



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

**Basic Financial Statements, Required  
Supplementary Information,  
Supplementary Information and Single  
Audit Reports  
Year Ended June 30, 2019**

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

---

Basic Financial Statements, Required Supplementary Information,  
Supplementary Information  
and Single Audit Reports  
Year Ended June 30, 2019

# City and Borough of Wrangell, Alaska

## Contents

---

	<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION</b>		
<b>Independent Auditor's Report</b>		1-3
<b>Basic Financial Statements</b>		
Government-wide Financial Statements:		
Statement of Net Position	A-1	6-7
Statement of Activities	A-2	8-9
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	10
Reconciliation of Governmental Funds		
Balance Sheet to Statement of Net Position	B-2	11
Statement of Revenues, Expenditures and		
Changes in Fund Balances	B-3	12
Reconciliation of Change in Fund Balances of		
Governmental Funds to Statement of Activities	B-4	13
Enterprise Funds:		
Statement of Net Position	C-1	14-15
Statement of Revenues, Expenses and Changes		
in Net Position	C-2	16
Statement of Cash Flows	C-3	18-19
Notes to Basic Financial Statements		20-56
<b>Required Supplementary Information</b>		
Schedule of Revenues, Expenditures and Changes		
in Fund Balance - Budget and Actual:		
General Fund	D-1	58
Permanent Fund Special Revenue Fund	D-2	59
Sales Tax Special Revenue Fund	D-3	60
Public Employees' Retirement System - Pension Plan	E-1	61
Public Employees' Retirement System - OPEB Plans	E-2	62
Notes to Required Supplementary Information		63

# City and Borough of Wrangell, Alaska

## Contents

---

	<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION, continued</b>		
<b>Supplementary Information</b>		
Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	F-1	66-67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	F-2	68-69
General Fund		
Balance Sheet	G-1	72
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	G-2	73-83
Special Revenue Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
Transient Tax	H-1	86
Sales Tax	H-2	87
Parks and Recreation	H-3	88-89
Nolan Center	H-4	90-91
Permanent Fund	H-5	92
Secure Rural Schools	H-6	93
Debt Service Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	I-1	96
Capital Project Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances	J-1	98
Enterprise Funds:		
Electric Utility:		
Statement of Net Position	K-1	100-101
Statement of Revenues, Expenses and Changes in Net Position	K-2	102
Statement of Cash Flows	K-3	103
Schedule of Operating Expenses	K-4	104
Water Utility:		
Statement of Net Position	K-5	105-106
Statement of Revenues, Expenses and Changes in Net Position	K-6	107
Statement of Cash Flows	K-7	108-109

# City and Borough of Wrangell, Alaska

## Contents

---

	<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION, continued</b>		
<b>Supplementary Information, continued</b>		
Combining and Individual Fund Financial Statements and Schedules, continued:		
Enterprise Funds, continued:		
Sewer Utility:		
Statement of Net Position	K-8	110-111
Statement of Revenues, Expenses and Changes in Net Position	K-9	112
Statement of Cash Flows	K-10	114-115
Schedule of Operating Expenses	K-11	116
Sanitation Utility:		
Statement of Net Position	K-12	117
Statement of Revenues, Expenses and Changes in Net Position	K-13	118
Statement of Cash Flows	K-14	119
Schedule of Operating Expenses	K-15	120
Port:		
Statement of Net Position	K-16	121-122
Statement of Revenues, Expenses and Changes in Net Position	K-17	123
Statement of Cash Flows	K-18	124
Schedule of Operating Expenses	K-19	125
Schedule of Expenditures of Federal Awards	L-1	126
Notes to Schedule of Expenditures of Federal Awards		127
Schedule of State Financial Assistance	M-1	128
Notes to Schedule of State Financial Assistance		129

# City and Borough of Wrangell, Alaska

## Contents

---

	<u>Page</u>
<b>SINGLE AUDIT SECTION</b>	
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 <i>Government Auditing Standards</i>	132-133
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	134-135
Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	136-138
Schedule of Findings and Questioned Costs	139-143
 <b>CITY AND BOROUGH OF WRANGELL'S SINGLE AUDIT RESPONSES (UNAUDITED)</b>	
Summary Schedule of Prior Audit Findings	146
Corrective Action Plan	147-148



Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report**

Honorable Mayor and Borough Assembly  
City and Borough of Wrangell

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2019, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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.

## ***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 unit, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell, Alaska, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 58 through 60, and the schedules of the borough's information on the net pension and OPEB liability and Borough contributions to the pension and OPEB plans on pages 61 and 62, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Supplementary Information***

Our audit for the year ended June 30, 2019 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, 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, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and the combining and individual fund financial statements and schedules listed in the table of contents for the year ended June 30, 2019, are presented for purposes of additional analysis and are not a required part of the basic financial statements.



Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements for the year ended June 30, 2019, 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, 2019.

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, 2018 (not presented herein), and have issued our report thereon dated July 24, 2019, 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, 2018 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 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 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, 2018.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2020, on our consideration of City and Borough of Wrangell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City and Borough of Wrangell's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City and Borough of Wrangell's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
June 19, 2020

*This page intentionally left blank.*

## **Basic Financial Statements**

---

## City and Borough of Wrangell, Alaska

## Statement of Net Position

	Primary Government			Component Unit
	Govern- mental Activities	Business- type Activities	Total	Wrangell Public Schools
<i>June 30, 2019</i>				
<b>Assets and Deferred Outflows of Resources</b>				
<b>Assets</b>				
Cash and investments	\$ 23,342,647	\$ 7,617,178	\$ 30,959,825	\$ 1,799,284
Receivables, net of allowance for doubtful accounts:				
Property and sales taxes	827,920	-	827,920	-
Accounts	36,222	519,126	555,348	-
Grants and shared revenues	479,536	401,238	880,774	182,624
Land sales and improvements	49,066	-	49,066	-
Accrued interest	65,835	111	65,946	-
Internal balances	86,553	(86,553)	-	-
Inventories	94,334	170,344	264,678	37,315
Restricted cash and investments	-	1,494,588	1,494,588	-
Capital assets:				
Land, land improvements and construction in progress	1,186,678	9,693,040	10,879,718	-
Other capital assets, net of depreciation	32,425,104	39,402,563	71,827,667	102,596
<b>Total Assets</b>	<b>58,593,895</b>	<b>59,211,635</b>	<b>117,805,530</b>	<b>2,121,819</b>
<b>Deferred Outflows of Resources</b>				
Related to pensions	553,560	321,968	875,528	360,987
Related to other postemployment benefits	307,552	153,105	460,657	283,779
<b>Total Deferred Outflows of Resources</b>	<b>861,112</b>	<b>475,073</b>	<b>1,336,185</b>	<b>644,766</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 59,455,007</b>	<b>\$ 59,686,708</b>	<b>\$ 119,141,715</b>	<b>\$ 2,766,585</b>

**City and Borough of Wrangell, Alaska**

Exhibit A-1, continued

**Statement of Net Position, continued**

	Primary Government			Component Unit
	Govern- mental Activities	Business- type Activities	Total	Wrangell Public Schools
<i>June 30, 2019</i>				
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>				
<b>Liabilities</b>				
Accounts payable	\$ 190,776	\$ 1,127,925	\$ 1,318,701	\$ 65,900
Customer utility deposits	-	79,213	79,213	-
Accrued interest payable	5,854	4,194	10,048	-
Accrued payroll and related liabilities	-	-	-	209,281
Unearned revenue	94,085	1,372,599	1,466,684	2,055
Noncurrent liabilities:				
Due within one year:				
Accrued leave	278,246	121,451	399,697	18,271
Bonds and loans	250,000	4,134	254,134	-
Due in more than one year:				
Unamortized bond premium	39,232	-	39,232	-
ADEC loan	-	52,253	52,253	-
USDA Rural Development loan	-	85,448	85,448	-
Bonds	260,000	-	260,000	-
Net pension liability	3,539,530	1,988,068	5,527,598	3,468,383
Net other postemployment benefits liability	764,213	370,208	1,134,421	618,876
<b>Total Liabilities</b>	<b>5,421,936</b>	<b>5,205,493</b>	<b>10,627,429</b>	<b>4,382,766</b>
<b>Deferred Inflows of Resources</b>				
Related to pensions	98,672	40,060	138,732	106,947
Related to other postemployment benefits	283,171	134,922	418,093	245,155
<b>Total Deferred Inflows of Resources</b>	<b>381,843</b>	<b>174,982</b>	<b>556,825</b>	<b>352,102</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>5,803,779</b>	<b>5,380,475</b>	<b>11,184,254</b>	<b>4,734,868</b>
<b>Net Position</b>				
Net investment in capital assets	33,062,550	48,953,768	82,016,318	102,596
Restricted	11,428,253	47,115	11,475,368	-
Unrestricted (deficit)	9,160,425	5,305,350	14,465,775	(2,070,879)
<b>Total Net Position</b>	<b>53,651,228</b>	<b>54,306,233</b>	<b>107,957,461</b>	<b>(1,968,283)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 59,455,007</b>	<b>\$ 59,686,708</b>	<b>\$ 119,141,715</b>	<b>\$ 2,766,585</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 Unit	
					Govern- mental Activities	Business- type Activities	Wrangell Public Schools	
Year Ended June 30, 2019	Expenses					Total		
Functions								
Primary Government								
Governmental activities:								
General government	\$ 1,857,168	\$ 58,736	\$ 1,976	\$ -	\$ (1,796,456)	\$ -	\$ (1,796,456)	
Public safety	2,091,413	234,271	395,610	-	(1,461,532)	-	(1,461,532)	
Public works	1,896,255	78,468	23,680	7,225,110	5,431,003	-	5,431,003	
Parks and recreation	646,507	128,336	(4,705)	-	(522,876)	-	(522,876)	
Library	293,979	-	23,402	-	(270,577)	-	(270,577)	
Community services	845,133	7,154	473,917	481,720	117,658	-	117,658	
Education	1,961,505	-	1,156,286	-	(805,219)	-	(805,219)	
Unallocated interest	5,949	-	-	-	(5,949)	-	(5,949)	
Total governmental activities	9,597,909	506,965	2,070,166	7,706,830	686,052	-	686,052	
Business-type activities:								
Electric utility	3,996,536	4,100,855	46,728	-	-	151,047	151,047	
Water utility	1,263,518	697,338	34,466	-	-	(531,714)	(531,714)	
Sewer utility	633,489	597,518	2,165	-	-	(33,806)	(33,806)	
Sanitation utility	574,409	634,601	(840)	-	-	59,352	59,352	
Port	2,961,506	1,407,825	310,777	3,847,601	-	2,604,697	2,604,697	
Total business-type activities	9,429,458	7,438,137	393,296	3,847,601	-	2,249,576	2,249,576	
Total Primary Government	\$ 19,027,367	\$ 7,945,102	\$ 2,463,462	\$ 11,554,431	686,052	2,249,576	2,935,628	

## City and Borough of Wrangell, Alaska

## Statement of Activities, continued

		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 Unit	
	Expenses				Govern- mental Activities	Business- type Activities	Wrangell Public Schools	
<i>Year Ended June 30, 2019</i>						Total		
<b>Component Unit</b>								
<b>Wrangell Public Schools</b>	\$ 6,208,107	\$ 64,279	\$ 717,064	\$ -			\$ (5,426,764)	
<b>General Revenues</b>								
Taxes:								
Property taxes					\$ 1,772,228	\$ -	\$ 1,772,228	-
Sales taxes					2,924,583	-	2,924,583	-
Payments in lieu of taxes					474,063	-	474,063	-
Other taxes					101,030	-	101,030	-
Contributions from primary government					-	-	-	1,432,107
Grants and entitlements not restricted to a specific purpose					431,603	-	431,603	4,048,105
Investment income					827,792	4,363	832,155	462
Other					213,723	171,723	385,446	-
<b>Total General Revenues</b>					6,745,022	176,086	6,921,108	5,480,674
<b>Change in Net Position</b>					7,431,074	2,425,662	9,856,736	53,910
<b>Net Position (Deficit), beginning</b>					46,220,154	51,880,571	98,100,725	(2,022,193)
<b>Net Position (Deficit), ending</b>					\$ 53,651,228	\$ 54,306,233	\$ 107,957,461	\$ (1,968,283)

See accompanying notes to Basic Financial Statements.

## City and Borough of Wrangell, Alaska

Governmental Funds  
Balance Sheet

	Major Funds					Total Govern- mental Funds
	General	Permanent Fund Special Revenue	Sales Tax Special Revenue	Economic Recovery Capital Project	Nonmajor Funds	
<i>June 30, 2019</i>						
<b>Assets</b>						
Cash and investments	\$ 7,386,034	\$ 8,002,094	\$ 849,172	\$ 1,353,445	\$ 5,751,902	\$ 23,342,647
Receivables, net of allowance for doubtful accounts:						
Property and sales taxes	592,310	-	235,610	-	-	827,920
Accounts	33,337	-	-	-	2,885	36,222
Grants and shared revenues	15,479	-	-	-	464,057	479,536
Accrued interest	44,890	17,295	-	-	3,650	65,835
Land sales and improvements	-	-	-	-	49,066	49,066
Interfund loans receivable	86,553	-	-	-	-	86,553
Inventory	-	-	-	-	94,334	94,334
<b>Total Assets</b>	<b>\$ 8,158,603</b>	<b>\$ 8,019,389</b>	<b>\$ 1,084,782</b>	<b>\$ 1,353,445</b>	<b>\$ 6,365,894</b>	<b>\$ 24,982,113</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 173,981	\$ -	\$ -	\$ -	\$ 16,795	\$ 190,776
Unearned revenue	12,225	-	-	-	81,860	94,085
<b>Total Liabilities</b>	<b>186,206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>98,655</b>	<b>284,861</b>
<b>Deferred Inflows of Resources</b>						
Delinquent property taxes	38,064	-	-	-	-	38,064
Land sale receivables not yet due	-	-	-	-	49,066	49,066
<b>Total Deferred Inflows of Resources</b>	<b>38,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,066</b>	<b>87,130</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>224,270</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,721</b>	<b>371,991</b>
<b>Fund Balances</b>						
Nonspendable	86,553	-	-	-	94,334	180,887
Restricted	-	8,019,389	-	-	3,408,864	11,428,253
Committed	-	-	1,084,782	-	1,697,398	2,782,180
Assigned	-	-	-	1,353,445	1,017,577	2,371,022
Unassigned	7,847,780	-	-	-	-	7,847,780
<b>Total Fund Balances</b>	<b>7,934,333</b>	<b>8,019,389</b>	<b>1,084,782</b>	<b>1,353,445</b>	<b>6,218,173</b>	<b>24,610,122</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,158,603</b>	<b>\$ 8,019,389</b>	<b>\$ 1,084,782</b>	<b>\$ 1,353,445</b>	<b>\$ 6,365,894</b>	<b>\$ 24,982,113</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, 2019**

Total fund balances for governmental funds \$ 24,610,122

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	23,301,828	
Buildings	48,384,677	
Improvements other than buildings	6,293,283	
Machinery and equipment	4,145,606	
Accumulated depreciation	(49,700,290)	
Total capital assets		33,611,782

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	38,064	
Deferred land sales and improvements receivable	49,066	
Total long-term assets		87,130

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	(510,000)	
Unamortized bond premium	(39,232)	
Accrued interest on bonds	(5,854)	
Accrued leave	(278,246)	
Net pension liability	(3,539,530)	
Net other postemployment benefits liability	(764,213)	
Total long-term liabilities		(5,137,075)

Certain changes in net pension and other postemployment benefits (OPEB)  
items are deferred rather than recognized immediately.

These items are amortized over time.

Deferred outflows of resources related to pensions	553,560	
Deferred inflows of resources related to pensions	(98,672)	
Deferred outflows of resources related to OPEB	307,552	
Deferred inflows of resources related to OPEB	(283,171)	
Total deferred pension and OPEB items		479,269

<b>Total Net Position of Governmental Activities</b>	<b>\$ 53,651,228</b>
--	----------------------

*See accompanying notes to basic financial statements.*

## City and Borough of Wrangell, Alaska

## Governmental Funds

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

Year Ended June 30, 2019	Major Funds					Total Govern- mental Funds
	General	Permanent Fund Special Revenue	Sales Tax Special Revenue	Economic Recovery Capital Project	Nonmajor Funds	
<b>Revenues</b>						
Property taxes, penalties and interest	\$ 1,794,578	\$ -	\$ -	\$ -	\$ -	\$ 1,794,578
Payments in lieu of taxes	474,063	-	-	-	-	474,063
Marijuana taxes, penalties and interest	5,373	-	-	-	-	5,373
Sales taxes, penalties and interest	2,005,131	-	919,452	-	-	2,924,583
Transient taxes	-	-	-	-	95,657	95,657
Intergovernmental	965,949	-	-	-	1,643,604	2,609,553
Charges for services	155,488	-	-	-	194,900	350,388
Sales and leases	102,934	16,440	-	-	121,189	240,563
Investment income	415,510	378,437	-	-	33,845	827,792
Land sales and improvements	-	-	-	-	86,143	86,143
Fines and forfeitures	19,553	-	-	-	-	19,553
Donations and contributions	-	-	-	-	203,355	203,355
Other	181,585	-	55,370	-	54,427	291,382
<b>Total Revenues</b>	<b>6,120,164</b>	<b>394,877</b>	<b>974,822</b>	<b>-</b>	<b>2,433,120</b>	<b>9,922,983</b>
<b>Expenditures</b>						
Current:						
General government	1,412,514	-	-	-	403,739	1,816,253
Public safety	2,178,044	-	-	-	-	2,178,044
Public works	1,261,600	-	-	-	-	1,261,600
Parks and recreation	-	-	-	-	589,898	589,898
Library	293,979	-	-	-	-	293,979
Community services	66,694	-	-	-	498,235	564,929
Education - contributions to school district	-	-	583,619	-	848,488	1,432,107
Debt service:						
Principal	-	-	-	-	240,000	240,000
Interest	-	-	-	-	28,050	28,050
Capital outlay	-	-	42,496	-	18,984	61,480
<b>Total Expenditures</b>	<b>5,212,831</b>	<b>-</b>	<b>626,115</b>	<b>-</b>	<b>2,627,394</b>	<b>8,466,340</b>
<b>Excess of Revenues Over (under)</b>						
<b>Expenditures</b>	<b>907,333</b>	<b>394,877</b>	<b>348,707</b>	<b>-</b>	<b>(194,274)</b>	<b>1,456,643</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	299,926	-	-	-	890,905	1,190,831
Transfers out	(709,766)	(250,000)	(129,025)	-	(102,040)	(1,190,831)
<b>Net Other Financing Sources (Uses)</b>	<b>(409,840)</b>	<b>(250,000)</b>	<b>(129,025)</b>	<b>-</b>	<b>788,865</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>497,493</b>	<b>144,877</b>	<b>219,682</b>	<b>-</b>	<b>594,591</b>	<b>1,456,643</b>
<b>Fund Balances, beginning</b>	<b>7,436,840</b>	<b>7,874,512</b>	<b>865,100</b>	<b>1,353,445</b>	<b>5,623,582</b>	<b>23,153,479</b>
<b>Fund Balances, ending</b>	<b>\$ 7,934,333</b>	<b>\$ 8,019,389</b>	<b>\$ 1,084,782</b>	<b>\$ 1,353,445</b>	<b>\$ 6,218,173</b>	<b>\$ 24,610,122</b>

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, 2019**

---

Net change in fund balances - total governmental funds \$1,456,643

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 (\$1,927,963) exceeded capital outlays (\$104,430). (1,823,533)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease in other long-term receivables	\$ (30,025)	
Contributed capital assets received	<u>7,225,110</u>	
		7,195,085

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	240,000	
Net decrease in bond premium	19,617	
Decrease in accrued interest	<u>2,484</u>	
		262,101

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	22,997	
Decrease in net pension obligation and related accounts	300,894	
Decrease in net other postemployment benefit obligation and related accounts	<u>16,887</u>	
		<u>340,778</u>

Change in Net Position of Governmental Activities		<u>\$7,431,074</u>
---	--	--------------------

*See accompanying notes to basic financial statements.*

## City and Borough of Wrangell, Alaska

Enterprise Funds  
Statement of Net Position

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Port	Sewer Utility	Sanitation Utility	Enterprise Funds
<i>June 30, 2019</i>						
<b>Assets and Deferred Outflows of Resources</b>						
<b>Current Assets</b>						
Cash and investments	\$ 4,089,796	\$ 784,140	\$ 1,727,417	\$ 806,340	\$ 209,485	\$ 7,617,178
Receivables, net of allowance for doubtful accounts:						
Accounts	267,692	40,716	135,087	35,041	40,590	519,126
Grants	-	-	401,238	-	-	401,238
Accrued interest	-	5	100	6	-	111
Inventories	170,344	-	-	-	-	170,344
<b>Total Current Assets</b>	<b>4,527,832</b>	<b>824,861</b>	<b>2,263,842</b>	<b>841,387</b>	<b>250,075</b>	<b>8,707,997</b>
<b>Restricted Cash and Investments</b>	-	-	1,419,714	74,874	-	1,494,588
Property, plant and equipment	7,123,202	17,191,847	65,356,782	12,551,526	1,535,039	103,758,396
Less accumulated depreciation	(5,749,031)	(12,362,971)	(25,935,264)	(9,611,208)	(1,004,319)	(54,662,793)
<b>Net Property, Plant and Equipment</b>	<b>1,374,171</b>	<b>4,828,876</b>	<b>39,421,518</b>	<b>2,940,318</b>	<b>530,720</b>	<b>49,095,603</b>
<b>Total Assets</b>	<b>5,902,003</b>	<b>5,653,737</b>	<b>43,105,074</b>	<b>3,856,579</b>	<b>780,795</b>	<b>59,298,188</b>
<b>Deferred Outflows of Resources</b>						
Related to pensions	150,679	24,049	89,159	34,158	23,923	321,968
Related to other postemployment benefits	60,994	11,047	48,489	18,932	13,643	153,105
<b>Total Deferred Outflows of Resources</b>	<b>211,673</b>	<b>35,096</b>	<b>137,648</b>	<b>53,090</b>	<b>37,566</b>	<b>475,073</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,113,676</b>	<b>\$ 5,688,833</b>	<b>\$ 43,242,722</b>	<b>\$ 3,909,669</b>	<b>\$ 818,361</b>	<b>\$ 59,773,261</b>

## City and Borough of Wrangell, Alaska

Enterprise Funds  
Statement of Net Position, continued

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Port	Sewer Utility	Sanitation Utility	Enterprise Funds
<i>June 30, 2019</i>						
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 575,681	\$ 4,384	\$ 476,464	\$ 51,111	\$ 20,285	\$ 1,127,925
Accrued leave	56,456	19,831	16,288	21,591	7,285	121,451
Customer utility deposits	70,918	8,295	-	-	-	79,213
Accrued interest payable	-	2,507	-	1,687	-	4,194
Unearned revenue	-	-	1,372,599	-	-	1,372,599
Current portion of bonds and loans	-	2,513	-	1,621	-	4,134
Interfund loans payable	-	-	15,593	-	-	15,593
<b>Total Current Liabilities</b>	<b>703,055</b>	<b>37,530</b>	<b>1,880,944</b>	<b>76,010</b>	<b>27,570</b>	<b>2,725,109</b>
<b>Long-term Liabilities, net of current portion</b>						
USDA Rural Development loan	-	-	-	85,448	-	85,448
ADEC loan	-	52,253	-	-	-	52,253
Interfund loans payable	-	-	70,960	-	-	70,960
Net pension liability	916,429	149,620	547,473	219,453	155,093	1,988,068
Net other postemployment benefits liability	147,864	27,296	113,172	47,431	34,445	370,208
<b>Total Long-term Liabilities</b>	<b>1,064,293</b>	<b>229,169</b>	<b>731,605</b>	<b>352,332</b>	<b>189,538</b>	<b>2,566,937</b>
<b>Total Liabilities</b>	<b>1,767,348</b>	<b>266,699</b>	<b>2,612,549</b>	<b>428,342</b>	<b>217,108</b>	<b>5,292,046</b>
<b>Deferred Inflows of Resources</b>						
Related to pensions	18,051	3,660	6,805	6,552	4,992	40,060
Related to other postemployment benefits	53,975	10,081	40,323	17,660	12,883	134,922
<b>Total Deferred Inflows of Resources</b>	<b>72,026</b>	<b>13,741</b>	<b>47,128</b>	<b>24,212</b>	<b>17,875</b>	<b>174,982</b>
<b>Net Position</b>						
Net investment in capital assets	1,374,171	4,774,110	39,421,518	2,853,249	530,720	48,953,768
Restricted	-	-	47,115	-	-	47,115
Unrestricted	2,900,131	634,283	1,114,412	603,866	52,658	5,305,350
<b>Total Net Position</b>	<b>4,274,302</b>	<b>5,408,393</b>	<b>40,583,045</b>	<b>3,457,115</b>	<b>583,378</b>	<b>54,306,233</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 6,113,676</b>	<b>\$ 5,688,833</b>	<b>\$ 43,242,722</b>	<b>\$ 3,909,669</b>	<b>\$ 818,361</b>	<b>\$ 59,773,261</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

	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Electric Utility	Water Utility	Port	Sewer Utility	Sanitation Utility	
<i>Year Ended June 30, 2019</i>						
<b>Operating Revenues</b>						
Charges for services	\$ 3,827,550	\$ 696,617	\$ 1,407,825	\$ 597,476	\$ 634,601	\$ 7,164,069
<b>Operating Expenses</b>						
Salaries and employee benefits	666,904	188,899	551,852	171,194	166,870	1,745,719
Other operating expenses	3,022,524	424,889	437,718	186,283	331,407	4,402,821
Depreciation	282,223	635,103	1,971,936	274,357	76,132	3,239,751
<b>Total Operating Expenses</b>	3,971,651	1,248,891	2,961,506	631,834	574,409	9,388,291
<b>Income (Loss) from Operations</b>	(144,101)	(552,274)	(1,553,681)	(34,358)	60,192	(2,224,222)
<b>Nonoperating Revenues (Expenses)</b>						
Investment income	-	211	3,943	209	-	4,363
Interest expense	(24,885)	(14,627)	-	(1,655)	-	(41,167)
State PERS relief	46,728	3,290	(7,004)	2,165	(840)	44,339
State raw fish tax	-	-	307,405	-	-	307,405
State fisheries business tax	-	-	10,376	-	-	10,376
Noncapital grant revenue	-	31,176	-	-	-	31,176
ADEC loan subsidy	-	171,723	-	-	-	171,723
SEAPA dividend	172,014	-	-	-	-	172,014
Other revenues	101,291	721	-	42	-	102,054
<b>Net Nonoperating Revenues (Expenses)</b>	295,148	192,494	314,720	761	(840)	802,283
<b>Income (Loss) Before Capital Contributions</b>	151,047	(359,780)	(1,238,961)	(33,597)	59,352	(1,421,939)
Capital contributions	-	-	3,847,601	-	-	3,847,601
<b>Change in Net Position</b>	151,047	(359,780)	2,608,640	(33,597)	59,352	2,425,662
<b>Net Position, beginning,</b>	4,123,255	5,768,173	37,974,405	3,490,712	524,026	51,880,571
<b>Net Position, ending</b>	\$ 4,274,302	\$ 5,408,393	\$ 40,583,045	\$ 3,457,115	\$ 583,378	\$ 54,306,233

See accompanying notes to basic financial statements.

*This page intentionally left blank.*

## City and Borough of Wrangell, Alaska

Enterprise Funds  
Statement of Cash Flows

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Port	Sewer Utility	Sanitation Utility	Enterprise Funds
<i>Year Ended June 30, 2019</i>						
<b>Cash Flows from Operating Activities</b>						
Receipts from customers and users	\$ 4,070,037	\$ 725,102	\$ 1,352,572	\$ 600,365	\$ 627,019	\$ 7,375,095
Payments for interfund services used	(185,300)	(100,832)	(63,234)	(47,924)	(51,517)	(448,807)
Payments to suppliers	(2,454,198)	(321,404)	77,588	(183,767)	(282,280)	(3,164,061)
Payments to employees	(640,048)	(194,538)	(611,927)	(182,100)	(180,623)	(1,809,236)
Net cash flows from operating activities	790,491	108,328	754,999	186,574	112,599	1,952,991
<b>Cash Flows from Noncapital Financing Activities</b>						
State fish taxes received	-	-	317,781	-	-	317,781
<b>Cash Flows for Capital and Related Financing Activities</b>						
Purchase of property, plant and equipment	(183,742)	(38,967)	(7,790,556)	-	-	(8,013,265)
Principal payments on long-term debt	-	(213,101)	(15,593)	(1,591)	-	(230,285)
Interest payments on long-term debt	-	(14,627)	-	(1,655)	-	(16,282)
Capital contributions received	-	-	3,446,363	-	-	3,446,363
Net cash flows for capital and related financing activities	(183,742)	(266,695)	(4,359,786)	(3,246)	-	(4,813,469)
<b>Cash Flows from Investing Activities</b>						
Investment income received	-	237	4,005	209	-	4,451
<b>Net Increase (Decrease) in Cash and Investments</b>	606,749	(158,130)	(3,283,001)	183,537	112,599	(2,538,246)
<b>Cash and Investments, beginning</b>	3,483,047	942,270	6,430,132	697,677	96,886	11,650,012
<b>Cash and Investments, ending</b>	\$ 4,089,796	\$ 784,140	\$ 3,147,131	\$ 881,214	\$ 209,485	\$ 9,111,766
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>						
Cash and investments:	\$ 4,089,796	\$ 784,140	\$ 1,727,417	\$ 806,340	\$ 209,485	\$ 7,617,178
Restricted cash and investments	-	-	1,419,714	74,874	-	1,494,588
<b>Total Cash and Investments</b>	\$ 4,089,796	\$ 784,140	\$ 3,147,131	\$ 881,214	\$ 209,485	\$ 9,111,766



## City and Borough of Wrangell, Alaska

## Enterprise Funds

## Statement of Cash Flows, continued

	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Electric Utility	Water Utility	Port	Sewer Utility	Sanitation Utility	
<b>Reconciliation of Income (Loss) from Operations to Net Cash Flows from Operating Activities</b>						
Income (loss) from operations	\$ (144,101)	\$ (552,274)	\$ (1,553,681)	\$ (34,358)	\$ 60,192	\$ (2,224,222)
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:						
Depreciation	282,223	635,103	1,971,936	274,357	76,132	3,239,751
Noncash expense - PERS relief	46,728	3,290	(7,004)	2,165	(840)	44,339
Decrease in allowance for doubtful accounts	15,125	-	-	-	-	15,125
Miscellaneous nonoperating revenues	248,420	31,897	-	42	-	280,359
(Increase) decrease in assets:						
Accounts receivable	19,834	(887)	(1,358)	2,847	(7,582)	12,854
Inventories	2,133	-	-	-	-	2,133
(Increase) decrease in deferred outflows of resources:						
Related to pensions	(28,002)	(4,996)	(22,902)	(8,466)	(6,062)	(70,428)
Related to other postemployment benefits	(41,228)	(7,356)	(33,719)	(12,466)	(8,927)	(103,696)
Increase (decrease) in liabilities:						
Accounts payable	365,768	2,653	458,075	(45,408)	(2,390)	778,698
Accrued leave	44,393	2,536	(6,515)	6,360	1,001	47,775
Unearned revenue	-	-	(53,895)	-	-	(53,895)
Customer utility deposits	(25,767)	(2,525)	-	-	-	(28,292)
Net pension liability	35,640	6,359	29,149	10,776	7,717	89,641
Net other postemployment benefits liability	37,960	6,773	31,047	11,478	8,219	95,477
Increase (decrease) in deferred inflows of resources:						
Related to pensions	(68,488)	(12,219)	(56,014)	(20,708)	(14,829)	(172,258)
Related to other postemployment benefits	(147)	(26)	(120)	(45)	(32)	(370)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 790,491</b>	<b>\$ 108,328</b>	<b>\$ 754,999</b>	<b>\$ 186,574</b>	<b>\$ 112,599</b>	<b>\$ 1,952,991</b>
<b>Supplemental disclosure of cash flow information:</b>						
Principal forgiveness on long-term debt	\$ -	\$ 171,723	\$ -	\$ -	\$ -	\$ 171,723

See accompanying notes to basic financial statements.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements Year Ended June 30, 2019

---

### 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 unit. The component unit discussed below is included in the Borough's reporting entity because of the significance of their operational or financial relationships with the Borough.

The component unit column in the financial statements include the financial data of the Borough's component unit. It is discretely presented in a separate column to emphasize that it is a legally separate organization 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.

Complete financial statements of the component unit can be obtained from their respective administrative office at the address below:

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

#### ***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.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

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.

### ***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.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

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

Major governmental funds:

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

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

*Sales Tax Special Revenue Fund* accounts for sales tax revenue collected by the Borough from purchases made within the Borough from consumers and business owners. The Borough has elected to report this fund as major due to the fund's significance to the public.

The *Economic Recovery Capital Project Fund* 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. The Borough has elected to report this fund as major due to the fund's significance to the public.

Major proprietary funds:

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

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

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

The *Sewer Utility Enterprise Fund* is used to account for the operations of the wastewater utility. The Borough has elected to report this fund as major due to the fund's significance to the public.

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.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

### ***Central Treasury***

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

### ***Cash and Cash Equivalents***

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

### ***Inventories***

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

### ***Receivables and Payables***

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

### ***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 measurable and available. Borough statutes call for annual foreclosures on property for delinquent taxes.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

### *Interfund Transactions*

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

### *Capital Assets*

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

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

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

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

---

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

---

### *Deferred Outflows of Resources*

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

### *Long-term Liabilities*

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

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

### ***Compensated Absences***

The Borough allows employees to accumulate earned but unused vacation and sick leave benefits. 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). Because the Borough does not have a policy to pay unpaid accumulated sick leave upon termination, there is typically no liability for unpaid accumulated sick leave. One exception is that any employees who have accumulated sick leave in excess of 480 hours as of fiscal year end must make an election the following month to either convert the excess over 480 hours to vacation leave or convert half of the excess to vacation leave and cash out the other half. A liability for unpaid sick leave is therefore reported which represents only this excess over 480 hours that some employees have accumulated as of June 30.

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

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

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

### ***Pensions and Other Postemployment Benefits***

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, other postemployment benefits 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

---

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

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

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

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

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

### ***Encumbrances***

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

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

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

### ***Comparative Data***

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



# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

### 2. Stewardship, Compliance and Accountability

#### *Budgetary Accounting*

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

Budgetary comparison statements are presented as Required Supplementary Information for the following major funds: General Fund, Permanent Fund Special Revenue Fund and Sales Tax Special Revenue Fund. For the year ended June 30, 2019, expenditures exceeded appropriations in the General Government and Public Works departments by \$87,125, and \$387,342 respectively.

*The remainder of this page intentionally left blank.*

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### 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.

#### *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, 2019.

	Pooled Cash and Investments	Other	Totals
Bank deposits	\$ 10,083,806	\$ 1,032,598	\$ 11,116,404
Investments	13,689,429	7,648,580	21,338,009
<b>Total Cash and Investments</b>	<b>\$ 23,773,235</b>	<b>\$ 8,681,178</b>	<b>\$ 32,454,413</b>

  

	Government- wide Statement of Net Position
Cash and investments	\$ 30,959,825
Restricted cash and investments	1,494,588
<b>Total Cash and Investments</b>	<b>\$ 32,454,413</b>

*The remainder of this page intentionally left blank.*

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

### *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 according to the following guidelines:

1. Fund level investment guidelines. The fund will use low cost, efficient investment vehicles, such as index mutual funds and/or ETFs. The fund will achieve its objective via long-only, unlevered investments. The fund is prohibited from engaging in short sales and margin transactions
2. Product level investment guidelines. The borough assembly will take a conservative posture on derivative securities in order to maintain a risk averse nature. Since it is anticipated that new derivative products will be created each year, it is not the intention of this the borough policy to list specific derivatives that are prohibited from investment; rather, it will form a general policy on derivatives. The borough assembly recognizes that derivatives may be utilized within products as a portfolio management tool. All derivative exposure must be fully collateralized. Direct leverage or borrowing for the purpose of magnifying returns is prohibited.

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.

### *Interest Rate Risk*

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

*The remainder of this page intentionally left blank.*

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

Investment maturities in general investments at June 30, 2019 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	\$ 277,444	\$ 277,444	\$ -	\$ -	\$ -
Certificates of deposit	9,260,974	3,295,828	5,965,146	-	-
U.S. Treasuries	3,339,029	1,693,978	1,587,673	57,378	-
U.S. government agencies	84,135	28,900	45,337	9,898	-
Corporate bonds	240,339	11,971	179,532	48,836	-
Total subject to interest rate risk	13,201,921	\$ 5,308,121	\$ 7,777,688	\$ 116,112	\$ -
Equity securities	487,508				
<b>Total General Investments</b>	<b>\$ 13,689,429</b>				

### 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.

General investments are classified in the fair value hierarchy as follows at June 30, 2019:

Investment Type	Level 1	Level 2	Level 3	Fair Value
U.S. Treasuries	\$ 3,339,029	\$ -	\$ -	\$ 3,339,029
U.S. government agencies	-	84,135	-	84,135
Corporate bonds	-	240,339	-	240,339
Equity securities	487,508	-	-	487,508
<b>Total Investments at Fair Value</b>	<b>\$ 3,826,537</b>	<b>\$ 324,474</b>	<b>\$ -</b>	<b>\$ 4,151,011</b>

Investments at amortized cost:

Money market funds	\$ 277,444
Certificates of deposit	9,260,974
<b>Total Investments at Amortized Cost</b>	<b>9,538,418</b>
<b>Total Investments</b>	<b>\$ 13,689,429</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, 2019.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### Credit Risk

The Borough's general investments in corporate bonds of \$240,339 were rated as follows by Standard & Poors: \$7,253 rated AAA, \$17,168 rated AA+, \$11,971 rated AA, \$37,505 rated AA-, \$13,452 rated A+, \$25,681 rated A, \$63,853 rated A-, \$40,923 rated BBB+, and \$22,533 rated BBB. All of the Borough's investments in U.S. Treasuries are rated AAA. The U.S. government agencies and treasuries are rated AA+.

Investment maturities in Permanent Fund Special Revenue Fund investments at June 30, 2019 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	\$ 88,100	\$ 88,100	\$ -	\$ -	\$ -
U.S. Treasuries	1,109,498	196,875	742,669	101,366	68,588
U.S. government agencies	760,090	-	90,727	35,255	634,108
Corporate bonds	825,241	85,160	503,666	82,780	153,635
Total subject to interest rate risk	2,782,929	\$ 370,135	\$ 1,337,062	\$ 219,401	\$ 856,331
Equity securities	4,865,651				
<b>Total Permanent Fund Investments</b>	<b>\$ 7,648,580</b>				

In addition to the investments disclosed above, the Permanent Fund Special Revenue Fund holds \$353,514 in cash. When combined with the investment held in the Permanent Fund Special Revenue Fund at fair value, the total balance of cash and investments is \$8,002,094.

### Fair Value Measurement

Permanent fund investments are classified in the fair value hierarchy as follows at June 30, 2019:

Investment Type	Level 1	Level 2	Level 3	Fair Value
Equity securities	\$ 4,865,651	\$ -	\$ -	\$ 4,865,651
Corporate bonds	-	825,241	-	825,241
U.S. Treasuries	1,109,498	-	-	1,109,498
U.S. government agencies	-	760,090	-	760,090
<b>Total Investments at Fair Value</b>	<b>\$ 5,975,149</b>	<b>\$ 1,585,331</b>	<b>\$ -</b>	<b>\$ 7,560,480</b>
Investments at amortized cost -				
Money market funds				88,100
<b>Total Investments</b>				<b>\$ 7,648,580</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### *Credit Risk*

The Borough's Permanent Fund Special Revenue Fund investments in corporate bonds of \$825,241 were rated as follows by Standard & Poors: \$11,056 rated AAA, \$9,443 rated AA+, \$34,016 rated AA, \$98,251 rated AA-, \$81,343 rated A+, \$212,083 rated A, \$209,383 rated A-, \$98,776 rated BBB+, and \$70,889 rated BBB. All of the Borough's investments in U.S. Treasuries are rated AAA. The U.S. government agencies and treasuries are rated AA+.

### 4. Accounts Receivable and Valuation Allowances

The Borough maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful receivables. At June 30, 2019, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	Major Governmental Funds			Nonmajor Govern- mental Funds	Total Govern- mental Funds
<i>June 30, 2019</i>	General	Permanent	Sales Tax		
Grants and shared revenues	\$ 15,479	\$ -	\$ -	\$ 464,057	\$ 479,536
Property taxes	92,375	-	-	-	92,375
Sales taxes	499,935	-	235,610	-	735,545
Accounts	33,407	-	-	2,885	36,292
Land sales and improvements	-	-	-	49,066	49,066
Accrued interest	44,890	17,295	-	3,650	65,835
Total receivables	686,086	17,295	235,610	519,658	1,458,649
Less allowance for doubtful accounts	(70)	-	-	-	(70)
<b>Net Receivables</b>	<b>\$ 686,016</b>	<b>\$ 17,295</b>	<b>\$ 235,610</b>	<b>\$ 519,658</b>	<b>\$ 1,458,579</b>

	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds
	Electric Utility	Water Utility	Port	Sewer Utility	Sanitation Utility	
Grants	\$ -	\$ -	\$ 401,238	\$ -	\$ -	\$ 401,238
Accounts	284,073	40,716	158,087	35,041	40,590	558,507
Accrued interest	-	5	100	6	-	111
Total receivables	284,073	40,721	559,425	35,047	40,590	959,856
Less allowance for doubtful accounts	(16,381)	-	(23,000)	-	-	(39,381)
<b>Net Receivables</b>	<b>\$ 267,692</b>	<b>\$ 40,721</b>	<b>\$ 536,425</b>	<b>\$ 35,047</b>	<b>\$ 40,590</b>	<b>\$ 920,475</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### 5. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2019
<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	16,034,223	7,267,605	-	23,301,828
Buildings	48,373,983	10,694	-	48,384,677
Improvements other than buildings	6,293,283	-	-	6,293,283
Machinery and equipment	4,094,365	51,241	-	4,145,606
Total capital assets being depreciated	74,795,854	7,329,540	-	82,125,394
Less accumulated depreciation for:				
Infrastructure	3,611,954	632,136	-	4,244,090
Buildings	36,649,610	937,387	-	37,586,997
Improvements other than buildings	4,231,999	192,493	-	4,424,492
Machinery and equipment	3,278,764	165,947	-	3,444,711
Total accumulated depreciation	47,772,327	1,927,963	-	49,700,290
Total capital assets being depreciated, net	27,023,527	5,401,577	-	32,425,104
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 28,210,205</b>	<b>\$ 5,401,577</b>	<b>\$ -</b>	<b>\$ 33,611,782</b>

*The remainder of this page intentionally left blank.*

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

	Balance July 1, 2018	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2019
<b>Business-type Activities</b>				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 959,233	\$ -	\$ -	\$ 959,233
Construction in progress	869,353	7,864,454	-	8,733,807
Total capital assets not being depreciated	1,828,586	7,864,454	-	9,693,040
<i>Capital assets being depreciated:</i>				
Buildings	9,045,651	38,304	-	9,083,955
Improvements other than buildings	79,510,377	17,018	-	79,527,395
Machinery and equipment	5,360,517	93,488	-	5,454,005
Total capital assets being depreciated	93,916,545	148,810	-	94,065,355
Less accumulated depreciation for:				
Buildings	7,131,259	397,001	-	7,528,260
Improvements other than buildings	40,314,805	2,551,400	-	42,866,205
Machinery and equipment	3,976,977	291,350	-	4,268,327
Total accumulated depreciation	51,423,041	3,239,751	-	54,662,792
Total capital assets being depreciated, net	42,493,504	(3,090,941)	-	39,402,563
<b>Business-type Activity Capital Assets, net</b>	<b>\$ 44,322,090</b>	<b>\$ 4,773,513</b>	<b>\$ -</b>	<b>\$ 49,095,603</b>

*The remainder of this page intentionally left blank.*



# 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, 2019:

---

**Governmental Activities**

General government	\$ 178,300
Public safety	86,722
Public works	736,647
Parks and recreation	59,103
Community services	337,793
Education	529,398

---

<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 1,927,963</b>
---	---------------------

---

**Business-type Activities**

Electric utility	\$ 282,223
Water utility	635,103
Sewer utility	274,357
Sanitation utility	76,132
Port	1,971,936

---

<b>Total Depreciation Expense - Business-type Activities</b>	<b>\$ 3,239,751</b>
--	---------------------

---

## 6. Interfund Balances and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2019, follows:

**Interfund Loans**

Due to General Fund from:

Port Enterprise Fund for long-term capital advances	\$ 86,553
---	-----------

---

<b>Total Amount Due to General Fund</b>	<b>\$ 86,553</b>
---	------------------

---

*The remainder of this page intentionally left blank.*

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

### Transfers

From General Fund to nonmajor governmental funds to cover operating costs	\$ 709,766
From Sales Tax Special Revenue Fund to:	
Nonmajor governmental funds to cover debt service costs	100,025
Nonmajor governmental funds for pool operating costs	29,000
Total transfers from Sales Tax Special Revenue Fund	129,025
From Permanent Fund Special Revenue Fund to the General Fund for operating costs	250,000
From nonmajor governmental funds to:	
Other nonmajor governmental funds for operating costs	52,114
General Fund to transfer fund balance	49,926
Total transfers from nonmajor governmental funds	102,040
<b>Total Transfers to Other Funds</b>	<b>\$ 1,190,831</b>

*The remainder of this page intentionally left blank.*

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### 7. Long-term Liabilities

The following is a summary of long-term liability transactions of the Borough for the year ended June 30, 2019:

<b>Governmental Activities</b>	Balance July 1, 2018	Additions	Retired	Balance June 30, 2019	Due Within One Year
General Obligation Bonds:					
\$1,280,000 refunding 2015A Series One School bond, due in annual installments of \$225,000 to \$240,000 through 2021, plus semi-annual interest payments at rates ranging from 2.0% to 5.0% per annum	\$ 675,000	\$ -	\$ 215,000	\$ 460,000	\$ 225,000
\$220,000 2011 school bonds, due in annual installments of \$25,000 through 2021, plus semi-annual interest payments at rates ranging from 3.0% to 4.0% per annum	75,000	-	25,000	50,000	25,000
Accrued leave	301,243	278,246	301,243	278,246	278,246
<b>Total Governmental Activities</b>	1,051,243	<b>\$ 278,246</b>	<b>\$ 541,243</b>	788,246	<b>\$ 528,246</b>
Plus unamortized bond premium	58,849			39,232	
	<b>\$ 1,110,092</b>			<b>\$ 827,478</b>	

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

*The remainder of this page intentionally left blank.*

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

<b>Business-type Activities</b>	Balance July 1, 2018	Additions	Retired	Balance June 30, 2019	Due Within One Year
<b>Revenue Bonds:</b>					
\$250,000 1997 Water Utility revenue bonds, due in semi-annual installments of \$7,135 including interest at 4.875% through 2038	\$ 177,530	\$ -	\$ 177,530	\$ -	\$ -
<b>Loans Payable from Direct Borrowings:</b>					
\$91,000 Sewer loan due in semi-annual installments of \$1,623 including interest at 1.875% through 2057	88,660	-	1,591	87,069	1,621
\$1,501,836 Water Utility loan due in annual installments of \$89,987 including interest at 1.5% through 2021	262,060	-	262,060*	-	-
\$57,251 Water Utility loan due in annual installments of \$2,475 to \$3,334, including interest of 1.5% through 2038	-	57,241	2,475	54,766	2,513
\$200,000 Port loan from the General Fund to be paid with 50% of port development fees	102,146	-	15,593	86,553**	15,593
Accrued leave	73,676	121,451	73,676	121,451	121,451
<b>Total Business-type Activities</b>	<b>\$ 704,072</b>	<b>\$ 178,692</b>	<b>\$ 532,925</b>	<b>\$ 349,839</b>	<b>\$ 141,178</b>

\* Of this amount retired in 2019, \$171,723 was retired via a state subsidy. No actual payment was issued from the Borough.

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

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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

		General Obligation Bonds		
Governmental Activities				
Year Ending June 30,		Principal	Interest	Total
2020		\$ 250,000	\$ 18,250	\$ 268,250
2021		260,000	6,875	266,875
		\$ 510,000	\$ 25,125	\$ 535,125

  

		Loans Payable from Direct Borrowings		
Business-type Activities				
Year Ending June 30,		Principal	Interest	Total
2020		\$ 4,134	\$ 2,217	\$ 6,351
2021		4,201	2,379	6,580
2022		4,271	2,309	6,580
2023		4,341	2,239	6,580
2024		4,413	2,167	6,580
2025-2029		23,184	9,716	32,900
2030-2034		25,166	7,734	32,900
2035-2039		23,984	5,582	29,566
2040-2044		12,223	4,007	16,230
2045-2049		13,418	2,812	16,230
2050-2054		14,731	1,499	16,230
2055-2056		7,769	219	7,988
		\$ 141,835	\$ 42,880	\$ 184,715

## 8. Net Position

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

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 33,062,550	\$ 48,953,768	\$ 82,016,318
Restricted:			
Barnes Endowment	50,000	-	50,000
Economic stability	8,019,389	-	8,019,389
Schools and roads	3,358,864	-	3,358,864
Harbor improvements	-	47,115	47,115
Total restricted	11,428,253	47,115	11,475,368
Unrestricted	9,160,425	5,305,350	14,465,775
Total Net Position	\$ 53,651,228	\$ 54,306,233	\$ 107,957,461

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### 9. Fund Balances

Fund balances, reported in the Borough's individual major funds and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2019:

	Major Governmental Funds					
	General	Permanent Fund Special Revenue	Sales Tax Special Revenue	Economic Recovery Capital Project	Nonmajor Funds	Totals
<b>Nonspendable:</b>						
Interfund loans	\$ 86,553	\$ -	\$ -	\$ -	\$ -	\$ 86,553
Inventory	-	-	-	-	94,334	94,334
<b>Total nonspendable</b>	<b>86,553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,334</b>	<b>180,887</b>
<b>Restricted:</b>						
Economic stability	-	8,019,389	-	-	-	8,019,389
Schools and roads	-	-	-	-	3,358,864	3,358,864
Barnes Endowment	-	-	-	-	50,000	50,000
<b>Total restricted</b>	<b>-</b>	<b>8,019,389</b>	<b>-</b>	<b>-</b>	<b>3,408,864</b>	<b>11,428,253</b>
<b>Committed:</b>						
Community services	-	-	-	-	394,041	394,041
Education and health	-	-	1,084,782	-	-	1,084,782
Swimming pool	-	-	-	-	957,994	957,994
Land and industrial development	-	-	-	-	345,363	345,363
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>1,084,782</b>	<b>-</b>	<b>1,697,398</b>	<b>2,782,180</b>
<b>Assigned:</b>						
Projects	-	-	-	-	956,863	956,863
Economic recovery	-	-	-	1,353,445	-	1,353,445
Community services	-	-	-	-	59,033	59,033
Debt service	-	-	-	-	1,681	1,681
<b>Total assigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,353,445</b>	<b>1,017,577</b>	<b>2,371,022</b>
<b>Unassigned</b>	<b>7,847,780</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,847,780</b>
<b>Total Fund Balances</b>	<b>\$ 7,934,333</b>	<b>\$ 8,019,389</b>	<b>\$ 1,084,782</b>	<b>\$ 1,353,445</b>	<b>\$ 6,218,173</b>	<b>\$ 24,610,122</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

### 10. Municipal Landfill Closure and Postclosure Liability

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

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

### 11. Restrictions of Sales Tax Revenues

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

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

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

### 12. School Support

The following is a summary of the total support provided by the Borough to the School District for the year ended June 30, 2019. Support provided to the School District does not include debt service payments on school facilities or capital expenditures.

---

Special Revenue Funds:	
Sales Tax	\$ 583,619
National Forest Receipts	848,488
<hr/>	
<b>Total Contributions to School District</b>	<b>\$ 1,432,107</b>

---

*The remainder of this page intentionally left blank.*

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

### 13. Retirement Plans

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

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

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

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/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 postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. 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 postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

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

##### *Historical Context and Special Funding Situation*

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

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



# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

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

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

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

### ***Employer and Other Contribution Rates***

There are several contribution rates associated with the pension contributions and 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, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employee payroll are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

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

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

***GASB Rate:*** This is the rate used to determine the long-term pension 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. For 2019, the rate uses an 8% pension 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, 2019 were determined in the June 30, 2016 actuarial valuations. The City's contribution rates for the 2019 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	16.17%	23.21%	5.58%
Postemployment healthcare (ARHCT)	5.83%	4.37%	0.00%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>27.58%</b>	<b>5.58%</b>

In 2019, the City was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2017 to June 30, 2018	City Fiscal Year July 1, 2018 to June 30, 2019
Employer contributions (including DBUL)	\$ 525,495	\$ 508,139
Nonemployer contributions (on-behalf)	108,202	209,381
<b>Total Contributions</b>	<b>\$ 633,697</b>	<b>\$ 717,520</b>

In addition, employee contributions to the Plan totaled \$125,520 during the City's fiscal year.

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

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

	2019
City proportionate share of NPL	\$ 5,527,598
State's proportionate share of NPL associated with the City	1,601,473
<b>Total Net Pension Liability</b>	<b>\$ 7,129,071</b>

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net pension liability as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2018 measurement date, the City's proportion was 0.11124 percent, which was an increase of 0.009450 from its proportion measured as of June 30, 2017.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

For the year ended June 30, 2019, the City recognized pension expense of \$637,323 and on-behalf revenue of \$74,984 for support provided by the State. At June 30, 2019, the City 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	\$ -	\$ (138,732)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	122,079	-
Changes in proportion and differences between City contributions and proportionate share of contributions	245,310	-
City contributions subsequent to the measurement date	508,139	-
<b>Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 875,528</b>	<b>\$ (138,732)</b>

The \$508,139 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, 2020. 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,*

2020	\$ 261,846
2021	66,752
2022	(94,589)
2023	(5,352)
2024	-
Thereafter	-
<b>Total Amortization</b>	<b>\$ 228,657</b>

*The remainder of this page intentionally left blank.*

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

### *Actuarial Assumptions*

The total pension liability for the measurement period ended June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

---

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	For peace officer/firefighter, increases range from 9.66% to 4.92% based on service. For all others, increases range from 8.55% to 4.34% based on age and service.
Allocation methodology	Amounts for FY 2018 were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the fiscal years 2019 to 2039 to the Plan. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. Post-termination - 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

---

The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation report are the same as those used in the June 30, 2016 actuarial valuation.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

### ***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.

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

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

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	0.11124%	\$ 7,319,934	\$ 5,527,598	\$ 4,011,498

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

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

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

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

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan.

This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

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

### ***Benefit Terms***

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2019 to cover a portion of the City's employer match contributions. For the year ended June 30, 2019, forfeitures reduced pension expense by \$48,580.

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

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

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

For the year ended June 30, 2019, the City was required to contribute 5% of covered salary into the Plan.

The City and employee contributions to PERS for pensions for the year ended June 30, 2019 were \$85,679 and \$137,086, respectively. The City contribution amount was recognized as pension expense/expenditures.

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

As part of its participation in PERS, the City participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is a self-insured and self-funded and provides major medical coverage to retirees of the DB Plan. The ARHCT plan was closed to all new entrants effective July 1, 2006. Benefits vary by Tier level. The RMP is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### Contribution Rates

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

Employer contribution rates for the year ended June 30, 2019 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	5.83%	5.83%
Retiree Medical Plan	0.94%	0.94%
Occupational Death and Disability Benefits	0.26%	0.76%
<b>Total Contribution Rates</b>	<b>7.03%</b>	<b>7.53%</b>

In 2019, the City was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2017 to June 30, 2018	City Fiscal Year July 1, 2018 to June 30, 2019
Employer contributions - ARHCT	\$ 136,960	\$ 165,982
Employer contributions - RMP	12,409	16,108
Employer contributions - ODD	2,473	6,118
Nonemployer contributions (on-behalf) - ARHCT	-	-
<b>Total Contributions</b>	<b>\$ 151,842</b>	<b>\$ 188,208</b>

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

At June 30, 2019, the City reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

	2019
City's proportionate share of NOL - ARHCT	\$ 1,141,549
City's proportionate share of NOL - RMP	13,546
City's proportionate share of NOL (Asset) - ODD	(20,674)
<b>Total City's Proportionate Share of NOL (Asset)</b>	<b>\$ 1,134,421</b>
State's proportionate share of the ARHCT NOL associated with the City	332,145
<b>Total Net OPEB Liabilities</b>	<b>\$ 1,466,566</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

The total OPEB liabilities for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net OPEB liabilities as of that date. The City's proportion of the net OPEB liabilities were based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2017 Measurement Date Employer Proportion	June 30, 2018 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB liability (asset):			
ARHCT	0.10186%	0.11123%	0.00937%
RMP	0.10277%	0.10645%	0.00368%
ODD	0.10277%	0.10645%	0.00368%

As a result of its requirement to contribute to the plans, the City recognized OPEB expense of \$172,260 and on-behalf revenue of \$43,604 for support provided by the State associated with the ARHCT plan.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (128,597)
Changes in assumptions	179,459	-
Net difference between projected and actual earnings on OPEB plan investments	-	(244,607)
Changes in proportion and differences between City contributions and proportionate share of contributions	92,990	(44,889)
City contributions subsequent to the measurement date	188,208	-
<b>Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ 460,657</b>	<b>\$ (418,093)</b>

The \$188,208 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

*Year Ending June 30,*

2020	\$ (35,888)
2021	(24,708)
2022	(79,772)
2023	(5,298)
2024	-
Thereafter	22
<b>Total Amortization</b>	<b>\$ (145,644)</b>



# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

### *Actuarial Assumptions*

The total OPEB liability for each plan the measurement period ended June 30, 2018 was determined by actuarial valuations as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

---

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66% to 4.92% for Peace Officer/Firefighter. Graded by service from 8.55% to 4.34% for all others
Allocation methodology	Amounts for 2018 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039.
Investment return / Discount rate	8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drug: 9.0% grading down to 4.0% RDS/EGWP:6.5% grading down to 4.0%
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination - 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

---

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 valuation with the following exceptions:

1. The medical trend rate assumption was updated to reflect anticipated increases in costs based on recent survey data.
2. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return for each major asset class included in the plans' targeted asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	24%	8.90%
Global ex-U.S. equity	22%	7.85%
Fixed income	10%	1.25%
Opportunistic	10%	4.76%
Real assets	17%	6.20%
Absolute return	7%	4.76%
Private equity	9%	12.08%
Cash equivalents	1%	0.66%

### *Discount Rate*

The discount rate used to measure the total OPEB liability for each plan 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 fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the respective plan's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<i>Proportional Share</i>	<i>1% Decrease (7.00%)</i>	<i>Current Discount Rate (8.00%)</i>	<i>1% Increase (9.00%)</i>
City's proportionate share of the net OPEB liability (asset):				
ARHCT	0.11123%	\$ 2,311,065	\$ 1,141,549	\$ 161,256
RMP	0.10645%	\$ 40,450	\$ 13,546	\$ (7,440)
ODD	0.10645%	\$ (19,414)	\$ (20,674)	\$ (21,711)

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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

The following presents the City's proportionate share of the net OPEB liabilities calculated using the healthcare cost trend rates, as well as what the City's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's proportionate share of the net OPEB liability (asset):				
ARHCT	0.11123%	\$ 22,159	\$ 1,141,549	\$ 2,489,963
RMP	0.10645%	\$ (11,517)	\$ 13,546	\$ 47,086
ODD	0.10645%	\$ n/a	\$ n/a	n/a

### ***OPEB Plan Fiduciary Net Position***

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

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

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

### ***Contribution Rate***

AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2018, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,103 per year for each full-time employee, and \$1.35 per hour for part-time employees. Employees do not contribute to the DC OPEB plans.

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

In 2019, the City contributed \$60,284 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

### 14. 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, 2018. Coverage limits and the deductibles on the policies have stayed relatively constant for the last several years.

### 15. 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, 2018, 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.

### 16. Subsequent Events

In preparing these financial statements, the Borough has evaluated all other events and transactions for potential recognition or disclosure through June 19, 2020, the date the financial statements were issued.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the coronavirus as a pandemic, based on the rapid increase in exposure globally.

The Borough’s operations are heavily dependent on the ability to collect property and sales taxes and assess fees for services provided. Additionally, access to grants and contracts from the federal government and the State of Alaska may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to adversely impact the sales tax revenue base, demand for certain services, and to depress the value of the Borough’s investments in marketable securities. The situation may also adversely impact the Borough’s ability to deploy its workforce as effectively. While expected to be temporary, prolonged workforce disruptions may negatively impact performance of services. As such, this may hinder the ability for the Borough to meet the needs of its constituents. As such, the Borough’s financial condition and liquidity may be negatively impacted for the fiscal year 2020.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act.” The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. There is no assurance the Borough is eligible for these funds or will be able to obtain them.

The Borough continues to examine the impact that the CARES Act may have on the Borough. Currently, the Borough is unable to determine the impact that the CARES Act will have on the Borough’s financial condition, results of operation or liquidity.

### 17. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates, including Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* due to the COVID-19 Pandemic. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined.

GASB 84 - *Fiduciary Activities* - Effective for year-end June 30, 2021, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 87 - *Leases* - Effective for year-end June 30, 2022, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

---

**GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*** - Effective for year-end June 30, 2022, with earlier application encouraged - This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

**GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*** - Effective for year-end June 30, 2021, with earlier application encouraged - This statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

**GASB 91 - *Conduit Debt Obligations*** - Effective for year-end June 30, 2023, with earlier application encouraged - This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

**GASB 92 - *Omnibus 2020*** - Provisions of this statement related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. All other requirements are required to be implemented for year-end June 30, 2022. This statement addresses a variety of topics such as leases, the applicability of Statement 73 and Statement 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

**GASB 93 - *Replacement of Interbank Offered Rates*** - The provisions of this statement, except for paragraph 11b, 13 and 14 are required to be implemented for year-end June 30, 2021. The requirements of paragraphs 11b, 13 and 14 are effective for year-end June 30, 2022. This statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

**GASB 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** - Effective for year-end June 30, 2023 - This statement addresses issues related to public-private and public-public partnership arrangements (PPP). This statement provides a definition of a PPP, defines PPPs that meet the definition of a service concession arrangement, and provides a definition and guidance for accounting and financial reporting for availability payment arrangements.

**GASB 95 - *Postponement of the Effective Dates of Certain Authoritative Guidance*** - Effective immediately, guidance postpones by one year the effective dates of certain provisions, excluding GASB 87 and 94. GASB 87 has been postponed by eighteen months and GASB 94 had previously factored into the effective date the impacts of COVID-19.

## Required Supplementary Information

---

## City and Borough of Wrangell, Alaska

## General Fund

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

<i>Year Ended June 30, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 4,095,189	\$ 4,101,989	\$ 4,279,145	\$ 177,156
Intergovernmental	855,408	855,408	965,949	110,541
Charges for services	162,500	152,000	155,488	3,488
Sales and leases	116,000	119,000	102,934	(16,066)
Fines and forfeitures	7,500	7,500	19,553	12,053
Investment income	35,000	35,000	415,510	380,510
Other	10,800	18,300	181,585	163,285
<b>Total Revenues</b>	<b>5,282,397</b>	<b>5,289,197</b>	<b>6,120,164</b>	<b>830,967</b>
<b>Expenditures</b>				
General government	1,325,388	1,325,389	1,412,514	(87,125)
Public safety	2,698,812	2,862,311	2,178,044	684,267
Public works	883,258	874,258	1,261,600	(387,342)
Library	309,132	309,132	293,979	15,153
Community services	123,500	123,500	66,694	56,806
<b>Total Expenditures</b>	<b>5,340,090</b>	<b>5,494,590</b>	<b>5,212,831</b>	<b>281,759</b>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	(57,693)	(205,393)	907,333	1,112,726
<b>Other Financing Sources (Uses)</b>				
Transfers in	300,000	300,000	299,926	(74)
Transfers out	(643,533)	(738,532)	(709,766)	28,766
<b>Net Other Financing Sources (Uses)</b>	<b>(343,533)</b>	<b>(438,532)</b>	<b>(409,840)</b>	<b>28,692</b>
<b>Net Change in Fund Balance</b>	<b>\$ (401,226)</b>	<b>\$ (643,925)</b>	<b>497,493</b>	<b>\$ 1,141,418</b>
<b>Fund Balance, beginning</b>			<b>7,436,840</b>	
<b>Fund Balance, ending</b>			<b>\$ 7,934,333</b>	

See accompanying notes to Required Supplementary Information.



**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, 2019</i>	Original and Final Budget	Actual	Variance with Budget
<b>Revenues</b>			
Investment income	\$ 250,000	\$ 378,437	\$ 128,437
Lease revenue	16,440	16,440	-
<b>Total Revenues</b>	266,440	394,877	128,437
<b>Other Financing Uses - transfers out</b>	(250,000)	(250,000)	-
<b>Net Change in Fund Balance</b>	<u>\$ 16,440</u>	144,877	<u>\$ 128,437</u>
<b>Fund Balance, beginning</b>		<u>7,874,512</u>	
<b>Fund Balance, ending</b>		<u>\$ 8,019,389</u>	

*See accompanying notes to Required Supplementary Information.*

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

<i>Year Ended June 30, 2019</i>	Original and Final Budget	Actual	Variance with Budget
<b>Revenues</b>			
Sales tax	\$ 848,000	\$ 919,452	\$ 71,452
Miscellaneous reimbursement	-	55,370	55,370
Investment income	10,000	-	10,000
<b>Total Revenues</b>	<b>858,000</b>	<b>974,822</b>	<b>136,822</b>
<b>Expenditures</b>			
Contributions to school district	583,800	583,619	181
Street design/construction	100,000	42,496	57,504
Other	5,000	-	5,000
<b>Total Expenditures</b>	<b>688,800</b>	<b>626,115</b>	<b>62,685</b>
<b>Excess of Revenues Over Expenditures</b>	<b>169,200</b>	<b>348,707</b>	<b>179,507</b>
<b>Other Financing Uses - transfers out</b>	<b>(171,024)</b>	<b>(129,025)</b>	<b>41,999</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (1,824)</u></b>	<b>219,682</b>	<b><u>\$ 221,506</u></b>
<b>Fund Balance, beginning</b>		<u>865,100</u>	
<b>Fund Balance, ending</b>		<u><b>\$ 1,084,782</b></u>	

*See accompanying notes to Required Supplementary Information.*

**City and Borough of Wrangell, Alaska**  
**Public Employees' Retirement System - Pension Plan**

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

<i>Years Ended June 30,</i>	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.11124%	0.10179%	0.12813%	0.12944%	0.09481%
Borough's Proportionate Share of the Net Pension Liability	\$ 5,527,598	\$ 5,261,718	\$ 7,161,690	\$ 6,277,982	\$ 4,421,796
State of Alaska Proportionate Share of the Net Pension Liability	1,601,473	1,960,717	901,438	1,682,286	3,807,733
Total Net Pension Liability	\$ 7,129,071	\$ 7,222,435	\$ 8,063,128	\$ 7,960,268	\$ 8,229,529
Borough's Covered Payroll	3,289,940	3,185,949	3,146,642	3,219,425	3,598,834
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	168.02%	165.15%	227.60%	195.00%	122.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.19%	63.37%	59.55%	63.96%	62.37%

**Schedule of Borough Contributions**

<i>Years Ended June 30,</i>	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 508,139	\$ 525,495	\$ 537,369	\$ 343,399	\$ 340,908
Contributions Relative to the Contractually Required Contribution	508,139	525,495	537,369	343,399	340,908
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	3,516,156	3,289,940	3,185,949	3,146,642	3,219,425
Contributions as a Percentage of Covered Payroll	14.45%	15.97%	16.87%	10.91%	10.59%

*See accompanying notes to Required Supplementary Information.*

**City and Borough of Wrangell, Alaska**  
**Public Employees' Retirement System - OPEB Plans**

**Schedule of the Borough's Proportionate Share of the Net OPEB Liability**

<i>Years Ended June 30,</i>	ARHCT		RMP		ODD	
	2019	2018	2019	2018	2019	2018
Borough's Proportion of the Net OPEB Liability	0.11123%	0.10186%	0.10645%	0.10277%	0.10645%	0.10277%
Borough's Proportionate Share of the Net OPEB Liability	\$ 1,141,549	\$ 860,457	\$ 13,546	\$ 5,359	\$ (20,674)	\$ (14,582)
State of Alaska Proportionate Share of the Net OPEB Liability	332,145	320,648	-	-	-	-
Total Net OPEB Liability	\$ 1,473,694	\$ 1,181,105	\$ 13,546	\$ 5,359	\$ (20,674)	\$ (14,582)
Borough's Covered Payroll	3,289,940	3,185,949	3,289,940	3,185,949	3,289,940	3,185,949
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Payroll	34.70%	27.01%	0.41%	0.17%	-0.63%	-0.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	88.12%	89.68%	88.71%	93.98%	270.62%	212.97%

**Schedule of Borough Contributions**

<i>Years Ended June 30,</i>	ARHCT		RMP		ODD	
	2019	2018	2019	2018	2019	2018
Contractually Required Contributions	\$ 165,982	\$ 136,960	\$ 16,108	\$ 12,409	\$ 6,118	\$ 2,473
Contributions Relative to the Contractually Required Contribution	165,982	136,960	16,108	12,409	6,118	2,473
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	3,516,156	3,289,940	3,516,156	3,289,940	3,516,156	3,289,940
Contributions as a Percentage of Covered Payroll	4.72%	4.16%	0.46%	0.38%	0.17%	0.08%

*See accompanying notes to Required Supplementary Information.*

**City and Borough of Wrangell, Alaska**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

---

**1. Budgetary Comparison Schedule**

The budgetary comparison schedule is presented on the modified accrual basis of accounting.

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

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

This table is presented based on the Plan measurement date. For June 30, 2019, the Plan measurement date is June 30, 2018.

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

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

***Schedule of Borough Contributions***

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position. GASB requires ten years of information be presented. However, until a full ten years of information is available, the Borough will present only those years for which information is available.

**3. Public Employees' Retirement System OPEB Plans**

***Schedule of the Borough's Proportionate Share of the Net OPEB Liability***

This table is presented based on the Plan measurement date. For June 30, 2019, the Plan measurement date is June 30, 2018.

*Changes in Assumptions:* The medical trend rate assumption used for the ARHCT plan was updated to reflect anticipated increases in costs based on recent survey data. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

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

***Schedule of Borough Contributions***

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position. GASB requires ten years of information be presented. However, until a full 10 years of information is available, the Borough will present only those years for which information is available.

*This page intentionally left blank.*

## Supplementary Information

---

## City and Borough of Wrangell, Alaska

## Nonmajor Governmental Funds

## Combining Balance Sheet

	Special Revenue Funds					Capital Project Funds			Total Nonmajor Govern- mental Funds
	Transient Tax	Secure Rural Schools	Parks and Recreation	Nolan Center	Debt Service Fund	Residential Construc- tion	Industrial Construc- tion	Misc- ellaneous	
<i>June 30, 2019</i>									
<b>Assets</b>									
Cash and investments	\$ 394,840	\$ 3,358,864	\$ 962,316	\$ 123,413	\$ -	\$ 77,136	\$ 345,972	\$ 489,361	\$ 5,751,902
Receivables:									
Accrued interest	-	-	3,648	2	-	-	-	-	3,650
State grant	-	-	-	-	1,681	-	-	462,376	464,057
Land sales and improvements	-	-	-	-	-	22,463	26,603	-	49,066
Accounts	-	-	2,885	-	-	-	-	-	2,885
Inventory	-	-	-	94,334	-	-	-	-	94,334
<b>Total Assets</b>	<b>\$ 394,840</b>	<b>\$ 3,358,864</b>	<b>\$ 968,849</b>	<b>\$ 217,749</b>	<b>\$ 1,681</b>	<b>\$ 99,599</b>	<b>\$ 372,575</b>	<b>\$ 951,737</b>	<b>\$ 6,365,894</b>



## City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds  
Combining Balance Sheet, continued

	Special Revenue Funds					Capital Project Funds				Total Nonmajor Govern- mental Funds
<i>June 30, 2019</i>	Transient Tax	Secure Rural Schools	Parks and Recreation	Nolan Center	Debt Service Fund	Residential Construc- tion	Industrial Construc- tion	Misc- ellaneous		
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>										
<b>Liabilities</b>										
Accounts payable	\$ 799	\$ -	\$ 10,855	\$ 4,032	\$ -	\$ 500	\$ 609	\$ -	\$	16,795
Unearned revenue	-	-	-	10,350	-	-	-	71,510		81,860
<b>Total Liabilities</b>	<b>799</b>	<b>-</b>	<b>10,855</b>	<b>14,382</b>	<b>-</b>	<b>500</b>	<b>609</b>	<b>71,510</b>		<b>98,655</b>
<b>Deferred Inflows of Resources - land sale receivables not yet due</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,463</b>	<b>26,603</b>	<b>-</b>		<b>49,066</b>
<b>Fund Balances</b>										
Nonspendable - inventory	-	-	-	94,334	-	-	-	-		94,334
Restricted:										
Schools and roads	-	3,358,864	-	-	-	-	-	-		3,358,864
Barnes Endowment	-	-	-	50,000	-	-	-	-		50,000
Committed:										
Community services	394,041	-	-	-	-	-	-	-		394,041
Swimming pool	-	-	957,994	-	-	-	-	-		957,994
Land development	-	-	-	-	-	-	345,363	-		345,363
Assigned:										
Projects	-	-	-	-	-	76,636	-	880,227		956,863
Community services	-	-	-	59,033	-	-	-	-		59,033
Debt service	-	-	-	-	1,681	-	-	-		1,681
<b>Total Fund Balances</b>	<b>394,041</b>	<b>3,358,864</b>	<b>957,994</b>	<b>203,367</b>	<b>1,681</b>	<b>76,636</b>	<b>345,363</b>	<b>880,227</b>		<b>6,218,173</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 394,840</b>	<b>\$ 3,358,864</b>	<b>\$ 968,849</b>	<b>\$ 217,749</b>	<b>\$ 1,681</b>	<b>\$ 99,599</b>	<b>\$ 372,575</b>	<b>\$ 951,737</b>		<b>\$ 6,365,894</b>

## City and Borough of Wrangell, Alaska

## Nonmajor Governmental Funds

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

	Special Revenue Funds					Capital Project Funds			Total
	Transient Tax	Secure Rural Schools	Parks and Recreation	Nolan Center	Debt Service Fund	Residential Construc- tion	Industrial Construc- tion	Misc- ellaneous	Nonmajor Governmental Funds
<i>Year Ended June 30, 2019</i>									
<b>Revenues</b>									
Taxes	\$ 95,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,657
Intergovernmental	-	986,580	3,928	1,670	169,706	-	-	481,720	1,643,604
Charges for services	-	-	87,876	107,024	-	-	-	-	194,900
Sales and leases	-	-	-	121,189	-	-	-	-	121,189
Investment income	-	-	30,547	56	-	1,309	1,933	-	33,845
Land sales and improvements	-	-	-	-	-	79,691	6,452	-	86,143
Donations and contributions	-	-	3,355	200,000	-	-	-	-	203,355
Other	879	-	33,177	20,371	-	-	-	-	54,427
<b>Total Revenues</b>	96,536	986,580	158,883	450,310	169,706	81,000	8,385	481,720	2,433,120

## City and Borough of Wrangell, Alaska

## Nonmajor Governmental Funds

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

Year Ended June 30, 2019	Special Revenue Funds					Capital Project Funds			Total Nonmajor Governmental Funds
	Transient Tax	Secure Rural Schools	Parks and Recreation	Nolan Center	Debt Service Fund	Residential Construction	Industrial Construction	Miscellaneous	
<b>Expenditures</b>									
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	403,739	\$ 403,739
Parks and recreation	-	-	589,898	-	-	-	-	-	589,898
Community services	45,820	-	-	452,415	-	-	-	-	498,235
Education - contributions to school district	-	848,488	-	-	-	-	-	-	848,488
Debt service:									
Principal	-	-	-	-	240,000	-	-	-	240,000
Interest	-	-	-	-	28,050	-	-	-	28,050
Capital outlay	-	-	-	-	-	500	18,484	-	18,984
<b>Total Expenditures</b>	<b>45,820</b>	<b>848,488</b>	<b>589,898</b>	<b>452,415</b>	<b>268,050</b>	<b>500</b>	<b>18,484</b>	<b>403,739</b>	<b>2,627,394</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>50,716</b>	<b>138,092</b>	<b>(431,015)</b>	<b>(2,105)</b>	<b>(98,344)</b>	<b>80,500</b>	<b>(10,099)</b>	<b>77,981</b>	<b>(194,274)</b>
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	-	350,766	13,164	100,025	-	-	426,950	890,905
Transfers out	(13,164)	(49,926)	(38,950)	-	-	-	-	-	(102,040)
<b>Net Other Financing Sources (Uses)</b>	<b>(13,164)</b>	<b>(49,926)</b>	<b>311,816</b>	<b>13,164</b>	<b>100,025</b>	<b>-</b>	<b>-</b>	<b>426,950</b>	<b>788,865</b>
<b>Net Change in Fund Balances</b>	<b>37,552</b>	<b>88,166</b>	<b>(119,199)</b>	<b>11,059</b>	<b>1,681</b>	<b>80,500</b>	<b>(10,099)</b>	<b>504,931</b>	<b>594,591</b>
<b>Fund Balances (Deficits), beginning</b>	<b>356,489</b>	<b>3,270,698</b>	<b>1,077,193</b>	<b>192,308</b>	<b>-</b>	<b>(3,864)</b>	<b>355,462</b>	<b>375,296</b>	<b>5,623,582</b>
<b>Fund Balances, ending</b>	<b>\$ 394,041</b>	<b>\$ 3,358,864</b>	<b>\$ 957,994</b>	<b>\$ 203,367</b>	<b>\$ 1,681</b>	<b>\$ 76,636</b>	<b>\$ 345,363</b>	<b>\$ 880,227</b>	<b>\$ 6,218,173</b>

*This page intentionally left blank.*

## **General Fund**

---

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

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

## City and Borough of Wrangell, Alaska

General Fund  
Balance Sheet

<i>June 30,</i>	2019	2018
<b>Assets</b>		
Cash and investments	\$ 7,386,034	\$ 6,628,865
Receivables:		
Property taxes	92,375	77,778
Sales taxes	499,935	424,115
Accounts	33,407	295,208
Accrued interest	44,890	40,256
Grants and shared revenues	15,479	26,571
Total receivables	686,086	863,928
Less allowance for doubtful accounts	(70)	(4,305)
Net receivables	686,016	859,623
Due from other funds	-	3,864
Interfund loan receivable	86,553	102,146
<b>Total Assets</b>	<b>\$ 8,158,603</b>	<b>\$ 7,594,498</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 173,981	\$ 72,642
Unearned revenue	12,225	12,225
<b>Total Liabilities</b>	<b>186,206</b>	<b>84,867</b>
<b>Deferred Inflows of Resources</b>		
Delinquent property taxes	38,064	60,414
Taxes collected in advance	-	12,377
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>224,270</b>	<b>157,658</b>
<b>Fund Balance</b>		
Nonspendable - interfund loan receivable	86,553	102,146
Unassigned	7,847,780	7,334,694
<b>Total Fund Balance</b>	<b>7,934,333</b>	<b>7,436,840</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 8,158,603</b>	<b>\$ 7,594,498</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,	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Taxes:				
Real property taxes	\$ 1,772,102	\$ 1,773,430	\$ 1,328	\$ 1,753,974
Property tax penalties and interest	20,000	21,148	1,148	29,587
Payments in lieu of taxes	485,087	474,063	(11,024)	450,546
Marijuana taxes	1,000	5,271	4,271	-
Marijuana tax penalties and interest	-	102	102	-
Sales taxes	1,808,800	1,951,016	142,216	1,788,890
Sales tax penalties and interest	15,000	54,115	39,115	15,655
Total taxes	4,101,989	4,279,145	177,156	4,038,652
Intergovernmental:				
State of Alaska:				
Jail contract	356,400	371,975	15,575	356,408
Community assistance	364,208	420,903	56,695	435,897
Library grants	7,000	7,000	-	7,000
LEPC grant revenue	8,900	10,898	1,998	11,900
State PERS relief	102,000	134,818	32,818	66,472
Sate of Alaska reimbursement	-	-	-	1,384
Fisheries business tax	-	-	-	11,156
Liquor licenses	10,000	10,700	700	8,200
Total State of Alaska	848,508	956,294	107,786	898,417
Federal government:				
911 system replacement	-	-	-	8,250
Replacement grants	-	-	-	16,250
Library grants	6,900	9,655	2,755	7,000
Total federal government	6,900	9,655	2,755	31,500
Total intergovernmental	855,408	965,949	110,541	929,917
Charges for services:				
Cemetery services	2,000	3,170	1,170	5,235
Police services	100,000	105,025	5,025	114,213
911 surcharge	50,000	47,293	(2,707)	48,512
Airport security	-	-	-	29,658
Total charges for services	152,000	155,488	3,488	197,618

**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>	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Revenues, continued</b>				
Sales and leases:				
Court rental	\$ 62,000	\$ 62,400	\$ 400	\$ 62,400
Tideland leases	50,000	37,429	(12,571)	56,076
Material sales	5,000	-	(5,000)	8,722
Cemetery plot sales	2,000	3,105	1,105	1,102
<b>Total sales and leases</b>	<b>119,000</b>	<b>102,934</b>	<b>(16,066)</b>	<b>128,300</b>
<b>Fines and forfeitures</b>	<b>7,500</b>	<b>19,553</b>	<b>12,053</b>	<b>11,707</b>
<b>Investment income</b>	<b>35,000</b>	<b>415,510</b>	<b>380,510</b>	<b>7,802</b>
<b>Other revenues:</b>				
Licenses and permits	8,500	2,920	(5,580)	1,871
Copies	-	1,947	1,947	96
Library grants	1,000	18,365	17,365	15,021
Public works labor	-	-	-	7,389
Miscellaneous	8,800	158,353	149,553	3,979
<b>Total other revenues</b>	<b>18,300</b>	<b>181,585</b>	<b>163,285</b>	<b>28,356</b>
<b>Total Revenues</b>	<b>5,289,197</b>	<b>6,120,164</b>	<b>830,967</b>	<b>5,342,352</b>
<b>Expenditures</b>				
General government:				
Finance:				
Personnel services:				
Salaries	239,320	264,263	(24,943)	263,257
Overtime salaries	6,250	6,011	239	7,195
Employee benefits	168,560	159,927	8,633	165,063
<b>Total personnel services</b>	<b>414,130</b>	<b>430,201</b>	<b>(16,071)</b>	<b>435,515</b>
Contractual services:				
Auditor	25,000	68,791	(43,791)	62,246
Assessor	78,000	72,395	5,605	92,759
Attorney	-	7,728	(7,728)	-
Telephone and internet	10,000	12,556	(2,556)	9,653
Travel and training	3,000	3,962	(962)	-
Utilities	13,500	13,702	(202)	14,051
Equipment rental & repair	1,000	4,275	(3,275)	6,284
Programming	157,000	30,399	126,601	25,784
Foreclosure costs	-	-	-	7,680
Bank & credit card	-	-	-	44,946
Allocated - public works building costs	-	-	-	1,827
Collection charges	-	-	-	221
<b>Total contractual services</b>	<b>287,500</b>	<b>213,808</b>	<b>73,692</b>	<b>265,451</b>



**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,	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
General government, continued:				
Finance, continued:				
Commodities:				
Materials and supplies	\$ 21,750	\$ 13,128	\$ 8,622	\$ 28,823
Custodial supplies	-	2,661	(2,661)	2,627
Postage	15,000	11,484	3,516	4,256
Facility repairs and maintenance	11,000	2,997	8,003	2,125
Equipment repairs and maintenance	8,000	-	8,000	2,376
Capital expenditures	59,000	18,065	40,935	-
Publications and advertising	-	8,736	(8,736)	-
Total commodities	114,750	57,071	57,679	40,207
Total finance	816,380	701,080	115,300	741,173
Less charges to other funds	(168,200)	(168,200)	-	(168,200)
Net finance	648,180	532,880	115,300	572,973
Administration:				
Personnel services:				
Salaries	220,000	214,012	5,988	197,199
Employee benefits	72,332	83,729	(11,397)	79,733
Total personnel services	292,332	297,741	(5,409)	276,932
Contractual services:				
Attorney	75,000	72,137	2,863	75,420
Professional services	-	270	(270)	-
Telephone and internet	5,300	1,462	3,838	2,014
Administration travel and training	14,000	12,811	1,189	11,384
Publications and advertising	-	-	-	670
Lobbying	72,200	64,600	7,600	-
Wrangell medical center legacy	-	172,580	(172,580)	-
Capital expenditures	-	6,864	(6,864)	-
Tourism program	20,000	9,540	10,460	5,206
Total contractual services	186,500	340,264	(153,764)	94,694

**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,	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
General government, continued:				
Administration, continued:				
Commodities:				
Materials and supplies	\$ 5,000	\$ 791	\$ 4,209	\$ 1,773
Memberships and dues	5,000	4,776	224	113
Total commodities	10,000	5,567	4,433	1,886
Promotions	10,000	10,363	(363)	-
General insurance	5,467	34,131	(28,664)	8,636
Total administration	504,299	688,066	(183,767)	382,148
Clerk and assembly:				
Personnel services:				
Salaries	75,654	81,582	(5,928)	75,603
Overtime salaries	248	328	(80)	248
Employee benefits	54,930	58,452	(3,522)	52,435
Total personnel services	130,832	140,362	(9,530)	128,286
Contractual services:				
Information technology	-	180	(180)	-
Clerk travel and training	15,413	16,040	(627)	14,000
Recorder fees	500	329	171	619
Total contractual services	15,913	16,549	(636)	14,619
Commodities:				
Materials and supplies	2,000	6,237	(4,237)	2,629
Publications	19,120	22,006	(2,886)	21,490
Records preservation	1,045	983	62	426
Membership and dues	-	100	(100)	-
Election supplies	2,000	2,768	(768)	1,856
Republishing WMC	2,000	2,563	(563)	2,742
Total commodities	26,165	34,657	(8,492)	29,143
Total clerk and assembly	172,910	191,568	(18,658)	172,048
Total general government	1,325,389	1,412,514	(87,125)	1,127,169

**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,	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public safety:				
Fire department:				
Personnel services:				
Salaries	\$ 88,040	\$ 88,068	\$ (28)	\$ 97,170
Overtime salaries	10,000	9,329	671	9,584
Employee benefits	67,880	86,219	(18,339)	65,596
Contributions for fire calls	5,500	5,500	-	5,500
Total personnel services	171,420	189,116	(17,696)	177,850
Contractual services:				
Telephone and internet	6,200	7,657	(1,457)	6,239
Travel and training	10,000	11,937	(1,937)	2,494
Publications and advertising	-	-	-	78
Volunteer accident hospital	12,600	-	12,600	-
Fire prevention and education	2,000	1,166	834	602
Hydrant rental	-	-	-	39,750
Insurance	26,274	28,448	(2,174)	13,903
Capital expenditures	-	-	-	5,500
LEPC costs	11,800	-	11,800	-
Total contractual services	68,874	49,208	19,666	68,566
Commodities:				
Materials and supplies	11,000	12,649	(1,649)	4,202
Fire substation costs	43,000	10,515	32,485	12,317
Vehicle maintenance	69,116	42,921	26,195	38,997
Fire truck replacement fund	25,000	-	25,000	-
Turn out gear	83,500	54,623	28,877	944
Total commodities	231,616	120,708	110,908	56,460
Total fire department	471,910	359,032	112,878	302,876
Police department:				
Personnel services:				
Salaries	450,000	460,343	(10,343)	474,066
Overtime salaries	55,000	98,869	(43,869)	97,965
Employee benefits	338,240	309,935	28,305	281,986
Uniform allowances	5,700	2,875	2,825	4,555
Total personnel services	848,940	872,022	(23,082)	858,572

**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,	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public safety, continued:				
Police department, continued:				
Contractual services:				
Telephone and internet	\$ 21,500	\$ 16,398	\$ 5,102	\$ 14,757
Utilities	-	-	-	32,220
Insurance	14,023	19,982	(5,959)	30,837
Travel and training	24,500	26,658	(2,158)	17,469
911 expenditures	-	-	-	24,500
Capital expenditures	40,000	39,531	469	2,525
Animal control	4,000	815	3,185	1,977
State portion of driver licenses	65,000	68,388	(3,388)	72,532
Vehicle impound	2,000	-	2,000	-
State portion of citations	500	1,020	(520)	530
<b>Total contractual services</b>	<b>171,523</b>	<b>172,792</b>	<b>(1,269)</b>	<b>197,347</b>
Commodities:				
Materials and supplies	12,000	20,615	(8,615)	8,893
Boat expenditures	3,750	1,091	2,659	1,309
Publications	1,000	1,094	(94)	154
Ammunition	7,500	5,877	1,623	7,162
Special investigations	3,250	3,516	(266)	1,675
Equipment repairs and maintenance	42,003	26,944	15,059	41,559
Health & safety permits	-	-	-	125
Membership and dues	-	263	(263)	-
<b>Total commodities</b>	<b>69,503</b>	<b>59,400</b>	<b>10,103</b>	<b>60,877</b>
<b>Total police department</b>	<b>1,089,966</b>	<b>1,104,214</b>	<b>(14,248)</b>	<b>1,116,796</b>
Police corrections department:				
Personnel services:				
Salaries	275,000	242,992	32,008	249,219
Overtime salaries	33,150	37,978	(4,828)	33,065
Employee benefits	185,230	187,014	(1,784)	176,670
<b>Total personnel services</b>	<b>493,380</b>	<b>467,984</b>	<b>25,396</b>	<b>458,954</b>
Contractual services:				
Telephone and internet	1,500	250	1,250	1,500
Travel and training	2,000	351	1,649	-
<b>Total contractual services</b>	<b>3,500</b>	<b>601</b>	<b>2,899</b>	<b>1,500</b>
Materials and supplies	3,500	1,799	1,701	141
Prisoner meals	20,000	8,438	11,562	7,478
Equipment repairs and maintenance	2,559	-	2,559	-
Reimbursement of prisoner costs	-	-	-	(30)
<b>Total commodities</b>	<b>26,059</b>	<b>10,237</b>	<b>15,822</b>	<b>7,589</b>
<b>Total police corrections department</b>	<b>522,939</b>	<b>478,822</b>	<b>44,117</b>	<b>468,043</b>

**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,	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public safety continued:				
Public safety building, continued:				
Personnel services:				
Salaries	\$ -	\$ 5,192	\$ (5,192)	\$ 21,196
Employee benefits	-	6,697	(6,697)	25,378
Total personnel services	-	11,889	(11,889)	46,574
Telephone and internet	600	321	279	537
Insurance	10,896	13,442	(2,546)	8,293
Engineering	-	7,901	(7,901)	-
Allocated - public works labor	122,500	4,459	118,041	46,495
Utilities	120,000	119,711	289	88,207
Total contractual services	253,996	145,834	108,162	143,532
Commodities:				
Materials & supplies	-	5	(5)	213
Custodial supplies	3,000	2,255	745	2,451
Capital outlay	363,000	13,178	349,822	28,543
Facility repair and maintenance	157,500	62,815	94,685	21,382
Total commodities	523,500	78,253	445,247	52,589
Total public safety building	777,496	235,976	541,520	242,695
Total public safety	2,862,311	2,178,044	684,267	2,130,410
Public works:				
Garage:				
Personnel services:				
Salaries	147,035	130,902	16,133	120,493
Overtime salaries	3,500	13,340	(9,840)	2,265
Employee benefits	89,790	88,812	978	81,242
Total personnel services	240,325	233,054	7,271	204,000
Contractual services:				
Utilities	23,000	21,940	1,060	23,094
Insurance	-	-	-	1,792
Telephone and internet	1,500	-	1,500	-
Vehicle maintenance	-	-	-	1,565
Software programming and licensing	-	-	-	1,428
Allocated - public works labor	10,000	76	9,924	6,757
Travel and training	7,000	2,289	4,711	-
Total contractual services	41,500	24,305	17,195	34,636

**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,	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public works continued:				
Garage, continued:				
Commodities:				
Materials and supplies	\$ 150,000	\$ 12,576	\$ 137,424	\$ 25,712
Fuel oil	18,000	2,799	15,201	6,442
Fuel and lubrication	65,000	64,188	812	60,052
Health and safety permits, inspections, and compliance	-	462	(462)	-
Facility repair and maintenance	10,000	5,445	4,555	3,048
Capital outlay	-	-	-	730
Expendable tools	13,500	2,269	11,231	1,067
Total commodities	256,500	87,739	168,761	97,051
Total garage	538,325	345,098	193,227	335,687
Less charges to other departments and funds	(422,260)	(131,830)	(290,430)	(241,450)
Net garage	116,065	213,268	(97,203)	94,237
General:				
Personnel services:				
Salaries	555,340	546,435	8,905	437,106
Overtime salaries	38,000	26,455	11,545	37,221
Uniform allowances	2,400	1,819	581	2,786
Employee benefits	368,930	373,269	(4,339)	257,727
Total personnel services	964,670	947,978	16,692	734,840
Contractual services:				
Telephone	15,780	10,170	5,610	9,197
Utilities	4,500	438	4,062	-
Publications and advertising	-	5,198	(5,198)	-
Vehicle maintenance	-	7,463	(7,463)	2,310
Professional services	25,000	19,375	5,625	-
Insurance	13,484	4,377	9,107	9,010
Travel and training	4,500	1,735	2,765	1,050
Total contractual services	63,264	48,756	14,508	21,567

**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,	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public works continued:				
General, continued:				
Materials and supplies	\$ 21,300	\$ 28,516	\$ (7,216)	\$ 8,685
Engineering supplies	-	-	-	290
Capital outlay	4,500	-	4,500	57,782
Gear	-	278	(278)	-
Building repairs and maintenance	32,000	11,248	20,752	5,011
Total commodities	57,800	40,042	17,758	71,768
Total general	1,085,734	1,036,776	48,958	828,175
Less charges to other departments and funds	(780,000)	(288,348)	(491,652)	(384,262)
Net general	305,734	748,428	(442,694)	443,913
Streets:				
Personnel services - allocated salaries - public works	160,459	81,709	78,750	123,526
Contractual services:				
Street lighting	10,000	6,011	3,989	2,215
Rock quarry electricity	25,000	21,578	3,422	21,177
Capital outlay	-	-	-	71,501
Allocated - public works labor	150,000	93,707	56,293	150,827
Sanding and snow removal	-	4,863	(4,863)	1,617
Total contractual services	185,000	126,159	58,841	247,337
Commodities:				
Materials and supplies	5,000	76,703	(71,703)	36,948
Crushing and maintenance	-	13,705	(13,705)	32,582
Street repairs and maintenance	102,000	1,628	100,372	17,603
Total commodities	107,000	92,036	14,964	87,133
Total streets	452,459	299,904	152,555	457,996
Total public works	874,258	1,261,600	(387,342)	996,146
Library:				
Personnel services:				
Salaries	120,720	123,796	(3,076)	122,779
Employee benefits	82,240	88,522	(6,282)	81,866
Total personnel services	202,960	212,318	(9,358)	204,645

**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,	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Library, continued:				
Contractual services:				
Telephone and internet	\$ 4,400	\$ 3,091	\$ 1,309	\$ 2,702
Travel and training	2,000	2,055	(55)	1,496
Insurance	2,522	3,233	(711)	3,072
Allocated - public works labor	-	405	(405)	1,204
Utilities	8,000	8,843	(843)	9,326
Total contractual services	16,922	17,627	(705)	17,800
Commodities:				
Materials and supplies	5,000	5,714	(714)	6,897
Custodian supplies	1,000	654	346	905
Books, subscriptions and dues	20,000	20,831	(831)	19,114
Library grant expenditures	8,250	7,031	1,219	7,000
State library grant expenditures	12,000	3,500	8,500	(33)
Postage	2,000	932	1,068	-
Building repairs and maintenance	31,000	10,343	20,657	3,317
Equipment repairs and maintenance	-	5,316	(5,316)	3,998
Computer repairs and maintenance	10,000	9,713	287	9,070
Total commodities	89,250	64,034	25,216	50,268
Total library	309,132	293,979	15,153	272,713
Community services:				
Community development:				
Contractual services:				
Dues and subscriptions	-	-	-	6,420
Lobbyist	-	-	-	67,600
Allocated - public works labor	-	1,164	(1,164)	1,968
Total contractual services	-	1,164	(1,164)	75,988
Contributions:				
Senior citizens program	11,500	12,212	(712)	11,073
Community promotion	-	-	-	8,464
Chamber of Commerce	23,000	23,000	-	23,000
Local radio	8,500	8,500	-	8,500
Volunteer fire department	4,000	4,000	-	4,035
Total contributions	47,000	47,712	(712)	55,072
Total community development	47,000	48,876	(1,876)	131,060



**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,	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Community services, continued:				
Planning and zoning:				
Personnel services - allocated clerical	\$ 23,000	\$ -	\$ 23,000	\$ 23,000
Contractual services - Travel and training	1,500	1,742	(242)	1,919
Commodities:				
Materials and supplies	500	402	98	396
Publications	1,500	843	657	72
Subdivisions and surveys	35,000	6,184	28,816	220
Mapping upgrade	3,000	5,995	(2,995)	3,150
Total commodities	40,000	13,424	26,576	3,838
Total planning and zoning	64,500	15,166	49,334	28,757
Cemetery:				
Personnel services - allocated salaries - public works	10,000	1,091	8,909	8,387
Commodities - materials and supplies	2,000	1,561	439	618
Total cemetery	12,000	2,652	9,348	9,005
Total community services	123,500	66,694	56,806	168,822
<b>Total Expenditures</b>	<b>5,494,590</b>	<b>5,212,831</b>	<b>281,759</b>	<b>4,695,260</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(205,393)</b>	<b>907,333</b>	<b>1,112,726</b>	<b>647,092</b>
<b>Other Financing Uses</b>				
Transfers in	300,000	299,926	(74)	303,413
Transfers out	(738,532)	(709,766)	28,766	(1,309,329)
<b>Net Other Financing Uses</b>	<b>(438,532)</b>	<b>(409,840)</b>	<b>28,692</b>	<b>(1,005,916)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (643,925)</b>	<b>497,493</b>	<b>\$ 1,141,418</b>	<b>(358,824)</b>
<b>Fund Balance, beginning</b>		<b>7,436,840</b>		<b>7,795,664</b>
<b>Fund Balance, ending</b>		<b>\$ 7,934,333</b>		<b>\$ 7,436,840</b>

*This page intentionally left blank.*

## Special Revenue Funds

---

### ***Transient Tax***

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

### ***Sales Tax***

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

### ***Parks and Recreation***

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

### ***Nolan Center***

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

### ***Permanent Fund***

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

### ***Secure Rural Schools***

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

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

<i>Years Ended June 30,</i>	2019		2018	
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Transient and excise taxes	\$ 53,500	\$ 95,657	\$ 42,157	\$ 99,971
Advertising and promotion	3,000	879	(2,121)	636
Donations	-	-	-	50,000
Investment income	250	-	(250)	392
<b>Total Revenues</b>	<b>56,750</b>	<b>96,536</b>	<b>39,786</b>	<b>150,999</b>
<b>Expenditures - community services:</b>				
Travel and training	10,000	9,598	402	7,929
Materials and supplies	-	748	(748)	1,616
Telephone and internet	1,000	1,134	(134)	817
Postage	1,700	7	1,693	-
Promotional	32,000	15,341	16,659	17,178
Web hosting	1,500	6	1,494	1,243
Dues	5,500	2,150	3,350	4,885
Publications	18,000	12,294	5,706	10,544
Other	-	4,542	(4,542)	-
CPV expenditures	-	-	-	178
<b>Total Expenditures</b>	<b>69,700</b>	<b>45,820</b>	<b>23,880</b>	<b>44,390</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(12,950)</b>	<b>50,716</b>	<b>63,666</b>	<b>106,609</b>
<b>Other Financing Uses - transfers out</b>	<b>(12,000)</b>	<b>(13,164)</b>	<b>(1,164)</b>	<b>(11,200)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (24,950)</b>	<b>37,552</b>	<b>\$ 62,502</b>	<b>95,409</b>
<b>Fund Balance, beginning</b>		<b>356,489</b>		<b>261,080</b>
<b>Fund Balance, ending</b>		<b>\$ 394,041</b>		<b>\$ 356,489</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,	2019					2018
	Budget	Actual		Total	Variance with Budget	Actual
		Restricted				
		28%	4%			
<b>Revenues</b>						
Sales tax	\$ 848,000	\$ 804,686	\$ 114,766	\$ 919,452	\$ 71,452	\$ 838,225
Miscellaneous reimbursement	-	-	55,370	55,370	55,370	-
Investment income	10,000	-	-	-	(10,000)	722
<b>Total Revenues</b>	<b>858,000</b>	<b>804,686</b>	<b>170,136</b>	<b>974,822</b>	<b>116,822</b>	<b>838,947</b>
<b>Expenditures</b>						
Contributions to school district	583,800	583,619	-	583,619	181	667,800
Street design/construction	100,000	-	42,496	42,496	57,504	554,077
Other	5,000	-	-	-	5,000	-
<b>Total Expenditures</b>	<b>688,800</b>	<b>583,619</b>	<b>42,496</b>	<b>626,115</b>	<b>62,685</b>	<b>1,221,877</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>169,200</b>	<b>221,067</b>	<b>127,640</b>	<b>348,707</b>	<b>179,507</b>	<b>(382,930)</b>
<b>Other Financing Uses</b>						
Transfers out	(171,024)	-	(129,025)	(129,025)	41,999	(29,000)
<b>Net Change in Fund Balance</b>	<b>\$ (1,824)</b>	<b>221,067</b>	<b>(1,385)</b>	<b>219,682</b>	<b>\$ 221,506</b>	<b>(411,930)</b>
<b>Fund Balance, beginning</b>		<b>748,775</b>	<b>116,325</b>	<b>865,100</b>		<b>1,277,030</b>
<b>Fund Balance, ending</b>		<b>\$ 969,842</b>	<b>\$ 114,940</b>	<b>\$1,084,782</b>		<b>\$ 865,100</b>

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

<i>Years Ended June 30,</i>	2019										2018
	Budget	Swimming Pool	Recreational Activity	Parks	Swim Club	Helping our Parks	Fee Assistance	Walker Foundation	Total	Variance with Budget	Actual
<b>Revenues</b>											
User fees	\$ 79,500	\$ 54,383	\$ 29,539	\$ 3,894	\$ -	\$ -	\$ 60	\$ -	\$ 87,876	\$ 8,376	\$ 75,444
Investment income	15,000	30,547	-	-	-	-	-	-	30,547	15,547	38,750
Donations	-	-	-	-	-	3,355	-	-	3,355	3,355	4,380
Other	-	5,850	-	-	5,327	-	-	22,000	33,177	33,177	3,304
State PERS relief	6,840	3,928	-	-	-	-	-	-	3,928	(2,912)	4,487
<b>Total Revenues</b>	<b>101,340</b>	<b>94,708</b>	<b>29,539</b>	<b>3,894</b>	<b>5,327</b>	<b>3,355</b>	<b>60</b>	<b>22,000</b>	<b>158,883</b>	<b>57,543</b>	<b>126,365</b>
<b>Expenditures - parks and recreation:</b>											
Personnel services:											
Salaries	153,880	71,098	71,242	516	4,833	-	-	-	147,689	6,191	161,712
Casual labor	141,000	70,926	18,993	23,015	-	-	-	-	112,934	28,066	69,058
Allocated salaries - public works	4,000	630	-	707	-	-	-	-	1,337	2,663	10,398
Employee benefits	99,460	45,950	36,720	6,354	494	-	-	-	89,518	9,942	85,456
<b>Total personnel services</b>	<b>398,340</b>	<b>188,604</b>	<b>126,955</b>	<b>30,592</b>	<b>5,327</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>351,478</b>	<b>46,862</b>	<b>326,624</b>
Contractual services:											
Telephone and internet	7,250	7,075	2,193	-	-	-	-	-	9,268	(2,018)	7,914
Utilities	107,500	87,311	7,654	11,131	-	-	-	-	106,096	1,404	127,816
Travel and training	12,900	3,929	4,442	510	-	-	-	-	8,881	4,019	4,893
Insurance	7,365	4,000	3,698	1,158	-	-	-	-	8,856	(1,491)	19,617
<b>Total contractual services</b>	<b>135,015</b>	<b>102,315</b>	<b>17,987</b>	<b>12,799</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,101</b>	<b>1,914</b>	<b>160,240</b>

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

<i>Years Ended June 30,</i>	2019									2018	
	Budget	Swimming Pool	Recreational Activity	Parks	Swim Club	Helping our Parks	Fee Assistance	Walker Foundation	Total	Variance with Budget	Actual
<b>Expenditures - parks and recreation, continued:</b>											
Commodities:											
Materials and supplies	\$ 26,000	\$ 11,816	\$ 3,818	\$ 6,374	\$ -	\$ -	\$ -	\$ -	\$ 22,008	\$ 3,992	\$ 37,649
Vehicle maintenance	22,668	-	-	3,452	-	-	-	-	3,452	19,216	9,544
Chemicals	15,000	11,677	-	-	-	-	-	-	11,677	3,323	16,582
Health reports and permits	2,900	3,756	490	-	-	-	-	-	4,246	(1,346)	1,539
Publications	2,500	549	312	705	-	-	-	-	1,566	934	2,635
Capital outlay	93,950	-	-	-	-	-	-	-	-	93,950	1,045
Facility repair and maintenance	77,500	31,776	18,831	11,763	-	-	-	-	62,370	15,130	52,340
<b>Total commodities</b>	<b>240,518</b>	<b>59,574</b>	<b>23,451</b>	<b>22,294</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,319</b>	<b>135,199</b>	<b>121,334</b>
<b>Total Expenditures</b>	<b>773,873</b>	<b>350,493</b>	<b>168,393</b>	<b>65,685</b>	<b>5,327</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>589,898</b>	<b>183,975</b>	<b>608,198</b>
<b>Excess of Revenues</b>											
<b>Under Expenditures</b>	<b>(672,533)</b>	<b>(255,785)</b>	<b>(138,854)</b>	<b>(61,791)</b>	<b>-</b>	<b>3,355</b>	<b>60</b>	<b>22,000</b>	<b>(431,015)</b>	<b>241,518</b>	<b>(481,833)</b>
<b>Other Financing Sources (Uses)</b>											
Transfers in	672,533	350,766	-	-	-	-	-	-	350,766	(321,767)	472,665
Transfers out	-	(38,950)	-	-	-	-	-	-	(38,950)	(38,950)	-
<b>Net Other Financing Sources (Uses)</b>	<b>672,533</b>	<b>311,816</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311,816</b>	<b>(360,717)</b>	<b>472,665</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 56,031</b>	<b>\$ (138,854)</b>	<b>\$ (61,791)</b>	<b>\$ -</b>	<b>\$ 3,355</b>	<b>\$ 60</b>	<b>\$ 22,000</b>	<b>(119,199)</b>	<b><u>\$ (119,199)</u></b>	<b>(9,168)</b>
<b>Fund Balance, beginning</b>									<b><u>1,077,193</u></b>		<b><u>1,086,361</u></b>
<b>Fund Balance, ending</b>									<b><u>\$ 957,994</u></b>		<b><u>\$ 1,077,193</u></b>

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

Years Ended June 30,	2019									2018
		Actual							Variance	
	Budget	Museum	Civic Center	Theater	Nolan Center	Grants	Barnes	Total	with Budget	Actual
<b>Revenues</b>										
Admissions	\$ 75,000	\$ 13,068	\$ -	\$ 46,898	\$ -	\$ -	\$ -	\$ 59,966	\$ (15,034)	\$ 64,475
Concessions	40,000	-	-	47,058	-	-	-	47,058	7,058	27,699
Museum gift store revenue	80,000	121,189	-	-	-	-	-	121,189	41,189	66,536
Donations and contributions	103,000	-	100,000	-	100,000	-	-	200,000	97,000	147,032
Rental revenue	20,000	-	19,996	275	100	-	-	20,371	371	21,226
Investment income	50	-	-	-	-	-	56	56	6	29
State PERS relief	3,550	-	-	-	1,670	-	-	1,670	(1,880)	2,321
Other grant revenue	-	-	-	-	-	-	-	-	-	9,212
<b>Total Revenues</b>	<b>321,600</b>	<b>134,257</b>	<b>119,996</b>	<b>94,231</b>	<b>101,770</b>	<b>-</b>	<b>56</b>	<b>450,310</b>	<b>128,710</b>	<b>338,530</b>
<b>Expenditures - community services:</b>										
Personnel services:										
Salaries	77,500	5,977	83,232	18,505	87	-	-	107,801	(30,301)	85,328
Casual labor	56,810	34,303	26,763	-	15,180	-	-	76,246	(19,436)	85,034
Employee benefits	50,950	1,499	46,440	1,851	-	-	-	49,790	1,160	30,780
<b>Total personnel services</b>	<b>185,260</b>	<b>41,779</b>	<b>156,435</b>	<b>20,356</b>	<b>15,267</b>	<b>-</b>	<b>-</b>	<b>233,837</b>	<b>(48,577)</b>	<b>201,142</b>
Contractual services:										
Travel and training	4,927	2,155	-	-	-	-	-	2,155	2,772	2,785
Building maintenance and utilities	134,400	67,114	66,426	8,480	(12,070)	-	-	129,950	4,450	211,425
Allocated salaries - public works	-	-	-	-	98	-	-	98	(98)	947
Credit card costs	3,000	2,221	-	-	-	-	-	2,221	779	2,377
<b>Total contractual services</b>	<b>142,327</b>	<b>71,490</b>	<b>66,426</b>	<b>8,480</b>	<b>(11,972)</b>	<b>-</b>	<b>-</b>	<b>134,424</b>	<b>7,903</b>	<b>217,534</b>



## City and Borough of Wrangell, Alaska

Nolan Center Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in  
 Fund Balance - Budget and Actual, continued

Years Ended June 30,	2019								2018	
		Actual							Variance	
	Budget	Museum	Civic Center	Theater	Nolan Center	Grants	Barnes	Total	with Budget	Actual
Expenditures, continued										
Commodities:										
Materials and supplies	\$ 10,900	\$ 227	\$ 189	\$ 573	\$ 1,133	\$ -	\$ -	\$ 2,122	\$ 8,778	\$ 85,224
Books, subscriptions and dues	1,500	33,624	1,205	-	-	-	-	34,829	(33,329)	43,278
Publications and advertising	20,800	-	6,796	1,410	-	-	-	8,206	12,594	8,567
Concessions	60,000	-	-	17,562	-	-	-	17,562	42,438	10,752
Film costs	30,000	-	-	20,953	-	-	-	20,953	9,047	21,395
Postage	300	-	-	-	282	-	-	282	18	70
Equipment repairs and maintenance	4,000	-	-	-	-	-	-	-	4,000	-
Insurance on loaned artifacts	8,309	200	-	-	-	-	-	200	8,109	512
Total commodities	135,809	34,051	8,190	40,498	1,415	-	-	84,154	51,655	169,798
Total Expenditures	463,396	147,320	231,051	69,334	4,710	-	-	452,415	10,981	588,474
Excess of Revenues										
Over (Under) Expenditures	(141,796)	(13,063)	(111,055)	24,897	97,060	-	56	(2,105)	139,691	(249,944)
Other Financing Sources - transfers in	14,400	-	-	-	13,164	-	-	13,164	(1,236)	252,285
Net Change in Fund Balance	<u>\$ (127,396)</u>	<u>\$ (13,063)</u>	<u>\$ (111,055)</u>	<u>\$ 24,897</u>	<u>\$ 110,224</u>	<u>\$ -</u>	<u>\$ 56</u>	11,059	<u>\$138,455</u>	2,341
Fund Balance, beginning								<u>192,308</u>		<u>189,967</u>
Fund Balance, ending								<u>\$ 203,367</u>		<u>\$ 192,308</u>

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

<i>Years Ended June 30,</i>	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Investment income	\$ 250,000	\$ 378,437	\$ 128,437	\$ 578,163
Lease revenue	16,440	16,440	-	16,440
<b>Total Revenues</b>	266,440	394,877	128,437	594,603
<b>Expenditures - community services - insurance</b>	-	-	-	4,228
<b>Excess of Revenues Over Expenditures</b>	266,440	394,877	128,437	590,375
<b>Other Financing Uses - transfers out</b>	(250,000)	(250,000)	-	(250,000)
<b>Net Change in Fund Balance</b>	<u>\$ 16,440</u>	144,877	<u>\$ 128,437</u>	340,375
<b>Fund Balance, beginning</b>		<u>7,874,512</u>		<u>7,534,137</u>
<b>Fund Balance, ending</b>		<u>\$ 8,019,389</u>		<u>\$ 7,874,512</u>

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

<i>Years Ended June 30,</i>	2019			2018
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Intergovernmental - national forest receipts	\$ 832,105	\$ 986,580	\$ 154,475	\$ 890,217
Investment income (loss)	15,000	-	(15,000)	3,521
<b>Total Revenues</b>	<b>847,105</b>	<b>986,580</b>	<b>139,475</b>	<b>893,738</b>
<b>Expenditures - education - contributions to school district</b>	<b>848,488</b>	<b>848,488</b>	<b>-</b>	<b>848,488</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,383)</b>	<b>138,092</b>	<b>139,475</b>	<b>45,250</b>
<b>Other Financing Uses - transfers out</b>	<b>(49,926)</b>	<b>(49,926)</b>	<b>-</b>	<b>(53,413)</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (51,309)</u></b>	<b>88,166</b>	<b><u>\$ 139,475</u></b>	<b>(8,163)</b>
<b>Fund Balance, beginning</b>		<b><u>3,270,698</u></b>		<b><u>3,278,861</u></b>
<b>Fund Balance, ending</b>		<b><u>\$ 3,358,864</u></b>		<b><u>\$ 3,270,698</u></b>

*This page intentionally left blank.*

## **Debt Service Fund**

---

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

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

<i>Years Ended June 30,</i>	2019		Variance with Budget	2018
	Budget	Actual		Actual
<b>Revenues</b>				
Intergovernmental - State of Alaska	\$ 126,026	\$ 169,706	\$ 43,680	\$ 165,246
<b>Expenditures</b>				
Debt service:				
Principal	240,000	240,000	-	230,000
Interest	28,050	28,050	-	37,325
<b>Total Expenditures</b>	268,050	268,050	-	267,325
<b>Excess of Revenues Over (Under) Expenditures</b>	(142,024)	(98,344)	43,680	(102,079)
<b>Other Financing Sources</b>				
Transfers in	142,024	100,025	(41,999)	102,079
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	1,681	<u>\$ 1,681</u>	-
<b>Fund Balance, beginning</b>		<u>-</u>		<u>-</u>
<b>Fund Balance, ending</b>		<u>\$ 1,681</u>		<u>\$ -</u>

## Capital Project Funds

---

### ***Residential Construction***

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

### ***Industrial Construction***

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

### ***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.

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

<i>Year Ended June 30, 2019</i>	Residential Construc- tion	Industrial Construc- tion	Misc- ellaneous	Totals
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 481,720	\$ 481,720
Land sales and improvements	79,691	6,452	-	86,143
Investment income	1,309	1,933	-	3,242
<b>Total Revenues</b>	<b>81,000</b>	<b>8,385</b>	<b>481,720</b>	<b>571,105</b>
<b>Expenditures</b>				
Capital outlay:				
Miscellaneous capital projects	500	17,600	-	18,100
Compliance testing and other	-	884	-	884
General government - professional services	-	-	403,739	403,739
<b>Total Expenditures</b>	<b>500</b>	<b>18,484</b>	<b>403,739</b>	<b>422,723</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>80,500</b>	<b>(10,099)</b>	<b>77,981</b>	<b>148,382</b>
<b>Other Financing Sources</b>				
Transfers in	-	-	426,950	426,950
<b>Net Change in Fund Balances</b>	<b>80,500</b>	<b>(10,099)</b>	<b>504,931</b>	<b>575,332</b>
<b>Fund Balances (Deficits), beginning</b>	<b>(3,864)</b>	<b>355,462</b>	<b>375,296</b>	<b>726,894</b>
<b>Fund Balances, ending</b>	<b>\$ 76,636</b>	<b>\$ 345,363</b>	<b>\$ 880,227</b>	<b>\$1,302,226</b>



## Enterprise Funds

---

### ***Electric Utility***

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

### ***Water Utility***

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

### ***Sewer Utility***

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

### ***Sanitation Utility***

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

### ***Port***

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

## City and Borough of Wrangell, Alaska

## Electric Utility Enterprise Fund

## Statement of Net Position

<i>June 30,</i>	2019	2018
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 4,089,796	\$ 3,483,047
Receivables:		
Accounts	284,073	303,907
Less allowance for doubtful accounts	(16,381)	(1,256)
Net receivables	267,692	302,651
Inventories	170,344	172,477
<b>Total Current Assets</b>	<b>4,527,832</b>	<b>3,958,175</b>
<b>Property, Plant and Equipment</b>		
Land	10,900	10,900
Buildings	516,839	478,535
Improvements other than buildings	2,297,735	2,280,655
Equipment	4,255,068	4,169,370
Construction in progress	42,660	-
Total property, plant and equipment	7,123,202	6,939,460
Less accumulated depreciation	(5,749,031)	(5,466,808)
<b>Net Property, Plant and Equipment</b>	<b>1,374,171</b>	<b>1,472,652</b>
<b>Total Assets</b>	<b>5,902,003</b>	<b>5,430,827</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	150,679	122,677
Related to other postemployment benefits	60,994	19,766
<b>Total Deferred Outflows of Resources</b>	<b>211,673</b>	<b>142,443</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,113,676</b>	<b>\$ 5,573,270</b>

## City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund  
Statement of Net Position, continued

<i>June 30,</i>	2019	2018
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 575,681	\$ 209,913
Accrued leave	56,456	12,063
Customer utility deposits	70,918	96,685
<b>Total Current Liabilities</b>	<b>703,055</b>	<b>318,661</b>
<b>Long-term Liabilities</b>		
Net pension liability	916,429	880,789
Net other postemployment benefits liability	147,864	109,904
<b>Total Long-term Liabilities</b>	<b>1,064,293</b>	<b>990,693</b>
<b>Total Liabilities</b>	<b>1,767,348</b>	<b>1,309,354</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	18,051	86,539
Related to other postemployment benefits	53,975	54,122
<b>Total Deferred Inflows of Resources</b>	<b>72,026</b>	<b>140,661</b>
<b>Net Position</b>		
Net investment in capital assets	1,374,171	1,472,652
Unrestricted	2,900,131	2,650,603
<b>Total Net Position</b>	<b>4,274,302</b>	<b>4,123,255</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 6,113,676</b>	<b>\$ 5,573,270</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>	2019	2018
<b>Operating Revenues</b>		
Residential	\$ 1,606,454	\$ 1,718,220
Commercial	2,164,808	2,353,733
Fuel surcharge	42,187	91,688
Labor charges	325	533
Other	13,776	18,460
<b>Total Operating Revenues</b>	<b>3,827,550</b>	<b>4,182,634</b>
<b>Operating Expenses</b>		
Generation	2,877,878	3,125,226
Distribution	572,291	454,932
General and administrative	239,259	165,182
Depreciation	282,223	276,361
<b>Total Operating Expenses</b>	<b>3,971,651</b>	<b>4,021,701</b>
<b>Income (Loss) from Operations</b>	<b>(144,101)</b>	<b>160,933</b>
<b>Nonoperating Revenues (Expenses)</b>		
Equipment and pole rental	85,829	(1,359)
Late fees	14,103	22,398
Investment income	-	3,597
Material sales	1,359	11,066
Interest expense	(24,885)	(1,946)
State PERS relief	46,728	65,934
SEAPA dividend	172,014	609,547
<b>Net Nonoperating Revenues (Expenses)</b>	<b>295,148</b>	<b>709,237</b>
<b>Change in Net Position</b>	<b>151,047</b>	<b>870,170</b>
<b>Net Position, beginning</b>	<b>4,123,255</b>	<b>3,253,085</b>
<b>Net Position, ending</b>	<b>\$ 4,274,302</b>	<b>\$ 4,123,255</b>

## City and Borough of Wrangell, Alaska

## Electric Utility Enterprise Fund

## Statement of Cash Flows

<i>Years Ended June 30,</i>	2019	2018
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 4,070,037	\$ 4,804,028
Payments for interfund services used	(185,300)	(169,625)
Payments to suppliers	(2,454,198)	(3,009,668)
Payments to employees	(640,048)	(656,485)
<b>Net cash flows from operating activities</b>	<b>790,491</b>	<b>968,250</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(183,742)	(36,468)
<b>Cash Flows from Investing Activities</b>		
Investment income received	-	3,597
<b>Net Increase in Cash and Investments</b>	<b>606,749</b>	<b>935,379</b>
<b>Cash and Investments, beginning</b>	<b>3,483,047</b>	<b>2,547,668</b>
<b>Cash and Investments, ending</b>	<b>\$ 4,089,796</b>	<b>\$ 3,483,047</b>
<b>Reconciliation of Income (Loss) from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Income (loss) from operations	\$ (144,101)	\$ 160,933
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:		
Depreciation	282,223	276,361
Noncash expense - PERS relief	46,728	65,934
Increase (decrease) in allowance for doubtful accounts	15,125	(18,744)
Miscellaneous nonoperating revenues	248,420	639,706
(Increase) decrease in assets:		
Accounts receivable	19,834	(9,386)
Inventories	2,133	(25,913)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	(28,002)	81,967
Related to other postemployment benefits	(41,228)	28,993
Increase (decrease) in liabilities:		
Accounts payable	365,768	(14,670)
Accrued leave	44,393	(27,878)
Customer utility deposits	(25,767)	9,818
Net pension liability	35,640	(245,309)
Net other postemployment benefits liability	37,960	(79,348)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	(68,488)	71,664
Related to other postemployment benefits	(147)	54,122
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 790,491</b>	<b>\$ 968,250</b>

## City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund  
Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2019	2018
<b>Generation</b>		
Salaries	\$ 170,529	\$ 163,066
Overtime salaries	7,425	591
Employee benefits	5,005	94,566
Telephone	5,921	6,078
Utilities	2,280	2,280
Travel and training	5,254	1,420
Materials and supplies	4,354	6,719
Gas and oil	630,628	222,460
Diesel fuel	16,381	17,349
Tyee hydro power purchases	1,927,734	2,582,294
Repairs and maintenance	35,142	9,590
Allocated vehicle charges - garage	19,162	13,751
O.S.H.A. requirements	48,063	5,062
<b>Total Generation</b>	<b>2,877,878</b>	<b>3,125,226</b>
<b>Distribution</b>		
Salaries	293,758	272,670
Overtime salaries	20,021	15,811
Employee benefits	170,166	59,926
Allocated salaries - public works	441	2,676
Utilities	1,017	1,017
Travel and training	9,722	9,791
Materials and supplies	29,548	54,530
Meters	4,763	15,057
Repairs and maintenance	19,594	(9,319)
Transformers	285	-
Allocated vehicle charges - garage	22,976	32,773
<b>Total Distribution</b>	<b>572,291</b>	<b>454,932</b>
<b>General and Administrative</b>		
Allocated overhead - finance	82,556	70,000
Allocated salaries - public works	60,165	50,425
Professional services	13,940	13,400
Travel and training	-	936
Insurance	25,717	16,555
Credit card expense	41,756	13,866
Bad debt expense	15,125	-
<b>Total General and Administrative</b>	<b>239,259</b>	<b>165,182</b>
<b>Depreciation</b>	<b>282,223</b>	<b>276,361</b>
<b>Total Operating Expenses</b>	<b>\$ 3,971,651</b>	<b>\$ 4,021,701</b>

## City and Borough of Wrangell, Alaska

## Water Utility Enterprise Fund

## Statement of Net Position

<i>June 30,</i>	2019	2018
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 784,140	\$ 274,055
Receivables:		
Accounts	40,716	39,829
Accrued interest	5	31
Total receivables	40,721	39,860
<b>Total Current Assets</b>	<b>824,861</b>	<b>313,915</b>
<b>Restricted Cash and Investments</b>		
Bond redemption reserve	-	25,286
ADEC loan	-	642,929
<b>Total Restricted Cash and Investments</b>	<b>-</b>	<b>668,215</b>
<b>Property, Plant and Equipment</b>		
Buildings	5,128,436	5,128,436
Improvements other than buildings	11,862,986	11,862,986
Equipment	145,024	137,233
Construction in progress	55,401	24,225
Total property, plant and equipment	17,191,847	17,152,880
Less accumulated depreciation	(12,362,971)	(11,727,868)
<b>Net Property, Plant and Equipment</b>	<b>4,828,876</b>	<b>5,425,012</b>
<b>Total Assets</b>	<b>5,653,737</b>	<b>6,407,142</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	24,049	19,053
Related to other postemployment benefits	11,047	3,691
<b>Total Deferred Outflows of Resources</b>	<b>35,096</b>	<b>22,744</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 5,688,833</b>	<b>\$ 6,429,886</b>

## City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund  
Statement of Net Position, continued

<i>June 30,</i>	2019	2018
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 4,384	\$ 1,731
Accrued leave	19,831	17,295
Customer utility deposits	8,295	10,820
Accrued interest payable	2,507	2,507
Current portion:		
Revenue bonds	-	5,684
ADEC loan	2,513	86,056
<b>Total Current Liabilities</b>	<b>37,530</b>	<b>124,093</b>
<b>Long-term Liabilities</b>		
Revenue bonds, net of current portion	-	171,846
ADEC loan, net of current portion	52,253	176,004
Net pension liability	149,620	143,261
Net other postemployment benefits liability	27,296	20,523
<b>Total Long-term Liabilities</b>	<b>229,169</b>	<b>511,634</b>
<b>Total Liabilities</b>	<b>266,699</b>	<b>635,727</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	3,660	15,879
Related to other postemployment benefits	10,081	10,107
<b>Total Deferred Inflows of Resources</b>	<b>13,741</b>	<b>25,986</b>
<b>Net Position</b>		
Net investment in capital assets	4,774,110	4,985,422
Unrestricted	634,283	782,751
<b>Total Net Position</b>	<b>5,408,393</b>	<b>5,768,173</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 5,688,833</b>	<b>\$ 6,429,886</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>	2019	2018
<b>Operating Revenues</b>		
Water sales	\$ 696,617	\$ 705,825
<b>Operating Expenses</b>		
Salaries	117,319	104,656
Overtime salaries	19,084	14,898
Employee benefits	52,496	37,176
Allocated salaries - public works	73,888	96,039
Allocated overhead - finance	26,944	23,000
Telephone	1,628	1,154
Travel and training	2,396	1,801
Materials and supplies	26,970	32,153
Chlorination - electricity	147,354	208,023
Repairs and maintenance	131,364	114,669
Professional services	3,750	3,650
Insurance	3,262	7,423
Credit card expense	7,333	1,981
Depreciation	635,103	651,933
<b>Total Operating Expenses</b>	<b>1,248,891</b>	<b>1,298,556</b>
<b>Loss from Operations</b>	<b>(552,274)</b>	<b>(592,731)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Fire hydrant rental	-	39,750
Investment income	211	1,851
Material sales	721	350
Interest expense	(14,627)	(14,057)
Noncapital grant revenue	31,176	39,428
ADEC loan subsidy	171,723	-
State PERS relief	3,290	3,752
<b>Net Nonoperating Revenues</b>	<b>192,494</b>	<b>71,074</b>
<b>Change in Net Position</b>	<b>(359,780)</b>	<b>(521,657)</b>
<b>Net Position, beginning</b>	<b>5,768,173</b>	<b>6,289,830</b>
<b>Net Position, ending</b>	<b>\$ 5,408,393</b>	<b>\$ 5,768,173</b>

## City and Borough of Wrangell, Alaska

## Water Utility Enterprise Fund

## Statement of Cash Flows

<i>Years Ended June 30,</i>	2019	2018
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 725,102	\$ 786,494
Payments for interfund services used	(100,832)	(119,039)
Payments to suppliers	(321,404)	(396,664)
Payments to employees	(194,538)	(165,826)
Net cash flows from operating activities	108,328	104,965
<b>Cash Flows for Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(38,967)	(18,492)
Principal payments on revenue bonds	(5,807)	(5,416)
Principal payments on loan	(207,294)	(84,784)
Interest payments on bonds and loan	(14,627)	(14,057)
Net cash flows for capital and related financing activities	(266,695)	(122,749)
<b>Cash Flows from Investing Activities</b>		
Investment income received	237	1,851
<b>Net Decrease in Cash and Investments</b>	(158,130)	(15,933)
<b>Cash and Investments, beginning</b>	942,270	958,203
<b>Cash and Investments, ending</b>	\$ 784,140	\$ 942,270
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>		
Cash and investments	\$ 784,140	\$ 274,055
Restricted cash and investments	-	668,215
<b>Total Cash and Investments</b>	\$ 784,140	\$ 942,270

## City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund  
Statement of Cash Flows, continued

<i>Years Ended June 30,</i>	2019	2018
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (552,274)	\$ (592,731)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	635,103	651,933
Noncash expense - PERS relief	3,290	3,752
Miscellaneous nonoperating revenues	31,897	79,528
(Increase) decrease in assets:		
Accounts receivable	(887)	(274)
Noncapital grants receivable	-	540
(Increase) decrease in deferred outflows of resources:		
Related to pensions	(4,996)	15,306
Related to other postemployment benefits	(7,356)	5,414
Increase (decrease) in liabilities:		
Accounts payable	2,653	(25,810)
Accrued leave	2,536	3,567
Customer utility deposits	(2,525)	875
Net pension liability	6,359	(45,807)
Net other postemployment benefits liability	6,773	(14,817)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	(12,219)	13,382
Related to other postemployment benefits	(26)	10,107
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 108,328</b>	<b>\$ 104,965</b>
<b>Supplemental disclosure of cash flow information -</b>		
Principal forgiveness on long-term debt	\$ 171,723	\$ -

## City and Borough of Wrangell, Alaska

## Sewer Utility Enterprise Fund

## Statement of Net Position

<i>June 30,</i>	2019	2018
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 806,340	\$ 623,012
Receivables:		
Accounts	35,041	37,888
Accrued interest	6	6
Total receivables	35,047	37,894
<b>Total Current Assets</b>	<b>841,387</b>	<b>660,906</b>
<b>Restricted Cash and Investments</b>		
Bond redemption reserve	74,874	74,665
<b>Property, Plant and Equipment</b>		
Buildings	2,233,579	2,233,579
Improvements other than buildings	10,122,946	10,122,946
Equipment	195,001	195,001
Total property, plant and equipment	12,551,526	12,551,526
Less accumulated depreciation	(9,611,208)	(9,336,851)
<b>Net Property, Plant and Equipment</b>	<b>2,940,318</b>	<b>3,214,675</b>
<b>Total Assets</b>	<b>3,856,579</b>	<b>3,950,246</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	34,158	25,692
Related to other postemployment benefits	18,932	6,466
<b>Total Deferred Outflows of Resources</b>	<b>53,090</b>	<b>32,158</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 3,909,669</b>	<b>\$ 3,982,404</b>

## City and Borough of Wrangell, Alaska

## Sewer Utility Enterprise Fund

## Statement of Net Position, continued

<i>June 30,</i>	2019	2018
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 51,111	\$ 96,519
Accrued leave	21,591	15,231
Accrued interest payable	1,687	1,687
Current portion - USDA Rural Development loan	1,621	1,591
<b>Total Current Liabilities</b>	<b>76,010</b>	<b>115,028</b>
<b>Long-term Liabilities</b>		
USDA Rural Development loan, net of current portion	85,448	87,069
Net pension liability	219,453	208,677
Net other postemployment benefits liability	47,431	35,953
<b>Total Long-term Liabilities</b>	<b>352,332</b>	<b>331,699</b>
<b>Total Liabilities</b>	<b>428,342</b>	<b>446,727</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	6,552	27,260
Related to other postemployment benefits	17,660	17,705
<b>Total Deferred Inflows of Resources</b>	<b>24,212</b>	<b>44,965</b>
<b>Net Position</b>		
Net investment in capital assets	2,853,249	3,126,015
Unrestricted	603,866	364,697
<b>Total Net Position</b>	<b>3,457,115</b>	<b>3,490,712</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 3,909,669</b>	<b>\$ 3,982,404</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>	2019	2018
<b>Operating Revenues</b>		
Sewer charges	\$ 595,976	\$ 593,042
Labor charges	1,500	1,100
<b>Total Operating Revenues</b>	<b>597,476</b>	<b>594,142</b>
<b>Operating Expenses</b>		
Collection and treatment	317,557	303,678
General and administrative	39,920	31,648
Depreciation	274,357	353,067
<b>Total Operating Expenses</b>	<b>631,834</b>	<b>688,393</b>
<b>Loss from Operations</b>	<b>(34,358)</b>	<b>(94,251)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Material sales	42	60
Investment income	209	916
State PERS relief	2,165	6,573
Other revenue	-	561
Interest expense	(1,655)	(11,702)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>761</b>	<b>(3,592)</b>
<b>Change in Net Position</b>	<b>(33,597)</b>	<b>(97,843)</b>
<b>Net Position, beginning</b>	<b>3,490,712</b>	<b>3,588,555</b>
<b>Net Position, ending</b>	<b>\$ 3,457,115</b>	<b>\$ 3,490,712</b>

*This page intentionally left blank.*

## City and Borough of Wrangell, Alaska

## Sewer Utility Enterprise Fund

## Statement of Cash Flows

<i>Years Ended June 30,</i>	2019	2018
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 600,365	\$ 596,105
Payments for interfund services used	(47,924)	(56,133)
Payments to suppliers	(183,767)	(77,357)
Payments to employees	(182,100)	(182,324)
Net cash flows from operating activities	186,574	280,291
<b>Cash Flows for Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	-	(40,194)
Principal payments on USDA Rural Development loan	(1,591)	(1,570)
Principal payments on revenue bonds	-	(182,960)
Interest payments on long-term debt	(1,655)	(11,702)
Net cash flows for capital and related financing activities	(3,246)	(236,426)
<b>Cash Flows from Investing Activities</b>		
Investment income received	209	1,166
Net Increase in Cash and Investments	183,537	45,031
Cash and Investments, beginning	697,677	652,646
Cash and Investments, ending	\$ 881,214	\$ 697,677
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>		
Cash and investments	\$ 806,340	\$ 623,012
Restricted cash and investments	74,874	74,665
Total Cash and Investments	\$ 881,214	\$ 697,677



## City and Borough of Wrangell, Alaska

## Sewer Utility Enterprise Fund

## Statement of Cash Flows, continued

<i>Years Ended June 30,</i>	2019	2018
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (34,358)	\$ (94,251)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	274,357	353,067
Noncash expense - PERS relief	2,165	6,573
Miscellaneous nonoperating revenues	42	621
Decrease in assets - accounts receivable	2,847	1,342
(Increase) decrease in deferred outflows of resources:		
Related to pensions	(8,466)	26,814
Related to other postemployment benefits	(12,466)	9,485
Increase (decrease) in liabilities:		
Accounts payable	(45,408)	44,997
Accrued leave	6,360	(3,301)
Net pension liability	10,776	(80,248)
Net other postemployment benefits liability	11,478	(25,957)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	(20,708)	23,444
Related to other postemployment benefits	(45)	17,705
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 186,574</b>	<b>\$ 280,291</b>

## City and Borough of Wrangell, Alaska

## Sewer Utility Enterprise Fund

## Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2019	2018
<b>Collection and Treatment</b>		
Salaries	\$ 119,863	\$ 110,094
Overtime salaries	9,850	8,014
Employee benefits	41,481	38,731
Allocated salaries - public works	19,187	24,295
Telephone	6,378	5,009
Utilities	53,868	57,578
Travel and training	2,538	1,022
Materials and supplies	8,384	14,781
Fuel oil	200	-
Facilities repairs and maintenance	7,680	12,706
Systems repairs and maintenance	23,798	13,271
Allocated vehicle charges - garage	4,659	10,838
Compliance testing	19,671	7,339
<b>Total Collection and Treatment</b>	<b>317,557</b>	<b>303,678</b>
<b>General and Administrative</b>		
Allocated overhead - finance	24,078	21,000
Professional services	5,800	5,800
Insurance	3,491	2,867
Repairs and maintenance	237	-
Credit card expense	6,314	1,981
<b>Total General and Administrative</b>	<b>39,920</b>	<b>31,648</b>
<b>Depreciation</b>	<b>274,357</b>	<b>353,067</b>
<b>Total Operating Expenses</b>	<b>\$ 631,834</b>	<b>\$ 688,393</b>

## City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund  
Statement of Net Position

<i>June 30,</i>	2019	2018
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 209,485	\$ 96,886
Accounts receivable	40,590	33,008
<b>Total Current Assets</b>	250,075	129,894
<b>Property, Plant and Equipment</b>		
Buildings	982,637	982,637
Equipment	552,402	552,402
Total property, plant and equipment	1,535,039	1,535,039
Less accumulated depreciation	(1,004,319)	(928,186)
<b>Net Property, Plant and Equipment</b>	530,720	606,853
<b>Total Assets</b>	780,795	736,747
<b>Deferred Outflows of Resources</b>		
Related to pensions	23,923	17,860
Related to other postemployment benefits	13,643	4,716
<b>Total Deferred Outflows of Resources</b>	37,566	22,576
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 818,361	\$ 759,323
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 20,285	\$ 22,675
Accrued leave	7,285	6,284
<b>Total Current Liabilities</b>	27,570	28,959
<b>Long-term Liabilities</b>		
Net pension liability	155,093	147,376
Net other postemployment benefits liability	34,445	26,226
<b>Total Long-term Liabilities</b>	189,538	173,602
<b>Total Liabilities</b>	217,108	202,561
<b>Deferred Inflows of Resources</b>		
Related to pensions	4,992	19,821
Related to other postemployment benefits	12,883	12,915
<b>Total Deferred Inflows of Resources</b>	17,875	32,736
<b>Net Position</b>		
Net investment in capital assets	530,720	606,853
Unrestricted (deficit)	52,658	(82,827)
<b>Total Net Position</b>	583,378	524,026
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	\$ 818,361	\$ 759,323

**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>	2019	2018
<b>Operating Revenues</b>		
User fees	\$ 634,601	\$ 589,310
<b>Operating Expenses</b>		
Collection	105,975	116,011
Landfill	374,504	357,310
General and administrative	17,798	11,741
Depreciation	76,132	76,132
<b>Total Operating Expenses</b>	<b>574,409</b>	<b>561,194</b>
<b>Income from Operations</b>	<b>60,192</b>	<b>28,116</b>
<b>Nonoperating Revenues</b>		
State PERS relief	(840)	4,795
Loss on disposal of assets	-	(2,972)
Investment income	-	139
<b>Net Nonoperating Revenues</b>	<b>(840)</b>	<b>1,962</b>
<b>Change in Net Position</b>	<b>59,352</b>	<b>30,078</b>
<b>Net Position, beginning</b>	<b>524,026</b>	<b>493,948</b>
<b>Net Position, ending</b>	<b>\$ 583,378</b>	<b>\$ 524,026</b>

**City and Borough of Wrangell, Alaska**  
**Sanitation Utility Enterprise Fund**  
**Statement of Cash Flows**

<i>Years Ended June 30,</i>	2019	2018
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 627,019	\$ 592,290
Payments for interfund services used	(51,517)	(83,747)
Payments to suppliers	(282,280)	(262,616)
Payments to employees	(180,623)	(169,733)
Net cash flows from operating activities	112,599	76,194
<b>Cash Flows for Capital and Related Financing Activities</b>		
Purchase of property plant and equipment	-	(184,680)
<b>Cash Flows from Investing Activities</b>		
Investment income received	-	139
<b>Net Increase (Decrease) in Cash and Investments</b>	112,599	(108,347)
<b>Cash and Investments, beginning</b>	96,886	205,233
<b>Cash and Investments, ending</b>	\$ 209,485	\$ 96,886
<b>Reconciliation of Income from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Income from operations	\$ 60,192	\$ 28,116
Adjustments to reconcile income from operations to net cash flows from operating activities:		
Depreciation	76,132	76,132
Noncash expense - PERS relief	(840)	4,795
(Increase) decrease in assets - accounts receivable	(7,582)	2,980
(Increase) decrease in deferred outflows of resources:		
Related to pensions	(6,062)	19,560
Related to other postemployment benefits	(8,927)	6,919
Increase (decrease) in liabilities:		
Accounts payable	(2,390)	(16,119)
Accrued leave	1,001	1,270
Net pension liability	7,717	(58,538)
Net other postemployment benefits liability	8,219	(18,935)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	(14,829)	17,101
Related to other postemployment benefits	(32)	12,913
<b>Net Cash Flows from Operating Activities</b>	\$ 112,599	\$ 76,194

## City and Borough of Wrangell, Alaska

## Sanitation Utility Enterprise Fund

## Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2019	2018
<b>Collection</b>		
Salaries	\$ 49,298	\$ 43,847
Overtime salaries	972	1,290
Employee benefits	19,534	13,857
Allocated salaries - public works	2,964	3,067
Materials and supplies	4,986	17,051
Allocated vehicle charges - garage	28,221	36,899
<b>Total Collection</b>	<b>105,975</b>	<b>116,011</b>
<b>Landfill</b>		
Salaries	51,474	50,994
Overtime salaries	3,721	2,019
Employee benefits	41,871	42,811
Allocated salaries - public works	7,912	18,237
Telephone	1,355	1,261
Utilities	8,665	8,437
Travel and training	865	-
Monitoring and testing	527	1,018
Disposal costs	226,520	204,405
Hazardous waste	11,746	381
Materials and supplies	3,025	5,431
Repairs and maintenance	11,209	2,672
Professional services	1,300	1,300
Allocated vehicle charges - garage	4,165	18,344
Equipment rental	149	-
<b>Total Landfill</b>	<b>374,504</b>	<b>357,310</b>
<b>General and Administrative</b>		
Allocated overhead - finance	8,255	7,200
Insurance	3,414	2,560
Credit card expense	6,129	1,981
<b>Total General and Administrative</b>	<b>17,798</b>	<b>11,741</b>
<b>Depreciation</b>	<b>76,132</b>	<b>76,132</b>
<b>Total Operating Expenses</b>	<b>\$ 574,409</b>	<b>\$ 561,194</b>

## City and Borough of Wrangell, Alaska

Port Enterprise Fund  
Statement of Net Position

<i>June 30,</i>	2019	2018
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 1,727,417	\$ 4,588,186
Receivables:		
Accounts	158,087	156,729
Grants	401,238	-
Accrued interest	100	162
Less allowance for doubtful accounts	(23,000)	(23,000)
Net receivables	536,425	133,891
<b>Total Current Assets</b>	<b>2,263,842</b>	<b>4,722,077</b>
<b>Restricted Cash and Investments - harbor improvements</b>	<b>1,419,714</b>	<b>1,841,946</b>
<b>Property, Plant and Equipment</b>		
Land	948,333	948,333
Harbor floats, docks and improvements	34,166,661	34,166,661
Travel lift	18,391,507	18,391,507
Gridiron	154,636	154,636
Buildings	222,466	222,466
Equipment	306,510	306,510
Paving	2,530,923	2,530,923
Construction in progress	8,635,746	845,190
Total property, plant and equipment	65,356,782	57,566,226
Less accumulated depreciation	(25,935,264)	(23,963,328)
<b>Net Property, Plant and Equipment</b>	<b>39,421,518</b>	<b>33,602,898</b>
<b>Total Assets</b>	<b>43,105,074</b>	<b>40,166,921</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	89,159	66,257
Related to other postemployment benefits	48,489	14,770
<b>Total Deferred Outflows of Resources</b>	<b>137,648</b>	<b>81,027</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 43,242,722</b>	<b>\$ 40,247,948</b>

## City and Borough of Wrangell, Alaska

## Port Enterprise Fund

## Statement of Net Position, continued

<i>June 30,</i>	2019	2018
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 476,464	\$ 18,389
Accrued leave	16,288	22,803
Unearned revenue	1,372,599	1,426,494
Interfund loans	15,593	16,848
<b>Total Current Liabilities</b>	<b>1,880,944</b>	<b>1,484,534</b>
<b>Long-term Liabilities</b>		
Interfund loans, net of current portion	70,960	85,298
Net pension liability	547,473	518,324
Net other postemployment benefits liability	113,172	82,125
<b>Total Long-term Liabilities</b>	<b>731,605</b>	<b>685,747</b>
<b>Total Liabilities</b>	<b>2,612,549</b>	<b>2,170,281</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	6,805	62,819
Related to other postemployment benefits	40,323	40,443
<b>Total Deferred Inflows of Resources</b>	<b>47,128</b>	<b>103,262</b>
<b>Net Position</b>		
Net investment in capital assets	39,421,518	33,602,898
Restricted	47,115	-
Unrestricted	1,114,412	4,371,507
<b>Total Net Position</b>	<b>40,583,045</b>	<b>37,974,405</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 43,242,722</b>	<b>\$ 40,247,948</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>	2019	2018
<b>Operating Revenues</b>		
Municipal dock:		
Storage fees	\$ 81,644	\$ 101,297
Wharfage fees	36,409	31,438
Dockage fees	76,646	67,311
Port development fees	45,495	33,694
Transient fees	-	247
<b>Total municipal dock</b>	<b>240,194</b>	<b>233,987</b>
Small boat harbor:		
Stall rentals and transient fees	739,229	706,001
Penalties and late fees	18,162	17,720
Materials sales	2,531	6,375
Other revenues	19,690	19,342
<b>Total small boat harbor</b>	<b>779,612</b>	<b>749,438</b>
Travel lift:		
Lift fees	178,457	185,402
Storage fees	194,432	225,458
Electric revenues	15,130	15,514
<b>Total travel lift</b>	<b>388,019</b>	<b>426,374</b>
<b>Total Operating Revenues</b>	<b>1,407,825</b>	<b>1,409,799</b>
<b>Operating Expenses</b>		
Municipal dock	89,447	91,944
Small boat harbor	345,505	362,071
Travel lift	353,999	384,485
General and administrative	200,619	112,472
Depreciation	1,971,936	1,898,130
<b>Total Operating Expenses</b>	<b>2,961,506</b>	<b>2,849,102</b>
<b>Loss from Operations</b>	<b>(1,553,681)</b>	<b>(1,439,303)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	3,943	8,595
State PERS relief	(7,004)	15,014
State raw fish tax	307,405	314,455
State fisheries business tax	10,376	-
Loss on disposal of assets	-	(186,779)
<b>Net Nonoperating Revenues</b>	<b>314,720</b>	<b>151,285</b>
Loss before capital contributions	(1,238,961)	(1,288,018)
Capital contributions	3,847,601	180,934
<b>Change in Net Position</b>	<b>2,608,640</b>	<b>(1,107,084)</b>
<b>Net Position, beginning</b>	<b>37,974,405</b>	<b>39,081,489</b>
<b>Net Position, ending</b>	<b>\$ 40,583,045</b>	<b>\$ 37,974,405</b>

## City and Borough of Wrangell, Alaska

Port Enterprise Fund  
Statement of Cash Flows

<i>Years Ended June 30,</i>	2019	2018
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 1,352,572	\$ 1,359,529
Payments for interfund services used	(63,234)	(83,117)
Payments to suppliers	77,588	(392,776)
Payments to employees	(611,927)	(615,445)
<b>Net cash flows from operating activities</b>	<b>754,999</b>	<b>268,191</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
State fish taxes received	317,781	314,455
<b>Cash Flows for (from) Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(7,790,556)	(409,307)
Principal payments on loan payable to other fund	(15,593)	(40,357)
Capital contributions received	3,446,363	279,053
<b>Net cash flows for capital and related financing activities</b>	<b>(4,359,786)</b>	<b>(170,611)</b>
<b>Cash Flows from Investing Activities</b>		
Investment income received	4,005	8,595
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>(3,283,001)</b>	<b>420,630</b>
<b>Cash and Investments, beginning</b>	<b>6,430,132</b>	<b>6,009,502</b>
<b>Cash and Investments, ending</b>	<b>\$ 3,147,131</b>	<b>\$ 6,430,132</b>
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>		
Cash and investments	\$ 1,727,417	\$ 4,588,186
Restricted cash and investments	1,419,714	1,841,946
<b>Total Cash and Investments</b>	<b>\$ 3,147,131</b>	<b>\$ 6,430,132</b>
<b>Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities</b>		
Loss from operations	\$ (1,553,681)	\$ (1,439,303)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	1,971,936	1,898,130
Noncash expense - PERS relief	(7,004)	15,014
Increase in assets - accounts receivable	(1,358)	(16,574)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	(22,902)	61,249
Related to other postemployment benefits	(33,719)	21,665
Increase (decrease) in liabilities:		
Accounts payable	458,075	(91,096)
Accrued leave	(6,515)	1,405
Unearned revenue	(53,895)	(33,696)
Net pension liability	29,149	(183,305)
Net other postemployment benefits liability	31,047	(59,292)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	(56,014)	53,551
Related to other postemployment benefits	(120)	40,443
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 754,999</b>	<b>\$ 268,191</b>

## City and Borough of Wrangell, Alaska

Port Enterprise Fund  
Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2019	2018
<b>Municipal Dock</b>		
Salaries	\$ 44,600	\$ 45,710
Employee benefits	20,594	27,235
Materials and supplies	2,270	3,730
Insurance	-	14,538
Utilities	5,858	7,161
Capital expenditures	11,184	(17,707)
Allocated vehicle charges - garage	23	1,188
Repairs and maintenance	4,918	10,089
<b>Total Municipal Dock</b>	<b>89,447</b>	<b>91,944</b>
<b>Small Boat Harbor</b>		
Salaries	143,259	143,354
Employee benefits	45,092	57,942
Allocated salaries - public works	-	4,125
Materials and supplies	17,787	12,359
Insurance	-	3,174
Utilities	68,202	102,079
Repairs and maintenance	68,739	28,842
Allocated vehicle charges - garage	1,452	10,196
Miscellaneous expense	974	-
<b>Total Small Boat Harbor</b>	<b>345,505</b>	<b>362,071</b>
<b>Travel Lift</b>		
Salaries	190,650	187,419
Overtime salaries	16,211	16,305
Employee benefits	85,443	88,210
Materials and supplies	4,869	8,366
Insurance	-	27,643
Utilities	17,932	24,447
Allocated vehicle charges - garage	9,055	12,584
Repairs and maintenance	29,839	19,511
<b>Total Travel Lift</b>	<b>353,999</b>	<b>384,485</b>
<b>General and Administrative</b>		
Salaries	6,003	-
Allocated overhead - finance	28,664	24,000
Travel and training	6,359	6,020
Professional services	9,285	9,508
Telephone	6,883	6,655
Materials and supplies	34,672	4,851
Allocated vehicle charges - garage	24,040	31,024
Insurance	53,888	2,252
Repairs and maintenance	9	1,033
Credit card expense	15,792	17,210
Publications	15,024	9,919
<b>Total General and Administrative</b>	<b>200,619</b>	<b>112,472</b>
<b>Depreciation</b>	<b>1,971,936</b>	<b>1,898,130</b>
<b>Total Operating Expenses</b>	<b>\$ 2,961,506</b>	<b>\$ 2,849,102</b>

## City and Borough of Wrangell, Alaska

Schedule of Expenditures of Federal Awards  
for the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Provided to Subre- cipients	Total Federal Expenditures
<b>Department of the Transportation</b>				
Passed through State of Alaska Department of Transportation and Public Facilities -				
Highway Planning and Construction Cluster -				
WRG Evergreen Road Improvements and Pedestrian Access	20.205	68029	\$ -	\$ 6,611,342
<b>Department of Agriculture</b>				
Passed through State of Alaska Department of Commerce, Community, and Economic Development -				
Forest Service Schools and Roads Cluster -				
School and Roads - Grants to States -				
National Forest Receipts	10.665	N/A	-	898,414
<b>Department of the Interior</b>				
Payments in Lieu of Taxes	15.226		-	469,959
<b>Institute of Museum and Library Services</b>				
Passed through Wrangell Cooperative Association -				
Native American and Native Hawaiian				
Library Services - IMLS Library Grant	45.311	NG-01-13-0078-13	-	9,655
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 7,989,370

See accompanying notes to the Schedule of Expenditures of Federal Awards.

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

## **Notes to Schedule of Expenditures of Federal Awards** *For the Year Ended June 30, 2019*

---

### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City and Borough of Wrangell, Alaska under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City and Borough of Wrangell, Alaska, it is not intended to and does not present the financial position, changes in net position, or cash flows of City and Borough of Wrangell, Alaska.

### **2. Summary of Significant Accounting Principles**

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

### **3. Indirect Cost Rate**

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

### **4. National Forest Receipts**

In accordance with the provisions of GASB Statement Number 33, National Forest Receipts are recorded directly to revenue and any unspent amounts are reported as restricted fund balance. The unspent balance reported in the Secure Rural Schools Special Revenue Fund includes interest earnings as well as unspent grant proceeds. At June 30, 2019, there were no unspent interest earnings and unspent grant funds were \$3,358,864.

## City and Borough of Wrangell, Alaska

Schedule of State Financial Assistance  
for the Year Ended June 30, 2019

State Agency/Program Title	Award Number	Total Award	Passed Through to Subre- cipients	State Expenditures
<b>Department of Commerce, Community and Economic Development</b>				
*Community Assistance Program	FY 19	\$ 420,903	\$ -	\$ 420,903
*Hospital Replacement Project	13-DC-494	1,800,000	-	462,375
Connection to Upper Reservoir	15-DC-162	615,000	-	31,176
Shared Fisheries Tax	FY 19	10,376	-	10,376
<b>Total Department of Commerce, Community and Economic Development</b>			-	924,830
<b>Department of Revenue</b>				
Community Passenger Vessel Excise Taxes	FY 19	48,970	-	48,970
Liquor License	FY 19	10,700	-	10,700
*Fisheries Resource Landing Taxes	FY 19	307,405	-	307,405
<b>Total Department of Revenue</b>			-	367,075
<b>Department of Transportation and Public Facilities</b>				
*Shoemaker Bay Harbor Replacement	18-HG-001	4,313,284	-	3,847,601
<b>Department of Education and Early Development</b>				
Public Library Assistance		7,000	-	7,000
*School Debt Reimbursement	FY 19	168,025	-	168,025
<b>Total Department of Education and Early Development</b>			-	175,025
<b>Department of Environmental Conservation</b>				
*ADEC Loan Subsidy - Water Plant Ozone Generator Replacement	917061	171,723	-	171,723
<b>Department of Military and Veterans Affairs</b>				
Local Emergency Preparedness Committee	FY 19	10,898	-	10,898
<b>Department of Administration</b>				
*PERS On-behalf	FY 19	209,381	-	209,381
<b>Total State Financial Assistance</b>			\$ -	\$ 5,706,533

\* Denotes a major program

See accompanying notes to the Schedule of State Financial Assistance.

# City and Borough of Wrangell, Alaska

## Notes to the Schedule of State Financial Assistance For the Year Ended June 30, 2019

---

### 1. Basis of Presentation

The accompanying Schedule of State Financial Assistance (the "Schedule") include the state grant activity of the City and Borough of Wrangell, Alaska under programs of the State of Alaska for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City and Borough of Wrangell, Alaska, it is not intended to and does not present the financial position, changes in net position or cash flows of City and Borough of Wrangell, Alaska.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

### 3. PERS On-behalf

The City and Borough of Wrangell, Alaska has recorded \$209,381 in PERS On-behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payments appropriated and transferred into the plan during FY2019.

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized commensurate with the proportional share of on-behalf payments 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/expenditures recognition by the City and Borough of Wrangell, Alaska.

As a result of these perspective and timing differences, amounts reported on the financial statements do not agree to the amount reported on the Schedule of State Financial Assistance. In FY2019, the City and Borough of Wrangell, Alaska reported \$121,984 in PERS on-behalf revenue and expenses in the Statement of Activities.

*This page intentionally left blank.*



## Single Audit Reports

---



Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

3601 C Street, Suite 600  
Anchorage, AK 99503

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell as of and for the year ended June 30, 2019, 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 June 19, 2020.

### **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.

Our consideration of internal control was for the limited purpose described in the preceding and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-002 to be a significant deficiency.

## **Compliance and Other Matters**

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

## **City and Borough of Wrangell's Response to Finding**

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

## **Purpose of this Report**

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

*BDO USA, LLP*

Anchorage, Alaska  
June 19, 2020



Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

3601 C Street, Suite 600  
Anchorage, AK 99503

## **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, 2019. 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, a discretely presented component unit. Our audit, described below, did not include the operations of Wrangell Public Schools because they were subjected to separate audits. Wrangell Public Schools 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, 2019.

### **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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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  
June 19, 2020



Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance 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, 2019. City and Borough of Wrangell's major state programs are identified in the accompanying schedule of state financial assistance.

City and Borough of Wrangell's basic financial statements include the operations of the Wrangell Public Schools, a discretely presented component unit, which received \$4,438,616 in state financial assistance. Our audit, described below, did not include the operations of Wrangell Public Schools because they were subjected to a separate 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 audit requirements of *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, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and which are described in the accompanying schedule of findings and questioned costs as item 2019-004. Our opinion on each major state program is not modified with respect to these matters.

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

### ***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 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*, 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* 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 in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-004 to be a material weakness.

*A significant deficiency in internal control over compliance* 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-003 to be a significant deficiency.

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

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

*BDO USA, LLP*

Anchorage, Alaska  
June 19, 2020



# City and Borough of Wrangell, Alaska

## Schedule of Findings and Questioned Costs Year Ended June 30, 2019

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

Noncompliance material to financial statements noted?        yes   X   no

#### Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?        yes   X   no  
Significant deficiency(ies) identified?        yes   X   (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   X   no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster	Agency
20.205	Highway Planning and Construction Cluster	Department of Transportation
10.665	Forest Service Schools and Roads Cluster	Department of Agriculture

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

Auditee qualified as low-risk auditee?        yes   X   no

#### State Financial Assistance

Internal control over major state programs:

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

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

Dollar threshold used to distinguish a state major program: \$ 150,000

**City and Borough of Wrangell, Alaska**  
**Schedule of Findings and Questioned Costs, continued**  
**Year Ended June 30, 2019**

---

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

<b>Finding 2019-001</b>	<b>General Ledger Reconciliation and External Financial Reporting - Internal Control Over Financial Reporting - Material Weakness</b>
-------------------------	---

<i>Criteria</i>	<i>Government Accounting Standards</i> states management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently; economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis.
-----------------	--

<i>Condition</i>	The Borough's internal control over financial reporting did not prevent, or detect and correct, errors in certain account balances. During our audit, we identified adjustments that were necessary in order to present the financial statements in accordance with U.S. generally accepted accounting principles (GAAP). Specifically, adjustments were required to properly state opening net position, ending capital assets, depreciation expense, interfund balances, and transfers.
------------------	---

<i>Cause</i>	The Borough's general ledger reconciliation and preparation of the trial balance for external financial reporting purposes lacked an appropriate level of precision to ensure balances were materially correct.
--------------	---

<i>Effect or Potential Effect</i>	Individual accounts were misstated, requiring entries to be made to correct year-end balances for proper reporting in accordance with GAAP. Misstatements may exist and go undetected in the general ledger and financial statements.
---------------------------------------	---

<i>Recommendation</i>	The Borough should consider adding procedures to ensure activity is recorded in accordance with GAAP. Specifically, the Borough should add procedures to reconcile opening balances to prior year-end balances, and consider developing an end-of-the-year checklist to ensure closing adjustments are made in a timely manner.
-----------------------	---

<i>Views of Responsible Officials</i>	Management concurs with the finding. Refer to the corrective action plan.
---	---

## City and Borough of Wrangell, Alaska

### Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2019

---

**Finding 2019-002      Journal Entry Review and Approval, and Support - Internal Control Over Financial Reporting - Significant Deficiency**

*Criteria*                      *Government Accounting Standards* states management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently; economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis.

*Condition*                      The Borough's internal controls over financial reporting do not ensure proper review and approval of manual journal entries. Additionally, the Borough's internal controls do not ensure that supporting documentation is retained to support manual journal entries posted to the general ledger.

*Cause*                              The Borough's internal controls related to journal entries lack appropriate segregation of duties. Specifically, the Borough's internal controls related to journal entries do not require separate review and approval of manual journal entries, nor do the internal controls require review of supporting documentation.

*Effect or Potential Effect*                      Journal entries were identified as having been posted to the general ledger without proper review and approval or supporting documentation. Misstatements may exist and go undetected in the general ledger and financial statements.

*Recommendation*                      The Borough should consider adopting a journal entry review checklist or similar procedure that stipulates an individual besides the preparer review and approve journal entries prior to posting. Additionally, the Borough should require that relevant supporting documentation be attached and retained with each journal entry prior to posting to the general ledger.

*Views of Responsible Officials*                      Management concurs with the finding. Refer to the corrective action plan.

**City and Borough of Wrangell, Alaska**  
**Schedule of Findings and Questioned Costs, continued**  
**Year Ended June 30, 2019**

---

<b>Section III - State Award Findings and Questioned Costs</b>
--

<b>Finding 2019-003</b>	<b>Types of Services Allowed and Unallowed - Internal Control Over Compliance - Significant Deficiency</b>
State Agency	State of Alaska Department of Commerce, Community, and Economic Development
Grant Name	Community Assistance Program
Grant Number	Award Year: 2019
<i>Criteria</i>	Management is responsible to provide reasonable assurance that the costs paid for by state financial assistance are allowable and in accordance with the types of activities allowed per the compliance supplement.
<i>Condition</i>	We identified nonpayroll expenditure transactions without sufficient documentation of review and approval prior to posting to the general ledger.
<i>Questioned costs</i>	None
<i>Context</i>	During entity wide test of controls over nonpayroll expenditure transactions, 10 transactions out of 47 transactions were noted in which documentation could not be provided to support that the transaction was reviewed and approved prior to posting to the general ledger.
<i>Effect or Potential Effect</i>	Community Assistance Program funds could potentially be expended for services that are not for a public purpose.
<i>Cause</i>	The Borough's internal controls over nonpayroll expenditures lack appropriate safeguards ensuring all transactions are reviewed and approved by a knowledgeable individual prior to posting to the general ledger.
<i>Repeat Finding Recommendation</i>	No The Borough should consider adopting a transactional-level review process that ensures all transactions are reviewed and approved by a knowledge individual besides the individual who initiated the transaction. The Borough should consider adopting a policy that requires supporting evidence of such review be retained for future examination.
<i>Views of Responsible Officials</i>	Management concurs with the finding. Refer to the corrective action plan.

## City and Borough of Wrangell, Alaska

### Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2019

---

<b>Finding 2019-004</b>	<b>Material Weakness in Internal Control over Compliance, Material Noncompliance - Reporting</b>
<b>State Agency</b>	Department of Commerce, Community and Economic Development; Department of Transportation and Public Facilities; Department of Education and Early Development; Department of Revenue; Department of Environmental Conservation; Department of Military and Veterans Affairs; Department of Administration
<b>Grant Name</b>	Community Assistance Program, Hospital Replacement Project, Fisheries Resource Landing Taxes, Shoemaker Bay Harbor Replacement, School Debt Reimbursement, ADEC Loan Subsidy - Water Plant Ozone Generator Replacement, and PERS On-Behalf.
<b>Grant Number</b>	Award Year: 2019, 13-DC-494, Award Year: 2019, 18-HG-001, Award Year: 2019, 917061, and Award Year: 2019.
<b>Criteria</b>	2 AAC 45.010 (b) states an entity that expends a cumulative total of \$750,000 or more shall submit an audit report for the audit period by ... "the earlier of 30 days after the entity receives its audit report for the audit period; or nine months after the end of the audit period" or a later date agreed upon in writing in advance of the date in this section.
<b>Condition</b>	The Borough's books and records were not properly prepared and in condition to allow a qualified audit firm to complete and submit the audit in a timely manner.
<b>Questioned costs</b>	None
<b>Context</b>	The Borough's audit in accordance with 2 AAC 45 was not completed within the required time period.
<b>Effect or Potential Effect</b>	The Borough is not in compliance with 2 AAC 45.010 (b)(1).
<b>Cause</b>	The audit was not completed in time to file the reporting package.
<b>Repeat Finding Recommendation</b>	No We recommend management establish strong internal controls surrounding year-end general ledger and trial balance reconciliation to allow for timely submission of the annual audit and required single audit reports.
<b>Views of Responsible Officials</b>	Management concurs with the finding. Refer to the corrective action plan.

*This page intentionally left blank.*

**City and Borough of Wrangell Single Audit Responses  
(Unaudited)**

---



## CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

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

### City and Borough of Wrangell, Alaska

#### Summary Schedule of Prior Audit Findings Year Ended June 30, 2019

##### Financial Statement Findings

**Finding 2018-001      General Ledger Reconciliation and External Financial Reporting - Internal Control over Financial Reporting - Material Weakness**

*Finding*      There were material adjustments made to the general ledger and the financial statements during the course of the audit. Specifically, adjustments were required to properly state opening net position, ending capital assets, depreciation expense, loss on disposal of capital assets, customer accounts receivable, deferred inflows of resources and tax revenues, intergovernmental revenue and receivables, and PERS on-behalf revenue and expense.

*Status*      Finding not resolved in 2019, see 2019-001.

##### Federal Award Findings and Questioned Costs

**Finding 2018-002      Material Weakness in Internal Control over Compliance, Material Noncompliance - Reporting**

*Agency*      Department of Agriculture  
*Program*      10.665 Forest Service Schools and Roads Cluster  
*Award No.*      N/A

*Finding*      The form SF-SAC for the fiscal year ended June, 2018 was not filed on time.

*Status*      Finding resolved in 2019.





## **CITY AND BOROUGH OF WRANGELL**

INCORPORATED MAY 30, 2008

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

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

#### **Corrective Action Plan Year Ended June 30, 2019**

---

Name of Contact Person: Joyce Mason  
Finance Director  
[jmason@wrangell.com](mailto:jmason@wrangell.com)  
907-874-2381

#### **Finding 2019-001 - General Ledger Reconciliation and External Financial Reporting - Internal Control over Financial Reporting - Material Weakness**

##### ***Corrective Action Plan***

During the transition of Finance Directors, the general ledger was not reconciled or reviewed as planned. The Finance Director will determine the cause of the beginning balances of fiscal year 2019 misstatement and correct with the yearend journal entries. Internal Control policies and procedures specific for the Borough have been adopted by the Finance Department in September 2019.

##### ***Planned Corrective Action***

Staff will continue to follow the internal control policies. At the completion of the fiscal year 2019 audit, balances will be verified with the accounting system. During the preaudit reconciliation for subsequent years all accounts will be reconciled.

##### ***Expected Completion Date***

Currently in process in fiscal year 2020.

#### **Finding 2019-002 - Journal Entry Review and Approval, and Support - Internal Control Over Financial Reporting - Significant Deficiency**

##### ***Corrective Action Plan***

The accounting system is able to allocate actual costs during the initial processing, therefore eliminating most journal entries that were booked in previous years. These processes have been set up during the fiscal year 2020.

##### ***Planned Corrective Action***

The accounting staff will enter the journal entries needed and the Finance Director will approve. Supporting documentation will be generated from the accounting software and filed with the journal entry.

##### ***Expected Completion Date:***

Currently in process in fiscal year 2020.



## **CITY AND BOROUGH OF WRANGELL**

INCORPORATED MAY 30, 2008

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

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

#### **Corrective Action Plan, continued Year Ended June 30, 2019**

---

##### **Finding 2019-003 - Types of Services allowed and Unallowed - Internal Control Over Compliance - Significant Deficiency**

###### ***Corrective Action Plan***

All expenditures are approved with signatures on the invoices and account coding by the department managers who are responsible for the expenditure. The Finance Director approves the expenditures for payment before disbursements are made.

###### ***Planned Corrective Action***

All procurement policies are followed by the departments purchasing items or entering into contracts for services. The corresponding invoices and contracts are reviewed and approved by the department managers and the Finance Director.

###### ***Expected Completion Date:***

Currently in process in fiscal year 2020.

##### **Finding 2019-004 - Material Weakness in Internal Control over Compliance, Material Noncompliance - Reporting**

###### ***Corrective Action Plan***

Pre audit reconciliation will be completed in a timely manner to enable the CPA firm to complete the audit with the time limits.

###### ***Planned Corrective Action***

Management will work with the audit firm to complete the audit within the time frame.

###### ***Expected Completion Date:***

Currently in process in fiscal year 2020.