



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

**Basic Financial Statements, Required  
Supplementary Information,  
Supplementary Information and Single  
Audit Reports  
Year Ended June 30, 2021**

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

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Basic Financial Statements, Required Supplementary Information,  
Supplementary Information  
and Single Audit Reports  
Year Ended June 30, 2021

# City and Borough of Wrangell, Alaska

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## **Independent Auditor's Report**

Honorable Mayor and Borough Assembly  
City and Borough of Wrangell

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the unit, each major fund, and the aggregate remaining fund information of the City and Borough of Wrangell, Alaska (the Borough), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Wrangell Public Schools (the "District"), a discretely presented component unit, as of June 30, 2021. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School District, is based solely on the report of the other auditors.

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

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

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

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

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

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

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

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

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

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

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

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



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 statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement 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 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules, and Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Schedule of State Financial Assistance as required by the *State of Alaska Single Audit Guide and Compliance Supplement* 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 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 combining and individual fund financial statements and schedules, the Schedule of Expenditures of Federal Awards, and the Schedule of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Borough as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated June 19, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2020 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 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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, 2020.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
December 7, 2022

## **Basic Financial Statements**

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# City and Borough of Wrangell, Alaska

Exhibit A-1

## Statement of Net Position

	Primary Government			Component Unit
	Govern- mental Activities	Business- type Activities	Total	Wrangell Public Schools
<i>June 30, 2021</i>				
<b>Assets and Deferred Outflows of Resources</b>				
<b>Assets</b>				
Cash and investments	\$ 27,124,839	\$ 8,697,033	\$ 35,821,872	\$ 1,718,802
Receivables, net of allowance for doubtful accounts:				
Property and sales taxes	1,011,665	-	1,011,665	-
Accounts	97,567	689,352	786,919	67,564
Grants and shared revenues	-	415,080	415,080	524,892
Accrued interest	-	44	44	-
Internal balances	42,669	(42,669)	-	-
Prepaid items	483	-	483	-
Inventories	55,161	186,466	241,627	29,740
Restricted cash and investments	-	689,100	689,100	-
Net other postemployment benefits asset	379,551	180,610	560,161	457,101
Capital assets:				
Land, land improvements and construction in progress	1,186,678	2,166,756	3,353,434	-
Other capital assets, net of depreciation	30,366,267	43,789,153	74,155,420	47,724
<b>Total Assets</b>	<b>60,264,880</b>	<b>56,770,925</b>	<b>117,035,805</b>	<b>2,845,823</b>
<b>Deferred Outflows of Resources</b>				
Related to pensions	632,655	301,048	933,703	334,127
Related to other postemployment benefits	279,900	133,190	413,090	239,645
<b>Total Deferred Outflows of Resources</b>	<b>912,555</b>	<b>434,238</b>	<b>1,346,793</b>	<b>573,772</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 61,177,435</b>	<b>\$ 57,205,163</b>	<b>\$ 118,382,598</b>	<b>\$ 3,419,595</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, 2021</i>				
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>				
<b>Liabilities</b>				
Accounts payable	\$ 526,501	\$ 667,902	\$ 1,194,403	\$ -
Customer utility deposits	-	103,752	103,752	-
Accrued interest payable	-	5,043	5,043	-
Accrued payroll and related liabilities	-	-	-	28,078
Unearned revenue	244,650	689,100	933,750	10,625
Noncurrent liabilities:				
Due within one year:				
Accrued leave	258,253	129,475	387,728	24,550
Loans	-	6,791	6,791	-
Due in more than one year:				
ADEC loan	-	46,769	46,769	-
USDA Rural Development loan	-	82,154	82,154	-
Net pension liability	4,526,380	2,153,872	6,680,252	3,336,511
Net other postemployment benefits liability	7,346	3,495	10,841	4,006
<b>Total Liabilities</b>	<b>5,563,130</b>	<b>3,888,353</b>	<b>9,451,483</b>	<b>3,403,770</b>
<b>Deferred Inflows of Resources</b>				
Related to pensions	-	-	-	102,068
Related to other postemployment benefits	307,742	146,440	454,182	245,133
<b>Total Deferred Inflows of Resources</b>	<b>307,742</b>	<b>146,440</b>	<b>454,182</b>	<b>347,201</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>5,870,872</b>	<b>4,034,793</b>	<b>9,905,665</b>	<b>3,750,971</b>
<b>Net Position</b>				
Net investment in capital assets	31,552,945	45,820,195	77,373,140	457,101
Restricted	12,103,429	-	12,103,429	-
Unrestricted (deficit)	11,650,189	7,350,175	19,000,364	(788,477)
<b>Total Net Position (Deficit)</b>	<b>55,306,563</b>	<b>53,170,370</b>	<b>108,476,933</b>	<b>(331,376)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 61,177,435</b>	<b>\$ 57,205,163</b>	<b>\$ 118,382,598</b>	<b>\$ 3,419,595</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			Component Unit Wrangell Public Schools
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government Govern- mental Activities	Business- type Activities	Total	
<i>Year Ended June 30, 2021</i>	Expenses							
<b>Functions</b>								
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 2,739,933	\$ 52,015	\$ 509,570	\$ 9,565	\$ (2,168,783)	\$ -	\$ (2,168,783)	
Public safety	3,612,261	159,727	2,853,972	-	(598,562)	-	(598,562)	
Public works	2,183,922	25,374	50,492	-	(2,108,056)	-	(2,108,056)	
Parks and recreation	511,479	41,026	31,094	-	(439,359)	-	(439,359)	
Library	275,697	-	21,047	-	(254,650)	-	(254,650)	
Community services	521,948	50,445	26,821	250,224	(194,458)	-	(194,458)	
Education	1,792,534	-	796,757	-	(995,777)	-	(995,777)	
Total governmental activities	11,637,774	328,587	4,289,753	259,789	(6,759,645)	-	(6,759,645)	
Business-type activities:								
Electric utility	4,116,310	4,026,212	138,500	-	-	48,402	48,402	
Water utility	1,039,138	692,705	11,688	541,624	-	206,879	206,879	
Sewer utility	602,202	598,144	10,701	-	-	6,643	6,643	
Sanitation utility	848,686	670,479	10,075	-	-	(168,132)	(168,132)	
Port	3,120,825	1,329,147	389,851	-	-	(1,401,827)	(1,401,827)	
Total business-type activities	9,727,161	7,316,687	560,815	541,624	-	(1,308,035)	(1,308,035)	
<b>Total Primary Government</b>	<b>\$ 21,364,935</b>	<b>\$ 7,645,274</b>	<b>\$ 4,850,568</b>	<b>\$ 801,413</b>	<b>(6,759,645)</b>	<b>(1,308,035)</b>	<b>(8,067,680)</b>	

## 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	
					Govern- mental Activities	Business- type Activities	Total	Wrangell Public Schools
Year Ended June 30, 2021	Expenses							
<b>Component Unit</b>								
<b>Wrangell Public Schools</b>	\$ 5,098,594	\$ 29,678	\$ 939,876	\$ 52,674				\$ (4,076,366)
<b>General Revenues</b>								
Taxes:								
Property taxes					\$ 1,926,327	\$ -	\$ 1,926,327	-
Sales taxes					3,288,094	-	3,288,094	-
Payments in lieu of taxes					494,259	-	494,259	-
Other taxes					89,921	-	89,921	-
Contributions from primary government					-	-	-	1,425,000
Grants and entitlements not restricted to a specific purpose					378,192	-	378,192	3,305,769
E-rate					-	-	-	99,307
Investment income					1,903,188	1,766	1,904,954	339
Other					64,412	-	64,412	84,387
<b>Transfers</b>					(722,000)	722,000	-	-
<b>Total General Revenues and Transfers</b>					7,422,393	723,766	8,146,159	4,914,802
<b>Change in Net Position</b>					662,748	(584,269)	78,479	838,436
<b>Net Position (Deficit), beginning</b>					54,643,815	53,754,639	108,398,454	(1,169,812)
<b>Net Position (Deficit), ending</b>					\$ 55,306,563	\$ 53,170,370	\$ 108,476,933	\$ (331,376)

See accompanying notes to Basic Financial Statements.

## City and Borough of Wrangell, Alaska

## Governmental Funds

## Balance Sheet

	Major Funds						
		Permanent Fund Special Revenue	Secure Rural Schools Special Revenue	COVID-19 Response Special Revenue	Nonmajor Funds	Total Govern- mental Funds	
June 30, 2021	General						
<b>Assets</b>							
Cash and investments	\$ 9,014,904	\$ 9,620,244	\$ 2,433,185	\$ -	\$ 6,056,506	\$ 27,124,839	
Receivables, net of allowance for doubtful accounts:							
Property and sales taxes	645,842	-	-	-	365,823	1,011,665	
Accounts	97,309	-	-	-	258	97,567	
Due from other funds	87,351	-	-	-	-	87,351	
Interfund loan receivable	42,669	-	-	-	-	42,669	
Prepaid items	483	-	-	-	-	483	
Inventory	-	-	-	-	55,161	55,161	
<b>Total Assets</b>	<b>\$ 9,888,558</b>	<b>\$ 9,620,244</b>	<b>\$ 2,433,185</b>	<b>\$ -</b>	<b>\$ 6,477,748</b>	<b>\$ 28,419,735</b>	
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 446,897	\$ -	\$ -	\$ 45,287	\$ 34,317	\$ 526,501	
Unearned revenue	12,368	-	-	87,932	144,350	244,650	
Due to other funds	-	-	-	87,351	-	87,351	
<b>Total Liabilities</b>	<b>459,265</b>	<b>-</b>	<b>-</b>	<b>220,570</b>	<b>178,667</b>	<b>858,502</b>	
<b>Deferred Inflows of Resources</b>							
Delinquent property taxes	118,881	-	-	-	-	118,881	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>578,146</b>	<b>-</b>	<b>-</b>	<b>220,570</b>	<b>178,667</b>	<b>977,383</b>	
<b>Fund Balances (Deficit)</b>							
Nonspendable	43,152	-	-	-	55,161	98,313	
Restricted	-	9,620,244	2,433,185	-	50,000	12,103,429	
Committed	-	-	-	-	3,993,564	3,993,564	
Assigned	-	-	-	-	2,256,164	2,256,164	
Unassigned (deficit)	9,267,260	-	-	(220,570)	(55,808)	8,990,882	
<b>Total Fund Balances (Deficit)</b>	<b>9,310,412</b>	<b>9,620,244</b>	<b>2,433,185</b>	<b>(220,570)</b>	<b>6,299,081</b>	<b>27,442,352</b>	
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,888,558</b>	<b>\$ 9,620,244</b>	<b>\$ 2,433,185</b>	<b>\$ -</b>	<b>\$ 6,477,748</b>	<b>\$ 28,419,735</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, 2021**

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Total fund balances for governmental funds \$ 27,442,352

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	23,450,938
Buildings	48,578,760
Improvements other than buildings	6,655,793
Machinery and equipment	5,331,892
Accumulated depreciation	<u>(53,651,116)</u>

Total capital assets 31,552,945

Certain other postemployment benefits (OPEB) plans have been funded in excess of  
the required contributions. These assets are not financial resources and therefore  
are not reported in the funds.

Net OPEB asset 379,551

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 118,881

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

Accrued leave	(258,253)
Net pension liability	(4,526,380)
Net OPEB liability	<u>(7,346)</u>

Total long-term liabilities (4,791,979)

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

Deferred outflows of resources related to pensions	632,655
Deferred outflows of resources related to OPEB	279,900
Deferred inflows of resources related to OPEB	<u>(307,742)</u>

Total deferred pension and OPEB items 604,813

**Total Net Position of Governmental Activities \$ 55,306,563**

*See accompanying notes to basic financial statements.*

## City and Borough of Wrangell, Alaska

## Governmental Funds

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

	Major Funds					Total Govern- mental Funds
	General	Permanent Fund Special Revenue	Secure Rural Schools Special Revenue	COVID-19 Response Special Revenue	Nonmajor Funds	
<i>Year Ended June 30, 2021</i>						
<b>Revenues</b>						
Property taxes, penalties and interest	\$ 1,903,618	\$ -	\$ -	\$ -	\$ -	\$ 1,903,618
Payments in lieu of taxes	494,259	-	-	-	-	494,259
Marijuana taxes	600	-	-	-	-	600
Sales taxes, penalties and interest	2,221,497	-	-	-	1,066,597	3,288,094
Transient taxes	-	-	-	-	89,321	89,321
Intergovernmental	844,726	-	796,757	2,936,899	278,742	4,857,124
Charges for services	97,497	-	-	-	69,744	167,241
Sales and leases	108,230	-	-	-	-	108,230
Investment income (loss)	(15,829)	1,673,891	-	-	245,126	1,903,188
Land sales and improvements	-	-	-	-	72,486	72,486
Fines and forfeitures	6,920	-	-	-	-	6,920
Other	76,362	-	-	-	20,629	96,991
<b>Total Revenues</b>	<b>5,737,880</b>	<b>1,673,891</b>	<b>796,757</b>	<b>2,936,899</b>	<b>1,842,645</b>	<b>12,988,072</b>
<b>Expenditures</b>						
Current:						
General government	1,104,355	-	-	399,697	253,978	1,758,030
Public safety	1,420,316	-	-	2,732,324	-	4,152,640
Public works	1,259,574	-	-	19,363	-	1,278,937
Parks and recreation	-	-	-	4,547	542,445	546,992
Library	253,773	-	-	-	-	253,773
Community services	158,836	-	-	1,538	406,609	566,983
Education - contributions to school district	-	-	1,300,000	-	-	1,300,000
Debt service:						
Principal	-	-	-	-	260,000	260,000
Interest	-	-	-	-	6,875	6,875
Capital outlay	-	-	-	-	218,394	218,394
<b>Total Expenditures</b>	<b>4,196,854</b>	<b>-</b>	<b>1,300,000</b>	<b>3,157,469</b>	<b>1,688,301</b>	<b>10,342,624</b>
<b>Excess of Revenues Over (under)</b>						
<b>Expenditures</b>	<b>1,541,026</b>	<b>1,673,891</b>	<b>(503,243)</b>	<b>(220,570)</b>	<b>154,344</b>	<b>2,645,448</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	101,375	-	-	-	1,017,927	1,119,302
Transfers out	(716,552)	-	-	-	(1,124,750)	(1,841,302)
<b>Net Other Financing Sources (Uses)</b>	<b>(615,177)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(106,823)</b>	<b>(722,000)</b>
<b>Net Change in Fund Balances</b>	<b>925,849</b>	<b>1,673,891</b>	<b>(503,243)</b>	<b>(220,570)</b>	<b>47,521</b>	<b>1,923,448</b>
<b>Fund Balances, beginning</b>	<b>8,384,563</b>	<b>7,946,353</b>	<b>2,936,428</b>	<b>-</b>	<b>6,251,560</b>	<b>25,518,904</b>
<b>Fund Balances (Deficit), ending</b>	<b>\$ 9,310,412</b>	<b>\$ 9,620,244</b>	<b>\$ 2,433,185</b>	<b>\$ (220,570)</b>	<b>\$ 6,299,081</b>	<b>\$ 27,442,352</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, 2021**

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Net change in fund balances - total governmental funds \$ 1,923,448

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

Governmental funds report capital outlays as expenditures. However on  
the Statement of Activities, depreciation expense is recognized to allocate  
the cost of these items over their estimated useful lives. This is the amount  
by which depreciation (\$2,029,051) exceeded capital outlays (\$809,731). (1,219,320)

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 (26,358)

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	\$ 260,000	
Amortization of bond premium	19,616	
Decrease in accrued interest	3,271	
		282,887

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.

Increase in accrued leave	(14,769)	
Increase in net pension liability and related accounts	(530,683)	
Increase in net OPEB liability/assets and related accounts	247,543	
		(297,909)

**Change in Net Position of Governmental Activities \$ 662,748**

*See accompanying notes to basic financial statements.*

# City and Borough of Wrangell, Alaska

Exhibit C-1

## Enterprise Funds Statement of Net Position

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
<i>June 30, 2021</i>						
<b>Assets and Deferred Outflows of Resources</b>						
<b>Current Assets</b>						
Cash and investments	\$ 3,536,354	\$ 491,455	\$ 1,226,802	\$ 2,531,602	\$ 910,820	\$ 8,697,033
Receivables, net of allowance for doubtful accounts:						
Accounts	356,017	80,842	48,906	153,767	49,820	689,352
Grants	-	415,080	-	-	-	415,080
Accrued interest	-	5	7	32	-	44
Inventories	186,466	-	-	-	-	186,466
<b>Total Current Assets</b>	<b>4,078,837</b>	<b>987,382</b>	<b>1,275,715</b>	<b>2,685,401</b>	<b>960,640</b>	<b>9,987,975</b>
<b>Noncurrent Assets</b>						
Restricted cash and investments	-	-	-	689,100	-	689,100
Net other postemployment benefits asset	82,593	18,849	17,587	45,203	16,378	180,610
Capital assets, net	1,441,604	4,571,054	2,457,357	37,107,438	378,456	45,955,909
<b>Total Noncurrent Assets</b>	<b>1,524,197</b>	<b>4,589,903</b>	<b>2,474,944</b>	<b>37,841,741</b>	<b>394,834</b>	<b>46,825,619</b>
<b>Total Assets</b>	<b>5,603,034</b>	<b>5,577,285</b>	<b>3,750,659</b>	<b>40,527,142</b>	<b>1,355,474</b>	<b>56,813,594</b>
<b>Deferred Outflows of Resources</b>						
Related to pensions	137,668	31,418	29,315	75,347	27,300	301,048
Related to other postemployment benefits	60,907	13,900	12,970	33,335	12,078	133,190
<b>Total Deferred Outflows of Resources</b>	<b>198,575</b>	<b>45,318</b>	<b>42,285</b>	<b>108,682</b>	<b>39,378</b>	<b>434,238</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 5,801,609</b>	<b>\$ 5,622,603</b>	<b>\$ 3,792,944</b>	<b>\$ 40,635,824</b>	<b>\$ 1,394,852</b>	<b>\$ 57,247,832</b>

City and Borough of Wrangell, Alaska

Exhibit C-1, continued

Enterprise Funds  
Statement of Net Position, continued

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
<i>June 30, 2021</i>						
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 322,457	\$ 158,818	\$ 42,405	\$ 100,745	\$ 43,477	\$ 667,902
Accrued leave	33,725	25,314	23,968	28,686	17,782	129,475
Customer utility deposits	93,307	10,445	-	-	-	103,752
Accrued interest payable	-	3,326	1,717	-	-	5,043
Unearned revenue	-	-	-	689,100	-	689,100
Current portion of interfund loans	-	-	-	21,942	-	21,942
Current portion of loans	-	5,139	1,652	-	-	6,791
<b>Total Current Liabilities</b>	<b>449,489</b>	<b>203,042</b>	<b>69,742</b>	<b>840,473</b>	<b>61,259</b>	<b>1,624,005</b>
<b>Long-term Liabilities, net of current portion</b>						
USDA Rural Development loan	-	-	82,154	-	-	82,154
ADEC loan	-	46,769	-	-	-	46,769
Interfund loans payable	-	-	-	20,727	-	20,727
Net pension liability	984,959	224,783	209,736	539,074	195,320	2,153,872
Net other postemployment benefits liability	1,599	365	340	875	316	3,495
<b>Total Long-term Liabilities</b>	<b>986,558</b>	<b>271,917</b>	<b>292,230</b>	<b>560,676</b>	<b>195,636</b>	<b>2,307,017</b>
<b>Total Liabilities</b>	<b>1,436,047</b>	<b>474,959</b>	<b>361,972</b>	<b>1,401,149</b>	<b>256,895</b>	<b>3,931,022</b>
<b>Deferred Inflows of Resources</b>						
Related to other postemployment benefits	66,966	15,283	14,260	36,651	13,280	146,440
<b>Total Deferred Inflows of Resources</b>	<b>66,966</b>	<b>15,283</b>	<b>14,260</b>	<b>36,651</b>	<b>13,280</b>	<b>146,440</b>
<b>Net Position</b>						
Net investment in capital assets	1,441,604	4,519,146	2,373,551	37,107,438	378,456	45,820,195
Unrestricted	2,856,992	613,215	1,043,161	2,090,586	746,221	7,350,175
<b>Total Net Position</b>	<b>4,298,596</b>	<b>5,132,361</b>	<b>3,416,712</b>	<b>39,198,024</b>	<b>1,124,677</b>	<b>53,170,370</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 5,801,609</b>	<b>\$ 5,622,603</b>	<b>\$ 3,792,944</b>	<b>\$ 40,635,824</b>	<b>\$ 1,394,852</b>	<b>\$ 57,247,832</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
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
<i>Year Ended June 30, 2021</i>						
<b>Operating Revenues</b>						
Charges for services	\$ 3,961,298	\$ 692,705	\$ 598,144	\$ 1,329,147	\$ 670,479	\$ 7,251,773
<b>Operating Expenses</b>						
Salaries and employee benefits	799,477	240,183	159,370	524,270	224,806	1,948,106
Other operating expenses	3,000,289	393,791	188,959	413,267	547,748	4,544,054
Depreciation	316,544	404,345	252,229	2,183,288	76,132	3,232,538
<b>Total Operating Expenses</b>	<b>4,116,310</b>	<b>1,038,319</b>	<b>600,558</b>	<b>3,120,825</b>	<b>848,686</b>	<b>9,724,698</b>
<b>Loss from Operations</b>	<b>(155,012)</b>	<b>(345,614)</b>	<b>(2,414)</b>	<b>(1,791,678)</b>	<b>(178,207)</b>	<b>(2,472,925)</b>
<b>Nonoperating Revenues (Expenses)</b>						
Investment income	-	130	446	1,190	-	1,766
Interest expense	-	(819)	(1,644)	-	-	(2,463)
State PERS relief	138,500	11,688	10,701	30,563	10,075	201,527
State fisheries business tax	-	-	-	359,288	-	359,288
Other revenues	64,914	-	-	-	-	64,914
<b>Net Nonoperating Revenues</b>	<b>203,414</b>	<b>10,999</b>	<b>9,503</b>	<b>391,041</b>	<b>10,075</b>	<b>625,032</b>
<b>Income (Loss) Before Transfers and Capital Contributions</b>	<b>48,402</b>	<b>(334,615)</b>	<b>7,089</b>	<b>(1,400,637)</b>	<b>(168,132)</b>	<b>(1,847,893)</b>
Transfers in	-	-	-	-	722,000	722,000
Capital contributions	-	541,624	-	-	-	541,624
<b>Change in Net Position</b>	<b>48,402</b>	<b>207,009</b>	<b>7,089</b>	<b>(1,400,637)</b>	<b>553,868</b>	<b>(584,269)</b>
<b>Net Position, beginning</b>	<b>4,250,194</b>	<b>4,925,352</b>	<b>3,409,623</b>	<b>40,598,661</b>	<b>570,809</b>	<b>53,754,639</b>
<b>Net Position, ending</b>	<b>\$ 4,298,596</b>	<b>\$ 5,132,361</b>	<b>\$ 3,416,712</b>	<b>\$ 39,198,024</b>	<b>\$ 1,124,677</b>	<b>\$ 53,170,370</b>

See accompanying notes to basic financial statements.

## City and Borough of Wrangell, Alaska

Enterprise Funds  
Statement of Cash Flows

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
<i>Year Ended June 30, 2021</i>						
<b>Cash Flows from Operating Activities</b>						
Receipts from customers and users	\$ 3,934,921	\$ 681,462	\$ 610,954	\$ 1,287,304	\$ 670,121	\$ 7,184,762
Payments for interfund services used	(143,830)	(89,284)	(58,783)	(49,759)	(78,293)	(419,949)
Payments to suppliers	(2,899,407)	(164,686)	(129,531)	(788,189)	(456,151)	(4,437,964)
Payments to employees	(723,221)	(184,647)	(190,864)	(542,795)	(199,727)	(1,841,254)
Net cash flows provided by (used for) operating activities	168,463	242,845	231,776	(93,439)	(64,050)	485,595
<b>Cash Flows from Noncapital Financing Activities</b>						
State fish taxes received	-	-	-	359,288	-	359,288
Transfers in	-	-	-	-	722,000	722,000
Net cash flows provided by noncapital financing activities	-	-	-	359,288	722,000	1,081,288
<b>Cash Flows for Capital and Related Financing Activities</b>						
Purchase of property, plant and equipment	(164,117)	(699,092)	(28,828)	(169,840)	-	(1,061,877)
Capital contributions received	-	126,544	-	861,591	-	988,135
Principal payments on long-term debt	-	-	(1,632)	(21,942)	-	(23,574)
Interest payments on long-term debt	-	-	(1,614)	-	-	(1,614)
Net cash flows used by capital and related financing activities	(164,117)	(572,548)	(32,074)	669,809	-	(98,930)
<b>Cash Flows from Investing Activities</b>						
Investment income received	-	130	446	1,190	-	1,766
<b>Net Increase (Decrease) in Cash and Investments</b>	4,346	(329,573)	200,148	936,848	657,950	1,469,719
<b>Cash and Investments, beginning</b>	3,532,008	821,028	1,026,654	2,283,854	252,870	7,916,414
<b>Cash and Investments, ending</b>	\$ 3,536,354	\$ 491,455	\$ 1,226,802	\$ 3,220,702	\$ 910,820	\$ 9,386,133
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>						
Cash and investments:	\$ 3,536,354	\$ 491,455	\$ 1,226,802	\$ 2,531,602	\$ 910,820	\$ 8,697,033
Restricted cash and investments	-	-	-	689,100	-	689,100
<b>Total Cash and Investments</b>	\$ 3,536,354	\$ 491,455	\$ 1,226,802	\$ 3,220,702	\$ 910,820	\$ 9,386,133

## City and Borough of Wrangell, Alaska

## Enterprise Funds

## Statement of Cash Flows, continued

Year Ended June 30, 2021	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
<b>Reconciliation of Loss from Operations to Net Cash</b>						
<b>Flows from Operating Activities</b>						
Loss from operations	\$ (155,012)	\$ (345,614)	\$ (2,414)	\$ (1,791,678)	\$ (178,207)	\$ (2,472,925)
Adjustments to reconcile loss from operations to net cash flows provided by (used for) operating activities:						
Depreciation	316,544	404,345	252,229	2,183,288	76,132	3,232,538
Noncash expense - PERS relief	138,500	11,688	10,701	30,563	10,075	201,527
Miscellaneous nonoperating revenues	64,913	-	-	-	-	64,913
(Increase) decrease in assets:						
Accounts receivable	(107,677)	(12,468)	12,810	(41,843)	(358)	(149,536)
Inventories	(15,381)	-	-	-	-	(15,381)
Net other postemployment benefits asset	(77,790)	(18,057)	(16,204)	(41,572)	(15,375)	(168,998)
(Increase) decrease in deferred outflows of resources:						
Related to pensions	(618)	(9,618)	918	3,507	(6,225)	(12,036)
Related to other postemployment benefits	3,880	(2,227)	7,054	18,022	2,357	29,086
Increase (decrease) in liabilities:						
Accounts payable	(27,567)	139,821	645	(415,800)	13,304	(289,597)
Accrued leave	(18,417)	5,246	111	7,438	9,031	3,409
Customer utility deposits	16,387	1,225	-	-	-	17,612
Net pension liability	28,887	68,621	(21,134)	(38,371)	31,944	69,947
Net other postemployment benefits liability	(21,565)	(6,352)	(11,178)	(18,017)	(8,075)	(65,187)
Increase (decrease) in deferred inflows of resources:						
Related to pensions	(18,869)	(3,795)	(6,788)	(7,423)	(5,163)	(42,038)
Related to other postemployment benefits	42,248	10,030	5,026	18,447	6,510	82,261
<b>Net Cash Flows provided by (used for) Operating Activities</b>	<b>\$ 168,463</b>	<b>\$ 242,845</b>	<b>\$ 231,776</b>	<b>\$ (93,439)</b>	<b>\$ (64,050)</b>	<b>\$ 485,595</b>

See accompanying notes to basic financial statements.



# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements Year Ended June 30, 2021

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### 1. Summary of Significant Accounting Policies

#### ***Reporting Entity***

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

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

As required by generally accepted accounting principles, these financial statements present City and Borough of Wrangell (the primary government) and its component 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 includes 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 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.

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:

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### ***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, pension benefits, and other postemployment benefits are recorded only when due.

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

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

Major governmental funds:

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

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

The *Secure Rural Schools Special Revenue Fund* accounts for the funding received from U.S. Department of Agriculture through the Schools and Roads - Grants to States program, which is used to fund local public education and maintain streets and roads.

The *COVID-19 Response Special Revenue Fund* is used to account for the Borough's financial resources received and expended related to COVID-19 response. This fund does not have a legally adopted budget.

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

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### ***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 maintains 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

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### *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:

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

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### *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

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

### ***Fund Balances***

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

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

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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

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

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

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

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

### ***Encumbrances***

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

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

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

### ***Comparative Data***

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

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### 2. Stewardship, Compliance and Accountability

#### *Budgetary Accounting*

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

#### *Excess of Expenditures over Appropriations*

For the year ended June 30, 2021, expenditures exceeded appropriations in the General Fund for the following departments: General Government by \$43,031, and Library by \$506.

#### *Deficit Fund Balance*

At June 30, 2021, the Borough reported a deficit in fund balance of \$220,570 for the COVID-19 Response Special Revenue Fund due to COVID-19 mitigation expenses being incurred but not yet obligated for reimbursement by the Federal Emergency Management Agency. No other individual funds reported a deficit fund balance at June 30, 2021.

### 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 restricts cash for unearned revenue in the Port fund.

#### *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, 2021.

	Pooled Cash and Investments	Permanent Fund Special Revenue Fund	Totals
Bank deposits	\$ 14,823,941	\$ 317,746	\$ 15,141,687
Investments	12,066,787	9,302,498	21,369,285
<b>Total Cash and Investments</b>	<b>\$ 26,890,728</b>	<b>\$ 9,620,244</b>	<b>\$ 36,510,972</b>



# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

	Government- wide Statement of Net Position
Cash and investments	\$ 35,821,872
Restricted cash and investments	689,100
<b>Total Cash and Investments</b>	<b>\$ 36,510,972</b>

### *Investment Policy*

The Borough's general investment policy authorizes investments in:

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

The Borough's Permanent Fund investment policy authorizes investments 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 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.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### *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.

Investment maturities in general investments at June 30, 2021 are as follows:

<i><b>Investment Type</b></i>	<b>Fair Value</b>	<b>Investment Maturities (In Years)</b>			
		<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More than 10 Years</b>
Money market funds	\$ 2,425,074	\$ 2,425,074	\$ -	\$ -	-
Certificates of deposit	3,344,676	2,625,372	719,304	-	-
U.S. Treasuries	4,624,002	2,678,167	1,945,835	-	-
Municipal bonds	404,991	196,682	208,309	-	-
Total subject to interest rate risk	10,798,743	\$ 7,925,295	\$ 2,873,448	\$ -	-
U.S. equity funds	445,178				
U.S. fixed income funds	427,971				
International fixed income funds	55,099				
International equity funds	211,057				
Infrastructure funds	54,200				
Real estate funds	29,980				
Commodities funds	44,559				
<b>Total General Investments</b>	<b>\$ 12,066,787</b>				

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# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

General investments are classified in the fair value hierarchy as follows at June 30, 2021:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
Certificates of deposit	\$ -	\$ 3,344,676	\$ -	\$ 3,344,676
U.S. Treasuries	4,624,002	-	-	4,624,002
Municipal bonds	-	404,991	-	404,991
U.S. fixed income funds	427,971	-	-	427,971
International fixed income funds	55,099	-	-	55,099
U.S. equity funds	445,178	-	-	445,178
International equity funds	211,057	-	-	211,057
Infrastructure funds	54,200	-	-	54,200
Real estate funds	29,980	-	-	29,980
Commodities funds	44,559	-	-	44,559
<b>Total Investments at Fair Value</b>	<b>\$ 5,892,046</b>	<b>\$ 3,749,667</b>	<b>\$ -</b>	<b>\$ 9,641,713</b>
Investments at amortized cost - Money market funds				\$ 2,425,074
<b>Total Investments</b>				<b>\$ 12,066,787</b>

The Borough has investments in money market funds that are not held at fair value, but instead are recorded at amortized cost, as of June 30, 2021.

### *Credit Risk*

The Borough's general investments in U.S. Treasuries and U.S. government agencies were rated Aaa by Moody's. The Borough's investments in municipal bonds were rated as follows by Moody's: \$142,298 rated Aaa; \$185,939 rated Aa1; \$76,754 rated Aa2; \$0 rated Aa3. The Borough's investments in certificates of deposits, U.S. fixed income funds and international fixed income funds were unrated.

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# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

Investment maturities in Permanent Fund Special Revenue Fund investments at June 30, 2021 are as follows:

<i>Investment Type</i>	Investment Maturities (in Years)			
	Fair Value	Less Than 1	1-5	6-10 More Than 10 Years
Money market funds	\$ 534,820	\$ 534,820	\$ -	\$ -
Total subject to interest rate risk	\$ 534,820	\$ -	\$ -	\$ -
U.S. equity funds	3,078,111			
U.S. fixed income funds	2,959,132			
International fixed income funds	380,974			
International equity funds	1,459,318			
Infrastructure funds	374,756			
Real estate funds	207,295			
Commodities funds	308,092			

**Total Permanent Fund Investments \$ 9,302,498**

In addition to the investments disclosed above, the Permanent Fund Special Revenue Fund holds \$317,746 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 \$9,620,244.

### *Fair Value Measurement*

Permanent fund investments are classified in the fair value hierarchy as follows at June 30, 2021:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
U.S. fixed income funds	\$ 2,959,132	\$ -	\$ -	\$ 2,959,132
International fixed income funds	380,974	-	-	380,974
U.S. equity funds	3,078,111	-	-	3,078,111
International equity funds	1,459,318	-	-	1,459,318
Infrastructure funds	374,756	-	-	374,756
Real estate funds	207,295	-	-	207,295
Commodities funds	308,092	-	-	308,092
<b>Total Investments at Fair Value</b>	<b>\$ 8,767,678</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,767,678</b>

Investments at amortized cost - Money market funds	\$ 534,820
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**Total Investments \$ 9,302,498**

### *Credit Risk*

The Borough's Permanent Fund Special Revenue Fund investments in U.S. fixed income funds and international fixed income funds were unrated.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### 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, 2021, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

<i>June 30, 2021</i>	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Property taxes	\$ 182,597	\$ -	\$ 182,597
Sales taxes	463,245	365,823	829,068
Accounts	97,379	258	97,637
Total receivables	743,221	366,081	1,109,302
Less allowance for doubtful accounts	(70)	-	(70)
<b>Net Receivables</b>	<b>\$ 743,151</b>	<b>\$ 366,081</b>	<b>\$ 1,109,232</b>

<i>June 30, 2021</i>	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	
Grants	\$ -	\$ 415,080	\$ -	\$ -	\$ -	\$ 415,080
Accounts	388,043	80,842	48,906	183,767	49,820	751,378
Accrued interest	-	5	7	32	-	44
Total receivables	388,043	495,927	48,913	183,799	49,820	1,166,502
Less allowance for doubtful accounts	(32,026)	-	-	(30,000)	-	(62,026)
<b>Net Receivables</b>	<b>\$ 356,017</b>	<b>\$ 495,927</b>	<b>\$ 48,913</b>	<b>\$ 153,799</b>	<b>\$ 49,820</b>	<b>\$ 1,104,476</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### 5. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2021
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 1,186,678	\$ -	\$ -	\$ 1,186,678
Construction in progress	498,662	-	(498,662)	-
<b>Total capital assets not being depreciated</b>	<b>1,685,340</b>	<b>-</b>	<b>(498,662)</b>	<b>1,186,678</b>
<i>Capital assets being depreciated:</i>				
Infrastructure	23,450,938	-	-	23,450,938
Buildings	48,398,906	179,854	-	48,578,760
Improvements other than buildings	6,253,302	402,491	-	6,655,793
Machinery and equipment	4,605,844	726,048	-	5,331,892
<b>Total capital assets being depreciated</b>	<b>82,708,990</b>	<b>1,308,393</b>	<b>-</b>	<b>84,017,383</b>
<i>Less accumulated depreciation for:</i>				
Infrastructure	4,876,684	632,137	-	5,508,821
Buildings	38,510,949	943,562	-	39,454,511
Improvements other than buildings	4,616,985	208,165	-	4,825,150
Machinery and equipment	3,617,447	245,187	-	3,862,634
<b>Total accumulated depreciation</b>	<b>51,622,065</b>	<b>2,029,051</b>	<b>-</b>	<b>53,651,116</b>
<b>Total capital assets being depreciated, net</b>	<b>31,086,925</b>	<b>(720,658)</b>	<b>-</b>	<b>30,366,267</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 32,772,265</b>	<b>\$ (720,658)</b>	<b>\$ (498,662)</b>	<b>\$ 31,552,945</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

	Balance July 1, 2020	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2021
<b>Business-type Activities</b>				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 959,233	\$ -	\$ -	\$ 959,233
Construction in progress	10,695,115	808,595	(10,296,187)	1,207,523
Total capital assets not being depreciated	11,654,348	808,595	(10,296,187)	2,166,756
<i>Capital assets being depreciated:</i>				
Buildings	9,220,595	151,874	-	9,372,469
Improvements other than buildings	79,621,043	10,341,883	-	89,962,926
Machinery and equipment	5,495,854	55,713	-	5,551,567
Total capital assets being depreciated	94,337,492	10,549,470	-	104,886,962
Less accumulated depreciation for:				
Buildings	7,938,313	189,108	-	8,127,421
Improvements other than buildings	45,351,254	2,740,095	-	48,091,349
Machinery and equipment	4,575,704	303,335	-	4,879,039
Total accumulated depreciation	57,865,271	3,232,538	-	61,097,809
Total capital assets being depreciated, net	36,472,221	7,316,932	-	43,789,153
<b>Business-type Activity Capital Assets, net</b>	<b>\$ 48,126,569</b>	<b>\$ 8,125,527</b>	<b>\$ (10,296,187)</b>	<b>\$ 45,955,909</b>

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# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows for the year ended June 30, 2021:

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### Governmental Activities

General government	\$ 496,139
Public safety	176,021
Public works	742,682
Parks and recreation	52,677
Community services	2,354
Library	28,509
Education	530,669

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<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 2,029,051</b>
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### Business-type Activities

Electric utility	\$ 316,544
Water utility	404,345
Sewer utility	252,229
Sanitation utility	76,132
Port	2,183,288

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<b>Total Depreciation Expense - Business-type Activities</b>	<b>\$ 3,232,538</b>
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## 6. Interfund Balances and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2021, follows:

### Interfund Loans

Due to General Fund from:	
Port Enterprise Fund for long-term capital advances	\$ 42,669

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<b>Total Amount Due to General Fund</b>	<b>\$ 42,669</b>
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### Transfers

From General Fund to nonmajor governmental funds to cover operating costs	\$ 716,552
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From nonmajor governmental funds to:	
General fund to cover operating costs	101,375
Nonmajor governmental funds to cover debt service costs	301,375
Nonmajor enterprise funds for Sanitation operating costs	722,000

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Total transfers from nonmajor governmental funds	1,124,750
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<b>Total Transfers to Other Funds</b>	<b>\$ 1,841,302</b>
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# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

### 7. Long-term Liabilities

The following is a summary of long-term liability transactions of the Borough for the year ended June 30, 2021:

<b>Governmental Activities</b>	Balance July 1, 2020	Additions	Retired	Balance June 30, 2021	Due Within One Year
General Obligation Bonds:					
\$1,280,000 refunding 2015A Series One bond, due in final installment of \$235,000 in 2021, plus semi-annual interest payments of 2.5% per annum.	\$ 235,000	\$ -	\$ 235,000	\$ -	\$ -
\$220,000 2011 school bonds, due in final installment of \$25,000 in 2021, plus semi-annual interest payments of 4.0% per annum	25,000	-	25,000	-	-
Accrued leave	243,484	258,253	243,484	258,253	258,253
	503,484	\$ 258,253	\$ 503,484	258,253	\$ 258,253
Plus unamortized bond premium	19,616			-	
<b>Total Governmental Activities</b>	<b>\$ 523,100</b>			<b>\$ 258,253</b>	

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

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# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

<b>Business-type Activities</b>	Balance July 1, 2020	Additions	Retired	Balance June 30, 2021	Due Within One Year
Loans Payable from Direct Borrowings:					
\$91,000 Sewer loan due in semi-annual installments of \$1,623 including interest at 1.875% through 2057	\$ 85,438	\$ -	\$ 1,632	\$ 83,806	\$ 1,652
\$57,251 Water Utility loan due in annual installments of \$2,475 to \$3,334, including interest of 1.5% through 2038	51,908	-	-	51,908	5,139
\$200,000 Port loan from the General Fund to be paid with 50% of port development fees	64,611	-	21,942	42,669*	21,942
Accrued leave	126,066	129,475	126,066	129,475	129,475
<b>Total Business-type Activities</b>	<b>\$ 328,023</b>	<b>\$ 129,475</b>	<b>\$ 149,640</b>	<b>\$ 307,858</b>	<b>\$ 158,208</b>

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

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

<b>Business-type Activities</b> <i>Year Ending June 30,</i>	<b>Loans Payable from Direct Borrowings</b>		
	Principal	Interest	Total
2022	\$ 4,232	\$ 2,348	\$ 6,580
2023	4,303	2,277	6,580
2024	4,373	2,207	6,580
2025	4,446	2,134	6,580
2026	12,120	7,444	19,564
2027-2031	24,488	8,412	32,900
2032-2036	26,593	6,307	32,900
2037-2041	22,162	4,070	26,232
2042-2046	13,671	2,559	16,230
2047-2051	15,008	1,222	16,230
2052-2056	4,663	87	4,750
	<b>\$ 136,059</b>	<b>\$ 39,067</b>	<b>\$ 175,126</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### 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	31,552,945	45,820,195	77,373,140
Restricted:			
Barnes Endowment	50,000	-	50,000
Economic stability	9,620,244	-	9,620,244
Schools and roads	2,433,185	-	2,433,185
Total restricted	12,103,429	-	12,103,429
Unrestricted	11,650,189	7,338,563	18,988,752
<b>Total Net Position</b>	<b>55,306,563</b>	<b>53,158,758</b>	<b>108,465,321</b>

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# 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, 2021:

	Major Governmental Funds					Nonmajor Funds	Totals
	General	Permanent Fund Special Revenue	Secure Rural Schools Special Revenue	COVID-19 Response Special Revenue			
Nonspendable:							
Interfund loans	\$ 42,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,669
Prepaid items	483	-	-	-	-	-	483
Inventory	-	-	-	-	55,161		55,161
Total nonspendable	43,152	-	-	-	55,161		98,313
Restricted:							
Economic stability	-	9,620,244	-	-	-	-	9,620,244
Schools and roads	-	-	2,433,185	-	-	-	2,433,185
Barnes Endowment	-	-	-	-	50,000		50,000
Total restricted	-	9,620,244	2,433,185	-	50,000		12,103,429
Committed:							
Community services	-	-	-	-	438,075		438,075
Schools and roads	-	-	-	-	1,763,599		1,741,773
Swimming pool	-	-	-	-	1,456,210		1,456,210
Land development	-	-	-	-	335,680		335,680
Total committed	-	-	-	-	3,993,564		3,993,564
Assigned:							
Projects	-	-	-	-	2,248,608		2,248,608
Debt service	-	-	-	-	7,556		7,556
Total assigned	-	-	-	-	2,256,164		2,256,164
Unassigned (deficit)	9,267,260	-	-	(220,570)	(55,808)		8,990,882
<b>Total Fund Balances</b>	<b>\$ 9,310,412</b>	<b>\$ 9,620,244</b>	<b>\$ 2,433,185</b>	<b>\$ (220,570)</b>	<b>\$ 6,299,081</b>		<b>\$ 27,442,352</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### 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 Borough provided \$1,300,000 in National Forest Receipts funding to the School District for the year ended June 30, 2021. Support provided to the School District does not include debt service payments on school facilities or capital expenditures.

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# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### 13. Retirement Plans

#### *General Information About the Plan*

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

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/dr/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.

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

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

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

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

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

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

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### *Employee Contribution Rates*

Regular employees are required to contribute 6.75% of their annual covered salary. 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 related liabilities. These amounts are calculated on an annual basis.

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

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

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

Contribution rates for the year ended June 30, 2021 were determined in the June 30, 2019 actuarial valuations. The Borough's contribution rates for the 2021 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	14.57%	26.58%	8.85%
Postemployment healthcare (ARHCT)	7.43%	4.27%	-%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>30.85%</b>	<b>8.85%</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

In 2021, the Borough was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2019 to June 30, 2020	Borough Fiscal Year July 1, 2020 to June 30, 2021
Employer contributions (including DBUL)	\$ 510,456	\$ 552,368
Nonemployer contributions (on-behalf)	262,713	267,352
<b>Total Contributions</b>	<b>\$ 773,169</b>	<b>\$ 819,720</b>

In addition, employee contributions to the Plan totaled \$105,863 during the Borough's fiscal year.

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

At June 30, 2021, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

Borough proportionate share of NPL	\$ 6,680,252
State's proportionate share of NPL associated with the Borough	2,763,265
<b>Total Net Pension Liability</b>	<b>\$ 9,443,517</b>

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2020 measurement date, the Borough's proportion was 0.11320 percent, which was an increase of 0.006750 from its proportion measured as of June 30, 2019.



# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

For the year ended June 30, 2021, the Borough recognized pension expense of \$ 2,008,292 and on-behalf revenue of \$ 357,096 for support provided by the State. At June 30, 2021, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 21,191	\$ -
Changes in assumptions	-	-
Changes in benefits	-	-
Net difference between projected and actual earnings on pension plan investments	271,887	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	88,257	-
Borough contributions subsequent to the measurement date	-	-
	552,371	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 933,706</b>	<b>\$ -</b>

The \$552,371 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, 2022. 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,*

2022	\$ 114,253
2023	95,615
2024	101,062
2025	70,405
<b>Total Amortization</b>	<b>\$ 381,335</b>

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# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

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Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

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The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

# 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, excluding the inflation component of 2.36%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net pension liability	0.11320%	\$ 8,685,740	\$ 6,680,252	\$ 4,998,207

### *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

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

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the 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 Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

### ***Benefit Terms***

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2021 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2021, forfeitures reduced pension expense by \$8,875.

### ***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, 2021, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2021 were \$105,382 and \$168,611, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

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

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

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

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

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, 2021 were as follows:

	Other	Police/Fire
Retiree Medical Plan	1.27%	1.27%
Occupational Death and Disability Benefits	0.31%	0.70%
<b>Total Contribution Rates</b>	<b>1.58%</b>	<b>1.97%</b>

In 2021, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2019 to June 30, 2020	Borough Fiscal Year July 1, 2020 to June 30, 2021
Employer contributions - ARHCT	\$ 187,978	\$ 118,568
Employer contributions - RMP	27,263	26,766
Employer contributions - ODD	7,705	4,801
<b>Total Contributions</b>	<b>\$ 222,946</b>	<b>\$ 150,135</b>

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

At June 30, 2021, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

Borough's proportionate share of NOA - ARHCT	\$ 512,271
Borough's proportionate share of NOA - ODD	47,890
<b>Total Borough's Proportionate Share of Net OPEB Asset</b>	<b>\$ 560,161</b>
State's proportionate share of the ARHCT NOA associated with the Borough	212,422
<b>Total Net OPEB Asset</b>	<b>\$ 772,583</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

At June 30, 2021, the Borough reported a liability for its proportionate share of the net OPEB liability (NOL) associated with the Borough's participation in the RMP Plan. The amount recognized by the Borough for its proportionate share was \$(10,841).

The total OPEB liabilities (asset) for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net OPEB liabilities (asset) as of that date. The Borough's proportion of the net OPEB liabilities (asset) is based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2019 Measurement Date Employer Proportion	June 30, 2020 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.10644%	0.11312%	0.00668%
RMP	0.13726%	0.15283%	0.01557%
ODD	0.14984%	0.17568%	0.02584%

For the year ended June 30, 2021, the Borough recognized OPEB expense (benefit) of \$ (206,809). Of this amount, \$(136,699) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

Plan	OPEB Expense (Benefit)	On-behalf Revenue
ARHCT	\$ (267,333)	\$ (136,699)
RMP	53,660	-
ODD	6,864	-
Total	\$ (206,809)	\$ (136,699)

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

At June 30, 2021, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 56	\$ -	\$ 56
Changes in assumptions	-	15,224	-	15,224
Changes in benefits	-	-	-	-
Difference between projected and actual investment earnings	205,536	4,854	1,643	212,033
Changes in proportion and differences between Borough contributions and proportionate share of contributions	30,526	4,329	787	35,642
Borough contributions subsequent to the measurement date	118,568	26,766	4,801	150,135

<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 354,630</b>	<b>\$ 51,229</b>	<b>\$ 7,231</b>	<b>\$ 413,090</b>
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<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (41,096)	\$ (2,330)	\$ (16,068)	\$ (59,494)
Changes in assumptions	(357,082)	(28,025)	(701)	(385,808)
Changes in benefits	-	-	-	-
Difference between projected and actual investment earnings	-	-	-	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(608)	(8,272)	(8,880)

<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (398,178)</b>	<b>\$ (30,963)</b>	<b>\$ (25,041)</b>	<b>\$ (454,182)</b>
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Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	ARHCT	RMP	ODD	Total
2022	\$ (369,305)	\$ (666)	\$ (3,586)	\$ (373,557)
2023	73,159	302	(3,196)	70,265
2024	78,553	285	(3,188)	75,650
2025	55,477	(85)	(3,318)	52,075
2026	-	(1,255)	(3,733)	(4,988)
Thereafter	-	(5,081)	(5,590)	(10,672)
<b>Total Amortization</b>	<b>\$ (162,116)</b>	<b>\$ (6,500)</b>	<b>\$ (22,611)</b>	<b>\$ (191,227)</b>

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total OPEB liability (asset) for each plan for the measurement period ended June 30, 2020 was determined by actuarial valuations as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2020:

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Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/Firefighter. Graded by service from 6.75% to 2.75% for all others
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation.
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amounts included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

### ***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, excluding the inflation component of 2.36% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

### ***Discount Rate***

The discount rate used to measure the total OPEB liability (asset) for each plan as of June 30, 2020 was 7.38%. This discount rate used did not change from the prior measurement date. 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 for each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset) for each plan.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what the Borough's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.11312%	\$ 534,543	\$ (512,271)	\$ (1,379,341)
RMP	0.15283%	\$ 67,158	\$ 10,840	\$ (31,789)
ODD	0.17568%	\$ (45,002)	\$ (47,890)	\$ (50,198)

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

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the Borough'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
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.11312%	\$ (1,481,004)	\$ (512,271)	\$ 660,810
RMP	0.15283%	\$ (38,037)	\$ 10,840	\$ 77,324
ODD	0.17568%	\$ n/a	\$ n/a	\$ n/a

### *OPEB Plan Fiduciary Net Position*

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

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

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

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### ***Contribution Rate***

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2020, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,159 per year for each full-time employee, and \$1.38 per hour for part-time employees.

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

In fiscal year 2021, the Borough contributed \$74,399 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

## **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, 2021. 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.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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### 16. Subsequent Events

In preparing these financial statements, the Borough has evaluated all other events and transactions for potential recognition or disclosure through December 7, 2022, the date the financial statements were issued.

### 17. Coronavirus Pandemic

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 spread 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 upon the ability to collect sales taxes and assess fees for services. Additionally, the Borough also receives significant grant funding from the federal government and State of Alaska. The coronavirus pandemic has adversely impacted economic and financial market conditions, both globally and locally. It is possible that the coronavirus pandemic will adversely impact the Borough’s tax revenue base, demand for services, access to federal and state grant funding, as well as depress the value of the Borough’s investments in marketable securities. It is also possible the Borough will incur additional, previously unbudgeted expenditures as a result of the pandemic. Furthermore, it is possible that the coronavirus pandemic may adversely impact the Borough’s operations by limiting or restricting the Borough’s ability to deploy its workforce effectively.

Management has and is continuing to evaluate the impact of COVID-19. The full impact of COVID-19 and the scope of any adverse impact on the Borough’s financial condition, results from operations and liquidity cannot be fully determined at this time.

### 18. Economic Relief Legislation

On March 27, 2020, the “Coronavirus Aid, Relief and Economic Security (CARES) Act” was signed into law. 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. The Borough received \$2,061,747 in payments from the Coronavirus Relief Fund (CRF), passed through the State of Alaska, for the year ended June 30, 2020. The Borough applied \$826,272 in CRF funding toward eligible expenditures in fiscal year 2020. Subsequent to year end, the Borough received an additional \$1,789,356 through the CRF. The Borough continues to examine the impact that the CARES Act may have. In addition, the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021 were signed into law on December 27, 2020 and March 11, 2021, respectively. Both Acts appropriated funds for States and certain local governments. Currently, the Borough is unable to determine the full impact the economic relief legislation will have on the Borough’s financial condition, results of operations, or liquidity.

### 19. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were implemented by the Borough for 2021 reporting:

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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*GASB Statement No. 84 - Fiduciary Activities* - Effective for year-end June 30, 2021. This Statement addresses criteria for identifying and reporting fiduciary activities. There is no change for the Borough for the year ended June 30, 2021 from implementation of this Statement.

*GASB Statement No. 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* - Effective for year-end June 30, 2021. 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. There is no change for the Borough for the year ended June 30, 2021 from implementation of this Statement.

*GASB Statement No. 98 - The Annual Comprehensive Financial Report* - Effective for year-end June 30, 2022. Earlier application is encouraged. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Borough has early implemented this Statement; however, the Borough does not issue an Annual Comprehensive Financial Report.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

*GASB Statement No. 87 - Leases* - Effective for year-end June 30, 2022, 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.

*GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for year-end June 30, 2022. 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 Statement No. 91 - Conduit Debt Obligations* - Effective for year-end June 30, 2023. 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 Statement No. 92 - Omnibus 2020* - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 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.

# City and Borough of Wrangell, Alaska

## Notes to Basic Financial Statements

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*GASB Statement No. 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 in paragraph 11b, 13 and 14 are required to be implemented 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 Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

*GASB Statement No. 96 - Subscription-Based Information Technology Arrangements* - Effective for year-end June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

*GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* - Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This Statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

## Required Supplementary Information

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# City and Borough of Wrangell, Alaska

Exhibit D-1

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

<i>Year Ended June 30, 2021</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 3,194,216	\$ 3,654,216	\$ 4,619,974	\$ 965,758
Intergovernmental	1,038,498	950,498	844,726	(105,772)
Charges for services	526,500	152,500	97,497	(55,003)
Sales and leases	130,500	130,500	108,230	(22,270)
Fines and forfeitures	17,000	17,000	6,920	(10,080)
Investment income (loss)	35,000	35,000	(15,829)	(50,829)
Other	11,000	13,000	76,362	63,362
<b>Total Revenues</b>	<b>4,952,714</b>	<b>4,952,714</b>	<b>5,737,880</b>	<b>785,166</b>
<b>Expenditures</b>				
General government	1,030,227	1,061,324	1,104,355	(43,031)
Public safety	1,851,501	2,356,445	1,420,316	936,129
Public works	1,728,351	1,317,106	1,259,574	57,532
Library	253,853	253,267	253,773	(506)
Community services	43,000	190,526	158,836	31,690
<b>Total Expenditures</b>	<b>4,906,932</b>	<b>5,178,668</b>	<b>4,196,854</b>	<b>981,814</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>45,782</b>	<b>(225,954)</b>	<b>1,541,026</b>	<b>1,766,980</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,352,314	-	101,375	101,375
Transfers out	(961,459)	-	(716,552)	(716,552)
<b>Net Other Financing Sources (Uses)</b>	<b>390,855</b>	<b>-</b>	<b>(615,177)</b>	<b>(615,177)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 436,637</b>	<b>\$ (225,954)</b>	<b>925,849</b>	<b>\$ 1,151,803</b>
<b>Fund Balance, beginning</b>			<b>8,384,563</b>	
<b>Fund Balance, ending</b>			<b>\$ 9,310,412</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, 2021</i>	Original and Final Budget	Actual	Variance with Budget
<b>Revenues</b>			
Investment income	\$ 233,560	\$ 1,673,891	\$ 1,440,331
Lease revenue	16,440	-	(16,440)
<b>Total Revenues</b>	250,000	1,673,891	1,423,891
<b>Excess of Revenues Over Expenditures</b>	250,000	1,673,891	1,423,891
<b>Other Financing Uses - transfers out</b>	(280,000)	-	280,000
<b>Net Change in Fund Balance</b>	<u>\$ (30,000)</u>	1,673,891	<u>\$ 1,703,891</u>
<b>Fund Balance, beginning</b>		<u>7,946,353</u>	
<b>Fund Balance, ending</b>		<u>\$ 9,620,244</u>	

*See accompanying notes to Required Supplementary Information.*

**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, 2021</i>	Original and Final Budget	Actual	Variance with Budget
<b>Revenues</b>			
Intergovernmental - national forest receipts	\$ 880,000	\$ 796,757	\$ (83,243)
Investment income	7,500	-	(7,500)
<b>Total Revenues</b>	<b>887,500</b>	<b>796,757</b>	<b>(90,743)</b>
<b>Expenditures</b>			
Education - contributions to school district	1,455,000	1,300,000	155,000
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(567,500)</b>	<b>(503,243)</b>	<b>64,257</b>
<b>Other Financing Uses - transfers out</b>	<b>(112,214)</b>	<b>-</b>	<b>112,214</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (679,714)</u></b>	<b>(503,243)</b>	<b><u>\$ 176,471</u></b>
<b>Fund Balance, beginning</b>		<b><u>2,936,428</u></b>	
<b>Fund Balance, ending</b>		<b><u>\$2,433,185</u></b>	

*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>	2021	2020	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.11320%	0.10645%	0.11124%	0.10179%	0.12813%	0.12944%	0.09481%
Borough's Proportionate Share of the Net Pension Liability	\$ 6,680,252	\$ 5,827,496	\$ 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	2,763,265	2,319,355	1,601,473	1,960,717	901,438	1,682,286	3,807,733
<b>Total Net Pension Liability</b>	<b>\$ 9,443,517</b>	<b>\$ 8,146,851</b>	<b>\$ 7,129,071</b>	<b>\$ 7,222,435</b>	<b>\$ 8,063,128</b>	<b>\$ 7,960,268</b>	<b>\$ 8,229,529</b>
Borough's Covered Payroll	\$ 3,782,294	3,516,156	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	176.62%	165.73%	168.02%	165.15%	227.60%	195.00%	122.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

**Schedule of Borough Contributions**

<i>Years Ended June 30,</i>	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 552,368	\$ 510,456	\$ 508,139	\$ 525,495	\$ 537,369	\$ 343,399	\$ 340,908
Contributions Relative to the Contractually Required Contribution	552,368	510,456	508,139	525,495	537,369	343,399	340,908
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 3,638,702	\$ 3,782,294	\$ 3,516,156	\$ 3,289,940	\$ 3,185,949	\$ 3,146,642	\$ 3,219,425
Contributions as a Percentage of Covered Payroll	15.18%	13.50%	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 (Asset)**

Years Ended June 30,	ARHCT				RMP				ODD			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.11312%	0.10664%	0.11123%	0.10186%	0.15283%	0.13726%	0.10645%	0.10277%	0.17568%	0.14984%	0.10645%	0.10277%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (512,271)	\$ 158,227	\$ 1,141,549	\$ 860,457	\$ 10,841	\$ 32,838	\$ 13,546	\$ 5,359	\$ (47,890)	\$ (36,328)	\$ (20,674)	\$ (14,582)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(212,422)	62,826	332,145	320,648	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (724,693)	\$ 221,053	\$ 1,473,694	\$ 1,181,105	\$ 10,841	\$ 32,838	\$ 13,546	\$ 5,359	\$ (47,890)	\$ (36,328)	\$ (20,674)	\$ (14,582)
Borough's Covered Payroll	\$ 1,717,381	2,228,533	2,085,158	3,185,949	2,064,913	1,287,623	1,204,782	3,185,949	2,064,913	1,287,623	1,204,782	3,185,949
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-29.83%	7.10%	54.75%	27.01%	0.53%	2.55%	1.12%	0.17%	-2.32%	-2.82%	-1.72%	-0.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	106.15%	98.13%	88.12%	89.68%	0.00%	83.17%	88.71%	93.98%	0.00%	297.43%	270.62%	212.97%

**Schedule of Borough Contributions**

Years Ended June 30,	ARHCT				RMP				ODD			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
Contractually Required Contributions	\$ 118,568	\$ 187,978	\$ 165,982	\$ 136,960	\$ 26,766	\$ 27,263	\$ 16,108	\$ 12,409	\$ 4,801	\$ 7,705	\$ 6,118	\$ 2,473
Contributions Relative to the Contractually Required Contributions	118,568	187,978	165,982	136,960	26,766	27,263	16,108	12,409	4,801	7,705	6,118	2,473
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	1,529,297	1,717,381	2,228,533	2,085,158	2,109,405	2,064,913	1,287,623	1,204,782	2,109,405	2,064,913	1,287,623	1,204,782
Contributions as a Percentage of Covered Payroll	7.75%	10.95%	7.45%	6.57%	1.27%	1.32%	1.25%	1.03%	0.23%	0.37%	0.17%	0.21%

*See accompanying notes to Required Supplementary Information.*

**City and Borough of Wrangell, Alaska**  
**Notes to Required Supplementary Information**  
**June 30, 2021**

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**1. Budgetary Comparison Schedules**

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

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

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

This table is presented based on the Plan measurement date. For June 30, 2021, the Plan measurement date is June 30, 2020.

***Changes in Assumptions:***

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

In 2020, the discount rate was lowered from 8% to 7.38%.

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.

# City and Borough of Wrangell, Alaska

## Notes to Required Supplementary Information, continued June 30, 2021

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

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

This table is presented based on the Plan measurement date. For June 30, 2021, the Plan measurement date is June 30, 2020.

#### *Changes in Assumptions:*

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

5. Per capita claims costs were updated to reflect recent experience.
6. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
7. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
8. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2020, the discount rate was lowered from 8% to 7.38%.

In 2020, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.

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

#### *Schedule of 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.

## Supplementary Information

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## City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds  
Combining Balance Sheet

	Special Revenue Funds				Debt	Capital Project Funds				Total
	Transient	Sales	Parks and	Nolan	Service	Residential	Industrial	Economic	Misc-	Nonmajor
June 30, 2021	Tax	Tax	Recreation	Center	Fund	Construc-	Construc-	Recovery	ellaneous	Governmental
						tion	tion			Funds
<b>Assets</b>										
Cash and investments	\$ 381,796	\$ 1,456,694	\$ 1,521,546	\$ 14,570	\$ 10,286	\$ 51,916	\$ 345,810	\$ 1,353,445	\$ 920,443	\$ 6,056,506
Receivables:										
Sales taxes	58,918	306,905	-	-	-	-	-	-	-	365,823
Accounts	-	-	-	-	-	-	-	-	258	258
Inventory	-	-	-	55,161	-	-	-	-	-	55,161
<b>Total Assets</b>	<b>\$ 440,714</b>	<b>\$ 1,763,599</b>	<b>\$ 1,521,546</b>	<b>\$ 69,731</b>	<b>\$ 10,286</b>	<b>\$ 51,916</b>	<b>\$ 345,810</b>	<b>\$ 1,353,445</b>	<b>\$ 920,701</b>	<b>\$ 6,477,748</b>
<b>Liabilities and Fund Balances</b>										
<b>Liabilities</b>										
Accounts payable	\$ 2,639	\$ -	\$ 5,576	\$ 10,028	\$ -	\$ 5,144	\$ 10,130	\$ -	\$ 800	\$ 34,317
Unearned revenue	-	-	59,760	10,350	2,730	-	-	-	71,510	144,350
Due to other funds	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>2,639</b>	<b>-</b>	<b>65,336</b>	<b>20,378</b>	<b>2,730</b>	<b>5,144</b>	<b>10,130</b>	<b>-</b>	<b>72,310</b>	<b>178,667</b>
<b>Fund Balances</b>										
Nonspendable - inventory	-	-	-	55,161	-	-	-	-	-	55,161
Restricted - Barnes Endowment	-	-	-	50,000	-	-	-	-	-	50,000
Committed:										
Schools and roads	-	1,763,599	-	-	-	-	-	-	-	1,763,599
Community services	438,075	-	-	-	-	-	-	-	-	438,075
Swimming pool	-	-	1,456,210	-	-	-	-	-	-	1,456,210
Land development	-	-	-	-	-	-	335,680	-	-	335,680
Assigned:										
Projects	-	-	-	-	-	46,772	-	1,353,445	848,391	2,248,608
Debt service	-	-	-	-	7,556	-	-	-	-	7,556
Unassigned (deficit)	-	-	-	(55,808)	-	-	-	-	-	(55,808)
<b>Total Fund Balances</b>	<b>438,075</b>	<b>1,763,599</b>	<b>1,456,210</b>	<b>49,353</b>	<b>7,556</b>	<b>46,772</b>	<b>335,680</b>	<b>1,353,445</b>	<b>848,391</b>	<b>6,299,081</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 440,714</b>	<b>\$ 1,763,599</b>	<b>\$ 1,521,546</b>	<b>\$ 69,731</b>	<b>\$ 10,286</b>	<b>\$ 51,916</b>	<b>\$ 345,810</b>	<b>\$ 1,353,445</b>	<b>\$ 920,701</b>	<b>\$ 6,477,748</b>



## City and Borough of Wrangell, Alaska

## Nonmajor Governmental Funds

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

Year Ended June 30, 2021	Special Revenue Funds				Debt Service Fund	Capital Project Funds				Total Nonmajor Governmental Funds
	Transient Tax	Sales Tax	Parks and Recreation	Nolan Center		Residential Construc- tion	Industrial Construc- tion	Economic Recovery	Misc- ellaneous	
<b>Revenues</b>										
Taxes	\$ 89,321	\$ 1,066,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,155,918
Intergovernmental	9,565	-	10,762	8,191	-	-	-	-	250,224	278,742
Charges for services	-	-	31,285	38,459	-	-	-	-	-	69,744
Investment income	-	-	242,090	521	-	-	2,515	-	-	245,126
Land sales and improvements	-	-	-	-	-	55,095	17,391	-	-	72,486
Other	6,561	-	9,741	2,947	-	-	1,380	-	-	20,629
<b>Total Revenues</b>	105,447	1,066,597	293,878	50,118	-	55,095	21,286	-	250,224	1,842,645
<b>Expenditures</b>										
General government	-	-	-	-	-	-	-	-	253,978	253,978
Parks and recreation	-	-	542,445	-	-	-	-	-	-	542,445
Community services	37,508	-	-	369,101	-	-	-	-	-	406,609
Debt service:		-								
Principal	-	-	-	-	260,000	-	-	-	-	260,000
Interest	-	-	-	-	6,875	-	-	-	-	6,875
Capital outlay	-	-	51,685	-	-	122,540	20,173	-	23,996	218,394
<b>Total Expenditures</b>	37,508	-	594,130	369,101	266,875	122,540	20,173	-	277,974	1,688,301
<b>Excess of Revenues Over (Under) Expenditures</b>	67,939	1,066,597	(300,252)	(318,983)	(266,875)	(67,445)	1,113	-	(27,750)	154,344
<b>Other Financing Sources (Uses)</b>										
Transfers in	-	-	477,177	268,000	272,750	-	-	-	-	1,017,927
Transfers out	-	(1,124,750)	-	-	-	-	-	-	-	(1,124,750)
<b>Net Other Financing Sources (Uses)</b>	-	(1,124,750)	477,177	268,000	272,750	-	-	-	-	(106,823)
<b>Net Change in Fund Balances</b>	67,939	(58,153)	176,925	(50,983)	5,875	(67,445)	1,113	-	(27,750)	47,521
<b>Fund Balances, beginning</b>	370,136	1,821,752	1,279,285	100,336	1,681	114,217	334,567	1,353,445	876,141	6,251,560
<b>Fund Balances, ending</b>	\$ 438,075	\$ 1,763,599	\$ 1,456,210	\$ 49,353	\$ 7,556	\$ 46,772	\$ 335,680	\$ 1,353,445	\$ 848,391	\$ 6,299,081

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## **General Fund**

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

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

# City and Borough of Wrangell, Alaska

Exhibit G-1

## General Fund Balance Sheet

<i>June 30,</i>	2021	2020
<b>Assets</b>		
Cash and investments	\$ 9,014,904	\$ 7,777,810
Prepaid items	483	78,351
Receivables:		
Property taxes	182,597	134,081
Sales taxes	463,245	463,245
Accounts	97,379	50,385
Accrued interest	-	44,422
Grants and shared revenues	-	33,750
Total receivables	743,221	725,883
Less allowance for doubtful accounts	(70)	(70)
Net receivables	743,151	725,813
Due from other funds	87,351	-
Interfund loan receivable	42,669	64,611
<b>Total Assets</b>	<b>\$ 9,888,558</b>	<b>\$ 8,646,585</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 446,897	\$ 153,603
Unearned revenue	12,368	12,247
<b>Total Liabilities</b>	<b>459,265</b>	<b>165,850</b>
<b>Deferred Inflows of Resources</b>		
Delinquent property taxes	118,881	96,172
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>578,146</b>	<b>262,022</b>
<b>Fund Balance</b>		
Nonspendable:		
Prepaid items	483	78,351
Interfund loan receivable	42,669	64,611
Unassigned	9,267,260	8,241,601
<b>Total Fund Balance</b>	<b>9,310,412</b>	<b>8,384,563</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 9,888,558</b>	<b>\$ 8,646,585</b>

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

<i>Years Ended June 30,</i>	2021			2020
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Taxes:				
Real property taxes	\$ 1,889,516	\$ 1,875,325	\$ (14,191)	\$ 1,755,703
Property tax penalties and interest	20,000	28,293	8,293	27,380
Payments in lieu of taxes	460,000	494,259	34,259	503,436
Marijuana taxes	5,500	600	(4,900)	1,925
Sales taxes	1,249,200	2,219,997	970,797	2,026,614
Sales tax penalties and interest	30,000	1,500	(28,500)	33,538
<b>Total taxes</b>	<b>3,654,216</b>	<b>4,619,974</b>	<b>965,758</b>	<b>4,348,596</b>
Intergovernmental:				
State of Alaska:				
Jail contract	372,000	278,981	(93,019)	371,975
Community assistance	375,363	375,807	444	409,356
Library grants	-	7,000	7,000	8,000
State PERS relief	194,935	166,506	(28,429)	163,407
CBDG fire truck grant	-	-	-	337,500
Other	8,200	2,385	(5,815)	-
<b>Total State of Alaska</b>	<b>950,498</b>	<b>830,679</b>	<b>(119,819)</b>	<b>1,290,238</b>
Federal government - Library grants	-	14,047	14,047	10,000
<b>Total intergovernmental</b>	<b>950,498</b>	<b>844,726</b>	<b>(105,772)</b>	<b>1,300,238</b>
Charges for services:				
Cemetery services	2,500	1,890	(610)	2,431
Police services	100,000	45,974	(54,026)	75,396
911 surcharge	50,000	49,633	(367)	50,282
<b>Total charges for services</b>	<b>152,500</b>	<b>97,497</b>	<b>(55,003)</b>	<b>128,109</b>
Sales and leases:				
Court rental	62,400	57,200	(5,200)	57,200
Tideland leases	50,000	50,174	174	56,045
Material sales	-	268	268	809
Leases	15,600	-	(15,600)	10,400
Cemetery plot sales	2,500	588	(1,912)	1,773
<b>Total sales and leases</b>	<b>130,500</b>	<b>108,230</b>	<b>(22,270)</b>	<b>126,227</b>
Fines and forfeitures	17,000	6,920	(10,080)	4,302
Investment income (loss)	35,000	(15,829)	(50,829)	336,128
Other revenues:				
Licenses and permits	1,000	1,402	402	1,896
Copies	2,000	439	(1,561)	1,216
Library grants	-	9,802	9,802	8,210
Allocated public works labor	-	307	307	-
Miscellaneous	10,000	64,412	54,412	262,645
<b>Total other revenues</b>	<b>13,000</b>	<b>76,362</b>	<b>63,362</b>	<b>273,967</b>
<b>Total Revenues</b>	<b>4,952,714</b>	<b>5,737,880</b>	<b>785,166</b>	<b>6,517,567</b>

**City and Borough of Wrangell, Alaska**

Exhibit G-2, continued

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

<i>Years Ended June 30,</i>	2021		Variance with Budget	2020  Actual
	Budget	Actual		
<b>Expenditures</b>				
General government:				
Finance:				
Personnel services:				
Salaries	\$ 243,264	\$ 195,448	\$ 47,816	\$ 250,854
Overtime salaries	-	12,363	(12,363)	6,683
Employee benefits	147,343	104,872	42,471	172,251
<b>Total personnel services</b>	<b>390,607</b>	<b>312,683</b>	<b>77,924</b>	<b>429,788</b>
Contractual services:				
Auditor	60,000	16,750	43,250	69,597
Assessor	75,000	(32)	75,032	40,975
Attorney	-	72,441	(72,441)	3,379
Telephone and internet	12,000	13,953	(1,953)	12,185
Travel and training	-	-	-	12,598
Utilities	5,424	16,385	(10,961)	13,177
Equipment rental and repair	3,000	6,235	(3,235)	4,913
Programming	74,640	105,355	(30,715)	41,140
Insurance	32,300	6,425	25,875	3,645
Bank and credit card	45,000	74,977	(29,977)	77,684
Collection charges	-	869	(869)	20,297
<b>Total contractual services</b>	<b>307,364</b>	<b>313,358</b>	<b>(5,994)</b>	<b>299,590</b>
Commodities:				
Materials and supplies	8,550	8,650	(100)	14,442
Custodial supplies	-	-	-	1,471
Postage	12,000	9,538	2,462	10,621
Facility repairs and maintenance	3,000	3,345	(345)	9,443
Equipment repairs and maintenance	3,000	467	2,533	11,941
Capital outlay	36,847	11,766	25,081	53,328
Publications and advertising	-	1,131	(1,131)	1,442
Other	-	54,651	(54,651)	6,511
<b>Total commodities</b>	<b>63,397</b>	<b>89,548</b>	<b>(26,151)</b>	<b>109,199</b>
<b>Total finance</b>	<b>761,368</b>	<b>715,589</b>	<b>45,779</b>	<b>838,577</b>
<b>Less charges to other funds</b>	<b>(256,726)</b>	<b>(171,897)</b>	<b>(84,829)</b>	<b>(170,004)</b>
<b>Net finance</b>	<b>504,642</b>	<b>543,692</b>	<b>(39,050)</b>	<b>668,573</b>
Administration:				
Personnel services:				
Salaries	125,000	127,050	(2,050)	185,078
Employee benefits	50,390	61,782	(11,392)	82,374
<b>Total personnel services</b>	<b>175,390</b>	<b>188,832</b>	<b>(13,442)</b>	<b>267,452</b>

**City and Borough of Wrangell, Alaska**

Exhibit G-2, continued

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

<i>Years Ended June 30,</i>	2021			2020
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
General government, continued:				
Administration, continued:				
Contractual services:				
Attorney	\$ 95,000	\$ 69,324	\$ 25,676	\$ 111,672
Professional services	5,278	1,841	3,437	13,762
Telephone and internet	4,130	4,572	(442)	2,170
Administration travel and training	-	-	-	13,731
Publications and advertising	-	-	-	135
Lobbying	66,000	64,200	1,800	67,200
Wrangell medical center legacy	-	-	-	2,429
Tourism program	3,000	3,616	(616)	10,120
Total contractual services	173,408	143,553	29,855	221,219
Commodities:				
Materials and supplies	2,500	1,935	565	1,610
Memberships and dues	1,265	1,690	(425)	5,389
Total commodities	3,765	3,625	140	6,999
Promotions	-	-	-	6,258
General insurance	11,767	45,380	(33,613)	23,105
Total administration	364,330	381,390	(17,060)	525,033
Clerk and assembly:				
Personnel services:				
Salaries	87,000	79,916	7,084	62,964
Overtime salaries	-	177	(177)	-
Employee benefits	62,787	57,688	5,099	69,310
Total personnel services	149,787	137,781	12,006	132,274
Contractual services:				
Information technology	7,485	7,544	(59)	3,498
Clerk travel and training	-	-	-	19,312
Recorder fees	400	351	49	283
Total contractual services	7,885	7,895	(10)	23,093
Commodities:				
Materials and supplies	7,000	5,114	1,886	2,433
Publications	19,120	19,958	(838)	19,450
Membership and dues	5,560	6,038	(478)	9,835
Election supplies	-	-	-	5,305
Republishing WMC	3,000	2,487	513	3,711
Total commodities	34,680	33,597	1,083	40,734
Total clerk and assembly	192,352	179,273	13,079	196,101
Total general government	1,061,324	1,104,355	(43,031)	1,389,707

**City and Borough of Wrangell, Alaska**

Exhibit G-2, continued

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

<i>Years Ended June 30,</i>	2021			2020
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public safety:				
Fire department:				
Personnel services:				
Salaries	\$ 103,185	\$ 4,440	\$ 98,745	\$ 61,694
Overtime salaries	-	-	-	12,392
Employee benefits	80,333	12,959	67,374	78,209
Contributions for fire calls	6,500	6,500	-	5,500
<b>Total personnel services</b>	<b>190,018</b>	<b>23,899</b>	<b>166,119</b>	<b>157,795</b>
Contractual services:				
Telephone and internet	8,994	5,530	3,464	7,095
Travel and training	-	-	-	6,778
Fire charges from capital facilities	2,000	3,183	(1,183)	870
Fire prevention and education	1,000	982	18	175
Insurance	32,197	30,280	1,917	9,209
Capital outlay	52,000	14,219	37,781	426,019
<b>Total contractual services</b>	<b>96,191</b>	<b>54,194</b>	<b>41,997</b>	<b>450,146</b>
Commodities:				
Materials and supplies	15,500	5,451	10,049	2,869
Fire substation costs	17,500	10,963	6,537	15,891
Vehicle maintenance	37,200	16,373	20,827	32,905
Charges from garage	10,000	6,941	3,059	7,677
Turn out gear	10,125	4,539	5,586	8,653
<b>Total commodities</b>	<b>90,325</b>	<b>44,267</b>	<b>46,058</b>	<b>67,995</b>
<b>Total fire department</b>	<b>376,534</b>	<b>122,360</b>	<b>254,174</b>	<b>675,936</b>
Police department:				
Personnel services:				
Salaries	540,007	238,001	302,006	265,447
Overtime salaries	-	19,366	(19,366)	87,230
Employee benefits	286,276	180,980	105,296	307,516
Uniform allowances	10,000	9,073	927	3,250
<b>Total personnel services</b>	<b>836,283</b>	<b>447,420</b>	<b>388,863</b>	<b>663,443</b>
Contractual services:				
Telephone and internet	16,424	17,548	(1,124)	17,032
Information technology	8,000	4,499	3,501	879
Insurance	25,745	38,233	(12,488)	31,448
Travel and training	9,573	11,474	(1,901)	36,605
Capital outlay	-	16,100	(16,100)	79,081
Animal control	2,500	209	2,291	314
State portion of driver licenses	66,500	30,124	36,376	46,104
Professional services	43,000	33,988	9,012	128
State portion of citations	1,200	629	571	260
Other	2,000	1,836	164	-
<b>Total contractual services</b>	<b>174,942</b>	<b>154,640</b>	<b>20,302</b>	<b>211,851</b>



**City and Borough of Wrangell, Alaska**

Exhibit G-2, continued

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

<i>Years Ended June 30,</i>	2021			2020
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public safety, continued:				
Police department, continued:				
Commodities:				
Materials and supplies	\$ 11,000	\$ 6,079	\$ 4,921	\$ 12,607
Boat expenditures	5,000	100	4,900	4,357
Publications	500	80	420	2,080
Ammunition	7,500	7,258	242	5,470
Special investigations	2,500	6,551	(4,051)	1,585
Equipment repairs and maintenance	16,000	11,876	4,124	24,052
Health and safety permits	-	12	(12)	816
Charges from garage	4,800	7,571	(2,771)	11,500
Membership and dues	-	525	(525)	26
Total commodities	47,300	40,052	7,248	62,493
Total police department	1,058,525	642,112	416,413	937,787
Police corrections department:				
Personnel services:				
Salaries	272,717	118,639	154,078	231,821
Overtime salaries	-	12,390	(12,390)	30,369
Employee benefits	171,926	100,773	71,153	71,731
Total personnel services	444,643	231,802	212,841	333,921
Contractual services:				
Telephone and internet	1,500	1,209	291	94
Information technology	-	4,000	(4,000)	-
Travel and training	-	-	-	584
Total contractual services	1,500	5,209	(3,709)	678
Commodities:				
Materials and supplies	3,500	1,673	1,827	77
Prisoner meals	10,000	4,308	5,692	11,455
Reimbursement of prisoner costs	-	-	-	(257)
Total commodities	13,500	5,981	7,519	11,275
Total police corrections department	459,643	242,992	216,651	345,874
Public safety building department:				
Personnel services:				
Salaries	-	913	(913)	-
Overtime salaries	-	10,275	(10,275)	-
Employee benefits	-	7,253	(7,253)	-
Total personnel services	-	18,441	(18,441)	-
Contractual services:				
Telephone and internet	1,980	2,599	(619)	794
Insurance	14,079	-	14,079	-
Engineering	209,223	157,063	52,160	7,070
Utilities	110,000	102,709	7,291	106,357
Capital outlay	-	(4,240)	4,240	-
Total contractual services	335,282	258,131	77,151	114,221

City and Borough of Wrangell, Alaska

Exhibit G-2, continued

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

Years Ended June 30,	2021		Variance	2020
	Budget	Actual	with Budget	Actual
<b>Expenditures, continued</b>				
Public safety, continued:				
Public safety building, continued:				
Commodities:				
Materials and supplies	\$ -	\$ 938	\$ (938)	\$ 3,453
Custodial supplies	2,500	790	1,710	1,582
Capital outlay	-	-	-	11,554
Vehicle maintenance and repair	-	-	-	118
Facility repair and maintenance	123,961	134,552	(10,591)	139,793
Total commodities	126,461	136,280	(9,819)	156,500
Total public safety building	461,743	412,852	48,891	270,721
Total public safety	2,356,445	1,420,316	936,129	2,230,318
Public works:				
Garage:				
Personnel services:				
Salaries	123,228	24,723	98,505	119,820
Overtime salaries	-	198	(198)	2,891
Employee benefits	97,156	136,403	(39,247)	105,702
Total personnel services	220,384	161,324	59,060	228,413
Contractual services:				
Utilities	23,000	22,995	5	21,271
Insurance	3,044	2,494	550	1,155
Telephone and internet	-	443	(443)	39
Information technology	-	606	(606)	1,688
Professional services	-	453	(453)	140
Vehicle maintenance	1,000	321	679	354
Software programming and licensing	7,075	4,621	2,454	2,383
Allocated public works labor	1,300	923	377	3,667
Travel and training	-	-	-	3,360
Total contractual services	35,419	32,856	2,563	34,057
Commodities:				
Materials and supplies	8,600	7,894	706	13,895
Fuel oil	5,000	2,529	2,471	4,083
Fuel and lubrication	65,000	62,856	2,144	67,356
Health and safety permits, inspections, and compliance	1,500	1,862	(362)	584
Facility repair and maintenance	5,000	3,285	1,715	10,957
Capital outlay	7,500	5,199	2,301	26,932
Expendable tools	3,000	1,909	1,091	2,003
Total commodities	95,600	85,534	10,066	125,810
Total garage	351,403	279,714	71,689	388,280
Less charges to other departments and funds	(107,275)	(71,414)	(35,861)	(122,036)
Net garage	244,128	208,300	35,828	266,244

**City and Borough of Wrangell, Alaska**

Exhibit G-2, continued

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

<i>Years Ended June 30,</i>	2021		Variance with Budget	2020
	Budget	Actual		Actual
<b>Expenditures, continued</b>				
Public works, continued:				
General:				
Personnel services:				
Salaries	\$ 619,531	\$ 350,258	\$ 269,273	\$ 508,719
Overtime salaries	-	18,483	(18,483)	15,716
Uniform allowances	3,000	875	2,125	880
Employee benefits	405,098	609,355	(204,257)	376,205
Total personnel services	1,027,629	978,971	48,658	901,520
Contractual services:				
Telephone	14,103	16,630	(2,527)	15,301
Utilities	-	350	(350)	-
Publications and advertising	-	399	(399)	160
Vehicle maintenance	6,740	3,412	3,328	2,966
Professional services	-	41	(41)	115
Insurance	29,139	29,704	(565)	20,203
Travel and training	1,325	463	862	4,048
Total contractual services	51,307	50,999	308	42,793
Commodities:				
Materials and supplies	11,900	6,865	5,035	(12,017)
Vehicle maintenance	5,000	258	4,742	5,165
Professional services	-	748	(748)	279
Capital outlay	-	-	-	96,491
Gear	2,300	434	1,866	760
Other	3,500	1,063	2,437	-
Building repairs and maintenance	(195,808)	(95,274)	(100,534)	11,814
Total commodities	(173,108)	(85,906)	(87,202)	102,492
Total general	905,828	944,064	(38,236)	1,046,805
Less charges to other departments and funds	(216,850)	(128,826)	(88,024)	(291,155)
Net general	688,978	815,238	(126,260)	755,650
Streets:				
Personnel services:				
Salaries	-	-	-	44,894
Overtime salaries	-	-	-	1,331
Employee benefits	(85,000)	(71,705)	(13,295)	45,306
Allocated public works labor	85,000	71,758	13,242	89,356
Total personnel services	-	53	(53)	180,887
Contractual services:				
Rock quarry electricity	21,000	28,835	(7,835)	25,041
Allocated - public works labor	130,000	56,632	73,368	99,101
Sanding and snow removal	100,000	71,758	28,242	2,055
Total contractual services	251,000	157,225	93,775	126,197

**City and Borough of Wrangell, Alaska**

Exhibit G-2, continued

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

<i>Years Ended June 30,</i>	2021			2020
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Public works, continued:				
Streets, continued:				
Commodities:				
Materials and supplies	\$ 133,000	\$ 76,160	\$ 56,840	\$ 73,980
Equipment repairs and maintenance	-	2,289	(2,289)	142
Street repairs and maintenance	-	309	(309)	280
Total commodities	133,000	78,758	54,242	74,402
Total streets	384,000	236,036	147,964	381,486
Total public works	1,317,106	1,259,574	57,532	1,403,380
Library:				
Personnel services:				
Salaries	108,144	102,376	5,768	108,398
Employee benefits	73,254	75,150	(1,896)	90,513
Total personnel services	181,398	177,526	3,872	198,911
Contractual services:				
Telephone and internet	2,592	2,650	(58)	2,661
Insurance	7,162	7,014	148	5,145
Utilities	9,000	9,293	(293)	9,121
Total contractual services	18,754	18,957	(203)	16,927
Commodities:				
Materials and supplies	5,000	14,490	(9,490)	8,242
Custodian supplies	700	322	378	414
Books, subscriptions and dues	19,415	22,850	(3,435)	31,092
Postage	1,000	233	767	494
Building repairs and maintenance	17,000	10,559	6,441	4,753
Computer repairs and maintenance	10,000	8,836	1,164	9,822
Total commodities	53,115	57,290	(4,175)	54,817
Total library	253,267	253,773	(506)	270,655
Community services:				
Community development:				
Personnel services:				
Salaries	137,471	72,302	65,169	-
Capital outlay	-	96	(96)	3,301
Total personnel services	137,471	72,398	65,073	3,301
Contractual services - allocated public works labor	-	-	-	3,492

**City and Borough of Wrangell, Alaska**

Exhibit G-2, continued

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

<i>Years Ended June 30,</i>	2021			2020
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued</b>				
Community services, continued:				
Contributions:				
Senior citizens program	\$ 11,500	\$ 11,500	\$ -	\$ 11,500
Community promotion	-	-	-	504
Chamber of Commerce	23,000	23,000	-	23,000
Local radio	8,500	8,500	-	8,500
Volunteer fire department	-	-	-	4,000
<b>Total contributions</b>	<b>43,000</b>	<b>43,000</b>	<b>-</b>	<b>47,504</b>
<b>Total community development</b>	<b>180,471</b>	<b>115,398</b>	<b>65,073</b>	<b>54,297</b>
Planning and zoning:				
Personnel services:				
Salaries	-	4,440	(4,440)	26,816
Employee benefits	-	36,266	(36,266)	-
<b>Total personnel services</b>	<b>-</b>	<b>40,706</b>	<b>(40,706)</b>	<b>26,816</b>
<b>Contractual services - information technology</b>	<b>2,130</b>	<b>1,516</b>	<b>614</b>	<b>1,579</b>
Commodities:				
Materials and supplies	1,725	1,260	465	1,165
Publications	600	294	306	115
Postage	600	-	600	-
Mapping upgrade	-	-	-	1,321
<b>Total commodities</b>	<b>2,925</b>	<b>1,554</b>	<b>1,371</b>	<b>2,601</b>
<b>Total planning and zoning</b>	<b>5,055</b>	<b>43,776</b>	<b>(38,721)</b>	<b>30,996</b>
Cemetery:				
Personnel services -				
allocated salaries - public works	3,000	(600)	3,600	1,099
Commodities - materials and supplies	2,000	262	1,738	400
<b>Total cemetery</b>	<b>5,000</b>	<b>(338)</b>	<b>5,338</b>	<b>1,499</b>
<b>Total community services</b>	<b>190,526</b>	<b>158,836</b>	<b>31,690</b>	<b>86,792</b>
<b>Total Expenditures</b>	<b>5,178,668</b>	<b>4,196,854</b>	<b>981,814</b>	<b>5,380,852</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(225,954)</b>	<b>1,541,026</b>	<b>1,766,980</b>	<b>1,136,715</b>
Other Financing Sources (Uses):				
Transfers in	-	101,375	101,375	256,083
Transfers out	-	(716,552)	(716,552)	(942,568)
<b>Net Other Financing Sources (Uses)</b>	<b>-</b>	<b>(615,177)</b>	<b>(615,177)</b>	<b>(686,485)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (225,954)</b>	<b>925,849</b>	<b>\$ 1,151,803</b>	<b>450,230</b>
<b>Fund Balance, beginning</b>		<b>8,384,563</b>		<b>7,934,333</b>
<b>Fund Balance, ending</b>		<b>\$ 9,310,412</b>		<b>\$ 8,384,563</b>

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## Special Revenue Funds

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### ***Transient Tax***

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

### ***Sales Tax***

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

### ***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.

### ***COVID-19 CARES Act***

This fund is used to account for the Borough's financial resources received and expended related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

# City and Borough of Wrangell, Alaska

Exhibit H-1

## Transient Tax Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Years Ended June 30,	2021			2020
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Transient and excise taxes	\$ 30,000	\$ 89,321	\$ 59,321	\$ 55,061
Advertising and promotion	5,000	6,561	1,561	5,172
Intergovernmental	-	9,565	9,565	63,911
<b>Total Revenues</b>	<b>35,000</b>	<b>105,447</b>	<b>70,447</b>	<b>124,144</b>
<b>Expenditures - community services:</b>				
Travel and training	17,765	-	17,765	10,696
Materials and supplies	520	92	428	563
Telephone and internet	1,200	845	355	923
Postage	2,200	4,461	(2,261)	299
Promotional	11,950	18,073	(6,123)	2,893
Web hosting	1,836	420	1,416	2,241
Dues	2,400	2,050	350	5,525
Publications	11,245	7,093	4,152	15,018
Contributions	12,000	-	12,000	-
Other	18,165	3,014	15,151	21,311
CPV expenditures	26,500	1,460	25,040	88,580
<b>Total Expenditures</b>	<b>105,781</b>	<b>37,508</b>	<b>68,273</b>	<b>148,049</b>
<b>Net Change in Fund Balance</b>	<b>\$ (70,781)</b>	<b>67,939</b>	<b>\$ 138,720</b>	<b>(23,905)</b>
<b>Fund Balance, beginning</b>		<b>370,136</b>		<b>394,041</b>
<b>Fund Balance, ending</b>		<b>\$ 438,075</b>		<b>\$ 370,136</b>



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

<i>Years Ended June 30,</i>	2021					2020
		Actual			Variance	
		Restricted			with	
	Budget	28%	4%	Total	Budget	Actual
<b>Revenues</b>						
Sales taxes	\$ 1,893,000	\$ 936,001	\$ 130,596	\$ 1,066,597	\$ (826,403)	\$ 969,484
<b>Expenditures</b>						
Contributions to school district	105,000	-	-	-	105,000	-
<b>Excess of Revenues Over Expenditures</b>	1,788,000	936,001	130,596	1,066,597	(721,403)	969,484
<b>Other Financing Uses</b>						
Transfers out	(1,676,590)	(1,024,750)	(100,000)	(1,124,750)	551,840	(232,514)
<b>Net Change in Fund Balance</b>	<u>\$ 111,410</u>	(88,749)	30,596	(58,153)	<u>\$ (169,563)</u>	736,970
<b>Fund Balance, beginning</b>		1,803,740	18,012	1,821,752		1,084,782
<b>Fund Balance, ending</b>		<u>\$ 1,714,991</u>	<u>\$ 48,608</u>	<u>\$ 1,763,599</u>		<u>\$ 1,821,752</u>

**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>	2021								2020	
	Actual								Variance	
	Budget	Swimming Pool	Recreational Activity	Parks	our Parks	Fee Assistance	Walker Foundation	Total	with Budget	Actual
<b>Revenues</b>										
User fees	\$ 55,200	\$ 27,957	\$ 1,848	\$ 1,180	\$ -	\$ 300	\$ -	\$ 31,285	\$ (23,915)	\$ 64,468
Investment income	30,176	242,090	-	-	-	-	-	242,090	211,914	109,896
Donations	-	-	-	-	-	-	-	-	-	90
Other	16,500	8,035	1,540	211	(45)	-	-	9,741	(6,759)	12,683
State PERS relief	12,238	10,504	-	-	-	-	258	10,762	(1,476)	10,093
<b>Total Revenues</b>	<b>114,114</b>	<b>288,586</b>	<b>3,388</b>	<b>1,391</b>	<b>(45)</b>	<b>300</b>	<b>258</b>	<b>293,878</b>	<b>179,764</b>	<b>197,230</b>
<b>Expenditures - parks and recreation:</b>										
Personnel services:										
Salaries	352,725	81,950	59,276	342	-	-	-	141,568	211,157	144,228
Casual labor	-	56,915	1,429	25,095	-	-	-	83,439	(83,439)	99,067
Allocated salaries - public works	-	-	-	-	-	-	-	-	-	145
Employee benefits	29,534	66,866	36,636	4,275	-	-	-	107,777	(78,243)	118,259
<b>Total personnel services</b>	<b>382,259</b>	<b>205,731</b>	<b>97,341</b>	<b>29,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>332,784</b>	<b>49,475</b>	<b>361,699</b>
Contractual services:										
Telephone and internet	16,145	6,339	1,979	-	-	-	-	8,318	7,827	14,721
Utilities	144,000	71,449	7,861	13,302	-	-	-	92,612	51,388	167,205
Professional services	1,625	-	-	-	-	-	-	-	1,625	6,688
Travel and training	9,340	6,257	-	-	-	-	-	6,257	3,083	6,797
Insurance	20,241	13,833	-	19,318	-	-	-	33,151	(12,910)	12,528
<b>Total contractual services</b>	<b>191,351</b>	<b>97,878</b>	<b>9,840</b>	<b>32,620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140,338</b>	<b>51,013</b>	<b>207,939</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**

Years Ended June 30,	2021									2020
	Actual								Variance	
	Budget	Swimming Pool	Recreational Activity	Parks	our Parks	Fee Assistance	Walker Foundation	Total	with Budget	Actual
<b>Expenditures - parks and recreation</b>										
continued:										
Commodities:										
Materials and supplies	\$ 27,190	\$ 3,081	\$ 2,432	\$ 5,889	\$ -	\$ -	\$ 195	\$ 11,597	\$ 15,593	\$ 28,996
Vehicle maintenance	17,500	-	-	4,230	-	-	-	4,230	13,270	7,582
Equipment	15,000	1,638	38	-	-	-	-	1,676	13,324	22,178
Equipment repair and maintenance	22,500	239	-	-	-	-	-	239	22,261	933
Chemicals	15,000	18,245	-	-	-	-	-	18,245	(3,245)	14,014
Health reports and permits	3,500	1,215	703	-	-	-	-	1,918	1,582	7,127
Publications	1,750	463	60	448	-	-	-	971	779	2,890
Capital outlay	-	-	416	-	-	-	51,269	51,685	(51,685)	6,090
Facility repair and maintenance	94,300	8,610	2,981	18,856	-	-	-	30,447	63,853	34,249
<b>Total commodities</b>	<b>196,740</b>	<b>33,491</b>	<b>6,630</b>	<b>29,423</b>	<b>-</b>	<b>-</b>	<b>51,464</b>	<b>121,008</b>	<b>75,732</b>	<b>124,059</b>
<b>Total Expenditures</b>	<b>770,350</b>	<b>337,100</b>	<b>113,811</b>	<b>91,755</b>	<b>-</b>	<b>-</b>	<b>51,464</b>	<b>594,130</b>	<b>176,220</b>	<b>693,697</b>
<b>Excess of Revenues Over</b>										
<b>(Under) Expenditures</b>	<b>(656,236)</b>	<b>(48,514)</b>	<b>(110,423)</b>	<b>(90,364)</b>	<b>(45)</b>	<b>300</b>	<b>(51,206)</b>	<b>(300,252)</b>	<b>355,984</b>	<b>(496,467)</b>
<b>Other Financing Sources -</b>										
<b>transfers in</b>	<b>656,236</b>	<b>477,177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>477,177</b>	<b>(179,059)</b>	<b>817,758</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$428,663</b>	<b>\$ (110,423)</b>	<b>\$ (90,364)</b>	<b>\$ (45)</b>	<b>\$ 300</b>	<b>\$ (51,206)</b>	<b>\$ 176,925</b>	<b>\$176,925</b>	<b>\$ 321,291</b>
<b>Fund Balance, beginning</b>								<b>1,279,285</b>		<b>957,994</b>
<b>Fund Balance, ending</b>								<b>\$1,456,210</b>		<b>\$1,279,285</b>

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

<i>Years Ended June 30,</i>	2021							2020
	Actual							Variance
	Budget	Museum	Civic Center	Theater	Nolan Center	Barnes	Total	with Budget
								Actual
<b>Revenues</b>								
Admissions	\$ 55,000	\$ 1,224	\$ -	\$ 3,860	\$ -	\$ -	\$ 5,084	\$ (49,916)
Concessions	85,000	23,972	-	9,403	-	-	33,375	(51,625)
Museum gift store revenue	-	-	-	-	-	-	-	-
Donations and contributions	-	-	-	-	-	-	-	-
Rental revenue	10,000	-	2,947	-	-	-	2,947	(7,053)
Investment income	-	-	-	-	-	521	521	521
State PERS relief	-	-	-	-	5,996	-	5,996	5,996
Other grant revenue	4,000	2,195	-	-	-	-	2,195	(1,805)
<b>Total Revenues</b>	<b>154,000</b>	<b>27,391</b>	<b>2,947</b>	<b>13,263</b>	<b>5,996</b>	<b>521</b>	<b>50,118</b>	<b>(103,882)</b>
<b>Expenditures - community services:</b>								
Personnel services:								
Salaries	174,933	13,900	70,445	8,670	(23)	-	92,992	81,941
Casual labor	-	1,994	2,639	-	73	-	4,706	(4,706)
Employee benefits	-	4,677	30,589	-	-	-	35,266	(35,266)
<b>Total personnel services</b>	<b>174,933</b>	<b>20,571</b>	<b>103,673</b>	<b>8,670</b>	<b>50</b>	<b>-</b>	<b>132,964</b>	<b>41,969</b>
Contractual services:								
Travel and training	-	-	-	-	-	-	-	-
Building maintenance and utilities	179,066	150	4,661	4	176,545	-	181,360	(2,294)
Credit card costs	1,000	560	-	-	-	-	560	440
<b>Total contractual services</b>	<b>180,066</b>	<b>710</b>	<b>4,661</b>	<b>4</b>	<b>176,545</b>	<b>-</b>	<b>181,920</b>	<b>(1,854)</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,	2021								2020
		Actual						Variance with Budget	
	Budget	Museum	Civic Center	Theater	Nolan Center	Barnes	Total	Budget	Actual
<b>Expenditures, continued</b>									
Commodities:									
Materials and supplies	\$ 1,000	\$ 3,934	\$ 3,846	\$ 291	\$ 757	\$ -	\$ 8,828	\$ (7,828)	\$ 19,366
Books, subscriptions and dues	26,500	25,644	1,374	-	-	-	27,018	(518)	48,227
Publications and advertising	4,000	528	1,251	806	-	-	2,585	1,415	8,879
Concessions	15,000	-	-	2,113	-	-	2,113	12,887	11,195
Film costs	-	-	-	4,373	-	-	4,373	(4,373)	17,245
Postage	500	95	-	-	13	-	108	392	492
Membership and dues	-	-	-	30	-	-	30	(30)	-
Miscellaneous	-	742	-	153	-	-	895	(895)	-
Total commodities	47,000	30,943	6,471	7,766	770	-	45,950	1,050	105,404
Police department:									
Contractual services	-	-	-	-	7,687	-	7,687	(7,687)	-
Commodities	-	-	580	-	-	-	580	(580)	-
Total police department	-	-	580	-	7,687	-	8,267	(8,267)	-
Total Expenditures	401,999	52,224	115,385	16,440	185,052	-	369,101	32,898	559,342
Excess of Revenues									
Over (Under) Expenditures	(247,999)	(24,833)	(112,438)	(3,177)	(179,056)	521	(318,983)	(70,984)	(271,241)
Other Financing Sources - transfers in	268,000	23,420	112,438	3,177	128,965	-	268,000	-	168,210
Net Change in Fund Balance	\$ 20,001	\$ (1,413)	\$ -	\$ -	\$ (50,091)	\$ 521	(50,983)	\$ (70,984)	(103,031)
Fund Balance, beginning							100,336		203,367
Fund Balance, ending							\$ 49,353		\$ 100,336

**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>	2021			2020
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Investment income	\$ 233,560	\$ 1,673,891	\$ 1,440,331	\$ 190,219
Lease revenue	16,440	-	(16,440)	-
<b>Total Revenues</b>	250,000	1,673,891	1,423,891	190,219
<b>Expenditures - general government - contractual services</b>	-	-	-	13,255
<b>Excess of Revenues Over Expenditures</b>	250,000	1,673,891	1,423,891	176,964
<b>Other Financing Uses - transfers out</b>	(280,000)	-	280,000	(250,000)
<b>Net Change in Fund Balance</b>	<u>\$ (30,000)</u>	1,673,891	<u>\$ 1,703,891</u>	(73,036)
<b>Fund Balance, beginning</b>		<u>7,946,353</u>		<u>8,019,389</u>
<b>Fund Balance, ending</b>		<u>\$ 9,620,244</u>		<u>\$ 7,946,353</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>	2021			2020
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Intergovernmental - national forest receipts	\$ 880,000	\$ 796,757	\$ (83,243)	\$ 883,647
Investment income	7,500	-	(7,500)	-
<b>Total Revenues</b>	<b>887,500</b>	<b>796,757</b>	<b>(90,743)</b>	<b>883,647</b>
<b>Expenditures - education -</b> contributions to school district	1,455,000	1,300,000	155,000	1,300,000
<b>Excess of Revenues</b> <b>Over (Under) Expenditures</b>	(567,500)	(503,243)	64,257	(416,353)
<b>Other Financing Uses - transfers out</b>	(112,214)	-	112,214	(6,083)
<b>Net Change in Fund Balance</b>	<u><b>\$ (679,714)</b></u>	<b>(503,243)</b>	<u><b>\$ 176,471</b></u>	<b>(422,436)</b>
<b>Fund Balance, beginning</b>		<u>2,936,428</u>		<u>3,358,864</u>
<b>Fund Balance, ending</b>		<u><b>\$ 2,433,185</b></u>		<u><b>\$ 2,936,428</b></u>

**City and Borough of Wrangell, Alaska**  
**COVID-19 Response Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance**

<i>June 30,</i>	2021	2020
<b>Revenues -</b>		
Intergovernmental	\$ 2,936,899	\$ 834,216
<b>Expenditures</b>		
General government:		
Administration:		
Personnel services	231,008	56,075
Contractual services	113,264	16,265
Total administration	344,272	72,340
Finance:		
Contractual services	15,631	12,464
Materials and supplies	-	459
Commodities	663	-
Personnel services	27,539	-
Total finance	43,833	12,923
Clerk and assembly - personnel services	11,592	24,970
Total general government	399,697	110,233
Public safety:		
Fire department:		
Personnel services	338,626	88,488
Contractual services	-	427
Materials and supplies	257	8,373
Total fire department	338,883	97,288
Pandemic response:		
Contractual services	113,090	16,819
Materials and supplies	715,682	229,375
Total pandemic response	828,772	246,194
Police department:		
Personnel services	328,737	232,081
Contractual services	1,116,174	-
Total police department	1,444,911	232,081
Corrects and dispatch - personnel services	119,758	92,465
Total public safety	2,732,324	668,028



**City and Borough of Wrangell, Alaska**  
**COVID-19 CARES Act Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance, continued**

<i>June 30,</i>	2021	2020
<b>Expenditures, continued</b>		
Public works:		
Capital facilities:		
Personnel services	\$ 8,248	\$ 11,905
Contractual services	-	2,477
Materials and supplies	-	4,237
Total capital facilities	8,248	18,619
General - personnel services	7,748	6,500
Streets - personnel services	3,367	1,494
Total public works	19,363	26,613
Community services:		
Theater:		
Personnel services	-	2,477
Materials and supplies	-	141
Total theater	-	2,618
Museum:		
Personnel services	1,538	3,288
Materials and supplies	-	653
Total museum	1,538	3,941
Total community services	1,538	6,559
Parks and recreation - general - personnel services	4,547	22,783
<b>Total Expenditures</b>	<b>3,157,469</b>	<b>834,216</b>
<b>Net Change in Fund Balance</b>	<b>(220,570)</b>	<b>-</b>
<b>Fund Balance, beginning</b>	<b>-</b>	<b>-</b>
<b>Fund Balance (Deficit), ending</b>	<b>\$ (220,570)</b>	<b>\$ -</b>

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## **Debt Service Fund**

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

## City and Borough of Wrangell, Alaska

## Debt Service Fund

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

Years Ended June 30,	2021			2020
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Intergovernmental - State of Alaska	\$ -	\$ -	\$ -	\$ 79,136
<b>Expenditures</b>				
Debt service:				
Principal	260,000	260,000	-	250,000
Interest	12,750	6,875	5,875	18,250
<b>Total Expenditures</b>	<b>272,750</b>	<b>266,875</b>	<b>5,875</b>	<b>268,250</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(272,750)</b>	<b>(266,875)</b>	<b>(5,875)</b>	<b>(189,114)</b>
<b>Other Financing Sources</b>				
Transfers in	272,750	272,750	-	189,114
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>5,875</b>	<b>\$ 5,875</b>	<b>-</b>
<b>Fund Balance, beginning</b>		<b>1,681</b>		<b>1,681</b>
<b>Fund Balance, ending</b>		<b>\$ 7,556</b>		<b>\$ 1,681</b>

## Capital Project Funds

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### ***Residential Construction***

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

### ***Industrial Construction***

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

### ***Economic Recovery***

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

### ***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, 2021</i>	Residential Construc- tion	Industrial Construc- tion	Economic Recovery	Misc- ellaneous	Totals
<b>Revenues</b>					
Land sales and improvements	\$ 55,095	\$ 17,391	\$ -	\$ -	\$ 72,486
Intergovernmental	-	-	-	250,224	250,224
Investment income	-	2,515	-	-	2,515
Miscellaneous reimbursement	-	1,380	-	-	1,380
<b>Total Revenues</b>	<b>55,095</b>	<b>21,286</b>	<b>-</b>	<b>250,224</b>	<b>326,605</b>
<b>Expenditures</b>					
Capital outlay:					
Miscellaneous capital projects	121,172	-	-	23,996	145,168
Compliance testing and other	-	4,788	-	-	4,788
General government - professional services	1,368	15,385	-	253,978	270,731
<b>Total Expenditures</b>	<b>122,540</b>	<b>20,173</b>	<b>-</b>	<b>277,974</b>	<b>420,687</b>
<b>Net Change in Fund Balances</b>	<b>(67,445)</b>	<b>1,113</b>	<b>-</b>	<b>(27,750)</b>	<b>(94,082)</b>
<b>Fund Balances, beginning</b>	<b>114,217</b>	<b>334,567</b>	<b>1,353,445</b>	<b>876,141</b>	<b>2,678,370</b>
<b>Fund Balances, ending</b>	<b>\$ 46,772</b>	<b>\$ 335,680</b>	<b>\$ 1,353,445</b>	<b>\$ 848,391</b>	<b>\$ 2,584,288</b>

## Enterprise Funds

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### ***Electric Utility***

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

### ***Water Utility***

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

### ***Sewer Utility***

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

### ***Sanitation Utility***

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

### ***Port***

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

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

<i>June 30,</i>	2021	2020
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 3,536,354	\$ 3,532,008
Receivables:		
Accounts	388,043	280,366
Less allowance for doubtful accounts	(32,026)	(32,026)
Net receivables	356,017	248,340
Inventories	186,466	171,085
<b>Total Current Assets</b>	<b>4,078,837</b>	<b>3,951,433</b>
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset	82,593	4,803
Capital assets:		
Land	10,900	10,900
Buildings	805,351	653,480
Improvements other than buildings	2,297,735	2,297,735
Equipment	4,267,314	4,255,068
Construction in progress	430,280	430,280
Total capital assets	7,811,580	7,647,463
Less accumulated depreciation	(6,369,976)	(6,053,433)
Net capital assets	1,441,604	1,594,030
<b>Total Noncurrent Assets</b>	<b>1,524,197</b>	<b>1,598,833</b>
<b>Total Assets</b>	<b>5,603,034</b>	<b>5,550,266</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	137,668	137,050
Related to other postemployment benefits	60,907	64,787
<b>Total Deferred Outflows of Resources</b>	<b>198,575</b>	<b>201,837</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 5,801,609</b>	<b>\$ 5,752,103</b>



## City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund  
Statement of Net Position, continued

<i>June 30,</i>	2021	2020
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 322,457	\$ 350,024
Accrued leave	33,725	52,142
Customer utility deposits	93,307	76,920
<b>Total Current Liabilities</b>	<b>449,489</b>	<b>479,086</b>
<b>Long-term Liabilities</b>		
Net pension liability	984,959	956,072
Net other postemployment benefits liability	1,599	23,164
<b>Total Long-term Liabilities</b>	<b>986,558</b>	<b>979,236</b>
<b>Total Liabilities</b>	<b>1,436,047</b>	<b>1,458,322</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	-	18,869
Related to other postemployment benefits	66,966	24,718
<b>Total Deferred Inflows of Resources</b>	<b>66,966</b>	<b>43,587</b>
<b>Net Position</b>		
Net investment in capital assets	1,441,604	1,594,030
Unrestricted	2,856,992	2,656,164
<b>Total Net Position</b>	<b>4,298,596</b>	<b>4,250,194</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 5,801,609</b>	<b>\$ 5,752,103</b>

# City and Borough of Wrangell, Alaska

Exhibit K-2

## Electric Utility Enterprise Fund Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2021	2020
<b>Operating Revenues</b>		
Residential	\$ 1,768,535	\$ 1,739,707
Commercial	2,077,147	2,153,108
Fuel surcharge	67,860	65,689
Labor charges	20,632	-
Other	27,124	19,882
<b>Total Operating Revenues</b>	<b>3,961,298</b>	<b>3,978,386</b>
<b>Operating Expenses</b>		
Generation	3,148,396	2,946,552
Distribution	453,155	531,759
General and administrative	198,215	302,281
Depreciation	316,544	304,402
<b>Total Operating Expenses</b>	<b>4,116,310</b>	<b>4,084,994</b>
<b>Loss from Operations</b>	<b>(155,012)</b>	<b>(106,608)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Equipment and pole rental	29,645	45,155
Late fees	13,193	8,841
Material sales	22,076	2,516
Interest expense	-	(15,661)
State PERS relief	138,500	41,649
<b>Net Nonoperating Revenues</b>	<b>203,414</b>	<b>82,500</b>
<b>Change in Net Position</b>	<b>48,402</b>	<b>(24,108)</b>
<b>Net Position, beginning</b>	<b>4,250,194</b>	<b>4,274,302</b>
<b>Net Position, ending</b>	<b>\$ 4,298,596</b>	<b>\$ 4,250,194</b>

## City and Borough of Wrangell, Alaska

## Electric Utility Enterprise Fund

## Statement of Cash Flows

<i>Years Ended June 30,</i>	2021	2020
<b>Cash Flows from (for) Operating Activities</b>		
Receipts from customers and users	\$ 3,934,921	\$ 4,060,252
Payments for interfund services used	(143,830)	(238,594)
Payments to suppliers	(2,899,407)	(3,016,261)
Payments to employees	(723,221)	(823,263)
<b>Net cash flows from (for) operating activities</b>	<b>168,463</b>	<b>(17,866)</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(164,117)	(524,261)
Interest paid on long-term debt	-	(15,661)
<b>Net cash flows for capital and related financing activities</b>	<b>(164,117)</b>	<b>(539,922)</b>
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>4,346</b>	<b>(557,788)</b>
<b>Cash and Investments, beginning</b>	<b>3,532,008</b>	<b>4,089,796</b>
<b>Cash and Investments, ending</b>	<b>\$ 3,536,354</b>	<b>\$ 3,532,008</b>
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from (for) Operating Activities</b>		
Loss from operations	\$ (155,012)	\$ (106,608)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Depreciation	316,544	304,402
Noncash expense - PERS relief	138,500	41,649
Increase (decrease) in allowance for doubtful accounts	-	15,645
Miscellaneous nonoperating revenues	64,913	56,512
(Increase) decrease in assets:		
Accounts receivable	(107,677)	3,707
Inventories	(15,381)	(741)
Net other postemployment benefits asset	(77,790)	(4,803)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	(618)	13,629
Related to other postemployment benefits	3,880	(3,793)
Increase (decrease) in liabilities:		
Accounts payable	(27,567)	(225,657)
Accrued leave	(18,417)	(4,314)
Customer utility deposits	16,387	6,002
Net pension liability	28,887	39,643
Net other postemployment benefits liability	(21,565)	(124,700)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	(18,869)	818
Related to other postemployment benefits	42,248	(29,257)
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 168,463</b>	<b>\$ (17,866)</b>

# City and Borough of Wrangell, Alaska

Exhibit K-4

## Electric Utility Enterprise Fund Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2021	2020
<b>Generation</b>		
Salaries	\$ 195,712	\$ 214,499
Overtime salaries	6,168	9,405
Employee benefits	161,870	74,979
Telephone	16,066	6,045
Utilities	2,280	2,280
Travel and training	-	2,623
Materials and supplies	21,546	21,631
Gas and oil	230,430	129,602
Diesel fuel	638	18,853
Tyee hydro power purchases	2,461,045	2,429,842
Repairs and maintenance	8,532	16,024
Capital outlay	10,537	-
O.S.H.A. requirements	33,572	20,769
<b>Total Generation</b>	<b>3,148,396</b>	<b>2,946,552</b>
<b>Distribution</b>		
Salaries	270,416	265,291
Overtime salaries	14,096	7,765
Employee benefits	151,215	180,196
Telephone	63	610
Allocated salaries - public works	-	1,173
Utilities	1,017	1,017
Travel and training	897	200
Materials and supplies	5,929	16,946
Meters	-	12,545
Repairs and maintenance	-	30,362
Transformers	2,033	3,521
Allocated vehicle charges - garage	7,489	12,133
<b>Total Distribution</b>	<b>453,155</b>	<b>531,759</b>
<b>General and Administrative</b>		
Allocated overhead - finance	54,612	224,947
Allocated salaries - public works	81,729	341
Professional services	1,844	23,229
Travel and training	-	8,055
Insurance	55,866	45,754
Credit card expense	4,164	(45)
<b>Total General and Administrative</b>	<b>198,215</b>	<b>302,281</b>
<b>Depreciation</b>	<b>316,544</b>	<b>304,402</b>
<b>Total Operating Expenses</b>	<b>\$ 4,116,310</b>	<b>\$ 4,084,994</b>

## City and Borough of Wrangell, Alaska

## Water Utility Enterprise Fund

## Statement of Net Position

<i>June 30,</i>	2021	2020
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 491,455	\$ 821,028
Receivables:		
Grants	415,080	-
Accounts	80,842	68,374
Accrued interest	5	5
Total receivables	495,927	68,379
<b>Total Current Assets</b>	<b>987,382</b>	<b>889,407</b>
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset	18,849	792
Capital assets:		
Buildings	5,128,436	5,128,436
Improvements other than buildings	11,956,632	11,956,632
Equipment	145,024	145,024
Construction in progress	754,493	55,401
Total capital assets	17,984,585	17,285,493
Less accumulated depreciation	(13,413,531)	(13,009,186)
Net capital assets	4,571,054	4,276,307
<b>Total Noncurrent Assets</b>	<b>4,589,903</b>	<b>4,277,099</b>
<b>Total Assets</b>	<b>5,577,285</b>	<b>5,166,506</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	31,418	21,800
Related to other postemployment benefits	13,900	11,673
<b>Total Deferred Outflows of Resources</b>	<b>45,318</b>	<b>33,473</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 5,622,603</b>	<b>\$ 5,199,979</b>

## City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund  
Statement of Net Position, continued

<i>June 30,</i>	2020	2020
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 158,818	\$ 18,997
Accrued leave	25,314	20,068
Customer utility deposits	10,445	9,220
Accrued interest payable	3,326	2,507
Current portion - ADEC loan	5,139	2,550
<b>Total Current Liabilities</b>	<b>203,042</b>	<b>53,342</b>
<b>Long-term Liabilities</b>		
ADEC loan, net of current portion	46,769	49,358
Net pension liability	224,783	156,162
Net other postemployment benefits liability	365	6,717
<b>Total Long-term Liabilities</b>	<b>271,917</b>	<b>212,237</b>
<b>Total Liabilities</b>	<b>474,959</b>	<b>265,579</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	-	3,795
Related to other postemployment benefits	15,283	5,253
<b>Total Deferred Inflows of Resources</b>	<b>15,283</b>	<b>9,048</b>
<b>Net Position</b>		
Net investment in capital assets	4,519,146	4,224,399
Unrestricted	613,215	700,953
<b>Total Net Position</b>	<b>5,132,361</b>	<b>4,925,352</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 5,622,603</b>	<b>\$ 5,199,979</b>

# City and Borough of Wrangell, Alaska

Exhibit K-6

## Water Utility Enterprise Fund Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2021	2020
<b>Operating Revenues</b>		
Water sales	\$ 692,705	\$ 708,360
<b>Operating Expenses</b>		
General and administrative	633,974	551,885
Depreciation	404,345	646,215
<b>Total Operating Expenses</b>	1,038,319	1,198,100
<b>Loss from Operations</b>	(345,614)	(489,740)
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	130	124
Material sales	-	294
Interest expense	(819)	(592)
State PERS relief	11,688	6,873
<b>Net Nonoperating Revenues</b>	10,999	6,699
<b>Loss before Capital Contributions</b>	(334,615)	(483,041)
Capital contributions	541,624	-
<b>Change in Net Position</b>	207,009	(483,041)
<b>Net Position, beginning</b>	4,925,352	5,408,393
<b>Net Position, ending</b>	\$ 5,132,361	\$ 4,925,352

## City and Borough of Wrangell, Alaska

## Water Utility Enterprise Fund

## Statement of Cash Flows

<i>Years Ended June 30,</i>	2021	2020
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 681,462	\$ 681,921
Payments for interfund services used	(89,284)	(70,658)
Payments to suppliers	(164,686)	(223,152)
Payments to employees	(184,647)	(254,251)
Net cash flows from operating activities	242,845	133,860
<b>Cash Flows for Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(699,092)	(93,646)
Capital contributions received	126,544	-
Principal payments on loan	-	(2,858)
Interest payments on loan	-	(592)
Net cash flows for capital and related financing activities	(572,548)	(97,096)
<b>Cash Flows from Investing Activities</b>		
Investment income received	130	124
Net Increase (Decrease) in Cash and Investments	(329,573)	36,888
Cash and Investments, beginning	821,028	784,140
Cash and Investments, ending	\$ 491,455	\$ 821,028



## City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund  
Statement of Cash Flows, continued

<i>Years Ended June 30,</i>	2021	2020
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (345,614)	\$ (489,740)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	404,345	646,215
Noncash expense - PERS relief	11,688	6,873
Miscellaneous nonoperating revenues	-	294
Increase in assets:		
Accounts receivable	(12,468)	(27,658)
Net other postemployment benefits asset	(18,057)	(792)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	(9,618)	2,249
Related to other postemployment benefits	(2,227)	(626)
Increase (decrease) in liabilities:		
Accounts payable	139,821	14,613
Accrued leave	5,246	237
Customer utility deposits	1,225	925
Net pension liability	68,621	6,542
Net other postemployment benefits liability	(6,352)	(20,579)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	(3,795)	135
Related to other postemployment benefits	10,030	(4,828)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 242,845</b>	<b>\$ 133,860</b>

# City and Borough of Wrangell, Alaska

Exhibit K-8

## Water Utility Enterprise Fund Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2021	2020
<b>General and Administrative</b>		
Salaries	\$ 109,345	\$ 158,651
Overtime salaries	15,316	14,504
Employee benefits	115,522	70,307
Allocated salaries - public works	49,002	46,523
Allocated overhead - finance	39,161	23,004
Telephone	3,645	3,175
Travel and training	591	2,450
Materials and supplies	87,969	30,674
Chlorination - electricity	131,701	125,808
Repairs and maintenance	58,421	67,800
Allocated vehicle charges - garage	1,121	1,131
Professional services	6,052	1,144
Insurance	15,370	6,714
Credit card expense	758	-
<b>Total General and Administrative</b>	<b>633,974</b>	<b>551,885</b>
<b>Depreciation</b>	<b>404,345</b>	<b>646,215</b>
<b>Total Operating Expenses</b>	<b>\$ 1,038,319</b>	<b>\$ 1,198,100</b>

## City and Borough of Wrangell, Alaska

Port Enterprise Fund  
Statement of Net Position

June 30,	2021	2020
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 2,531,602	\$ 1,593,129
Receivables:		
Accounts	183,767	141,924
Grants	-	861,591
Accrued interest	32	32
Less allowance for doubtful accounts	(30,000)	(30,000)
Net receivables	153,799	973,547
<b>Total Current Assets</b>	<b>2,685,401</b>	<b>2,566,676</b>
<b>Noncurrent Assets</b>		
Restricted cash and investments - harbor improvements	689,100	690,725
Net other postemployment benefits asset	45,203	3,631
Capital assets:		
Land	948,333	948,333
Harbor floats, docks and improvements	44,479,718	34,166,661
Travel lift	18,391,507	18,391,507
Gridiron	154,636	154,636
Buildings	222,466	222,466
Equipment	391,826	348,359
Paving	2,530,923	2,530,923
Construction in progress	22,750	10,209,434
Total capital assets	67,142,159	66,972,319
Less accumulated depreciation	(30,034,721)	(27,851,433)
Net capital assets	37,107,438	39,120,886
<b>Total Noncurrent Assets</b>	<b>37,841,741</b>	<b>39,815,242</b>
<b>Total Assets</b>	<b>40,527,142</b>	<b>42,381,918</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	75,347	78,854
Related to other postemployment benefits	33,335	51,357
<b>Total Deferred Outflows of Resources</b>	<b>108,682</b>	<b>130,211</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 40,635,824</b>	<b>\$ 42,512,129</b>

## City and Borough of Wrangell, Alaska

## Port Enterprise Fund

## Statement of Net Position, continued

<i>June 30,</i>	2021	2020
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 100,745	\$ 516,545
Accrued leave	28,686	21,248
Unearned revenue	689,100	689,100
Interfund loans	21,942	21,942
<b>Total Current Liabilities</b>	<b>840,473</b>	<b>1,248,835</b>
<b>Long-term Liabilities</b>		
Interfund loans, net of current portion	20,727	42,669
Net pension liability	539,074	577,445
Net other postemployment benefits liability	875	18,892
<b>Total Long-term Liabilities</b>	<b>560,676</b>	<b>639,006</b>
<b>Total Liabilities</b>	<b>1,401,149</b>	<b>1,887,841</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	-	7,423
Related to other postemployment benefits	36,651	18,204
<b>Total Deferred Inflows of Resources</b>	<b>36,651</b>	<b>25,627</b>
<b>Net Position</b>		
Net investment in capital assets	37,107,438	39,120,886
Restricted	-	1,625
Unrestricted	2,090,586	1,476,150
<b>Total Net Position</b>	<b>39,198,024</b>	<b>40,598,661</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 40,635,824</b>	<b>\$ 42,512,129</b>

City and Borough of Wrangell, Alaska

Exhibit K-10

Port Enterprise Fund  
Statement of Revenues, Expenses and Changes in Net Position

Years Ended June 30,	2021	2020
<b>Operating Revenues</b>		
Municipal dock:		
Storage fees	\$ 9,511	\$ -
Wharfage fees	25,863	42,776
Dockage fees	27,942	68,730
Port development fees	2,460	43,884
Total municipal dock	65,776	155,390
Small boat harbor:		
Stall rentals and transient fees	744,052	781,925
Penalties and late fees	7,534	10,787
Materials sales	(2,193)	8,500
Other revenues	5,819	694,485
Total small boat harbor	755,212	1,495,697
Travel lift:		
Lift fees	201,349	136,504
Storage fees	294,502	304,641
Electric revenues	12,308	13,940
Total travel lift	508,159	455,085
<b>Total Operating Revenues</b>	<b>1,329,147</b>	<b>2,106,172</b>
<b>Operating Expenses</b>		
Municipal dock	101,844	85,919
Small boat harbor	309,549	364,891
Travel lift	343,731	369,777
General and administrative	182,413	136,596
Depreciation	2,183,288	1,916,170
<b>Total Operating Expenses</b>	<b>3,120,825</b>	<b>2,873,353</b>
<b>Loss from Operations</b>	<b>(1,791,678)</b>	<b>(767,181)</b>
<b>Nonoperating Revenues</b>		
Investment income	1,190	1,236
State PERS relief	30,563	31,489
State raw fish tax	-	284,469
State fisheries business tax	359,288	5,250
<b>Total Nonoperating Revenues</b>	<b>391,041</b>	<b>322,444</b>
Loss before capital contributions	(1,400,637)	(444,737)
Capital contributions	-	460,353
<b>Change in Net Position</b>	<b>(1,400,637)</b>	<b>15,616</b>
<b>Net Position, beginning</b>	<b>40,598,661</b>	<b>40,583,045</b>
<b>Net Position, ending</b>	<b>\$ 39,198,024</b>	<b>\$ 40,598,661</b>

## City and Borough of Wrangell, Alaska

Port Enterprise Fund  
Statement of Cash Flows

<i>Years Ended June 30,</i>	2021	2020
<b>Cash Flows from (for) Operating Activities</b>		
Receipts from customers and users	\$ 1,287,304	\$ 1,445,836
Payments for interfund services used	(49,759)	(59,088)
Payments to suppliers	(788,189)	(291,694)
Payments to employees	(542,795)	(611,875)
Net cash flows provided by (used for) operating activities	(93,439)	483,179
<b>Cash Flows from (for) Noncapital Financing Activities</b>		
State fish taxes received	359,288	289,719
<b>Cash Flows from (for) Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(169,840)	(1,615,537)
Principal payments on loan payable to other fund	(21,942)	(21,942)
Capital contributions received	861,591	-
Net cash flows from (for) capital and related financing activities	669,809	(1,637,479)
<b>Cash Flows from Investing Activities</b>		
Investment income received	1,190	1,304
<b>Net Increase (Decrease) in Cash and Investments</b>	936,848	(863,277)
<b>Cash and Investments, beginning</b>	2,283,854	3,147,131
<b>Cash and Investments, ending</b>	\$ 3,220,702	\$ 2,283,854
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>		
Cash and investments	\$ 2,531,602	\$ 1,593,129
Restricted cash and investments	689,100	690,725
<b>Total Cash and Investments</b>	\$ 3,220,702	\$ 2,283,854
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (1,791,678)	\$ (767,181)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Depreciation	2,183,288	1,916,170
Noncash expense - PERS relief	30,563	31,489
(Increase) decrease in assets:		
Accounts receivable	(41,843)	23,163
Net other postemployment benefits asset	(41,572)	(3,631)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	3,507	10,305
Related to other postemployment benefits	18,022	(2,868)
Increase (decrease) in liabilities:		
Accounts payable	(415,800)	40,080
Accrued leave	7,438	4,960
Unearned revenue	-	(683,499)
Net pension liability	(38,371)	29,972
Net other postemployment benefits liability	(18,017)	(94,280)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	(7,423)	618
Related to other postemployment benefits	18,447	(22,119)
<b>Net Cash Flows from (for) Operating Activities</b>	\$ (93,439)	\$ 483,179

# City and Borough of Wrangell, Alaska

Exhibit K-12

## Port Enterprise Fund Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2021	2020
<b>Municipal Dock</b>		
Salaries	\$ 30,391	\$ 42,218
Employee benefits	17,213	22,164
Materials and supplies	2,190	754
Utilities	5,517	5,470
Allocated vehicle charges - garage	20	1
Repairs and maintenance	46,513	15,312
<b>Total Municipal Dock</b>	<b>101,844</b>	<b>85,919</b>
<b>Small Boat Harbor</b>		
Salaries	136,260	136,203
Employee benefits	56,526	54,747
Allocated salaries - public works	180	307
Materials and supplies	5,756	8,329
Utilities	74,318	85,009
Repairs and maintenance	13,276	66,168
Allocated vehicle charges - garage	4,878	2,172
Publications	578	-
Miscellaneous expense	17,777	11,956
<b>Total Small Boat Harbor</b>	<b>309,549</b>	<b>364,891</b>
<b>Travel Lift</b>		
Salaries	191,984	194,720
Overtime salaries	12,132	13,438
Employee benefits	70,883	102,831
Materials and supplies	21,449	4,796
Utilities	21,700	19,338
Allocated vehicle charges - garage	1,847	230
Publications	-	1,565
Repairs and maintenance	23,736	32,859
<b>Total Travel Lift</b>	<b>343,731</b>	<b>369,777</b>
<b>General and Administrative</b>		
Salaries	8,881	2,354
Allocated overhead - finance	26,794	24,263
Travel and training	-	4,385
Professional services	36,866	7,720
Telephone	8,896	7,090
Materials and supplies	5,772	6,438
Allocated vehicle charges - garage	16,040	32,115
Insurance	62,426	23,343
Repairs and maintenance	1,247	1,936
Utilities	-	13
Credit card expense	10,947	15,174
Publications	4,544	11,765
<b>Total General and Administrative</b>	<b>182,413</b>	<b>136,596</b>
<b>Depreciation</b>	<b>2,183,288</b>	<b>1,916,170</b>
<b>Total Operating Expenses</b>	<b>\$ 3,120,825</b>	<b>\$ 2,873,353</b>

## City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund  
Statement of Net Position

<i>June 30,</i>	2021	2020
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 1,226,802	\$ 951,342
Receivables:		
Accounts	48,906	61,716
Accrued interest	7	7
Total receivables	48,913	61,723
<b>Total Current Assets</b>	<b>1,275,715</b>	<b>1,013,065</b>
<b>Noncurrent Assets</b>		
Bond redemption reserve	-	75,312
Net other postemployment benefits asset	17,587	1,383
Capital assets:		
Buildings	2,233,579	2,233,579
Improvements other than buildings	10,151,774	10,122,946
Equipment	195,001	195,001
Total capital assets	12,580,354	12,551,526
Less accumulated depreciation	(10,122,997)	(9,870,768)
Net capital assets	2,457,357	2,680,758
<b>Total Noncurrent Assets</b>	<b>2,474,944</b>	<b>2,757,453</b>
<b>Total Assets</b>	<b>3,750,659</b>	<b>3,770,518</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	29,315	30,233
Related to other postemployment benefits	12,970	20,024
<b>Total Deferred Outflows of Resources</b>	<b>42,285</b>	<b>50,257</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 3,792,944</b>	<b>\$ 3,820,775</b>



## City and Borough of Wrangell, Alaska

## Sewer Utility Enterprise Fund

## Statement of Net Position, continued

<i>June 30,</i>	2021	2020
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 42,405	\$ 41,760
Accrued leave	23,968	23,857
Accrued interest payable	1,717	1,687
Current portion - USDA Rural Development loan	1,652	1,651
<b>Total Current Liabilities</b>	<b>69,742</b>	<b>68,955</b>
<b>Long-term Liabilities</b>		
USDA Rural Development loan, net of current portion	82,154	83,787
Net pension liability	209,736	230,870
Net other postemployment benefits liability	340	11,518
<b>Total Long-term Liabilities</b>	<b>292,230</b>	<b>326,175</b>
<b>Total Liabilities</b>	<b>361,972</b>	<b>395,130</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	-	6,788
Related to other postemployment benefits	14,260	9,234
<b>Total Deferred Inflows of Resources</b>	<b>14,260</b>	<b>16,022</b>
<b>Net Position</b>		
Net investment in capital assets	2,373,551	2,595,320
Unrestricted	1,043,161	814,303
<b>Total Net Position</b>	<b>3,416,712</b>	<b>3,409,623</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 3,792,944</b>	<b>\$ 3,820,775</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>	2021	2020
<b>Operating Revenues</b>		
Sewer charges	\$ 598,144	\$ 595,479
<b>Operating Expenses</b>		
Collection and treatment	299,461	367,495
General and administrative	48,868	26,732
Depreciation	252,229	259,560
<b>Total Operating Expenses</b>	600,558	653,787
<b>Loss from Operations</b>	(2,414)	(58,308)
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	446	437
State PERS relief	10,701	11,994
Interest expense	(1,644)	(1,615)
<b>Net Nonoperating Revenues</b>	9,503	10,816
<b>Change in Net Position</b>	7,089	(47,492)
<b>Net Position, beginning</b>	3,409,623	3,457,115
<b>Net Position, ending</b>	\$ 3,416,712	\$ 3,409,623

## City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund  
Statement of Cash Flows

<i>Years Ended June 30,</i>	2021	2020
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 610,954	\$ 568,804
Payments for interfund services used	(58,783)	(25,492)
Payments to suppliers	(129,531)	(175,960)
Payments to employees	(190,864)	(219,102)
Net cash flows from operating activities	231,776	148,250
<b>Cash Flows for Capital and Related Financing Activities</b>		
Purchase of property, plant and equipment	(28,828)	-
Principal payments on USDA Rural Development loan	(1,632)	(1,631)
Interest payments on long-term debt	(1,614)	(1,615)
Net cash flows for capital and related financing activities	(32,074)	(3,246)
<b>Cash Flows from Investing Activities</b>		
Investment income received	446	436
Net Increase in Cash and Investments	200,148	145,440
Cash and Investments, beginning	1,026,654	881,214
Cash and Investments, ending	\$ 1,226,802	\$ 1,026,654
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>		
Cash and investments	\$ 1,226,802	\$ 951,342
Restricted cash and investments	-	75,312
Total Cash and Investments	\$ 1,226,802	\$ 1,026,654

## City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund  
Statement of Cash Flows, continued

<i>Years Ended June 30,</i>	2021	2020
<b>Reconciliation of Loss from Operations to Net Cash</b>		
<b>Flows from Operating Activities</b>		
Loss from operations	\$ (2,414)	\$ (58,308)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	252,229	259,560
Noncash expense - PERS relief	10,701	11,994
(Increase) decrease in assets:		
Accounts receivable	12,810	(26,675)
Net other postemployment benefits asset	(16,204)	(1,383)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	918	3,925
Related to other postemployment benefits	7,054	(1,092)
Increase (decrease) in liabilities:		
Accounts payable	645	(9,351)
Accrued leave	111	2,266
Net pension liability	(21,134)	11,417
Net other postemployment benefits liability	(11,178)	(35,913)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	(6,788)	236
Related to other postemployment benefits	5,026	(8,426)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 231,776</b>	<b>\$ 148,250</b>

## City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund  
Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2021	2020
<b>Collection and Treatment</b>		
Salaries	\$ 112,972	\$ 144,466
Overtime salaries	8,809	4,744
Employee benefits	37,589	52,916
Allocated salaries - public works	15,704	(2,202)
Telephone	3,568	3,465
Utilities	58,159	56,948
Travel and training	100	392
Materials and supplies	6,804	16,701
Facilities repairs and maintenance	10,993	4,761
Systems repairs and maintenance	25,706	62,834
Allocated vehicle charges - garage	2,085	6,694
Compliance testing	16,972	15,776
<b>Total Collection and Treatment</b>	<b>299,461</b>	<b>367,495</b>
<b>General and Administrative</b>		
Allocated overhead - finance	40,994	21,000
Travel and training	133	-
Insurance	6,490	5,732
Credit card expense	1,251	-
<b>Total General and Administrative</b>	<b>48,868</b>	<b>26,732</b>
<b>Depreciation</b>	<b>252,229</b>	<b>259,560</b>
<b>Total Operating Expenses</b>	<b>\$ 600,558</b>	<b>\$ 653,787</b>

## City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund  
Statement of Net Position

June 30,	2021	2020
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 910,820	\$ 252,870
Accounts receivable	49,820	49,462
<b>Total Current Assets</b>	<b>960,640</b>	<b>302,332</b>
<b>Noncurrent Assets</b>		
Net other postemployment benefits asset	16,378	1,003
Capital assets:		
Buildings	982,637	982,637
Equipment	552,402	552,402
Total capital assets	1,535,039	1,535,039
Less accumulated depreciation	(1,156,583)	(1,080,451)
Net capital assets	378,456	454,588
<b>Total Noncurrent Assets</b>	<b>394,834</b>	<b>455,591</b>
<b>Total Assets</b>	<b>1,355,474</b>	<b>757,923</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	27,300	21,075
Related to other postemployment benefits	12,078	14,435
<b>Total Deferred Outflows of Resources</b>	<b>39,378</b>	<b>35,510</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,394,852</b>	<b>\$ 793,433</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 43,477	\$ 30,173
Accrued leave	17,782	8,751
<b>Total Current Liabilities</b>	<b>61,259</b>	<b>38,924</b>
<b>Long-term Liabilities</b>		
Net pension liability	195,320	163,376
Net other postemployment benefits liability	316	8,391
<b>Total Long-term Liabilities</b>	<b>195,636</b>	<b>171,767</b>
<b>Total Liabilities</b>	<b>256,895</b>	<b>210,691</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	-	5,163
Related to other postemployment benefits	13,280	6,770
<b>Total Deferred Inflows of Resources</b>	<b>13,280</b>	<b>11,933</b>
<b>Net Position</b>		
Net investment in capital assets	378,456	454,588
Unrestricted	746,221	116,221
<b>Total Net Position</b>	<b>1,124,677</b>	<b>570,809</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 1,394,852</b>	<b>\$ 793,433</b>

## City and Borough of Wrangell, Alaska

## Sanitation Utility Enterprise Fund

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

<i>Years Ended June 30,</i>	2021	2020
<b>Operating Revenues</b>		
User fees	\$ 670,479	\$ 626,355
<b>Operating Expenses</b>		
Collection	174,560	125,450
Landfill	549,437	431,021
General and administrative	48,557	15,023
Depreciation	76,132	76,132
<b>Total Operating Expenses</b>	848,686	647,626
<b>Loss from Operations</b>	(178,207)	(21,271)
<b>Nonoperating Revenues</b>		
State PERS relief	10,075	8,702
Transfers in	722,000	-
<b>Change in Net Position</b>	553,868	(12,569)
<b>Net Position, beginning</b>	570,809	583,378
<b>Net Position, ending</b>	\$ 1,124,677	\$ 570,809

# City and Borough of Wrangell, Alaska

Exhibit K-19

## Sanitation Utility Enterprise Fund Statement of Cash Flows

<i>Years Ended June 30,</i>	2021	2020
<b>Cash Flows from (for) Operating Activities</b>		
Receipts from customers and users	\$ 670,121	\$ 617,483
Payments for interfund services used	(78,293)	(55,127)
Payments to suppliers	(456,151)	(314,273)
Payments to employees	(199,727)	(204,698)
<b>Net cash flows from (for) operating activities</b>	<b>(64,050)</b>	<b>43,385</b>
<b>Cash Flows from Capital and Related Financing Activities - transfers in</b>	<b>722,000</b>	<b>-</b>
<b>Net Increase in Cash and Investments</b>	<b>657,950</b>	<b>43,385</b>
<b>Cash and Investments, beginning</b>	<b>252,870</b>	<b>209,485</b>
<b>Cash and Investments, ending</b>	<b>\$ 910,820</b>	<b>\$ 252,870</b>
<b>Reconciliation of Loss from Operations to Net Cash Flows from (for) Operating Activities</b>		
Loss from operations	\$ (178,207)	\$ (21,271)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Depreciation	76,132	76,132
Noncash expense - PERS relief	10,075	8,702
Increase in assets:		
Accounts receivable	(358)	(8,872)
Net other postemployment benefits asset	(15,375)	(1,003)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	(6,225)	2,848
Related to other postemployment benefits	2,357	(792)
Increase (decrease) in liabilities:		
Accounts payable	13,304	9,888
Accrued leave	9,031	1,466
Net pension liability	31,944	8,283
Net other postemployment benefits liability	(8,075)	(26,054)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	(5,163)	171
Related to other postemployment benefits	6,510	(6,113)
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ (64,050)</b>	<b>\$ 43,385</b>



## City and Borough of Wrangell, Alaska

## Sanitation Utility Enterprise Fund

## Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2021	2020
<b>Collection</b>		
Salaries	\$ 56,396	\$ 60,710
Overtime salaries	7,321	974
Employee benefits	57,308	31,121
Allocated salaries - public works	6,301	1,169
Materials and supplies	16,217	2,310
Allocated vehicle charges - garage	31,017	29,166
<b>Total Collection</b>	<b>174,560</b>	<b>125,450</b>
<b>Landfill</b>		
Salaries	56,047	50,536
Overtime salaries	5,823	7,231
Employee benefits	41,911	41,634
Allocated salaries - public works	180	10,701
Telephone	1,244	1,239
Utilities	5,718	6,866
Monitoring and testing	1,452	-
Disposal costs	308,224	271,837
Hazardous waste	20,215	19,401
Materials and supplies	2,782	6,735
Repairs and maintenance	2,961	7,768
Professional services	99,490	880
Allocated vehicle charges - garage	3,390	6,193
<b>Total Landfill</b>	<b>549,437</b>	<b>431,021</b>
<b>General and Administrative</b>		
Allocated overhead - finance	37,179	7,898
Insurance	11,152	7,125
Credit card expense	226	-
<b>Total General and Administrative</b>	<b>48,557</b>	<b>15,023</b>
<b>Depreciation</b>	<b>76,132</b>	<b>76,132</b>
<b>Total Operating Expenses</b>	<b>\$ 848,686</b>	<b>\$ 647,626</b>

**City and Borough of Wrangell, Alaska**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subre - cipients	Total Federal Expenditures
<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	\$1,300,000	\$ 1,300,000
School and Roads - Grants to States - Birdfest	10.665		-	9,565
Total Assistance Listing Number 10.665			1,300,000	1,309,565
<b>Department of the Interior</b>				
Payments in Lieu of Taxes	15.226		-	483,502
<b>Department of Treasury</b>				
Passed through State of Alaska Department of Commerce, Community, and Economic Development: COVID-19 - Coronavirus Relief Fund	21.019	20-CRF-227	-	2,936,899
Funding Program	21.019	ILC21-035	-	4,497
Total Assistance Listing Number 21.019			-	2,941,396
<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	-	9,550
<b>Total Expenditures of Federal Awards</b>			<b>\$1,300,000</b>	<b>\$ 4,744,013</b>

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

# City and Borough of Wrangell, Alaska

## Notes to Schedule of Expenditures and Federal Awards Year Ended June 30, 2021

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### 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, 2021. 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, 2021, there were no unspent interest earnings and unspent grant funds were \$2,433,185.

## City and Borough of Wrangell, Alaska

Schedule of State Financial Assistance  
Year Ended June 30, 2021

State Agency/Program Title	Award Number	Total Award	Passed Through Subre- cipients	State Expenditures
<b>Department of Commerce, Community and Economic Development</b>				
*Community Assistance Program	FY 21	\$ 375,000	\$ -	\$ 375,000
Hospital Replacement Project	13-DC-494	1,800,000	-	250,224
Connection to Upper Reservoir	15-DC-162	615,000	-	126,554
Shared Fisheries Tax	FY 21	1,776	-	1,776
<b>Total Department of Commerce, Community and Economic Development</b>			-	753,554
<b>Department of Revenue</b>				
Community Passenger Vessel Excise Taxes	FY 21	58,660	-	58,660
*Fisheries Resource Landing Taxes	FY 21	203,246	-	203,246
<b>Total Department of Revenue</b>			-	261,906
<b>Department of Transportation and Public Facilities</b>				
*Shoemaker Bay Harbor Replacement	18-HG-001	4,463,996	-	156,042
<b>Department of Education and Early Development</b>				
Public Library Assistance		7,000	-	7,000
<b>Department of Environmental Conservation</b>				
*Municipal Grants Program - Water Main Replacement	MMG 91722	696,415	-	415,080
<b>Department of Administration</b>				
*PERS On-behalf	FY 21	267,353	-	267,353
<b>Total State Financial Assistance</b>			\$ -	\$ 1,860,935

\* Denotes a major program

See accompanying notes to the Schedule of State Financial Assistance.

# City and Borough of Wrangell, Alaska

## Notes to Schedule State and Financial Assistance Year Ended June 30, 2021

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### 1. Basis of Presentation

The accompanying Schedule of State Financial Assistance (the "Schedule") includes 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, 2021. 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 \$267,353 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 FY2021.

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 FY2021, the City and Borough of Wrangell, Alaska reported \$121,984 in PERS on-behalf revenue and expenses in the Statement of Activities.

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## Single Audit Reports

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell (the Borough) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated December 7, 2022. Our report included a reference to other auditors who audited the financial statements of Wrangell Public Schools, as described in our report on the Borough's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

### **Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be material weaknesses.



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 2021-003 to be a significant deficiency.

### **Report on Compliance and Other Matters**

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

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

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
December 7, 2022



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## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited City and Borough of Wrangell's (the Borough) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal programs for the year ended June 30, 2021. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Borough'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.

In our opinion, the Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Borough and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Borough's compliance with the compliance requirements referred to above.

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

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

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

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

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

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-004, 2021-005, and 2021-006 to be significant deficiencies.

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

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

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

BDO USA, LLP

Anchorage, Alaska  
December 7, 2022



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## **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**

#### ***Opinion on Each Major State Program***

We have audited City and Borough of Wrangell's (the Borough) 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 the Borough's major state programs for the year ended June 30, 2021. The Borough's major state programs are identified in the accompanying Schedule of State Financial Assistance.

The Borough's basic financial statements include the operations of the Wrangell Public Schools, a discretely presented component unit, which expended \$3,848,526 in state awards which is not included in the Borough's schedule of state financial assistance during the year ended June 30, 2021. Our audit, described below, did not include the operations of Wrangell Public Schools because they were subjected to separate audits.

In our opinion, the Borough 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, 2021.

#### ***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Our responsibilities under those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Borough and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Borough's compliance with the types of compliance requirements referred to above.

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

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

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

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, we:

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

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the *State of Alaska Single Audit Guide and Compliance Supplement* and which are described in the accompanying schedule of findings and questioned costs as items 2021-007 and 2021-008. Our opinion on each major state program is not modified with respect to these matters.

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

The Borough's is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Borough's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion in it.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-007 and 2021-008 to be significant deficiencies.

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

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

The Borough's is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Borough's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion in it.

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  
December 7, 2022



# City and Borough of Wrangell, Alaska

## Schedule of Findings and Questioned Costs Year Ended June 30, 2021

### Section I - Summary of Auditor's Results

#### Financial Statements

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

Internal control over financial reporting:

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

Significant deficiency(ies) identified? ☒ yes ☐ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

#### Federal Awards

Internal control over major federal programs:

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

Significant deficiency(ies) identified? ☒ yes ☐ no

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

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

Identification of major federal programs:

#### Assistance Listing

Number	Name of Federal Program or Cluster	Agency
21.019	Coronavirus Relief Fund	Department of the Treasury

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

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

#### State Financial Assistance

Internal control over major state programs:

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

Significant deficiency(ies) identified? ☒ yes ☐ no

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, 2021**

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<b>Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards</b>
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<b>Finding 2021-001</b>	<b>General Ledger Reconciliation and External Financial Reporting - Internal Control Over Financial Reporting - Material Weakness</b>
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<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.
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<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, cash, and fund balance.
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<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.
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<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.
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<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.
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<i>Views of Responsible Officials</i>	Management concurs with the finding. Management will implement a more thorough review process and improvements to the year-end close and audit preparation process. Management will identify the more complex financial statement accounts and areas and will implement additional levels of internal review.
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## City and Borough of Wrangell, Alaska

### Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2021

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**Finding 2021-002      Journal Entry Review and Approval, and Support - Internal Control Over Financial Reporting - Material Weakness**

*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, or the retention of appropriate supporting documentation. Furthermore, within the Borough's IT environment there is a lack of appropriate segregation of duties restricting access for management personnel. These conditions give rise to a heightened risk of management override through the use of manual adjustments.

*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. Management will revise internal processes and procedures to require all manual journal entries be reviewed and approved by a separate individual besides the preparer prior to posting to the general ledger. The Borough's revised internal processes and procedures will require relevant supporting documentation be attached to all manual journal entries and retained after posting to support contents of the journal entry.

## City and Borough of Wrangell, Alaska

### Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2021

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<b>Finding 2021-003</b>	<b>Bank Reconciliation Review and Approval - Internal Control Over Financial Reporting - Significant Deficiency</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 controls over financial reporting do not ensure proper review and approval of bank reconciliations.
<i>Cause</i>	The Borough's internal controls related to bank reconciliations were not enforced throughout the period. Bank reconciliation testing identified multiple discrepancies between the bank reconciliation and the ending cash balance for fiscal year 2021 which resulted in significant adjustments to book cash.
<i>Effect or Potential Effect</i>	A discrepancy was identified between the ending reconciled cash balance on the June 2021 bank rec and year end cash per the general ledger. Further investigation identified activity that was not identified or captured on the bank reconciliation which resulted in significant adjustments to the trial balance.
<i>Recommendation</i>	The Borough should create a formal bank reconciliation process that stipulates an individual besides the preparer review and approve bank reconciliations. Additionally, the Borough should require that relevant supporting documentation be attached and retained with the bank reconciliation to ensure agreement with the general ledger.
<i>Views of Responsible Officials</i>	Management concurs with the finding. Management will revise internal processes and procedures to require bank reconciliations to be reviewed and reconciled to the general ledger.

**City and Borough of Wrangell, Alaska**  
**Schedule of Findings and Questioned Costs, continued**  
**Year Ended June 30, 2021**

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

<b>Finding 2021-004</b>	<b>Activities Allowed and Unallowed, Allowable Costs, Period of Performance - Internal Control Over Compliance - Significant Deficiency</b>
<i>Agency</i>	Department of the Treasury
<i>ALN</i>	21.019
<i>Program Name</i>	Coronavirus Relief Fund
<i>Award Year</i>	FY 2021
<i>Pass-Through Agency</i>	State of Alaska Department of Commerce, Community, and Economic Development
<i>Pass-Through Entity Identifying Number</i>	20-CRF-227
<i>Criteria</i>	Management is responsible to provide reasonable assurance that the costs paid for by federal funds are allowable and in accordance with the types of activities allowed per the compliance supplement and incurred within the stated period of performance.
<i>Condition</i>	We identified nonpayroll expenditure transactions without sufficient documentation of review and approval prior to posting to the general ledger.
<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>Effect or Potential Effect</i>	Federal funds could potentially be expended on unallowed activities and for unallowed costs, and outside the period of performance.
<i>Questioned costs</i>	None.
<i>Context</i>	A sample of 27 nonpayroll expenditure transactions were tested specific to the major program. 15 of the transactions tested lacked evidence of review and approval prior to being charged to the program.
<i>Identification as a repeat finding</i>	Yes, a similar finding was reported in the prior year as finding number 2020-004.
<i>Recommendation</i>	The Borough should consider adopting a transactional-level review process that ensures all transactions are reviewed and approved by a knowledgeable 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. Borough staff and management will revise internal processes and procedures to require supporting documentation for all expenditure transactions be retained and for said documentation to include evidence of management review and approval prior to posting.

# City and Borough of Wrangell, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2021

<b>Finding 2021-005</b>	<b>Activities Allowed and Unallowed, Allowable Costs, Period of Performance - Internal Control Over Compliance - Significant Deficiency</b>
<i>Agency</i>	Department of the Treasury
<i>ALN</i>	21.019
<i>Program Name</i>	Coronavirus Relief Fund
<i>Award Year</i>	FY 2021
<i>Pass-Through Agency</i>	State of Alaska Department of Commerce, Community, and Economic Development
<i>Pass-Through Entity Identifying Number</i>	20-CRF-227
<i>Criteria</i>	Management is responsible to provide reasonable assurance that the costs paid for by federal funds are allowable and in accordance with the types of activities allowed per the compliance supplement and incurred within the stated period of performance.
<i>Condition</i>	We identified payroll expenditure transactions for which the underlying transactions were not supported by documented approved pay rates.
<i>Cause</i>	Internal controls were not operating effectively throughout the entire fiscal year to ensure that all employees have approved pay rates included in the personnel files.
<i>Effect or Potential Effect</i>	Federal funds could potentially be expended on unallowed activities and for unallowed costs, and outside the period of performance.
<i>Questioned costs</i>	None
<i>Context</i>	A sample of 25 payroll expenditure transactions were tested specific to the major program. 1 of the transactions tested lacked supporting documentation for review and approval of pay rates prior to being charged to the program.
<i>Identification as a repeat finding</i>	No
<i>Recommendation</i>	We recommend management enforce written policies requiring signed and approved pay rates be kept on file for all employees
<i>Views of Responsible Officials</i>	Management concurs with the finding and will adhere to the corrective action plan included in this report.

# City and Borough of Wrangell, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2021

<b>Finding 2021-006</b>	<b>Reporting - Internal Control Over Compliance - Significant Deficiency</b>
<i>Agency</i>	Department of the Treasury
<i>ALN</i>	21.019
<i>Program Name</i>	Coronavirus Relief Fund
<i>Award Year</i>	FY 2021
<i>Pass-Through Agency</i>	State of Alaska Department of Commerce, Community, and Economic Development
<i>Pass-Through Entity Identifying Number</i>	20-CRF-227
<i>Criteria</i>	Recipients of federal awards must establish verifiable controls over reports that are prepared and submitted.
<i>Condition</i>	Reports underwent significant modification after initial submission. Evidence of secondary review and approval was not always present.
<i>Cause</i>	The Borough's internal controls over reporting are not designed appropriately to ensure timely and accurate reporting.
<i>Effect or Potential Effect</i>	Information submitted to the granting agency might be incomplete or inaccurate.
<i>Questioned costs</i>	None
<i>Context</i>	A sample of 4 monthly reports were tested specific to the major program. All 4 reports were substantially modified after initial submission. Review process was not appropriately designed to identify errors.
<i>Identification as a repeat finding</i>	No
<i>Recommendation</i>	A policy should be established and enforced to ensure that grant reports contain accurate data prior to submission, and to ensure evidence of controls performed over applicable compliance requirements is maintained. Review process should also be established to ensure accurate reporting.
<i>Views of Responsible Officials</i>	Management agrees with this finding. Refer to the corrective action plan.

**City and Borough of Wrangell, Alaska**  
**Schedule of Findings and Questioned Costs, continued**  
**Year Ended June 30, 2021**

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<b>Section IV - State Award Findings and Questioned Costs</b>
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<b>Finding 2021-007</b>	<b>Reporting - Noncompliance and Significant Deficiency in Internal Control Over Compliance</b>
<i>State Agency</i>	State of Alaska Department of Commerce, Community, and Economic Development; State of Alaska Department of Environmental Conservation.
<i>Grant Name and Award Number</i>	Designated Legislative Grant Program 13-DC-494/ Municipal Grants Program MMG 91722
<i>Award Year</i>	FY 2021
<i>Criteria</i>	State of Alaska Department of Commerce, Community, and Economic Development requires submission of certain financial reports and narrative (or progress reports) on a monthly basis within 15 days of month-end.
<i>Condition</i>	Multiple instances were identified where reports were not filed with the awarding agency as required, or were filed after the deadline.
<i>Questioned costs</i>	None
<i>Context</i>	During our testwork of the reporting requirements, of the 4 reports selected for testing for 13-DC-494, we noted 1 financial report was submitted after the reporting deadline. For MMG 91722 no awards were submitted as required.
<i>Effect</i>	Failure to submit reports timely makes the City and Borough of Wrangell out of compliance with grant requirements.
<i>Cause</i>	Resource constraints due to the number of reports required to be filed for this and other programs, in conjunction with personnel turnover.
<i>Repeat Finding</i>	No
<i>Recommendation</i>	Adequate personnel resources should be trained and available to ascertain that all the financial reporting is done in a timely manner.



## City and Borough of Wrangell, Alaska

### Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2021

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<b>Finding 2021-008</b>	<b>Reporting - Noncompliance and Significant Deficiency in Internal Control Over Compliance</b>
<i>State Agency</i>	State of Alaska Department of Commerce, Community, and Economic Development.
<i>Grant Name and Award Number</i>	Community Assistance Program FY21
<i>Award Year</i>	Award Year FY21 FY 2021
<i>Criteria</i>	State of Alaska Department of Commerce, Community, and Economic Development requires municipalities which levy and collect property tax to provide notice to taxpayers pursuant to AS 29.45.020 showing a) the amount of financial assistance received from the State and b) the equivalent mill rate needed to raise that amount in the municipality.
<i>Condition</i>	Notification was not provided to taxpayers as required.
<i>Questioned costs</i>	None
<i>Context</i>	During our testwork of the reporting requirements, it was determined that no notification was made to taxpayers during fiscal year 2021 as required.
<i>Effect</i>	Failure to notify taxpayers as required under AS 29.45.020 makes the City and Borough of Wrangell out of compliance with grant requirements.
<i>Cause</i>	Lack of internal policies and controls to ensure that reporting pursuant to AS 29.45.020.
<i>Repeat Finding</i>	No
<i>Recommendation</i>	The Borough should develop internal policies to ensure that reporting pursuant to AS 29.45.020 takes place as required each fiscal year.

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

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## 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, 2021

##### Financial Statement Findings

**Finding 2020-001 General Ledger Reconciliation and External Financial Reporting - Internal Control over Financial Reporting - Material Weakness**

*Finding* 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 and fund balance, ending capital assets, depreciation expense, interfund balances, transfers, deferred inflows of resources and tax revenue.

*Status* Finding not resolved in 2021, see 2021-001.

**Finding 2020-002 Journal Entry Review and Approval, and Support- Internal Control over Financial Reporting - Material Weakness**

*Finding* 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.

*Status* Finding not resolved in 2021, see 2021-002.

**Finding 2020-003 Completeness and Accuracy of Schedule of Expenditures of Federal Awards Internal Control Over Financial Reporting - Significant Deficiency**

*Finding* Material adjustments were necessary to correct the SEFA to properly recognize federal expenditures incurred related to the Community Development Block Grant program. Specifically, the program was mislabeled as state financial assistance and was incorrectly excluded from the SEFA.

*Status* Finding resolved in 2021



## **CITY AND BOROUGH OF WRANGELL**

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

#### **Summary Schedule of Prior Audit Findings, continued Year Ended June 30, 2021**

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**Finding 2020-004 Activities Allowed and Unallowed, Allowable Costs, Period of Performance  
- Internal Control Over Compliance - Significant Deficiency**

Information on Federal Program Coronavirus Relief Fund Assistance Listing 21.019

*Finding* During testing, multiple instances were identified where expenditures to federal programs were not properly reviewed and approved. 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.

*Status* Finding not resolved in 2021, see 2021-004.



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### City and Borough of Wrangell, Alaska

#### Corrective Action Plan Year Ended June 30, 2021

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

#### **Finding 2021-001 - General Ledger Reconciliation and External Financial Reporting - Internal Control over Financial Reporting - Material Weakness**

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

At the transaction-level and at the fiscal year-end reporting stage, the Borough will implement specific procedure to ensure compliance with U.S GAAP. Specifically, the Borough will perform an opening balance reconciliation to prior year-end balances. Additionally, the Borough will create a year-end close-out checklist to verify closing adjustments are made in a timely fashion. All manual adjustments will be accompanied by a log demonstrating segregation of duties in the process.

*Expected Completion Date:*  
Fiscal year 2023

#### **Finding 2021-002 - Journal Entry Review and Approval, and Support - Internal Control Over Financial Reporting - Material Weakness**

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

In order to create a stronger set of internal controls, the Borough will adopt a journal entry preparation and review process whereby the preparer of the entry stamps/signs and dates the entry made. Subsequently, the entry will be printed off-and reviewed by the *Finance Director*. The *Finance Director* will sign and date the journal entry “approved” and place it in the current fiscal year journal entry file. The Borough will verify proper segregation of duties has been followed throughout this process.

*Expected Completion Date:*  
Fiscal year 2023



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

#### **Corrective Action Plan, continued Year Ended June 30, 2021**

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##### **Finding 2021-003 - Bank Reconciliation Review and Approval - Internal Control Over Financial Reporting - Significant Deficiency**

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

The Borough will ensure to thoroughly review each transaction that requires the use of federal funds and verify expenses meet all eligibility requirements. Specifically, the responsible department director will send supporting documentation or a requisition form encapsulating the proposed expense to the *Finance Director* and *Borough Manager* for review. Once the expense is approved, the responsible department director will send out the purchase order. Once the expense is made, an invoice copy will be signed by the appropriate department director and then a copy of the invoice will be sent to the *Finance Director* for review. The copy of the invoice and payment support will then be kept in the federal fund/grant awards file for that specific source of funds.

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

Fiscal year 2023

##### **Finding 2021-004 - Activities Allowed and Unallowed, Allowable Costs, Period of Performance - Internal Control Over Compliance - Significant Deficiency**

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

The Borough will ensure to implement a control whereby the Borough Manager and the Finance Director review and submit each federal and state grant progress report together on the 1<sup>st</sup> week of the new quarter or month (depending on the reporting frequency). Each report will be reconciled to the project managers CIP report and the underlying transaction support (i.e., invoice, purchase order, payment support, and bank statement).

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

Fiscal year 2023



## **CITY AND BOROUGH OF WRANGELL**

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

#### **Corrective Action Plan, continued Year Ended June 30, 2021**

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##### **Finding 2021-005 - Activities Allowed and Unallowed, Allowable Costs, Period of Performance - Internal Control Over Compliance - Significant Deficiency**

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

The Finance Director will execute all grant reports instead of the project manager and will maintain a log indicating when reports are due, and the grant administrators contact information. The Borough Manager will review each report for completeness and accuracy. Once reviewed, the Finance Director will submit the report. The grant log will be directly tied into Outlook email reminders to ensure that reports are filed timely.

*Expected Completion Date:*  
Fiscal year 2023

##### **Finding 2021-006 - Reporting - Internal Control Over Compliance - Significant Deficiency**

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

The Finance Director will issue a taxpayer notice to all Borough property owners including pertinent details of the community assistance payments. Specifically, the notice will show the amounts received from the State of Alaska, the budgeted distribution, and the actual dollar-value spent with respect to each budgeted caption. In addition, the Finance Director and Capital Facilities Director will scan through each grant agreement and/or amendment at the beginning of each fiscal period to ensure all compliance items are effectively addressed through existing process level controls.

*Expected Completion Date:*  
Fiscal year 2023





## **CITY AND BOROUGH OF WRANGELL**

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

#### **Corrective Action Plan, continued Year Ended June 30, 2021**

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##### **Finding 2021-007 - Reporting - Noncompliance and Significant Deficiency in Internal Control Over Compliance**

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

The Finance Director will execute all grant reports instead of the project manager and will maintain a log indicating when reports are due, and the grant administrators contact information. The Borough Manager will review each report for completeness and accuracy. Once reviewed, the Finance Director will submit the report. The grant log will be directly tied into Outlook email reminders to ensure that reports are filed in a timely manner.

##### **Finding 2021-008 - Reporting - Noncompliance and Significant Deficiency in Internal Control Over Compliance**

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

The Finance Director will issue a taxpayer notice to all Borough property owners including pertinent details of the community assistance payments. Specifically, the notice will show the amounts received from the State of Alaska, the budgeted distribution, and the actual dollar-value spent with respect to each budgeted caption. In addition, the Finance Director and Capital Facilities Director will scan through each grant agreement and/or amendment at the beginning of each fiscal period to ensure all compliance items are effectively addressed through existing process level controls.

***Expected Completion Date:***  
Fiscal year 2022.