sewer, and street projects, which are financed by revenues derived from sales of industrial property.

Street Construction

This fund was established to account for costs associated with various street construction projects.

Miscellaneous Capital Projects

This fund was established to account for various capital projects and equipment purchases. It is funded primarily by grants and operating transfers from other funds.

School Renovation

This fund was established to account for costs associated with the renovation of the school buildings.

Economic Recovery

This fund was established to account for the funding and interest earnings associated with a U.S. Department of Agriculture grant for the purpose of economic assistance within the Borough.

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

<i>Year Ended June 30, 2017</i>	Residential Construc- tion	Industrial Construc- tion	Street Construc- tion	Misc- ellaneous	School Renovation	Economic Recovery	Totals
Revenues							
Intergovernmental	\$ -	\$ -	\$ 664,149	\$ 143,887	\$ -	\$ -	\$ 808,036
Land sales and improvements	8,953	7,060	-	-	-	-	16,013
Investment income	900	3,867	-	-	-	-	4,767
Total Revenues	9,853	10,927	664,149	143,887	-	-	828,816
Expenditures							
Miscellaneous capital projects	894	-	-	38,916	660	-	40,470
Compliance testing	-	1,227	-	-	-	-	1,227
Property assessment	-	-	-	-	-	20,000	20,000
Wood Street	-	-	664,149	117,564	-	-	781,713
Total Expenditures	894	1,227	664,149	156,480	660	20,000	843,410
Excess of Revenues Over (Under) Expenditures	8,959	9,700	-	(12,593)	(660)	(20,000)	(14,594)
Other Financing Uses							
Transfers out	-	-	-	-	(5,156)	-	(5,156)
Net Change in Fund Balances	8,959	9,700	-	(12,593)	(5,816)	(20,000)	(19,750)
Fund Balances (Deficits), beginning	(13,273)	318,226	-	-	5,816	421,992	732,761
Fund Balances (Deficits), ending	\$ (4,314)	\$ 327,926	\$ -	\$ (12,593)	\$ -	\$ 401,992	\$ 713,011

Enterprise Funds

Electric Utility

This fund accounts for the electric utility revenues and the associated costs of generation, distribution, and administration.

Water Utility

This fund accounts for the activities associated with operating the Borough water systems.

Sewer Utility

This fund accounts for the activities associated with operating the Borough's sewer system.

Sanitation Utility

This fund accounts for user fees for refuse collection and landfill operations for the residents of the Borough.

Port

This fund accounts for the activities of the municipal dock and boat harbors.

City and Borough of Wrangell, Alaska
Electric Utility Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 2,547,668	\$ 2,015,947
Receivables:		
Accounts	294,521	382,861
Less allowance for doubtful accounts	(20,000)	(133,000)
Net receivables	274,521	249,861
Inventories	146,564	162,820
Total Current Assets	2,968,753	2,428,628
Property, Plant and Equipment		
Land	10,900	10,900
Buildings	478,535	478,535
Improvements other than buildings	2,265,907	2,087,017
Equipment	4,147,650	4,370,637
Construction in progress	-	127,555
Total property, plant and equipment	6,902,992	7,074,644
Less accumulated depreciation	(5,190,447)	(5,140,499)
Net Property, Plant and Equipment	1,712,545	1,934,145
Total Assets	4,681,298	4,362,773
Deferred Outflows of Resources, related to pensions	204,644	166,361
Total Assets and Deferred Outflows of Resources	\$ 4,885,942	\$ 4,529,134
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 224,583	\$ 166,131
Accrued leave	39,941	37,564
Customer utility deposits	86,867	89,200
Total Current Liabilities	351,391	292,895
Long-term Liabilities - net pension liability	1,126,098	1,044,269
Total Liabilities	1,477,489	1,337,164
Deferred Inflows of Resources, related to pensions	14,875	25,001
Net Position		
Net investment in capital assets	1,712,545	1,934,145
Unrestricted	1,681,033	1,232,824
Total Net Position	3,393,578	3,166,969
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,885,942	\$ 4,529,134

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

<i>Years Ended June 30,</i>	2017	2016
Operating Revenues		
Residential	\$ 1,688,621	\$ 1,573,933
Commercial	2,240,535	2,245,489
Fuel surcharge	-	62,602
Labor charges	6,850	2,245
Other	25,868	14,986
Total Operating Revenues	3,961,874	3,899,255
Operating Expenses		
Generation	3,055,453	3,037,782
Distribution	629,140	610,888
General and administrative	130,492	127,817
Depreciation	286,663	285,912
Total Operating Expenses	4,101,748	4,062,399
Loss from Operations	(139,874)	(163,144)
Nonoperating Revenues (Expenses)		
Equipment and pole rental	76,090	100
Late fees	(12,161)	21,266
Investment income (loss)	(536)	10,148
Material sales	11,684	11,307
Interest expense	(2,137)	(2,487)
State PERS relief	19,107	44,652
SEAPA dividend	274,436	340,563
Net Nonoperating Revenues (Expenses)	366,483	425,549
Change in Net Position	226,609	262,405
Net Position, beginning	3,166,969	2,904,564
Net Position, ending	\$ 3,393,578	\$ 3,166,969

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2017	2016
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 4,284,930	\$ 4,280,720
Payments for interfund services used	(115,724)	(104,219)
Payments to suppliers	(2,763,480)	(2,742,876)
Payments to employees	(806,269)	(771,996)
Net cash flows from operating activities	599,457	661,629
Cash Flows for Capital and Related Financing Activities		
Purchase of property, plant and equipment	(65,063)	(144,190)
Interest payments on revenue bonds	(2,137)	(2,487)
Net cash flows for capital and related financing activities	(67,200)	(146,677)
Cash Flows from (for) Investing Activities		
Investment income received (loss)	(536)	10,148
Net Increase in Cash and Investments	531,721	525,100
Cash and Investments, beginning	2,015,947	1,490,847
Cash and Investments, ending	\$ 2,547,668	\$ 2,015,947
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	\$ (139,874)	\$ (163,144)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	286,663	285,912
Noncash expense - PERS relief	19,107	44,652
Decrease in allowance for doubtful accounts	(113,000)	-
Miscellaneous nonoperating revenues	350,049	373,236
(Increase) decrease in assets:		
Accounts receivable	88,340	11,189
Inventories	16,256	(21,197)
Increase in deferred outflows related to pensions	(38,283)	(94,393)
Increase (decrease) in liabilities:		
Accounts payable	58,452	(480)
Accrued leave	2,377	2,025
Customer utility deposits	(2,333)	(2,960)
Net pension liability	81,829	289,042
Decrease in deferred inflows related to pensions	(10,126)	(62,253)
Net Cash Flows from Operating Activities	\$ 599,457	\$ 661,629

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2017	2016
Generation		
Salaries	\$ 191,718	\$ 183,770
Overtime salaries	4,350	385
Employee benefits	150,569	263,034
Telephone	3,732	4,330
Utilities	2,246	2,183
Travel and training	2,839	2,573
Materials and supplies	8,308	8,060
Gas and oil	9,473	8,011
Diesel fuel	11,033	52,516
Tyee hydro power purchases	2,655,257	2,480,241
Repairs and maintenance	1,996	18,771
Allocated vehicle charges - garage	11,397	-
O.S.H.A. requirements	2,535	13,908
Total Generation	3,055,453	3,037,782
Distribution		
Salaries	304,767	311,140
Overtime salaries	18,742	8,175
Employee benefits	191,027	184,565
Allocated salaries - public works	3,937	-
Telephone	2,493	734
Utilities	983	956
Travel and training	4,803	6,187
Materials and supplies	55,858	42,085
Meters	12,228	14,102
Poles	-	(1,085)
Repairs and maintenance	3,202	6,403
Transformers	775	1,659
Allocated vehicle charges - garage	30,325	35,967
Total Distribution	629,140	610,888
General and Administrative		
Allocated overhead - finance	70,065	68,252
Professional services	11,744	10,525
Insurance	9,395	9,659
Credit card expense	39,288	39,381
Total General and Administrative	130,492	127,817
Depreciation	286,663	285,912
Total Operating Expenses	\$ 4,101,748	\$ 4,062,399

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Statement of Net Position

June 30,	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 291,501	\$ 487,495
Receivables:		
Accounts	39,555	52,072
Grants	540	23,177
Accrued interest	31	57
Total receivables	40,126	75,306
Total Current Assets	331,627	562,801
Restricted Cash and Investments		
Bond redemption reserve	25,159	25,032
ADEC loan	641,543	730,238
Total Restricted Cash and Investments	666,702	755,270
Property, Plant and Equipment		
Buildings	5,128,436	4,936,906
Improvements other than buildings	11,862,986	11,583,256
Equipment	137,233	127,843
Construction in progress	5,733	5,105
Total property, plant and equipment	17,134,388	16,653,110
Less accumulated depreciation	(11,075,935)	(10,408,655)
Net Property, Plant and Equipment	6,058,453	6,244,455
Total Assets	7,056,782	7,562,526
Deferred Outflows of Resources, related to pensions	34,359	22,318
Total Assets and Deferred Outflows of Resources	\$ 7,091,141	\$ 7,584,844
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 27,541	\$ 11,413
Accrued leave	13,728	6,437
Customer utility deposits	9,945	9,545
Accrued interest payable	2,507	3,212
Current portion:		
Revenue bonds	5,416	5,162
ADEC loan	84,784	83,531
Total Current Liabilities	143,921	119,300
Long-term Liabilities, net of current portion		
Revenue bonds	177,530	182,946
ADEC loan	262,060	346,844
Net pension liability	189,068	132,173
Total long-term Liabilities, net of current portion	628,658	661,963
Total Liabilities	772,579	781,263
Deferred Inflows of Resources, related to pensions	2,497	1,359
Net Position		
Net investment in capital assets	5,528,663	5,625,972
Unrestricted	787,402	1,176,250
Total Net Position	6,316,065	6,802,222
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 7,091,141	\$ 7,584,844

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

<i>Years Ended June 30,</i>	2017	2016
Operating Revenues		
Water sales	\$ 627,336	\$ 623,594
Operating Expenses		
Salaries	96,790	60,210
Overtime salaries	20,779	13,780
Employee benefits	111,939	74,892
Allocated salaries - public works	89,282	39,188
Allocated overhead - finance	22,802	22,182
Telephone	2,847	3,167
Travel and training	1,297	265
Materials and supplies	30,491	19,931
Chlorination - electricity	124,252	87,520
Repairs and maintenance	272,961	205,464
Allocated vehicle charges - garage	26,439	32,822
Professional services	27,574	9,758
Compliance testing	-	9,455
Insurance	4,212	4,283
Credit card expense	4,355	4,092
Depreciation	667,280	644,418
Total Operating Expenses	1,503,300	1,231,427
Loss from Operations	(875,964)	(607,833)
Nonoperating Revenues (Expenses)		
Fire hydrant rental	42,112	42,112
Investment income	1,318	5,288
Material sales	-	936
Interest expense	(14,860)	(17,266)
General expense	-	(7,366)
Noncapital grant revenue	77,670	67,124
State PERS relief	3,208	6,494
Net Nonoperating Revenues (Expenses)	109,448	97,322
Loss before contributions	(766,516)	(510,511)
Capital contributions	280,359	-
Change in Net Position	(486,157)	(510,511)
Net Position, beginning	6,802,222	7,312,733
Net Position, ending	\$ 6,316,065	\$ 6,802,222

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2017	2016
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 782,672	\$ 716,228
Payments for interfund services used	(138,523)	(94,192)
Payments to suppliers	(451,861)	(362,285)
Payments to employees	(173,017)	(120,213)
Net cash flows from operating activities	19,271	139,538
Cash Flows for Capital and Related Financing Activities		
Purchase of property, plant and equipment	(481,278)	(215,488)
Principal payments on revenue bonds	(5,162)	(4,919)
Principal payments on loan	(83,531)	(82,297)
Interest payments on bonds and loan	(15,565)	(17,042)
Capital contributions received	280,359	-
Net cash flows for capital and related financing activities	(305,177)	(319,746)
Cash Flows from Investing Activities		
Investment income received	1,344	5,264
Net Decrease in Cash and Investments	(284,562)	(174,944)
Cash and Investments, beginning	1,242,765	1,417,709
Cash and Investments, ending	\$ 958,203	\$ 1,242,765
Reconciliation of Cash and Investments to Statement of Net Position		
Cash and investments:		
Current assets	\$ 291,501	\$ 487,495
Restricted assets	666,702	755,270
Total Cash and Investments	\$ 958,203	\$ 1,242,765
Reconciliation of Loss from Operations to Net Cash		
Flows from Operating Activities		
Loss from operations	\$ (875,964)	\$ (607,833)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	667,280	644,418
Noncash expense - PERS relief	3,208	6,494
Miscellaneous nonoperating revenues	119,782	110,172
Miscellaneous nonoperating expenses	-	(7,366)
(Increase) decrease in assets:		
Accounts receivable	12,517	(1,370)
Noncapital grants receivable	22,637	(16,593)
Increase in deferred outflows related to pensions	(12,041)	(13,729)
Increase (decrease) in liabilities:		
Accounts payable	16,128	(10,984)
Accrued leave	7,291	2,918
Customer utility deposits	400	425
Net pension liability	56,895	42,040
Increase (decrease) in deferred inflows related to pensions	1,138	(9,054)
Net Cash Flows from Operating Activities	\$ 19,271	\$ 139,538

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund

Statement of Net Position

<i>June 30,</i>	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 578,190	\$ 159,997
Receivables:		
Accounts	39,230	51,645
Accrued interest	256	35
Total receivables	39,486	51,680
Total Current Assets	617,676	211,677
Restricted Cash and Investments		
Bond redemption reserve	74,456	25,040
Property, Plant and Equipment		
Buildings	2,233,579	2,233,579
Improvements other than buildings	10,122,946	10,089,209
Equipment	154,807	142,639
Total property, plant and equipment	12,511,332	12,465,427
Less accumulated depreciation	(8,983,784)	(8,631,620)
Net Property, Plant and Equipment	3,527,548	3,833,807
Total Assets	4,219,680	4,070,524
Deferred Outflows of Resources, related to pensions	52,506	36,269
Total Assets and Deferred Outflows of Resources	\$ 4,272,186	\$ 4,106,793
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 51,522	\$ 2,281
Accrued leave	18,532	15,872
Accrued interest payable	1,687	1,683
Current portion - USDA Rural Development loan	1,561	-
Current portion - revenue bonds	5,416	5,161
Total Current Liabilities	78,718	24,997
Long-term Liabilities, net of current portion		
USDA Rural Development loan	88,669	-
Revenue bonds	177,544	182,960
Net pension liability	288,925	216,631
Total Long-term Liabilities	555,138	399,591
Total Liabilities	633,856	424,588
Deferred Inflows of Resources, related to pensions	3,816	2,672
Net Position		
Net investment in capital assets	3,254,358	3,645,686
Unrestricted	380,156	33,847
Total Net Position	3,634,514	3,679,533
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,272,186	\$ 4,106,793

City and Borough of Wrangell, Alaska
Sewer Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2017	2016
Operating Revenues		
Sewer charges	\$ 571,573	\$ 571,205
Labor charges	10,718	533
Total Operating Revenues	582,291	571,738
Operating Expenses		
Collection and treatment	415,348	419,000
General and administrative	30,695	27,597
Depreciation	352,164	415,024
Total Operating Expenses	798,207	861,621
Loss from Operations	(215,916)	(289,883)
Nonoperating Revenues (Expenses)		
Equipment rentals	-	25
Material sales	100	351
Investment income	39	2,006
State PERS relief	4,902	10,437
Other grant revenue	500	-
Interest expense	(9,966)	(9,333)
Net Nonoperating Revenues (Expenses)	(4,425)	3,486
Loss before contributions	(220,341)	(286,397)
Capital contributions	175,322	663,538
Change in Net Position	(45,019)	377,141
Net Position, beginning	3,679,533	3,302,392
Net Position, ending	\$ 3,634,514	\$ 3,679,533

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2017	2016
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 595,306	\$ 569,474
Payments for interfund services used	(74,608)	(49,994)
Payments to suppliers	(60,903)	(163,328)
Payments to employees	(196,528)	(193,114)
Net cash flows from operating activities	263,267	163,038
Cash Flows from (for) Capital and Related Financing Activities		
Purchase of property, plant and equipment	(45,905)	(1,026,006)
Proceeds from issuance of USDA Rural Development loan	91,000	-
Principal payments on USDA Rural Development loan	(770)	-
Principal payments on revenue bonds	(5,161)	(4,918)
Interest payments on long-term debt	(9,962)	(9,352)
Capital contributions received	175,322	665,852
Net cash flows from (for) capital and related financing activities	204,524	(374,424)
Cash Flows from (for) Investing Activities		
Investment income received (loss)	(182)	2,006
Net Increase (Decrease) in Cash and Investments	467,609	(209,380)
Cash and Investments, beginning	185,037	394,417
Cash and Investments, ending	\$ 652,646	\$ 185,037
Reconciliation of Cash and Investments to Statement of Net Position		
Cash and investments:		
Current assets	\$ 578,190	\$ 159,997
Restricted assets	74,456	25,040
Total Cash and Investments	\$ 652,646	\$ 185,037
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	\$ (215,916)	\$ (289,883)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	352,164	415,024
Noncash expense - PERS relief	4,902	10,437
Miscellaneous nonoperating revenues	600	376
(Increase) decrease in assets - accounts receivable	12,415	(2,640)
Increase in deferred outflows related to pensions	(16,237)	(22,063)
Increase (decrease) in liabilities:		
Accounts payable	49,241	(4,036)
Accrued leave	2,660	2,814
Net pension liability	72,294	67,560
Increase (decrease) in deferred inflows related to pensions	1,144	(14,551)
Net Cash Flows from Operating Activities	\$ 263,267	\$ 163,038

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund

Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2017	2016
Collection and Treatment		
Salaries	\$ 116,830	\$ 110,550
Overtime salaries	11,625	8,437
Employee benefits	132,836	118,324
Allocated salaries - public works	26,266	10,520
Telephone	3,320	3,828
Utilities	53,294	59,922
Travel and training	215	155
Materials and supplies	12,340	7,584
Fuel oil	429	47
Permits	-	1,680
Facilities repairs and maintenance	13,685	19,200
Systems repairs and maintenance	4,938	49,947
Allocated vehicle charges - garage	30,118	22,411
Compliance testing	9,452	6,395
Total Collection and Treatment	415,348	419,000
General and Administrative		
Allocated overhead - finance	18,059	17,063
Professional services	5,291	5,043
Insurance	1,627	1,911
Repairs and maintenance	1,420	-
Allocated vehicle charges - garage	165	-
Credit card expense	4,133	3,580
Total General and Administrative	30,695	27,597
Depreciation	352,164	415,024
Total Operating Expenses	\$ 798,207	\$ 861,621

City and Borough of Wrangell, Alaska
Sanitation Utility Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 205,233	\$ 110,503
Accounts receivable	35,988	47,376
Total Current Assets	241,221	157,879
Property, Plant and Equipment		
Buildings	982,635	982,636
Equipment	468,482	462,538
Total property, plant and equipment	1,451,117	1,445,174
Less accumulated depreciation	(949,842)	(883,050)
Net Property, Plant and Equipment	501,275	562,124
Total Assets	742,496	720,003
Deferred Outflows of Resources, related to pensions	37,420	29,541
Total Assets and Deferred Outflows of Resources	\$ 779,916	\$ 749,544
Liabilities, Deferred Inflows or Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 38,794	\$ 18,049
Accrued leave	5,014	3,338
Total Current Liabilities	43,808	21,387
Long-term Liabilities - net pension liability	205,914	178,429
Total Liabilities	249,722	199,816
Deferred Inflows of Resources, related to pensions	2,720	2,675
Net Position		
Net investment in capital assets	501,275	562,124
Unrestricted (deficit)	26,199	(15,071)
Total Net Position	527,474	547,053
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 779,916	\$ 749,544

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

<i>Years Ended June 30,</i>	2017	2016
Operating Revenues		
User fees	\$ 587,399	\$ 578,169
Operating Expenses		
Collection	146,617	147,624
Landfill	384,762	349,154
General and administrative	12,247	14,886
Depreciation	66,792	63,821
Total Operating Expenses	610,418	575,485
Income (Loss) from Operations	(23,019)	2,684
Nonoperating Revenues (Expenses)		
State PERS relief	3,494	8,375
Investment income (loss)	(54)	664
Waste management grant	-	107
Waste management expense	-	(62)
Net Nonoperating Revenues (Expenses)	3,440	9,084
Change in Net Position	(19,579)	11,768
Net Position, beginning	547,053	535,285
Net Position, ending	\$ 527,474	\$ 547,053

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund

Statement of Cash Flows

<i>Years Ended June 30,</i>	2017	2016
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 598,787	\$ 576,358
Payments for interfund services used	(90,674)	(74,764)
Payments to suppliers	(234,459)	(253,279)
Payments to employees	(172,927)	(167,062)
Net cash flows from operating activities	100,727	81,253
Cash Flows from Noncapital Financing Activities		
Waste management grant received	-	442
Waste management grant expended	-	(62)
Net cash flows from noncapital financing activities	-	380
Cash Flows for Capital and Related Financing Activities		
Purchase of property plant and equipment	(5,943)	-
Cash Flows from (for) Investing Activities		
Investment income received (loss)	(54)	664
Net Increase in Cash and Investments	94,730	82,297
Cash and Investments, beginning	110,503	28,206
Cash and Investments, ending	\$ 205,233	\$ 110,503
Reconciliation of Income (Loss) from Operations to Net Cash Flows from Operating Activities		
Income (loss) from operations	\$ (23,019)	\$ 2,684
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:		
Depreciation	66,792	63,821
Noncash expense - PERS relief	3,494	8,375
(Increase) decrease in assets - accounts receivable	11,388	(1,811)
Increase in deferred outflows related to pensions	(7,879)	(17,704)
Increase (decrease) in liabilities:		
Accounts payable	20,745	(15,314)
Accrued leave	1,676	(1,334)
Net pension liability	27,485	54,212
Increase (decrease) in deferred inflows related to pensions	45	(11,676)
Net Cash Flows from Operating Activities	\$ 100,727	\$ 81,253

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund

Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2017	2016
Collection		
Salaries	\$ 44,614	\$ 44,034
Overtime salaries	342	941
Employee benefits	57,844	64,144
Allocated salaries - public works	5,802	6,357
Dumpsters	-	6,704
Materials and supplies	1,613	778
Allocated vehicle charges - garage	36,402	24,666
Total Collection	146,617	147,624
Landfill		
Salaries	46,443	45,230
Overtime salaries	1,838	991
Employee benefits	46,667	43,595
Allocated salaries - public works	17,736	12,250
Telephone	1,245	1,391
Utilities	8,823	7,851
Travel and training	186	675
Monitoring and testing	3,758	3,737
Disposal costs	193,690	192,201
Hazardous waste	26,881	8,790
Materials and supplies	4,249	2,319
Repairs and maintenance	4,374	1,403
Professional services	456	2,368
Allocated vehicle charges - garage	24,096	24,666
Equipment rental	4,320	-
Landfill closure costs	-	1,687
Total Landfill	384,762	349,154
General and Administrative		
Allocated overhead - finance	6,638	6,825
Insurance	1,452	3,969
Credit card expense	4,157	4,092
Total General and Administrative	12,247	14,886
Depreciation	66,792	63,821
Total Operating Expenses	\$ 610,418	\$ 575,485

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Statement of Net Position

June 30,	2017	2016
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 4,170,602	\$ 4,214,333
Receivables:		
Accounts	140,155	98,564
Grants	98,119	61,010
Accrued interest	162	150
Less allowance for doubtful accounts	(23,000)	(23,000)
Net receivables	215,436	136,724
Total Current Assets	4,386,038	4,351,057
Restricted Cash and Investments - harbor improvements	1,838,900	1,372,549
Property, Plant and Equipment		
Land	948,333	948,333
Harbor floats, docks and improvements	33,757,983	33,757,983
Travel lift	18,391,507	18,391,507
Gridiron	154,636	154,636
Buildings	222,466	222,466
Equipment	306,510	306,510
Paving	2,530,923	2,381,771
Construction in progress	1,535,166	1,341,587
Total property, plant and equipment	57,847,524	57,504,793
Less accumulated depreciation	(22,656,665)	(20,732,405)
Net Property, Plant and Equipment	35,190,859	36,772,388
Total Assets	41,415,797	42,495,994
Deferred Outflows of Resources, related to pensions	127,506	98,410
Total Assets and Deferred Outflows of Resources	\$ 41,543,303	\$ 42,594,404
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 109,485	\$ 15,739
Accrued leave	21,398	19,006
Unearned revenue	1,372,549	1,372,549
Interfund loans	23,509	34,959
Total Current Liabilities	1,526,941	1,442,253
Long-term Liabilities		
Interfund loans, net of current portion	118,994	142,845
Net pension liability	701,629	594,241
Total Long-term Liabilities	820,623	737,086
Total Liabilities	2,347,564	2,179,339
Deferred Inflows of Resources, related to pensions	9,268	8,873
Net Position		
Net investment in capital assets	35,190,859	36,772,388
Unrestricted	3,995,612	3,633,804
Total Net Position	39,186,471	40,406,192
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 41,543,303	\$ 42,594,404

City and Borough of Wrangell, Alaska

Port Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2017	2016
Operating Revenues		
Municipal dock:		
Storage fees	\$ 92,045	\$ 102,680
Wharfage fees	40,434	69,482
Dockage fees	42,999	54,392
Port development fees	23,585	22,899
Transient fees	10,762	166
Total municipal dock	209,825	249,619
Small boat harbor:		
Stall rentals and transient fees	763,737	570,396
Penalties and late fees	12,595	10,277
Materials sales	29,000	2,651
Other revenues	54,683	13,067
Total small boat harbor	860,015	596,391
Travel lift:		
Lift fees	186,359	169,672
Storage fees	156,308	191,495
Electric revenues	15,972	16,978
Total travel lift	358,639	378,145
Total Operating Revenues	1,428,479	1,224,155
Operating Expenses		
Municipal dock	136,651	156,917
Small boat harbor	460,787	612,013
Travel lift	459,739	188,478
General and administrative	123,275	97,206
Depreciation	1,924,260	1,919,090
Total Operating Expenses	3,104,712	2,973,704
Loss from Operations	(1,676,233)	(1,749,549)
Nonoperating Revenues		
Investment income	5,012	20,076
State PERS relief	11,904	27,910
State raw fish tax	233,563	392,076
State fisheries business tax	12,453	12,046
Total Nonoperating Revenues	262,933	452,108
Loss before contributions	(1,413,300)	(1,297,441)
Capital contributions	193,579	516,506
Change in Net Position	(1,219,721)	(780,935)
Net Position, beginning	40,406,192	41,187,127
Net Position, ending	\$ 39,186,471	\$ 40,406,192

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2017	2016
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 1,386,888	\$ 1,223,692
Payments for interfund services used	(84,097)	(45,118)
Payments to suppliers	(307,176)	(366,926)
Payments to employees	(602,450)	(577,251)
Net cash flows from operating activities	393,166	234,397
Cash Flows from Noncapital Financing Activities		
State fish taxes received	246,016	404,122
Cash Flows from (for) Capital and Related Financing Activities		
Purchase of property, plant and equipment	(342,731)	(522,467)
Principal payments on loan payable to other fund	(35,301)	(34,959)
Capital contributions received	156,470	564,733
Net cash flows from (for) capital and related financing activities	(221,562)	7,307
Cash Flows from Investing Activities		
Investment income received	5,000	20,026
Net Increase in Cash and Investments	422,620	665,852
Cash and Investments, beginning	5,586,882	4,921,030
Cash and Investments, ending	\$ 6,009,502	\$ 5,586,882
Reconciliation of Cash and Investments to Statement of Net Position		
Cash and investments:		
Current assets	\$ 4,170,602	\$ 4,214,333
Restricted assets	1,838,900	1,372,549
Total Cash and Investments	\$ 6,009,502	\$ 5,586,882
Reconciliation of Loss from Operations to Net Cash		
Flows from Operating Activities		
Loss from operations	\$ (1,676,233)	\$ (1,749,549)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	1,924,260	1,919,090
Noncash expense - PERS relief	11,904	27,910
Increase in assets - accounts receivable	(41,591)	(463)
Increase in deferred outflows related to pensions	(29,096)	(58,998)
Increase (decrease) in liabilities:		
Accounts payable	93,746	(44,256)
Accrued leave	2,392	(1,086)
Net pension liability	107,388	180,659
Increase (decrease) in deferred inflows related to pensions	395	(38,910)
Net Cash Flows from Operating Activities	\$ 393,166	\$ 234,397

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2017	2016
Municipal Dock		
Salaries	\$ 63,319	\$ 84,836
Overtime salaries	-	110
Employee benefits	20,161	30,765
Materials and supplies	2,649	6,931
Insurance	8,250	7,227
Utilities	7,075	7,980
Capital expenditures	13,661	557
Allocated vehicle charges - garage	993	-
Repairs and maintenance	20,543	18,511
Total Municipal Dock	136,651	156,917
Small Boat Harbor		
Salaries	156,829	198,418
Employee benefits	121,358	260,540
Allocated salaries - public works	2,203	6,631
Materials and supplies	16,024	17,392
Insurance	1,801	765
Utilities	96,013	93,933
Repairs and maintenance	60,633	33,237
Allocated vehicle charges - garage	5,001	-
Miscellaneous expense	925	1,097
Total Small Boat Harbor	460,787	612,013
Travel Lift		
Salaries	131,772	58,611
Overtime salaries	13,111	2,602
Employee benefits	188,883	51,054
Materials and supplies	40,193	12,363
Insurance	15,687	16,068
Utilities	33,368	32,776
Allocated vehicle charges - garage	22,298	-
Repairs and maintenance	14,427	15,004
Total Travel Lift	459,739	188,478
General and Administrative		
Allocated overhead - finance	28,142	23,888
Travel and training	10,709	15,854
Professional services	11,714	5,920
Telephone	6,498	7,114
Materials and supplies	6,589	4,757
Allocated vehicle charges - garage	25,460	14,599
Insurance	1,278	1,105
Repairs and maintenance	179	4,458
Credit card expense	16,359	13,027
Compliance testing	6,409	-
Publications	9,938	6,484
Total General and Administrative	123,275	97,206
Depreciation	1,924,260	1,919,090
Total Operating Expenses	\$ 3,104,712	\$ 2,973,704

City and Borough of Wrangell, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Award Amount	Passed Through to Subrecipients	Total Federal Expend- itures
Department of Agriculture					
Passed through State of Alaska Department of Commerce, Community, and Economic Development - Forest Service Schools and Roads Cluster - School and Roads - Grants to States - National Forest Receipts	10.665	N/A	\$ 1,280,839	\$ -	\$ 848,488
Water and Waste Program Cluster - Water and Waste Disposal Systems for Rural Communities - Grant	10.760		175,322	-	175,322
Water and Waste Disposal Systems for Rural Communities - Loan	10.760		91,000	-	91,000
Total Water and Waste Program Cluster				-	266,322
Total Department of Agriculture					1,114,810
Department of the Interior					
Payments in Lieu of Taxes	15.226		425,515	-	425,515
Department of Homeland Security					
Passed through State of Alaska Department of Military and Veteran Affairs - Homeland Security Grant Program - 911 System Replacement	97.067	20SHSP-GY15	235,000	-	134,194
Institute of Museum and Library Services					
Passed through Wrangell Cooperative Association - Native American and Native Hawaiian Library Services - IMLS Library Grant	45.311	NG-01-13-0078-13	7,000	-	7,000
Total Expenditures of Federal Awards				\$ -	\$ 1,681,519

The accompanying notes are an integral part of this schedule.

City and Borough of Wrangell, Alaska

Schedule of State Financial Assistance

Year Ended June 30, 2017

Name of Award	Grant Number	Total Grant Award	State Share of Expenditures
Department of Revenue			
* Raw Fish Tax	FY 2017	\$ 233,563	\$ 233,563
Liquor Licenses	FY 2017	13,200	13,200
CPV Excise Tax Revenue	CY 2017	39,630	39,630
Total Department of Revenue			286,393
Department of Commerce, Community and Economic Development			
* Wood St. Construction and Utility Improvements	13-DC-447	1,000,000	943,879
* Hospital and Long Term Care	13-DC-494	1,800,000	117,564
* Commercial Passenger Vessel Facility	11-DC-642	3,250,000	108,678
* Water Treatment Plant Pilot Study	15-DC-166	150,000	76,541
* Shoemaker Bay Float Design	15-DC-165	600,000	84,900
Former Institute Property Development Plan	15-DC-164	100,000	26,323
Shared Fisheries Tax	FY 2017	12,453	12,453
Connection to Upper Reservoir	15-DC-162	615,000	629
Total Department of Commerce, Community and Economic Development			1,370,967
Department of Education and Early Development			
* School Debt Reimbursement	FY 2017	129,682	129,682
Public Library Assistance Program	PLA-10-790-88	6,900	6,900
Early Literacy Minigrant	FY 2017	1,064	1,064
Total Department of Education and Early Development			137,646
Department of Military and Veterans Affairs -			
Local Emergency Preparedness Committee	FY 2017	9,278	9,278
Department of Administration -			
* Community Revenue Sharing	FY 2017	379,515	379,515
* PERS On-Behalf	FY 2017	144,324	144,324
Total Department of Administration			523,839
Total State Financial Assistance			\$ 2,328,123
* Major program			

The accompanying notes are an integral part of this schedule.

City and Borough of Wrangell, Alaska

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance *Year Ended June 30, 2017*

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and the schedule of state financial assistance (the "Schedules") include the federal and state grant activity of City and Borough of Wrangell, Alaska under programs of the federal and state governments for the year ended June 30, 2017. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedules present only a selected portion of the operations of City and Borough of Wrangell, Alaska, they are not intended to and do not present the financial position, changes in net position, or cash flows of City and Borough of Wrangell, Alaska.

2. Summary of Significant Accounting Principles

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

The City and Borough of Wrangell, Alaska has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

4. National Forest Receipts

In accordance with the provisions of GASB Statement Number 33, National Forest Receipts are recorded directly to revenue and any unspent amounts are reported as restricted fund balance. The unspent balance reported in the Secure Rural Schools Special Revenue Fund includes interest earnings as well as unspent grant proceeds. At June 30, 2017, there were no unspent interest earnings and unspent grant funds were \$3,278,861.

5. PERS On-Behalf

The Borough has recorded \$144,324 in PERS On-Behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payment appropriated and transferred into the plan during FY2017. In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in the year appropriated and transferred to the plan. However, in the full accrual financial statements, GASB 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one-year timing difference between the cash contribution and revenue and expense recognition by the Borough.

As a result of these perspective and timing differences, amounts reported in the financial statements do not agree to the amounts reported on the Schedule of State Financial Assistance.

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Single Audit Reports



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

Honorable Mayor and Borough Assembly
City and Borough of Wrangell, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City and Borough of Wrangell's basic financial statements and have issued our report thereon dated March 29, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2017-001).

Compliance and Other Matters

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

City and Borough of Wrangell's Response to Finding

City and Borough of Wrangell's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City and Borough of Wrangell's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
March 29, 2018



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

Honorable Mayor and Borough Assembly
City and Borough of Wrangell, Alaska

Report on Compliance for Each Major Federal Program

We have audited City and Borough of Wrangell's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City and Borough of Wrangell's major federal programs for the year ended June 30, 2017. City and Borough of Wrangell's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

City and Borough of Wrangell's basic financial statements include the operations of the Wrangell Public Schools and Wrangell Medical Center, governmental discretely presented component units. Our audit, described below, did not include the operations of Wrangell Public Schools and Wrangell Medical Center because they were subjected to separate audits. Neither Wrangell Public Schools nor Wrangell Medical Center met the threshold for an audit in accordance with the Uniform Guidance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City and Borough of Wrangell complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002, that we consider to be a significant deficiency.

City and Borough of Wrangell's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City and Borough of Wrangell's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

BDO USA, LLP

Anchorage, Alaska
March 29, 2018



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Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance as Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and Borough Assembly
City and Borough of Wrangell, Alaska

Report on Compliance for Each Major State Program

We have audited City and Borough of Wrangell's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City and Borough of Wrangell's major state programs for the year ended June 30, 2017. City and Borough of Wrangell's major state programs are identified in the accompanying schedule of state financial assistance.

City and Borough of Wrangell's basic financial statements include the operations of the Wrangell Public Schools, a discrete component unit, which received \$3,880,244 in state awards which is not included in City and Borough of Wrangell's schedule of state financial assistance during the year ended June 30, 2017. Our audit, described below, did not include the operations of the Wrangell Public Schools because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. In addition, City and Borough of Wrangell's basic financial statements also include the operations of Wrangell Medical Center, a discrete component unit. Our audit, described below, did not include the operations of Wrangell Medical Center because it was subjected to a separate audit; however it did not meet the threshold for an audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City and Borough of Wrangell's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about City and Borough of Wrangell's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, City and Borough of Wrangell complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of City and Borough of Wrangell is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City and Borough of Wrangell's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City and Borough of Wrangell's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-003 that we consider to be a significant deficiency.

City and Borough of Wrangell's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City and Borough of Wrangell's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

BDO USA, LLP

Anchorage, Alaska
March 29, 2018

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
15.226	Payments in Lieu of Taxes	Department of the Interior

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

Auditee qualified as low-risk auditee? X yes no

State Financial Assistance

Internal control over major state programs:

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

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

Dollar threshold used to distinguish a state major program: \$ 75,000

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2017

Section II - Financial Statement Findings Required to be Reported in Accordance with <i>Government Auditing Standards</i>
--

Finding 2017-001	Approved Timesheets - Internal Control over Financial Reporting - Significant Deficiency
-------------------------	---

<i>Criteria</i>	<i>Government Accounting Standards</i> states management is responsible for ensuring that financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent, or detect and correct misstatements on a timely basis.
-----------------	--

<i>Condition</i>	Payroll expenditures were not supported by signed and approved timesheets.
------------------	--

<i>Context</i>	During entity wide test of controls over payroll transactions, 4 instances out of 40 transactions were noted in which payroll transactions were not supported by signed and approved timesheets.
----------------	--

<i>Effect</i>	Payroll expense/expenditures could be incorrectly recorded in the financial statements.
---------------	---

<i>Cause</i>	Internal controls related to payroll expense supporting documentation and review were not functioning properly.
--------------	---

<i>Recommendation</i>	Timesheets should be reviewed by both the employee and a supervisor, and approved by a supervisor prior to further processing and entry into the general ledger.
-----------------------	--

*Views of
Responsible
Officials and
Planned
Corrective
Actions*

Refer to the corrective action plan.

City and Borough of Wrangell, Alaska
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2017

Section III - Federal Award Findings and Questioned Costs
--

Finding 2017-002	Activities Allowed or Unallowed - Approved Timesheets - Internal Control over Compliance - Significant Deficiency
-------------------------	--

<i>Agency</i>	Department of the Interior
<i>Program</i>	15.226 Payment in Lieu of Taxes
<i>Award No.</i>	N/A

<i>Criteria</i>	Management is responsible to provide reasonable assurance that the costs paid for by federal awards are allowable and in accordance with the types of activities allowed per the compliance supplement.
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<i>Condition</i>	Payroll expenditures were not supported by signed and approved timesheets.
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<i>Questioned Costs</i>	None
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<i>Context</i>	During entity wide test of controls over payroll transactions, 4 instances out of 40 transactions were noted in which payroll transactions were not supported by signed and approved timesheets.
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<i>Effect</i>	Federal funds could be expended for unallowed activities.
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<i>Cause</i>	Internal controls related to payroll expense supporting documentation and review were not functioning properly.
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<i>Recommendation</i>	Timesheets should be reviewed by both the employee and a supervisor, and approved by a supervisor prior to further processing and entry into the general ledger.
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<i>Views of Responsible Officials and Planned Corrective Action</i>	Refer to the corrective action plan.
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City and Borough of Wrangell, Alaska
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2017

Section IV - State Award Findings and Questioned Costs
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Finding 2017-003	Types of Activities Allowed or Unallowed - Approved Timesheets - Internal Control over Compliance - Significant Deficiency
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<i>Agency</i> <i>Program</i> <i>Award No.</i>	Department of Administration Community Revenue Sharing FY 2017
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<i>Criteria</i>	Management is responsible to provide reasonable assurance that the costs paid for by state financial assistance are allowable and in accordance with the types of activities allowed per the compliance supplement.
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<i>Condition</i>	Payroll expenditures were not supported by signed and approved timesheets.
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<i>Questioned Costs</i>	None
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<i>Context</i>	During entity wide test of controls over payroll transactions, 4 instances out of 40 transactions were noted in which payroll transactions were not supported by signed and approved timesheets.
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<i>Effect</i>	State funds could be expended for unallowed activities.
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<i>Cause</i>	Internal controls related to payroll expense supporting documentation and review were not functioning properly.
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<i>Recommendation</i>	Timesheets should be reviewed by both the employee and a supervisor, and approved by a supervisor prior to further processing and entry into the general ledger.
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<i>Views of Responsible Officials and Planned Corrective Action</i>	Refer to the corrective action plan.
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**City and Borough of Wrangell Single Audit Responses
(Unaudited)**



CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

P.O. BOX 531 (907)-874-2381
Wrangell, AK 99929 FAX (907)-874-3952

City and Borough of Wrangell, Alaska

Summary Schedule of Prior Audit Findings Year Ended June 30, 2017

Financial Statement Findings

There were no prior year audit findings.

Federal Award Findings and Questioned Costs

There were no prior year audit findings.

State Award Findings and Questioned Costs

There were no prior year audit findings.



CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

P.O. BOX 531 (907)-874-2381
Wrangell, AK 99929 FAX (907)-874-3952

City and Borough of Wrangell, Alaska

Corrective Action Plan Year Ended June 30, 2017

Name of Contact Person Lee Burgess
Finance Director
lburgess@wrangell.com
907-874-2381

Findings 2017-001, 2017-002, 2017-003 - Internal Control over Financial Reporting, Internal Control over Compliance (Types of Activities Allowed or Unallowed) - Approved Time Sheets - Significant Deficiency

Corrective Action Plan

The City and Borough of Wrangell is in agreement with this finding. The Borough's policy and procedure for completing and submitting monthly timesheets for payroll processing has been unchanged, in that all Borough employees are required to fill out and sign timesheets and all timesheets require the supervisor's approval signature before being sent to the payroll clerk for entry. An error was made by department directors in submitting unsigned timesheets and by the payroll clerk for accepting and entering timesheets that were missing the required signatures.

Planned Correction Action

The Finance Director has reviewed the Borough's payroll process with the payroll clerk and reemphasized the requirement for employee and supervisor signature on all timesheets prior to time entry. The payroll clerk is directed to not enter timesheet information into the payroll system until the required signatures are obtained. This clarification of the policy and procedure is expected to eliminate any further deficiency with regard to obtaining timesheet signatures.

Expected Completion Date

Currently in process in fiscal year 2018.