



## **City and Borough of Wrangell, Alaska**

Basic Financial Statements, Required  
Supplementary Information, Supplementary  
Information and Single Audit Reports  
Year Ended June 30, 2016

## **City and Borough of Wrangell, Alaska**

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Basic Financial Statements, Required Supplementary Information,  
Supplementary Information  
and Single Audit Reports  
Year Ended June 30, 2016

# 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 aggregate 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, 2016, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell, Alaska, as of June 30, 2016, 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 Management's Discussion and Analysis on pages 6 through 17, the budgetary comparison information on pages 62 through 64, and the Schedules of Net Pension Liability and Pension Contributions on pages 65 through 67, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit for the year ended June 30, 2016 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, 2016 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, 2016 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, 2016.



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, 2015 (not presented herein), and have issued our report thereon dated December 15, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2015 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 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 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, 2015.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2017, 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 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 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  
February 7, 2017

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## **Management's Discussion and Analysis**

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# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis Year Ended June 30, 2016

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As management of the City and Borough of Wrangell (the Borough), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Borough for the fiscal year ended June 30, 2016. The intent of the Management's Discussion and Analysis (MD&A) is to provide the reader with some comparative discussion and analysis. We encourage readers to consider the information presented here in conjunction with the Borough financial statements, which follow this section.

### Financial Highlights

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- The assets and deferred outflows of the City and Borough of Wrangell exceeded its liabilities and deferred inflows at the close of the most current fiscal year by \$102,332,479 (total net position). Of this amount, \$13,397,325 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. Total net position decreased by \$1,890,813.
- As of the close of business of the current fiscal year, the City and Borough of Wrangell's governmental funds reported combined ending fund balances of \$22,213,382; of this total, \$7,291,134 is unassigned and available for spending at the government's discretion.

### Overview of the Financial Statements

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This discussion and analysis is intended to serve as an introduction to the City and Borough of Wrangell's basic financial statements. The Borough's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Borough's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Borough's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the City and Borough of Wrangell is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Borough that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Borough include general government, public safety, public works, parks and recreation, library, community services and education. The business-type activities of the City and Borough of Wrangell include water, sewer, electric, port and harbors, and sanitation/landfill operations.

# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis

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The government-wide financial statements include not only the City and Borough of Wrangell itself (known as the primary government), but also a legally separate school district and a legally separate hospital for which the City and Borough of Wrangell is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Government-wide financial statements can be found on pages 20 and 21 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City and Borough of Wrangell can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Borough maintains 16 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Permanent Fund, and National Forest Receipts Fund, which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. The 12 nonmajor governmental funds include Transient Tax Fund, Sales Tax Fund, Swimming Pool Fund, Museum Fund, Theater Fund, Miscellaneous Grants Fund, Debt Service Fund, Residential Construction Fund, Industrial Construction Fund, Miscellaneous Capital Projects Fund, School Renovation Fund, and the Economic Recovery Capital Projects Fund. The combining financial statements presentation for these 12 nonmajor funds can be found on pages 70 and 71 of this report.

The Borough adopts an annual appropriated budget for its General Fund, most special revenue funds and Debt Service Fund. Budgetary comparison statements have been provided in the basic financial statements for the General Fund, Permanent Fund, and National Forest Receipts Fund, to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

**Proprietary Funds.** The Borough maintains enterprise funds, a type of proprietary fund, to report the same functions presented as business-type activities in the government-wide financial statements. The Borough uses enterprise funds to account for its water, sewer, electric, port and harbors, and sanitation operations.

# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis

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Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, electric, port and harbors, and sanitation operations. Based on total activity in these funds, all except the sanitation fund are considered to be major funds of the Borough.

The basic proprietary fund financial statements can be found on pages 26-29 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-59 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City and Borough of Wrangell's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on pages 61-67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented on pages 70 to 71. Other combining and individual fund statements and schedules can be found on pages 74 through 122.

### Government-Wide Financial Analysis

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As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets and deferred outflows exceeded liabilities and deferred inflows by \$102,332,479 at the close of the most recent fiscal year. This was a decrease of \$1,890,813 from the previous year.

By far the largest portion of the City and Borough of Wrangell's net position (76%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City and Borough of Wrangell uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City and Borough of Wrangell's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis

**Table A-1**  
**City and Borough of Wrangell's Net Position**

	Governmental Activities		Business-Type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and other assets	\$ 23,815,018	\$ 22,950,542	\$ 12,120,577	\$ 8,781,130	\$ 35,935,595	\$ 31,731,672
Capital assets, net of depreciation	29,315,079	31,206,142	46,913,439	50,767,033	76,228,518	81,973,175
<b>Total Assets</b>	<b>\$ 53,130,097</b>	<b>\$ 54,156,684</b>	<b>\$ 59,034,016</b>	<b>\$ 59,548,163</b>	<b>\$ 112,164,113</b>	<b>\$ 113,704,847</b>
<b>Deferred Outflows - related to pensions</b>	<b>674,600</b>	<b>275,370</b>	<b>352,899</b>	<b>146,012</b>	<b>1,027,499</b>	<b>421,382</b>
<b>Total Assets and Deferred Outflows</b>	<b>53,804,697</b>	<b>54,432,054</b>	<b>59,386,915</b>	<b>59,694,175</b>	<b>113,191,612</b>	<b>114,126,229</b>
<b>Liabilities</b>						
Long-term debt outstanding	\$ 1,619,524	\$ 1,957,990	\$ 888,821	\$ 975,618	\$ 2,508,345	\$ 2,933,608
Net pension liability	4,112,239	2,889,746	2,165,743	1,532,230	6,277,982	4,421,976
Other liabilities	266,278	265,305	1,689,802	1,767,202	1,956,080	2,032,507
<b>Total liabilities</b>	<b>\$ 5,998,041</b>	<b>\$ 5,113,041</b>	<b>\$ 4,744,366</b>	<b>\$ 4,275,050</b>	<b>\$ 10,742,407</b>	<b>\$ 9,388,091</b>
<b>Deferred Inflows</b>						
Taxes collected in advance	\$ 5,580	\$ 3,957	\$ -	\$ -	\$ 5,580	\$ 3,957
Related to pensions	70,566	333,865	40,580	177,024	111,146	510,889
<b>Total Deferred Inflows</b>	<b>\$ 76,146</b>	<b>\$ 337,822</b>	<b>\$ 40,580</b>	<b>\$ 177,024</b>	<b>\$ 116,726</b>	<b>\$ 514,846</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>\$ 6,074,187</b>	<b>\$ 5,450,863</b>	<b>\$ 4,784,946</b>	<b>\$ 4,452,074</b>	<b>\$ 10,859,133</b>	<b>\$ 9,902,937</b>
<b>Net Position</b>						
Net investment in capital assets	\$ 29,158,674	\$ 30,725,120	\$ 48,540,315	\$ 49,868,295	\$ 77,698,989	\$ 80,593,415
Restricted	11,236,165	11,249,490	-	-	11,236,165	11,249,490
Unrestricted	7,335,671	7,006,581	6,061,654	5,373,806	13,397,325	12,380,387
<b>Total Net Position</b>	<b>\$ 47,730,510</b>	<b>\$ 48,981,191</b>	<b>\$ 54,601,969</b>	<b>\$ 55,242,101</b>	<b>\$ 102,332,479</b>	<b>\$ 104,223,292</b>

An additional portion of the Borough's net position (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$13,397,325 may be used to meet the government's ongoing obligations.

Net position decreased from 2015 to 2016 by a total of \$1,890,813.

**Governmental Activities.** The following table A-2 shows the changes in net position for 2016 with a comparison with 2015. Governmental activities net position decreased in 2016 by \$1,250,681. There were both significant increases and decreases that resulted in a net decrease and those key changes are as follows:

- Capital grants and contributions decreased by \$1,107,726 from 2015.
- Investment earnings were \$29,618 in 2016, a \$164,227 decrease from 2015.
- There were no Transfers Out in 2016, compared to \$493,102 in 2015.

# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis

**Table A-2**  
**City and Borough of Wrangell's Changes in Net Position**

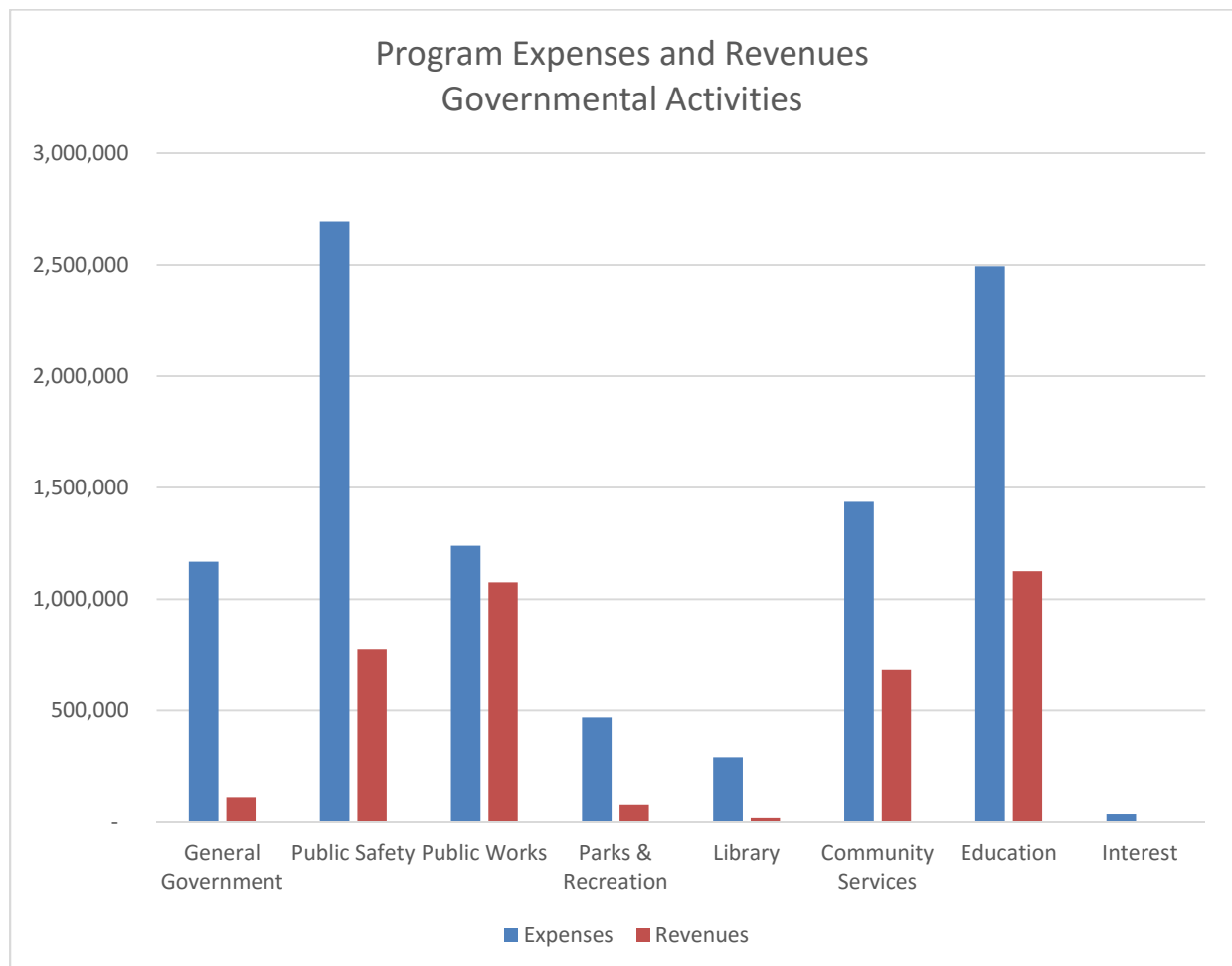
	Governmental Activities		Business-Type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 811,843	\$ 779,378	\$ 7,313,678	\$ 7,240,306	\$ 8,125,521	\$ 8,019,684
Operating grants and contributions	1,761,888	2,188,009	569,114	422,788	2,331,002	2,610,797
Capital grants and contributions	509,412	1,617,138	1,180,044	1,715,625	1,689,456	3,332,763
General revenues:						
Property taxes	1,689,923	1,620,821	-	-	1,689,923	1,620,821
Sales taxes	2,644,572	2,685,097	-	-	2,644,572	2,685,097
Other taxes	547,470	455,313	-	-	547,470	455,313
Grants & contributions not restricted to specific programs	576,834	611,268	-	-	576,834	611,268
Investment earnings	29,618	193,845	38,182	31,177	67,800	225,022
Other	4,611	7,318	-	-	4,611	7,318
<b>Total Revenues</b>	<b>8,576,171</b>	<b>10,158,187</b>	<b>9,101,018</b>	<b>9,409,896</b>	<b>17,677,189</b>	<b>19,568,083</b>
<b>Expenses</b>						
General government	\$ 1,168,359	\$ 1,037,418	\$ -	\$ -	\$ 1,168,359	\$ 1,037,418
Public safety	2,694,436	2,550,749	-	-	2,694,436	2,550,749
Public works	1,238,849	1,155,966	-	-	1,238,849	1,155,966
Parks and recreation	468,655	572,663	-	-	468,655	572,663
Library	289,694	377,821	-	-	289,694	377,821
Community service	1,435,684	1,506,092	-	-	1,435,684	1,506,092
Unallocated interest	36,759	112,885	-	-	36,759	112,885
Education	2,494,416	2,484,866	-	-	2,494,416	2,484,866
Electric utility	-	-	4,064,886	4,119,606	4,064,886	4,119,606
Water utility	-	-	1,256,059	1,097,378	1,256,059	1,097,378
Sewer utility	-	-	870,954	789,176	870,954	789,176
Sanitation utility	-	-	575,547	650,051	575,547	650,051
Port and harbors	-	-	2,973,704	2,932,797	2,973,704	2,932,797
<b>Total Expenses</b>	<b>9,826,852</b>	<b>9,798,460</b>	<b>9,741,150</b>	<b>9,589,008</b>	<b>19,568,002</b>	<b>19,387,468</b>
Increase (decrease) in net position before transfers	(1,250,681)	359,727	(640,132)	(179,112)	(1,890,813)	180,615
Transfers	-	(493,102)	-	493,102	-	-
Increase in net position	(1,251,675)	(133,375)	(640,132)	313,990	(1,890,813)	180,615
<b>Net Position, beginning</b>	<b>48,981,191</b>	<b>49,114,566</b>	<b>55,242,101</b>	<b>54,928,111</b>	<b>104,223,292</b>	<b>104,042,677</b>
<b>Net Position, ending</b>	<b>\$47,730,510</b>	<b>\$ 48,981,191</b>	<b>\$54,601,969</b>	<b>\$55,242,101</b>	<b>\$ 102,332,479</b>	<b>\$ 104,223,292</b>



# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis

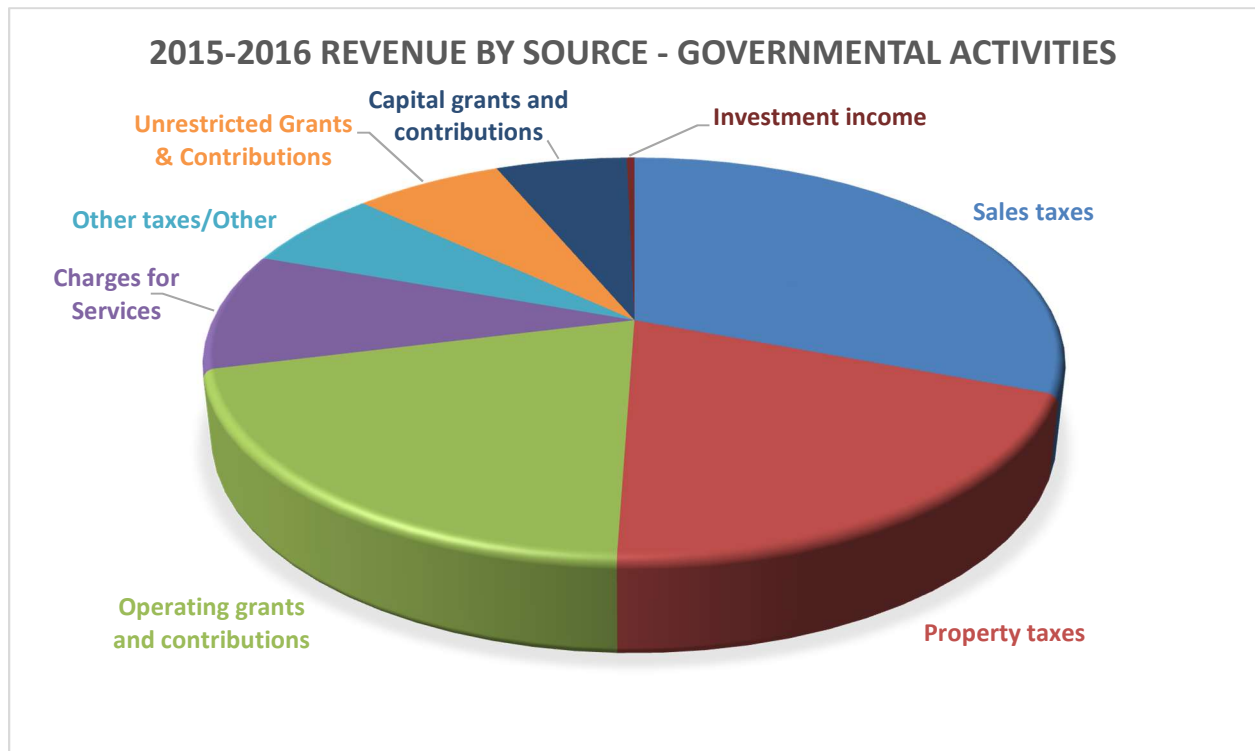
The following graph shows the governmental activities expenses and the related revenues dedicated to each activity. This shows the amount of dedicated revenues associated with the various kinds of activities. Other revenues also support governmental activities, but are general in nature and apply to all categories. They include property and sales taxes, payments in lieu of taxes, investment income, and other general revenues. This graph provides a picture of the information that can be found on page 21 of the financial statements.



The following graph shows the percentages of all revenue sources for governmental activities. Sales taxes represent the largest revenue stream, totaling \$2,644,572 or 31% of total governmental activities revenues. Operating grants and contributions were \$1,761,888 (21%). Property taxes totaled \$1,689,923 (20%). Capital grants and contributions were \$509,412 (6%) in 2016. Capital grants and contributions had the largest decrease by revenue source over 2015 (\$1,107,726). Sales taxes decreased \$40,525 from 2015. Operating grants and contributions decreased \$426,121 over 2015. Property taxes increased \$69,102 over 2015. Investment income decreased by 164,227 compared to 2015.

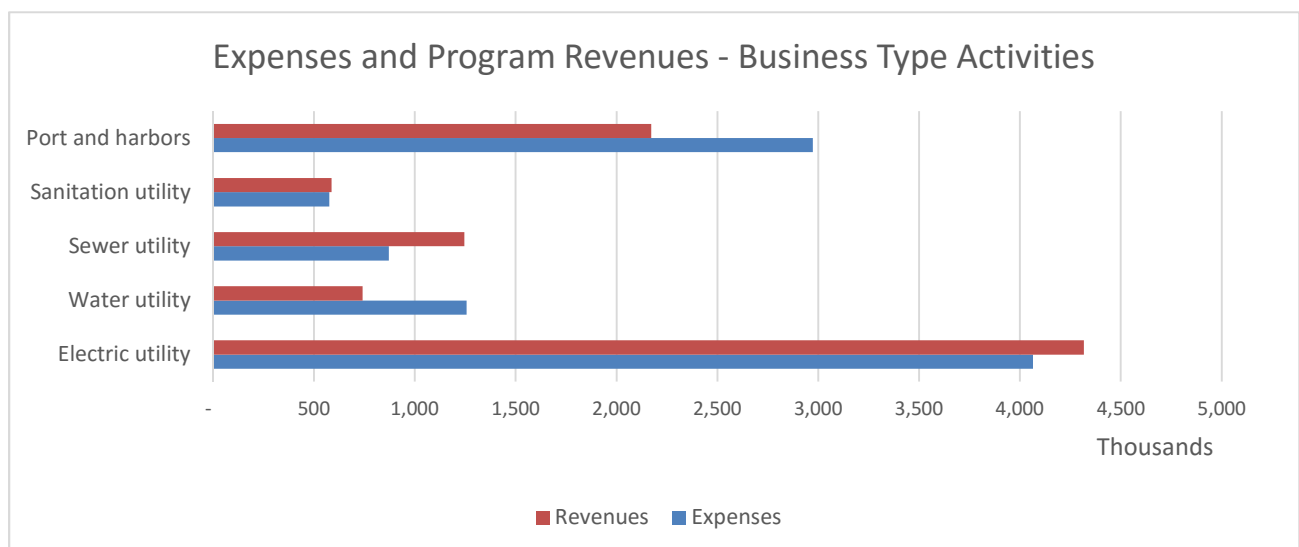
# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis



**Business-type Activities.** Business-type activities decreased the City and Borough of Wrangell's net position by \$640,132. Much of this decrease can be attributed to decreased level of capital construction activity and depreciation of existing assets, particularly in the Water and Port & Harbors funds relative to the prior year, and increased reflection of net pension liabilities pursuant to new accounting requirements.

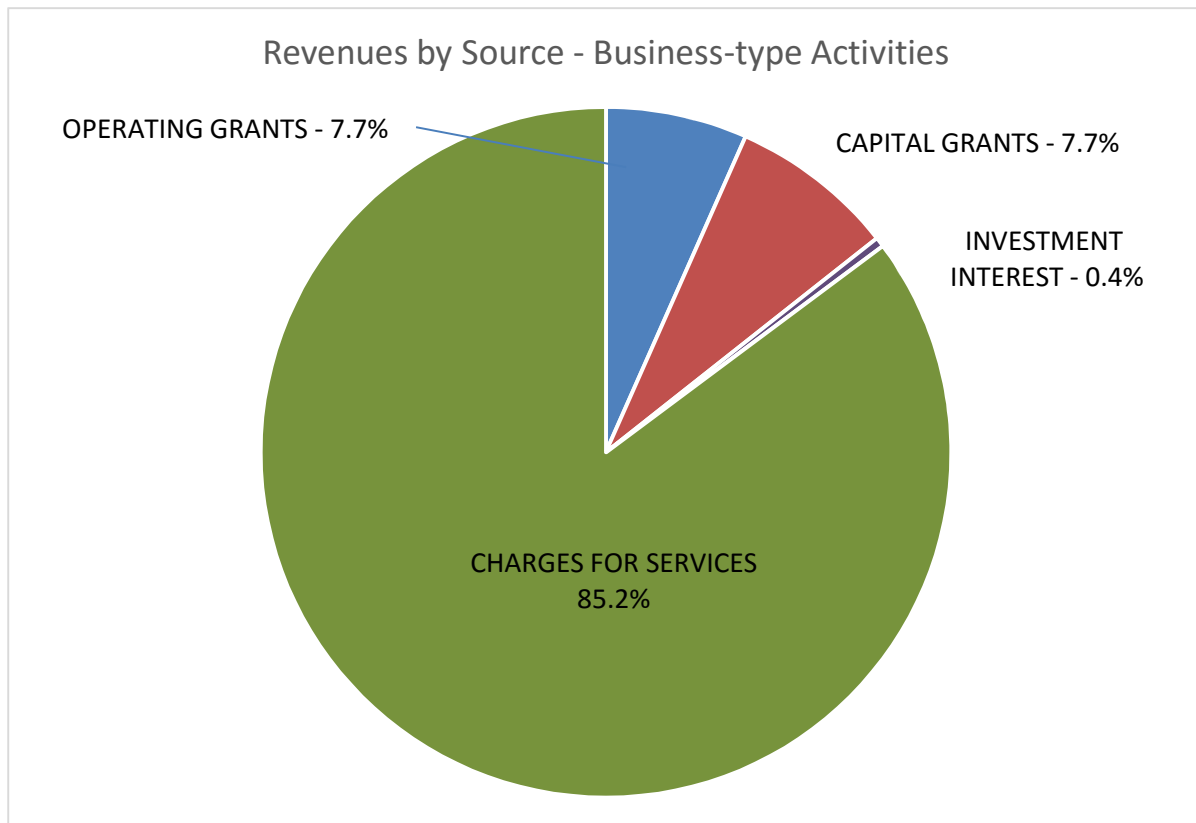
The following graph shows expenses and program revenues for all of the business-type activities. Not included in the program revenues are investment earnings and transfers. The Water Utility Fund, Sewer Utility Fund and Sanitation Utility Fund show more expenses than revenues. The following pie graph shows all revenue sources for business-type activities.



# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis

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### Financial Analysis of the Government's Funds

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As noted earlier, the Borough uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Borough's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Borough's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$22,213,382, an increase of \$859,072 in comparison with the prior year. The General Fund showed an increase of \$609,615. The National Forest Receipts Fund showed an increase of \$42,182. The Permanent Fund showed a decrease of \$38,486. Fund balances of combined non-major funds increased by 245,761.

The City and Borough of Wrangell's total fund balance is made up of five classifications. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis

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A complete description of each classification can be found on page 35 and 36. The first classification is the nonspendable fund balance which makes up 1% of the total fund balance. Restricted fund balance represents 51% of the total fund balance. Restricted fund balance 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 is a classification for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Borough Assembly. This classification represents 13% of the total fund balance. Assigned fund balance represents 2%. Unassigned fund balance represents \$7,291,134 or 33% of the total fund balance.

The General Fund is the chief operating fund of the City and Borough of Wrangell. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,304,407, while total fund balance was \$7,435,193. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 174% of total General Fund expenditures. Total fund balance to total expenditures was 132% in 2015 and 177% in 2016, due primarily to State actions taken with respect to the unfunded pension liability and their impact on financial statements.

The total fund balance of the City and Borough of Wrangell's General Fund increased by \$609,615 during the current fiscal year. Greater than anticipated tax revenue and Payments In Lieu Of Taxes, changes in State of Alaska contributions toward the unfunded pension liability, as well as projected capital expenditures that were ultimately not expended in the current year, account for most of this increase, with the remainder coming from a variety of positive expenditure and revenue variances. The Permanent Fund had a decrease in fund balance in the amount of \$38,496. The National Forest Receipts Fund has an increase in fund balance of \$42,182.

**Proprietary Funds.** The City and Borough of Wrangell's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Electric Utility Fund's unrestricted net position was \$1,232,824, an increase of \$404,127. Overall net position increased by \$262,405 for the electric utility.

The Water Utility Fund's unrestricted net position was \$1,176,250 out of a total net position of \$6,802,222. The remainder represents net investment in capital assets. An original amount of \$847,052 was set aside to make all of the note payments for the Department of Environmental Conservation loan that assisted in building the water treatment plant. However, because this was not a constraint imposed by the creditor, it is typically not included in restricted net position. It should also be noted that the Water Fund's cash and investments show a decrease because this DEC reserve amount was reinvested into a time deposit during the year.

The Sewer Utility Fund has an unrestricted net position of \$33,847. This is a decrease of \$238,759 from the previous year, in part due to the net pension liability and also because of significant capital improvements on two pump stations during the year for which the Borough expects to receive additional federal funding, but because the loans involved were not closed before the end of the fiscal year, will not be reflected until next year.

The Sanitation Utility Fund has an unrestricted deficit of \$15,071. This was an increase of \$75,589 from the prior year.

# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis

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The Port Fund has unrestricted net position of \$3,633,804. This is an increase of \$615,688 from the previous year. Total net position decreased by \$780,935; however the net pension liability decreased the unrestricted portion. A significant portion of this increase resulted from the increase to property, plant and equipment that was grant funded.

### General Fund Budgetary Highlights

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The overall difference in the final budget and actual was a positive variance of \$473,133. The major positive and negative components of the 2016 fiscal year are as follows:

- The 2016 Fiscal Year propose and adopted budget was balanced with the expectation of performing \$325,000 in renovations to the public safety building's court space leased to the State of Alaska. That cost was tentatively agreed to be repaid by the state over the 20-year course of its lease. However all bids for this work exceeded acceptable bidding thresholds and this project plan was discontinued, resulting in the largest difference between budgeted and actual expenditures.
- Sales taxes, property taxes and Payments In Lieu of Taxes had a cumulative positive variance of \$120,894 (page 75).
- Due to State of Alaska measures taken last year to stabilize the PERS unfunded liability, State of Alaska on-behalf payments were less than expected relative to the prior year, however this corresponds to lower than budgeted PERS expenditures.

### Capital Assets and Debt Administration

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**Capital Assets.** The Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$79,848,676 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and construction in progress. This is a decrease from the previous year of \$3,311,177.

Most of the following major capital additions were funded by capital grants:

- Commercial Passenger Vessel Facility
- Cassiar Street & Utility Improvements
- Wood Street

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# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis

### City and Borough of Wrangell's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
Land and land improvements	\$ 1,186,678	\$ 1,186,678	\$ 959,233	\$ 959,233	\$ 2,145,911	\$ 2,145,911
Infrastructure	11,454,009	11,618,328	-	-	11,454,009	11,618,328
Buildings	14,349,081	15,864,911	2,515,187	2,705,623	16,864,268	18,570,534
Improvements other than buildings	2,406,289	2,572,778	42,690,831	43,484,288	45,097,120	46,057,066
Machinery and equipment	1,105,700	1,150,125	1,707,421	1,948,600	2,813,121	3,098,725
Construction in progress	-	-	1,474,247	1,669,289	1,474,247	1,669,289
<b>Total Capital Assets</b>	<b>\$ 30,501,757</b>	<b>\$ 32,392,820</b>	<b>\$ 49,346,919</b>	<b>50,767,033</b>	<b>\$ 79,848,676</b>	<b>\$ 83,159,853</b>

Additional information on the Borough's capital assets can be found in note 6 on pages 42 through 44 of this report.

**Long-term Debt.** At the end of the current fiscal year, the Borough had total long-term debt outstanding of \$8,688,244. Of this amount, the largest portion represents a net pension liability of \$6,277,982. \$1,245,000 comprises debt backed by the full faith and credit of the government (i.e., general obligation bonds). \$358,658 is for accrued leave due to current employees. The remainder of the Borough's debt represents bonds and loans secured solely by specified revenue sources (i.e., revenue bonds) in the amount of \$806,604. It should be noted that loans owed by the Port Fund to the General Fund and Permanent Fund totaling \$177,804 are not included in these amounts.

### City and Borough of Wrangell's Outstanding Debt General Obligation Bonds, Revenue Bonds, Loans, and Other Long-term Debt

	Governmental Activities		Business-Type Activities		Total Activities	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 1,245,000	\$ 1,550,000	\$ -	\$ -	\$ 1,245,000	1,550,000
Accrued leave	276,441	290,290	82,217	76,880	358,658	367,170
Revenue bonds	-	-	376,229	386,066	376,229	386,066
Loans, long-term	-	-	430,375	512,672	430,375	512,672
Net pension liability	4,112,239	2,889,746	2,165,743	1,532,230	6,277,982	4,421,976
<b>Total Long-term Debt</b>	<b>\$ 5,633,680</b>	<b>\$ 4,730,036</b>	<b>\$ 3,054,564</b>	<b>\$ 2,507,848</b>	<b>\$ 8,688,244</b>	<b>\$ 7,237,884</b>

The Borough's general obligation bonds decreased by \$305,000. The Borough's business-type revenue bonds and loans decreased by a total of \$92,134. Of the total revenue bonds and loans outstanding of \$806,604, the Borough has restricted cash for bond and loan redemption sufficient to retire the debt.

# City and Borough of Wrangell, Alaska

## Management's Discussion and Analysis

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Additional information on the Borough's long-term debt can be found in note 8 on pages 46 through 48.

### Economic Factors and the Next Year's Budget and Rates

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- State of Alaska funding for the community jail was reduced by \$266,134 in 2015, a 45% reduction in from the prior year, and the Borough has been informed that this reduced funding level will be carried forward into 2017.
- State of Alaska Revenue Sharing, otherwise known as Municipal Assistance Revenue, was reduced by \$189,193 in the current year.
- Barring a rapid rebound in oil prices, the Borough has been notified by the State of Alaska that it should expect Revenue Sharing/Municipal Assistance to remain at a 30-40% reduced funding level relative to 2014 and 2015 fiscal years.
- The General Fund was budgeted for 2016-2017 with a budgeted surplus of \$2,115. The mill rate remains at 12.75 mills, unchanged from 2007.
- Water, Sewer and Sanitation rates have been increased annually pursuant to recommendations from a comprehensive 2011 rate study. Water and sewer rates have no further scheduled rate increases beyond the fiscal year ending June 30, 2016. The sanitation rates will increase by 3% in fiscal year 2017, which is the last such increase recommended by the aforementioned study. The financial condition of the Sewer Fund is relatively stable, but the near-term infrastructure needs of the Sanitation and Water funds continue to significantly exceed reserves and projected revenues.
- Electric utility rates were increased by 7% in fiscal year 2015. Several capital priorities for this utility are anticipated to be able to be funded from reserves, however the utility's projected need for an additional backup diesel generator would may a combination of further rate increases or bonding. No electric rate increases are currently planned or scheduled.
- Total sales tax revenue was \$2,644,572 in 2016, exceeding the approved budget by \$119,572. Sales tax was budgeted for \$2,625,000 in 2016-2017.

Many of these issues were discussed, along with many others in the preparation of the 2016 fiscal year budget which can be accessed on our website, [www.wrangell.com](http://www.wrangell.com).

### Requests for Information

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This financial report is designed to provide a general overview of the City and Borough of Wrangell's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City and Borough of Wrangell, Attn: Finance Director, Box 531, Wrangell, Alaska 99929.

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## **Basic Financial Statements**

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## 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, 2016</i>					
<b>Assets and Deferred Outflows of Resources</b>					
<b>Assets</b>					
Cash and investments	\$ 21,138,255	\$ 6,988,275	\$ 28,126,530	\$ 1,609,747	\$ 83,745
Receivables, net of allowance for doubtful accounts:					
Property and sales taxes	726,599	-	726,599	-	-
Accounts	187,958	476,518	664,476	184,896	3,214,090
Grants and shared revenues	206,466	84,187	290,653	-	-
Land sales and improvements	64,273	-	64,273	-	-
Accrued interest	41,735	242	41,977	25,166	-
Internal balances	177,804	(177,804)	-	-	-
Inventories	85,250	162,820	248,070	184,860	159,029
Restricted cash and investments	-	2,152,859	2,152,859	19,080	35,481
Capital assets:					
Land, land improvements and construction in progress	1,186,678	2,433,480	3,620,158	-	-
Other capital assets, net of depreciation	29,315,079	46,913,439	76,228,518	-	2,223,969
<b>Total Assets</b>	<b>53,130,097</b>	<b>59,034,016</b>	<b>112,164,113</b>	<b>2,023,749</b>	<b>5,716,314</b>
<b>Deferred Outflows of Resources, related to pensions</b>	<b>674,600</b>	<b>352,899</b>	<b>1,027,499</b>	<b>817,383</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 53,804,697</b>	<b>\$ 59,386,915</b>	<b>\$ 113,191,612</b>	<b>\$ 2,841,132</b>	<b>\$ 5,716,314</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>					
<b>Liabilities</b>					
Accounts payable	\$ 134,666	\$ 213,613	\$ 348,279	\$ 20,550	\$ 616,253
Customer utility deposits	-	98,745	98,745	-	-
Accrued interest payable	13,083	4,895	17,978	25,063	442,348
Unearned revenue	118,529	1,372,549	1,491,078	2,018	-
Noncurrent liabilities:					
Due within one year:					
Accrued leave	276,441	82,217	358,658	38,335	-
Bonds and loans	255,000	93,854	348,854	-	-
Due in more than one year:					
Unamortized bond premium	98,083	-	98,083	-	-
ADEC loan	-	346,844	346,844	-	-
Bonds	990,000	365,906	1,355,906	-	-
Net pension liability	4,112,239	2,165,743	6,277,982	3,716,645	-
<b>Total Liabilities</b>	<b>5,998,041</b>	<b>4,744,366</b>	<b>10,742,407</b>	<b>3,802,611</b>	<b>1,058,601</b>
<b>Deferred Inflows of Resources</b>					
Related to pensions	70,566	40,580	111,146	148,601	-
Taxes collected in advance	5,580	-	5,580	-	-
<b>Total Deferred Inflows of Resources</b>	<b>76,146</b>	<b>40,580</b>	<b>116,726</b>	<b>148,601</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>6,074,187</b>	<b>4,784,946</b>	<b>10,859,133</b>	<b>3,951,212</b>	<b>1,058,601</b>
<b>Net Position</b>					
Net investment in capital assets	29,158,674	48,540,315	77,698,989	184,860	1,812,363
Restricted	11,236,165	-	11,236,165	-	-
Unrestricted	7,335,671	6,061,654	13,397,325	(1,294,940)	2,845,350
<b>Total Net Position</b>	<b>47,730,510</b>	<b>54,601,969</b>	<b>102,332,479</b>	<b>(1,110,080)</b>	<b>4,657,713</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 53,804,697</b>	<b>\$ 59,386,915</b>	<b>\$ 113,191,612</b>	<b>\$ 2,841,132</b>	<b>\$ 5,716,314</b>

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, 2016	Expenses								
Functions									
Primary Government									
Governmental activities:									
General government	\$ 1,168,359	\$ 75,967	\$ 35,806	\$ -	\$ (1,056,586)	\$ -	\$ (1,056,586)		
Public safety	2,694,436	360,877	416,103	-	(1,917,456)	-	(1,917,456)		
Public works	1,238,849	80,304	44,649	160,526	(953,370)	-	(953,370)		
Parks and recreation	468,655	72,509	5,620	-	(390,526)	-	(390,526)		
Library	289,694	-	20,460	-	(269,234)	-	(269,234)		
Community services	1,435,684	222,186	114,377	348,886	(750,235)	-	(750,235)		
Education	2,494,416	-	1,124,873	-	(1,369,543)	-	(1,369,543)		
Unallocated interest	36,759	-	-	-	(36,759)	-	(36,759)		
Total governmental activities	9,826,852	811,843	1,761,888	509,412	(6,743,709)	-	(6,743,709)		
Business-type activities:									
Electric utility	4,064,886	4,272,491	44,652	-	-	252,257	252,257		
Water utility	1,256,059	666,642	73,618	-	-	(515,799)	(515,799)		
Sewer utility	870,954	572,114	10,437	663,538	-	375,135	375,135		
Sanitation utility	575,547	578,276	8,375	-	-	11,104	11,104		
Port and harbors	2,973,704	1,224,155	432,032	516,506	-	(801,011)	(801,011)		
Total business-type activities	9,741,150	7,313,678	569,114	1,180,044	-	(678,314)	(678,314)		
Total Primary Government	\$ 19,568,002	\$ 8,125,521	\$ 2,331,002	\$ 1,689,456	(6,743,709)	(678,314)	(7,422,023)		
Component Units									
School District	\$ 6,634,384	\$ 20,849	\$ 1,281,663	\$ -				\$ (5,331,872)	\$ -
Medical Center	11,011,017	10,642,170	270,306	-				-	(98,541)
Total Component Units	\$ 17,645,401	\$ 10,663,019	\$ 1,551,969	\$ -				(5,331,872)	(98,541)
General Revenues									
Taxes:									
Property taxes					1,689,923	-	1,689,923	-	-
Sales taxes					2,644,572	-	2,644,572	-	-
Payments in lieu of taxes					455,831	-	455,831	-	-
Other taxes					91,639	-	91,639	-	-
Contributions from primary government					-	-	-	1,516,288	-
Grants and entitlements not restricted to a specific purpose					576,834	-	576,834	3,584,227	-
Investment income					29,618	38,182	67,800	636	756
Other					4,611	-	4,611	-	6,226
Total General Revenues					5,493,028	38,182	5,531,210	5,101,151	6,982
Change in Net Position					(1,250,681)	(640,132)	(1,890,813)	(230,721)	(91,559)
Net Position, beginning,					48,981,191	55,242,101	104,223,292	(879,359)	4,749,272
Net Position, ending					\$ 47,730,510	\$ 54,601,969	\$ 102,332,479	\$ (1,110,080)	\$ 4,657,713

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	National Forest Receipts Special Revenue	Nonmajor Funds	
<i>June 30, 2016</i>					
<b>Assets</b>					
Cash and investments	\$ 6,681,329	\$ 7,030,830	\$ 4,128,080	\$ 3,298,016	\$ 21,138,255
Receivables, net of allowance for doubtful accounts:					
Property and sales taxes	505,380	-	-	221,219	726,599
Accounts	187,958	-	-	-	187,958
Grants and shared revenues	2,245	-	-	204,221	206,466
Accrued interest	20,293	21,439	-	3	41,735
Land sales and improvements	-	-	-	64,273	64,273
Interfund loans receivable	130,786	47,018	-	-	177,804
Due from other funds	150,022	-	-	-	150,022
Inventory	-	-	-	85,250	85,250
<b>Total Assets</b>	<b>\$ 7,678,013</b>	<b>\$ 7,099,287</b>	<b>\$ 4,128,080</b>	<b>\$ 3,872,982</b>	<b>\$ 22,778,362</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 66,278	\$ -	\$ -	\$ 68,388	\$ 134,666
Unearned revenue	79,052	-	-	39,477	118,529
Due to other funds	-	-	-	150,022	150,022
<b>Total Liabilities</b>	<b>145,330</b>	<b>-</b>	<b>-</b>	<b>257,887</b>	<b>403,217</b>
<b>Deferred Inflows of Resources</b>					
Delinquent property taxes	91,910	-	-	-	91,910
Taxes collected in advance	5,580	-	-	-	5,580
Land sale receivables not yet due	-	-	-	64,273	64,273
<b>Total Deferred Inflows of Resources</b>	<b>97,490</b>	<b>-</b>	<b>-</b>	<b>64,273</b>	<b>161,763</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>242,820</b>	<b>-</b>	<b>-</b>	<b>322,160</b>	<b>564,980</b>
<b>Fund Balances</b>					
Nonspendable	130,786	47,018	-	85,250	263,054
Restricted	-	7,052,269	4,128,080	55,816	11,236,165
Committed	-	-	-	2,940,640	2,940,640
Assigned	-	-	-	482,389	482,389
Unassigned (deficit)	7,304,407	-	-	(13,273)	7,291,134
<b>Total Fund Balances</b>	<b>7,435,193</b>	<b>7,099,287</b>	<b>4,128,080</b>	<b>3,550,822</b>	<b>22,213,382</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,678,013</b>	<b>\$ 7,099,287</b>	<b>\$ 4,128,080</b>	<b>\$ 3,872,982</b>	<b>\$ 22,778,362</b>

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, 2016**

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Total fund balances for governmental funds \$ 22,213,382

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	14,345,907	
Buildings	48,321,950	
Improvements other than buildings	6,253,302	
Machinery and equipment	6,013,930	
Accumulated depreciation	(45,620,010)	
Total capital assets		30,501,757

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	91,910	
Deferred land sales and improvements receivable	64,273	
Total long-term assets		156,183

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	(1,245,000)	
Unamortized bond premium	(98,083)	
Accrued interest on bonds	(13,083)	
Accrued leave	(276,441)	
Net pension liability	(4,112,239)	
Total long term liabilities		(5,744,846)

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

Deferred outflows related to pensions	674,600	
Deferred inflows related to pensions	(70,566)	
Total deferred pension items		604,034

<b>Total Net Position of Governmental Activities</b>		<b>\$ 47,730,510</b>
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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	National Forest Receipts Special Revenue	Nonmajor Funds	Total Govern- mental Funds
Year Ended June 30, 2016	General				
Revenues					
Property taxes, penalties and interest	\$ 1,676,229	\$ -	\$ -	\$ -	\$ 1,676,229
Payments in lieu of taxes	455,831	-	-	-	455,831
Sales taxes, penalties and interest	1,804,621	-	-	839,951	2,644,572
Transient taxes	-	-	-	91,639	91,639
Intergovernmental	1,034,163	-	922,952	739,551	2,696,666
Charges for services	272,833	-	-	254,366	527,199
Sales and leases	194,777	31,440	-	24,762	250,979
Investment income (loss)	33,708	(67,333)	23,095	40,148	29,618
Land sales and improvements	-	-	-	14,188	14,188
Fines and forfeitures	5,989	-	-	-	5,989
Donations and contributions	-	-	-	100,000	100,000
Other	8,335	-	-	6,080	14,415
Total Revenues	5,486,486	(35,893)	946,047	2,110,685	8,507,325
Expenditures					
Current:					
General government	952,318	-	-	-	952,318
Public safety	2,110,906	-	-	137,121	2,248,027
Public works	648,964	-	-	-	648,964
Parks and recreation	50,851	-	-	455,996	506,847
Library	259,422	-	-	-	259,422
Community services	177,573	2,593	-	657,768	837,934
Education - contributions to school district	-	-	848,488	667,800	1,516,288
Debt service:					
Principal	-	-	-	305,000	305,000
Interest	-	-	-	56,376	56,376
Capital outlay	-	-	-	317,077	317,077
Total Expenditures	4,200,034	2,593	848,488	2,597,138	7,648,253
Excess of Revenues Over (Under) Expenditures	1,286,452	(38,486)	97,559	(486,453)	859,072
Other Financing Sources (Uses)					
Transfers in	55,377	-	-	771,214	826,591
Transfers out	(732,214)	-	(55,377)	(39,000)	(826,591)
Net Other Financing Sources (Uses)	(676,837)	-	(55,377)	732,214	-
Net Change in Fund Balances	609,615	(38,486)	42,182	245,761	859,072
Fund Balances, beginning	6,825,578	7,137,773	4,085,898	3,305,061	21,354,310
Fund Balances, ending	\$ 7,435,193	\$ 7,099,287	\$ 4,128,080	\$ 3,550,822	\$ 22,213,382

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, 2016**

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Net change in fund balances - total governmental funds \$ 859,072

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 (\$2,255,205) and loss on disposal of capital assets (\$42,109) exceeded capital outlays (\$406,251). (1,891,063)

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 decrease in other long-term receivables. (493)

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	\$	305,000	
Net decrease in bond premium		19,617	
Decrease in accrued interest		3,301	
		327,918	327,918

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		13,849	
Increase in net pension obligation and related accounts		(559,964)	
		(546,115)	(546,115)

**Change in Net Position of Governmental Activities \$ (1,250,681)**

*See accompanying notes to basic financial statements.*

## City and Borough of Wrangell, Alaska

Enterprise Funds  
Statement of Net Position

June 30, 2016	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
<b>Assets and Deferred Outflows of Resources</b>						
<b>Current Assets</b>						
Cash and investments	\$ 2,015,947	\$ 487,495	\$ 159,997	\$ 4,214,333	\$ 110,503	\$ 6,988,275
Receivables, net of allowance for doubtful accounts:						
Accounts	249,861	52,072	51,645	75,564	47,376	476,518
Grants	-	23,177	-	61,010	-	84,187
Accrued interest	-	57	35	150	-	242
Inventories	162,820	-	-	-	-	162,820
<b>Total Current Assets</b>	<b>2,428,628</b>	<b>562,801</b>	<b>211,677</b>	<b>4,351,057</b>	<b>157,879</b>	<b>7,712,042</b>
<b>Restricted Cash and Investments</b>	<b>-</b>	<b>755,270</b>	<b>25,040</b>	<b>1,372,549</b>	<b>-</b>	<b>2,152,859</b>
Property, plant and equipment	7,074,644	16,653,110	12,465,427	57,504,793	1,445,174	95,143,148
Less accumulated depreciation	(5,140,499)	(10,408,655)	(8,631,620)	(20,732,405)	(883,050)	(45,796,229)
<b>Net Property, Plant and Equipment</b>	<b>1,934,145</b>	<b>6,244,455</b>	<b>3,833,807</b>	<b>36,772,388</b>	<b>562,124</b>	<b>49,346,919</b>
<b>Total Assets</b>	<b>4,362,773</b>	<b>7,562,526</b>	<b>4,070,524</b>	<b>42,495,994</b>	<b>720,003</b>	<b>59,211,820</b>
<b>Deferred Outflows of Resources</b> related to pensions	<b>166,361</b>	<b>22,318</b>	<b>36,269</b>	<b>98,410</b>	<b>29,541</b>	<b>352,899</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 4,529,134</b>	<b>\$ 7,584,844</b>	<b>\$ 4,106,793</b>	<b>\$ 42,594,404</b>	<b>\$ 749,544</b>	<b>\$ 59,564,719</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 166,131	\$ 11,413	\$ 2,281	\$ 15,739	\$ 18,049	\$ 213,613
Accrued leave	37,564	6,437	15,872	19,006	3,338	82,217
Customer utility deposits	89,200	9,545	-	-	-	98,745
Accrued interest payable	-	3,212	1,683	-	-	4,895
Unearned revenue	-	-	-	1,372,549	-	1,372,549
Current portion of bonds and loans	-	88,693	5,161	-	-	93,854
Interfund loans payable	-	-	-	34,959	-	34,959
<b>Total Current Liabilities</b>	<b>292,895</b>	<b>119,300</b>	<b>24,997</b>	<b>1,442,253</b>	<b>21,387</b>	<b>1,900,832</b>
<b>Long-term Liabilities, net of current portion</b>						
Revenue bonds	-	182,946	182,960	-	-	365,906
ADEC loan	-	346,844	-	-	-	346,844
Interfund loans payable	-	-	-	142,845	-	142,845
Net pension liability	1,044,269	132,173	216,631	594,241	178,429	2,165,743
<b>Total Long-term Liabilities</b>	<b>1,044,269</b>	<b>661,963</b>	<b>399,591</b>	<b>737,086</b>	<b>178,429</b>	<b>3,021,338</b>
<b>Total Liabilities</b>	<b>1,337,164</b>	<b>781,263</b>	<b>424,588</b>	<b>2,179,339</b>	<b>199,816</b>	<b>4,922,170</b>
<b>Deferred Inflows of Resources, related to pensions</b>	<b>25,001</b>	<b>1,359</b>	<b>2,672</b>	<b>8,873</b>	<b>2,675</b>	<b>40,580</b>
<b>Net Position</b>						
Net investment in capital assets	1,934,145	5,625,972	3,645,686	36,772,388	562,124	48,540,315
Unrestricted (deficit)	1,232,824	1,176,250	33,847	3,633,804	(15,071)	6,061,654
<b>Total Net Position</b>	<b>3,166,969</b>	<b>6,802,222</b>	<b>3,679,533</b>	<b>40,406,192</b>	<b>547,053</b>	<b>54,601,969</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 4,529,134</b>	<b>\$ 7,584,844</b>	<b>\$ 4,106,793</b>	<b>\$ 42,594,404</b>	<b>\$ 749,544</b>	<b>\$ 59,564,719</b>

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, 2016	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
<b>Operating Revenues</b>						
Charges for services	\$ 3,899,255	\$ 623,594	\$ 571,738	\$ 1,224,155	\$ 578,169	\$ 6,896,911
<b>Operating Expenses</b>						
Salaries and employee benefits	951,069	148,882	237,311	686,936	198,935	2,223,133
Other operating expenses	2,825,418	438,127	209,286	367,678	312,729	4,153,238
Depreciation	285,912	644,418	415,024	1,919,090	63,821	3,328,265
<b>Total Operating Expenses</b>	4,062,399	1,231,427	861,621	2,973,704	575,485	9,704,636
<b>Income (Loss) from Operations</b>	(163,144)	(607,833)	(289,883)	(1,749,549)	2,684	(2,807,725)
<b>Nonoperating Revenues (Expenses)</b>						
Investment income	10,148	5,288	2,006	20,076	664	38,182
Interest expense	(2,487)	(17,266)	(9,333)	-	-	(29,086)
State PERS relief	44,652	6,494	10,437	27,910	8,375	97,868
Pilot study grant	-	67,124	-	-	-	67,124
Other revenues	373,236	43,048	376	404,122	107	820,889
Other expenses	-	(7,366)	-	-	(62)	(7,428)
<b>Net Nonoperating Revenues (Expenses)</b>	425,549	97,322	3,486	452,108	9,084	987,549
<b>Income (Loss) Before Contributions</b>	262,405	(510,511)	(286,397)	(1,297,441)	11,768	(1,820,176)
Capital contributions	-	-	663,538	516,506	-	1,180,044
<b>Change in Net Position</b>	262,405	(510,511)	377,141	(780,935)	11,768	(640,132)
<b>Net Position, beginning</b>	2,904,564	7,312,733	3,302,392	41,187,127	535,285	55,242,101
<b>Net Position, ending</b>	\$ 3,166,969	\$ 6,802,222	\$ 3,679,533	\$ 40,406,192	\$ 547,053	\$ 54,601,969

See accompanying notes to basic financial statements.

## City and Borough of Wrangell, Alaska

Enterprise Funds  
Statement of Cash Flows

Year Ended June 30, 2016	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
<b>Cash Flows from Operating Activities</b>						
Receipts from customers and users	\$ 4,280,720	\$ 716,228	\$ 569,474	\$ 1,223,692	\$ 576,358	\$ 7,366,472
Payments for interfund services used	(104,219)	(94,192)	(49,994)	(45,118)	(74,764)	(368,287)
Payments to suppliers	(2,742,876)	(362,285)	(163,328)	(366,926)	(253,279)	(3,888,694)
Payments to employees	(771,996)	(120,213)	(193,114)	(577,251)	(167,062)	(1,829,636)
<b>Net cash flows from operating activities</b>	<b>661,629</b>	<b>139,538</b>	<b>163,038</b>	<b>234,397</b>	<b>81,253</b>	<b>1,279,855</b>
<b>Cash Flows from Noncapital Financing Activities</b>						
Noncapital grants received	-	-	-	-	442	442
Noncapital grant expense	-	-	-	-	(62)	(62)
State fish taxes received	-	-	-	404,122	-	404,122
<b>Net cash flows from noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>404,122</b>	<b>380</b>	<b>404,502</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>						
Purchase of property, plant and equipment	(144,190)	(215,488)	(1,026,006)	(522,467)	-	(1,908,151)
Principal payments on long-term debt	-	(87,216)	(4,918)	(34,959)	-	(127,093)
Interest payments on long-term debt	(2,487)	(17,042)	(9,352)	-	-	(28,881)
Capital contributions received	-	-	665,852	564,733	-	1,230,585
<b>Net cash flows from (for) capital and related financing activities</b>	<b>(146,677)</b>	<b>(319,746)</b>	<b>(374,424)</b>	<b>7,307</b>	<b>-</b>	<b>(833,540)</b>
<b>Cash Flows from Investing Activities</b>						
Investment income received	10,148	5,264	2,006	20,026	664	38,108
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>525,100</b>	<b>(174,944)</b>	<b>(209,380)</b>	<b>665,852</b>	<b>82,297</b>	<b>888,925</b>
<b>Cash and Investments, beginning</b>	<b>1,490,847</b>	<b>1,417,709</b>	<b>394,417</b>	<b>4,921,030</b>	<b>28,206</b>	<b>8,252,209</b>
<b>Cash and Investments, ending</b>	<b>\$ 2,015,947</b>	<b>\$ 1,242,765</b>	<b>\$ 185,037</b>	<b>\$ 5,586,882</b>	<b>\$ 110,503</b>	<b>\$ 9,141,134</b>
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>						
Cash and investments:						
Current assets	\$ 2,015,947	\$ 487,495	\$ 159,997	\$ 4,214,333	\$ 110,503	\$ 6,988,275
Restricted assets	-	755,270	25,040	1,372,549	-	2,152,859
<b>Total Cash and Investments</b>	<b>\$ 2,015,947</b>	<b>\$ 1,242,765</b>	<b>\$ 185,037</b>	<b>\$ 5,586,882</b>	<b>\$ 110,503</b>	<b>\$ 9,141,134</b>

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	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
<b>Reconciliation of Loss from Operations to Net Cash</b>						
<b>Flows from Operating Activities</b>						
Loss from operations	\$ (163,144)	\$ (607,833)	\$ (289,883)	\$ (1,749,549)	\$ 2,684	\$ (2,807,725)
Adjustments to reconcile loss from operations to net cash flows from operating activities:						
Depreciation	285,912	644,418	415,024	1,919,090	63,821	3,328,265
Noncash expense - PERS relief	44,652	6,494	10,437	27,910	8,375	97,868
Miscellaneous nonoperating revenues	373,236	110,172	376	-	-	483,784
Miscellaneous nonoperating expenses	-	(7,366)	-	-	-	(7,366)
(Increase) decrease in assets:						
Accounts receivable	11,189	(1,370)	(2,640)	(463)	(1,811)	4,905
Noncapital grants receivable	-	(16,593)	-	-	-	(16,593)
Inventories	(21,197)	-	-	-	-	(21,197)
Increase in deferred outflows related to pensions	(94,393)	(13,729)	(22,063)	(58,998)	(17,704)	(206,887)
Increase (decrease) in liabilities:						
Accounts payable	(480)	(10,984)	(4,036)	(44,256)	(15,314)	(75,070)
Accrued leave	2,025	2,918	2,814	(1,086)	(1,334)	5,337
Customer utility deposits	(2,960)	425	-	-	-	(2,535)
Net pension liability	289,042	42,040	67,560	180,659	54,212	633,513
Increase (decrease) in deferred inflows related to pension	(62,253)	(9,054)	(14,551)	(38,910)	(11,676)	(136,444)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 661,629</b>	<b>\$ 139,538</b>	<b>\$ 163,038</b>	<b>\$ 234,397</b>	<b>\$ 81,253</b>	<b>\$ 1,279,855</b>

See accompanying notes to basic financial statements.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements Year Ended June 30, 2016

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### 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

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### ***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

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### *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.

The *National Forest Receipts Special Revenue Fund* is established to provide for the receipt and subsequent use of National Forest Receipt monies.

#### 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.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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The *Sewer Utility Enterprise Fund* is used to account for the operations of the wastewater utility. The Borough has elected to report the Sewer Utility, as major based on public interest and consistency with prior years.

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

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.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### ***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.”

### ***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 estimated fair market value at the date of donation.

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.



# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### ***Capital Assets, continued***

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

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

---

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

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).

### ***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:

***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.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### ***Fund Balances, continued***

*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

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### 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 National Forest Receipts 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, 2016, the Borough met this requirement for the Water Utility and Sewer Utility.

Revenue requirements of the bonds are computed as follows:

<i>June 30, 2016</i>	Water Utility	Sewer Utility
Loss before contributions and transfers	\$ (510,511)	\$ (286,397)
Add back:		
Depreciation	644,418	415,024
Interest on bonded debt	9,369	9,333
Amount available for debt service	143,276	137,960
Requirement	14,270	14,270
<b>Excess of Revenue Over Requirement</b>	<b>\$ 129,006</b>	<b>\$ 123,690</b>

### 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, 2016.

	Pooled Cash and Investments	Other	Totals
Bank deposits	\$ 13,039,481	\$ 22,756	\$ 13,063,237
Investments	9,358,652	7,857,500	17,216,152
<b>Total Cash and Investments</b>	<b>\$ 22,398,133</b>	<b>\$ 7,880,256</b>	<b>\$ 30,279,389</b>
			Government- wide Statement of Net Position
Cash and investments			\$ 28,126,530
Restricted cash and investments			2,152,859
<b>Total Cash and Investments</b>			<b>\$ 30,279,389</b>

### *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, 2016 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	\$ 34,815	\$ 34,815	\$ -	\$ -	\$ -
Certificates of deposit	7,917,689	2,375,907	5,541,782	-	-
U.S. Treasuries	289,851	96,203	145,391	48,257	-
U.S. government agencies	104,484	-	104,484	-	-
Corporate bonds	263,054	-	211,455	51,599	-
Total subject to interest rate risk	8,609,893	\$ 2,506,925	\$ 6,003,112	\$ 99,856	\$ -
Equity securities	320,087				
Total General Investments	\$ 8,929,980				

### 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

Investments are classified in the fair value hierarchy as follows at June 30, 2016:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
U.S. Treasuries	\$ 289,851	\$ -	\$ -	\$ 289,851
U.S. government agencies	-	104,484	-	104,484
Corporate bonds	-	263,054	-	263,054
Equity securities	320,087	-	-	320,087
<b>Total Investments at Fair Value</b>	<b>\$ 609,938</b>	<b>\$ 367,538</b>	<b>\$ -</b>	<b>\$ 977,476</b>
Investments at amortized cost:	\$ -	\$ -	\$ -	-
Money market funds	-	-	-	34,815
Certificates of deposit	-	-	-	7,917,689
<b>Total Investments at Amortized Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,952,504</b>
<b>Total Investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,929,980</b>

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, 2016.

### *Credit Risk*

The Borough's general investments in corporate bonds of \$263,054 were rated as follows by Standard & Poors: \$10,184 rated AA+, \$20,372 rated AA, \$22,193 rated AA-, \$30,731 rated A+, \$49,674 rated A, \$44,910 rated A-, \$67,900 rated BBB+, \$8,987 rated BBB and \$8,103 rated BBB-. All of the Borough's investments in U.S. Treasuries are rated AAA. The U.S. government agencies are rated AA+.

Investment maturities in Permanent Fund investments at June 30, 2016 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	\$ 251,082	\$ 251,082	\$ -	\$ -	\$ -
U.S. Treasuries	1,054,052	296,463	651,629	105,960	-
U.S. government agencies	976,228	130,650	132,273	79,598	633,707
Corporate bonds	976,247	89,449	607,817	135,552	143,429
Total subject to interest rate risk	3,257,609	\$ 767,644	\$ 1,391,719	\$ 321,110	\$ 777,136
Equity securities	3,590,024				
<b>Total Permanent Fund</b>	<b>\$ 6,847,633</b>				

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### *Fair Value Measurement*

Investments are classified in the fair value hierarchy as follows at June 30, 2016:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
Equity securities	\$ 3,590,024	\$ -	\$ -	3,590,024
Money market funds	251,082	-	-	251,082
Corporate bonds	-	976,247	-	976,247
U.S. Treasuries	1,054,052	-	-	1,054,052
U.S. government agencies	-	976,228	-	976,228
<b>Total Investments at Fair Value</b>	<b>\$ 4,895,158</b>	<b>\$ 1,952,475</b>	<b>\$ -</b>	<b>6,847,633</b>

### *Credit Risk*

The Borough's Permanent Fund investments in corporate bonds of \$976,247 were rated as follows by Standard & Poors: \$10,683 rated AAA, \$77,921 rated AA+, \$45,802 rated AA, \$139,788 rated AA-, \$88,903 rated A+, \$270,785 rated A, \$188,928 rated A-, \$120,782 rated BBB+, and \$32,655 rated BBB. All of the Borough's investments in U.S. Treasuries are rated AAA. The U.S. government agencies 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, 2016, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

<i>June 30, 2016</i>	Major Governmental Funds			Total Governmental Funds
	General	Permanent Fund Special Revenue	Nonmajor Governmental Funds	
<b>Governmental Activities</b>				
Grants and shared revenues	\$ 2,245	\$ -	\$ 204,221	\$ 206,466
Property taxes	91,910	-	-	91,910
Sales taxes	413,470	-	221,219	634,689
Accounts	229,758	-	-	229,758
Land sales and improvements	-	-	64,273	64,273
Accrued interest	20,293	21,439	3	41,735
Total receivables	757,676	21,439	489,716	1,268,831
Less allowance for doubtful accounts	(41,800)	-	-	(41,800)
<b>Net Receivables</b>	<b>\$ 715,876</b>	<b>\$ 21,439</b>	<b>\$ 489,716</b>	<b>\$ 1,227,031</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

	Major Enterprise Funds					Total Governmental Funds
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	
<b>Business-Type Activities</b>						
Grants	\$ -	\$ 23,177	\$ -	\$ 61,010	\$ -	84,187
Accounts	382,861	52,072	51,645	98,564	47,376	632,518
Accrued interest	-	57	35	150	-	242
Total receivables	382,861	73,306	51,680	159,724	47,376	716,947
Less allowance for doubtful accounts	(133,000)	-	-	(23,000)	-	(156,000)
<b>Net Receivables</b>	<b>\$ 249,861</b>	<b>\$ 75,306</b>	<b>\$ 51,680</b>	<b>\$ 136,724</b>	<b>\$ 47,376</b>	<b>560,947</b>

### 5. Deferred Outflows and Deferred Inflows 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.

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.

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# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### 6. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2016
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated -</i>				
Land and land improvements	\$ 1,186,678	\$ -	\$ -	\$ 1,186,678
<i>Capital assets being depreciated:</i>				
Infrastructure	14,182,010	163,897	-	14,345,907
Buildings	48,276,872	87,187	(42,109)	48,321,950
Improvements other than buildings	6,229,662	23,640	-	6,253,302
Machinery and equipment	5,986,315	131,527	(103,912)	6,013,930
Total capital assets being depreciated	74,674,859	406,251	(146,021)	74,935,089
Less accumulated depreciation for:				
Infrastructure	2,563,682	328,216	-	2,891,898
Buildings	32,411,961	1,560,908	-	33,972,869
Improvements other than buildings	3,656,884	190,129	-	3,847,013
Machinery and equipment	4,836,190	175,952	(103,912)	4,908,230
Total accumulated depreciation	43,468,717	2,255,205	(103,912)	45,620,010
Total capital assets being depreciated, net	31,206,142	(1,848,954)	(42,109)	29,315,079
<b>Governmental Activity Capital Assets, net</b>	\$ 32,392,820	\$ (1,848,954)	\$ (42,109)	\$ 30,501,757

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# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

	Balance July 1, 2015	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2016
<b>Business-Type Activities</b>				
<i>Capital assets not being depreciated -</i>				
Land and land improvements	\$ 959,233	\$ -	\$ -	\$ 959,233
Construction in progress	1,669,289	645,285	(840,327)	1,474,247
<b>Total capital assets not being depreciated</b>	<b>2,628,522</b>	<b>645,285</b>	<b>(840,327)</b>	<b>2,433,480</b>
<i>Capital assets being depreciated:</i>				
Buildings	8,660,506	193,616	-	8,854,122
Improvements other than buildings	76,609,109	1,847,971	(11,701)	78,445,379
Machinery and equipment	5,457,453	64,907	(112,193)	5,410,167
<b>Total capital assets being depreciated</b>	<b>90,727,068</b>	<b>2,106,494</b>	<b>(123,894)</b>	<b>92,709,668</b>
<i>Less accumulated depreciation for:</i>				
Buildings	5,954,883	384,052	-	6,338,935
Improvements other than buildings	33,124,821	2,638,127	(8,400)	35,754,548
Machinery and equipment	3,508,853	306,086	(112,193)	3,702,746
<b>Total accumulated depreciation</b>	<b>42,588,557</b>	<b>3,328,265</b>	<b>(120,593)</b>	<b>45,796,229</b>
<b>Total capital assets being depreciated, net</b>	<b>48,138,511</b>	<b>(1,221,771)</b>	<b>(3,301)</b>	<b>46,913,439</b>
<b>Business-Type Activity Capital Assets, net</b>	<b>\$ 50,767,033</b>	<b>\$ (576,486)</b>	<b>\$ (843,628)</b>	<b>\$ 49,346,919</b>

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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, 2016:

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<b>Governmental Activities</b>	
General government	\$ 54,333
Public safety	246,188
Public works	449,556
Library	30,083
Parks and recreation	57,993
Community services	435,623
Education	981,429
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 2,255,205</b>

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<b>Business-Type Activities</b>	
Electric utility	\$ 285,912
Water utility	644,418
Sewer utility	415,024
Sanitation utility	63,821
Port	1,919,090
<b>Total Depreciation Expense - Business Type Activities</b>	<b>\$ 3,328,265</b>

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## 7. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2016, follows:

---

<b>Due to Other Funds</b>	
Due to General Fund from:	
Nonmajor governmental funds for short-term capital advances	\$ 150,022
<b>Total Amount Due to General Fund</b>	<b>\$ 150,022</b>
<b>Transfers</b>	
From General Fund to:	
Nonmajor governmental fund to cover debt service costs	\$ 159,455
Nonmajor governmental funds to cover operating costs	450,192
Nonmajor governmental funds to cover capital costs	122,567
<b>Total Transfers from General Fund</b>	<b>732,214</b>
From National Forest Receipts Special Revenue Fund to General Fund for operating costs	55,377
From nonmajor governmental funds to other nonmajor governmental funds for operating costs	39,000
<b>Total Transfers to Other Funds</b>	<b>\$ 826,591</b>

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# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### 8. Long-term Liabilities

The following is a summary of long-term liability transactions of the Borough for the year ended June 30, 2016:

<b>Governmental Activities</b>	Balance July 1, 2015	Additions	Retired	Balance June 30, 2016	Due Within One Year
General Obligation Bonds:					
\$1,289,000 refunding 2015A Series One School bond, due in annual installments of \$195,000 to \$240,000 through 2021, plus semi-annual interest payments at rates ranging from 2.0% to 5.0% per annum	\$ 1,280,000	\$ -	\$ 195,000	\$ 1,085,000	\$ 195,000
\$220,000 2011 school bonds, due in annual installments of \$20,000 to \$25,000 through 2021, plus semi-annual interest payments at rates ranging from 3.0% to 4.0% per annum	140,000	-	20,000	120,000	20,000
\$210,000 2011 refunding school bonds, due in a final installment of \$45,000 in 2016, plus semi-annual interest payments at rates ranging from 2.0% to 5.0% per annum	45,000	-	45,000	-	-
\$165,000 2011 refunding school bonds, due in annual installments of \$40,000 to \$45,000 through 2017, plus semi-annual interest payments at rates ranging from 4.0% to 5.0%	85,000	-	45,000	40,000	40,000
Accrued leave	290,290	33,160	47,009	276,441	276,441
Net pension liability	2,889,746	1,222,493	-	4,112,239	-
<b>Total Governmental Activities</b>	<b>4,730,036</b>	<b>\$ 1,255,653</b>	<b>\$ 352,009</b>	<b>5,633,680</b>	<b>\$ 531,441</b>
Plus unamortized bond premium	117,700			98,083	
	<u>\$ 4,847,736</u>			<u>\$ 5,731,763</u>	

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

<b>Business-Type Activities</b>	Balance July 1, 2015	Additions	Retired	Balance June 30, 2016	Due Within One Year
<b>Revenue Bonds:</b>					
\$250,000 1997 Sewer Utility revenue bonds, due in semi-annual installments of \$7,135 including interest at 4.875% through 2038	\$ 193,039	\$ -	\$ 4,918	\$ 188,121	\$ 5,161
\$250,000 1997 Water Utility revenue bonds, due in semi-annual installments of \$7,135 including interest at 4.875% through 2038	193,027	-	4,919	188,108	5,162
<b>Loans Payable:</b>					
\$1,501,836 Water Utility loan due in annual installments of \$89,987 including interest at 1.5% through 2021	512,672	-	82,297	430,375	83,531
\$200,000 Port loan from the General Fund to be paid with 50% of port development fees	142,236	-	11,450	130,786*	11,450*
\$235,096 Port loan from the Permanent Fund Special Revenue Fund	70,527	-	23,509	47,018*	23,509*
Accrued leave	76,880	13,766	8,429	82,217	82,217
Net pension liability	1,532,230	633,513	-	2,165,743	-
<b>Total Business-Type Activities</b>	<b>\$ 2,720,611</b>	<b>\$ 647,279</b>	<b>\$ 135,522</b>	<b>\$ 3,232,368</b>	<b>\$ 211,030</b>

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

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# 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 Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2017	\$ 265,000	\$ 46,100	\$ 311,100
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
	\$ 1,245,000	\$ 136,600	\$ 1,381,600

Business-Type Activities Year Ending June 30,	Revenue Bonds			Loans Payable		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 10,323	\$ 18,217	\$ 28,540	\$ 83,531	6,456	89,987
2018	10,832	17,708	28,540	84,784	5,203	89,987
2019	11,367	17,173	28,540	86,056	3,931	89,987
2020	11,928	16,612	28,540	87,347	2,640	89,987
2021	12,516	16,024	28,540	88,657	1,330	89,987
2022-2026	72,477	70,223	142,700	-	-	-
2027-2031	92,212	50,488	142,700	-	-	-
2032-2036	117,322	25,378	142,700	-	-	-
2037-2038	37,252	1,495	38,747	-	-	-
	\$ 376,229	\$ 233,318	\$ 609,547	\$ 430,375	\$ 19,560	\$ 449,935

## 9. 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	\$ 29,158,674	\$ 48,540,315	\$ 77,698,989
Restricted:			
Barnes Endowment	50,000	-	50,000
Economic stability	7,052,269	-	7,052,269
Schools and roads	4,133,896	-	4,133,896
Total restricted	11,236,165	-	11,236,165
Unrestricted	7,335,671	6,061,654	13,397,325
<b>Total Net Position</b>	<b>\$ 47,730,510</b>	<b>\$ 54,601,969</b>	<b>\$ 102,332,479</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### 10. 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, 2016:

	Major Governmental Funds			Nonmajor Funds	Totals
	General	Permanent Fund Special Revenue	National Forest Receipts Special Revenue		
<b>Nonspendable:</b>					
Interfund loans	\$ 130,786	\$ 47,018	\$ -	\$ -	\$ 177,804
Inventory	-	-	-	85,250	85,250
<b>Total nonspendable</b>	<b>130,786</b>	<b>47,018</b>	<b>-</b>	<b>85,250</b>	<b>263,054</b>
<b>Restricted:</b>					
Economic stability	-	7,052,269	-	-	7,052,269
Schools and roads	-	-	4,128,080	5,816	4,133,896
Barnes Endowment	-	-	-	50,000	50,000
<b>Total restricted</b>	<b>-</b>	<b>7,052,269</b>	<b>4,128,080</b>	<b>55,816</b>	<b>11,236,165</b>
<b>Committed:</b>					
Community services	-	-	-	212,753	212,753
Education and health	-	-	-	1,400,619	1,400,619
Swimming pool	-	-	-	1,009,042	1,009,042
Land and industrial development	-	-	-	318,226	318,226
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,940,640</b>	<b>2,940,640</b>
<b>Assigned:</b>					
Youth court	-	-	-	6,595	6,595
Projects	-	-	-	421,992	421,992
Community services	-	-	-	53,802	53,802
<b>Total assigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>482,389</b>	<b>482,389</b>
<b>Unassigned (deficit)</b>	<b>7,304,407</b>	<b>-</b>	<b>-</b>	<b>(13,273)</b>	<b>7,291,134</b>
<b>Total Fund Balances</b>	<b>\$ 7,435,193</b>	<b>\$ 7,099,287</b>	<b>\$ 4,128,080</b>	<b>\$ 3,550,822</b>	<b>\$ 22,213,382</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### 11. 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.

### 12. 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 repavement 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.

### 13. 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, 2016. Support provided to the School District does not include debt service payments on school facilities or capital expenditures.

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#### Special Revenue Funds:

Sales Tax	\$ 667,800
National Forest Receipts	848,488

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<b>Total Contributions to School District</b>	<b>\$ 1,516,288</b>
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### 14. 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.



# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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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/drdb/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 footnotes.

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 records 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.

### ***Employee Contribution Rates***

Regular employees are required to contribute 6.75% of their annual covered salary. Police and firefighters are required to contribute 7.5% of their annual covered salary.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### ***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 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the on-behalf contribution in 2015 was significantly higher than the statutory amount. In 2016, the on-behalf contribution has returned to “normal” levels and generally equals the statutory calculation. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as revenues and expenditures in the year appropriated and transferred to the Plan by the State of Alaska. 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 one-year timing lag 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 FY16, the calculation uses an 8.00% pension discount rate and a 4.55% 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, 2016 were determined in the June 30, 2013 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	13.25%	16.38%	3.63%	37.79%
Postemployment healthcare (see Note 17)	8.75%	10.81%	1.56%	58.73%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>27.19%</b>	<b>5.19%</b>	<b>96.52%</b>

The Borough was credited with the following contributions to the pension plan.

	Borough FY15 Measurement Period	Borough FY16 Measurement Period
Employer contributions (including DBUL)	\$ 340,908	\$ 343,399
Nonemployer contributions (on-behalf)	1,479,198	127,047
<b>Total Contributions</b>	<b>\$ 1,820,106</b>	<b>\$ 470,446</b>

In addition, employee contributions to the Plan totaled \$176,901 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, 2016, 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:

	2016
Borough proportionate share of NPL	\$ 6,277,982
State's proportionate share of the NPL associated with the Borough	1,682,286
<b>Total Net Pension Liability</b>	<b>\$ 7,960,268</b>

The net pension liability was measured as of June 30, 2015, 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, 2016, the Borough's proportion was .12944 percent, which was an increase of .034630 from its proportion measured as of June 30, 2015.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

For the year ended June 30, 2016, the Borough recognized pension expense of \$1,193,536 and on-behalf revenue of \$232,318 for support provided by the State. At June 30, 2016, 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	\$ 7,318	\$ -
Changes in assumptions	367,080	-
Net difference between projected and actual earnings on pension plan investments	-	(111,146)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	309,702	-
Borough contributions subsequent to the measurement date	343,399	-
<b>Total Deferred Outflows and Inflows Related to Pensions</b>	<b>\$ 1,027,499</b>	<b>\$ (111,146)</b>

The \$343,399 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, 2017. 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,*

2017	\$ 552,216
2018	(10,879)
2019	(71,382)
2020	102,999

### **Actuarial Assumptions**

The total pension liability for the measurement period ended June 30, 2015 (Borough fiscal year 2016) was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2015. The actuarial assumptions used in the June 30, 2014 actuarial valuation 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.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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 for pension; and 4.55% for healthcare
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

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-U.S)	5.55%
Private equity	6.25%
Fixed income	0.80%
Real estate	3.65%
Alternative equity	4.70%

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### **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 percent, 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 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Borough's proportionate share of the net pension liability	0.12944% \$	8,346,045 \$	6,277,982 \$	4,536,886

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

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

## **15. Defined Contribution 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 Defined Contribution (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.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### ***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 8.0% of their annual covered salary. This amount goes directly to the individual's account.

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

For the year ended June 30, 2016, the Borough was required to contribute 5% of covered salary into the Plan. In addition, during 2016, the State on-behalf contribution rate for OPEB was 1.56%.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2016 were \$55,173 and \$88,276, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

## **16. Other Post-Employment Benefit (OPEB) Plans**

### ***Defined Benefit OPEB***

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.

### ***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, there were no on-behalf contributions into the OPEB plan; however, on-behalf contributions to the OPEB plan in 2016 and 2014 were \$54,405 and \$240,302, respectively.

<i>Year Ended June 30,</i>	<i>Annual OPEB Costs</i>	<i>Borough Contributions</i>	<i>% of Costs Contributed</i>
2016	\$226,771	\$226,771	100 %
2015	257,180	257,180	100 %
2014	361,371	361,371	100 %

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### ***Defined Contribution OPEB***

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, 2016 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.68%	1.68%
Occupational death and disability benefits	0.22%	1.05%
<b>Total Contribution Rates</b>	<b>1.90%</b>	<b>2.73%</b>

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, 2015, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$2,005 per year for each full-time employee, and \$1.28 per hour for part-time employees.

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

In 2016, the Borough contributed \$64,645 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

## **17. 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, 2016. Coverage limits and the deductibles on the policies have stayed relatively constant for the last several years.



# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### 18. 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, 2016, 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.

### 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 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - Effective for year-end June 30, 2017, with earlier application encouraged - This statement contains financial reporting guidelines for Postemployment Benefit Plans. This is the Plan side requirements applicable to OPEB benefits and generally brings the OPEB reporting rules into alignment with the new GASB 67 Pension rules.

*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 77 - Tax Abatement Disclosures* - Effective for year-end June 30, 2017 - This statement requires local governments to provide financial disclosures relating to tax abatements affecting the government. This includes information about abatement agreements entered into directly by the government, including conditions and criteria under which taxes can be abated, and the type and dollar amount of the tax. In addition, the statement requires disclosure of tax abatements issued by other governments that affect the local government's revenue recognition and reporting.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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*GASB 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* - Effective for year-end June 30, 2017 - This statement amends the scope and applicability of GASB 68 to exclude pensions provided to employees through a cost-sharing multiple-employer defined benefit pension plan that is (1) not a state or local government pension plan, (2) used to provide defined benefit pensions to employees of both government and non-government employers, and (3) has no predominant state or local government employer, either individually or collectively with other governmental employers providing pensions in the plan.

*GASB 80 - Blending Requirements for Certain Component Units* - Effective for year-end June 30, 2017, with earlier application encouraged - This statement requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement amends the previous requirements established in paragraph 53 of GASB 14. The criterion specified in GASB 80 does not apply to component units included in the financial reporting entity pursuant to GASB 39.

*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 82 - Pension-Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73* - Effective for year-end December 31, 2017, with earlier application encouraged - This statement further amends prior pension reporting to redefine "covered payroll" for required supplementary information, clarifies deviations from Actuarial standards, and clarifies the classification of employer-paid member contributions.

## Required Supplementary Information

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## 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, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 3,815,787	\$ 3,815,787	\$ 3,936,681	\$ 120,894
Intergovernmental	1,219,886	1,219,886	1,034,163	(185,723)
Charges for services	278,933	278,933	272,833	(6,100)
Sales and leases	117,000	117,000	194,777	77,777
Fines and forfeitures	10,000	10,000	5,989	(4,011)
Investment income	20,000	20,000	33,708	13,708
Other	9,000	9,000	8,335	(665)
<b>Total Revenues</b>	<b>5,470,606</b>	<b>5,470,606</b>	<b>5,486,486</b>	<b>15,880</b>
<b>Expenditures</b>				
General government	1,007,477	1,008,427	952,318	56,109
Public safety	2,390,595	2,390,595	2,110,906	279,689
Public works	746,725	746,725	648,964	97,761
Parks and recreation	59,400	59,400	50,851	8,549
Library	286,338	286,338	259,422	26,916
Community services	181,682	181,682	177,573	4,109
<b>Total Expenditures</b>	<b>4,672,217</b>	<b>4,673,167</b>	<b>4,200,034</b>	<b>473,133</b>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	798,389	797,439	1,286,452	489,013
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	310,000	55,377	(254,623)
Transfers out	(1,119,779)	(1,169,780)	(732,214)	437,566
<b>Net Other Financing Sources (Uses)</b>	<b>(1,119,779)</b>	<b>(859,780)</b>	<b>(676,837)</b>	<b>182,943</b>
<b>Net Change in Fund Balance</b>	<b>\$ (321,390)</b>	<b>\$ (62,341)</b>	<b>609,615</b>	<b>\$ 671,956</b>
<b>Fund Balance, beginning</b>			<b>6,825,578</b>	
<b>Fund Balance, ending</b>			<b>\$ 7,435,193</b>	

**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, 2016</i>	Original and Final Budget	Actual	Variance with Budget
<b>Revenues</b>			
Investment income (loss)	\$ 250,000	\$ (67,333)	\$ (317,333)
Lease revenue	34,440	31,440	(3,000)
<b>Total Revenues</b>	284,440	(35,893)	(320,333)
<b>Expenditures - community services:</b>			
Insurance	4,130	2,467	1,663
Other	-	126	(126)
<b>Total Expenditures</b>	4,130	2,593	1,537
<b>Excess of Revenue Over (Under) Expenditures</b>	280,310	38,486	318,796
<b>Other Financing Uses - transfers out</b>	(250,000)	-	250,000
<b>Net Change in Fund Balance</b>	<u>\$ 30,310</u>	(38,486)	<u>\$ (68,796)</u>
<b>Fund Balance, beginning</b>		<u>7,137,773</u>	
<b>Fund Balance, ending</b>		<u>\$ 7,099,287</u>	

**City and Borough of Wrangell, Alaska**  
**National Forest Receipts Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2016</i>	Original and Final Budget	Actual	Variance with Budget
<b>Revenues</b>			
Intergovernmental - national forest receipts	\$ 804,838	\$ 922,952	\$ 118,114
Investment income	-	23,095	23,095
<b>Total Revenues</b>	804,838	946,047	141,209
<b>Expenditures - education - contributions to school district</b>	848,488	848,488	-
<b>Excess of Revenues Over (Under) Expenditures</b>	(43,650)	97,559	141,209
<b>Other Financing Uses - transfers out</b>	(50,000)	(55,377)	(5,377)
<b>Net Change in Fund Balance</b>	<u>\$ (93,650)</u>	42,182	<u>\$ 135,832</u>
<b>Fund Balance, beginning</b>		<u>4,085,898</u>	
<b>Fund Balance, ending</b>		<u>\$ 4,128,080</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
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%

*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>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
2015	\$ 340,908	\$ 340,908	\$ -	\$ 3,219,425	10.59%
2016	\$ 343,399	\$ 343,399	\$ -	\$ 3,146,642	10.91%

*See accompanying notes to Required Supplementary Information.*



# **City and Borough of Wrangell, Alaska**

## **Notes to Required Supplementary Information June 30, 2016**

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### **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, 2016, the Plan measurement date is June 30, 2015.

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

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

There was a significant change in the allocation methodology. For the measurement period ended June 30, 2014, the liability was allocated to participating employers based on actual contributions for 2014. For the measurement period ended June 30, 2015, the liability is allocated based on projected contributions for fiscal years 2017-2039, as calculated in the June 30, 2014 actuarial valuation.

### **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.

Both pension tables are intended to present 10 years of information. Additional years information will be added to the schedules as it becomes available.

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## Supplementary Information

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## 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	Sales Tax	Swimming Pool	Museum	Theater	Misc- ellaneous Grants	Residential Construc- tion	Industrial Construc- tion	Street Construc- tion	Misc- ellaneous	School Renovation	Economic Recovery		
<i>June 30, 2016</i>														
<b>Assets</b>														
Cash and investments	\$ 213,969	\$ 1,179,400	\$ 1,017,523	\$ 101,980	\$ 33,337	\$ 5,773	\$ -	\$ 318,226	\$ -	\$ -	\$ 5,816	\$ 421,992	\$ 3,298,016	
Receivables:														
Sales taxes	-	221,219	-	-	-	-	-	-	-	-	-	-	221,219	
Grants	-	-	-	-	-	822	-	-	56,549	146,850	-	-	204,221	
Accrued interest	-	-	-	3	-	-	-	-	-	-	-	-	3	
Land sales and improvements	-	-	-	-	-	-	-	64,273	-	-	-	-	64,273	
Inventory	-	-	-	85,250	-	-	-	-	-	-	-	-	85,250	
<b>Total Assets</b>	\$ 213,969	\$ 1,400,619	\$ 1,017,523	\$ 187,233	\$ 33,337	\$ 6,595	\$ -	\$ 382,499	\$ 56,549	\$ 146,850	\$ 5,816	\$ 421,992	\$ 3,872,982	
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>														
<b>Liabilities</b>														
Accounts payable	\$ 1,216	\$ -	\$ 8,481	\$ 17,726	\$ 1,779	\$ -	\$ -	\$ -	\$ -	\$ 39,186	\$ -	\$ -	\$ 68,388	
Unearned revenue	-	-	-	12,013	-	-	-	-	-	27,464	-	-	39,477	
Due to other funds	-	-	-	-	-	-	13,273	-	56,549	80,200	-	-	150,022	
<b>Total Liabilities</b>	1,216	-	8,481	29,739	1,779	-	13,273	-	56,549	146,850	-	-	257,887	
<b>Deferred Inflows of Resources - land sales not yet due</b>	-	-	-	-	-	-	-	64,273	-	-	-	-	64,273	
<b>Fund Balances</b>														
Nonspendable - inventory	-	-	-	85,250	-	-	-	-	-	-	-	-	85,250	
Restricted:														
Schools and roads	-	-	-	-	-	-	-	-	-	-	5,816	-	5,816	
Barnes Endowment	-	-	-	50,000	-	-	-	-	-	-	-	-	50,000	
Committed:														
Community services	212,753	-	-	-	-	-	-	-	-	-	-	-	212,753	
Education and health	-	1,400,619	-	-	-	-	-	-	-	-	-	-	1,400,619	
Swimming pool	-	-	1,009,042	-	-	-	-	-	-	-	-	-	1,009,042	
Land development	-	-	-	-	-	-	-	318,226	-	-	-	-	318,226	
Assigned:														
Youth court	-	-	-	-	-	6,595	-	-	-	-	-	-	6,595	
Projects	-	-	-	-	-	-	-	-	-	-	-	421,992	421,992	
Community services	-	-	-	22,244	31,558	-	-	-	-	-	-	-	53,802	
Unassigned (deficit)	-	-	-	-	-	-	(13,273)	-	-	-	-	-	(13,273)	
<b>Total Fund Balances</b>	212,753	1,400,619	1,009,042	157,494	31,558	6,595	(13,273)	318,226	-	-	5,816	421,992	3,550,822	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	\$ 213,969	\$ 1,400,619	\$ 1,017,523	\$ 187,233	\$ 33,337	\$ 6,595	\$ -	\$ 382,499	\$ 56,549	\$ 146,850	\$ 5,816	\$ 421,992	\$ 3,872,982	

## City and Borough of Wrangell, Alaska

## Nonmajor Governmental Funds

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

Year Ended June 30, 2016	Special Revenue Funds						Debt Service Fund	Capital Project Funds						Total Nonmajor Governmental Funds
	Transient Tax	Sales Tax	Swimming Pool	Museum	Theater	Miscellaneous Grants		Residential Construction	Industrial Construction	Street Construction	Miscellaneous	School Renovation	Economic Recovery	
<b>Revenues</b>														
Taxes	\$ 91,639	\$ 839,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 931,590
Intergovernmental	-	-	5,620	4,227	-	18,371	201,921	-	-	160,526	348,886	-	-	739,551
Charges for services	-	-	68,635	108,862	76,869	-	-	-	-	-	-	-	-	254,366
Sales and leases	-	-	-	24,762	-	-	-	-	-	-	-	-	-	24,762
Investment income	1,119	13,985	16,088	56	227	-	-	-	6,225	-	-	-	2,448	40,148
Land sales and improvements	-	-	-	-	-	-	-	-	14,188	-	-	-	-	14,188
Donations and contributions	-	-	-	100,000	-	-	-	-	-	-	-	-	-	100,000
Other	4,529	-	-	1,551	-	-	-	-	-	-	-	-	-	6,080
<b>Total Revenues</b>	<b>97,287</b>	<b>853,936</b>	<b>90,343</b>	<b>239,458</b>	<b>77,096</b>	<b>18,371</b>	<b>201,921</b>	<b>-</b>	<b>20,413</b>	<b>160,526</b>	<b>348,886</b>	<b>-</b>	<b>2,448</b>	<b>2,110,685</b>
<b>Expenditures</b>														
Public safety	-	-	-	-	-	28,977	-	-	-	-	108,144	-	-	137,121
Parks and recreation	-	-	455,477	-	-	-	-	-	-	-	519	-	-	455,996
Community services	34,713	-	-	334,706	78,162	-	-	-	-	-	210,187	-	-	657,768
Education - contributions to school district	-	667,800	-	-	-	-	-	-	-	-	-	-	-	667,800
Debt service:														
Principal	-	-	-	-	-	-	305,000	-	-	-	-	-	-	305,000
Interest	-	-	-	-	-	-	56,376	-	-	-	-	-	-	56,376
Capital outlay	-	2,894	-	-	-	-	-	112	766	160,526	152,603	-	176	317,077
<b>Total Expenditures</b>	<b>34,713</b>	<b>670,694</b>	<b>455,477</b>	<b>334,706</b>	<b>78,162</b>	<b>28,977</b>	<b>361,376</b>	<b>112</b>	<b>766</b>	<b>160,526</b>	<b>471,453</b>	<b>-</b>	<b>176</b>	<b>2,597,138</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>62,574</b>	<b>183,242</b>	<b>(365,134)</b>	<b>(95,248)</b>	<b>(1,066)</b>	<b>(10,606)</b>	<b>(159,455)</b>	<b>(112)</b>	<b>19,647</b>	<b>-</b>	<b>(122,567)</b>	<b>-</b>	<b>2,272</b>	<b>(486,453)</b>
<b>Other Financing Sources (Uses)</b>														
Transfers in	-	-	364,765	115,500	-	8,927	159,455	-	-	-	122,567	-	-	771,214
Transfers out	(10,000)	(29,000)	-	-	-	-	-	-	-	-	-	-	-	(39,000)
<b>Net Other Financing Sources (Uses)</b>	<b>(10,000)</b>	<b>(29,000)</b>	<b>364,765</b>	<b>115,500</b>	<b>-</b>	<b>8,927</b>	<b>159,455</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,567</b>	<b>-</b>	<b>-</b>	<b>732,214</b>
<b>Net Change in Fund Balances</b>	<b>52,574</b>	<b>154,242</b>	<b>(369)</b>	<b>20,252</b>	<b>(1,066)</b>	<b>(1,679)</b>	<b>-</b>	<b>(112)</b>	<b>19,647</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,272</b>	<b>245,761</b>
<b>Fund Balances, beginning</b>	<b>160,179</b>	<b>1,246,377</b>	<b>1,009,411</b>	<b>137,242</b>	<b>32,624</b>	<b>8,274</b>	<b>-</b>	<b>(13,161)</b>	<b>298,579</b>	<b>-</b>	<b>-</b>	<b>5,816</b>	<b>419,720</b>	<b>3,305,061</b>
<b>Fund Balances, ending</b>	<b>\$ 212,753</b>	<b>\$ 1,400,619</b>	<b>\$ 1,009,042</b>	<b>\$ 157,494</b>	<b>\$ 31,558</b>	<b>\$ 6,595</b>	<b>\$ -</b>	<b>\$ (13,273)</b>	<b>\$ 318,226</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,816</b>	<b>\$ 421,992</b>	<b>\$ 3,550,822</b>

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## **General Fund**

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The General Fund is established to account for the revenues and expenditures necessary to carry out basic governmental activities of the Borough such as 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>	2016	2015
<b>Assets</b>		
Cash and investments	\$ 6,681,329	\$ 6,162,602
Receivables:		
Property taxes	91,910	78,216
Sales taxes	413,470	430,524
Accounts	229,758	124,280
Accrued interest	20,293	16,843
Grants and shared revenues	2,245	2,672
Total receivables	757,676	652,535
Less allowance for doubtful accounts	(41,800)	(28,620)
Net receivables	715,876	623,915
Due from other funds	150,022	75,236
Interfund loan receivable	130,786	142,236
<b>Total Assets</b>	<b>\$ 7,678,013</b>	<b>\$ 7,003,989</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 66,278	\$ 90,514
Unearned revenue	79,052	5,724
<b>Total Liabilities</b>	<b>145,330</b>	<b>96,238</b>
<b>Deferred Inflows of Resources</b>		
Delinquent property taxes	91,910	78,216
Taxes collected in advance	5,580	3,957
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>242,820</b>	<b>178,411</b>
<b>Fund Balance</b>		
Nonspendable - interfund loan receivable	130,786	142,236
Restricted for Campbell Library Trust	-	40,530
Unassigned	7,304,407	6,642,812
<b>Total Fund Balance</b>	<b>7,435,193</b>	<b>6,825,578</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 7,678,013</b>	<b>\$ 7,003,989</b>



## City and Borough of Wrangell, Alaska

## General Fund

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

Years Ended June 30,	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Taxes:				
Real property taxes	\$ 1,687,287	\$ 1,652,942	\$ (34,345)	\$ 1,604,970
Property tax penalties and interest	15,000	23,287	8,287	19,497
Payments in lieu of taxes	390,000	455,831	65,831	386,708
Sales taxes	1,717,000	1,785,571	68,571	1,824,183
Sales tax penalties and interest	6,500	19,050	12,550	2,775
Total taxes	3,815,787	3,936,681	120,894	3,838,133
Intergovernmental:				
State of Alaska:				
Jail contract	325,274	325,274	-	591,408
Revenue - sharing	566,830	568,634	1,804	598,068
Library grants	6,600	7,650	1,050	6,650
LEPC grant revenue	9,000	8,787	(213)	9,224
State PERS relief	294,182	108,618	(185,564)	876,436
Department of Corrections video grant revenue	-	-	-	14,021
Liquor licenses	12,000	8,200	(3,800)	13,200
Total State of Alaska	1,213,886	1,027,163	(186,723)	2,109,007
Federal government - library grants	6,000	7,000	1,000	6,000
Total intergovernmental	1,219,886	1,034,163	(185,723)	2,115,007
Charges for services:				
Cemetery services	3,000	2,604	(396)	4,805
Police services	119,000	104,560	(14,440)	110,671
911 surcharge	33,300	43,162	9,862	13,111
R/V revenues	5,000	3,874	(1,126)	6,240
Airport security	118,633	118,633	-	118,633
Total charges for services	278,933	272,833	(6,100)	253,460

**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>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Revenues, continued</b>				
Sales and leases:				
Court rental	\$ 71,000	\$ 70,162	\$ (838)	\$ 69,313
Tideland leases	43,400	41,303	(2,097)	43,395
Material sales	100	80,303	80,203	11,058
Cemetery plot sales	2,500	3,009	509	1,373
<b>Total sales and leases</b>	<b>117,000</b>	<b>194,777</b>	<b>77,777</b>	<b>125,139</b>
Fines and forfeitures	10,000	5,989	(4,011)	8,880
Investment income	20,000	33,708	13,708	21,012
Other revenues:				
Licenses and permits	4,000	2,760	(1,240)	3,039
Copies	250	464	214	16,265
Library grants	-	500	500	500
Miscellaneous	4,750	4,611	(139)	7,318
<b>Total other revenues</b>	<b>9,000</b>	<b>8,335</b>	<b>(665)</b>	<b>27,122</b>
<b>Total Revenues</b>	<b>5,470,606</b>	<b>5,486,486</b>	<b>15,880</b>	<b>6,388,753</b>
<b>Expenditures</b>				
General government:				
Finance:				
Personnel services:				
Salaries	237,710	234,930	2,780	212,630
Overtime salaries	7,160	6,988	172	7,702
Employee benefits	179,929	151,604	28,325	233,987
<b>Total personnel services</b>	<b>424,799</b>	<b>393,522</b>	<b>31,277</b>	<b>454,319</b>
Contractual services:				
Auditor	23,000	20,173	2,827	23,386
Assessor	40,000	52,410	(12,410)	44,700
Telephone	4,000	4,622	(622)	4,066
Travel and training	5,000	1,346	3,654	2,715

**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,	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
General government, continued:				
Finance, continued:				
Contractual services, continued:				
Utilities	\$ 13,000	\$ 11,616	\$ 1,384	\$ 11,311
Equipment rental	2,000	849	1,151	1,167
Programming	15,000	11,308	3,692	11,743
Foreclosure costs	1,000	3,055	(2,055)	204
Collection charges	2,500	869	1,631	172
Total contractual services	105,500	106,248	(748)	99,464
Commodities:				
Materials and supplies	20,000	16,663	3,337	15,280
Custodial supplies	2,000	1,282	718	868
Postage	14,000	8,530	5,470	14,856
Building repairs and maintenance	4,000	5,436	(1,436)	5,322
Equipment repairs and maintenance	10,000	4,950	5,050	5,722
Capital expenditures	4,000	1,350	2,650	2,123
Total commodities	54,000	38,211	15,789	44,171
Total finance	584,299	537,981	46,318	597,954
Less charges to other funds	(160,392)	(160,392)	-	(119,587)
Net finance	423,907	377,589	46,318	478,367
Administration:				
Personnel services:				
Salaries	233,440	220,939	12,501	223,964
Employee benefits	75,900	67,108	8,792	99,733
Total personnel services	309,340	288,047	21,293	323,697

**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>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
General government, continued:				
Administration, continued:				
Contractual services:				
Attorney	\$ 45,000	\$ 48,394	\$ (3,394)	\$ 43,055
Telephone	5,700	6,558	(858)	6,380
Administration travel and training	7,500	6,252	1,248	4,258
Litigation	10,000	16,934	(6,934)	17,665
Tourism program	20,000	22,390	(2,390)	19,751
Total contractual services	88,200	100,528	(12,328)	91,109
Commodities- materials and supplies	2,000	5,063	(3,063)	7,045
General insurance	11,850	9,114	2,736	36,257
Total administration	411,390	402,752	8,638	458,108
Clerk and assembly:				
Personnel services:				
Salaries	72,000	70,223	1,777	66,744
Overtime salaries	100	259	(159)	137
Employee benefits	54,110	49,557	4,553	73,640
Total personnel services	126,210	120,039	6,171	140,521
Contractual services:				
Clerk travel and training	3,500	3,295	205	2,656
Assembly travel and training	13,000	13,296	(296)	12,788
Recorder fees	850	122	728	376
Public communications	7,120	7,120	-	7,120
Total contractual services	24,470	23,833	637	22,940

**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,	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
General government, continued:				
Clerk and assembly, continued:				
Commodities:				
Materials and supplies	\$ 2,950	\$ 3,030	\$ (80)	\$ 5,933
Publications	14,000	17,851	(3,851)	10,866
Records preservation	500	690	(190)	1,912
Election supplies	2,000	2,930	(930)	2,048
Republishing WMC	3,000	3,604	(604)	4,989
Total commodities	22,450	28,105	(5,655)	25,748
Total clerk and assembly	173,130	171,977	1,153	189,209
Total general government	1,008,427	952,318	56,109	1,125,684
Public safety:				
Fire department:				
Personnel services:				
Salaries	83,470	81,233	2,237	77,263
Overtime salaries	11,000	12,072	(1,072)	11,193
Employee benefits	81,300	69,831	11,469	105,521
Contributions for fire calls	5,500	5,500	-	5,500
Total personnel services	181,270	168,636	12,634	199,477
Contractual services:				
Telephone	6,500	6,502	(2)	5,771
Travel and training	10,000	8,732	1,268	10,742
Fire prevention and education	2,000	1,017	983	1,159
Hydrant rental	39,750	42,112	(2,362)	39,729
Insurance	13,580	24,459	(10,879)	13,222
LEPC costs	9,000	8,062	938	9,236
Total contractual services	80,830	90,884	(10,054)	79,859

**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>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public safety, continued:				
Fire department, continued:				
Commodities:				
Materials and supplies	\$ 11,000	\$ 10,968	\$ 32	\$ 6,305
Fire substation costs	13,500	12,449	1,051	12,031
Equipment repairs and maintenance	10,000	9,888	112	7,282
Allocated vehicle charges - garage	50,581	43,352	7,229	55,740
Turn out gear	7,000	7,373	(373)	6,331
Total commodities	92,081	84,030	8,051	87,689
Total fire department	354,181	343,550	10,631	367,025
Police department:				
Personnel services:				
Salaries	507,310	495,270	12,040	478,434
Overtime salaries	48,000	42,445	5,555	39,449
Employee benefits	384,220	326,178	58,042	534,597
Uniform allowances	5,700	3,125	2,575	3,500
Total personnel services	945,230	867,018	78,212	1,055,980
Contractual services:				
Telephone	12,000	11,575	425	12,815
Insurance	30,120	17,991	12,129	-
Travel and training	8,000	3,653	4,347	8,204
Professional dues	-	85	(85)	-
911 expenditures	5,000	1,359	3,641	643
Capital expenditures	6,000	4,047	1,953	2,314
Animal control	7,000	1,738	5,262	6,705
State portion of driver licenses	70,000	68,747	1,253	70,245
Vehicle impound	-	-	-	609
State portion of citations	500	400	100	310
Total contractual services	138,620	109,595	29,025	101,845
Commodities:				
Materials and supplies	12,750	7,960	4,790	17,229
Boat expenditures	10,000	827	9,173	990
Publications	1,000	45	955	105

## 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,	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public safety, continued:				
Police department, continued:				
Commodities, continued:				
Ammunition	\$ 7,500	\$ 6,701	\$ 799	\$ 7,164
Special investigations	2,500	447	2,053	1,049
Equipment repairs and maintenance	8,000	4,001	3,999	2,166
Allocated vehicle charges - garage	48,071	45,616	2,455	52,950
Total commodities	89,821	65,597	24,224	81,653
Total police department	1,173,671	1,042,210	131,461	1,239,478
Police corrections department:				
Personnel services:				
Salaries	286,990	237,782	49,208	281,158
Overtime salaries	45,000	26,636	18,364	27,605
Employee benefits	250,200	180,265	69,935	335,355
Total personnel services	582,190	444,683	137,507	644,118
Contractual services:				
Telephone	1,500	1,500	-	1,500
Travel and training	-	-	-	1,243
Total contractual services	1,500	1,500	-	2,743
Commodities:				
Materials and supplies	3,500	7,030	(3,530)	16,988
Allocated vehicle charges - garage	2,313	2,086	227	2,550
Prisoner meals	22,000	15,699	6,301	19,357
Reimbursement of prisoner costs	-	(34)	34	(181)
Total commodities	27,813	24,781	3,032	38,714
Total police corrections department	611,503	470,964	140,539	685,575
Public safety building:				
Personnel services:				
Salaries	18,270	18,091	179	19,795
Overtime	710	101	609	-
Employee benefits	33,630	29,501	4,129	40,205
Total personnel services	52,610	47,693	4,917	60,000

**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,	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public safety, continued:				
Public safety building, continued:				
Contractual services:				
Telephone	\$ 530	\$ 507	\$ 23	\$ 511
Insurance	8,100	4,838	3,262	-
Utilities	110,000	120,382	(10,382)	113,760
Total contractual services	118,630	125,727	(7,097)	114,271
Commodities:				
Fuel oil	2,500	1,075	1,425	1,893
Custodial supplies	2,500	2,971	(471)	1,788
Facility repair and maintenance	75,000	76,716	(1,716)	63,049
Total commodities	80,000	80,762	(762)	66,730
Total public safety building	251,240	254,182	(2,942)	241,001
Total public safety	2,390,595	2,110,906	279,689	2,533,079
Public works:				
Garage:				
Personnel services:				
Salaries	121,400	131,568	(10,168)	135,895
Overtime salaries	7,500	2,145	5,355	3,412
Employee benefits	101,440	91,319	10,121	175,323
Total personnel services	230,340	225,032	5,308	314,630
Contractual services:				
Utilities	22,000	21,496	504	19,607
Insurance	1,740	1,039	701	-
Travel and training	6,000	(1,501)	7,501	729
Total contractual services	29,740	21,034	8,706	20,336



**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>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public works, continued:				
Garage, continued:				
Commodities:				
Materials and supplies	\$ 125,000	\$ 158,743	\$ (33,743)	\$ 135,952
Fuel oil	5,000	5,533	(533)	3,472
Fuel and lubrication	95,000	45,039	49,961	68,182
Expendable tools	2,500	4,072	(1,572)	2,211
Total commodities	227,500	213,387	14,113	209,817
Total garage	487,580	459,453	28,127	544,783
Less charges to other departments and funds	(487,580)	(452,333)	(35,247)	(539,304)
Net garage	-	7,120	(7,120)	5,479
General:				
Personnel services:				
Salaries	423,160	412,706	10,454	431,728
Overtime salaries	25,000	9,008	15,992	21,884
Special projects salaries	7,500	1,680	5,820	15,033
Employee benefits	313,160	249,414	63,746	409,101
Total personnel services	768,820	672,808	96,012	877,746
Contractual services:				
Telephone	7,000	9,114	(2,114)	9,094
Travel and training	6,000	8,383	(2,383)	9,461
Total contractual services	13,000	17,497	(4,497)	18,555

**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>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public works, continued:				
General, continued:				
Commodities:				
Materials and supplies	\$ 8,000	\$ 5,808	\$ 2,192	\$ 7,739
Engineering supplies	2,500	129	2,371	5,322
Building repairs and maintenance	5,000	24,528	(19,528)	2,772
Total commodities	15,500	30,465	(14,965)	15,833
Total general	797,320	720,770	76,550	912,134
Less charges to other departments and funds	(550,000)	(500,140)	(49,860)	(543,729)
Net general	247,320	220,630	26,690	368,405
Streets:				
Personnel services - allocated salaries - public works	165,000	122,227	42,773	195,693
Contractual services:				
Street lighting	19,000	20,978	(1,978)	20,189
Insurance	8,440	5,041	3,399	-
Rock quarry electricity	1,200	2,742	(1,542)	1,491
Sanding and snow removal	25,000	17,696	7,304	14,278
Total contractual services	53,640	46,457	7,183	35,958
Commodities:				
Materials and supplies	8,000	10,909	(2,909)	8,698
Street light fixtures	4,500	3,844	656	13,439
Culverts	-	-	-	2,000
Equipment repairs and maintenance	203,265	191,916	11,349	220,150
Crushing and maintenance	15,000	33,943	(18,943)	6,500
Street repairs and maintenance	50,000	11,918	38,082	53,270
Total commodities	280,765	252,530	28,235	304,057
Total streets	499,405	421,214	78,191	535,708
Total public works	746,725	648,964	97,761	909,592

**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>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Parks and recreation:				
Personnel services:				
Salaries	\$ 16,000	\$ 15,870	\$ 130	\$ 16,990
Overtime salaries	2,000	202	1,798	174
Employee benefits	3,500	2,164	1,336	4,001
Allocated salaries - public works	6,000	2,920	3,080	4,242
Total personnel services	27,500	21,156	6,344	25,407
Contractual services:				
Insurance	630	376	254	-
Utilities	10,000	9,787	213	10,789
Total contractual services	10,630	10,163	467	10,789
Commodities:				
Allocated vehicle charges - garage	7,770	6,345	1,425	7,770
Materials and supplies	10,000	8,873	1,127	2,521
Capital expenditures	3,500	4,314	(814)	2,158
Total commodities	21,270	19,532	1,738	12,449
Total parks and recreation	59,400	50,851	8,549	48,645
Library:				
Personnel services:				
Salaries	116,720	115,517	1,203	130,841
Employee benefits	95,140	77,641	17,499	138,414
Total personnel services	211,860	193,158	18,702	269,255
Contractual services:				
Telephone	1,100	1,071	29	859
Internet	2,500	188	2,312	240
Travel and training	5,418	1,906	3,512	1,394
Insurance	2,860	1,708	1,152	-
Utilities	8,000	8,391	(391)	8,804
Total contractual services	19,878	13,264	6,614	11,297

**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>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Library, continued:				
Commodities:				
Materials and supplies	\$ 5,000	\$ 4,365	\$ 635	\$ 4,137
Custodian supplies	1,500	652	848	992
Books, subscriptions and dues	20,000	17,258	2,742	18,828
Library grant expenditures	6,600	6,815	(215)	5,813
State early literature mini grant	-	-	-	523
State library grant expenditures	6,000	7,533	(1,533)	7,305
Postage	2,000	1,296	704	986
Building repairs and maintenance	5,000	7,488	(2,488)	4,805
Equipment repairs and maintenance	5,000	4,323	677	1,850
Capital expenditures	3,500	3,270	230	1,450
Total commodities	54,600	53,000	1,600	46,689
Total library	286,338	259,422	26,916	327,241
Community services:				
Community development:				
Contractual services:				
Dues and subscriptions	6,500	6,123	377	6,232
Lobbyist	67,200	67,200	-	55,700
Utilities - KSTK	8,500	8,500	-	9,200
Customs	-	271	(271)	948
Total contractual services	82,200	82,094	106	72,080

**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>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Community services, continued:				
Contributions:				
Employee appreciation	\$ -	\$ -	\$ -	\$ 4,608
Chamber fireworks	4,000	4,000	-	4,000
Senior citizens program	15,000	11,144	3,856	13,945
Community promotion	10,000	15,597	(5,597)	29,421
Chamber of Commerce	23,000	23,000	-	25,000
Health Fair	-	-	-	3,000
Total contributions	52,000	53,741	(1,741)	79,974
Total community development	134,200	135,835	(1,635)	152,054
Planning and zoning:				
Personnel services - allocated clerical	22,182	22,182	-	16,180
Contractual services - travel and training	2,500	1,808	692	7,758
Commodities:				
Materials and supplies	-	29	(29)	-
Publications	1,000	1,074	(74)	854
Subdivisions and surveys	-	-	-	5,379
Mapping upgrade	10,000	4,659	5,341	9,834
Total commodities	11,000	5,762	5,238	16,067
Total planning and zoning	35,682	29,752	5,930	40,005
Cemetery:				
Personnel services -				
allocated salaries - public works	10,000	10,701	(701)	10,424
Commodities - materials and supplies	1,800	1,285	515	1,024
Total cemetery	11,800	11,986	(186)	11,448
Total community services	181,682	177,573	4,109	203,507

**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>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Education - contributions to school district	\$ -	\$ -	\$ -	\$ 17,800
<b>Total Expenditures</b>	4,673,167	4,200,034	473,133	5,165,548
<b>Excess of Revenues Over (Under) Expenditures</b>	797,439	1,286,452	489,013	1,223,205
<b>Other Financing Sources (Uses)</b>				
Transfers in	310,000	55,377	(254,623)	313,157
Transfers out	(1,169,780)	(732,214)	437,566	(1,164,200)
<b>Net Other Financing Sources (Uses)</b>	(859,780)	(676,837)	182,943	(851,043)
<b>Net Change in Fund Balance</b>	<u>\$ (62,341)</u>	609,615	<u>\$ 671,956</u>	372,162
<b>Fund Balance, beginning</b>		<u>6,825,578</u>		<u>6,453,416</u>
<b>Fund Balance, ending</b>		<u>\$ 7,435,193</u>		<u>\$ 6,825,578</u>

## Special Revenue Funds

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### ***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.

### ***Swimming Pool***

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

### ***Museum***

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

### ***Theater***

This fund accounts for the operating activities of the theater.

### ***Permanent Fund***

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

### ***National Forest Receipts***

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

### ***Miscellaneous Grants***

This fund was created to handle various miscellaneous operating type grants.

**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>	2016		2015	
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Transient and excise taxes	\$ 40,000	\$ 91,639	\$ 51,639	\$ 68,605
Advertising and promotion	3,000	4,529	1,529	26,467
Investment income	-	1,119	1,119	598
<b>Total Revenues</b>	<b>43,000</b>	<b>97,287</b>	<b>54,287</b>	<b>95,670</b>
<b>Expenditures - community services:</b>				
Salaries	-	388	(388)	1,030
Employee benefits	-	43	(43)	112
Travel	8,000	2,750	5,250	5,604
Telephone	800	954	(154)	924
Postage	1,200	1,546	(346)	623
Promotional	15,000	5,744	9,256	17,003
Web hosting	1,100	1,197	(97)	918
Dues	5,000	5,445	(445)	685
Publications	15,000	7,479	7,521	7,368
CPV expenditures	-	9,167	(9,167)	32,394
<b>Total Expenditures</b>	<b>46,100</b>	<b>34,713</b>	<b>11,387</b>	<b>66,661</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,100)</b>	<b>62,574</b>	<b>65,674</b>	<b>29,009</b>
<b>Other Financing Uses - transfers out</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>-</b>	<b>(8,000)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (13,100)</b>	<b>52,574</b>	<b>\$ 65,674</b>	<b>21,009</b>
<b>Fund Balance, beginning</b>		<b>160,179</b>		<b>139,170</b>
<b>Fund Balance, ending</b>		<b>\$ 212,753</b>		<b>\$ 160,179</b>



**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,	2016					2015	
		Actual					
		Restricted			Variance with Budget	Actual	
	Budget	28%	4%	Total			
<b>Revenues</b>							
Sales tax	\$ 852,500	\$ 734,957	\$ 104,994	\$ 839,951	\$ (12,549)	\$ 858,139	
Investment income	-	-	13,985	13,985	13,985	8,840	
<b>Total Revenues</b>	852,500	734,957	118,979	853,936	1,436	866,979	
<b>Expenditures</b>							
Contributions to school district	667,800	667,800	-	667,800	-	650,000	
Street design/construction	-	-	2,119	2,119	(2,119)	90,017	
Professional services	-	-	775	775	(775)	-	
<b>Total Expenditures</b>	667,800	667,800	2,894	670,694	(2,894)	740,017	
<b>Excess of Revenues Over Expenditures</b>	184,700	67,157	116,085	183,242	(1,458)	126,962	
<b>Other Financing Uses - transfers out</b>	(29,000)	(29,000)	-	(29,000)	-	(29,000)	
<b>Net Change in Fund Balance</b>	<u>\$ 155,700</u>	38,157	116,085	154,242	<u>\$ (1,458)</u>	97,962	
<b>Fund Balance, beginning</b>		583,559	662,818	1,246,377		1,148,415	
<b>Fund Balance, ending</b>		\$ 621,716	\$ 778,903	\$ 1,400,619		\$ 1,246,377	

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

Years Ended June 30,	2016				Variance with Budget	2015
	Budget	Swimming Pool	Recreational Activity	Total		Actual
<b>Revenues</b>						
User fees	\$ 57,750	\$ 49,336	\$ 19,299	\$ 68,635	\$ 10,885	\$ 52,321
Investment income (loss)	20,000	16,088	-	16,088	(3,912)	(7,958)
Safety grant	-	-	-	-	-	942
Other	-	-	-	-	-	10,509
State PERS relief	-	2,810	2,810	5,620	5,620	49,730
<b>Total Revenues</b>	<b>77,750</b>	<b>68,234</b>	<b>22,109</b>	<b>90,343</b>	<b>12,593</b>	<b>105,544</b>
<b>Expenditures - parks and recreation:</b>						
Personnel services:						
Salaries	118,210	45,313	44,701	90,014	28,196	117,597
Extra help	15,000	-	29,211	29,211	(14,211)	10,719
Casual labor	60,500	60,800	-	60,800	(300)	38,089
Employee benefits	95,990	57,247	27,310	84,557	11,433	121,740
<b>Total personnel services</b>	<b>289,700</b>	<b>163,360</b>	<b>101,222</b>	<b>264,582</b>	<b>25,118</b>	<b>288,145</b>
Contractual services:						
Telephone	7,250	4,521	1,992	6,513	737	6,970
Utilities	56,500	44,038	6,030	50,068	6,432	44,163
Travel and training	5,000	7,438	-	7,438	(2,438)	4,164
Insurance	14,300	20,577	2,527	23,104	(8,804)	13,353
<b>Total contractual services</b>	<b>83,050</b>	<b>76,574</b>	<b>10,549</b>	<b>87,123</b>	<b>(4,073)</b>	<b>68,650</b>
Commodities:						
Materials and supplies	22,000	13,267	13,265	26,532	(4,532)	24,005
Heating fuel	55,000	34,916	-	34,916	20,084	55,656
Chemicals	15,000	14,723	-	14,723	277	14,864
Health reports and permits	2,860	397	400	797	2,063	1,019
Publications	2,200	984	1,110	2,094	106	2,125
Building repair and maintenance	45,000	21,137	3,573	24,710	20,290	52,859
<b>Total commodities</b>	<b>142,060</b>	<b>85,424</b>	<b>18,348</b>	<b>103,772</b>	<b>38,288</b>	<b>150,528</b>
Contributions - contribution to Swim Club	-	-	-	-	-	7,820
<b>Total Expenditures</b>	<b>514,810</b>	<b>325,358</b>	<b>130,119</b>	<b>455,477</b>	<b>59,333</b>	<b>515,143</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(437,060)</b>	<b>(257,124)</b>	<b>(108,010)</b>	<b>(365,134)</b>	<b>71,926</b>	<b>(409,599)</b>
<b>Other Financing Sources - transfers in</b>	<b>425,880</b>	<b>257,375</b>	<b>107,390</b>	<b>364,765</b>	<b>(61,115)</b>	<b>409,171</b>
<b>Net Change in Fund Balance</b>	<b>\$ (11,180)</b>	<b>\$ 251</b>	<b>\$ (620)</b>	<b>(369)</b>	<b>\$ 10,811</b>	<b>(428)</b>
<b>Fund Balance, beginning</b>				<b>1,009,411</b>		<b>1,009,839</b>
<b>Fund Balance, ending</b>				<b>\$ 1,009,042</b>		<b>\$ 1,009,411</b>

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

Years Ended June 30,		2016				2015
		Actual			Variance	
	Budget	Museum	Civic Center	Total	with Budget	Actual
<b>Revenues</b>						
Admissions	\$ 24,000	\$ 27,764	\$ -	\$ 27,764	\$ 3,764	\$ 17,790
Museum gift store revenue	80,000	81,098	-	81,098	1,098	94,444
Donations and contributions	100,000	-	100,000	100,000	-	106,000
Rental revenue	25,000	-	24,762	24,762	(238)	41,885
Investment income	-	56	-	56	56	59
State PERS relief	-	553	3,674	4,227	4,227	31,448
Museum computer grant	-	1,551	-	1,551	1,551	1,390
<b>Total Revenues</b>	<b>229,000</b>	<b>111,022</b>	<b>128,436</b>	<b>239,458</b>	<b>10,458</b>	<b>293,016</b>
<b>Expenditures - community services:</b>						
Personnel services:						
Salaries	84,660	14,987	62,598	77,585	7,075	83,704
Casual labor	29,040	20,760	6,616	27,376	1,664	26,326
Employee benefits	47,000	4,049	30,055	34,104	12,896	62,741
<b>Total personnel services</b>	<b>160,700</b>	<b>39,796</b>	<b>99,269</b>	<b>139,065</b>	<b>21,635</b>	<b>172,771</b>
Contractual services:						
Collection management	1,500	508	-	508	992	1,709
Travel and training	4,000	1,115	1,075	2,190	1,810	3,375
Building maintenance and utilities	114,472	58,848	59,467	118,315	(3,843)	124,681
Credit card costs	2,500	2,652	-	2,652	(152)	2,450
<b>Total contractual services</b>	<b>122,472</b>	<b>63,123</b>	<b>60,542</b>	<b>123,665</b>	<b>(1,193)</b>	<b>132,215</b>
Commodities:						
Materials and supplies	9,400	2,093	4,787	6,880	2,520	10,789
Book store inventory	40,000	45,617	-	45,617	(5,617)	51,629
Books, subscriptions and dues	500	615	-	615	(115)	351
Publications and advertising	17,800	1,023	16,065	17,088	712	17,802
Postage	200	35	-	35	165	24
Equipment repairs and maintenance	-	1,442	-	1,442	(1,442)	1,521
Insurance on loaned artifacts	500	299	-	299	201	-
<b>Total commodities</b>	<b>68,400</b>	<b>51,124</b>	<b>20,852</b>	<b>71,976</b>	<b>(3,576)</b>	<b>82,116</b>
<b>Total Expenditures</b>	<b>351,572</b>	<b>154,043</b>	<b>180,663</b>	<b>334,706</b>	<b>16,866</b>	<b>387,102</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(122,572)</b>	<b>(43,021)</b>	<b>(52,227)</b>	<b>(95,248)</b>	<b>27,324</b>	<b>(94,086)</b>
<b>Other Financing Sources - transfers in</b>	<b>67,000</b>	<b>57,000</b>	<b>58,500</b>	<b>115,500</b>	<b>48,500</b>	<b>177,980</b>
<b>Net Change in Fund Balance</b>	<b>\$ (55,572)</b>	<b>\$ 13,979</b>	<b>\$ 6,273</b>	<b>20,252</b>	<b>\$ 75,824</b>	<b>83,894</b>
<b>Fund Balance, beginning</b>				<b>137,242</b>		<b>53,348</b>
<b>Fund Balance, ending</b>				<b>\$ 157,494</b>		<b>\$ 137,242</b>

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

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Admissions	\$ 45,000	\$ 42,755	\$ (2,245)	\$ 39,521
Concessions	32,000	34,114	2,114	28,129
Investment income	-	227	227	141
<b>Total Revenues</b>	<b>77,000</b>	<b>77,096</b>	<b>96</b>	<b>67,791</b>
<b>Expenditures - community services:</b>				
Personnel services:				
Salaries	22,650	19,656	2,994	16,204
Employee benefits	2,100	1,983	117	1,277
<b>Total personnel services</b>	<b>24,750</b>	<b>21,639</b>	<b>3,111</b>	<b>17,481</b>
Contractual services:				
Telephone	600	357	243	542
Building maintenance and utilities	7,684	7,489	195	7,878
<b>Total contractual services</b>	<b>8,284</b>	<b>7,846</b>	<b>438</b>	<b>8,420</b>
Commodities:				
Materials and supplies	3,700	4,386	(686)	3,503
Publications and advertising	2,000	2,487	(487)	1,892
Film costs	22,000	26,112	(4,112)	18,217
Concessions	18,000	15,603	2,397	14,279
Equipment repairs and maintenance	2,500	89	2,411	1,734
<b>Total commodities</b>	<b>48,200</b>	<b>48,677</b>	<b>(477)</b>	<b>39,625</b>
<b>Total Expenditures</b>	<b>81,234</b>	<b>78,162</b>	<b>3,072</b>	<b>65,526</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (4,234)</u></b>	<b>(1,066)</b>	<b><u>\$ 3,168</u></b>	<b>2,265</b>
<b>Fund Balance, beginning</b>		<b><u>32,624</u></b>		<b><u>30,359</u></b>
<b>Fund Balance, ending</b>		<b><u>\$ 31,558</u></b>		<b><u>\$ 32,624</u></b>

**City and Borough of Wrangell, Alaska**  
**National Forest Receipts Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Intergovernmental - national forest receipts	\$ 804,838	\$ 922,952	\$ 118,114	\$ 1,052,610
Investment income	-	23,095	23,095	13,944
<b>Total Revenues</b>	<b>804,838</b>	<b>946,047</b>	<b>141,209</b>	<b>1,066,554</b>
<b>Expenditures - education -</b> contributions to school district	<b>848,488</b>	<b>848,488</b>	<b>-</b>	<b>848,488</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(43,650)</b>	<b>97,559</b>	<b>141,209</b>	<b>218,066</b>
<b>Other Financing Uses - transfers out</b>	<b>(50,000)</b>	<b>(55,377)</b>	<b>(5,377)</b>	<b>(63,157)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (93,650)</b>	<b>42,182</b>	<b>\$ 135,832</b>	<b>154,909</b>
<b>Fund Balance, beginning</b>		<b>4,085,898</b>		<b>3,930,989</b>
<b>Fund Balance, ending</b>		<b>\$ 4,128,080</b>		<b>\$ 4,085,898</b>

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

<i>Years Ended June 30,</i>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Intergovernmental	\$ 19,000	\$ 17,321	\$ (1,679)	\$ 19,531
State PERS relief	-	1,050	1,050	8,224
<b>Total Revenues</b>	19,000	18,371	(629)	27,755
<b>Expenditures - public safety</b>	23,210	28,977	(5,767)	37,263
<b>Excess of Revenues Over (Under) Expenditures</b>	(4,210)	(10,606)	(6,396)	(9,508)
<b>Other Financing Sources - transfers in</b>	-	8,927	8,927	9,489
<b>Net Change in Fund Balance</b>	<u>\$ (4,210)</u>	(1,679)	<u>\$ 2,531</u>	(19)
<b>Fund Balance, beginning</b>		<u>8,274</u>		<u>8,293</u>
<b>Fund Balance, ending</b>		<u>\$ 6,595</u>		<u>\$ 8,274</u>

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## **Debt Service Fund**

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The Debt Service Fund accounts for the accumulation of monies for payments of various general obligation bonds. Servicing of this debt requires various annual and semi-annual payments of principal and interest. Financing is provided by 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>	2016			2015
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Intergovernmental - State of Alaska	\$ 198,314	\$ 201,921	\$ 3,607	\$ 206,006
<b>Expenditures</b>				
2011 series 3 (2000E) school bond principal	45,000	45,000	-	40,000
2011 series 3 (2000E) school bond interest	900	900	-	2,800
2011 series 3 (2002B) school bond principal	45,000	45,000	-	40,000
2011 series 3 (2002B) school bond interest	2,900	1,900	1,000	4,800
2015 series 1 school bond principal	195,000	195,000	-	190,000
2015 series 1 school bond interest	45,268	47,501	(2,233)	61,400
2011 series 1 school bond principal	20,000	20,000	-	20,000
2011 series 1 school bond interest	5,075	6,075	(1,000)	5,675
Bond issuance fees	-	-	-	11,314
<b>Total Expenditures</b>	<b>359,143</b>	<b>361,376</b>	<b>(2,233)</b>	<b>375,989</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(160,829)</b>	<b>(159,455)</b>	<b>1,374</b>	<b>(169,983)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	160,829	159,455	(1,374)	154,298
Refunding bonds issued	-	-	-	1,280,000
Premium on refunding bonds issued	-	-	-	117,700
Payment to refunded bond escrow agent	-	-	-	(1,382,015)
		-		
<b>Net Other Financing Sources (Uses)</b>	<b>160,829</b>	<b>159,455</b>	<b>(1,374)</b>	<b>169,983</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>
<b>Fund Balance, beginning</b>		<b>-</b>		<b>-</b>
<b>Fund Balance, ending</b>		<b>\$ -</b>		<b>\$ -</b>

## Capital Project Funds

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### ***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 Cassiar Street construction.

### ***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, 2016</i>	Residential Construc- tion	Industrial Construc- tion	Street Construc- tion	Misc- ellaneous Capital Projects	School Renovation	Economic Recovery	Totals
<b>Revenues</b>							
Intergovernmental	\$ -	\$ -	\$ 160,526	\$ 348,886	\$ -	\$ -	\$ 509,412
Land sales and improvements	-	14,188	-	-	-	-	14,188
Investment income	-	6,225	-	-	-	2,448	8,673
<b>Total Revenues</b>	-	20,413	160,526	348,886	-	2,448	532,273
<b>Expenditures</b>							
Miscellaneous capital projects	112	766	-	-	-	176	1,054
Community Center renovation	-	-	-	19,515	-	-	19,515
City hall equipment	-	-	-	50,680	-	-	50,680
Parks equipment	-	-	-	519	-	-	519
Cassiar Street design	-	-	160,526	-	-	-	160,526
6 Mile property	-	-	-	90,656	-	-	90,656
DHS 911	-	-	-	62,894	-	-	62,894
AICS Medical Center	-	-	-	43,387	-	-	43,387
Fire equipment	-	-	-	105,054	-	-	105,054
Wood Street	-	-	-	38,307	-	-	38,307
Impound lot	-	-	-	3,090	-	-	3,090
Court improvements	-	-	-	34,118	-	-	34,118
Dog pound	-	-	-	397	-	-	397
Gun range	-	-	-	23,640	-	-	23,640
Waterfront improvements	-	-	-	(804)	-	-	(804)
<b>Total Expenditures</b>	112	766	160,526	471,453	-	176	633,033
<b>Excess of Revenues Over (Under) Expenditures</b>	(112)	19,647	-	(122,567)	-	2,272	(100,760)
<b>Other Financing Sources</b>							
Transfers in	-	-	-	122,567	-	-	122,567
<b>Net Change in Fund Balances</b>	(112)	19,647	-	-	-	2,272	21,807
<b>Fund Balances (Deficit), beginning</b>	(13,161)	298,579	-	-	5,816	419,720	710,954
<b>Fund Balances (Deficit), ending</b>	\$ (13,273)	\$ 318,226	\$ -	\$ -	\$ 5,816	\$ 421,992	\$ 732,761

## Enterprise Funds

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### ***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>	2016	2015
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 2,015,947	\$ 1,490,847
Receivables:		
Accounts	382,861	394,050
Less allowance for doubtful accounts	(133,000)	(133,000)
Net receivables	249,861	261,050
Inventories	162,820	141,623
<b>Total Current Assets</b>	<b>2,428,628</b>	<b>1,893,520</b>
<b>Property, Plant and Equipment</b>		
Land	10,900	10,900
Buildings	478,535	478,535
Improvements other than buildings	2,087,017	2,081,740
Equipment	4,370,637	4,359,279
Construction in progress	127,555	-
Total property, plant and equipment	7,074,644	6,930,454
Less accumulated depreciation	(5,140,499)	(4,854,587)
<b>Net Property, Plant and Equipment</b>	<b>1,934,145</b>	<b>2,075,867</b>
<b>Total Assets</b>	<b>4,362,773</b>	<b>3,969,387</b>
Deferred Outflows of Resources, related to pensions	166,361	71,968
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 4,529,134</b>	<b>\$ 4,041,355</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 166,131	\$ 166,611
Accrued leave	37,564	35,539
Customer utility deposits	89,200	92,160
<b>Total Current Liabilities</b>	<b>292,895</b>	<b>294,310</b>
<b>Long-term Liabilities - net pension liability</b>	<b>1,044,269</b>	<b>755,227</b>
<b>Total Liabilities</b>	<b>1,337,164</b>	<b>1,049,537</b>
Deferred Inflows of Resources, related to pensions	25,001	87,254
<b>Net Position</b>		
Net investment in capital assets	1,934,145	2,075,867
Unrestricted	1,232,824	828,697
<b>Total Net Position</b>	<b>3,166,969</b>	<b>2,904,564</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 4,529,134</b>	<b>\$ 4,041,355</b>

**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>	2016	2015
<b>Operating Revenues</b>		
Residential	\$ 1,573,933	\$ 1,566,034
Commercial	2,245,489	2,398,788
Fuel surcharge	62,602	-
Labor charges	2,245	5,692
Other	14,986	21,624
<b>Total Operating Revenues</b>	<b>3,899,255</b>	<b>3,992,138</b>
<b>Operating Expenses</b>		
Generation	3,037,782	3,083,861
Distribution	610,888	638,602
General and administrative	127,817	103,518
Depreciation	285,912	291,720
<b>Total Operating Expenses</b>	<b>4,062,399</b>	<b>4,117,701</b>
<b>Loss from Operations</b>	<b>(163,144)</b>	<b>(125,563)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Equipment and pole rental	100	39,168
Late fees	21,266	23,042
Investment income	10,148	4,328
Material sales	11,307	29,616
Interest expense	(2,487)	(1,905)
State PERS relief	44,652	12,456
SEAPA dividend	340,563	189,878
<b>Net Nonoperating Revenues (Expenses)</b>	<b>425,549</b>	<b>296,583</b>
<b>Change in Net Position</b>	<b>262,405</b>	<b>171,020</b>
<b>Net Position, beginning, as previously reported</b>	<b>2,904,564</b>	<b>3,497,439</b>
<b>Restatement, cumulative effect of adoption of GASB 68</b>	<b>-</b>	<b>(763,895)</b>
<b>Net Position, beginning, as restated</b>	<b>2,904,564</b>	<b>2,733,544</b>
<b>Net Position, ending</b>	<b>\$ 3,166,969</b>	<b>\$ 2,904,564</b>

## City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund  
Statement of Cash Flows

<i>Years Ended June 30,</i>	2016	2015
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 4,280,720	\$ 4,383,646
Payments for interfund services used	(104,219)	(94,805)
Payments to suppliers	(2,742,876)	(2,926,670)
Payments to employees	(771,996)	(764,892)
<b>Net cash flows from operating activities</b>	<b>661,629</b>	<b>597,279</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(144,190)	(57,591)
Interest payments on revenue bonds	(2,487)	(1,905)
<b>Net cash flows for capital and related financing activities</b>	<b>(146,677)</b>	<b>(59,496)</b>
<b>Cash Flows from Investing Activities</b>		
Investment income received	10,148	4,328
<b>Net Increase in Cash and Investments</b>	<b>525,100</b>	<b>542,111</b>
<b>Cash and Investments, beginning</b>	<b>1,490,847</b>	<b>948,736</b>
<b>Cash and Investments, ending</b>	<b>\$ 2,015,947</b>	<b>\$ 1,490,847</b>
<b>Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities</b>		
Loss from operations	\$ (163,144)	\$ (125,563)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	285,912	291,720
Noncash expense - PERS relief	44,652	12,456
Increase in allowance for doubtful accounts	-	7,000
Miscellaneous nonoperating revenues	373,236	281,704
(Increase) decrease in assets:		
Accounts receivable	11,189	88,521
Inventories	(21,197)	19,365
Increase in deferred outflows related to pensions	(94,393)	(9,862)
Increase (decrease) in liabilities:		
Accounts payable	(480)	(2,379)
Accrued leave	2,025	3,554
Customer utility deposits	(2,960)	14,283
Net pension liability	289,042	(70,774)
Increase (decrease) in deferred inflows related to pensions	(62,253)	87,254
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 661,629</b>	<b>\$ 597,279</b>

## City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund  
Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2016	2015
<b>Generation</b>		
Salaries	\$ 183,770	\$ 175,116
Overtime salaries	385	2,487
Employee benefits	263,034	124,860
Telephone	4,330	4,537
Utilities	2,183	2,097
Travel and training	2,573	355
Materials and supplies	8,060	8,219
Gas and oil	8,011	21,635
Diesel fuel	52,516	66,767
Tyee hydro power purchases	2,480,241	2,601,290
Repairs and maintenance	18,771	71,143
O.S.H.A. requirements	13,908	5,355
<b>Total Generation</b>	<b>3,037,782</b>	<b>3,083,861</b>
<b>Distribution</b>		
Salaries	311,140	297,950
Overtime salaries	8,175	4,159
Employee benefits	184,565	182,948
Telephone	734	983
Utilities	956	906
Travel and training	6,187	8,529
Materials and supplies	42,085	39,752
Meters	14,102	14,756
Poles	(1,085)	15,977
Repairs and maintenance	6,403	28,692
Transformers	1,659	-
Allocated vehicle charges - garage	35,967	43,950
<b>Total Distribution</b>	<b>610,888</b>	<b>638,602</b>
<b>General and Administrative</b>		
Allocated overhead - finance	68,252	50,855
Professional services	10,525	9,268
Insurance	9,659	10,599
Credit card expense	39,381	32,796
<b>Total General and Administrative</b>	<b>127,817</b>	<b>103,518</b>
<b>Depreciation</b>	<b>285,912</b>	<b>291,720</b>
<b>Total Operating Expenses</b>	<b>\$ 4,062,399</b>	<b>\$ 4,117,701</b>



## City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund  
Statement of Net Position

June 30,	2016	2015
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 487,495	\$ 1,392,805
Receivables:		
Accounts	52,072	50,702
Grants	23,177	6,584
Accrued interest	57	33
Total receivables	75,306	57,319
<b>Total Current Assets</b>	<b>562,801</b>	<b>1,450,124</b>
<b>Restricted Cash and Investments</b>		
Bond redemption reserve	25,032	24,904
ADEC loan	730,238	-
<b>Total Restricted Cash and Investments</b>	<b>755,270</b>	<b>24,904</b>
<b>Property, Plant and Equipment</b>		
Buildings	4,936,906	4,743,289
Improvements other than buildings	11,583,256	11,175,779
Equipment	127,843	101,069
Construction in progress	5,105	418,718
Total property, plant and equipment	16,653,110	16,438,855
Less accumulated depreciation	(10,408,655)	(9,765,470)
<b>Net Property, Plant and Equipment</b>	<b>6,244,455</b>	<b>6,673,385</b>
<b>Total Assets</b>	<b>7,562,526</b>	<b>8,148,413</b>
<b>Deferred Outflows of Resources, related to pensions</b>	<b>22,318</b>	<b>8,589</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 7,584,844</b>	<b>\$ 8,157,002</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 11,413	\$ 22,397
Accrued leave	6,437	3,519
Customer utility deposits	9,545	9,120
Accrued interest payable	3,212	2,988
Current portion:		
Revenue bonds	5,162	4,918
ADEC loan	83,531	82,297
<b>Total Current Liabilities</b>	<b>119,300</b>	<b>125,239</b>
<b>Long-term Liabilities, net of current portion</b>		
Revenue bonds	182,946	188,109
ADEC loan	346,844	430,375
Net pension liability	132,173	90,133
<b>Total long-term Liabilities, net of current portion</b>	<b>661,963</b>	<b>708,617</b>
<b>Total Liabilities</b>	<b>781,263</b>	<b>833,856</b>
<b>Deferred Inflows of Resources, related to pensions</b>	<b>1,359</b>	<b>10,413</b>
<b>Net Position</b>		
Net investment in capital assets	5,625,972	5,967,686
Unrestricted	1,176,250	1,345,047
<b>Total Net Position</b>	<b>6,802,222</b>	<b>7,312,733</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 7,584,844</b>	<b>\$ 8,157,002</b>

**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>	2016	2015
<b>Operating Revenues</b>		
Water sales	\$ 623,594	\$ 600,079
<b>Operating Expenses</b>		
Salaries	60,210	57,700
Overtime salaries	13,780	5,096
Employee benefits	74,892	59,232
Allocated salaries - public works	39,188	85,808
Allocated overhead - finance	22,182	16,180
Telephone	3,167	3,415
Travel and training	265	-
Materials and supplies	19,931	41,235
Chlorination - electricity	87,520	81,808
Repairs and maintenance	205,464	56,925
Allocated vehicle charges - garage	32,822	39,670
Professional services	9,758	9,705
Compliance testing	9,455	8,944
Insurance	4,283	1,389
Credit card expense	4,092	3,407
Depreciation	644,418	608,623
<b>Total Operating Expenses</b>	<b>1,231,427</b>	<b>1,079,137</b>
<b>Loss from Operations</b>	<b>(607,833)</b>	<b>(479,058)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Fire hydrant rental	42,112	39,730
Investment income	5,288	9,980
Material sales	936	2,477
Interest expense	(17,266)	(18,241)
General expense	(7,366)	-
Noncapital grant revenue	67,124	7,565
State PERS relief	6,494	6,430
<b>Net Nonoperating Revenues (Expenses)</b>	<b>97,322</b>	<b>47,941</b>
Loss before contributions	(510,511)	(431,117)
Capital contributions	-	281,027
<b>Change in Net Position</b>	<b>(510,511)</b>	<b>(150,090)</b>
<b>Net Position, beginning, as previously reported</b>	<b>7,312,733</b>	<b>7,553,991</b>
<b>Restatement, cumulative effect of adoption of GASB 68</b>	<b>-</b>	<b>(91,168)</b>
<b>Net Position, beginning, as restated</b>	<b>7,312,733</b>	<b>7,462,823</b>
<b>Net Position, ending</b>	<b>\$ 6,802,222</b>	<b>\$ 7,312,733</b>

## City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund  
Statement of Cash Flows

<i>Years Ended June 30,</i>	2016	2015
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 716,228	\$ 655,615
Payments for interfund services used	(94,192)	(141,658)
Payments to suppliers	(362,285)	(186,038)
Payments to employees	(120,213)	(118,589)
<b>Net cash flows from operating activities</b>	<b>139,538</b>	<b>209,330</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(215,488)	(281,027)
Principal payments on revenue bonds	(4,919)	(4,689)
Principal payments on loan	(82,297)	(81,080)
Interest payments on bonds and loan	(17,042)	(18,486)
Capital contributions received	-	274,443
<b>Net cash flows for capital and related financing activities</b>	<b>(319,746)</b>	<b>(110,839)</b>
<b>Cash Flows from Investing Activities</b>		
Investment income received	5,264	10,344
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>(174,944)</b>	<b>108,835</b>
<b>Cash and Investments, beginning</b>	<b>1,417,709</b>	<b>1,308,874</b>
<b>Cash and Investments, ending</b>	<b>\$ 1,242,765</b>	<b>\$ 1,417,709</b>
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>		
Cash and investments:		
Current assets	\$ 487,495	\$ 1,392,805
Restricted assets	755,270	24,904
<b>Total Cash and Investments</b>	<b>\$ 1,242,765</b>	<b>\$ 1,417,709</b>
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (607,833)	\$ (479,058)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	644,418	608,623
Noncash expense - PERS relief	6,494	6,430
Miscellaneous nonoperating revenues	110,172	49,772
Miscellaneous nonoperating expenses	(7,366)	-
(Increase) decrease in assets:		
Accounts receivable	(1,370)	4,694
Noncapital grants receivable	(16,593)	-
Increase in deferred outflows related to pensions	(13,729)	(1,177)
Increase (decrease) in liabilities:		
Accounts payable	(10,984)	20,790
Accrued leave	2,918	(3,780)
Customer utility deposits	425	1,070
Net pension liability	42,040	(8,447)
Increase (decrease) in deferred inflows related to pensions	(9,054)	10,413
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 139,538</b>	<b>\$ 209,330</b>

## City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund  
Statement of Net Position

June 30,	2016	2015
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 159,997	\$ 369,582
Receivables:		
Accounts	51,645	49,005
Grants	-	2,314
Accrued interest	35	35
Total receivables	51,680	51,354
<b>Total Current Assets</b>	<b>211,677</b>	<b>420,936</b>
<b>Restricted Cash and Investments</b>		
Bond redemption reserve	25,040	24,835
<b>Property, Plant and Equipment</b>		
Buildings	2,233,579	2,233,579
Improvements other than buildings	10,089,209	8,664,494
Equipment	142,639	115,864
Construction in progress	-	425,484
Total property, plant and equipment	12,465,427	11,439,421
Less accumulated depreciation	(8,631,620)	(8,216,596)
<b>Net Property, Plant and Equipment</b>	<b>3,833,807</b>	<b>3,222,825</b>
<b>Total Assets</b>	<b>4,070,524</b>	<b>3,668,596</b>
<b>Deferred Outflows of Resources, related to pensions</b>	<b>36,269</b>	<b>14,206</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 4,106,793</b>	<b>\$ 3,682,802</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,281	\$ 6,317
Accrued leave	15,872	13,058
Accrued interest payable	1,683	1,702
Current portion - revenue bonds	5,161	4,918
<b>Total Current Liabilities</b>	<b>24,997</b>	<b>25,995</b>
<b>Long-term liabilities, net of current portion</b>		
Revenue bonds	182,960	188,121
Net pension liability	216,631	149,071
<b>Total Long-term Liabilities</b>	<b>399,591</b>	<b>337,192</b>
<b>Total Liabilities</b>	<b>424,588</b>	<b>363,187</b>
<b>Deferred Inflows of Resources, related to pensions</b>	<b>2,672</b>	<b>17,223</b>
<b>Net Position</b>		
Net investment in capital assets	3,645,686	3,029,786
Unrestricted	33,847	272,606
<b>Total Net Position</b>	<b>3,679,533</b>	<b>3,302,392</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 4,106,793</b>	<b>\$ 3,682,802</b>

**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>	2016	2015
<b>Operating Revenues</b>		
Sewer charges	\$ 571,205	\$ 533,320
Labor charges	533	500
<b>Total Operating Revenues</b>	<b>571,738</b>	<b>533,820</b>
<b>Operating Expenses</b>		
Collection and treatment	419,000	397,275
General and administrative	27,597	20,481
Depreciation	415,024	361,305
<b>Total Operating Expenses</b>	<b>861,621</b>	<b>779,061</b>
<b>Loss from Operations</b>	<b>(289,883)</b>	<b>(245,241)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Equipment rentals	25	-
Material sales	351	-
Investment income	2,006	1,670
State PERS relief	10,437	10,635
Interest expense	(9,333)	(10,115)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>3,486</b>	<b>2,190</b>
Loss before contributions	(286,397)	(243,051)
Capital contributions	663,538	287,554
<b>Change in Net Position</b>	<b>377,141</b>	<b>44,503</b>
<b>Net Position, beginning, as previously reported</b>	<b>3,302,392</b>	<b>3,408,671</b>
<b>Restatement, cumulative effect of adoption of GASB 68</b>	<b>-</b>	<b>(150,782)</b>
<b>Net Position, beginning, as restated</b>	<b>3,302,392</b>	<b>3,257,889</b>
<b>Net Position, ending</b>	<b>\$ 3,679,533</b>	<b>\$ 3,302,392</b>

## City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund  
Statement of Cash Flows

<i>Years Ended June 30,</i>	2016	2015
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 569,474	\$ 537,102
Payments for interfund services used	(49,994)	(81,932)
Payments to suppliers	(163,328)	(155,085)
Payments to employees	(193,114)	(180,712)
<b>Net cash flows from operating activities</b>	<b>163,038</b>	<b>119,373</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(1,026,006)	(329,849)
Principal payments on revenue bonds	(4,918)	(4,688)
Interest payments on bonds	(9,352)	(10,182)
Capital contributions received	665,852	323,879
<b>Net cash flows for capital and related financing activities</b>	<b>(374,424)</b>	<b>(20,840)</b>
<b>Cash Flows from Investing Activities</b>		
Investment income received	2,006	1,670
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>(209,380)</b>	<b>100,203</b>
<b>Cash and Investments, beginning</b>	<b>394,417</b>	<b>294,214</b>
<b>Cash and Investments, ending</b>	<b>\$ 185,037</b>	<b>\$ 394,417</b>
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>		
Cash and investments:		
Current assets	\$ 159,997	\$ 369,582
Restricted assets	25,040	24,835
<b>Total Cash and Investments</b>	<b>\$ 185,037</b>	<b>\$ 394,417</b>
<b>Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities</b>		
Loss from operations	\$ (289,883)	\$ (245,241)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	415,024	361,305
Noncash expense - PERS relief	10,437	10,635
Miscellaneous nonoperating revenues	376	-
(Increase) decrease in assets - accounts receivable	(2,640)	3,282
Increase in deferred outflows related to pensions	(22,063)	(1,947)
Increase (decrease) in liabilities:		
Accounts payable	(4,036)	(12,502)
Accrued leave	2,814	588
Net pension liability	67,560	(13,970)
Increase (decrease) in deferred inflows related to pensions	(14,551)	17,223
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 163,038</b>	<b>\$ 119,373</b>

## City and Borough of Wrangell, Alaska

## Sewer Utility Enterprise Fund

## Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2016	2015
<b>Collection and Treatment</b>		
Salaries	\$ 110,550	\$ 104,832
Overtime salaries	8,437	4,245
Employee benefits	118,324	84,164
Allocated salaries - public works	10,520	42,752
Telephone	3,828	3,507
Utilities	59,922	61,574
Travel and training	155	2,436
Materials and supplies	7,584	13,434
Fuel oil	47	-
Permits	1,680	1,680
Facilities repairs and maintenance	19,200	6,963
Systems repairs and maintenance	49,947	35,326
Allocated vehicle charges - garage	22,411	26,960
Compliance testing	6,395	9,402
<b>Total Collection and Treatment</b>	<b>419,000</b>	<b>397,275</b>
<b>General and Administrative</b>		
Allocated overhead - finance	17,063	12,220
Professional services	5,043	4,433
Insurance	1,911	847
Credit card expense	3,580	2,981
<b>Total General and Administrative</b>	<b>27,597</b>	<b>20,481</b>
<b>Depreciation</b>	<b>415,024</b>	<b>361,305</b>
<b>Total Operating Expenses</b>	<b>\$ 861,621</b>	<b>\$ 779,061</b>

## City and Borough of Wrangell, Alaska

## Sanitation Utility Enterprise Fund

## Statement of Net Position

<i>June 30,</i>	2016	2015
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 110,503	\$ 28,206
Receivables:		
Accounts	47,376	45,565
Grants	-	335
<b>Total Current Assets</b>	<b>157,879</b>	<b>74,106</b>
<b>Property, Plant and Equipment</b>		
Buildings	982,636	982,637
Equipment	462,538	462,538
Total property, plant and equipment	1,445,174	1,445,175
Less accumulated depreciation	(883,050)	(819,230)
<b>Net Property, Plant and Equipment</b>	<b>562,124</b>	<b>625,945</b>
<b>Total Assets</b>	<b>720,003</b>	<b>700,051</b>
<b>Deferred Outflows of Resources, related to pensions</b>	<b>29,541</b>	<b>11,837</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 749,544</b>	<b>\$ 711,888</b>
<b>Liabilities, Deferred Inflows or Resources, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 18,049	\$ 33,363
Accrued leave	3,338	4,672
<b>Total Current Liabilities</b>	<b>21,387</b>	<b>38,035</b>
<b>Long-term Liabilities - net pension liability</b>	<b>178,429</b>	<b>124,217</b>
<b>Total Liabilities</b>	<b>199,816</b>	<b>162,252</b>
<b>Deferred Inflows of Resources, related to pensions</b>	<b>2,675</b>	<b>14,351</b>
<b>Net Position</b>		
Net investment in capital assets	562,124	625,945
Unrestricted (deficit)	(15,071)	(90,660)
<b>Total Net Position</b>	<b>547,053</b>	<b>535,285</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 749,544</b>	<b>\$ 711,888</b>



**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>	2016	2015
<b>Operating Revenues</b>		
User fees	\$ 578,169	\$ 512,223
<b>Operating Expenses</b>		
Collection	147,624	110,870
Landfill	349,154	430,598
General and administrative	14,886	11,294
Depreciation	63,821	70,142
<b>Total Operating Expenses</b>	<b>575,485</b>	<b>622,904</b>
<b>Income (Loss) from Operations</b>	<b>2,684</b>	<b>(110,681)</b>
<b>Nonoperating Revenues (Expenses)</b>		
State PERS relief	8,375	8,862
Investment income	664	221
Waste management grant	107	22,455
Waste management expense	(62)	(27,147)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>9,084</b>	<b>4,391</b>
<b>Change in Net Position</b>	<b>11,768</b>	<b>(106,290)</b>
<b>Net Position, beginning, as previously reported</b>	<b>535,285</b>	<b>767,218</b>
<b>Restatement, cumulative effect of adoption of GASB 68</b>	<b>-</b>	<b>(125,643)</b>
<b>Net Position, beginning, as restated</b>	<b>535,285</b>	<b>641,575</b>
<b>Net Position, ending</b>	<b>\$ 547,053</b>	<b>\$ 535,285</b>

## City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund  
Statement of Cash Flows

<i>Years Ended June 30,</i>	2016	2015
<b>Cash Flows from (for) Operating Activities</b>		
Receipts from customers and users	\$ 576,358	\$ 520,528
Payments for interfund services used	(74,764)	(95,564)
Payments to suppliers	(253,279)	(274,169)
Payments to employees	(167,062)	(168,712)
<b>Net cash flows from (for) operating activities</b>	<b>81,253</b>	<b>(17,917)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Waste management grant received	442	28,055
Waste management grant expended	(62)	(27,147)
<b>Net cash flows from noncapital financing activities</b>	<b>380</b>	<b>908</b>
<b>Cash Flows from Investing Activities</b>		
Investment income received	664	221
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>82,297</b>	<b>(16,788)</b>
<b>Cash and Investments, beginning</b>	<b>28,206</b>	<b>44,994</b>
<b>Cash and Investments, ending</b>	<b>\$ 110,503</b>	<b>\$ 28,206</b>
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from (for) Operating Activities</b>		
Loss from operations	\$ 2,684	\$ (110,681)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Depreciation	63,821	70,142
Noncash expense - PERS relief	8,375	8,862
Increase (decrease) in assets - accounts receivable	(1,811)	8,305
Increase in deferred outflows related to pensions	(17,704)	(1,622)
Increase (decrease) in liabilities:		
Accounts payable	(15,314)	5,480
Accrued leave	(1,334)	(1,113)
Net pension liability	54,212	(11,641)
Increase (decrease) in deferred inflows related to pensions	(11,676)	14,351
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 81,253</b>	<b>\$ (17,917)</b>

## City and Borough of Wrangell, Alaska

## Sanitation Utility Enterprise Fund

## Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2016	2015
<b>Collection</b>		
Salaries	\$ 44,034	\$ 42,898
Overtime salaries	941	112
Employee benefits	64,144	22,790
Allocated salaries - public works	6,357	3,682
Dumpsters	6,704	10,238
Materials and supplies	778	1,010
Allocated vehicle charges - garage	24,666	30,140
<b>Total Collection</b>	<b>147,624</b>	<b>110,870</b>
<b>Landfill</b>		
Salaries	45,230	43,511
Overtime salaries	991	2,881
Employee benefits	43,595	65,357
Allocated salaries - public works	12,250	27,262
Telephone	1,391	1,200
Utilities	7,851	8,741
Travel and training	675	-
Monitoring and testing	3,737	2,593
Disposal costs	192,201	196,422
Hazardous waste	8,790	19,493
Materials and supplies	2,319	4,263
Repairs and maintenance	1,403	10,368
Professional services	2,368	2,095
Allocated vehicle charges - garage	24,666	30,140
Landfill closure costs	1,687	16,272
<b>Total Landfill</b>	<b>349,154</b>	<b>430,598</b>
<b>General and Administrative</b>		
Allocated overhead - finance	6,825	4,340
Insurance	3,969	2,997
Credit card expense	4,092	3,957
<b>Total General and Administrative</b>	<b>14,886</b>	<b>11,294</b>
<b>Depreciation</b>	<b>63,821</b>	<b>70,142</b>
<b>Total Operating Expenses</b>	<b>\$ 575,485</b>	<b>\$ 622,904</b>

## City and Borough of Wrangell, Alaska

Port Enterprise Fund  
Statement of Net Position

June 30,	2016	2015
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 4,214,333	\$ 3,548,481
Receivables:		
Accounts	98,564	98,101
Grants	61,010	109,237
Accrued interest	150	100
Less allowance for doubtful accounts	(23,000)	(23,000)
Net receivables	136,724	184,438
Restricted Cash and Investments - harbor improvements	1,372,549	1,372,549
<b>Total Current Assets</b>	<b>5,723,606</b>	<b>5,105,468</b>
<b>Property, Plant and Equipment</b>		
Land	948,333	948,333
Docks and improvements	8,959,944	8,962,061
Harbor floats	24,798,039	24,802,574
Travel lift	18,391,507	18,391,507
Gridiron	154,636	155,151
Buildings	222,466	222,466
Equipment	306,510	418,703
Paving	2,381,771	2,375,803
Construction in progress	1,341,587	825,087
Total property, plant and equipment	57,504,793	57,101,685
Less accumulated depreciation	(20,732,405)	(18,932,674)
<b>Net Property, Plant and Equipment</b>	<b>36,772,388</b>	<b>38,169,011</b>
<b>Total Assets</b>	<b>42,495,994</b>	<b>43,274,479</b>
Deferred Outflows of Resources, related to pensions	98,410	39,412
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 42,594,404</b>	<b>\$ 43,313,891</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 15,739	\$ 59,995
Accrued leave	19,006	20,092
Unearned revenue	1,372,549	1,372,549
Interfund loans	34,959	29,517
<b>Total Current Liabilities</b>	<b>1,442,253</b>	<b>1,482,153</b>
<b>Long-term Liabilities</b>		
Interfund loans, net of current portion	142,845	183,246
Net pension liability	594,241	413,582
<b>Total Long-term Liabilities</b>	<b>737,086</b>	<b>596,828</b>
<b>Total Liabilities</b>	<b>2,179,339</b>	<b>2,078,981</b>
Deferred Inflows of Resources, related to pensions	8,873	47,783
<b>Net Position</b>		
Net investment in capital assets	36,772,388	38,169,011
Unrestricted	3,633,804	3,018,116
<b>Total Net Position</b>	<b>40,406,192</b>	<b>41,187,127</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 42,594,404</b>	<b>\$ 43,313,891</b>

## City and Borough of Wrangell, Alaska

## Port Enterprise Fund

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

<i>Years Ended June 30,</i>	2016	2015
<b>Operating Revenues</b>		
Municipal dock:		
Storage fees	\$ 102,680	\$ 102,877
Wharfage fees	69,482	77,668
Dockage fees	54,392	55,312
Port development fees	22,899	12,017
Transient fees	166	785
<b>Total municipal dock</b>	<b>249,619</b>	<b>248,659</b>
Small boat harbor:		
Stall rentals and transient fees	570,396	591,728
Penalties and late fees	10,277	10,685
Materials sales	2,651	2,018
Other revenues	13,067	14,410
<b>Total small boat harbor</b>	<b>596,391</b>	<b>618,841</b>
Travel lift:		
Lift fees	169,672	178,777
Storage fees	191,495	197,438
Electric revenues	16,978	11,965
<b>Total travel lift</b>	<b>378,145</b>	<b>388,180</b>
<b>Total Operating Revenues</b>	<b>1,224,155</b>	<b>1,255,680</b>
<b>Operating Expenses</b>		
Municipal dock	156,917	160,943
Small boat harbor	612,013	513,964
Travel lift	188,478	227,044
General and administrative	97,206	89,902
Depreciation	1,919,090	1,940,944
<b>Total Operating Expenses</b>	<b>2,973,704</b>	<b>2,932,797</b>
<b>Loss from Operations</b>	<b>(1,749,549)</b>	<b>(1,677,117)</b>
<b>Nonoperating Revenues</b>		
Investment income	20,076	14,978
State PERS relief	27,910	29,506
State raw fish tax	392,076	329,987
State fisheries business tax	12,046	17,347
<b>Total Nonoperating Revenues</b>	<b>452,108</b>	<b>391,818</b>
Loss before contributions	(1,297,441)	(1,285,299)
Capital contributions	516,506	1,640,146
<b>Change in Net Position</b>	<b>(780,935)</b>	<b>354,847</b>
<b>Net Position, beginning, as previously reported</b>	<b>41,187,127</b>	<b>41,250,609</b>
<b>Restatement, cumulative effect of adoption of GASB 68</b>	<b>-</b>	<b>(418,329)</b>
<b>Net Position, beginning, as restated</b>	<b>41,187,127</b>	<b>40,832,280</b>
<b>Net Position, ending</b>	<b>\$ 40,406,192</b>	<b>\$ 41,187,127</b>

## City and Borough of Wrangell, Alaska

Port Enterprise Fund  
Statement of Cash Flows

<i>Years Ended June 30,</i>	2016	2015
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 1,223,692	\$ 1,242,049
Payments for interfund services used	(45,118)	(37,667)
Payments to suppliers	(366,926)	(326,228)
Payments to employees	(577,251)	(571,039)
Net cash flows from operating activities	234,397	307,115
<b>Cash Flows from Noncapital Financing Activities</b>		
State fish taxes received	404,122	347,334
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(522,467)	(1,688,416)
Principal payments on loan payable to other fund	(34,959)	(29,518)
Capital contributions received	564,733	3,274,737
Net cash flows from capital and related financing activities	7,307	1,556,803
<b>Cash Flows from Investing Activities</b>		
Investment income received	20,026	14,901
Net Increase in Cash and Investments	665,852	2,226,153
Cash and Investments, beginning	4,921,030	2,694,877
Cash and Investments, ending	\$ 5,586,882	\$ 4,921,030
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>		
Cash and investments:		
Current assets	\$ 4,214,333	\$ 3,548,481
Restricted assets	\$ 1,372,549	\$ 1,372,549
<b>Total Cash and Investments</b>	\$ 5,586,882	\$ 4,921,030
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (1,749,549)	\$ (1,677,117)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	1,919,090	1,940,944
Noncash expense - PERS relief	27,910	29,506
Increase in assets - accounts receivable	(463)	(13,631)
Increase in deferred outflows related to pensions	(58,998)	(5,401)
Increase (decrease) in liabilities:		
Accounts payable	(44,256)	15,725
Accrued leave	(1,086)	8,064
Net pension liability	180,659	(38,758)
Increase (decrease) in deferred inflows related to pensions	(38,910)	47,783
<b>Net Cash Flows from Operating Activities</b>	\$ 234,397	\$ 307,115

## City and Borough of Wrangell, Alaska

Port Enterprise Fund  
Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2016	2015
<b>Municipal Dock</b>		
Salaries	\$ 84,836	\$ 75,757
Overtime salaries	110	-
Employee benefits	30,765	33,630
Materials and supplies	6,931	6,236
Insurance	7,227	13,692
Utilities	7,980	8,348
Capital expenditures	557	1,075
Repairs and maintenance	18,511	22,205
<b>Total Municipal Dock</b>	<b>156,917</b>	<b>160,943</b>
<b>Small Boat Harbor</b>		
Salaries	198,418	187,642
Overtime salaries	-	92
Employee benefits	260,540	172,437
Allocated salaries - public works	6,631	1,959
Materials and supplies	17,392	8,381
Insurance	765	2,919
Utilities	93,933	98,601
Repairs and maintenance	33,237	35,252
Miscellaneous expense	1,097	6,681
<b>Total Small Boat Harbor</b>	<b>612,013</b>	<b>513,964</b>
<b>Travel Lift</b>		
Salaries	58,611	75,568
Overtime salaries	2,602	4,844
Employee benefits	51,054	62,263
Materials and supplies	12,363	6,346
Insurance	16,068	12,161
Utilities	32,776	37,029
Repairs and maintenance	15,004	28,833
<b>Total Travel Lift</b>	<b>188,478</b>	<b>227,044</b>
<b>General and Administrative</b>		
Allocated overhead - finance	23,888	17,868
Travel and training	15,854	11,683
Professional services	5,920	5,246
Telephone	7,114	6,807
Materials and supplies	4,757	6,324
Allocated vehicle charges - garage	14,599	17,840
Insurance	1,105	1,946
Repairs and maintenance	4,458	5,131
Credit card expense	13,027	12,488
Publications	6,484	4,569
<b>Total General and Administrative</b>	<b>97,206</b>	<b>89,902</b>
<b>Depreciation</b>	<b>1,919,090</b>	<b>1,940,944</b>
<b>Total Operating Expenses</b>	<b>\$ 2,973,704</b>	<b>\$ 2,932,797</b>

**City and Borough of Wrangell, Alaska**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2016**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass Through Entity Identifying Number	Federal CFDA Number	Total Grant Award	Federal Total Expend- itures
<b>Department of Agriculture</b>				
Passed through State of Alaska Department of Commerce, Community, and Economic Development - Forest Service Schools and Roads Cluster - National Forest Receipts	N/A	10.665	\$ 1,280,839	<u>\$ 903,865</u>
<b>Department of Housing and Urban Development</b>				
Renovation of Community Center		14.251	475,000	19,516
Passed through State of Alaska Department of Commerce, Community, and Economic Development - Sewer Pumps Replacement Project	12-CDBG-003	14.228	728,134	<u>617,892</u>
<b>Total Department of Housing and Urban Development</b>				<u>637,408</u>
<b>Department of the Interior</b>				
Payments in Lieu of Taxes		15.226	445,848	445,848
Passed through State of Alaska Department of Commerce, Community, and Economic Development - Protecting Coastal Areas through Waste Management Improvement	10-CIAP-032	15.668	85,693	<u>107</u>
<b>Total Department of the Interior</b>				<u>445,955</u>
<b>Department of Homeland Security</b>				
Passed through State of Alaska Department of Military and Veteran Affairs - 911 System Replacement	20SHSP-GY15	97.067	235,000	<u>56,917</u>
<b>Institute of Museum and Library Services</b>				
Passed through Wrangell Cooperative Association - IMLS Library Grant	NG-01-13-0078-13	45.311	19,000	<u>7,000</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 2,051,145</u>



## City and Borough of Wrangell, Alaska

## Schedule of State Financial Assistance

Year Ended June 30, 2016

Name of Award	Grant Number	Total Grant Award	State Share of Expend- itures
<b>Department of Revenue</b>			
* Raw Fish Tax	FY 2016	\$ 392,076	\$ 392,076
Liquor Licenses	FY 2016	8,200	8,200
CPV Excise Tax Revenue	CY 2013	38,845	38,845
<b>Total Department of Revenue</b>			<u>439,121</u>
<b>Department of Commerce, Community and Economic Development</b>			
* Commercial Passenger Vessel Facility	11-DC-642	325,000	216,232
* Cassiar Street Improvement	12-DC-438	1,000,000	160,526
Gun Range Improvements	13-DM-229	50,000	23,640
Wood Street Construction and Utility Improvements	13-DC-447	1,000,000	38,307
6 Mile Marine/Industrial Property Development Plan	15-DC-161	90,000	90,000
Former Institute Property Development Plan	15-DC-164	100,000	73,404
Water Treatment Plant Pilot Study	15-DC-166	150,000	65,894
* Shoemaker Bay Float Design	15-DC-165	600,000	300,269
Connection to Upper Reservoir	15-DC-162	615,000	1,230
* Revenue Sharing	FY 2016	568,634	568,634
Fisheries Business Tax	FY 2016	12,046	12,046
<b>Total Department of Commerce, Community and Economic Development</b>			<u>1,550,182</u>
<b>Department of Education and Early Development</b>			
* School Debt Reimbursement	FY 2016	201,921	201,921
<b>Department of Health and Social Services</b>			
Youth Court/Community Panels	609-239-1608	19,000	19,000
<b>Department of Military and Veterans Affairs -</b>			
Local Emergency Preparedness Committee	20LEPC-GY16	8,787	8,787
<b>Department of Administration -</b>			
* PERS On-Behalf	FY 2016	181,452	181,452
<b>Total State Financial Assistance</b>			<u>\$ 2,400,463</u>
* Major program			

# City and Borough of Wrangell, Alaska

## Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended June 30, 2016

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### 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, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City and Borough of Wrangell, Alaska, they are not intended to and do not present the financial position, changes in net assets, or cash flows of City and Borough of Wrangell, Alaska.

### 2. Summary of Significant Accounting Principles

Expenditures reports 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 Special Revenue Fund includes interest earnings as well as unspent grant proceeds. At June 30, 2016, there were no unspent interest earnings and unspent grant funds were \$4,128,080.

### 5. PERS On-Behalf

The Borough has recorded \$181,452 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 FY2016.

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 aggregate 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, 2016, 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 February 7, 2017.

### **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 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 the 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 over that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

## **Purpose of this Report**

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

*BDO USA, LLP*

Anchorage, Alaska  
February 7, 2017



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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, 2016. 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 which received \$575,249 in federal awards which is not included in City and Borough of Wrangell's schedule of expenditures of federal awards during the year ended June 30, 2016. 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 Uniform Guidance. In addition, City and Borough of Wrangell's basic financial statements also include the operations of Wrangell Medical Center. 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 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, 2016.

### **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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*BDO USA, LLP*

Anchorage, Alaska  
February 7, 2017





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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, 2016. 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 which received \$8,701,062 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, 2016. 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. 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, 2016.

### **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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*BDO USA, LLP*

Anchorage, Alaska  
February 7, 2017

# City and Borough of Wrangell, Alaska

## Schedule of Findings and Questioned Costs Year Ended June 30, 2016

### 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 ☒ no  
Significant deficiency(ies) identified? ☐ yes ☒ (none reported)

Noncompliance material to financial statements noted? ☐ yes ☒ no

#### Federal Financial Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster	Agency
10.665	Schools and Roads - Grants to States	Department of Agriculture
15.226	Payments in Lieu of Taxes	Department of the Interior

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

#### State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified? ☐ yes ☒ no  
Significant deficiency(ies) identified? ☐ 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, 2016

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

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

#### Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for Federal Awards (as defined in 2 CFR 200.516(a) that are required to be reported.

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

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