



City and Borough of Wrangell, Alaska

**Basic Financial Statements, Required
Supplementary Information,
Supplementary Information and Single
Audit Reports
Year Ended June 30, 2020**

City and Borough of Wrangell, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information
and Single Audit Reports
Year Ended June 30, 2020

City and Borough of Wrangell, Alaska

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3601 C Street, Suite 600
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Independent Auditor's Report

Honorable Mayor and Borough Assembly
City and Borough of Wrangell

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell, Alaska (the Borough), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Wrangell Public Schools, the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to use, and our opinion, insofar as it relates to the amounts included in the discretely presented component unit, are based solely on the reports of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell, Alaska, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 58 through 61, 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 on pages 62 and 63, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit for the year ended June 30, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City and Borough of Wrangell's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the combining and individual fund financial statements and schedules listed in the table of contents 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.

The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements for the year ended June 30, 2020, 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 and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City and Borough of Wrangell as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated June 19, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 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, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021, on our consideration of City and Borough of Wrangell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City and Borough of Wrangell's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City and Borough of Wrangell's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
October 21, 2021

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Basic Financial Statements

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, 2020</i> | | | | |
| Assets and Deferred Outflows of Resources | | | | |
| Assets | | | | |
| Cash and investments | \$ 26,223,062 | \$ 7,150,377 | \$ 33,373,439 | \$ 1,705,571 |
| Receivables, net of allowance for doubtful accounts: | | | | |
| Property and sales taxes | 815,408 | - | 815,408 | - |
| Accounts | 50,315 | 539,816 | 590,131 | - |
| Grants and shared revenues | 33,750 | 861,591 | 895,341 | 394,557 |
| Land sales and improvements | 17,882 | - | 17,882 | - |
| Accrued interest | 44,424 | 44 | 44,468 | - |
| Internal balances | 64,611 | (64,611) | - | - |
| Prepaid items | 78,351 | - | 78,351 | - |
| Inventories | 73,916 | 171,085 | 245,001 | 18,329 |
| Restricted cash and investments | - | 766,037 | 766,037 | - |
| Net other postemployment benefits asset | 24,716 | 11,612 | 36,328 | 164,046 |
| Capital assets: | | | | |
| Land, land improvements and construction in progress | 1,685,340 | 11,654,348 | 13,339,688 | - |
| Other capital assets, net of depreciation | 31,086,925 | 36,472,221 | 67,559,146 | 74,780 |
| Total Assets | 60,198,700 | 57,562,520 | 117,761,220 | 2,357,283 |
| Deferred Outflows of Resources | | | | |
| Related to pensions | 483,410 | 289,012 | 772,422 | 263,234 |
| Related to other postemployment benefits | 327,074 | 162,276 | 489,350 | 212,421 |
| Total Deferred Outflows of Resources | 810,484 | 451,288 | 1,261,772 | 475,655 |
| Total Assets and Deferred Outflows of Resources | \$ 61,009,184 | \$ 58,013,808 | \$ 119,022,992 | \$ 2,832,938 |

City and Borough of Wrangell, Alaska

Exhibit A-1, continued

Statement of Net Position, continued

| | Primary Government | | | Component Unit |
|---|----------------------------|---------------------------------|-----------------------|-------------------------------|
| | Governmental Activities | Business- type Activities | Total | Wrangell Public Schools |
| <i>June 30, 2020</i> | | | | |
| Liabilities, Deferred Inflows of Resources, and Net Position | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 390,650 | \$ 957,499 | \$ 1,348,149 | \$ 5,523 |
| Customer utility deposits | - | 86,140 | 86,140 | - |
| Accrued interest payable | 3,271 | 4,194 | 7,465 | - |
| Accrued payroll and related liabilities | - | - | - | 134,441 |
| Unearned revenue | 1,346,926 | 689,100 | 2,036,026 | 60,000 |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| Accrued leave | 243,484 | 126,066 | 369,550 | 26,575 |
| Bonds and loans | 260,000 | 4,201 | 264,201 | - |
| Due in more than one year: | | | | |
| Unamortized bond premium | 19,616 | - | 19,616 | - |
| ADEC loan | - | 49,358 | 49,358 | - |
| USDA Rural Development loan | - | 83,787 | 83,787 | - |
| Net pension liability | 3,743,571 | 2,083,925 | 5,827,496 | 3,333,952 |
| Net other postemployment benefits liability | 122,383 | 68,682 | 191,065 | 57,420 |
| Total Liabilities | 6,129,901 | 4,152,952 | 10,282,853 | 3,617,911 |
| Deferred Inflows of Resources | | | | |
| Related to pensions | 102,881 | 42,038 | 144,919 | 207,598 |
| Related to other postemployment benefits | 132,587 | 64,179 | 196,766 | 177,241 |
| Total Deferred Inflows of Resources | 235,468 | 106,217 | 341,685 | 384,839 |
| Total Liabilities and Deferred Inflows of Resources | 6,365,369 | 4,259,169 | 10,624,538 | 4,002,750 |
| Net Position | | | | |
| Net investment in capital assets | 32,492,649 | 47,989,223 | 80,481,872 | 164,046 |
| Restricted | 10,932,781 | 1,625 | 10,934,406 | - |
| Unrestricted (deficit) | 11,218,385 | 5,763,791 | 16,982,176 | (1,333,858) |
| Total Net Position | 54,643,815 | 53,754,639 | 108,398,454 | (1,169,812) |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 61,009,184 | \$ 58,013,808 | \$ 119,022,992 | \$ 2,832,938 |

See accompanying notes to Basic Financial Statements.

City and Borough of Wrangell, Alaska

Statement of Activities

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--------------------------------|---------------|--|---|---|--|---------------------------------|----------------|-------------------------------|
| | | Fees, Fines & Charges for Services | Operating Grants & Contri- butions | Capital Grants & Contri- butions | Primary Government | | Component Unit | |
| | | | | | Govern- mental Activities | Business- type Activities | Total | Wrangell Public Schools |
| Year Ended June 30, 2020 | Expenses | | | | | | | |
| Functions | | | | | | | | |
| Primary Government | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 1,293,614 | \$ 59,157 | \$ 175,338 | \$ 63,911 | \$ (995,208) | \$ - | \$ (995,208) | |
| Public safety | 2,079,559 | 187,180 | 1,115,843 | - | (776,536) | - | (776,536) | |
| Public works | 1,977,455 | 49,218 | 64,848 | - | (1,863,389) | - | (1,863,389) | |
| Parks and recreation | 674,566 | 77,151 | 47,576 | - | (549,839) | - | (549,839) | |
| Library | 270,655 | - | 18,000 | - | (252,655) | - | (252,655) | |
| Community services | 1,105,380 | 165,305 | 151,760 | - | (788,315) | - | (788,315) | |
| Education | 1,823,315 | - | 962,783 | - | (860,532) | - | (860,532) | |
| | | | | | | | | |
| Total governmental activities | 9,224,544 | 538,011 | 2,536,148 | 63,911 | (6,086,474) | - | (6,086,474) | |
| | | | | | | | | |
| Business-type activities: | | | | | | | | |
| Electric utility | 4,100,655 | 4,034,898 | 41,649 | - | - | (24,108) | (24,108) | |
| Water utility | 1,198,692 | 708,654 | 6,873 | - | - | (483,165) | (483,165) | |
| Sewer utility | 655,402 | 595,479 | 11,994 | - | - | (47,929) | (47,929) | |
| Sanitation utility | 647,626 | 626,355 | 8,702 | - | - | (12,569) | (12,569) | |
| Port | 2,873,353 | 2,106,172 | 321,208 | 460,353 | - | 14,380 | 14,380 | |
| | | | | | | | | |
| Total business-type activities | 9,475,728 | 8,071,558 | 390,426 | 460,353 | - | (553,391) | (553,391) | |
| | | | | | | | | |
| Total Primary Government | \$ 18,700,272 | \$ 8,609,569 | \$ 2,926,574 | \$ 524,264 | (6,086,474) | \$ (553,391) | (6,639,865) | |

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, 2020 | Expenses | | | | | | | |
| Component Unit | | | | | | | | |
| Wrangell Public Schools | \$ 4,986,806 | \$ 28,375 | \$ 408,544 | \$ 9,500 | | | | \$ (4,540,387) |
| General Revenues | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes | | | | | \$ 1,841,191 | \$ - | \$ 1,841,191 | - |
| Sales taxes | | | | | 3,029,636 | - | 3,029,636 | - |
| Payments in lieu of taxes | | | | | 503,436 | - | 503,436 | - |
| Other taxes | | | | | 56,986 | - | 56,986 | - |
| Contributions from primary government | | | | | - | - | - | 1,300,000 |
| Grants and entitlements not restricted to a specific purpose | | | | | 746,856 | - | 746,856 | 3,842,808 |
| Investment income | | | | | 638,311 | 1,797 | 640,108 | 485 |
| Other | | | | | 262,645 | - | 262,645 | 195,565 |
| Total General Revenues | | | | | 7,079,061 | 1,797 | 7,080,858 | 5,338,858 |
| Change in Net Position | | | | | 992,587 | (551,594) | 440,993 | 798,471 |
| Net Position (Deficit), beginning | | | | | 53,651,228 | 54,306,233 | 107,957,461 | (1,968,283) |
| Net Position (Deficit), ending | | | | | \$ 54,643,815 | \$ 53,754,639 | \$ 108,398,454 | \$ (1,169,812) |

See accompanying notes to Basic Financial Statements.

City and Borough of Wrangell, Alaska

Governmental Funds
Balance Sheet

| | Major Funds | | | | | | Total Govern- mental Funds |
|--|---------------------|---|------------------------------------|--|--|---------------------|-------------------------------------|
| | General | Permanent Fund Special Revenue | Sales Tax Special Revenue | Secure Rural Schools Special Revenue | COVID-19 CARES Act Special Revenue | Nonmajor Funds | |
| <i>June 30, 2020</i> | | | | | | | |
| Assets | | | | | | | |
| Cash and investments | \$ 7,777,810 | \$ 7,946,353 | \$ 1,603,670 | \$ 2,936,428 | \$ 1,292,382 | \$ 4,666,419 | \$ 26,223,062 |
| Receivables, net of allowance for doubtful accounts: | | | | | | | |
| Property and sales taxes | 597,326 | - | 218,082 | - | - | - | 815,408 |
| Accounts | 50,315 | - | - | - | - | - | 50,315 |
| Accrued interest | 44,422 | - | - | - | - | 2 | 44,424 |
| Grants and shared revenues | 33,750 | - | - | - | - | - | 33,750 |
| Land sales and improvements | - | - | - | - | - | 17,882 | 17,882 |
| Interfund loans receivable | 64,611 | - | - | - | - | - | 64,611 |
| Prepaid items | 78,351 | - | - | - | - | - | 78,351 |
| Inventory | - | - | - | - | - | 73,916 | 73,916 |
| Total Assets | \$ 8,646,585 | \$ 7,946,353 | \$ 1,821,752 | \$ 2,936,428 | \$ 1,292,382 | \$ 4,758,219 | \$ 27,401,719 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 153,603 | \$ - | \$ - | \$ - | \$ 44,293 | \$ 192,754 | \$ 390,650 |
| Unearned revenue | 12,247 | - | - | - | 1,248,089 | 86,590 | 1,346,926 |
| Total Liabilities | 165,850 | - | - | - | 1,292,382 | 279,344 | 1,737,576 |
| Deferred Inflows of Resources | | | | | | | |
| Delinquent property taxes | 96,172 | - | - | - | - | - | 96,172 |
| Land sale receivables not yet due | - | - | - | - | - | 49,067 | 49,067 |
| Total Deferred Inflows of Resources | 96,172 | - | - | - | - | 49,067 | 145,239 |
| Total Liabilities and Deferred Inflows of Resources | 262,022 | - | - | - | 1,292,382 | 328,411 | 1,882,815 |
| Fund Balances | | | | | | | |
| Nonspendable | 142,962 | - | - | - | - | 73,916 | 216,878 |
| Restricted | - | 7,946,353 | - | 2,936,428 | - | 50,000 | 10,932,781 |
| Committed | - | - | 1,821,752 | - | - | 1,983,988 | 3,805,740 |
| Assigned | - | - | - | - | - | 2,345,484 | 2,345,484 |
| Unassigned (deficit) | 8,241,601 | - | - | - | - | (23,580) | 8,218,021 |
| Total Fund Balances | 8,384,563 | 7,946,353 | 1,821,752 | 2,936,428 | - | 4,429,808 | 25,518,904 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 8,646,585 | \$ 7,946,353 | \$ 1,821,752 | \$ 2,936,428 | \$ 1,292,382 | \$ 4,758,219 | \$ 27,401,719 |

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, 2020

Total fund balances for governmental funds \$ 25,518,904

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 | |
| Construction in progress | 498,662 | |
| Infrastructure | 23,450,938 | |
| Buildings | 48,398,906 | |
| Improvements other than buildings | 6,253,302 | |
| Machinery and equipment | 4,605,844 | |
| Accumulated depreciation | <u>(51,622,065)</u> | |
| Total capital assets | | 32,772,265 |

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 financial resources and therefore are not reported in the funds.

| | |
|----------------|--------|
| Net OPEB asset | 24,716 |
|----------------|--------|

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 | 96,172 | |
| Deferred land sales and improvements receivable | <u>49,067</u> | |
| Total long-term assets | | 145,239 |

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

| | | |
|----------------------------------|------------------|-------------|
| General obligation bonds payable | (260,000) | |
| Unamortized bond premium | (19,616) | |
| Accrued interest on bonds | (3,271) | |
| Accrued leave | (243,484) | |
| Net pension liability | (3,743,571) | |
| Net OPEB liability | <u>(122,383)</u> | |
| Total long-term liabilities | | (4,392,325) |

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 | 483,410 | |
| Deferred inflows of resources related to pensions | (102,881) | |
| Deferred outflows of resources related to OPEB | 327,074 | |
| Deferred inflows of resources related to OPEB | <u>(132,587)</u> | |
| Total deferred pension and OPEB items | | 575,016 |

| | |
|--|-----------------------------|
| Total Net Position of Governmental Activities | <u>\$ 54,643,815</u> |
|--|-----------------------------|

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

| Year Ended June 30, 2020 | Major Funds | | | | | | Total Govern- mental Funds |
|--|---------------------|---|------------------------------------|--|--|---------------------|-------------------------------------|
| | General | Permanent Fund Special Revenue | Sales Tax Special Revenue | Secure Rural Schools Special Revenue | COVID-19 CARES Act Special Revenue | Nonmajor Funds | |
| Revenues | | | | | | | |
| Property taxes, penalties and interest | \$ 1,783,083 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,783,083 |
| Payments in lieu of taxes | 503,436 | - | - | - | - | - | 503,436 |
| Marijuana taxes, penalties and interest | 1,925 | - | - | - | - | - | 1,925 |
| Sales taxes, penalties and interest | 2,060,152 | - | 969,484 | - | - | - | 3,029,636 |
| Transient taxes | - | - | - | - | - | 55,061 | 55,061 |
| Intergovernmental | 1,300,238 | - | - | 883,647 | 834,216 | 163,181 | 3,181,282 |
| Charges for services | 128,109 | - | - | - | - | 220,397 | 348,506 |
| Sales and leases | 126,227 | - | - | - | - | - | 126,227 |
| Investment income | 336,128 | 190,219 | - | - | - | 111,964 | 638,311 |
| Land sales and improvements | - | - | - | - | - | 38,008 | 38,008 |
| Fines and forfeitures | 4,302 | - | - | - | - | - | 4,302 |
| Donations and contributions | - | - | - | - | - | 100,090 | 100,090 |
| Other | 273,967 | - | - | - | - | 39,564 | 313,531 |
| Total Revenues | 6,517,567 | 190,219 | 969,484 | 883,647 | 834,216 | 728,265 | 10,123,398 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | 1,389,707 | 13,255 | - | - | 110,233 | 4,086 | 1,517,281 |
| Public safety | 2,230,318 | - | - | - | 668,028 | - | 2,898,346 |
| Public works | 1,403,380 | - | - | - | 26,613 | - | 1,429,993 |
| Parks and recreation | - | - | - | - | 22,783 | 687,607 | 710,390 |
| Library | 270,655 | - | - | - | - | - | 270,655 |
| Community services | 86,792 | - | - | - | 6,559 | 707,391 | 800,742 |
| Education - contributions to school district | - | - | - | 1,300,000 | - | - | 1,300,000 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | 250,000 | 250,000 |
| Interest | - | - | - | - | - | 18,250 | 18,250 |
| Capital outlay | - | - | - | - | - | 18,959 | 18,959 |
| Total Expenditures | 5,380,852 | 13,255 | - | 1,300,000 | 834,216 | 1,686,293 | 9,214,616 |
| Excess of Revenues Over (under) | | | | | | | |
| Expenditures | 1,136,715 | 176,964 | 969,484 | (416,353) | - | (958,028) | 908,782 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers in | 256,083 | - | - | - | - | 1,175,082 | 1,431,165 |
| Transfers out | (942,568) | (250,000) | (232,514) | (6,083) | - | - | (1,431,165) |
| Net Other Financing Sources (Uses) | (686,485) | (250,000) | (232,514) | (6,083) | - | 1,175,082 | - |
| Net Change in Fund Balances | 450,230 | (73,036) | 736,970 | (422,436) | - | 217,054 | 908,782 |
| Fund Balances, beginning | 7,934,333 | 8,019,389 | 1,084,782 | 3,358,864 | - | 4,212,754 | 24,610,122 |
| Fund Balances, ending | \$ 8,384,563 | \$ 7,946,353 | \$ 1,821,752 | \$ 2,936,428 | \$ - | \$ 4,429,808 | \$ 25,518,904 |

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, 2020

| | |
|--|-------------------|
| Net change in fund balances - total governmental funds | \$ 908,782 |
| The change in net position reported for governmental activities in the Statement of Activities is different because: | |
| Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which depreciation (\$1,921,775) exceeded capital outlays (\$1,082,258). | (839,517) |
| 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 | 58,109 |
| 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 | \$ 250,000 |
| Amortization of bond premium | 19,616 |
| Decrease in accrued interest | 2,583 |
| | 272,199 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Decrease in accrued leave | 34,762 |
| Increase in net pension liability and related accounts | (278,400) |
| Decrease in net OPEB liability/assets and related accounts | 836,652 |
| | 593,014 |
| Change in Net Position of Governmental Activities | \$ 992,587 |

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Net Position

| | Major Funds | | | | Nonmajor | Total |
|--|---------------------|---------------------|----------------------|---------------------|-----------------------|----------------------|
| | Electric Utility | Water Utility | Port | Sewer Utility | Sanitation Utility | Enterprise Funds |
| <i>June 30, 2020</i> | | | | | | |
| Assets and Deferred Outflows of Resources | | | | | | |
| Current Assets | | | | | | |
| Cash and investments | \$ 3,532,008 | \$ 821,028 | \$ 1,593,129 | \$ 951,342 | \$ 252,870 | \$ 7,150,377 |
| Receivables, net of allowance for doubtful accounts: | | | | | | |
| Accounts | 248,340 | 68,374 | 111,924 | 61,716 | 49,462 | 539,816 |
| Grants | - | - | 861,591 | - | - | 861,591 |
| Accrued interest | - | 5 | 32 | 7 | - | 44 |
| Inventories | 171,085 | - | - | - | - | 171,085 |
| Total Current Assets | 3,951,433 | 889,407 | 2,566,676 | 1,013,065 | 302,332 | 8,722,913 |
| Noncurrent Assets | | | | | | |
| Restricted cash and investments | - | - | 690,725 | 75,312 | - | 766,037 |
| Net other postemployment benefits asset | 4,803 | 792 | 3,631 | 1,383 | 1,003 | 11,612 |
| Capital assets, net | 1,594,030 | 4,276,307 | 39,120,886 | 2,680,758 | 454,588 | 48,126,569 |
| Total Noncurrent Assets | 1,598,833 | 4,277,099 | 39,815,242 | 2,757,453 | 455,591 | 48,904,218 |
| Total Assets | 5,550,266 | 5,166,506 | 42,381,918 | 3,770,518 | 757,923 | 57,627,131 |
| Deferred Outflows of Resources | | | | | | |
| Related to pensions | 137,050 | 21,800 | 78,854 | 30,233 | 21,075 | 289,012 |
| Related to other postemployment benefits | 64,787 | 11,673 | 51,357 | 20,024 | 14,435 | 162,276 |
| Total Deferred Outflows of Resources | 201,837 | 33,473 | 130,211 | 50,257 | 35,510 | 451,288 |
| Total Assets and Deferred Outflows of Resources | \$ 5,752,103 | \$ 5,199,979 | \$ 42,512,129 | \$ 3,820,775 | \$ 793,433 | \$ 58,078,419 |

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Net Position, continued

| | Major Funds | | | | Nonmajor | Total |
|---|---------------------|---------------------|----------------------|---------------------|-----------------------|----------------------|
| | Electric Utility | Water Utility | Port | Sewer Utility | Sanitation Utility | Enterprise Funds |
| <i>June 30, 2020</i> | | | | | | |
| Liabilities, Deferred Inflows of Resources, and Net Position | | | | | | |
| Current Liabilities | | | | | | |
| Accounts payable | \$ 350,024 | \$ 18,997 | \$ 516,545 | \$ 41,760 | \$ 30,173 | \$ 957,499 |
| Accrued leave | 52,142 | 20,068 | 21,248 | 23,857 | 8,751 | 126,066 |
| Customer utility deposits | 76,920 | 9,220 | - | - | - | 86,140 |
| Accrued interest payable | - | 2,507 | - | 1,687 | - | 4,194 |
| Unearned revenue | - | - | 689,100 | - | - | 689,100 |
| Current portion of bonds and loans | - | 2,550 | - | 1,651 | - | 4,201 |
| Interfund loans payable | - | - | 21,942 | - | - | 21,942 |
| Total Current Liabilities | 479,086 | 53,342 | 1,248,835 | 68,955 | 38,924 | 1,889,142 |
| Long-term Liabilities, net of current portion | | | | | | |
| USDA Rural Development loan | - | - | - | 83,787 | - | 83,787 |
| ADEC loan | - | 49,358 | - | - | - | 49,358 |
| Interfund loans payable | - | - | 42,669 | - | - | 42,669 |
| Net pension liability | 956,072 | 156,162 | 577,445 | 230,870 | 163,376 | 2,083,925 |
| Net other postemployment benefits liability | 23,164 | 6,717 | 18,892 | 11,518 | 8,391 | 68,682 |
| Total Long-term Liabilities | 979,236 | 212,237 | 639,006 | 326,175 | 171,767 | 2,328,421 |
| Total Liabilities | 1,458,322 | 265,579 | 1,887,841 | 395,130 | 210,691 | 4,217,563 |
| Deferred Inflows of Resources | | | | | | |
| Related to pensions | 18,869 | 3,795 | 7,423 | 6,788 | 5,163 | 42,038 |
| Related to other postemployment benefits | 24,718 | 5,253 | 18,204 | 9,234 | 6,770 | 64,179 |
| Total Deferred Inflows of Resources | 43,587 | 9,048 | 25,627 | 16,022 | 11,933 | 106,217 |
| Net Position | | | | | | |
| Net investment in capital assets | 1,594,030 | 4,224,399 | 39,120,886 | 2,595,320 | 454,588 | 47,989,223 |
| Restricted | - | - | 1,625 | - | - | 1,625 |
| Unrestricted | 2,656,164 | 700,953 | 1,476,150 | 814,303 | 116,221 | 5,763,791 |
| Total Net Position | 4,250,194 | 4,925,352 | 40,598,661 | 3,409,623 | 570,809 | 53,754,639 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 5,752,103 | \$ 5,199,979 | \$ 42,512,129 | \$ 3,820,775 | \$ 793,433 | \$ 58,078,419 |

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 | Port | Sewer Utility | Sanitation Utility | Enterprise Funds |
| <i>Year Ended June 30, 2020</i> | | | | | | |
| Operating Revenues | | | | | | |
| Charges for services | \$ 3,978,386 | \$ 708,360 | \$ 2,106,172 | \$ 595,479 | \$ 626,355 | \$ 8,014,752 |
| Operating Expenses | | | | | | |
| Salaries and employee benefits | 752,135 | 243,462 | 568,675 | 202,126 | 192,206 | 1,958,604 |
| Other operating expenses | 3,028,457 | 308,423 | 388,508 | 192,101 | 379,288 | 4,296,777 |
| Depreciation | 304,402 | 646,215 | 1,916,170 | 259,560 | 76,132 | 3,202,479 |
| Total Operating Expenses | 4,084,994 | 1,198,100 | 2,873,353 | 653,787 | 647,626 | 9,457,860 |
| Loss from Operations | (106,608) | (489,740) | (767,181) | (58,308) | (21,271) | (1,443,108) |
| Nonoperating Revenues (Expenses) | | | | | | |
| Investment income | - | 124 | 1,236 | 437 | - | 1,797 |
| Interest expense | (15,661) | (592) | - | (1,615) | - | (17,868) |
| State PERS relief | 41,649 | 6,873 | 31,489 | 11,994 | 8,702 | 100,707 |
| State raw fish tax | - | - | 284,469 | - | - | 284,469 |
| State fisheries business tax | - | - | 5,250 | - | - | 5,250 |
| Other revenues | 56,512 | 294 | - | - | - | 56,806 |
| Net Nonoperating Revenues | 82,500 | 6,699 | 322,444 | 10,816 | 8,702 | 431,161 |
| Loss Before Capital Contributions | (24,108) | (483,041) | (444,737) | (47,492) | (12,569) | (1,011,947) |
| Capital contributions | - | - | 460,353 | - | - | 460,353 |
| Change in Net Position | (24,108) | (483,041) | 15,616 | (47,492) | (12,569) | (551,594) |
| Net Position, beginning | 4,274,302 | 5,408,393 | 40,583,045 | 3,457,115 | 583,378 | 54,306,233 |
| Net Position, ending | \$ 4,250,194 | \$ 4,925,352 | \$ 40,598,661 | \$ 3,409,623 | \$ 570,809 | \$ 53,754,639 |

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Cash Flows

| | Major Funds | | | | Nonmajor Fund | Total |
|--|---------------------|------------------|--------------|------------------|-----------------------|---------------------|
| | Electric Utility | Water Utility | Port | Sewer Utility | Sanitation Utility | Enterprise Funds |
| Year Ended June 30, 2020 | | | | | | |
| Cash Flows from Operating Activities | | | | | | |
| Receipts from customers and users | \$ 4,060,252 | \$ 681,921 | \$ 1,445,836 | \$ 568,804 | \$ 617,483 | \$ 7,374,296 |
| Payments for interfund services used | (238,594) | (70,658) | (59,088) | (25,492) | (55,127) | (448,959) |
| Payments to suppliers | (3,016,261) | (223,152) | (291,694) | (175,960) | (314,273) | (4,021,340) |
| Payments to employees | (823,263) | (254,251) | (611,875) | (219,102) | (204,698) | (2,113,189) |
| Net cash flows provided by (used for) operating activities | (17,866) | 133,860 | 483,179 | 148,250 | 43,385 | 790,808 |
| Cash Flows from Noncapital Financing Activities | | | | | | |
| State fish taxes received | - | - | 289,719 | - | - | 289,719 |
| Cash Flows for Capital and Related Financing Activities | | | | | | |
| Purchase of property, plant and equipment | (524,261) | (93,646) | (1,615,537) | - | - | (2,233,444) |
| Principal payments on long-term debt | - | (2,858) | (21,942) | (1,631) | - | (26,431) |
| Interest payments on long-term debt | (15,661) | (592) | - | (1,615) | - | (17,868) |
| Net cash flows used by capital and related financing activities | (539,922) | (97,096) | (1,637,479) | (3,246) | - | (2,277,743) |
| Cash Flows from Investing Activities | | | | | | |
| Investment income received | - | 124 | 1,304 | 436 | - | 1,864 |
| Net Increase (Decrease) in Cash and Investments | (557,788) | 36,888 | (863,277) | 145,440 | 43,385 | (1,195,352) |
| Cash and Investments, beginning | 4,089,796 | 784,140 | 3,147,131 | 881,214 | 209,485 | 9,111,766 |
| Cash and Investments, ending | \$ 3,532,008 | \$ 821,028 | \$ 2,283,854 | \$ 1,026,654 | \$ 252,870 | \$ 7,916,414 |
| Reconciliation of Cash and Investments to Statement of Net Position | | | | | | |
| Cash and investments: | \$ 3,532,008 | \$ 821,028 | \$ 1,593,129 | \$ 951,342 | \$ 252,870 | \$ 7,150,377 |
| Restricted cash and investments | - | - | 690,725 | 75,312 | - | 766,037 |
| Total Cash and Investments | \$ 3,532,008 | \$ 821,028 | \$ 2,283,854 | \$ 1,026,654 | \$ 252,870 | \$ 7,916,414 |

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City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Cash Flows

| | Major Funds | | | | Nonmajor Fund | Total |
|--|---------------------|------------------|--------------|------------------|-----------------------|---------------------|
| | Electric Utility | Water Utility | Port | Sewer Utility | Sanitation Utility | Enterprise Funds |
| Year Ended June 30, 2020 | | | | | | |
| Cash Flows from Operating Activities | | | | | | |
| Receipts from customers and users | \$ 4,060,252 | \$ 681,921 | \$ 1,445,836 | \$ 568,804 | \$ 617,483 | \$ 7,374,296 |
| Payments for interfund services used | (238,594) | (70,658) | (59,088) | (25,492) | (55,127) | (448,959) |
| Payments to suppliers | (3,016,261) | (223,152) | (291,694) | (175,960) | (314,273) | (4,021,340) |
| Payments to employees | (823,263) | (254,251) | (611,875) | (219,102) | (204,698) | (2,113,189) |
| Net cash flows provided by (used for) operating activities | (17,866) | 133,860 | 483,179 | 148,250 | 43,385 | 790,808 |
| Cash Flows from Noncapital Financing Activities | | | | | | |
| State fish taxes received | - | - | 289,719 | - | - | 289,719 |
| Cash Flows for Capital and Related Financing Activities | | | | | | |
| Purchase of property, plant and equipment | (524,261) | (93,646) | (1,615,537) | - | - | (2,233,444) |
| Principal payments on long-term debt | - | (2,858) | (21,942) | (1,631) | - | (26,431) |
| Interest payments on long-term debt | (15,661) | (592) | - | (1,615) | - | (17,868) |
| Net cash flows used by capital and related financing activities | (539,922) | (97,096) | (1,637,479) | (3,246) | - | (2,277,743) |
| Cash Flows from Investing Activities | | | | | | |
| Investment income received | - | 124 | 1,304 | 436 | - | 1,864 |
| Net Increase (Decrease) in Cash and Investments | (557,788) | 36,888 | (863,277) | 145,440 | 43,385 | (1,195,352) |
| Cash and Investments, beginning | 4,089,796 | 784,140 | 3,147,131 | 881,214 | 209,485 | 9,111,766 |
| Cash and Investments, ending | \$ 3,532,008 | \$ 821,028 | \$ 2,283,854 | \$ 1,026,654 | \$ 252,870 | \$ 7,916,414 |
| Reconciliation of Cash and Investments to Statement of Net Position | | | | | | |
| Cash and investments: | \$ 3,532,008 | \$ 821,028 | \$ 1,593,129 | \$ 951,342 | \$ 252,870 | \$ 7,150,377 |
| Restricted cash and investments | - | - | 690,725 | 75,312 | - | 766,037 |
| Total Cash and Investments | \$ 3,532,008 | \$ 821,028 | \$ 2,283,854 | \$ 1,026,654 | \$ 252,870 | \$ 7,916,414 |

City and Borough of Wrangell, Alaska

Enterprise Funds

Statement of Cash Flows, continued

| | Major Funds | | | | Nonmajor Fund | Total Enterprise Funds |
|--|--------------------|-------------------|-------------------|-------------------|--------------------|------------------------|
| | Electric Utility | Water Utility | Port | Sewer Utility | Sanitation Utility | |
| Reconciliation of Loss from Operations to Net Cash | | | | | | |
| Flows from Operating Activities | | | | | | |
| Loss from operations | \$ (106,608) | \$ (489,740) | \$ (767,181) | \$ (58,308) | \$ (21,271) | \$ (1,443,108) |
| Adjustments to reconcile loss from operations to net cash flows provided by (used for) operating activities: | | | | | | |
| Depreciation | 304,402 | 646,215 | 1,916,170 | 259,560 | 76,132 | 3,202,479 |
| Noncash expense - PERS relief | 41,649 | 6,873 | 31,489 | 11,994 | 8,702 | 100,707 |
| Decrease in allowance for doubtful accounts | 15,645 | - | - | - | - | 15,645 |
| Miscellaneous nonoperating revenues | 56,512 | 294 | - | - | - | 56,806 |
| (Increase) decrease in assets: | | | | | | |
| Accounts receivable | 3,707 | (27,658) | 23,163 | (26,675) | (8,872) | (36,335) |
| Inventories | (741) | - | - | - | - | (741) |
| Net other postemployment benefits asset | (4,803) | (792) | (3,631) | (1,383) | (1,003) | (11,612) |
| (Increase) decrease in deferred outflows of resources: | | | | | | |
| Related to pensions | 13,629 | 2,249 | 10,305 | 3,925 | 2,848 | 32,956 |
| Related to other postemployment benefits | (3,793) | (626) | (2,868) | (1,092) | (792) | (9,171) |
| Increase (decrease) in liabilities: | | | | | | |
| Accounts payable | (225,657) | 14,613 | 40,080 | (9,351) | 9,888 | (170,427) |
| Accrued leave | (4,314) | 237 | 4,960 | 2,266 | 1,466 | 4,615 |
| Unearned revenue | - | - | (683,499) | - | - | (683,499) |
| Customer utility deposits | 6,002 | 925 | - | - | - | 6,927 |
| Net pension liability | 39,643 | 6,542 | 29,972 | 11,417 | 8,283 | 95,857 |
| Net other postemployment benefits liability | (124,700) | (20,579) | (94,280) | (35,913) | (26,054) | (301,526) |
| Increase (decrease) in deferred inflows of resources: | | | | | | |
| Related to pensions | 818 | 135 | 618 | 236 | 171 | 1,978 |
| Related to other postemployment benefits | (29,257) | (4,828) | (22,119) | (8,426) | (6,113) | (70,743) |
| Net Cash Flows provided by (used for) Operating Activities | \$ (17,866) | \$ 133,860 | \$ 483,179 | \$ 148,250 | \$ 43,385 | \$ 790,808 |

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2020

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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

Wrangell Public Schools

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

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

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

Related Organization

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

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

Major governmental funds:

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

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

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

The *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 CARES Act Special Revenue 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.

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Central Treasury

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

Cash and Cash Equivalents

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

Inventories

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

Receivables and Payables

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

Grants and Other Intergovernmental Revenues

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

Property Taxes

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Interfund Transactions

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

Capital Assets

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

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

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

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

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

Deferred Outflows of Resources

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

Long-term Liabilities

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Compensated Absences

The Borough allows employees to accumulate earned but unused vacation and sick leave benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured (e.g., the employee has terminated employment). Because the Borough does not have a policy to pay unpaid accumulated sick leave upon termination, there is typically no liability for unpaid accumulated sick leave. One exception is that any employees who have accumulated sick leave in excess of 480 hours as of fiscal year end must make an election the following month to either convert the excess over 480 hours to vacation leave or convert half of the excess to vacation leave and cash out the other half. A liability for unpaid sick leave is therefore reported which represents only this excess over 480 hours that some employees have accumulated as of June 30.

Deferred Inflows of Resources

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

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

Pensions and Other Postemployment Benefits

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

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

Fund Balances

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

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

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

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

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

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

Encumbrances

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

Unearned Grant Revenue

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

Comparative Data

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

2. Stewardship, Compliance and Accountability

Budgetary Accounting

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2020, expenditures exceeded appropriations in the General Fund Public Works department by \$62,986, and in the Permanent Fund by \$13,255.

Deficit Fund Balance

The Borough had no individual fund with deficit fund balance at June 30, 2020.

3. Cash and Investments

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

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2020.

| | Pooled Cash and Investments | Permanent Fund Special Revenue Fund | Totals |
|-----------------------------------|-----------------------------------|--|----------------------|
| Bank deposits | \$ 12,397,910 | \$ 317,747 | \$ 12,715,657 |
| Investments | 13,795,213 | 7,628,606 | 21,423,819 |
| Total Cash and Investments | \$ 26,193,123 | \$ 7,946,353 | \$ 34,139,476 |

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

| | Government- wide Statement of Net Position |
|-----------------------------------|---|
| Cash and investments | \$ 33,373,439 |
| Restricted cash and investments | 766,037 |
| Total Cash and Investments | \$ 34,139,476 |

Investment Policy

The Borough's general investment policy authorizes investments in:

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

The Borough's Permanent Fund investment policy authorizes investments according to the following guidelines:

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

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

Interest Rate Risk

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

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, 2020 are as follows:

| Investment Type | Fair Value | Investment Maturities (In Years) | | | |
|-------------------------------------|----------------------|-------------------------------------|--------------|------------|--------------------------|
| | | Less Than 1 | 1-5 | 6-10 | More than 10 Years |
| Money market funds | \$ 955,861 | \$ 955,861 | \$ - | \$ - | \$ - |
| Certificates of deposit | 5,424,686 | 2,710,398 | 2,714,288 | - | - |
| U.S. Treasuries | 5,511,584 | 3,076,159 | 2,435,425 | - | - |
| U.S. government agencies | 150,119 | - | 150,119 | - | - |
| Municipal bonds | 657,732 | 135,431 | 345,299 | 108,680 | 68,322 |
| U.S. fixed income funds | 449,747 | 48,805 | 110,941 | 290,001 | - |
| International fixed income funds | 55,671 | - | - | 55,671 | - |
| Total subject to interest rate risk | | \$ 6,926,654 | \$ 5,756,072 | \$ 454,352 | \$ 68,322 |
| U.S. equity funds | 361,720 | | | | |
| International equity funds | 162,099 | | | | |
| Infrastructure funds | 32,717 | | | | |
| Real estate funds | 16,647 | | | | |
| Commodities funds | 16,630 | | | | |
| Total General Investments | \$ 13,795,213 | | | | |

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, 2020:

| <i>Investment Type</i> | Level 1 | Level 2 | Level 3 | Fair Value |
|--|---------------------|---------------------|-------------|----------------------|
| Certificates of deposit | \$ - | \$ 5,424,686 | \$ - | \$ 5,424,686 |
| U.S. Treasuries | 5,511,584 | - | - | 5,511,584 |
| U.S. government agencies | - | 150,119 | - | 150,119 |
| Municipal bonds | - | 657,732 | - | 657,732 |
| U.S. fixed income funds | 449,747 | - | - | 449,747 |
| International fixed income funds | 55,671 | - | - | 55,671 |
| U.S. equity funds | 361,720 | - | - | 361,720 |
| International equity funds | 162,099 | - | - | 162,099 |
| Infrastructure funds | 32,717 | - | - | 32,717 |
| Real estate funds | 16,647 | - | - | 16,647 |
| Commodities funds | 16,630 | - | - | 16,630 |
| Total Investments at Fair Value | \$ 6,606,815 | \$ 6,232,537 | \$ - | \$ 12,839,352 |

Investments at amortized cost:

| | |
|--------------------|------------|
| Money market funds | \$ 955,861 |
|--------------------|------------|

| | |
|--------------------------|----------------------|
| Total Investments | \$ 13,795,213 |
|--------------------------|----------------------|

The Borough has investments in money market funds and certificates of deposit that are not held at fair value, but instead are recorded at amortized cost, as of June 30, 2020.

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: \$144,692 rated Aaa; \$334,731 rated Aa1; \$78,012 rated Aa2; \$100,297 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, 2020 are as follows:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|---|---------------------|----------------------------------|------------|--------------|--------------------|
| | | Less Than 1 | 1-5 | 6-10 | More Than 10 Years |
| Money market funds | \$ 55,823 | \$ 55,823 | \$ - | \$ - | \$ - |
| U.S. fixed income funds | 3,109,701 | 337,456 | 767,084 | 2,005,161 | - |
| International fixed income funds | 384,924 | - | - | 384,924 | - |
| Total subject to interest rate risk | | \$ 393,279 | \$ 767,084 | \$ 2,390,085 | \$ - |
| U.S. equity funds | 2,501,052 | | | | |
| International equity funds | 1,120,806 | | | | |
| Infrastructure funds | 226,216 | | | | |
| Real estate funds | 115,100 | | | | |
| Commodities funds | 114,984 | | | | |
| Total Permanent Fund Investments | \$ 7,628,606 | | | | |

In addition to the investments disclosed above, the Permanent Fund Special Revenue Fund holds \$317,747 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 \$7,946,353.

Fair Value Measurement

Permanent fund investments are classified in the fair value hierarchy as follows at June 30, 2020:

| Investment Type | Level 1 | Level 2 | Level 3 | Fair Value |
|--|---------------------|-------------|-------------|---------------------|
| U.S. fixed income funds | \$ 3,109,701 | \$ - | \$ - | \$ 3,109,701 |
| International fixed income funds | 384,924 | - | - | 384,924 |
| U.S. equity funds | 2,501,052 | - | - | 2,501,052 |
| International equity funds | 1,120,806 | - | - | 1,120,806 |
| Infrastructure funds | 226,216 | - | - | 226,216 |
| Real estate funds | 115,100 | - | - | 115,100 |
| Commodities funds | 114,984 | - | - | 114,984 |
| Total Investments at Fair Value | \$ 7,572,783 | \$ - | \$ - | \$ 7,572,783 |
| Investments at amortized cost - | | | | |
| Money market funds | | | | 55,823 |
| Total Investments | | | | \$ 7,628,606 |

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, 2020, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

| <u>Major Governmental Funds</u> | | | | | |
|--------------------------------------|-------------------|---------------------------------|-----------------------------------|--------------------------------|--|
| <i>June 30, 2020</i> | General | Sales Tax Special Revenue | Nonmajor Governmental Funds | Total Governmental Funds | |
| Property taxes | \$ 134,081 | \$ - | \$ - | \$ 134,081 | |
| Sales taxes | 463,245 | 218,082 | - | 681,327 | |
| Accounts | 50,385 | - | - | 50,385 | |
| Grants and shared revenues | 33,750 | - | - | 33,750 | |
| Land sales and improvements | - | - | 17,882 | 17,882 | |
| Accrued interest | 44,422 | - | 2 | 44,424 | |
| Total receivables | 725,883 | 218,082 | 17,884 | 961,849 | |
| Less allowance for doubtful accounts | (70) | - | - | (70) | |
| Net Receivables | \$ 725,813 | \$ 218,082 | \$ 17,884 | \$ 961,779 | |

| <u>Major Enterprise Funds</u> | | | | | | Nonmajor Enterprise Fund | Total Enterprise Funds |
|---|---------------------|------------------|-------------------|------------------|-----------------------|--------------------------------|------------------------------|
| <i>June 30, 2020</i> | Electric Utility | Water Utility | Port | Sewer Utility | Sanitation Utility | | |
| Grants | \$ - | \$ - | \$ 861,591 | \$ - | \$ - | \$ - | \$ 861,591 |
| Accounts | 280,366 | 68,374 | 141,924 | 61,716 | 49,462 | - | 601,842 |
| Accrued interest | - | 5 | 32 | 7 | - | - | 44 |
| Total receivables | 280,366 | 68,379 | 1,003,547 | 61,723 | 49,462 | - | 1,463,477 |
| Less allowance for doubtful accounts | (32,026) | - | (30,000) | - | - | - | (62,026) |
| Net Receivables | \$ 248,340 | \$ 68,379 | \$ 973,547 | \$ 61,723 | \$ 49,462 | \$ - | \$ 1,401,451 |

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

5. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

| | Balance July 1, 2019 | Additions and Reclass- ifications | Deletions and Reclass- ifications | Balance June 30, 2020 |
|--|----------------------------|---|---|-----------------------------|
| Governmental Activities | | | | |
| <i>Capital assets not being depreciated:</i> | | | | |
| Land and land improvements | \$ 1,186,678 | \$ - | \$ - | \$ 1,186,678 |
| Construction in progress | - | 434,307 | 64,355 | 498,662 |
| Total capital assets not being depreciated | 1,186,678 | 434,307 | 64,355 | 1,685,340 |
| <i>Capital assets being depreciated:</i> | | | | |
| Infrastructure | 23,301,828 | 149,110 | - | 23,450,938 |
| Buildings | 48,384,677 | 38,603 | (24,374) | 48,398,906 |
| Improvements other than buildings | 6,293,283 | - | (39,981) | 6,253,302 |
| Machinery and equipment | 4,145,606 | 460,238 | - | 4,605,844 |
| Total capital assets being depreciated | 82,125,394 | 647,951 | (64,355) | 82,708,990 |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 4,244,090 | 632,594 | - | 4,876,684 |
| Buildings | 37,586,997 | 923,952 | - | 38,510,949 |
| Improvements other than buildings | 4,424,492 | 192,493 | - | 4,616,985 |
| Machinery and equipment | 3,444,711 | 172,736 | - | 3,617,447 |
| Total accumulated depreciation | 49,700,290 | 1,921,775 | - | 51,622,065 |
| Total capital assets being depreciated, net | 32,425,104 | (1,273,824) | (64,355) | 31,086,925 |
| Governmental Activities Capital Assets, net | \$ 33,611,782 | \$ (839,517) | \$ - | \$ 32,772,265 |

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

| | Balance July 1, 2019 | Additions and Reclass- ifications | Deletions and Reclass- ifications | Balance June 30, 2020 |
|---|----------------------------|---|---|-----------------------------|
| Business-type Activities | | | | |
| <i>Capital assets not being depreciated:</i> | | | | |
| Land and land improvements | \$ 959,233 | \$ - | \$ - | \$ 959,233 |
| Construction in progress | 8,733,807 | 2,097,948 | (136,640) | 10,695,115 |
| Total capital assets not being depreciated | 9,693,040 | 2,097,948 | (136,640) | 11,654,348 |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 9,083,955 | 136,640 | - | 9,220,595 |
| Improvements other than buildings | 79,527,395 | 93,648 | - | 79,621,043 |
| Machinery and equipment | 5,454,005 | 41,849 | - | 5,495,854 |
| Total capital assets being depreciated | 94,065,355 | 272,137 | - | 94,337,492 |
| Less accumulated depreciation for: | | | | |
| Buildings | 7,528,260 | 410,053 | - | 7,938,313 |
| Improvements other than buildings | 42,866,205 | 2,485,049 | - | 45,351,254 |
| Machinery and equipment | 4,268,327 | 307,377 | - | 4,575,704 |
| Total accumulated depreciation | 54,662,792 | 3,202,479 | - | 57,865,271 |
| Total capital assets being depreciated, net | 39,402,563 | (2,930,342) | - | 36,472,221 |
| Business-type Activity Capital Assets, net | \$ 49,095,603 | \$ (832,394) | \$ (136,640) | \$ 48,126,569 |

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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, 2020:

Governmental Activities

| | |
|----------------------|-----------|
| General government | \$ 14,806 |
| Public safety | 85,348 |
| Public works | 915,888 |
| Parks and recreation | 39,174 |
| Community services | 337,161 |
| Education | 529,398 |

| | |
|---|---------------------|
| Total Depreciation Expense - Governmental Activities | \$ 1,921,775 |
|---|---------------------|

Business-type Activities

| | |
|--------------------|------------|
| Electric utility | \$ 304,402 |
| Water utility | 646,215 |
| Sewer utility | 259,560 |
| Sanitation utility | 76,132 |
| Port | 1,916,170 |

| | |
|--|---------------------|
| Total Depreciation Expense - Business-type Activities | \$ 3,202,479 |
|--|---------------------|

6. Interfund Balances and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2020, follows:

Interfund Loans

Due to General Fund from:

| | |
|---|-----------|
| Port Enterprise Fund for long-term capital advances | \$ 64,611 |
|---|-----------|

| | |
|---|------------------|
| Total Amount Due to General Fund | \$ 64,611 |
|---|------------------|

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Transfers

| | |
|---|---------------------|
| From General Fund to nonmajor governmental funds to cover operating costs | \$ 942,568 |
| From Sales Tax Special Revenue Fund to: | |
| Nonmajor governmental funds to cover debt service costs | 189,114 |
| Nonmajor governmental funds for pool operating costs | 29,000 |
| Nonmajor governmental funds for Nolan Center operating costs | 14,400 |
| Total transfers from Sales Tax Special Revenue Fund | 232,514 |
| From Permanent Fund Special Revenue Fund to the General Fund for operating costs | 250,000 |
| From Secure Rural Schools Special Revenue Fund to General Fund to cover operating costs | 6,083 |
| Total Transfers to Other Funds | \$ 1,431,165 |

7. Long-term Liabilities

The following is a summary of long-term liability transactions of the Borough for the year ended June 30, 2020:

| Governmental Activities | Balance July 1, 2019 | Additions | Retired | Balance June 30, 2020 | Due Within One Year |
|--|----------------------------|-------------------|-------------------|-----------------------------|---------------------------|
| General Obligation Bonds: | | | | | |
| \$1,280,000 refunding 2015A Series One School bond, with one remaining annual installment of \$235,000, plus semi-annual interest payments of 2.5% per annum | \$ 460,000 | \$ - | \$ 225,000 | \$ 235,000 | \$ 235,000 |
| \$220,000 2011 school bonds, with one remaining annual installment of \$25,000 through 2021, plus semi-annual interest payments of 4.0% per annum | 50,000 | - | 25,000 | 25,000 | 25,000 |
| Accrued leave | 278,246 | 243,484 | 278,246 | 243,484 | 243,484 |
| Total Governmental Activities | 788,246 | \$ 243,484 | \$ 528,246 | 503,484 | \$ 503,484 |
| Plus unamortized bond premium | 39,232 | | | 19,616 | |
| | \$ 827,478 | | | \$ 523,100 | |

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

| Business-type Activities | Balance July 1, 2019 | Additions | Retired | Balance June 30, 2020 | Due Within One Year |
|---|----------------------------|-------------------|-------------------|-----------------------------|---------------------------|
| Loans Payable from Direct Borrowings: | | | | | |
| \$91,000 Sewer loan due in semi-annual installments of \$1,651 to \$3,173 including interest at 1.875% through 2057 | \$ 87,069 | \$ - | \$ 1,631 | \$ 85,438 | \$ 1,651 |
| \$57,251 Water Utility loan due in annual installments of \$2,550 to \$3,285, including interest of 1.5% through 2038 | 54,766 | - | 2,858 | 51,908 | 2,550 |
| \$200,000 Port loan from the General Fund to be paid with 50% of port development fees | 86,553 | - | 21,942 | 64,611* | 21,942 |
| Accrued leave | 121,451 | 126,066 | 121,451 | 126,066 | 126,066 |
| Total Business-type Activities | \$ 349,839 | \$ 126,066 | \$ 147,882 | \$ 328,023 | \$ 152,209 |

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

| Governmental Activities Year Ending June 30, | General Obligation Bonds | | |
|---|--------------------------|----------|------------|
| | Principal | Interest | Total |
| 2021 | \$ 260,000 | \$ 6,875 | \$ 266,875 |

| Business-type Activities Year Ending June 30, | Loans Payable from Direct Borrowings | | |
|--|--------------------------------------|-----------|------------|
| | Principal | Interest | Total |
| 2021 | \$ 4,201 | \$ 2,379 | \$ 6,580 |
| 2022 | 4,271 | 2,309 | 6,580 |
| 2023 | 4,341 | 2,239 | 6,580 |
| 2024 | 4,413 | 2,167 | 6,580 |
| 2025 | 4,486 | 2,094 | 6,580 |
| 2026-2030 | 23,568 | 9,332 | 32,900 |
| 2031-2035 | 25,582 | 7,318 | 32,900 |
| 2036-2040 | 21,053 | 5,179 | 26,232 |
| 2041-2045 | 12,453 | 3,777 | 16,230 |
| 2046-2050 | 13,671 | 2,559 | 16,230 |
| 2051-2055 | 15,008 | 1,222 | 16,230 |
| 2056-2057 | 4,299 | 87 | 4,386 |
| | \$ 137,346 | \$ 40,662 | \$ 178,008 |

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 | \$ 32,492,649 | \$ 47,989,223 | \$ 80,481,872 |
| Restricted: | | | |
| Barnes Endowment | 50,000 | - | 50,000 |
| Economic stability | 7,946,353 | - | 7,946,353 |
| Schools and roads | 2,936,428 | - | 2,936,428 |
| Harbor improvements | - | 1,625 | 1,625 |
| Total restricted | 10,932,781 | 1,625 | 10,934,406 |
| Unrestricted | 11,218,385 | 5,763,791 | 16,982,176 |
| Total Net Position | \$ 54,643,815 | \$ 53,754,639 | \$ 108,398,454 |

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, 2020:

| | Major Governmental Funds | | | | | |
|----------------------------|--------------------------|---|---------------------------------|--|---------------------|----------------------|
| | General | Permanent Fund Special Revenue | Sales Tax Special Revenue | Secure Rural Schools Special Revenue | Nonmajor Funds | Totals |
| Nonspendable: | | | | | | |
| Interfund loans | \$ 64,611 | \$ - | \$ - | \$ - | \$ - | \$ 64,611 |
| Prepaid items | 78,351 | - | - | - | - | 78,351 |
| Inventory | - | - | - | - | 73,916 | 73,916 |
| Total nonspendable | 142,962 | - | - | - | 73,916 | 216,878 |
| Restricted: | | | | | | |
| Economic stability | - | 7,946,353 | - | - | - | 7,946,353 |
| Schools and roads | - | - | - | 2,936,428 | - | 2,936,428 |
| Barnes Endowment | - | - | - | - | 50,000 | 50,000 |
| Total restricted | - | 7,946,353 | - | 2,936,428 | 50,000 | 10,932,781 |
| Committed: | | | | | | |
| Community services | - | - | - | - | 370,136 | 370,136 |
| Education and health | - | - | 1,821,752 | - | - | 1,821,752 |
| Swimming pool | - | - | - | - | 1,279,285 | 1,279,285 |
| Land development | - | - | - | - | 334,567 | 334,567 |
| Total committed | - | - | 1,821,752 | - | 1,983,988 | 3,805,740 |
| Assigned: | | | | | | |
| Projects | - | - | - | - | 114,217 | 114,217 |
| Economic recovery | - | - | - | - | 2,229,586 | 2,229,586 |
| Debt service | - | - | - | - | 1,681 | 1,681 |
| Total assigned | - | - | - | - | 2,345,484 | 2,345,484 |
| Unassigned (deficit) | 8,241,601 | - | - | - | (23,580) | 8,218,021 |
| Total Fund Balances | \$ 8,384,563 | \$ 7,946,353 | \$ 1,821,752 | \$ 2,936,428 | \$ 4,429,808 | \$ 25,518,904 |

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

10. Municipal Landfill Closure and Postclosure Liability

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

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

11. Restrictions of Sales Tax Revenues

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

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

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

12. School Support

The following is a summary of the total support provided by the Borough to the School District for the year ended June 30, 2020. Support provided to the School District does not include debt service payments on school facilities or capital expenditures.

| |
|---|
| Secure Rural Schools Special Revenue Fund - National Forest Receipts |
|---|

| |
|--------------|
| \$ 1,300,000 |
|--------------|

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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 DB agent-multiple employer plan to a DB 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.

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.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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.

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, 2020 were determined in the June 30, 2017 actuarial valuations. The Borough's contribution rates for the 2020 fiscal year were as follows:

| | Employer Effective Rate | ARM Board Adopted Rate | State Contribution Rate |
|-----------------------------------|----------------------------|---------------------------|-------------------------------|
| Pension | 15.72% | 23.73% | 6.62% |
| Postemployment healthcare (ARHCT) | 6.28% | 4.89% | 0.00% |
| Total Contribution Rates | 22.00% | 28.62% | 6.62% |

In 2020, the Borough was credited with the following contributions to the pension plan.

| | Measurement Period July 1, 2018 to June 30, 2019 | Borough Fiscal Year July 1, 2019 to June 30, 2020 |
|---|---|--|
| Employer contributions (including DBUL) | \$ 508,139 | \$ 510,456 |
| Nonemployer contributions (on-behalf) | 209,381 | 262,713 |
| Total Contributions | \$ 717,520 | \$ 773,169 |

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

In addition, employee contributions to the Plan totaled \$118,512 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, 2020, 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 | \$ 5,827,496 |
| State's proportionate share of NPL associated with the Borough | 2,319,355 |
| Total Net Pension Liability | \$ 8,146,851 |

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plan for the fiscal years 2020 to 2039. At the June 30, 2019 measurement date, the Borough's proportion was 0.10645 percent, which was a decrease of 0.004790 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Borough recognized pension expense of \$1,745,176 and on-behalf revenue of \$315,072 for support provided by the State. At June 30, 2020, 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 | \$ - | \$ (86,270) |
| Changes in assumptions | 178,412 | - |
| Net difference between projected and actual earnings on pension plan investments | 83,554 | - |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | - | (58,649) |
| Borough contributions subsequent to the measurement date | 510,456 | - |
| Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions | \$ 772,422 | \$ (144,919) |

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

The \$510,456 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, 2021. 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,

| | |
|------------|------------|
| 2021 | \$ 126,202 |
| 2022 | (61,689) |
| 2023 | 23,707 |
| 2024 | 28,827 |
| 2025 | - |
| Thereafter | - |

| | |
|---------------------------|-------------------|
| Total Amortization | \$ 117,047 |
|---------------------------|-------------------|

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

| | |
|---------------------------|---|
| Actuarial cost method | Entry age normal; level percentage of payroll |
| Amortization method | Level percentage of pay, closed |
| Inflation | 2.50% |
| 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. |
| 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-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table 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. |

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30,

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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.

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 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------------|-------------------|--|
| Broad domestic equity | 24% | 8.16% |
| Global equity (non-U.S.) | 22% | 7.51% |
| Intermediate treasuries | 10% | 1.58% |
| Opportunistic | 10% | 3.96% |
| Real assets | 17% | 4.76% |
| Absolute return | 7% | 4.76% |
| Private equity | 9% | 11.39% |
| Cash equivalents | 1% | 0.83% |

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the 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 | 0.10645% | \$ 7,691,273 | \$ 5,827,496 | \$ 4,266,645 |

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Pension Plan Fiduciary Net Position

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

(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 participation accounts. Each participation account is self-directed with respect to investment options. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>. Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2020 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2020, no forfeitures were applied to reduced pension expense.

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, 2020, 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, 2020 were \$103,268 and \$165,229, 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 is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). Members are not eligible to use the Plan until they have

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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 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, 2020 were as follows:

| | Other | Police/Fire |
|--|--------------|--------------|
| Alaska Retiree Healthcare Trust | 6.28% | 6.28% |
| Retiree Medical Plan | 1.32% | 1.32% |
| Occupational Death and Disability Benefits | 0.26% | 0.72% |
| Total Contribution Rates | 7.86% | 8.32% |

In 2020, the Borough was credited with the following contributions to the OPEB plans:

| | Measurement Period July 1, 2018 to June 30, 2019 | Borough Fiscal Year July 1, 2019 to June 30, 2020 |
|--------------------------------|---|--|
| Employer contributions - ARHCT | \$ 165,982 | \$ 187,978 |
| Employer contributions - RMP | 16,108 | 27,263 |
| Employer contributions - ODD | 6,118 | 7,705 |
| Total Contributions | \$ 188,208 | \$ 222,946 |

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

At June 30, 2020, the Borough reported a liability for its proportionate share of the net OPEB liabilities (NOL) 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 NOL - ARHCT | \$ 158,227 |
| Borough's proportionate share of NOL - RMP | 32,838 |
| Total Borough's Proportionate Share of Net OPEB Liabilities | \$ 191,065 |
| State's proportionate share of the ARHCT NOL associated with the Borough | 62,826 |
| Total Net OPEB Liabilities | \$ 253,891 |

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

At June 30, 2020, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) associated with the Borough's participation in the ODD Plan. The amount recognized by the Borough for its proportionate share was \$36,328.

The total OPEB liabilities (asset) for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net OPEB liabilities (asset) as of that date. The Borough's proportion of the net OPEB liabilities (asset) is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plans for the fiscal years 2020 to 2039.

| | June 30, 2018 Measurement Date Employer Proportion | June 30, 2019 Measurement Date Employer Proportion | Change |
|---|---|---|------------|
| Borough's proportionate share of the net OPEB liabilities (asset): | | | |
| ARHCT | 0.11123% | 0.10664% | (0.00459)% |
| RMP | 0.10645% | 0.13726% | (0.03081)% |
| ODD | 0.10645% | 0.14984% | (0.04339)% |

For the year ended June 30, 2020, the Borough recognized OPEB expense of \$(1,156,601). Of this amount, \$(406,047) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

| Plan | OPEB expense | On-behalf revenue |
|-------|----------------|-------------------|
| ARHCT | \$ (1,216,322) | \$ (406,047) |
| RMP | 50,531 | - |
| ODD | 9,190 | - |
| Total | \$ (1,156,601) | \$ (406,047) |

At June 30, 2020, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

| Deferred Outflows of Resources | ARHCT | RMP | ODD | Total |
|--|-------------------|------------------|-----------------|-------------------|
| Changes in assumptions | \$ 209,964 | \$ 15,894 | \$ - | \$ 225,858 |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | 36,848 | 2,756 | 942 | 40,546 |
| Borough contributions subsequent to the measurement date | 187,978 | 27,263 | 7,705 | 222,946 |
| Total Deferred Outflows of Resources Related to OPEB Plans | \$ 434,790 | \$ 45,913 | \$ 8,647 | \$ 489,350 |

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

| <i>Deferred Inflows of Resources</i> | ARHCT | RMP | ODD | Total |
|--|---------------------|-------------------|--------------------|---------------------|
| Difference between expected and actual experience | \$ (106,325) | \$ (2,433) | \$ (11,326) | \$ (120,084) |
| Changes in assumptions | - | - | (695) | (695) |
| Difference between projected and actual investment earnings | (69,286) | (362) | (240) | (69,888) |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | - | (728) | (5,371) | (6,099) |
| Total Deferred Inflows of Resources Related to OPEB Plans | \$ (175,611) | \$ (3,523) | \$ (17,632) | \$ (196,766) |

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, 2021. 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 |
|-----------------------------|------------------|------------------|--------------------|------------------|
| 2021 | \$ 86,631 | \$ 1,623 | \$ (2,514) | \$ 85,740 |
| 2022 | (53,855) | 1,623 | (2,514) | (54,746) |
| 2023 | 16,669 | 2,493 | (2,182) | 16,980 |
| 2024 | 21,754 | 2,478 | (2,175) | 22,057 |
| 2025 | - | 2,145 | (2,286) | (141) |
| Thereafter | - | 4,766 | (5,018) | (252) |
| Total Amortization | \$ 71,199 | \$ 15,128 | \$ (16,689) | \$ 69,638 |

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2019 was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019:

| | |
|---|--|
| Actuarial cost method | Entry age normal; level percentage of payroll |
| Amortization method | Level percentage of payroll, closed |
| Inflation | 2.50% |
| 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 |
| 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%. |
| Healthcare cost trend rates (ARHCT Plan and RMP) | Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5% |
| Mortality | Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table project with MP-2017 generational improvement. The rates for pre- termination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement. |
| Participation (ARHCT) | 100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible. |

The actuarial assumptions used in the June 30, 2018 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.

In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation:

1. 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.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 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 | 24% | 8.16% |
| Global equity (non-U.S.) | 22% | 7.51% |
| Intermediate treasuries | 10% | 1.58% |
| Opportunistic | 10% | 3.96% |
| Real assets | 17% | 4.76% |
| Absolute return | 7% | 4.76% |
| Private equity | 9% | 11.39% |
| Cash equivalents | 1% | 0.83% |

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2019 was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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

The following presents the 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:

| | <i>Proportional Share</i> | <i>1% Decrease (6.38%)</i> | <i>Current Discount Rate (7.38%)</i> | <i>1% Increase (8.38%)</i> |
|--|---------------------------|----------------------------|--------------------------------------|----------------------------|
| Borough's proportionate share of the net OPEB liability (asset): | | | | |
| ARHCT | 0.10664% | \$ 1,272,739 | \$ 158,227 | \$ (758,581) |
| RMP | 0.13726% | \$ 82,477 | \$ 32,838 | \$ (4,534) |
| ODD | 0.14984% | \$ (34,459) | \$ (36,328) | \$ (37,838) |

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2019 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 | 0.10664% | \$ (865,808) | \$ 158,227 | \$ 1,407,936 |
| RMP | 0.13726% | \$ (10,099) | \$ 32,838 | \$ 91,614 |
| ODD | 0.14984% | \$ 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 is established under AS 39.30.300. 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.

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, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,121 per year for each full-time employee, and \$1.36 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2020, the Borough contributed \$73,721 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

14. Risk Management

The Borough faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs. The Borough is a member of Alaska Public Entity Insurance (APEI), a governmental insurance pool. APEI provides insurance coverage for property and contents damage, torts, general and automobile liability, public officials and employees' liability, law enforcement professional liability and workers' compensation. The Borough has no coverage for potential losses from environmental damages. APEI is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2018. Coverage limits and the deductibles on the policies have stayed relatively constant for the last several years.

15. Contingencies

Grants

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

Environmental Remediation

The City and Borough of Wrangell foreclosed on a piece of property in 2004 for the owner's failure to pay property taxes. This property was previously used as a junk yard and is classified as contaminated by both the Alaska Department of Environmental Conservation (ADEC) and the U.S. Environmental Protection Agency (EPA). Both ADEC and EPA have met with the Borough in regards to cleaning this site up to a residential level. As of June 30, 2018, the debris has been removed and the EPA and ADEC have completed their assessment. Clean-up costs have been estimated in the \$4 million range. In September 2015, the ADEC announced that it would step in and manage the project with funding under the State's Oil and Hazardous Substance Release Prevention and Response Fund. Management believes that the State funding will cover the costs of clean up and that the Borough will only provide limited administrative support. No liability has been recorded in these financial statements in connection with this issue.

16. Subsequent Events

In preparing these financial statements, the Borough has evaluated all other events and transactions for potential recognition or disclosure through October 21, 2021, the date the financial statements were issued.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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 has issued several new accounting standards with upcoming implementation dates. 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. 84 - Fiduciary Activities - Effective for year-end June 30, 2021. This Statement addresses criteria for identifying and reporting fiduciary activities.

GASB Statement No. 87 - Leases - Effective for year-end June 30, 2021, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2021. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

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.

GASB Statement No. 91 - Conduit Debt Obligations - Effective for year-end June 30, 2022. 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, 2021. 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.

GASB Statement No. 93 - Replacement of Interbank Offered Rates - The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2022. The requirements in paragraph 11b are required to be implemented for year-end June 30, 2023. 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).

In light of the COVID-19 Pandemic, on May 8, 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, to provide relief to governments. This Statement, which was effective upon issuance, postpones the effective dates of certain provisions in the above noted pronouncements for one year, except for Statement No. 87 and provisions related to leases in Statement No. 92 which are postponed for eighteen months. Certain other provisions of Statement No. 92 are excluded from Statement No. 95. Additionally, Statement No. 95 excludes provisions in Statement No. 93 related to lease modifications and excludes Statement No. 94 since the GASB considered the pandemic in determining effective dates. Earlier application of the standards is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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, 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 - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32 - 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 that meet the definition of a pension plan and for benefits provided through those plans.

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Required Supplementary Information

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, 2020</i> | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| Revenues | | | | |
| Taxes | \$ 4,160,995 | \$ 4,172,091 | \$ 4,348,596 | \$ 176,505 |
| Intergovernmental | 1,250,776 | 1,251,776 | 1,300,238 | 48,462 |
| Charges for services | 502,500 | 152,500 | 128,109 | (24,391) |
| Sales and leases | 114,900 | 114,900 | 126,227 | 11,327 |
| Fines and forfeitures | 15,000 | 15,000 | 4,302 | (10,698) |
| Investment income | 35,000 | 35,000 | 336,128 | 301,128 |
| Other | 9,380 | 358,380 | 273,967 | (84,413) |
| Total Revenues | 6,088,551 | 6,099,647 | 6,517,567 | 417,920 |
| Expenditures | | | | |
| General government | 1,545,801 | 1,582,841 | 1,389,707 | 193,134 |
| Public safety | 2,851,279 | 2,619,901 | 2,230,318 | 389,583 |
| Public works | 862,444 | 1,340,394 | 1,403,380 | (62,986) |
| Library | 309,564 | 309,564 | 270,655 | 38,909 |
| Community services | 312,320 | 139,530 | 86,792 | 52,738 |
| Total Expenditures | 5,881,408 | 5,992,230 | 5,380,852 | 611,378 |
| Excess of Revenues Over Expenditures | 207,143 | 107,417 | 1,136,715 | 1,029,298 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 250,000 | 250,000 | 256,083 | 6,083 |
| Transfers out | (942,569) | (942,569) | (942,568) | 1 |
| Net Other Financing Sources (Uses) | (692,569) | (692,569) | (686,485) | 6,084 |
| Net Change in Fund Balance | \$ (485,426) | \$ (585,152) | 450,230 | \$ 1,035,382 |
| Fund Balance, beginning | | | 7,934,333 | |
| Fund Balance, ending | | | \$ 8,384,563 | |

See accompanying notes to Required Supplementary Information.

City and Borough of Wrangell, Alaska

Exhibit D-2

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

| <i>Year Ended June 30, 2020</i> | Original and Final Budget | Actual | Variance with Budget |
|---|---------------------------------|---------------------|----------------------------|
| Revenues | | | |
| Investment income | \$ 250,000 | \$ 190,219 | \$ (59,781) |
| Lease revenue | 16,440 | - | (16,440) |
| Total Revenues | 266,440 | 190,219 | (76,221) |
| Expenditures - general government | - | 13,255 | (13,255) |
| Excess of Revenues Over Expenditures | 266,440 | 176,964 | (89,476) |
| Other Financing Uses - transfers out | (250,000) | (250,000) | - |
| Net Change in Fund Balance | <u>\$ 16,440</u> | (73,036) | <u>\$ (89,476)</u> |
| Fund Balance, beginning | | <u>8,019,389</u> | |
| Fund Balance, ending | | <u>\$ 7,946,353</u> | |

See accompanying notes to Required Supplementary Information.

City and Borough of Wrangell, Alaska

Exhibit D-3

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

| <i>Year Ended June 30, 2020</i> | Original and Final Budget | Actual | Variance with Budget |
|--|---------------------------------|----------------------------|----------------------------|
| Revenues | | | |
| Sales tax | \$ 2,670,000 | \$ 969,484 | \$ (1,700,516) |
| Miscellaneous reimbursement | 85,000 | - | (85,000) |
| Investment income | 56,190 | - | (56,190) |
| Total Revenues | 2,811,190 | 969,484 | (1,841,706) |
| Expenditures - contributions to school district | 5,000 | - | 5,000 |
| Excess of Revenues Over (Under) | | | |
| Expenditures | 2,806,190 | 969,484 | (1,836,706) |
| Other Financing Uses - transfers out | (2,099,250) | (232,514) | 1,866,736 |
| Net Change in Fund Balance | <u>\$ 706,940</u> | 736,970 | <u>\$ 30,030</u> |
| Fund Balance, beginning | | <u>1,084,782</u> | |
| Fund Balance, ending | | <u>\$ 1,821,752</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, 2020</i> | Original and Final Budget | Actual | Variance with Budget |
|--|---------------------------------|---------------------|----------------------------|
| Revenues | | | |
| Intergovernmental - national forest receipts | \$ - | \$ 883,647 | \$ 883,647 |
| Investment income | 15,000 | - | (15,000) |
| Total Revenues | 15,000 | 883,647 | 868,647 |
| Expenditures | | | |
| Education - contributions to school district | 1,400,000 | 1,300,000 | 100,000 |
| Excess of Revenues Under Expenditures | (1,385,000) | (416,353) | 968,647 |
| Other Financing Uses - transfers out | - | (6,083) | (6,083) |
| Net Change in Fund Balance | <u>\$ (1,385,000)</u> | (422,436) | <u>\$ 962,564</u> |
| Fund Balance, beginning | | <u>3,358,864</u> | |
| Fund Balance, ending | | <u>\$ 2,936,428</u> | |

See accompanying notes to Required Supplementary Information.

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

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

| <i>Years Ended June 30,</i> | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Borough's Proportion of the Net Pension Liability | 0.10645% | 0.11124% | 0.10179% | 0.12813% | 0.12944% | 0.09481% |
| Borough's Proportionate Share of the Net Pension Liability | \$ 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 | 2,319,355 | 1,601,473 | 1,960,717 | 901,438 | 1,682,286 | 3,807,733 |
| Total Net Pension Liability | \$ 8,146,851 | \$ 7,129,071 | \$ 7,222,435 | \$ 8,063,128 | \$ 7,960,268 | \$ 8,229,529 |
| Borough's Covered Payroll | 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 | 165.73% | 168.02% | 165.15% | 227.60% | 195.00% | 122.87% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 63.42% | 65.19% | 63.37% | 59.55% | 63.96% | 62.37% |

Schedule of Borough Contributions

| <i>Years Ended June 30,</i> | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------------|------------|------------|------------|------------|------------|
| Contractually Required Contributions | \$ 510,456 | \$ 508,139 | \$ 525,495 | \$ 537,369 | \$ 343,399 | \$ 340,908 |
| Contributions Relative to the Contractually Required Contribution | 510,456 | 508,139 | 525,495 | 537,369 | 343,399 | 340,908 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Borough's Covered Payroll | 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 | 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 | | |
|--|------------|--------------|--------------|-----------|-----------|-----------|-------------|-------------|-------------|
| | 2020 | 2019 | 2018 | 2020 | 2019 | 2018 | 2020 | 2019 | 2018 |
| Borough's Proportion of the Net OPEB Liability (Asset) | 0.10664% | 0.11123% | 0.10186% | 0.13726% | 0.10645% | 0.10277% | 0.14984% | 0.10645% | 0.10277% |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) | \$ 158,227 | \$ 1,141,549 | \$ 860,457 | \$ 32,838 | \$ 13,546 | \$ 5,359 | \$ (36,328) | \$ (20,674) | \$ (14,582) |
| State of Alaska Proportionate Share of the Net OPEB Liability (Asset) | 62,826 | 332,145 | 320,648 | - | - | - | - | - | - |
| Total Net OPEB Liability (Asset) | \$ 221,053 | \$ 1,473,694 | \$ 1,181,105 | \$ 32,838 | \$ 13,546 | \$ 5,359 | \$ (36,328) | \$ (20,674) | \$ (14,582) |
| Borough's Covered Payroll | 2,228,533 | 2,085,158 | 3,185,949 | 1,287,623 | 1,204,782 | 3,185,949 | 1,287,623 | 1,204,782 | 3,185,949 |
| Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll | 7.10% | 54.75% | 27.01% | 2.55% | 1.12% | 0.17% | -2.82% | -1.72% | -0.46% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) | 98.13% | 88.12% | 89.68% | 83.17% | 88.71% | 93.98% | 297.43% | 270.62% | 212.97% |

Schedule of Borough Contributions

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

See accompanying notes to Required Supplementary Information.

City and Borough of Wrangell, Alaska
Notes to Required Supplementary Information
Year Ended June 30, 2020

1. Budgetary Comparison Schedule

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

The COVID-19 CARES Act Special Revenue Fund does not have a legally adopted budget; therefore, not budgetary comparison schedule has been presented for this fund.

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, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

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

The actuarial assumptions used in the June 30, 2018 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.

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, 2020

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, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

1. 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.
2. Based on recent experience, the healthcare cost trend assumptions were updated.
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.
5. The discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 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.

Changes in Methods:

As part of the experience study, the actuarial cost method for the retiree healthcare plan was changed from the Entry Age Level Dollar method to the Entry Age Level Percent of Pay method.

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.

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Supplementary Information

City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds

Combining Balance Sheet

| | Special Revenue Funds | | | Debt Service Fund | Capital Project Funds | | | | Total Nonmajor Govern- mental Funds |
|-----------------------------|-----------------------|-------------------------|-------------------|-------------------------|----------------------------------|---------------------------------|----------------------|--------------------|---|
| | Transient Tax | Parks and Recreation | Nolan Center | | Residential Construc- tion | Industrial Construc- tion | Economic Recovery | Misc- ellaneous | |
| <i>June 30, 2020</i> | | | | | | | | | |
| Assets | | | | | | | | | |
| Cash and investments | \$ 460,263 | \$ 1,378,637 | \$ 44,773 | \$ 1,681 | \$ 136,681 | \$ 343,288 | \$ 1,353,445 | \$ 947,651 | \$ 4,666,419 |
| Receivables: | | | | | | | | | |
| Accrued interest | - | - | 2 | - | - | - | - | - | 2 |
| Land sales and improvements | - | - | - | - | - | 17,882 | - | - | 17,882 |
| Inventory | - | - | 73,916 | - | - | - | - | - | 73,916 |
| Total Assets | \$ 460,263 | \$ 1,378,637 | \$ 118,691 | \$ 1,681 | \$ 136,681 | \$ 361,170 | \$ 1,353,445 | \$ 947,651 | \$ 4,758,219 |

City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet, continued

| | Special Revenue Funds | | | Capital Project Funds | | | | | Total Nonmajor Govern- mental Funds |
|---|-----------------------|-------------------------|-----------------|-------------------------|----------------------------------|---------------------------------|----------------------|--------------------|---|
| <i>June 30, 2020</i> | Transient Tax | Parks and Recreation | Nolan Center | Debt Service Fund | Residential Construc- tion | Industrial Construc- tion | Economic Recovery | Misc- ellaneous | |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | \$ 90,127 | \$ 94,622 | \$ 8,005 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 192,754 |
| Unearned revenue | - | 4,730 | 10,350 | - | - | - | - | 71,510 | 86,590 |
| Total Liabilities | 90,127 | 99,352 | 18,355 | - | - | - | - | 71,510 | 279,344 |
| Deferred Inflows of Resources - land sale receivables not yet due | - | - | - | - | 22,464 | 26,603 | - | - | 49,067 |
| Fund Balances | | | | | | | | | |
| Nonspendable - inventory | - | - | 73,916 | - | - | - | - | - | 73,916 |
| Restricted: | | | | | | | | | |
| Barnes Endowment | - | - | 50,000 | - | - | - | - | - | 50,000 |
| Committed: | | | | | | | | | |
| Community services | 370,136 | - | - | - | - | - | - | - | 370,136 |
| Swimming pool | - | 1,279,285 | - | - | - | - | - | - | 1,279,285 |
| Land development | - | - | - | - | - | 334,567 | - | - | 334,567 |
| Assigned: | | | | | | | | | |
| Projects | - | - | - | - | 114,217 | - | 1,353,445 | 876,141 | 2,343,803 |
| Debt service | - | - | - | 1,681 | - | - | - | - | 1,681 |
| Unassigned | - | - | (23,580) | - | - | - | - | - | (23,580) |
| Total Fund Balances | 370,136 | 1,279,285 | 100,336 | 1,681 | 114,217 | 334,567 | 1,353,445 | 876,141 | 4,429,808 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 460,263 | \$ 1,378,637 | \$ 118,691 | \$ 1,681 | \$ 136,681 | \$ 361,170 | \$ 1,353,445 | \$ 947,651 | \$ 4,758,219 |

City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

| | Special Revenue Funds | | | Capital Project Funds | | | | | Total Nonmajor Governmental Funds |
|---------------------------------|-----------------------|-------------------------|-----------------|-------------------------|----------------------------------|---------------------------------|----------------------|--------------------|--|
| | Transient Tax | Parks and Recreation | Nolan Center | Debt Service Fund | Residential Construc- tion | Industrial Construc- tion | Economic Recovery | Misc- ellaneous | |
| <i>Year Ended June 30, 2020</i> | | | | | | | | | |
| Revenues | | | | | | | | | |
| Taxes | \$ 55,061 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 55,061 |
| Intergovernmental | 63,911 | 10,093 | 10,041 | 79,136 | - | - | - | - | 163,181 |
| Charges for services | - | 64,468 | 155,929 | - | - | - | - | - | 220,397 |
| Investment income | - | 109,896 | 422 | - | 323 | 1,323 | - | - | 111,964 |
| Land sales and improvements | - | - | - | - | 38,008 | - | - | - | 38,008 |
| Donations and contributions | - | 90 | 100,000 | - | - | - | - | - | 100,090 |
| Other | 5,172 | 12,683 | 21,709 | - | - | - | - | - | 39,564 |
| Total Revenues | 124,144 | 197,230 | 288,101 | 79,136 | 38,331 | 1,323 | - | - | 728,265 |

City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds

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

| Year Ended June 30, 2020 | Special Revenue Funds | | | | Capital Project Funds | | | | Total Nonmajor Governmental Funds |
|---|-----------------------|-------------------------|-----------------|-------------------------|----------------------------------|---------------------------------|----------------------|--------------------|--|
| | Transient Tax | Parks and Recreation | Nolan Center | Debt Service Fund | Residential Construc- tion | Industrial Construc- tion | Economic Recovery | Misc- ellaneous | |
| Expenditures | | | | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,086 | \$ 4,086 |
| Parks and recreation | - | 687,607 | - | - | - | - | - | - | 687,607 |
| Community services | 148,049 | - | 559,342 | - | - | - | - | - | 707,391 |
| Debt service: | | | | | | | | | |
| Principal | - | - | - | 250,000 | - | - | - | - | 250,000 |
| Interest | - | - | - | 18,250 | - | - | - | - | 18,250 |
| Capital outlay | - | 6,090 | - | - | 750 | 12,119 | - | - | 18,959 |
| Total Expenditures | 148,049 | 693,697 | 559,342 | 268,250 | 750 | 12,119 | - | 4,086 | 1,686,293 |
| Excess of Revenues Over (Under) Expenditures | (23,905) | (496,467) | (271,241) | (189,114) | 37,581 | (10,796) | - | (4,086) | (958,028) |
| Other Financing Sources | | | | | | | | | |
| Transfers in | - | 817,758 | 168,210 | 189,114 | - | - | - | - | 1,175,082 |
| Net Change in Fund Balances | (23,905) | 321,291 | (103,031) | - | 37,581 | (10,796) | - | (4,086) | 217,054 |
| Fund Balances, beginning | 394,041 | 957,994 | 203,367 | 1,681 | 76,636 | 345,363 | 1,353,445 | 880,227 | 4,212,754 |
| Fund Balances, ending | \$ 370,136 | \$ 1,279,285 | \$ 100,336 | \$ 1,681 | \$ 114,217 | \$ 334,567 | \$ 1,353,445 | \$ 876,141 | \$ 4,429,808 |

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General Fund

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

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

City and Borough of Wrangell, Alaska

Exhibit G-1

General Fund Balance Sheet

| <i>June 30,</i> | 2020 | 2019 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and investments | \$ 7,777,810 | \$ 7,386,034 |
| Prepaid items | 78,351 | - |
| Receivables: | | |
| Property taxes | 134,081 | 92,375 |
| Sales taxes | 463,245 | 499,935 |
| Accounts | 50,385 | 33,407 |
| Accrued interest | 44,422 | 44,890 |
| Grants and shared revenues | 33,750 | 15,479 |
| Total receivables | 725,883 | 686,086 |
| Less allowance for doubtful accounts | (70) | (70) |
| Net receivables | 725,813 | 686,016 |
| Interfund loan receivable | 64,611 | 86,553 |
| Total Assets | \$ 8,646,585 | \$ 8,158,603 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | |
| Liabilities | | |
| Accounts payable | \$ 153,603 | \$ 173,981 |
| Unearned revenue | 12,247 | 12,225 |
| Total Liabilities | 165,850 | 186,206 |
| Deferred Inflows of Resources | | |
| Delinquent property taxes | 96,172 | 38,064 |
| Total Liabilities and Deferred Inflows of Resources | 262,022 | 224,270 |
| Fund Balance | | |
| Nonspendable: | | |
| Prepaid items | 78,351 | - |
| Interfund loan receivable | 64,611 | 86,553 |
| Unassigned | 8,241,601 | 7,847,780 |
| Total Fund Balance | 8,384,563 | 7,934,333 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 8,646,585 | \$ 8,158,603 |

City and Borough of Wrangell, Alaska

Exhibit G-2

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

| Years Ended June 30, | 2020 | | | 2019 |
|--------------------------------------|------------------|------------------|----------------------------|------------------|
| | Budget | Actual | Variance with Budget | Actual |
| Revenues | | | | |
| Taxes: | | | | |
| Real property taxes | \$ 1,815,186 | \$ 1,755,703 | \$ (59,483) | \$ 1,773,430 |
| Property tax penalties and interest | 20,000 | 27,380 | 7,380 | 21,148 |
| Payments in lieu of taxes | 461,096 | 503,436 | 42,340 | 474,063 |
| Marijuana taxes | 7,000 | 1,925 | (5,075) | 5,271 |
| Marijuana tax penalties and interest | - | - | - | 102 |
| Sales taxes | 1,853,809 | 2,026,614 | 172,805 | 1,951,016 |
| Sales tax penalties and interest | 15,000 | 33,538 | 18,538 | 54,115 |
| Total taxes | 4,172,091 | 4,348,596 | 176,505 | 4,279,145 |
| Intergovernmental: | | | | |
| State of Alaska: | | | | |
| Jail contract | 372,000 | 371,975 | (25) | 371,975 |
| Community assistance | 408,276 | 409,356 | 1,080 | 420,903 |
| Library grants | 8,000 | 8,000 | - | 7,000 |
| LEPC grant revenue | 8,900 | - | (8,900) | 10,898 |
| State PERS relief | 102,000 | 163,407 | 61,407 | 134,818 |
| CBDG Fire Truck Grant | 337,500 | 337,500 | - | - |
| Liquor licenses | 8,200 | - | (8,200) | 10,700 |
| Total State of Alaska | 1,244,876 | 1,290,238 | 45,362 | 956,294 |
| Federal government: | | | | |
| Library grants | 6,900 | 10,000 | 3,100 | 9,655 |
| Total intergovernmental | 1,251,776 | 1,300,238 | 48,462 | 965,949 |
| Charges for services: | | | | |
| Cemetery services | 2,500 | 2,431 | (69) | 3,170 |
| Police services | 100,000 | 75,396 | (24,604) | 105,025 |
| 911 surcharge | 50,000 | 50,282 | 282 | 47,293 |
| Total charges for services | 152,500 | 128,109 | (24,391) | 155,488 |

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> | 2020 | | | 2019 |
|-----------------------------------|------------------|------------------|----------------------------|------------------|
| | Budget | Actual | Variance with Budget | Actual |
| Revenues, continued | | | | |
| Sales and leases: | | | | |
| Court rental | \$ 62,400 | \$ 57,200 | \$ (5,200) | \$ 62,400 |
| Tideland leases | 50,000 | 56,045 | 6,045 | 37,429 |
| Material sales | - | 809 | 809 | - |
| Leases | - | 10,400 | 10,400 | - |
| Cemetery plot sales | 2,500 | 1,773 | (727) | 3,105 |
| Total sales and leases | 114,900 | 126,227 | 11,327 | 102,934 |
| Fines and forfeitures | 15,000 | 4,302 | (10,698) | 19,553 |
| Investment income | 35,000 | 336,128 | 301,128 | 415,510 |
| Other revenues: | | | | |
| Licenses and permits | 2,500 | 1,896 | (604) | 2,920 |
| Copies | 2,000 | 1,216 | (784) | 1,947 |
| Library grants | - | 8,210 | 8,210 | 18,365 |
| Miscellaneous | 353,880 | 262,645 | (91,235) | 158,353 |
| Total other revenues | 358,380 | 273,967 | (84,413) | 181,585 |
| Total Revenues | 6,099,647 | 6,517,567 | 417,920 | 6,120,164 |
| Expenditures | | | | |
| General government: | | | | |
| Finance: | | | | |
| Personnel services: | | | | |
| Salaries | 242,050 | 250,854 | (8,804) | 264,263 |
| Overtime salaries | 6,000 | 6,683 | (683) | 6,011 |
| Employee benefits | 154,980 | 172,251 | (17,271) | 159,927 |
| Total personnel services | 403,030 | 429,788 | (26,758) | 430,201 |
| Contractual services: | | | | |
| Auditor | 55,000 | 69,597 | (14,597) | 68,791 |
| Assessor | 72,000 | 40,975 | 31,025 | 72,395 |
| Attorney | - | 3,379 | (3,379) | 7,728 |
| Telephone and internet | 15,000 | 12,185 | 2,815 | 12,556 |
| Travel and training | 5,000 | 12,598 | (7,598) | 3,962 |
| Utilities | 15,000 | 13,177 | 1,823 | 13,702 |
| Equipment rental & repair | 5,000 | 4,913 | 87 | 4,275 |
| Programming | 110,000 | 41,140 | 68,860 | 30,399 |
| Insurance | - | 3,645 | (3,645) | - |
| Bank & credit card | - | 77,684 | (77,684) | - |
| Collection charges | - | 20,297 | (20,297) | - |
| Total contractual services | 277,000 | 299,590 | (22,590) | 213,808 |

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> | 2020 | | | 2019 |
|------------------------------------|-----------|-----------|----------------------------|-----------|
| | Budget | Actual | Variance with Budget | Actual |
| Expenditures, continued | | | | |
| General government, continued: | | | | |
| Finance, continued: | | | | |
| Commodities: | | | | |
| Materials and supplies | \$ 15,000 | \$ 14,442 | \$ 558 | \$ 13,128 |
| Custodial supplies | - | 1,471 | (1,471) | 2,661 |
| Postage | 14,000 | 10,621 | 3,379 | 11,484 |
| Facility repairs and maintenance | 4,750 | 9,443 | (4,693) | 2,997 |
| Equipment repairs and maintenance | 29,300 | 11,941 | 17,359 | - |
| Capital expenditures | 99,300 | 53,328 | 45,972 | 18,065 |
| Publications and advertising | - | 1,442 | (1,442) | 8,736 |
| Other | - | 6,511 | (6,511) | - |
| Total commodities | 162,350 | 109,199 | 53,151 | 57,071 |
| Total finance | 842,380 | 838,577 | 3,803 | 701,080 |
| Less charges to other funds | (156,960) | (170,004) | 13,044 | (168,200) |
| Net finance | 685,420 | 668,573 | 16,847 | 532,880 |
| Administration: | | | | |
| Personnel services: | | | | |
| Salaries | 220,000 | 185,078 | 34,922 | 214,012 |
| Employee benefits | 73,000 | 82,374 | (9,374) | 83,729 |
| Total personnel services | 293,000 | 267,452 | 25,548 | 297,741 |
| Contractual services: | | | | |
| Attorney | 125,500 | 111,672 | 13,828 | 72,137 |
| Professional services | 25,000 | 13,762 | 11,238 | 270 |
| Telephone and internet | 11,300 | 2,170 | 9,130 | 1,462 |
| Administration travel and training | 18,156 | 13,731 | 4,425 | 12,811 |
| Publications and advertising | - | 135 | (135) | - |
| Lobbying | 70,000 | 67,200 | 2,800 | 64,600 |
| Wrangell medical center legacy | 25,000 | 2,429 | 22,571 | 172,580 |
| Capital expenditures | - | - | - | 6,864 |
| Tourism program | 20,000 | 10,120 | 9,880 | 9,540 |
| Total contractual services | 294,956 | 221,219 | 73,737 | 340,264 |

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, | 2020 | | Variance with Budget | 2019 |
|--------------------------------|-----------|-----------|----------------------------|-----------|
| | Budget | Actual | | Actual |
| Expenditures, continued | | | | |
| General government, continued: | | | | |
| Administration, continued: | | | | |
| Commodities: | | | | |
| Materials and supplies | \$ 4,000 | \$ 1,610 | \$ 2,390 | \$ 791 |
| Memberships and dues | 4,100 | 5,389 | (1,289) | 4,776 |
| Total commodities | 8,100 | 6,999 | 1,101 | 5,567 |
| Promotions | 10,000 | 6,258 | 3,742 | 10,363 |
| General insurance | 86,079 | 23,105 | 62,974 | 34,131 |
| Total administration | 692,135 | 525,033 | 167,102 | 688,066 |
| Clerk and assembly: | | | | |
| Personnel services: | | | | |
| Salaries | 90,000 | 62,964 | 27,036 | 81,582 |
| Overtime salaries | - | - | - | 328 |
| Employee benefits | 61,911 | 69,310 | (7,399) | 58,452 |
| Total personnel services | 151,911 | 132,274 | 19,637 | 140,362 |
| Contractual services: | | | | |
| Information technology | 4,005 | 3,498 | 507 | 180 |
| Clerk travel and training | 15,100 | 19,312 | (4,212) | 16,040 |
| Recorder fees | 500 | 283 | 217 | 329 |
| Total contractual services | 19,605 | 23,093 | (3,488) | 16,549 |
| Commodities: | | | | |
| Materials and supplies | 6,940 | 2,433 | 4,507 | 6,237 |
| Publications | 19,120 | 19,450 | (330) | 22,006 |
| Records preservation | 100 | - | 100 | 983 |
| Membership and dues | 3,610 | 9,835 | (6,225) | 100 |
| Election supplies | 2,000 | 5,305 | (3,305) | 2,768 |
| Republishing WMC | 2,000 | 3,711 | (1,711) | 2,563 |
| Total commodities | 33,770 | 40,734 | (6,964) | 34,657 |
| Total clerk and assembly | 205,286 | 196,101 | 9,185 | 191,568 |
| Total general government | 1,582,841 | 1,389,707 | 193,134 | 1,412,514 |

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> | 2020 | | | 2019 |
|--------------------------------------|-----------|-----------|----------------------------|-----------|
| | Budget | Actual | Variance with Budget | Actual |
| Expenditures, continued | | | | |
| Public safety: | | | | |
| Fire department: | | | | |
| Personnel services: | | | | |
| Salaries | \$ 88,000 | \$ 61,694 | \$ 26,306 | \$ 88,068 |
| Overtime salaries | 10,000 | 12,392 | (2,392) | 9,329 |
| Employee benefits | 91,570 | 78,209 | 13,361 | 86,219 |
| Contributions for fire calls | 5,500 | 5,500 | - | 5,500 |
| Total personnel services | 195,070 | 157,795 | 37,275 | 189,116 |
| Contractual services: | | | | |
| Telephone and internet | 7,100 | 7,095 | 5 | 7,657 |
| Travel and training | 10,000 | 6,778 | 3,222 | 11,937 |
| Fire charges from capital facilities | - | 870 | (870) | - |
| Fire prevention and education | 2,000 | 175 | 1,825 | 1,166 |
| Insurance | 20,863 | 9,209 | 11,654 | 28,448 |
| Capital expenditures | 354,500 | 426,019 | (71,519) | - |
| Total contractual services | 394,463 | 450,146 | (55,683) | 49,208 |
| Commodities: | | | | |
| Materials and supplies | 10,000 | 2,869 | 7,131 | 12,649 |
| Fire substation costs | 15,000 | 15,891 | (891) | 10,515 |
| Vehicle maintenance | 64,200 | 32,905 | 31,295 | 42,921 |
| Charges from garage | 22,170 | 7,677 | 14,493 | - |
| Turn out gear | 11,000 | 8,653 | 2,347 | 54,623 |
| Total commodities | 122,370 | 67,995 | 54,375 | 120,708 |
| Total fire department | 711,903 | 675,936 | 35,967 | 359,032 |
| Police department: | | | | |
| Personnel services: | | | | |
| Salaries | 405,370 | 265,447 | 139,923 | 460,343 |
| Overtime salaries | 100,000 | 87,230 | 12,770 | 98,869 |
| Employee benefits | 273,155 | 307,516 | (34,361) | 309,935 |
| Uniform allowances | 5,300 | 3,250 | 2,050 | 2,875 |
| Total personnel services | 783,825 | 663,443 | 120,382 | 872,022 |

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> | 2020 | | | 2019 |
|--|------------------|----------------|----------------------------|------------------|
| | Budget | Actual | Variance with Budget | Actual |
| Expenditures, continued | | | | |
| Public safety, continued: | | | | |
| Police department, continued: | | | | |
| Contractual services: | | | | |
| Telephone and internet | \$ 15,000 | \$ 17,032 | \$ (2,032) | \$ 16,398 |
| Information technology | 8,000 | 879 | 7,121 | - |
| Insurance | 5,149 | 31,448 | (26,299) | 19,982 |
| Travel and training | 39,750 | 36,605 | 3,145 | 26,658 |
| Capital expenditures | 50,000 | 79,081 | (29,081) | 39,531 |
| Animal control | 2,500 | 314 | 2,186 | 815 |
| State portion of driver licenses | 65,000 | 46,104 | 18,896 | 68,388 |
| Professional services | - | 128 | (128) | - |
| State portion of citations | 1,200 | 260 | 940 | 1,020 |
| Other | 2,000 | - | 2,000 | - |
| Total contractual services | 188,599 | 211,851 | (23,252) | 172,792 |
| Commodities: | | | | |
| Materials and supplies | 13,500 | 12,607 | 893 | 20,615 |
| Boat expenditures | 10,000 | 4,357 | 5,643 | 1,091 |
| Publications | 1,250 | 2,080 | (830) | 1,094 |
| Ammunition | 7,500 | 5,470 | 2,030 | 5,877 |
| Special investigations | 2,500 | 1,585 | 915 | 3,516 |
| Equipment repairs and maintenance | 29,000 | 24,052 | 4,948 | 26,944 |
| Health & safety permits | - | 816 | (816) | - |
| Charges from garage | 14,252 | 11,500 | 2,752 | - |
| Membership and dues | - | 26 | (26) | 263 |
| Total commodities | 78,002 | 62,493 | 15,509 | 59,400 |
| Total police department | 1,050,426 | 937,787 | 112,639 | 1,104,214 |
| Police corrections department: | | | | |
| Personnel services: | | | | |
| Salaries | 278,280 | 231,821 | 46,459 | 242,992 |
| Overtime salaries | 45,000 | 30,369 | 14,631 | 37,978 |
| Employee benefits | 220,415 | 71,731 | 148,684 | 187,014 |
| Total personnel services | 543,695 | 333,921 | 209,774 | 467,984 |
| Contractual services: | | | | |
| Telephone and internet | 1,500 | 94 | 1,406 | 250 |
| Travel and training | 24,600 | 584 | 24,016 | 351 |
| Total contractual services | 26,100 | 678 | 25,422 | 601 |
| Materials and supplies | 3,500 | 77 | 3,423 | 1,799 |
| Prisoner meals | 10,000 | 11,455 | (1,455) | 8,438 |
| Reimbursement of prisoner costs | - | (257) | 257 | - |
| Total commodities | 13,500 | 11,275 | 2,225 | 10,237 |
| Total police corrections department | 583,295 | 345,874 | 237,421 | 478,822 |

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> | 2020 | | | 2019 |
|------------------------------------|-----------|-----------|----------------------------|-----------|
| | Budget | Actual | Variance with Budget | Actual |
| Expenditures, continued | | | | |
| Public safety continued: | | | | |
| Public safety building, continued: | | | | |
| Personnel services: | | | | |
| Salaries | \$ - | \$ - | \$ - | \$ 5,192 |
| Employee benefits | - | - | - | 6,697 |
| Total personnel services | - | - | - | 11,889 |
| Telephone and internet | 600 | 794 | (194) | 321 |
| Insurance | 9,677 | - | 9,677 | 13,442 |
| Engineering | - | 7,070 | (7,070) | 7,901 |
| Allocated - public works labor | 2,500 | - | 2,500 | 4,459 |
| Utilities | 120,000 | 106,357 | 13,643 | 119,711 |
| Total contractual services | 132,777 | 114,221 | 18,556 | 145,834 |
| Commodities: | | | | |
| Materials & supplies | - | 3,453 | (3,453) | 5 |
| Custodial supplies | 3,000 | 1,582 | 1,418 | 2,255 |
| Capital outlay | - | 11,554 | (11,554) | 13,178 |
| Vehicle maintenance and repair | - | 118 | (118) | - |
| Facility repair and maintenance | 138,500 | 139,793 | (1,293) | 62,815 |
| Total commodities | 141,500 | 156,500 | (15,000) | 78,253 |
| Total public safety building | 274,277 | 270,721 | 3,556 | 235,976 |
| Total public safety | 2,619,901 | 2,230,318 | 389,583 | 2,178,044 |
| Public works: | | | | |
| Garage: | | | | |
| Personnel services: | | | | |
| Salaries | 111,050 | 119,820 | (8,770) | 130,902 |
| Overtime salaries | 2,500 | 2,891 | (391) | 13,340 |
| Employee benefits | 97,590 | 105,702 | (8,112) | 88,812 |
| Total personnel services | 211,140 | 228,413 | (17,273) | 233,054 |
| Contractual services: | | | | |
| Utilities | 20,000 | 21,271 | (1,271) | 21,940 |
| Insurance | - | 1,155 | (1,155) | - |
| Telephone and internet | - | 39 | (39) | - |
| Information technology | - | 1,688 | (1,688) | - |
| Professional services | - | 140 | (140) | - |
| Vehicle maintenance | - | 354 | (354) | - |
| Software programming and licensing | 3,000 | 2,383 | 617 | - |
| Allocated - public works labor | 5,000 | 3,667 | 1,333 | 76 |
| Travel and training | 10,000 | 3,360 | 6,640 | 2,289 |
| Total contractual services | 38,000 | 34,057 | 3,943 | 24,305 |

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> | 2020 | | | 2019 |
|--|-----------|-----------|----------------------------|-----------|
| | Budget | Actual | Variance with Budget | Actual |
| Expenditures, continued | | | | |
| Public works continued: | | | | |
| Garage, continued: | | | | |
| Commodities: | | | | |
| Materials and supplies | \$ 11,400 | \$ 13,895 | \$ (2,495) | \$ 12,576 |
| Fuel oil | 4,000 | 4,083 | (83) | 2,799 |
| Fuel and lubrication | 65,000 | 67,356 | (2,356) | 64,188 |
| Health and safety permits, inspections, and compliar | - | 584 | (584) | 462 |
| Facility repair and maintenance | 37,500 | 10,957 | 26,543 | 5,445 |
| Capital outlay | 25,000 | 26,932 | (1,932) | - |
| Expendable tools | 1,750 | 2,003 | (253) | 2,269 |
| Total commodities | 144,650 | 125,810 | 18,840 | 87,739 |
| Total garage | 393,790 | 388,280 | 5,510 | 345,098 |
| Less charges to other departments and funds | (98,181) | (122,036) | 23,855 | (131,830) |
| Net garage | 295,609 | 266,244 | 29,365 | 213,268 |
| General: | | | | |
| Personnel services: | | | | |
| Salaries | 582,100 | 508,719 | 73,381 | 546,435 |
| Overtime salaries | 33,000 | 15,716 | 17,284 | 26,455 |
| Uniform allowances | 2,600 | 880 | 1,720 | 1,819 |
| Employee benefits | 440,760 | 376,205 | 64,555 | 373,269 |
| Total personnel services | 1,058,460 | 901,520 | 156,940 | 947,978 |
| Contractual services: | | | | |
| Telephone | 16,600 | 15,301 | 1,299 | 10,170 |
| Utilities | 3,000 | - | 3,000 | 438 |
| Publications and advertising | - | 160 | (160) | 5,198 |
| Vehicle maintenance | - | 2,966 | (2,966) | 7,463 |
| Professional services | - | 115 | (115) | 19,375 |
| Insurance | 11,511 | 20,203 | (8,692) | 4,377 |
| Travel and training | 16,678 | 4,048 | 12,630 | 1,735 |
| Total contractual services | 47,789 | 42,793 | 4,996 | 48,756 |

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> | 2020 | | | 2019 |
|---|-----------|-------------|----------------------------|-----------|
| | Budget | Actual | Variance with Budget | Actual |
| Expenditures, continued | | | | |
| Public works continued: | | | | |
| General, continued: | | | | |
| Materials and supplies | \$ 14,500 | \$ (12,017) | \$ 26,517 | \$ 28,516 |
| Vehicle maintenance | 5,000 | 5,165 | (165) | - |
| Professional services | - | 279 | (279) | - |
| Capital outlay | 105,000 | 96,491 | 8,509 | - |
| Gear | 2,800 | 760 | 2,040 | 278 |
| Building repairs and maintenance | 17,000 | 11,814 | 5,186 | 11,248 |
| Total commodities | 144,300 | 102,492 | 41,808 | 40,042 |
| Total general | 1,250,549 | 1,046,805 | 203,744 | 1,036,776 |
| Less charges to other departments and funds | (543,764) | (291,155) | (252,609) | (288,348) |
| Net general | 706,785 | 755,650 | (48,865) | 748,428 |
| Streets: | | | | |
| Personnel services: | | | | |
| Salaries | - | 44,894 | (44,894) | - |
| Overtime salaries | - | 1,331 | (1,331) | - |
| Employee benefits | - | 45,306 | (45,306) | - |
| Allocated - public works labor | 80,000 | 89,356 | (9,356) | 81,709 |
| Total personnel services | 80,000 | 180,887 | (100,887) | 81,709 |
| Contractual services: | | | | |
| Street lighting | - | - | - | 6,011 |
| Rock quarry electricity | 23,000 | 25,041 | (2,041) | 21,578 |
| Allocated - public works labor | 125,000 | 99,101 | 25,899 | 93,707 |
| Sanding and snow removal | 10,000 | 2,055 | 7,945 | 4,863 |
| Total contractual services | 158,000 | 126,197 | 31,803 | 126,159 |
| Commodities: | | | | |
| Materials and supplies | 100,000 | 73,980 | 26,020 | 76,703 |
| Equipment repairs and maintenance | - | 142 | (142) | 13,705 |
| Street repairs and maintenance | - | 280 | (280) | 1,628 |
| Total commodities | 100,000 | 74,402 | 25,598 | 92,036 |
| Total streets | 338,000 | 381,486 | (43,486) | 299,904 |
| Total public works | 1,340,394 | 1,403,380 | (62,986) | 1,261,600 |
| Library: | | | | |
| Personnel services: | | | | |
| Salaries | 131,810 | 108,398 | 23,412 | - |
| Employee benefits | 78,903 | 90,513 | (11,610) | 123,796 |
| Total personnel services | 210,713 | 198,911 | 11,802 | 123,796 |

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> | 2020 | | | 2019 |
|--|----------------|----------------|----------------------------|----------------|
| | Budget | Actual | Variance with Budget | Actual |
| Expenditures, continued | | | | |
| Library, continued: | | | | |
| Contractual services: | | | | |
| Telephone and internet | \$ 4,400 | \$ 2,661 | \$ 1,739 | \$ 3,091 |
| Travel and training | 2,000 | - | 2,000 | 2,055 |
| Insurance | 2,701 | 5,145 | (2,444) | 3,233 |
| Allocated - public works labor | - | - | - | 405 |
| Utilities | 9,000 | 9,121 | (121) | 8,843 |
| Total contractual services | 18,101 | 16,927 | 1,174 | 17,627 |
| Commodities: | | | | |
| Materials and supplies | 5,000 | 5,017 | (17) | 5,714 |
| Custodian supplies | 1,000 | 414 | 586 | 654 |
| Books, subscriptions and dues | 30,000 | 24,092 | 5,908 | 20,831 |
| Library grant expenditures | 7,000 | 7,000 | - | 7,031 |
| State library grant expenditures | 6,250 | 3,225 | 3,025 | 3,500 |
| Postage | 2,000 | 494 | 1,506 | 932 |
| Building repairs and maintenance | 19,500 | 4,753 | 14,747 | 10,343 |
| Equipment repairs and maintenance | - | - | - | 5,316 |
| Computer repairs and maintenance | 10,000 | 9,822 | 178 | 9,713 |
| Total commodities | 80,750 | 54,817 | 25,933 | 64,034 |
| Total library | 309,564 | 270,655 | 38,909 | 205,457 |
| Community services: | | | | |
| Community development: | | | | |
| Personnel services - Capital outlay | - | 3,301 | (3,301) | - |
| Contractual services - Allocated public works labor | - | 3,492 | (3,492) | 1,164 |
| Contributions: | | | | |
| Senior citizens program | 11,500 | 11,500 | - | 12,212 |
| Community promotion | - | 504 | (504) | - |
| Chamber of Commerce | 23,000 | 23,000 | - | 23,000 |
| Local radio | 8,500 | 8,500 | - | 8,500 |
| Volunteer fire department | 4,000 | 4,000 | - | 4,000 |
| Total contributions | 47,000 | 47,504 | (504) | 47,712 |
| Total community development | 47,000 | 54,297 | (7,297) | 48,876 |

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> | 2020 | | | 2019 |
|---|---------------------|---------------------|----------------------------|---------------------|
| | Budget | Actual | Variance with Budget | Actual |
| Expenditures, continued | | | | |
| Community services, continued: | | | | |
| Planning and zoning: | | | | |
| Personnel services - allocated clerical | \$ 23,000 | \$ 26,816 | \$ (3,816) | \$ - |
| Contractual services - Travel and training | 1,600 | 1,579 | 21 | 1,742 |
| Commodities: | | | | |
| Materials and supplies | 930 | 1,165 | (235) | 402 |
| Publications | 1,500 | 115 | 1,385 | 843 |
| Subdivisions and surveys | - | - | - | 6,184 |
| Mapping upgrade | 4,000 | 1,321 | 2,679 | 5,995 |
| Total commodities | 6,430 | 2,601 | 3,829 | 13,424 |
| Total planning and zoning | 31,030 | 30,996 | 34 | 15,166 |
| Cemetery: | | | | |
| Personnel services - | | | | |
| allocated salaries - public works | 9,000 | 1,099 | 7,901 | 1,091 |
| Commodities - materials and supplies | 2,500 | 400 | 2,100 | 1,561 |
| Capital outlay | 50,000 | - | 50,000 | - |
| Total cemetery | 61,500 | 1,499 | 60,001 | 2,652 |
| Total community services | 139,530 | 86,792 | 52,738 | 66,694 |
| Total Expenditures | 5,992,230 | 5,380,852 | 611,378 | 5,124,309 |
| Excess of Revenues Over Expenditures | 107,417 | 1,136,715 | 1,029,298 | 907,333 |
| Other Financing Uses | | | | |
| Transfers in | 250,000 | 256,083 | 6,083 | 299,926 |
| Transfers out | (942,569) | (942,568) | 1 | (709,766) |
| Net Other Financing Uses | (692,569) | (686,485) | 6,084 | (409,840) |
| Net Change in Fund Balance | \$ (585,152) | 450,230 | \$ 1,035,382 | 497,493 |
| Fund Balance, beginning | | 7,934,333 | | 7,436,840 |
| Fund Balance, ending | | \$ 8,384,563 | | \$ 7,934,333 |

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Special Revenue Funds

Transient Tax

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

Sales Tax

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

Parks and Recreation

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

Nolan Center

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

Permanent Fund

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

Secure Rural Schools

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

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, | 2020 | | 2019 | |
|---|--------------------|-------------------|----------------------------|-------------------|
| | Budget | Actual | Variance with Budget | Actual |
| Revenues | | | | |
| Transient and excise taxes | \$ 51,000 | \$ 55,061 | \$ 4,061 | \$ 95,657 |
| Advertising and promotion | 15,000 | 5,172 | (9,828) | 879 |
| Intergovernmental | - | 63,911 | 63,911 | - |
| Investment income | 250 | - | (250) | - |
| Total Revenues | 66,250 | 124,144 | 57,894 | 96,536 |
| Expenditures - community services: | | | | |
| Travel and training | 13,000 | 10,696 | 2,304 | 9,598 |
| Materials and supplies | - | 563 | (563) | 748 |
| Telephone and internet | 1,000 | 923 | 77 | 1,134 |
| Postage | 1,500 | 299 | 1,201 | 7 |
| Promotional | 32,000 | 2,893 | 29,107 | 15,341 |
| Web hosting | 1,500 | 2,241 | (741) | 6 |
| Dues | 5,000 | 5,525 | (525) | 2,150 |
| Publications | 18,000 | 15,018 | 2,982 | 12,294 |
| Other | - | 21,311 | (21,311) | 4,542 |
| CPV expenditures | - | 88,580 | (88,580) | - |
| Total Expenditures | 72,000 | 148,049 | (76,049) | 45,820 |
| Excess of Revenues Over (Under) Expenditures | (5,750) | (23,905) | (18,155) | 50,716 |
| Other Financing Uses - transfers out | (12,000) | - | 12,000 | (13,164) |
| Net Change in Fund Balance | \$ (17,750) | (23,905) | \$ (6,155) | 37,552 |
| Fund Balance, beginning | | 394,041 | | 356,489 |
| Fund Balance, ending | | \$ 370,136 | | \$ 394,041 |

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> | 2020 | | | | | 2019 |
|---|-------------------|--------------|--------------|--------------|----------------------|--------------|
| | | Actual | | | | |
| | | Restricted | | | Variance with Budget | Actual |
| | Budget | 28% | 4% | Total | | |
| Revenues | | | | | | |
| Sales tax | \$ 2,670,000 | \$ 969,484 | \$ - | \$ 969,484 | \$ (1,700,516) | \$ 919,452 |
| Miscellaneous reimbursement | 85,000 | - | - | - | (85,000) | 55,370 |
| Investment income | 56,190 | - | - | - | (56,190) | - |
| Total Revenues | 2,811,190 | 969,484 | - | 969,484 | (1,841,706) | 974,822 |
| Expenditures | | | | | | |
| Contributions to school district | 5,000 | - | - | - | 5,000 | 583,619 |
| Street design/construction | - | - | - | - | - | 42,496 |
| Total Expenditures | 5,000 | - | - | - | 5,000 | 626,115 |
| Excess of Revenues Over (Under) Expenditures | 2,806,190 | 969,484 | - | 969,484 | (1,836,706) | 348,707 |
| Other Financing Uses | | | | | | |
| Transfers out | (2,099,250) | (14,400) | (218,114) | (232,514) | 1,866,736 | (129,025) |
| Net Change in Fund Balance | <u>\$ 706,940</u> | 955,084 | (218,114) | 736,970 | <u>\$ 30,030</u> | 219,682 |
| Fund Balance, beginning | | 969,842 | 114,940 | 1,084,782 | | 865,100 |
| Fund Balance, ending | | \$ 1,924,926 | \$ (103,174) | \$ 1,821,752 | | \$ 1,084,782 |

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

| Years Ended June 30, | | 2020 | | | | | | | | 2019 | |
|---|----------------|----------------|-----------------------|---------------|--------------|-------------------|----------------|-------------------|----------------|----------------------|----------------|
| | Budget | Swimming Pool | Recreational Activity | Parks | Swim Club | Helping our Parks | Fee Assistance | Walker Foundation | Total | Variance with Budget | Actual |
| Revenues | | | | | | | | | | | |
| User fees | \$ 77,000 | \$ 40,615 | \$ 19,397 | \$ 3,695 | \$ - | \$ - | \$ 761 | \$ - | \$ 64,468 | \$ (12,532) | \$ 87,876 |
| Investment income | 15,000 | 109,896 | - | - | - | - | - | - | 109,896 | 94,896 | 30,547 |
| Donations | 10,000 | - | - | - | - | 90 | - | - | 90 | (9,910) | 3,355 |
| Other | 91,868 | 11,683 | - | - | - | - | - | 1,000 | 12,683 | (79,185) | 33,177 |
| State PERS relief | 6,840 | 10,093 | - | - | - | - | - | - | 10,093 | 3,253 | 3,928 |
| Total Revenues | 200,708 | 172,287 | 19,397 | 3,695 | - | 90 | 761 | 1,000 | 197,230 | (3,478) | 158,883 |
| Expenditures - parks and recreation: | | | | | | | | | | | |
| Personnel services: | | | | | | | | | | | |
| Salaries | 11,400 | 70,061 | 69,610 | 680 | 3,877 | - | - | - | 144,228 | (132,828) | 147,689 |
| Casual labor | 126,442 | 59,530 | 12,751 | 26,786 | - | - | - | - | 99,067 | 27,375 | 112,934 |
| Allocated salaries - public works | - | 145 | - | - | - | - | - | - | 145 | (145) | 1,337 |
| Employee benefits | 231,773 | 67,128 | 48,505 | 2,146 | 480 | - | - | - | 118,259 | 113,514 | 89,518 |
| Total personnel services | 369,615 | 196,864 | 130,866 | 29,612 | 4,357 | - | - | - | 361,699 | 7,916 | 351,478 |
| Contractual services: | | | | | | | | | | | |
| Telephone and internet | 13,515 | 12,910 | 1,811 | - | - | - | - | - | 14,721 | (1,206) | 9,268 |
| Utilities | 123,500 | 148,201 | 7,987 | 11,017 | - | - | - | - | 167,205 | (43,705) | 106,096 |
| Professional services | - | 2,488 | - | - | - | - | - | 4,200 | 6,688 | (6,688) | - |
| Travel and training | 16,920 | 6,797 | - | - | - | - | - | - | 6,797 | 10,123 | 8,881 |
| Insurance | 5,668 | - | - | 12,528 | - | - | - | - | 12,528 | (6,860) | 8,856 |
| Total contractual services | 159,603 | 170,396 | 9,798 | 23,545 | - | - | - | 4,200 | 207,939 | (48,336) | 133,101 |

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, | 2020 | | | | | | | | | | 2019 |
|---|-------------------|-------------------|-----------------------|--------------------|-------------------|-------------------|----------------|--------------------|---------------------|----------------------|-------------------|
| | Actual | | | | | | | | | Variance with Budget | Actual |
| | Budget | Swimming Pool | Recreational Activity | Parks | Swim Club | Helping our Parks | Fee Assistance | Walker Foundation | Total | | |
| Expenditures - parks and recreation continued: | | | | | | | | | | | |
| Commodities: | | | | | | | | | | | |
| Materials and supplies | \$ 27,750 | \$ 11,263 | \$ 2,922 | \$ 6,061 | \$ - | \$ - | \$ - | \$ 8,750 | \$ 28,996 | \$ (1,246) | \$ 22,008 |
| Vehicle maintenance | 37,500 | - | - | 7,582 | - | - | - | - | 7,582 | 29,918 | 3,452 |
| Equipment | 24,000 | 20,270 | 1,908 | - | - | - | - | - | 22,178 | 1,822 | - |
| Equipment repair and maintenance | 8,000 | 735 | 198 | - | - | - | - | - | 933 | 7,067 | - |
| Chemicals | 13,200 | 14,014 | - | - | - | - | - | - | 14,014 | (814) | 11,677 |
| Health reports and permits | 3,430 | 7,127 | - | - | - | - | - | - | 7,127 | (3,697) | 4,246 |
| Publications | - | 2,017 | 369 | 504 | - | - | - | - | 2,890 | (2,890) | 1,566 |
| Capital outlay | 95,118 | - | - | - | - | - | - | 6,090 | 6,090 | 89,028 | - |
| Facility repair and maintenance | 163,001 | 15,347 | 7,373 | 11,529 | - | - | - | - | 34,249 | 128,752 | 62,370 |
| Total commodities | 371,999 | 70,773 | 12,770 | 25,676 | - | - | - | 14,840 | 124,059 | 247,940 | 105,319 |
| Total Expenditures | 901,217 | 438,033 | 153,434 | 78,833 | 4,357 | - | - | 19,040 | 693,697 | 207,520 | 589,898 |
| Excess of Revenues Under Expenditures | (700,509) | (265,746) | (134,037) | (75,138) | (4,357) | 90 | 761 | (18,040) | (496,467) | 204,042 | (431,015) |
| Other Financing Sources (Uses) | | | | | | | | | | | |
| Transfers in | 817,758 | 817,758 | - | - | - | - | - | - | 817,758 | - | 350,766 |
| Transfers out | - | - | - | - | - | - | - | - | - | - | (38,950) |
| Net Other Financing Sources (Uses) | 817,758 | 817,758 | - | - | - | - | - | - | 817,758 | - | 311,816 |
| Net Change in Fund Balance | \$ 117,249 | \$ 552,012 | \$ (134,037) | \$ (75,138) | \$ (4,357) | \$ 90 | \$ 761 | \$ (18,040) | 321,291 | \$ 204,042 | (119,199) |
| Fund Balance, beginning | | | | | | | | | 957,994 | | 1,077,193 |
| Fund Balance, ending | | | | | | | | | \$ 1,279,285 | | \$ 957,994 |

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> | 2020 | | | | | | | 2019 | |
|---|----------------|---------------|----------------|---------------|----------------|------------|----------------|-----------------|----------------|
| | | Actual | | | | | | Variance | |
| | Budget | Museum | Civic Center | Theater | Nolan Center | Barnes | Total | with Budget | Actual |
| Revenues | | | | | | | | | |
| Admissions | \$ 90,000 | \$ 23,155 | \$ - | \$ 33,510 | \$ - | \$ - | \$ 56,665 | \$ (33,335) | \$ 59,966 |
| Concessions | 50,000 | - | - | 38,310 | - | - | 38,310 | (11,690) | 47,058 |
| Museum gift store revenue | 90,000 | 60,954 | - | - | - | - | 60,954 | (29,046) | 121,189 |
| Donations and contributions | 100,000 | - | - | - | 100,000 | - | 100,000 | - | 200,000 |
| Rental revenue | 30,000 | - | 21,709 | - | - | - | 21,709 | (8,291) | 20,371 |
| Investment income | 50 | - | - | - | - | 422 | 422 | 372 | 56 |
| State PERS relief | 3,550 | - | - | - | 5,241 | - | 5,241 | 1,691 | 1,670 |
| Other grant revenue | 3,000 | 4,800 | - | - | - | - | 4,800 | 1,800 | - |
| Total Revenues | 366,600 | 88,909 | 21,709 | 71,820 | 105,241 | 422 | 288,101 | (78,499) | 450,310 |
| Expenditures - community services: | | | | | | | | | |
| Personnel services: | | | | | | | | | |
| Salaries | 79,440 | 12,727 | 108,914 | 24,563 | 1,405 | - | 147,609 | (68,169) | 107,801 |
| Casual labor | 80,000 | 22,622 | 3,519 | - | 13,180 | - | 39,321 | 40,679 | 76,246 |
| Employee benefits | - | 4,078 | 47,998 | - | - | - | 52,076 | (52,076) | 49,790 |
| Total personnel services | 159,440 | 39,427 | 160,431 | 24,563 | 14,585 | - | 239,006 | (79,566) | 233,837 |
| Contractual services: | | | | | | | | | |
| Travel and training | 5,000 | 3,696 | 350 | - | - | - | 4,046 | 954 | 2,155 |
| Building maintenance and utilities | 337,106 | 2,363 | 6,736 | - | 199,795 | - | 208,894 | 128,212 | 129,950 |
| Allocated salaries - public works | - | - | - | - | - | - | - | - | 98 |
| Credit card costs | 500 | 1,842 | - | - | 150 | - | 1,992 | (1,492) | 2,221 |
| Total contractual services | 342,606 | 7,901 | 7,086 | - | 199,945 | - | 214,932 | 127,674 | 134,424 |

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, | 2020 | | | | | | | | 2019 |
|--|--------------------|--------------------|---------------------|------------------|------------------|---------------|----------------|--------------------|----------------|
| | | Actual | | | | | | Variance | |
| | Budget | Museum | Civic Center | Theater | Nolan Center | Barnes | Total | with Budget | Actual |
| Expenditures, continued | | | | | | | | | |
| Commodities: | | | | | | | | | |
| Materials and supplies | \$ 11,000 | \$ 9,035 | \$ 5,591 | \$ - | \$ 4,740 | \$ - | \$ 19,366 | \$ (8,366) | \$ 2,122 |
| Books, subscriptions and dues | 41,500 | 46,549 | 1,678 | - | - | - | 48,227 | (6,727) | 34,829 |
| Publications and advertising | 12,500 | - | 6,795 | 2,084 | - | - | 8,879 | 3,621 | 8,206 |
| Concessions | 20,000 | - | - | 11,195 | - | - | 11,195 | 8,805 | 17,562 |
| Film costs | 30,000 | - | - | 17,245 | - | - | 17,245 | 12,755 | 20,953 |
| Postage | 300 | - | - | - | 492 | - | 492 | (192) | 282 |
| Insurance on loaned artifacts | - | - | - | - | - | - | - | - | 200 |
| Total commodities | 115,300 | 55,584 | 14,064 | 30,524 | 5,232 | - | 105,404 | 9,896 | 84,154 |
| Total Expenditures | 617,346 | 102,912 | 181,581 | 55,087 | 219,762 | - | 559,342 | 58,004 | 452,415 |
| Excess of Revenues | | | | | | | | | |
| Over (Under) Expenditures | (250,746) | (14,003) | (159,872) | 16,733 | (114,521) | 422 | (271,241) | (20,495) | (2,105) |
| Other Financing Sources - transfers in | 168,211 | - | - | - | 168,210 | - | 168,210 | (1) | 13,164 |
| Net Change in Fund Balance | <u>\$ (82,535)</u> | <u>\$ (14,003)</u> | <u>\$ (159,872)</u> | <u>\$ 16,733</u> | <u>\$ 53,689</u> | <u>\$ 422</u> | (103,031) | <u>\$ (20,496)</u> | 11,059 |
| Fund Balance, beginning | | | | | | | <u>203,367</u> | | <u>192,308</u> |
| Fund Balance, ending | | | | | | | \$ 100,336 | | \$ 203,367 |

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> | 2020 | | | 2019 |
|---|------------------|---------------------|----------------------------|---------------------|
| | Budget | Actual | Variance with Budget | Actual |
| Revenues | | | | |
| Investment income | \$ 250,000 | \$ 190,219 | \$ (59,781) | \$ 378,437 |
| Lease revenue | 16,440 | - | (16,440) | 16,440 |
| Total Revenues | 266,440 | 190,219 | (76,221) | 394,877 |
| Expenditures - general government - contractual services | - | 13,255 | (13,255) | - |
| Excess of Revenues Over Expenditures | 266,440 | 176,964 | (89,476) | 394,877 |
| Other Financing Uses - transfers out | (250,000) | (250,000) | - | (250,000) |
| Net Change in Fund Balance | <u>\$ 16,440</u> | (73,036) | <u>\$ (89,476)</u> | 144,877 |
| Fund Balance, beginning | | <u>8,019,389</u> | | <u>7,874,512</u> |
| Fund Balance, ending | | <u>\$ 7,946,353</u> | | <u>\$ 8,019,389</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> | 2020 | | | 2019 |
|--|-----------------------|---------------------|----------------------------|---------------------|
| | Budget | Actual | Variance with Budget | Actual |
| Revenues | | | | |
| Intergovernmental - national forest receipts | \$ - | \$ 883,647 | \$ 883,647 | \$ 986,580 |
| Investment income | 15,000 | - | (15,000) | - |
| Total Revenues | 15,000 | 883,647 | 868,647 | 986,580 |
| Expenditures - education - contributions to school district | 1,400,000 | 1,300,000 | 100,000 | 848,488 |
| Excess of Revenues Over (Under) Expenditures | (1,385,000) | (416,353) | 968,647 | 138,092 |
| Other Financing Uses - transfers out | (65,000) | (6,083) | 58,917 | (49,926) |
| Net Change in Fund Balance | <u>\$ (1,450,000)</u> | (422,436) | <u>\$1,027,564</u> | 88,166 |
| Fund Balance, beginning | | <u>3,358,864</u> | | <u>3,270,698</u> |
| Fund Balance, ending | | <u>\$ 2,936,428</u> | | <u>\$ 3,358,864</u> |

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

Years Ended June 30, 2020

Revenues -

| | |
|-------------------|------------|
| Intergovernmental | \$ 834,216 |
|-------------------|------------|

Expenditures

General government:

Administration:

| | |
|--------------------|--------|
| Personnel services | 56,075 |
|--------------------|--------|

| | |
|----------------------|--------|
| Contractual services | 16,265 |
|----------------------|--------|

| | |
|----------------------|--------|
| Total administration | 72,340 |
|----------------------|--------|

Finance:

| | |
|----------------------|--------|
| Contractual services | 12,464 |
|----------------------|--------|

| | |
|------------------------|-----|
| Materials and supplies | 459 |
|------------------------|-----|

| | |
|---------------|--------|
| Total finance | 12,923 |
|---------------|--------|

| | |
|---|--------|
| Clerk and assembly - personnel services | 24,970 |
|---|--------|

| | |
|--------------------------|---------|
| Total general government | 110,233 |
|--------------------------|---------|

Public safety:

Fire department:

| | |
|--------------------|--------|
| Personnel services | 88,488 |
|--------------------|--------|

| | |
|----------------------|-----|
| Contractual services | 427 |
|----------------------|-----|

| | |
|------------------------|-------|
| Materials and supplies | 8,373 |
|------------------------|-------|

| | |
|-----------------------|--------|
| Total fire department | 97,288 |
|-----------------------|--------|

Pandemic response:

| | |
|----------------------|--------|
| Contractual services | 16,819 |
|----------------------|--------|

| | |
|------------------------|---------|
| Materials and supplies | 229,375 |
|------------------------|---------|

| | |
|-------------------------|---------|
| Total pandemic response | 246,194 |
|-------------------------|---------|

| | |
|--|---------|
| Police department - personnel services | 232,081 |
|--|---------|

| | |
|--|--------|
| Corrects and dispatch - personnel services | 92,465 |
|--|--------|

| | |
|---------------------|---------|
| Total public safety | 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

Years Ended June 30, 2020

| | | |
|---|-----------|----------------|
| Public works: | | |
| Capital facilities: | | |
| Personnel services | \$ | 11,905 |
| Contractual services | | 2,477 |
| Materials and supplies | | 4,237 |
| Total capital facilities | | 18,619 |
| General - personnel services | | 6,500 |
| Streets - personnel services | | 1,494 |
| Total public works | | 26,613 |
| Community service: | | |
| Theater: | | |
| Personnel services | | 2,477 |
| Materials and supplies | | 141 |
| Total theater | | 2,618 |
| Museum: | | |
| Personnel services | | 3,288 |
| Materials and supplies | | 653 |
| Total museum | | 3,941 |
| Total community service | | 6,559 |
| Parks and recreation - general - personnel services | | 22,783 |
| Total Expenditures | | 834,216 |
| Net Change in Fund Balance | | - |
| Fund Balance, beginning | | - |
| Fund Balance, ending | \$ | - |

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Debt Service Fund

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

City and Borough of Wrangell, Alaska

Debt Service Fund

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

| <i>Years Ended June 30,</i> | 2020 | | 2019 | |
|---|-------------|-----------------|----------------------------|-----------------|
| | Budget | Actual | Variance with Budget | Actual |
| Revenues | | | | |
| Intergovernmental - State of Alaska | \$ - | \$ 79,136 | \$ 79,136 | \$ 169,706 |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal | 250,000 | 250,000 | - | 240,000 |
| Interest | 18,250 | 18,250 | - | 28,050 |
| Total Expenditures | 268,250 | 268,250 | - | 268,050 |
| Excess of Revenues Over (Under) Expenditures | (268,250) | (189,114) | 79,136 | (98,344) |
| Other Financing Sources | | | | |
| Transfers in | 268,250 | 189,114 | (79,136) | 100,025 |
| Net Change in Fund Balance | <u>\$ -</u> | - | <u>\$ -</u> | 1,681 |
| Fund Balance, beginning | | <u>1,681</u> | | <u>-</u> |
| Fund Balance, ending | | <u>\$ 1,681</u> | | <u>\$ 1,681</u> |

Capital Project Funds

Residential Construction

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

Industrial Construction

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

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

Exhibit J-1

Capital Project Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances

| <i>Year Ended June 30, 2020</i> | Residential Construc- tion | Industrial Construc- tion | Economic Recovery | Misc- ellaneous | Totals |
|---|----------------------------------|---------------------------------|----------------------|--------------------|--------------|
| Revenues | | | | | |
| Land sales and improvements | \$ 38,008 | \$ - | \$ - | \$ - | \$ 38,008 |
| Investment income | 323 | 1,323 | - | - | 1,646 |
| Total Revenues | 38,331 | 1,323 | - | - | 39,654 |
| Expenditures | | | | | |
| Capital outlay: | | | | | |
| Miscellaneous capital projects | 750 | - | - | - | 750 |
| Compliance testing and other | - | 12,119 | - | - | 12,119 |
| General government - professional services | - | - | - | 4,086 | 4,086 |
| Total Expenditures | 750 | 12,119 | - | 4,086 | 16,955 |
| Net Change in Fund Balances | 37,581 | (10,796) | - | (4,086) | 22,699 |
| Fund Balances, beginning | 76,636 | 345,363 | 1,353,445 | 880,227 | 2,655,671 |
| Fund Balances, ending | \$ 114,217 | \$ 334,567 | \$ 1,353,445 | \$ 876,141 | \$ 2,678,370 |

Enterprise Funds

Electric Utility

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

Water Utility

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

Sewer Utility

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

Sanitation Utility

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

Port

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

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 3,532,008 | \$ 4,089,796 |
| Receivables: | | |
| Accounts | 280,366 | 284,073 |
| Less allowance for doubtful accounts | (32,026) | (16,381) |
| Net receivables | 248,340 | 267,692 |
| Inventories | 171,085 | 170,344 |
| Total Current Assets | 3,951,433 | 4,527,832 |
| Noncurrent Assets | | |
| Net other postemployment benefits asset | 4,803 | - |
| Capital assets: | | |
| Land | 10,900 | 10,900 |
| Buildings | 653,480 | 516,839 |
| Improvements other than buildings | 2,297,735 | 2,297,735 |
| Equipment | 4,255,068 | 4,255,068 |
| Construction in progress | 430,280 | 42,660 |
| Total capital assets | 7,647,463 | 7,123,202 |
| Less accumulated depreciation | (6,053,433) | (5,749,031) |
| Net capital assets | 1,594,030 | 1,374,171 |
| Total Noncurrent Assets | 1,598,833 | 1,374,171 |
| Total Assets | 5,550,266 | 5,902,003 |
| Deferred Outflows of Resources | | |
| Related to pensions | 137,050 | 150,679 |
| Related to other postemployment benefits | 64,787 | 60,994 |
| Total Deferred Outflows of Resources | 201,837 | 211,673 |
| Total Assets and Deferred Outflows of Resources | \$ 5,752,103 | \$ 6,113,676 |

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

| <i>June 30,</i> | 2020 | 2019 |
|---|--------------|--------------|
| Liabilities, Deferred Inflows of Resources, and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 350,024 | \$ 575,681 |
| Accrued leave | 52,142 | 56,456 |
| Customer utility deposits | 76,920 | 70,918 |
| Total Current Liabilities | 479,086 | 703,055 |
| Long-term Liabilities | | |
| Net pension liability | 956,072 | 916,429 |
| Net other postemployment benefits liability | 23,164 | 147,864 |
| Total Long-term Liabilities | 979,236 | 1,064,293 |
| Total Liabilities | 1,458,322 | 1,767,348 |
| Deferred Inflows of Resources | | |
| Related to pensions | 18,869 | 18,051 |
| Related to other postemployment benefits | 24,718 | 53,975 |
| Total Deferred Inflows of Resources | 43,587 | 72,026 |
| Net Position | | |
| Net investment in capital assets | 1,594,030 | 1,374,171 |
| Unrestricted | 2,656,164 | 2,900,131 |
| Total Net Position | 4,250,194 | 4,274,302 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 5,752,103 | \$ 6,113,676 |

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> | 2020 | 2019 |
|---|---------------------|---------------------|
| Operating Revenues | | |
| Residential | \$ 1,739,707 | \$ 1,606,454 |
| Commercial | 2,153,108 | 2,164,808 |
| Fuel surcharge | 65,689 | 42,187 |
| Labor charges | - | 325 |
| Other | 19,882 | 13,776 |
| Total Operating Revenues | 3,978,386 | 3,827,550 |
| Operating Expenses | | |
| Generation | 2,946,552 | 2,877,878 |
| Distribution | 531,759 | 572,291 |
| General and administrative | 302,281 | 239,259 |
| Depreciation | 304,402 | 282,223 |
| Total Operating Expenses | 4,084,994 | 3,971,651 |
| Loss from Operations | (106,608) | (144,101) |
| Nonoperating Revenues (Expenses) | | |
| Equipment and pole rental | 45,155 | 85,829 |
| Late fees | 8,841 | 14,103 |
| Material sales | 2,516 | 1,359 |
| Interest expense | (15,661) | (24,885) |
| State PERS relief | 41,649 | 46,728 |
| SEAPA dividend | - | 172,014 |
| Net Nonoperating Revenues | 82,500 | 295,148 |
| Change in Net Position | (24,108) | 151,047 |
| Net Position, beginning | 4,274,302 | 4,123,255 |
| Net Position, ending | \$ 4,250,194 | \$ 4,274,302 |

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund

Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|--|---------------------|---------------------|
| Cash Flows from (for) Operating Activities | | |
| Receipts from customers and users | \$ 4,060,252 | \$ 4,070,037 |
| Payments for interfund services used | (238,594) | (185,300) |
| Payments to suppliers | (3,016,261) | (2,454,198) |
| Payments to employees | (823,263) | (640,048) |
| Net cash flows provided by (used for) operating activities | (17,866) | 790,491 |
| Cash Flows for Capital and Related Financing Activities | | |
| Purchase of property, plant and equipment | (524,261) | (183,742) |
| Interest paid on long-term debt | (15,661) | - |
| Net cash flows used for capital and related financing activities | (539,922) | (183,742) |
| Net Increase (Decrease) in Cash and Investments | (557,788) | 606,749 |
| Cash and Investments, beginning | 4,089,796 | 3,483,047 |
| Cash and Investments, ending | \$ 3,532,008 | \$ 4,089,796 |
| Reconciliation of Loss from Operations to Net Cash | | |
| Flows from Operating Activities | | |
| Loss from operations | \$ (106,608) | \$ (144,101) |
| Adjustments to reconcile loss from operations to net cash flows provided by (used for) operating activities: | | |
| Depreciation | 304,402 | 282,223 |
| Noncash expense - PERS relief | 41,649 | 46,728 |
| Increase (decrease) in allowance for doubtful accounts | 15,645 | 15,125 |
| Miscellaneous nonoperating revenues | 56,512 | 248,420 |
| (Increase) decrease in assets: | | |
| Accounts receivable | 3,707 | 19,834 |
| Inventories | (741) | 2,133 |
| Net other postemployment benefits asset | (4,803) | - |
| (Increase) decrease in deferred outflows of resources: | | |
| Related to pensions | 13,629 | (28,002) |
| Related to other postemployment benefits | (3,793) | (41,228) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (225,657) | 365,768 |
| Accrued leave | (4,314) | 44,393 |
| Customer utility deposits | 6,002 | (25,767) |
| Net pension liability | 39,643 | 35,640 |
| Net other postemployment benefits liability | (124,700) | 37,960 |
| Increase (decrease) in deferred inflows of resources: | | |
| Related to pensions | 818 | (68,488) |
| Related to other postemployment benefits | (29,257) | (147) |
| Net Cash Flows provided by (used for) Operating Activities | \$ (17,866) | \$ 790,491 |

City and Borough of Wrangell, Alaska

Exhibit K-4

Electric Utility Enterprise Fund Schedule of Operating Expenses

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|---|---------------------|---------------------|
| Generation | | |
| Salaries | \$ 214,499 | \$ 170,529 |
| Overtime salaries | 9,405 | 7,425 |
| Employee benefits | 74,979 | 5,005 |
| Telephone | 6,045 | 5,921 |
| Utilities | 2,280 | 2,280 |
| Travel and training | 2,623 | 5,254 |
| Materials and supplies | 21,631 | 4,354 |
| Gas and oil | 129,602 | 630,628 |
| Diesel fuel | 18,853 | 16,381 |
| Tyee hydro power purchases | 2,429,842 | 1,927,734 |
| Repairs and maintenance | 16,024 | 35,142 |
| Allocated vehicle charges - garage | - | 19,162 |
| O.S.H.A. requirements | 20,769 | 48,063 |
| Total Generation | 2,946,552 | 2,877,878 |
| Distribution | | |
| Salaries | 265,291 | 293,758 |
| Overtime salaries | 7,765 | 20,021 |
| Employee benefits | 180,196 | 170,166 |
| Telephone | 610 | - |
| Allocated salaries - public works | 1,173 | 441 |
| Utilities | 1,017 | 1,017 |
| Travel and training | 200 | 9,722 |
| Materials and supplies | 16,946 | 29,548 |
| Meters | 12,545 | 4,763 |
| Repairs and maintenance | 30,362 | 19,594 |
| Transformers | 3,521 | 285 |
| Allocated vehicle charges - garage | 12,133 | 22,976 |
| Total Distribution | 531,759 | 572,291 |
| General and Administrative | | |
| Allocated overhead - finance | 224,947 | 82,556 |
| Allocated salaries - public works | 341 | 60,165 |
| Professional services | 23,229 | 13,940 |
| Travel and training | 8,055 | - |
| Insurance | 45,754 | 25,717 |
| Credit card expense | (45) | 41,756 |
| Bad debt expense | - | 15,125 |
| Total General and Administrative | 302,281 | 239,259 |
| Depreciation | 304,402 | 282,223 |
| Total Operating Expenses | \$ 4,084,994 | \$ 3,971,651 |

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 821,028 | \$ 784,140 |
| Receivables: | | |
| Accounts | 68,374 | 40,716 |
| Accrued interest | 5 | 5 |
| Total receivables | 68,379 | 40,721 |
| Total Current Assets | 889,407 | 824,861 |
| Noncurrent Assets | | |
| Net other postemployment benefits asset | 792 | - |
| Capital assets: | | |
| Buildings | 5,128,436 | 5,128,436 |
| Improvements other than buildings | 11,956,632 | 11,862,986 |
| Equipment | 145,024 | 145,024 |
| Construction in progress | 55,401 | 55,401 |
| Total capital assets | 17,285,493 | 17,191,847 |
| Less accumulated depreciation | (13,009,186) | (12,362,971) |
| Net capital assets | 4,276,307 | 4,828,876 |
| Total Noncurrent Assets | 4,277,099 | 4,828,876 |
| Total Assets | 5,166,506 | 5,653,737 |
| Deferred Outflows of Resources | | |
| Related to pensions | 21,800 | 24,049 |
| Related to other postemployment benefits | 11,673 | 11,047 |
| Total Deferred Outflows of Resources | 33,473 | 35,096 |
| Total Assets and Deferred Outflows of Resources | \$ 5,199,979 | \$ 5,688,833 |

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Statement of Net Position, continued

| <i>June 30,</i> | 2020 | 2019 |
|---|---------------------|---------------------|
| Liabilities, Deferred Inflows of Resources, and Net Position | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 18,997 | \$ 4,384 |
| Accrued leave | 20,068 | 19,831 |
| Customer utility deposits | 9,220 | 8,295 |
| Accrued interest payable | 2,507 | 2,507 |
| Current portion - ADEC loan | 2,550 | 2,513 |
| Total Current Liabilities | 53,342 | 37,530 |
| Long-term Liabilities | | |
| ADEC loan, net of current portion | 49,358 | 52,253 |
| Net pension liability | 156,162 | 149,620 |
| Net other postemployment benefits liability | 6,717 | 27,296 |
| Total Long-term Liabilities | 212,237 | 229,169 |
| Total Liabilities | 265,579 | 266,699 |
| Deferred Inflows of Resources | | |
| Related to pensions | 3,795 | 3,660 |
| Related to other postemployment benefits | 5,253 | 10,081 |
| Total Deferred Inflows of Resources | 9,048 | 13,741 |
| Net Position | | |
| Net investment in capital assets | 4,224,399 | 4,774,110 |
| Unrestricted | 700,953 | 634,283 |
| Total Net Position | 4,925,352 | 5,408,393 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 5,199,979 | \$ 5,688,833 |

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> | 2020 | 2019 |
|---|---------------------|---------------------|
| Operating Revenues | | |
| Water sales | \$ 708,360 | \$ 696,617 |
| Operating Expenses | | |
| Salaries | 158,651 | 117,319 |
| Overtime salaries | 14,504 | 19,084 |
| Employee benefits | 70,307 | 52,496 |
| Allocated salaries - public works | 46,523 | 73,888 |
| Allocated overhead - finance | 23,004 | 26,944 |
| Telephone | 3,175 | 1,628 |
| Travel and training | 2,450 | 2,396 |
| Materials and supplies | 30,674 | 26,970 |
| Chlorination - electricity | 125,808 | 147,354 |
| Repairs and maintenance | 67,800 | 131,364 |
| Allocated vehicle charges - garage | 1,131 | - |
| Professional services | 1,144 | 3,750 |
| Insurance | 6,714 | 3,262 |
| Credit card expense | - | 7,333 |
| Depreciation | 646,215 | 635,103 |
| Total Operating Expenses | 1,198,100 | 1,248,891 |
| Loss from Operations | (489,740) | (552,274) |
| Nonoperating Revenues (Expenses) | | |
| Investment income | 124 | 211 |
| Material sales | 294 | 721 |
| Interest expense | (592) | (14,627) |
| Noncapital grant revenue | - | 31,176 |
| ADEC loan subsidy | - | 171,723 |
| State PERS relief | 6,873 | 3,290 |
| Net Nonoperating Revenues | 6,699 | 192,494 |
| Change in Net Position | (483,041) | (359,780) |
| Net Position, beginning | 5,408,393 | 5,768,173 |
| Net Position, ending | \$ 4,925,352 | \$ 5,408,393 |

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers and users | \$ 681,921 | \$ 725,102 |
| Payments for interfund services used | (70,658) | (100,832) |
| Payments to suppliers | (223,152) | (321,404) |
| Payments to employees | (254,251) | (194,538) |
| Net cash flows provided by operating activities | 133,860 | 108,328 |
| Cash Flows for Capital and Related Financing Activities | | |
| Purchase of property, plant and equipment | (93,646) | (38,967) |
| Principal payments on revenue bonds | - | (5,807) |
| Principal payments on loan | (2,858) | (207,294) |
| Interest payments on loan | (592) | (14,627) |
| Net cash flows used for capital and related financing activities | (97,096) | (266,695) |
| Cash Flows from Investing Activities | | |
| Investment income received | 124 | 237 |
| Net Increase (Decrease) in Cash and Investments | 36,888 | (158,130) |
| Cash and Investments, beginning | 784,140 | 942,270 |
| Cash and Investments, ending | \$ 821,028 | \$ 784,140 |

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund

Statement of Cash Flows, continued

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|---|-------------------|-------------------|
| Reconciliation of Loss from Operations to Net Cash | | |
| Flows provided by Operating Activities | | |
| Loss from operations | \$ (489,740) | \$ (552,274) |
| Adjustments to reconcile loss from operations to net cash flows provided by operating activities: | | |
| Depreciation | 646,215 | 635,103 |
| Noncash expense - PERS relief | 6,873 | 3,290 |
| Miscellaneous nonoperating revenues | 294 | 31,897 |
| Increase in assets: | | |
| Accounts receivable | (27,658) | (887) |
| Net other postemployment benefits asset | (792) | - |
| (Increase) decrease in deferred outflows of resources: | | |
| Related to pensions | 2,249 | (4,996) |
| Related to other postemployment benefits | (626) | (7,356) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 14,613 | 2,653 |
| Accrued leave | 237 | 2,536 |
| Customer utility deposits | 925 | (2,525) |
| Net pension liability | 6,542 | 6,359 |
| Net other postemployment benefits liability | (20,579) | 6,773 |
| Increase (decrease) in deferred inflows of resources: | | |
| Related to pensions | 135 | (12,219) |
| Related to other postemployment benefits | (4,828) | (26) |
| Net Cash Flows provided by Operating Activities | \$ 133,860 | \$ 108,328 |
| Supplemental disclosure of cash flow information - | | |
| Principal forgiveness on long-term debt | \$ - | \$ 171,723 |

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund

Statement of Net Position

| <i>June 30,</i> | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 951,342 | \$ 806,340 |
| Receivables: | | |
| Accounts | 61,716 | 35,041 |
| Accrued interest | 7 | 6 |
| Total receivables | 61,723 | 35,047 |
| Total Current Assets | 1,013,065 | 841,387 |
| Noncurrent Assets | | |
| Bond redemption reserve | 75,312 | 74,874 |
| Net other postemployment benefits asset | 1,383 | - |
| Capital assets: | | |
| Buildings | 2,233,579 | 2,233,579 |
| Improvements other than buildings | 10,122,946 | 10,122,946 |
| Equipment | 195,001 | 195,001 |
| Total capital assets | 12,551,526 | 12,551,526 |
| Less accumulated depreciation | (9,870,768) | (9,611,208) |
| Net capital assets | 2,680,758 | 2,940,318 |
| Total Noncurrent Assets | 2,757,453 | 3,015,192 |
| Total Assets | 3,770,518 | 3,856,579 |
| Deferred Outflows of Resources | | |
| Related to pensions | 30,233 | 34,158 |
| Related to other postemployment benefits | 20,024 | 18,932 |
| Total Deferred Outflows of Resources | 50,257 | 53,090 |
| Total Assets and Deferred Outflows of Resources | \$ 3,820,775 | \$ 3,909,669 |

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

| June 30, | 2020 | 2019 |
|---|---------------------|---------------------|
| Liabilities, Deferred Inflows of Resources, and Net Position | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 41,760 | \$ 51,111 |
| Accrued leave | 23,857 | 21,591 |
| Accrued interest payable | 1,687 | 1,687 |
| Current portion - USDA Rural Development loan | 1,651 | 1,621 |
| Total Current Liabilities | 68,955 | 76,010 |
| Long-term Liabilities | | |
| USDA Rural Development loan, net of current portion | 83,787 | 85,448 |
| Net pension liability | 230,870 | 219,453 |
| Net other postemployment benefits liability | 11,518 | 47,431 |
| Total Long-term Liabilities | 326,175 | 352,332 |
| Total Liabilities | 395,130 | 428,342 |
| Deferred Inflows of Resources | | |
| Related to pensions | 6,788 | 6,552 |
| Related to other postemployment benefits | 9,234 | 17,660 |
| Total Deferred Inflows of Resources | 16,022 | 24,212 |
| Net Position | | |
| Net investment in capital assets | 2,595,320 | 2,853,249 |
| Unrestricted | 814,303 | 603,866 |
| Total Net Position | 3,409,623 | 3,457,115 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 3,820,775 | \$ 3,909,669 |

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> | 2020 | 2019 |
|---|---------------------|---------------------|
| Operating Revenues | | |
| Sewer charges | \$ 595,479 | \$ 595,976 |
| Labor charges | - | 1,500 |
| Total Operating Revenues | 595,479 | 597,476 |
| Operating Expenses | | |
| Collection and treatment | 367,495 | 317,557 |
| General and administrative | 26,732 | 39,920 |
| Depreciation | 259,560 | 274,357 |
| Total Operating Expenses | 653,787 | 631,834 |
| Loss from Operations | (58,308) | (34,358) |
| Nonoperating Revenues (Expenses) | | |
| Material sales | - | 42 |
| Investment income | 437 | 209 |
| State PERS relief | 11,994 | 2,165 |
| Interest expense | (1,615) | (1,655) |
| Net Nonoperating Revenues | 10,816 | 761 |
| Change in Net Position | (47,492) | (33,597) |
| Net Position, beginning | 3,457,115 | 3,490,712 |
| Net Position, ending | \$ 3,409,623 | \$ 3,457,115 |

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City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|--|---------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers and users | \$ 568,804 | \$ 600,365 |
| Payments for interfund services used | (25,492) | (47,924) |
| Payments to suppliers | (175,960) | (183,767) |
| Payments to employees | (219,102) | (182,100) |
| Net cash flows provided by operating activities | 148,250 | 186,574 |
| Cash Flows for Capital and Related Financing Activities | | |
| Principal payments on USDA Rural Development loan | (1,631) | (1,591) |
| Interest payments on long-term debt | (1,615) | (1,655) |
| Net cash flows used for capital and related financing activities | (3,246) | (3,246) |
| Cash Flows from Investing Activities | | |
| Investment income received | 436 | 209 |
| Net Increase in Cash and Investments | 145,440 | 183,537 |
| Cash and Investments, beginning | 881,214 | 697,677 |
| Cash and Investments, ending | \$ 1,026,654 | \$ 881,214 |
| Reconciliation of Cash and Investments to Statement of Net Position | | |
| Cash and investments | \$ 951,342 | \$ 806,340 |
| Restricted cash and investments | 75,312 | 74,874 |
| Total Cash and Investments | \$ 1,026,654 | \$ 881,214 |

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Statement of Cash Flows, continued

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|---|-------------------|-------------------|
| Reconciliation of Loss from Operations to Net Cash | | |
| Flows from Operating Activities | | |
| Loss from operations | \$ (58,308) | \$ (34,358) |
| Adjustments to reconcile loss from operations to net cash flows from operating activities: | | |
| Depreciation | 259,560 | 274,357 |
| Noncash expense - PERS relief | 11,994 | 2,165 |
| Miscellaneous nonoperating revenues | - | 42 |
| (Increase) decrease in assets: | | |
| Accounts receivable | (26,675) | 2,847 |
| Net other postemployment benefits asset | (1,383) | - |
| (Increase) decrease in deferred outflows of resources: | | |
| Related to pensions | 3,925 | (8,466) |
| Related to other postemployment benefits | (1,092) | (12,466) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (9,351) | (45,408) |
| Accrued leave | 2,266 | 6,360 |
| Net pension liability | 11,417 | 10,776 |
| Net other postemployment benefits liability | (35,913) | 11,478 |
| Increase (decrease) in deferred inflows of resources: | | |
| Related to pensions | 236 | (20,708) |
| Related to other postemployment benefits | (8,426) | (45) |
| Net Cash Flows from Operating Activities | \$ 148,250 | \$ 186,574 |

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Schedule of Operating Expenses

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|---|-------------------|-------------------|
| Collection and Treatment | | |
| Salaries | \$ 144,466 | \$ 119,863 |
| Overtime salaries | 4,744 | 9,850 |
| Employee benefits | 52,916 | 41,481 |
| Allocated salaries - public works | (2,202) | 19,187 |
| Telephone | 3,465 | 6,378 |
| Utilities | 56,948 | 53,868 |
| Travel and training | 392 | 2,538 |
| Materials and supplies | 16,701 | 8,384 |
| Fuel oil | - | 200 |
| Facilities repairs and maintenance | 4,761 | 7,680 |
| Systems repairs and maintenance | 62,834 | 23,798 |
| Allocated vehicle charges - garage | 6,694 | 4,659 |
| Compliance testing | 15,776 | 19,671 |
| Total Collection and Treatment | 367,495 | 317,557 |
| General and Administrative | | |
| Allocated overhead - finance | 21,000 | 24,078 |
| Professional services | - | 5,800 |
| Insurance | 5,732 | 3,491 |
| Repairs and maintenance | - | 237 |
| Credit card expense | - | 6,314 |
| Total General and Administrative | 26,732 | 39,920 |
| Depreciation | 259,560 | 274,357 |
| Total Operating Expenses | \$ 653,787 | \$ 631,834 |

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund
Statement of Net Position

| June 30, | 2020 | 2019 |
|---|-------------------|-------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 252,870 | \$ 209,485 |
| Accounts receivable | 49,462 | 40,590 |
| Total Current Assets | 302,332 | 250,075 |
| Noncurrent Assets | | |
| Net other postemployment benefits asset | 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 | (1,080,451) | (1,004,319) |
| Net capital assets | 454,588 | 530,720 |
| Total Noncurrent Assets | 455,591 | 530,720 |
| Total Assets | 757,923 | 780,795 |
| Deferred Outflows of Resources | | |
| Related to pensions | 21,075 | 23,923 |
| Related to other postemployment benefits | 14,435 | 13,643 |
| Total Deferred Outflows of Resources | 35,510 | 37,566 |
| Total Assets and Deferred Outflows of Resources | \$ 793,433 | \$ 818,361 |
| Liabilities, Deferred Inflows of Resources, and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 30,173 | \$ 20,285 |
| Accrued leave | 8,751 | 7,285 |
| Total Current Liabilities | 38,924 | 27,570 |
| Long-term Liabilities | | |
| Net pension liability | 163,376 | 155,093 |
| Net other postemployment benefits liability | 8,391 | 34,445 |
| Total Long-term Liabilities | 171,767 | 189,538 |
| Total Liabilities | 210,691 | 217,108 |
| Deferred Inflows of Resources | | |
| Related to pensions | 5,163 | 4,992 |
| Related to other postemployment benefits | 6,770 | 12,883 |
| Total Deferred Inflows of Resources | 11,933 | 17,875 |
| Net Position | | |
| Net investment in capital assets | 454,588 | 530,720 |
| Unrestricted | 116,221 | 52,658 |
| Total Net Position | 570,809 | 583,378 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 793,433 | \$ 818,361 |

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> | 2020 | 2019 |
|--------------------------------------|------------|------------|
| Operating Revenues | | |
| User fees | \$ 626,355 | \$ 634,601 |
| Operating Expenses | | |
| Collection | 125,450 | 105,975 |
| Landfill | 431,021 | 374,504 |
| General and administrative | 15,023 | 17,798 |
| Depreciation | 76,132 | 76,132 |
| Total Operating Expenses | 647,626 | 574,409 |
| Income (Loss) from Operations | (21,271) | 60,192 |
| Nonoperating Revenues | | |
| State PERS relief | 8,702 | (840) |
| Change in Net Position | (12,569) | 59,352 |
| Net Position, beginning | 583,378 | 524,026 |
| Net Position, ending | \$ 570,809 | \$ 583,378 |

City and Borough of Wrangell, Alaska

Exhibit K-14

Sanitation Utility Enterprise Fund Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|--|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers and users | \$ 617,483 | \$ 627,019 |
| Payments for interfund services used | (55,127) | (51,517) |
| Payments to suppliers | (314,273) | (282,280) |
| Payments to employees | (204,698) | (180,623) |
| Net cash provided by operating activities | 43,385 | 112,599 |
| Net Increase in Cash and Investments | 43,385 | 112,599 |
| Cash and Investments, beginning | 209,485 | 96,886 |
| Cash and Investments, ending | \$ 252,870 | \$ 209,485 |
| Reconciliation of Income (Loss) from Operations to Net Cash | | |
| Flows from Operating Activities | | |
| Income (loss) from operations | \$ (21,271) | \$ 60,192 |
| Adjustments to reconcile income (loss) from operations to net cash flows provided by operating activities: | | |
| Depreciation | 76,132 | 76,132 |
| Noncash expense - PERS relief | 8,702 | (840) |
| Increase in assets: | | |
| Accounts receivable | (8,872) | (7,582) |
| Net other postemployment benefits asset | (1,003) | - |
| (Increase) decrease in deferred outflows of resources: | | |
| Related to pensions | 2,848 | (6,062) |
| Related to other postemployment benefits | (792) | (8,927) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 9,888 | (2,390) |
| Accrued leave | 1,466 | 1,001 |
| Net pension liability | 8,283 | 7,717 |
| Net other postemployment benefits liability | (26,054) | 8,219 |
| Increase (decrease) in deferred inflows of resources: | | |
| Related to pensions | 171 | (14,829) |
| Related to other postemployment benefits | (6,113) | (32) |
| Net Cash Flows provided by Operating Activities | \$ 43,385 | \$ 112,599 |

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund

Schedule of Operating Expenses

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|---|-------------------|-------------------|
| Collection | | |
| Salaries | \$ 60,710 | \$ 49,298 |
| Overtime salaries | 974 | 972 |
| Employee benefits | 31,121 | 19,534 |
| Allocated salaries - public works | 1,169 | 2,964 |
| Materials and supplies | 2,310 | 4,986 |
| Allocated vehicle charges - garage | 29,166 | 28,221 |
| Total Collection | 125,450 | 105,975 |
| Landfill | | |
| Salaries | 50,536 | 51,474 |
| Overtime salaries | 7,231 | 3,721 |
| Employee benefits | 41,634 | 41,871 |
| Allocated salaries - public works | 10,701 | 7,912 |
| Telephone | 1,239 | 1,355 |
| Utilities | 6,866 | 8,665 |
| Travel and training | - | 865 |
| Monitoring and testing | - | 527 |
| Disposal costs | 271,837 | 226,520 |
| Hazardous waste | 19,401 | 11,746 |
| Materials and supplies | 6,735 | 3,025 |
| Repairs and maintenance | 7,768 | 11,209 |
| Professional services | 880 | 1,300 |
| Allocated vehicle charges - garage | 6,193 | 4,165 |
| Equipment rental | - | 149 |
| Total Landfill | 431,021 | 374,504 |
| General and Administrative | | |
| Allocated overhead - finance | 7,898 | 8,255 |
| Insurance | 7,125 | 3,414 |
| Credit card expense | - | 6,129 |
| Total General and Administrative | 15,023 | 17,798 |
| Depreciation | 76,132 | 76,132 |
| Total Operating Expenses | \$ 647,626 | \$ 574,409 |

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2020 | 2019 |
|--|----------------------|----------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 1,593,129 | \$ 1,727,417 |
| Receivables: | | |
| Accounts | 141,924 | 158,087 |
| Grants | 861,591 | 401,238 |
| Accrued interest | 32 | 100 |
| Less allowance for doubtful accounts | (30,000) | (23,000) |
| Net receivables | 973,547 | 536,425 |
| Total Current Assets | 2,566,676 | 2,263,842 |
| Noncurrent Assets | | |
| Restricted cash and investments - harbor improvements | 690,725 | 1,419,714 |
| Net other postemployment benefits asset | 3,631 | - |
| Capital assets: | | |
| Land | 948,333 | 948,333 |
| Harbor floats, docks and improvements | 34,166,661 | 34,166,661 |
| Travel lift | 18,391,507 | 18,391,507 |
| Gridiron | 154,636 | 154,636 |
| Buildings | 222,466 | 222,466 |
| Equipment | 348,359 | 306,510 |
| Paving | 2,530,923 | 2,530,923 |
| Construction in progress | 10,209,434 | 8,635,746 |
| Total capital assets | 66,972,319 | 65,356,782 |
| Less accumulated depreciation | (27,851,433) | (25,935,264) |
| Net capital assets | 39,120,886 | 39,421,518 |
| Total Noncurrent Assets | 39,815,242 | 40,841,232 |
| Total Assets | 42,381,918 | 43,105,074 |
| Deferred Outflows of Resources | | |
| Related to pensions | 78,854 | 89,159 |
| Related to other postemployment benefits | 51,357 | 48,489 |
| Total Deferred Outflows of Resources | 130,211 | 137,648 |
| Total Assets and Deferred Outflows of Resources | \$ 42,512,129 | \$ 43,242,722 |

City and Borough of Wrangell, Alaska

Port Enterprise Fund

Statement of Net Position, continued

| <i>June 30,</i> | 2020 | 2019 |
|---|----------------------|----------------------|
| Liabilities, Deferred Inflows of Resources, and Net Position | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 516,545 | \$ 476,464 |
| Accrued leave | 21,248 | 16,288 |
| Unearned revenue | 689,100 | 1,372,599 |
| Interfund loans | 21,942 | 15,593 |
| Total Current Liabilities | 1,248,835 | 1,880,944 |
| Long-term Liabilities | | |
| Interfund loans, net of current portion | 42,669 | 70,960 |
| Net pension liability | 577,445 | 547,473 |
| Net other postemployment benefits liability | 18,892 | 113,172 |
| Total Long-term Liabilities | 639,006 | 731,605 |
| Total Liabilities | 1,887,841 | 2,612,549 |
| Deferred Inflows of Resources | | |
| Related to pensions | 7,423 | 6,805 |
| Related to other postemployment benefits | 18,204 | 40,323 |
| Total Deferred Inflows of Resources | 25,627 | 47,128 |
| Net Position | | |
| Net investment in capital assets | 39,120,886 | 39,421,518 |
| Restricted | 1,625 | 47,115 |
| Unrestricted | 1,476,150 | 1,114,412 |
| Total Net Position | 40,598,661 | 40,583,045 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 42,512,129 | \$ 43,242,722 |

City and Borough of Wrangell, Alaska

Exhibit K-17

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

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|---|----------------------|----------------------|
| Operating Revenues | | |
| Municipal dock: | | |
| Storage fees | \$ - | \$ 81,644 |
| Wharfage fees | 42,776 | 36,409 |
| Dockage fees | 68,730 | 76,646 |
| Port development fees | 43,884 | 45,495 |
| Total municipal dock | 155,390 | 240,194 |
| Small boat harbor: | | |
| Stall rentals and transient fees | 781,925 | 739,229 |
| Penalties and late fees | 10,787 | 18,162 |
| Materials sales | 8,500 | 2,531 |
| Other revenues | 694,485 | 19,690 |
| Total small boat harbor | 1,495,697 | 779,612 |
| Travel lift: | | |
| Lift fees | 136,504 | 178,457 |
| Storage fees | 304,641 | 194,432 |
| Electric revenues | 13,940 | 15,130 |
| Total travel lift | 455,085 | 388,019 |
| Total Operating Revenues | 2,106,172 | 1,407,825 |
| Operating Expenses | | |
| Municipal dock | 85,919 | 89,447 |
| Small boat harbor | 364,891 | 345,505 |
| Travel lift | 369,777 | 353,999 |
| General and administrative | 136,596 | 200,619 |
| Depreciation | 1,916,170 | 1,971,936 |
| Total Operating Expenses | 2,873,353 | 2,961,506 |
| Loss from Operations | (767,181) | (1,553,681) |
| Nonoperating Revenues (Expenses) | | |
| Investment income | 1,236 | 3,943 |
| State PERS relief | 31,489 | (7,004) |
| State raw fish tax | 284,469 | 307,405 |
| State fisheries business tax | 5,250 | 10,376 |
| Net Nonoperating Revenues | 322,444 | 314,720 |
| Loss before capital contributions | (444,737) | (1,238,961) |
| Capital contributions | 460,353 | 3,847,601 |
| Change in Net Position | 15,616 | 2,608,640 |
| Net Position, beginning | 40,583,045 | 37,974,405 |
| Net Position, ending | \$ 40,598,661 | \$ 40,583,045 |

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers and users | \$ 1,445,836 | \$ 1,352,572 |
| Payments for interfund services used | (59,088) | (63,234) |
| Payments to suppliers | (291,694) | 77,588 |
| Payments to employees | (611,875) | (611,927) |
| Net cash flows provided by operating activities | 483,179 | 754,999 |
| Cash Flows from Noncapital Financing Activities | | |
| State fish taxes received | 289,719 | 317,781 |
| Cash Flows for (from) Capital and Related Financing Activities | | |
| Purchase of property, plant and equipment | (1,615,537) | (7,790,556) |
| Principal payments on loan payable to other fund | (21,942) | (15,593) |
| Capital contributions received | - | 3,446,363 |
| Net cash flows used for capital and related financing activities | (1,637,479) | (4,359,786) |
| Cash Flows from Investing Activities | | |
| Investment income received | 1,304 | 4,005 |
| Net Decrease in Cash and Investments | (863,277) | (3,283,001) |
| Cash and Investments, beginning | 3,147,131 | 6,430,132 |
| Cash and Investments, ending | \$ 2,283,854 | \$ 3,147,131 |
| Reconciliation of Cash and Investments to Statement of Net Position | | |
| Cash and investments | \$ 1,593,129 | \$ 1,727,417 |
| Restricted cash and investments | 690,725 | 1,419,714 |
| Total Cash and Investments | \$ 2,283,854 | \$ 3,147,131 |
| Reconciliation of Loss from Operations to Net Cash | | |
| Flows from Operating Activities | | |
| Loss from operations | \$ (767,181) | \$ (1,553,681) |
| Adjustments to reconcile loss from operations to net cash flows from operating activities: | | |
| Depreciation | 1,916,170 | 1,971,936 |
| Noncash expense - PERS relief | 31,489 | (7,004) |
| (Increase) decrease in assets: | | |
| Accounts Receivable | 23,163 | (1,358) |
| Net other postemployment benefits asset | (3,631) | - |
| (Increase) decrease in deferred outflows of resources: | | |
| Related to pensions | 10,305 | (22,902) |
| Related to other postemployment benefits | (2,868) | (33,719) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 40,080 | 458,075 |
| Accrued leave | 4,960 | (6,515) |
| Unearned revenue | (683,499) | (53,895) |
| Net pension liability | 29,972 | 29,149 |
| Net other postemployment benefits liability | (94,280) | 31,047 |
| Increase (decrease) in deferred inflows of resources: | | |
| Related to pensions | 618 | (56,014) |
| Related to other postemployment benefits | (22,119) | (120) |
| Net Cash Flows from Operating Activities | \$ 483,179 | \$ 754,999 |

City and Borough of Wrangell, Alaska

Exhibit K-19

**Port Enterprise Fund
Schedule of Operating Expenses**

| <i>Years Ended June 30,</i> | 2020 | 2019 |
|---|---------------------|---------------------|
| Municipal Dock | | |
| Salaries | \$ 42,218 | \$ 44,600 |
| Employee benefits | 22,164 | 20,594 |
| Materials and supplies | 754 | 2,270 |
| Utilities | 5,470 | 5,858 |
| Capital expenditures | - | 11,184 |
| Allocated vehicle charges - garage | 1 | 23 |
| Repairs and maintenance | 15,312 | 4,918 |
| Total Municipal Dock | 85,919 | 89,447 |
| Small Boat Harbor | | |
| Salaries | 136,203 | 143,259 |
| Employee benefits | 54,747 | 45,092 |
| Allocated salaries - public works | 307 | - |
| Materials and supplies | 8,329 | 17,787 |
| Utilities | 85,009 | 68,202 |
| Repairs and maintenance | 66,168 | 68,739 |
| Allocated vehicle charges - garage | 2,172 | 1,452 |
| Miscellaneous expense | 11,956 | 974 |
| Total Small Boat Harbor | 364,891 | 345,505 |
| Travel Lift | | |
| Salaries | 194,720 | 190,650 |
| Overtime salaries | 13,438 | 16,211 |
| Employee benefits | 102,831 | 85,443 |
| Materials and supplies | 4,796 | 4,869 |
| Utilities | 19,338 | 17,932 |
| Allocated vehicle charges - garage | 230 | 9,055 |
| Publications | 1,565 | - |
| Repairs and maintenance | 32,859 | 29,839 |
| Total Travel Lift | 369,777 | 353,999 |
| General and Administrative | | |
| Salaries | 2,354 | 6,003 |
| Allocated overhead - finance | 24,263 | 28,664 |
| Travel and training | 4,385 | 6,359 |
| Professional services | 7,720 | 9,285 |
| Telephone | 7,090 | 6,883 |
| Materials and supplies | 6,438 | 34,672 |
| Allocated vehicle charges - garage | 32,115 | 24,040 |
| Insurance | 23,343 | 53,888 |
| Repairs and maintenance | 1,936 | 9 |
| Utilities | 13 | - |
| Credit card expense | 15,174 | 15,792 |
| Publications | 11,765 | 15,024 |
| Total General and Administrative | 136,596 | 200,619 |
| Depreciation | 1,916,170 | 1,971,936 |
| Total Operating Expenses | \$ 2,873,353 | \$ 2,961,506 |

City and Borough of Wrangell, Alaska

Exhibit L-1

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Provided to Subrecipients | Total Federal Expenditures |
|--|---------------------------|---|---------------------------------|----------------------------------|
| Department of Agriculture | | | | |
| Passed through State of Alaska Department of Commerce, Community, and Economic Development - Forest Service Schools and Roads Cluster - School and Roads - Grants to States - National Forest Receipts | 10.665 | N/A | \$ - | \$ 1,311,334 |
| Department of Housing and Urban Development | | | | |
| Passed through State of Alaska Department of Commerce, Community, and Economic Development - Community Development Block Grant Program/State's Program and Non-Entitlement Grants in Hawaii | 14.228 | 18-CDBG-02 | - | 337,500 |
| Department of the Interior | | | | |
| Payments in Lieu of Taxes | 15.226 | | - | 476,259 |
| Department of Justice | | | | |
| Passed through State of Alaska Department of Commerce, Community, and Economic Development - COVID-19 - Coronavirus Emergency Supplemental Funding Program | 16.034 | N/A | - | 7,944 |
| Department of the Treasury | | | | |
| Passed through State of Alaska Department of Commerce, Community, and Economic Development - COVID-19 - Coronavirus Relief Fund | 21.019 | 20-CRF-227 | - | 826,272 |
| Institute of Museum and Library Services | | | | |
| Passed through Wrangell Cooperative Association - Native American and Native Hawaiian Library Services - IMLS Library Grant | 45.311 | NG-01-13-0078-13 | - | 10,000 |
| Total Expenditures of Federal Awards | | | \$ - | \$ 2,969,309 |

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

City and Borough of Wrangell, Alaska

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

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, 2020. 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, 2020, there were no unspent interest earnings and unspent grant funds were \$2,936,428.

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Single Audit Reports



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3601 C Street, Suite 600
Anchorage, AK 99503

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City and Borough of Wrangell's basic financial statements and have issued our report thereon dated October 21, 2021. Our report included a reference to other auditors who audited the financial statements of Wrangell Public Schools, as described in our report on City and Borough of Wrangell'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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City and Borough of Wrangell's internal control over financial reporting (internal control) 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 City and Borough of Wrangell's internal control. Accordingly, we do not express an opinion on the effectiveness of City and Borough of Wrangell's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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 2020-001 and 2020-002 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 2020-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City and Borough of Wrangell's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
October 21, 2021



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3601 C Street, Suite 600
Anchorage, AK 99503

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

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

Report on Compliance for Each Major Federal Program

We have audited City and Borough of Wrangell's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City and Borough of Wrangell's major federal programs for the year ended June 30, 2020. City and Borough of Wrangell's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

City and Borough of Wrangell's basic financial statements include the operations of the Wrangell Public Schools, a discretely presented component unit. Our audit, described below, did not include the operations of Wrangell Public Schools because they were subjected to separate audits. Wrangell Public Schools did not meet the threshold for an audit in accordance with the Uniform Guidance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City and Borough of Wrangell complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-004 that we consider to be a significant deficiency.

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

City and Borough of Wrangell is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. City and Borough of Wrangell's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
October 21, 2021

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

| <i>CFDA Number</i> | <i>Name of Federal Program or Cluster</i> | <i>Agency</i> |
|--------------------|---|----------------------------|
| 10.665 | Forest Service Schools and Roads Cluster | Department of Agriculture |
| 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 X no

City and Borough of Wrangell, Alaska
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2020

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

| | |
|-------------------------|---|
| Finding 2020-001 | General Ledger Reconciliation and External Financial Reporting - Internal Control Over Financial Reporting - Material Weakness |
|-------------------------|---|

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

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

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

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

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

| | |
|---|---|
| <i>Views of Responsible Officials</i> | Management concurs with the finding. 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. |
|---|---|

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2020

Finding 2020-002 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. Additionally, the Borough's internal controls do not ensure that supporting documentation is retained to support manual journal entries posted to the general ledger.

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

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

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

Views of Responsible Officials Management concurs with the finding. 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, 2020

| | |
|---|---|
| Finding 2020-003 | Completeness and Accuracy of Schedule of Expenditures of Federal Awards - Internal Control Over Financial Reporting - Significant Deficiency |
| <i>Criteria</i> | Management is required under the Uniform Guidance to prepare a schedule of expenditures of federal awards (SEFA) that includes all federal awards expended during the fiscal year by individual federal program and catalog of federal domestic assistance (CFDA) number. |
| <i>Condition</i> | 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. |
| <i>Cause</i> | Management did not have in place internal controls to ensure all expenditures of federal awards were properly identified as federal and included on the SEFA. |
| <i>Effect or Potential Effect</i> | Expenditures reported on the SEFA were understated by \$337,500. SEFA balances reported may not meet the Uniform Guidance requirement, federal programs required to be audited per Uniform Guidance requirements may be excluded resulting in the Borough being out of compliance with Uniform Guidance requirements. |
| <i>Recommendation</i> | The Borough should consider adopting review procedures to ensure all grant awards are correctly identified as federal vs. state funding. |
| <i>Views of Responsible Officials</i> | Management concurs with the finding. Management will revise internal processes and procedures to ensure grant awards are correctly identified as federal vs. state funding upon receipt. |

City and Borough of Wrangell, Alaska
Schedule of Findings and Questioned Costs, continued
Year Ended June 30, 2020

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

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

| | |
|----------------------------|---|
| <i>Agency</i> | Department of the Treasury |
| <i>CFDA</i> | 21.019 |
| <i>Program Name</i> | Coronavirus Relief Fund |
| <i>Year</i> | 2020 |
| <i>Pass-Through Agency</i> | State of Alaska Department of Commerce, Community, and Economic Development |

Pass-Through Entity Identifying Number 20-CRF-227

Criteria 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.

Condition We identified nonpayroll expenditure transactions without sufficient documentation of review and approval prior to posting to the general ledger.

Cause 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.

Effect or Potential Effect Federal funds could potentially be expended on unallowed activities and for unallowed costs, and outside the period of performance.

Questioned costs None.

Context A sample of 13 nonpayroll expenditure transactions were tested specific to the major program. 2 of the transactions tested lacked evidence of review and approval prior to being charged to the program.

Identification as a repeat finding No.

Recommendation The Borough should consider adopting a transactional-level review process that ensures all transactions are reviewed and approved by a knowledge individual besides the individual who initiated the transaction. The Borough should consider adopting a policy that requires supporting evidence of such review be retained for future examination.

Views of Responsible Officials 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.

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



CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

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Wrangell, AK 99929 FAX (907)-874-3952

City and Borough of Wrangell, Alaska

Summary Schedule of Prior Audit Findings Year Ended June 30, 2020

Financial Statement Findings

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

Finding During testwork performed over the course of the financial statement audit, it was evident that management did not have in place adequate internal controls to ensure that the books and records were closed accurately for external financial reporting purposes in accordance with U.S. GAAP. Material adjustments were identified and made to correct opening net position, fund balance, capital assets, depreciation expense, interfund balances and transfers.

Status Finding not resolved in 2020, see 2020-001.

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

Finding During testwork performed over manual journal entries, multiple instances were identified in which the Borough did not have sufficient internal controls to ensure proper segregation of duties and review/approval of journal entries, as well as retention of supporting documentation for each entry.

Status Finding not resolved in 2020, see 2020-002.



CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

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City and Borough of Wrangell, Alaska

Corrective Action Plan, continued Year Ended June 30, 2020

Name of Contact Person: Lisa Von Bargaen
Borough Administrator
lvonbargaen@wrangell.com
907 - 874- 2381

Finding 2020-001 - 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.

Expected Completion Date
Fiscal year 2022.

Finding 2020-002 - 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 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 reviewed 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 2022.



CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

P.O. BOX 531 (907)-874-2381
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City and Borough of Wrangell, Alaska

Corrective Action Plan, continued Year Ended June 30, 2020

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

Corrective Action Plan

For each grant award, the Borough will create a grant file with the award document, eligibility requirements, all eligible expenses to date, and evidence of all reports made to state or federal agencies on the predetermined basis outlined in the grant award contract. Within the file, the *Finance Director*, will explicitly write-out on the grant award statement whether it is a state or federal source of funding. The *Finance Director* will be sure discern if the grant is a pass-through award issued from the federal government and administered by the state. In these instances, the Borough will be sure to include the grant funds on the schedule of expenditures of federal awards (SEFA) as pass-through grants are still considered federal sources of funding.

Expected Completion Date:
Fiscal year 2022.

Finding 2020-004 - Activities Allowed and Unallowed, Allowable Costs, Period of Performance - Internal Control Over Compliance - 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 2022.