



City and Borough of Wrangell, Alaska

**Basic Financial Statements, Required
Supplementary Information,
Supplementary Information and Single
Audit Reports
Year Ended June 30, 2022**

City and Borough of Wrangell, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information
and Single Audit Reports
Year Ended June 30, 2022

City and Borough of Wrangell, Alaska

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

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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 the City and Borough of Wrangell, Alaska (the Borough), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Wrangell Public Schools (the "District"), a discretely presented component unit, as of June 30, 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School District, is based solely on the report of the other auditors.

Emphasis of Matter

As discussed in Note 5 to the financial statements, the Borough adopted the provisions of Governmental Accounting Standards Board Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.

Basis for Opinions

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



Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying combining and individual fund financial statements and schedules, and Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, 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, 2022.



We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Borough as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated December 7, 2022, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2021 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 2021 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2023 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

BDO USA, P.A.

Anchorage, Alaska
July 18, 2023

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, 2022</i>				
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 24,142,514	\$ 10,148,160	\$ 34,290,674	\$ 1,808,634
Receivables, net of allowance for doubtful accounts:				
Property and sales taxes	926,483	-	926,483	-
Accounts	211,767	672,068	883,835	97,285
Grants and shared revenues	392,969	178,642	571,611	241,422
Leases	1,258,267	-	1,258,267	-
Accrued interest	-	44	44	-
Internal balances	405,728	(405,728)	-	-
Prepaid items	391,208	-	391,208	183,195
Inventories	52,414	172,842	225,256	37,294
Restricted cash and investments	-	694,306	694,306	-
Net other postemployment benefits asset	2,593,641	1,124,956	3,718,597	2,604,034
Capital assets:				
Land, land improvements and construction in progress	3,796,356	2,047,690	5,844,046	-
Other capital assets, net of depreciation	28,833,577	42,288,406	71,121,983	71,069
Total Assets	63,004,924	56,921,386	119,926,310	5,042,933
Deferred Outflows of Resources				
Related to pensions	560,772	243,227	803,999	425,023
Related to other postemployment benefits	105,300	45,672	150,972	116,920
Total Deferred Outflows of Resources	666,072	288,899	954,971	541,943
Total Assets and Deferred Outflows of Resources	\$ 63,670,996	\$ 57,210,285	\$ 120,881,281	\$ 5,584,876

City and Borough of Wrangell, Alaska

Exhibit A-1, continued

Statement of Net Position, continued

	Primary Government			Component Unit
	Govern- mental Activities	Business- type Activities	Total	Wrangell Public Schools
<i>June 30, 2022</i>				
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Accounts payable	\$ 37,593	\$ 427,478	\$ 465,071	\$ 31,963
Customer utility deposits	-	112,627	112,627	-
Accrued interest payable	-	6,183	6,183	-
Accrued payroll and related liabilities	-	-	-	75,811
Unearned revenue	516,959	1,266,009	1,782,968	35,625
Noncurrent liabilities:				
Due within one year:				
Accrued leave	268,078	125,476	393,554	-
Loans	-	14,145	14,145	-
Due in more than one year:				
ADEC loans	-	261,393	261,393	-
USDA Rural Development loan	-	82,039	82,039	-
Net pension liability	3,601,027	1,561,897	5,162,924	2,326,933
Total Liabilities	4,423,657	3,857,247	8,280,904	2,470,332
Deferred Inflows of Resources				
Related to leases	1,223,828	-	1,223,828	-
Related to sales tax	21,468	-	21,468	-
Related to pensions	1,436,009	622,850	2,058,859	1,624,303
Related to other postemployment benefits	1,385,429	600,911	1,986,340	1,288,609
Total Deferred Inflows of Resources	4,066,734	1,223,761	5,290,495	2,912,912
Total Liabilities and Deferred Inflows of Resources	8,490,391	5,081,008	13,571,399	5,383,244
Net Position				
Net investment in capital assets	32,629,933	43,978,519	76,608,452	71,069
Restricted	11,712,180	-	11,712,180	-
Unrestricted	10,838,492	8,150,758	18,989,250	130,563
Total Net Position	55,180,605	52,129,277	107,309,882	201,632
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 63,670,996	\$ 57,210,285	\$ 120,881,281	\$ 5,584,876

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Statement of Activities

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government		Component Unit	
					Govern- mental Activities	Business- type Activities	Wrangell Public Schools	
Year Ended June 30, 2022	Expenses					Total		
Functions								
Primary Government								
Governmental activities:								
General government	\$ 1,829,507	\$ 426,017	\$ 174,133	\$ -	\$ (1,229,357)	\$ -	\$ (1,229,357)	
Public safety	2,469,096	220,425	466,822	-	(1,781,849)	-	(1,781,849)	
Public works	1,592,746	490,262	(5,456)	122,906	(985,034)	-	(985,034)	
Parks and recreation	843,266	83,472	13,302	-	(746,492)	-	(746,492)	
Library	264,369	-	139,391	-	(124,978)	-	(124,978)	
Community services	962,502	114,544	91,827	-	(756,131)	-	(756,131)	
Education	1,666,266	-	1,462,878	-	(203,388)	-	(203,388)	
Total governmental activities	9,627,752	1,334,720	2,342,897	122,906	(5,827,229)	-	(5,827,229)	
Business-type activities:								
Electric utility	4,140,774	4,416,742	89,062	-	-	365,030	365,030	
Water utility	1,349,942	728,038	349,088	235,595	-	(37,221)	(37,221)	
Sewer utility	761,963	693,817	30	18,298	-	(49,818)	(49,818)	
Sanitation utility	685,424	619,097	40	-	-	(66,287)	(66,287)	
Port	3,172,215	1,371,912	400,257	46,276	-	(1,353,770)	(1,353,770)	
Total business-type activities	10,110,318	7,829,606	838,477	300,169	-	(1,142,066)	(1,142,066)	
Total Primary Government	\$ 19,738,070	\$ 9,164,326	\$ 3,181,374	\$ 423,075	(5,827,229)	(1,142,066)	(6,969,295)	

City and Borough of Wrangell, Alaska
Statement of Activities, continued

Year Ended June 30, 2022	Expenses	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
Component Unit								
Wrangell Public Schools	\$ 4,457,496	\$ 50,804	\$ 80,476	\$ -				\$ (4,326,216)
General Revenues								
Taxes:								
Property taxes					\$ 1,811,481	\$ -	\$ 1,811,481	-
Sales taxes					3,627,400	-	3,627,400	-
Payments in lieu of taxes					895,046	-	895,046	-
Other taxes					127,670	-	127,670	-
Contributions from primary government					-	-	-	1,300,000
Grants and entitlements not restricted to a specific purpose					410,935	-	410,935	3,275,486
E-rate					-	-	-	116,090
Investment income (loss)					(1,070,879)	589	(1,070,290)	2,126
Other					-	-	-	44,260
Transfers					(100,384)	100,384	-	-
Total General Revenues and Transfers					5,701,269	100,973	5,802,242	4,737,962
Change in Net Position					(125,960)	(1,041,093)	(1,167,053)	411,746
Net Position (Deficit), beginning, as previously stated					55,306,565	53,170,370	108,476,935	(331,376)
Prior period adjustment					-	-	-	(77,338)
Change in accounting principle					-	-	-	198,600
Net Position (Deficit), beginning, as restated					55,306,565	53,170,370	108,476,935	(210,114)
Net Position, ending					\$ 55,180,605	\$ 52,129,277	\$ 107,309,882	\$ 201,632

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	Secure Rural Schools Special Revenue	COVID-19 Response Special Revenue	Economic Recovery Capital Projects	Nonmajor Funds	
<i>June 30, 2022</i>							
Assets							
Cash and investments	\$ 6,695,392	\$ 8,709,894	\$ 2,264,120	\$ -	\$ 1,305,135	\$ 5,167,973	\$ 24,142,514
Receivables, net of allowance for doubtful accounts:							
Property and sales taxes	760,612	-	-	-	-	165,871	926,483
Accounts	116,690	-	-	-	25,000	70,077	211,767
Grants	291,566	-	-	101,403	-	-	392,969
Leases	1,098,464	159,803	-	-	-	-	1,258,267
Due from other funds	239,394	-	-	-	-	-	239,394
Interfund loan receivable	405,728	-	-	-	-	-	405,728
Prepaid items	391,208	-	-	-	-	-	391,208
Inventory	-	-	-	-	-	52,414	52,414
Total Assets	\$ 9,999,054	\$ 8,869,697	\$ 2,264,120	\$ 101,403	\$ 1,330,135	\$ 5,456,335	\$ 28,020,744
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 6,546	\$ -	\$ 3,140	\$ 204	\$ -	\$ 27,703	\$ 37,593
Unearned revenue	328,879	-	-	-	-	188,080	516,959
Due to other funds	-	-	-	239,394	-	-	239,394
Total Liabilities	335,425	-	3,140	239,598	-	215,783	793,946
Deferred Inflows of Resources							
Delinquent property taxes	126,556	-	-	-	-	-	126,556
Related to land sales	-	-	-	-	-	3,128	3,128
Related to sales tax	-	-	-	-	-	21,468	21,468
Related to leases	1,079,873	143,955	-	-	-	-	1,223,828
Total Deferred Inflows of Resources	1,206,429	143,955	-	-	-	24,596	1,374,980
Total Liabilities and Deferred Inflows of Resources	1,541,854	143,955	3,140	239,598	-	240,379	2,168,926
Fund Balances (Deficit)							
Nonspendable	796,936	-	-	-	-	52,414	849,350
Restricted	-	8,725,742	2,260,980	-	-	725,458	11,712,180
Committed	-	-	-	-	-	4,040,050	4,040,050
Assigned	-	-	-	-	1,330,135	398,034	1,728,169
Unassigned (deficit)	7,660,264	-	-	(138,195)	-	-	7,522,069
Total Fund Balances (Deficit)	8,457,200	8,725,742	2,260,980	(138,195)	1,330,135	5,215,956	25,851,818
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,999,054	\$ 8,869,697	\$ 2,264,120	\$ 101,403	\$ 1,330,135	\$ 5,456,335	\$ 28,020,744

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, 2022

Total fund balances for governmental funds	\$25,851,818
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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	\$ 3,650,856	
Construction in progress	145,500	
Infrastructure	23,450,939	
Buildings	48,623,687	
Improvements other than buildings	6,723,298	
Machinery and equipment	5,445,298	
Accumulated depreciation	<u>(55,409,645)</u>	
Total capital assets		32,629,933

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

Net OPEB asset	2,593,641
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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 and deferred land sales.	129,684
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Long-term liabilities, including accrued leave 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:

Accrued leave	(268,078)	
Net pension liability	<u>(3,601,027)</u>	
Total long-term liabilities		(3,869,105)

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	560,772	
Deferred inflows of resources related to pension	(1,436,009)	
Deferred outflows of resources related to OPEB	105,300	
Deferred inflows of resources related to OPEB	<u>(1,385,429)</u>	
Total deferred pension and OPEB items		<u>(2,155,366)</u>

Total Net Position of Governmental Activities	<u>\$55,180,605</u>
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See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

Year Ended June 30, 2022	Major Funds						Total Governmental Funds
	General	Permanent Fund Special Revenue	Secure Rural Schools Special Revenue	COVID-19 Response Special Revenue	Economic Recovery Capital Projects	Nonmajor Funds	
Revenues							
Property taxes, penalties and interest	\$ 1,803,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,803,806
Payments in lieu of taxes	895,046	-	-	-	-	-	895,046
Marijuana taxes	7,749	-	-	-	-	-	7,749
Sales taxes, penalties and interest	2,902,030	-	-	-	-	725,370	3,627,400
Transient taxes	-	-	-	-	-	119,921	119,921
Intergovernmental	1,425,443	-	1,171,312	249,481	-	150,368	2,996,604
Charges for services	161,727	-	-	-	-	150,117	311,844
Sales and leases	108,082	10,980	-	-	-	-	119,062
Investment loss	(7,178)	(905,482)	-	-	-	(158,219)	(1,070,879)
Land sales and improvements	-	-	-	-	-	466,960	466,960
Fines and forfeitures	10,019	-	-	-	-	-	10,019
Other	389,720	-	-	-	-	126,436	516,156
Total Revenues	7,696,444	(894,502)	1,171,312	249,481	-	1,580,953	9,803,688
Expenditures							
Current:							
General government	1,800,426	-	-	29,214	23,310	112,253	1,965,203
Public safety	2,360,642	-	-	137,892	-	-	2,498,534
Public works	1,164,891	-	-	-	-	-	1,164,891
Parks and recreation	-	-	-	-	-	654,576	654,576
Library	272,749	-	-	-	-	-	272,749
Community services	194,721	-	-	-	-	439,914	634,635
Education - contributions to school district	-	-	1,303,068	-	-	-	1,303,068
Capital outlay	-	-	40,449	-	2,464,178	295,555	2,800,182
Total Expenditures	5,793,429	-	1,343,517	167,106	2,487,488	1,502,298	11,293,838
Excess of Revenues Over (Under)							
Expenditures	1,903,015	(894,502)	(172,205)	82,375	(2,487,488)	78,655	(1,490,150)
Other Financing Sources (Uses)							
Transfers in	718,027	-	-	-	2,464,178	1,019,817	4,202,022
Transfers out	(3,474,254)	-	-	-	-	(828,152)	(4,302,406)
Net Other Financing Sources (Uses)	(2,756,227)	-	-	-	2,464,178	191,665	(100,384)
Net Change in Fund Balances (Deficit)	(853,212)	(894,502)	(172,205)	82,375	(23,310)	270,320	(1,590,534)
Fund Balances (Deficit), beginning	9,310,412	9,620,244	2,433,185	(220,570)	1,353,445	4,945,636	27,442,352
Fund Balances (Deficit), ending	\$ 8,457,200	\$ 8,725,742	\$ 2,260,980	\$ (138,195)	\$ 1,330,135	\$ 5,215,956	\$ 25,851,818

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, 2022

Net change in fund balances - total governmental funds \$ (1,590,534)

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 capital outlays (\$2,835,515) exceeded depreciation (\$1,758,529). 1,076,986

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.
 Increase in other long-term receivables 10,803

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in accrued leave	\$ (9,825)	
Increase in net pension liability and related accounts	(582,539)	
Increase in net OPEB asset and related accounts	969,149	
	376,785	

Change in Net Position of Governmental Activities \$ (125,960)

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Net Position

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sanitation Utility	Port	Sewer Utility	Enterprise Funds
<i>June 30, 2022</i>						
Assets and Deferred Outflows of Resources						
Current Assets						
Cash and investments	\$ 3,551,503	\$ 1,490,905	\$ 873,803	\$ 2,788,832	\$ 1,443,117	\$ 10,148,160
Receivables, net of allowance for doubtful accounts:						
Accounts	299,748	71,908	63,942	185,600	50,870	672,068
Grants	-	98,414	-	80,228	-	178,642
Accrued interest	-	5	-	32	7	44
Inventories	172,842	-	-	-	-	172,842
Total Current Assets	4,024,093	1,661,232	937,745	3,054,692	1,493,994	11,171,756
Noncurrent Assets						
Restricted cash and investments	-	-	-	694,306	-	694,306
Net other postemployment benefits asset	494,564	90,372	108,334	282,018	149,668	1,124,956
Capital assets, net	1,701,730	4,440,258	625,752	35,335,881	2,232,475	44,336,096
Total Noncurrent Assets	2,196,294	4,530,630	734,086	36,312,205	2,382,143	46,155,358
Total Assets	6,220,387	6,191,862	1,671,831	39,366,897	3,876,137	57,327,114
Deferred Outflows of Resources						
Related to pensions	106,930	19,539	23,423	60,975	32,360	243,227
Related to other postemployment benefits	20,079	3,669	4,398	11,450	6,076	45,672
Total Deferred Outflows of Resources	127,009	23,208	27,821	72,425	38,436	288,899
Total Assets and Deferred Outflows of Resources	\$ 6,347,396	\$ 6,215,070	\$ 1,699,652	\$ 39,439,322	\$ 3,914,573	\$ 57,616,013

City and Borough of Wrangell, Alaska

Exhibit C-1, continued

Enterprise Funds
Statement of Net Position, continued

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sanitation Utility	Port	Sewer Utility	Enterprise Funds
June 30, 2022						
Liabilities, Deferred Inflows of Resources, and Net Position						
Current Liabilities						
Accounts payable	\$ 179,994	\$ 65,682	\$ 28,025	\$ 112,207	\$ 41,570	\$ 427,478
Accrued leave	34,203	20,195	15,683	35,775	19,620	125,476
Customer utility deposits	101,482	11,145	-	-	-	112,627
Accrued interest payable	-	4,436	-	-	1,747	6,183
Unearned revenue	143,434	35,345	331,122	728,008	28,100	1,266,009
Current portion of interfund loans	-	-	-	20,728	-	20,728
Current portion of loans	-	12,431	-	-	1,714	14,145
Total Current Liabilities	459,113	149,234	374,830	896,718	92,751	1,972,646
Long-term Liabilities, net of current portion						
USDA Rural Development loan	-	-	-	-	82,039	82,039
ADEC loan	-	261,393	-	-	-	261,393
Interfund loan	-	385,000	-	-	-	385,000
Net pension liability	686,656	125,473	150,412	391,556	207,800	1,561,897
Total Long-term Liabilities	686,656	771,866	150,412	391,556	289,839	2,290,329
Total Liabilities	1,145,769	921,100	525,242	1,288,274	382,590	4,262,975
Deferred Inflows of Resources						
Related to pensions	273,823	50,036	59,981	156,144	82,866	622,850
Related to other postemployment benefits	264,178	48,274	57,868	150,644	79,947	600,911
Total Deferred Inflows of Resources	538,001	98,310	117,849	306,788	162,813	1,223,761
Net Position						
Net investment in capital assets	1,701,730	4,166,434	625,752	35,335,881	2,148,722	43,978,519
Unrestricted	2,961,896	1,029,226	430,809	2,508,379	1,220,448	8,150,758
Total Net Position	4,663,626	5,195,660	1,056,561	37,844,260	3,369,170	52,129,277
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,347,396	\$ 6,215,070	\$ 1,699,652	\$ 39,439,322	\$ 3,914,573	\$ 57,616,013

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	Sanitation Utility	Port	Sewer Utility	Enterprise Funds
<i>Year Ended June 30, 2022</i>						
Operating Revenues						
Charges for services	\$ 4,331,757	\$ 728,038	\$ 693,817	\$ 1,371,912	\$ 619,097	\$ 7,744,621
Operating Expenses						
Salaries and employee benefits	577,990	119,202	180,959	467,975	219,394	1,565,520
Other operating expenses	3,420,772	788,818	481,770	502,828	222,820	5,417,008
Depreciation	142,012	435,277	99,234	2,201,412	243,180	3,121,115
Total Operating Expenses	4,140,774	1,343,297	761,963	3,172,215	685,394	10,103,643
Income (Loss) from Operations	190,983	(615,259)	(68,146)	(1,800,303)	(66,297)	(2,359,022)
Nonoperating Revenues (Expenses)						
Investment income	-	136	-	6	447	589
Interest expense	-	(6,645)	-	-	(30)	(6,675)
Operating grants	-	349,064	-	115,712	-	464,776
State PERS relief	89,062	24	30	76	40	89,232
State fisheries business tax	-	-	-	284,469	-	284,469
Other revenues	84,985	-	-	-	-	84,985
Net Nonoperating Revenues (Expenses)	174,047	342,579	30	400,263	457	917,376
Income (Loss) Before Transfers and Capital Contributions	365,030	(272,680)	(68,116)	(1,400,040)	(65,840)	(1,441,646)
Transfers in	-	100,384	-	-	-	100,384
Capital contributions	-	235,595	-	46,276	18,298	300,169
Change in Net Position	365,030	63,299	(68,116)	(1,353,764)	(47,542)	(1,041,093)
Net Position, beginning	4,298,596	5,132,361	1,124,677	39,198,024	3,416,712	53,170,370
Net Position, ending	\$ 4,663,626	\$ 5,195,660	\$ 1,056,561	\$ 37,844,260	\$ 3,369,170	\$ 52,129,277

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended June 30, 2022	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sanitation Utility	Port	Sewer Utility	Enterprise Funds
Cash Flows from (for) Operating Activities						
Receipts from customers and users	\$ 4,624,620	\$ 773,017	\$ 679,695	\$ 1,378,987	\$ 645,233	\$ 8,101,552
Payments for interfund services used	(145,869)	(91,679)	(149,052)	(87,410)	(51,394)	(525,404)
Payments to suppliers	(3,403,742)	(790,275)	(348,170)	(403,956)	(172,261)	(5,118,404)
Payments to employees	(657,722)	(190,358)	(204,082)	(539,624)	(205,657)	(1,797,443)
Net cash flows from (for) operating activities	417,287	(299,295)	(21,609)	347,997	215,921	660,301
Cash Flows from Noncapital Financing Activities						
State fish taxes received	-	-	-	284,469	-	284,469
Operating grants	-	349,064	-	115,712	-	464,776
Net cash flows from noncapital financing activities	-	349,064	-	400,181	-	749,245
Cash Flows from (for) Capital and Related Financing Activities						
Purchase of property, plant and equipment	(402,138)	(304,481)	(346,530)	(429,855)	(18,298)	(1,501,302)
Capital contributions received	-	552,261	331,122	(33,952)	18,298	867,729
ADEC loan received	-	226,710	-	-	-	226,710
Interfund loan received	-	385,000	-	-	-	385,000
Transfers in	-	100,384	-	-	-	100,384
Principal payments on long-term debt	-	(4,794)	-	(21,941)	(53)	(26,788)
Interest payments on long-term debt	-	(5,535)	-	-	-	(5,535)
Net cash flows from (for) capital and related financing activities	(402,138)	949,545	(15,408)	(485,748)	(53)	46,198
Cash Flows from Investing Activities						
Investment income received	-	136	-	6	447	589
Net Increase (Decrease) in Cash and Investments	15,149	999,450	(37,017)	262,436	216,315	1,456,333
Cash and Investments, beginning	3,536,354	491,455	910,820	3,220,702	1,226,802	9,386,133
Cash and Investments, ending	\$ 3,551,503	\$ 1,490,905	\$ 873,803	\$ 3,483,138	\$ 1,443,117	\$ 10,842,466
Reconciliation of Cash and Investments to Statement of Net Position						
Cash and investments:	\$ 3,551,503	\$ 1,490,905	873,803	\$ 2,788,832	\$ 1,443,117	\$ 10,148,160
Restricted cash and investments	-	-	-	694,306	-	694,306
Total Cash and Investments	\$ 3,551,503	\$ 1,490,905	\$ 873,803	\$ 3,483,138	\$ 1,443,117	\$ 10,842,466

City and Borough of Wrangell, Alaska

Enterprise Funds

Statement of Cash Flows, continued

Year Ended June 30, 2022	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sanitation Utility	Port	Sewer Utility	Enterprise Funds
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities						
Income (Loss) from operations	\$ 190,983	\$ (615,259)	\$ (68,146)	\$ (1,800,303)	\$ (66,297)	\$ (2,359,022)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:						
Depreciation	142,012	435,277	99,234	2,201,412	243,180	3,121,115
Noncash expense - PERS relief	89,062	24	30	76	40	89,232
Miscellaneous nonoperating revenues	84,985	-	-	-	-	84,985
(Increase) decrease in assets:						
Accounts receivable, net	56,269	8,934	(14,122)	(31,833)	(1,964)	17,284
Inventories	13,624	-	-	-	-	13,624
Net other postemployment benefits asset	(411,971)	(71,523)	(91,956)	(236,815)	(132,081)	(944,346)
(Increase) decrease in deferred outflows of resources:						
Related to pensions	30,738	11,879	3,877	14,372	(3,045)	57,821
Related to other postemployment benefits	40,828	10,231	7,680	21,885	6,894	87,518
Increase (decrease) in liabilities:						
Accounts payable	(142,463)	(93,136)	(15,452)	11,462	(835)	(240,424)
Accrued leave	478	(5,119)	(2,099)	7,089	(4,348)	(3,999)
Unearned revenue	143,434	35,345	-	38,908	28,100	245,787
Customer utility deposits	8,175	700	-	-	-	8,875
Net pension liability	(298,303)	(99,310)	(44,908)	(147,518)	(1,936)	(591,975)
Net other postemployment benefits liability	(1,599)	(365)	(316)	(875)	(340)	(3,495)
Increase (decrease) in deferred inflows of resources:						
Related to pensions	273,823	50,036	59,981	156,144	82,866	622,850
Related to other postemployment benefits	197,212	32,991	44,588	113,993	65,687	454,471
Net Cash Flows from (for) Operating Activities	\$ 417,287	\$ (299,295)	\$ (21,609)	\$ 347,997	\$ 215,921	\$ 660,301

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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

Wrangell Public Schools

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

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

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

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Related Organization

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 unit. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

Major governmental funds:

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

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

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

The *COVID-19 Response Special Revenue Fund*, which the Borough chose to present as a major fund due to public scrutiny of COVID-19 funding, is used to account for the Borough's financial resources received and expended related to COVID-19 response. This fund does not have a legally adopted budget.

The *Economic Recovery Capital Projects Fund* is used to account for the Borough's funding and interest earnings associated with a U. S. Department of Agriculture grant for the purpose of economic assistance within the Borough.

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 *Sanitation Utility Enterprise Fund* is used to account for the operations of the sanitation utility.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise funds and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. In addition, general revenues include all taxes, investment income, and State and federal entitlement revenues.

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Central Treasury

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

Cash and Cash Equivalents

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

Inventories

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These prepaid assets do not reflect current available resources; there's an equivalent portion of fund balance in classified as nonspendable in the governmental fund financial statements. Prepaid items are recorded as expenditure/expenses when confirmed rather than when purchased.

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

Leases - Lessor

The Borough has leased to third-parties multiple nonfinancial assets. The Borough recognizes a lease receivable and a deferred inflow of resources in both the government-wide and governmental fund financial statements where applicable.

At the commencement of the lease, the Borough initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Borough determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Borough uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Borough monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

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

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

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Deferred Outflows of Resources

A deferred outflow of resources is an item that will result in a future decrease or consumption of equity. In the government-wide and proprietary 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.

Compensated Absences

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

Deferred Inflows of Resources

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

In the government-wide and proprietary fund financial statements, deferred inflows are reported in connection with certain pension and other postemployment benefits related transactions, grants and leases. Those items deferred under modified accrual in the governmental funds as “unavailable for taxes and land sales” are reversed to revenue at the full-accrual level.

Pensions and Other Postemployment Benefits

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

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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.

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, 2022, expenditures exceeded appropriations in the General Fund for the following functions: General Government by \$583,198, Public Safety by \$193,205, and Library by \$7,328.

Deficit Fund Balance

At June 30, 2022, the Borough reported a deficit in fund balance of \$138,195 for the COVID-19 Response Special Revenue Fund due to COVID-19 mitigation expenditures being incurred but not yet obligated for reimbursement by the Federal Emergency Management Agency. No other individual funds reported a deficit fund balance at June 30, 2022.

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

3. Cash and Investments

The City and Borough of Wrangell utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of "negative cash," is included in "due to other funds." The Borough also restricts cash for unearned revenue in the Port Enterprise Fund and for debt service in the Sewer Utility Enterprise Fund.

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2022.

	Pooled Cash and Investments	Permanent Fund Special Revenue Fund	Totals
Bank deposits	\$ 6,384,793	\$ 317,745	\$ 6,702,538
Investments	19,890,293	8,392,149	28,282,442
Total Cash and Investments	\$ 26,275,086	\$ 8,709,894	\$ 34,984,980

	Government- wide Statement of Net Position
Cash and investments	\$ 34,290,674
Restricted cash and investments	694,306
Total Cash and Investments	\$ 34,984,980

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

- Product level investment guidelines. The Borough Assembly will take a conservative posture on derivative securities in order to maintain a risk averse nature. Since it is anticipated that new derivative products will be created each year, it is not the intention of the Borough policy to list specific derivatives that are prohibited from investment; rather, it will form a general policy on derivatives. The Borough Assembly recognizes that derivatives may be utilized within products as a portfolio management tool. All derivative exposure must be fully collateralized. Direct leverage or borrowing for the purpose of magnifying returns is prohibited.

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

Interest Rate Risk

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

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, 2022 are as follows:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More than 10
Money market funds	\$ 13,151,795	\$ 13,151,795	\$ -	\$ -	\$ -
Certificates of deposit	698,946	236,619	462,327	-	-
U.S. Treasuries	4,485,347	2,896,986	1,588,361	-	-
Municipal bonds	422,382	123,858	298,524	-	-
Total subject to interest rate risk	18,758,470	\$ 16,409,258	\$ 2,349,212	\$ -	\$ -
U.S. equity funds	370,396				
U.S. fixed income funds	423,306				
International fixed income funds	53,863				
International equity funds	170,409				
Infrastructure funds	35,634				
Real estate funds	21,696				
Alternative funds	20,062				
Commodities funds	36,457				
Total General Investments	\$ 19,890,293				

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, 2022:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
Certificates of deposit	\$ -	\$ 698,946	\$ -	\$ 698,946
U.S. Treasuries	4,485,347	-	-	4,485,347
Municipal bonds	-	422,382	-	422,382
U.S. fixed income funds	423,306	-	-	423,306
International fixed income funds	53,863	-	-	53,863
U.S. equity funds	370,396	-	-	370,396
International equity funds	170,409	-	-	170,409
Infrastructure funds	35,634	-	-	35,634
Real estate funds	21,696	-	-	21,696
Alternative funds	20,062	-	-	20,062
Commodities funds	36,457	-	-	36,457
Total Investments at Fair Value	\$ 5,617,170	\$ 1,121,328	\$ -	6,738,498
Investments at amortized cost - Money market funds				13,151,795
Total General Investments				\$ 19,890,293

The Borough has investments in money market funds that are not held at fair value, but instead are recorded at amortized cost, as of June 30, 2022.

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: \$210,833 rated Aaa; \$61,903 rated Aa1; \$78,049 rated Aa2; \$71,597 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, 2022 are as follows:

<i>Investment Type</i>	Investment Maturities (in Years)			
	Fair Value	Less Than 1	1-5	6-10 More Than 10
Money market funds	\$ 566,343	566,343	\$ -	\$ -
Total subject to interest rate risk	566,343	566,343	\$ -	\$ -
U.S. equity funds	2,561,044			
U.S. fixed income funds	2,926,880			
International fixed income funds	372,429			
International equity funds	1,178,262			
Infrastructure funds	246,384			
Real estate funds	150,012			
Alternative funds	138,719			
Commodities funds	252,076			
Total Permanent Fund Investments	\$ 8,392,149			

In addition to the investments disclosed above, the Permanent Fund Special Revenue Fund holds \$317,745 in cash. When combined with the investment held in the Permanent Fund Special Revenue Fund at fair value, the total balance of cash and investments is \$8,709,894.

Fair Value Measurement

Permanent Fund investments are classified in the fair value hierarchy as follows at June 30, 2022:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
U.S. fixed income funds	\$ 2,926,880	\$ -	\$ -	\$ 2,926,880
International fixed income funds	372,429	-	-	372,429
U.S. equity funds	2,561,044	-	-	2,561,044
International equity funds	1,178,262	-	-	1,178,262
Infrastructure funds	246,384	-	-	246,384
Real estate funds	150,012	-	-	150,012
Alternative funds	138,719	-	-	138,719
Commodities funds	252,076	-	-	252,076
Total Investments at Fair Value	\$ 7,825,806	\$ -	\$ -	7,825,806
Investments at amortized cost -				
Money market funds				566,343
Total Permanent Fund Investments				\$ 8,392,149

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Credit Risk

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

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, 2022, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, were as follows:

<i>June 30, 2022</i>	Major Governmental Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Permanent Fund	COVID-19 Response	Economic Recovery		
Property taxes	\$ 124,732	\$ -	\$ -	\$ -	\$ -	\$ 124,732
Sales taxes	635,880	-	-	-	165,871	801,751
Accounts	116,760	-	-	25,000	70,077	211,837
Grants	291,566	-	101,403	-	-	392,969
Leases	1,098,464	159,803	-	-	-	1,258,267
Total receivables						
Less allowance for doubtful accounts	(70)	-	-	-	-	(70)
Net Receivables	\$ 2,267,332	\$ 159,803	\$ 101,403	\$ 25,000	\$ 235,948	\$ 2,789,486

<i>June 30, 2022</i>	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	
Grants	\$ -	\$ 98,414	\$ -	\$ 80,228	\$ -	\$ 178,642
Accounts	313,153	71,908	50,870	219,858	63,942	719,731
Accrued interest	-	5	7	32	-	44
Total receivables	313,153	170,327	50,877	300,118	63,942	898,417
Less allowance for doubtful accounts	(13,405)	-	-	(34,258)	-	(47,663)
Net Receivables	\$ 299,748	\$ 170,327	\$ 50,877	\$ 265,860	\$ 63,942	\$ 850,754

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

5. Leases Receivable

During the current year, the Borough, as lessor, entered into several multiple-year lease agreements to third parties for various nonfinancial assets. The lengths of the lease terms vary, and the Borough used their incremental borrowing rate of 6% when there was no stated interest rate in the lease contracts. The Borough received payments totaling \$147,623 for the fiscal year ended June 30, 2022. The Borough recognized \$126,037 in lease revenue and \$56,024 in interest revenue for the fiscal year ended June 30, 2022. As of June 30, 2022, the Borough's receivable for lease payments was \$1,258,267. The Borough recognized a deferred inflow of resources associated with the leases of \$1,223,828 on June 30, 2022, that will be recognized as revenue over the remainder of the lease terms.

The future expected minimum lease payments to be received are as follows:

Fiscal Year Ending June 30,	Total Governmental Activities
2023	\$ 157,431
2024	167,328
2025	162,553
2026	162,793
2027	132,347
2028-2032	322,984
2033-2037	297,196
2038-2042	259,173
2043-2047	208,808
2048-2052	196,482
2053-2057	64,683
2058-2062	8,760
Totals	\$ 2,140,538

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

6. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2022
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 1,186,678	\$ 2,464,178	\$ -	\$ 3,650,856
Construction in progress	-	145,500	-	145,500
Total capital assets not being depreciated	1,186,678	2,609,678	-	3,796,356
<i>Capital assets being depreciated:</i>				
Infrastructure	23,450,938	-	-	23,450,938
Buildings	48,578,760	44,927	-	48,623,687
Improvements other than buildings	6,655,793	67,505	-	6,723,298
Machinery and equipment	5,331,892	113,406	-	5,445,298
Total capital assets being depreciated	84,017,383	225,838	-	84,243,221
Less accumulated depreciation for:				
Infrastructure	5,508,821	632,136	-	6,140,957
Buildings	39,454,511	712,348	-	40,166,859
Improvements other than buildings	4,825,150	205,508	-	5,030,658
Machinery and equipment	3,862,632	208,538	-	4,071,170
Total accumulated depreciation	53,651,114	1,758,530	-	55,409,644
Total capital assets being depreciated, net	30,366,269	(1,532,692)	-	28,833,577
Governmental Activities Capital Assets, net	\$ 31,552,947	\$ 1,076,986	\$ -	\$ 32,629,933

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

	Balance July 1, 2021	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2022
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 959,233	\$ -	\$ -	\$ 959,233
Construction in progress	1,207,523	481,935	(601,001)	1,088,457
Total capital assets not being depreciated	2,166,756	481,935	(601,001)	2,047,690
<i>Capital assets being depreciated:</i>				
Buildings	9,372,469	-	-	9,372,469
Improvements other than buildings	89,962,926	1,242,512	-	91,205,438
Machinery and equipment	5,551,567	377,856	-	5,929,423
Total capital assets being depreciated	104,886,962	1,620,368	-	106,507,330
Less accumulated depreciation for:				
Buildings	8,127,421	188,077	-	8,315,498
Improvements other than buildings	48,091,349	2,786,074	-	50,877,423
Machinery and equipment	4,879,039	146,964	-	5,026,003
Total accumulated depreciation	61,097,809	3,121,115	-	64,218,924
Total capital assets being depreciated, net	43,789,153	(1,500,747)	-	42,288,406
Business-type Activity Capital Assets, net	\$ 45,955,909	\$ (1,018,812)	\$ (601,001)	\$ 44,336,096

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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, 2022:

Governmental Activities

General government	\$ 11,527
Public safety	158,294
Public works	895,170
Parks and recreation	40,338
Community services	313,113
Library	28,510
Education	311,577

Total Depreciation Expense - Governmental Activities	\$ 1,758,529
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Business-type Activities

Electric utility	\$ 142,012
Water utility	435,277
Sewer utility	243,180
Sanitation utility	99,234
Port	2,201,412

Total Depreciation Expense - Business-type Activities	\$ 3,121,115
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7. Interfund Balances and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2022, follows:

Due from Other Funds

Due to General Fund from:	
COVID-19 Response Special Revenue Fund	\$ 239,394

Interfund Loans

Due to General Fund from:	
Port Enterprise Fund for long-term capital advances	\$ 20,728
Water Enterprise Fund for long-term capital advances	385,000

Total Amount Due to General Fund	\$ 405,728
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Transfers

From General Fund to:	
Economic Recovery Capital Projects Fund for capital	\$ 2,464,178
Nonmajor governmental funds to cover operating costs	995,668
Nonmajor governmental funds for capital	14,408

Total transfers from the general fund	3,474,254
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From nonmajor governmental funds to:	
General Fund to cover operating costs	703,619
Nonmajor governmental funds to cover operating costs	24,149
Water Utility Enterprise Funds for capital	100,384

Total transfers from nonmajor governmental funds	828,152
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Total Transfers to Other Funds	\$ 4,302,406
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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

8. Long-term Liabilities

The following is a summary of long-term liability transactions of the Borough for the year ended June 30, 2022:

Governmental Activities	Balance July 1, 2021	Additions	Retired	Balance June 30, 2022	Due Within One Year
Accrued leave	\$ 258,253	\$ 123,011	\$ 113,186	\$ 268,078	\$ 268,078
Net pension liability	4,526,380	-	925,353	3,601,027	-
Net OPEB liability	7,346	-	7,346	-	-
Total Governmental Activities	4,791,979	123,011	1,045,885	3,869,105	268,078

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, 2021	Additions	Retired	Balance June 30, 2022	Due Within One Year
Loans Payable from Direct Borrowings:					
\$91,000 Sewer loan due in semi-annual installments of \$1,623 including interest at 1.875% through 2057	\$ 83,806	\$ -	\$ 53	\$ 83,753	\$ 1,714
\$57,251 Water Utility loan due in annual installments of \$2,627 to \$3,334, including interest of 1.5% through 2038	49,703	-	2,589	47,114	2,627
\$542,249 Water Utility loan due in annual installments of \$9,804 to \$13,207, including interest of 1.5% through 2041	-	226,710	-	226,710	9,804
Total direct borrowings	133,509	226,710	2,642	357,577	14,145
Accrued leave	129,475	125,476	129,475	125,476	125,476
Net pension liability	2,153,872	-	591,975	1,561,897	-
Net OPEB liability	3,495	-	3,495	-	-
Total Business-type Activities	\$ 2,420,351	\$ 352,186	\$ 727,587	\$ 2,044,950	\$ 139,621

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Annual debt service requirements to maturity for the loans payable from direct borrowings, follow:

Business-type Activities <i>Year Ending June 30,</i>	Loans Payable from Direct Borrowings		
	Principal	Interest	Total
2023	\$ 14,145	\$ 2,239	\$ 16,384
2024	14,364	3,290	17,654
2025	14,587	5,199	19,786
2026	14,812	4,973	19,785
2027	15,042	4,744	19,786
2028-2032	78,770	20,154	98,924
2033-2037	85,059	13,865	98,924
2038-2042	78,216	7,374	85,590
2043-2047	12,927	3,303	16,230
2048-2052	14,191	2,039	16,230
2053-2057	15,464	651	16,115
	\$ 357,577	\$ 67,831	\$ 425,408

9. Net Position

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

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 32,629,933	\$ 43,978,519	\$ 76,608,452
Restricted:			
School projects	725,458	-	725,458
Economic stability	8,725,742	-	8,725,742
Schools and roads	2,260,980	-	2,260,980
Total restricted	11,712,180	-	11,712,180
Unrestricted	10,838,492	8,150,758	18,989,250
Total Net Position	\$ 55,180,605	\$ 52,129,277	\$ 107,309,882

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

10. Fund Balances

Fund balances, reported in the Borough's individual major funds and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2022:

	Major Governmental Funds					Nonmajor Funds	Totals
	General	Permanent Fund Special Revenue	Secure Rural Schools Special Revenue	COVID-19 Response Special Revenue	Economic Recovery Capital Project		
Nonspendable:							
Interfund loans	\$ 405,728	\$ -	\$ -	\$ -	\$ -	\$ -	405,728
Prepaid items	391,208	-	-	-	-	-	391,208
Inventory	-	-	-	-	-	52,414	52,414
Total nonspendable	796,936	-	-	-	-	52,414	849,350
Restricted:							
Economic stability	-	8,725,742	-	-	-	-	8,725,742
Schools and roads	-	-	2,260,980	-	-	725,458	2,986,438
Total restricted	-	8,725,742	2,260,980	-	-	725,458	11,712,180
Committed:							
Community services	-	-	-	-	-	501,881	501,881
Schools and roads	-	-	-	-	-	1,648,222	1,648,222
Swimming pool	-	-	-	-	-	1,427,599	1,427,599
Land development	-	-	-	-	-	462,348	462,348
Total committed	-	-	-	-	-	4,040,050	4,040,050
Assigned:							
Projects	-	-	-	-	1,330,135	390,478	1,720,613
Debt service	-	-	-	-	-	7,556	7,556
Total assigned	-	-	-	-	1,330,135	398,034	1,728,169
Unassigned (deficit)	7,660,264	-	-	(138,195)	-	-	7,522,069
Total Fund Balances	\$ 8,457,200	\$ 8,725,742	\$ 2,260,980	\$ (138,195)	\$ 1,330,135	\$ 5,215,956	\$ 25,851,818

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

11. Municipal Landfill Closure and Post-closure Liability

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

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

12. Restrictions of Sales Tax Revenues

According to section 5.08.070 of the Wrangell Municipal Code, 20% of the total amount of sales tax collected shall be used for any of the following purposes: (1) to pay principal and interest for any bond indebtedness relating to education and health of the Borough; and (2) to fund the Wrangell Public School District, and improve or maintain school facilities.

The remaining 80% of the total amount of sales tax collected shall be used for any General Fund purpose for which moneys of the Borough may be disbursed for any purpose.

13. School Support

The Borough provided \$1,303,068 in National Forest Receipts funding to the School District for the year ended June 30, 2022. Support provided to the School District does not include debt service payments on school facilities or capital expenditures.

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

14. Pension and Other Postemployment Benefit Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

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

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

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

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

Historical Context and Special Funding Situation

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

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

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

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

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

Contribution rates for the year ended June 30, 2022 were determined in the June 30, 2020 actuarial valuations. The Borough's contribution rates for the 2022 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-%
Total Contribution Rates	22.00%	30.11%	8.11%

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

In 2022, the Borough was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2020 to June 30, 2021	Borough Fiscal Year July 1, 2021 to June 30, 2022
Employer contributions (including DBUL)	\$ 552,368	\$ 587,192
Nonemployer contributions (on-behalf)	267,352	305,408
Total Contributions	\$ 819,720	\$ 892,600

In addition, employee contributions to the Plan totaled \$100,989 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, 2022, 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	\$ 5,162,924
State's proportionate share of NPL associated with the Borough	700,042
Total Net Pension Liability	\$ 5,862,966

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2021 measurement date, the Borough's proportion was 0.14074 percent, which was an increase of 0.02754 from its proportion measured as of June 30, 2020.

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

For the year ended June 30, 2022, the Borough recognized pension expense of \$1,767,890 and on-behalf revenue of \$1,004 for support provided by the State. At June 30, 2022, 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	\$ -	\$ (22,873)
Net difference between projected and actual earnings on pension plan investments	-	(2,035,986)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	216,807	-
Borough contributions subsequent to the measurement date	587,192	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 803,999	\$ (2,058,859)

The \$587,192 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, 2023. 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,

2023	\$ (279,202)
2024	(466,364)
2025	(504,477)
2026	(592,009)
Total Amortization	\$ (1,842,052)

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2020 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

The actuarial assumptions used in the June 30, 2020 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, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.5%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Range</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	28%	+/- 6%	6.63%
Global equity (non-U.S.)	19%	+/- 4%	5.41%
Aggregate bonds	22%	+/- 10%	0.76%
Opportunistic	6%	+/- 4%	4.39%
Real assets	13%	+/- 7%	3.16%
Private equity	12%	+/- 8%	9.29%
Cash equivalents	-%	-%	0.13%

Discount Rate

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

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

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

	<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 pension liability	0.14074%	\$ 7,647,009	\$ 5,162,924	\$ 3,075,973

Pension Plan Fiduciary Net Position

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drdb/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, 2022 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2022, forfeitures reduced pension expense by \$13,829.

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, 2022, 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, 2022 were \$114,291 and \$182,703, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

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

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/drdb/pers>.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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, 2022 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability	0.31%	0.68%
Total Contribution Rates	1.38%	1.75%

In 2022, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2020 to June 30, 2021	Borough Fiscal Year July 1, 2021 to June 30, 2022
Employer contributions - ARHCT	\$ 118,568	\$ 94,116
Employer contributions - RMP	26,766	24,436
Employer contributions - ODD	4,801	9,290
Total Contributions	\$ 150,135	\$ 127,842

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

At June 30, 2022, the Borough reported an asset for its proportionate share of the net OPEB assets (NOA) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

Borough's proportionate share of NOA - ARHCT	\$ 3,625,053
Borough's proportionate share of NOA - RMP	32,776
Borough's proportionate share of NOA - ODD	60,768
Total Borough's Proportionate Share of Net OPEB Asset	\$ 3,718,597
State's proportionate share of the ARHCT NOA associated with the Borough	474,726
Total Net OPEB Asset	\$ 4,193,323

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

The total OPEB assets for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB assets as of that date. The Borough's proportion of the net OPEB assets is based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2020 Measurement Date Employer Proportion	June 30, 2021 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB assets:			
ARHCT	0.11312%	0.14131%	0.02819 %
RMP	0.15283%	0.12211%	(0.03072)%
ODD	0.17568%	0.13788%	(0.03780)%

For the year ended June 30, 2022, the Borough recognized OPEB expense (benefit) of (\$1,307,530). Of this amount, (\$164,712) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

Plan	OPEB Expense (Benefit)	On-behalf Revenue
ARHCT	\$ (1,350,931)	\$ (164,712)
RMP	35,257	-
ODD	8,144	-
Total	\$ (1,307,530)	\$ (164,712)

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

At June 30, 2022, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 2,436	\$ -	\$ 2,436
Changes in assumptions	-	10,187	-	10,187
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	3,674	6,833	10,507
Borough contributions subsequent to the measurement date	94,116	24,436	9,290	127,842

Total Deferred Outflows of Resources Related to OPEB Plans	\$ 94,116	\$ 40,733	\$ 16,123	\$ 150,972
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<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (38,069)	\$ (1,558)	\$ (16,598)	\$ (56,225)
Changes in assumptions	(136,992)	(19,479)	(462)	(156,933)
Difference between projected and actual investment earnings	(1,696,331)	(29,323)	(9,744)	(1,735,398)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	(26,552)	(4,213)	(7,019)	(37,784)

Total Deferred Inflows of Resources Related to OPEB Plans	\$ (1,897,944)	\$ (54,573)	\$ (33,823)	\$ (1,986,340)
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Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB assets in the year ended June 30, 2023. 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
2023	\$ (599,010)	\$ (8,042)	\$ (5,442)	\$ (612,494)
2024	(390,659)	(8,056)	(5,436)	(404,151)
2025	(419,487)	(8,352)	(5,538)	(433,377)
2026	(488,788)	(9,286)	(5,863)	(503,937)
2027	-	(990)	(3,209)	(4,199)
Thereafter	-	(3,550)	(1,502)	(5,052)
Total Amortization	\$ (1,897,944)	\$ (38,276)	\$ (26,990)	\$ (1,963,210)

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB assets for each plan for the measurement period ended June 30, 2021 was determined by actuarial valuations as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/Firefighter. Graded by service from 6.75% to 2.75% for all others
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2020 valuation.
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

The actuarial assumptions used in the June 30, 2020 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, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year 2020 to calendar year 2021.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from plan assets.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.5% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Range</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	28%	+/- 6%	6.63%
Global equity (non-U.S.)	19%	+/- 4%	5.41%
Aggregate bonds	22%	+/- 10%	0.76%
Opportunistic	6%	+/- 4%	4.39%
Real assets	13%	+/- 7%	3.16%
Private equity	12%	+/- 8%	9.29%
Cash equivalents	-%	-%	0.13%

Discount Rate

The discount rate used to measure the total OPEB assets for each plan as of June 30, 2021 was 7.38%. This discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position for each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB assets for each plan.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Sensitivity of the Net OPEB Assets to Changes in the Discount Rate

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

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.14131%	\$ (2,370,730)	\$ (3,625,053)	\$ (4,666,674)
RMP	0.12211%	21,392	(32,776)	(73,689)
ODD	0.13788%	(58,189)	(60,768)	(62,823)

Sensitivity of the Net OPEB Assets to Changes in the Healthcare Cost Trend Rates

The following presents the Borough's proportionate share of the net OPEB assets calculated using the healthcare cost trend rates as summarized in the 2021 actuarial valuation reports as well as what the Borough's proportionate share of the respective plan's net OPEB liability (assets) 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	0.14131%	\$ (4,788,609)	\$ (3,625,053)	\$ (2,220,943)
RMP	0.12211%	(79,545)	(32,776)	30,950
ODD	0.13788%	N/A	N/A	N/A

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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, 2021, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,168 per year for each full-time employee, and \$1.39 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2022, the Borough contributed \$75,383 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

15. 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, 2022. Coverage limits and the deductibles on the policies have stayed relatively constant for the last several years.

16. 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.

17. Changes in Component Unit Net Position

Regarding changes to net position in the Wrangell Public School District (the District) component unit during 2022:

(a) Change in Accounting Principle

In 2022, the District gained administrative control over the student activities funds previously reported in the Custodial Fund - Student Activities. In accordance with GASB Statement No. 84 Fiduciary Activities, the District must report the fund as a special revenue fund. As a result of administrative control over the funds, the previously reported Net Position of the Custodial Fund - Student Activities of \$198,600 at June 30, 2021 has been restated to beginning fund balance in the Student Clubs Special Revenue Fund at the beginning of the period.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

(b) Prior Period Adjustment

Financial results for the year ended June 30, 2022 include a \$(77,338) adjustment to beginning net position in Governmental Activities of the District. The adjustment was due to an understatement of payroll liabilities and related expenses in the prior year that were not previously recorded.

18. Subsequent Events

In preparing these financial statements, the Borough has evaluated all other events and transactions for potential recognition or disclosure through July 18, 2023, the date the financial statements were issued.

On January 31, 2023 the City and Borough issued 2023 General Obligation Bonds Series One, in the amount of \$3,100,000 for repairs and maintenance for several school district buildings. Total proceeds from the issuance are \$3,529,850 which include a premium of \$422,715. The bond matures June 30, 2043, with an annual interest rate of 5.0%.

19. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were implemented by the Borough for 2022 reporting:

GASB Statement No. 87 - Leases - Effective for year-end June 30, 2022. This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Borough analyzed all active leases to determine which leases applied to GASB Statement 87, then accounted for those leases accordingly.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The Borough evaluated the impacts of GASB Statement 89 and determined there to be no impact to the Borough's financial statements for the current fiscal year.

GASB Statement No. 92 - Omnibus 2020 - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments. The Borough evaluated the impacts of GASB Statement 92 and determined there to be no impact to the Borough's financial statements for the current fiscal year.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

GASB Statement No. 93 - Replacement of Interbank Offered Rates - The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end June 30, 2021. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end June 30, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The Borough does not hold any investments with replacement of interbank offered rates, therefore, no action was required on this statement.

GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This Statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Borough does not have a 457 plan that meets the definition of a pension plan, therefore, no action was required on this statement.

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

GASB Statement No. 91 - Conduit Debt Obligations - Effective for year-end June 30, 2023. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

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

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

GASB Statement No. 99 - Omnibus 2022 - Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

GASB Statement No. 100 - Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62 - Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101 - Compensated Absences - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Required Supplementary Information

City and Borough of Wrangell, Alaska

General Fund

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

<i>Year Ended June 30, 2022</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 4,891,173	\$ 4,383,456	\$ 5,608,631	\$ 1,225,175
Intergovernmental	925,196	1,457,238	1,425,443	(31,795)
Charges for services	143,150	60,300	161,727	101,427
Sales and leases	55,000	116,320	108,082	(8,238)
Fines and forfeitures	7,000	5,000	10,019	5,019
Investment income (loss)	15,000	-	(7,178)	(7,178)
Other	69,480	12,210	389,720	377,510
Total Revenues	6,105,999	6,034,524	7,696,444	1,661,920
Expenditures				
General government	1,238,405	1,217,228	1,800,426	(583,198)
Public safety	2,117,412	2,167,437	2,360,642	(193,205)
Public works	1,015,977	1,176,583	1,164,891	11,692
Library	265,848	265,421	272,749	(7,328)
Community services	191,426	211,950	194,721	17,229
Total Expenditures	4,829,068	5,038,619	5,793,429	(754,810)
Excess of Revenues Over Expenditures	1,276,931	995,905	1,903,015	907,110
Other Financing Sources (Uses)				
Transfers in	-	350,000	718,027	368,027
Transfers out	-	-	(3,474,254)	(3,474,254)
Net Other Financing Sources (Uses)	-	350,000	(2,756,227)	(3,106,227)
Net Change in Fund Balance	\$ 1,276,931	\$ 1,345,905	(853,212)	\$ (2,199,117)
Fund Balance, beginning			9,310,412	
Fund Balance, ending			\$ 8,457,200	

See accompanying notes to Required Supplementary Information.

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

<i>Year Ended June 30, 2022</i>	Original and Final Budget	Actual	Variance with Budget
Revenues			
Investment income (loss)	\$ 250,000	\$ (905,482)	\$ (1,155,482)
Lease revenue	16,440	10,980	(5,460)
Total Revenues	266,440	(894,502)	(1,160,942)
Excess of Revenues Over (Under) Expenditures	266,440	(894,502)	(1,160,942)
Other Financing Uses - transfers out	(280,000)	-	280,000
Net Change in Fund Balance	<u>\$ (13,560)</u>	(894,502)	<u>\$ (880,942)</u>
Fund Balance, beginning		<u>9,620,244</u>	
Fund Balance, ending		<u>\$ 8,725,742</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>Year Ended June 30, 2022</i>	Original and Final Budget	Actual	Variance with Budget
Revenues			
Intergovernmental - national forest receipts	\$ 800,000	\$ 1,171,312	\$ 371,312
Expenditures			
Education - contributions to school district	1,400,000	1,303,068	96,932
Capital outlay	-	40,449	(40,449)
Total Expenditures	1,400,000	1,343,517	56,483
Excess of Revenues Over (Under) Expenditures	(600,000)	(172,205)	427,795
Other Financing Sources (Uses)			
Transfers out	(32,000)	-	32,000
Net Change in Fund Balance	<u>\$ (632,000)</u>	(172,205)	<u>\$ 459,795</u>
Fund Balance, beginning		<u>2,433,185</u>	
Fund Balance, ending		<u>\$ 2,260,980</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>	2022	2021	2020	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.14074%	0.11320%	0.10645%	0.11124%	0.10179%	0.12813%	0.12944%	0.09481%
Borough's Proportionate Share of the Net Pension Liability	\$ 5,162,924	\$ 6,680,252	\$ 5,827,496	\$ 5,527,598	\$ 5,261,718	\$ 7,161,690	\$ 6,277,982	\$ 4,421,796
State of Alaska Proportionate Share of the Net Pension Liability	700,042	2,763,265	2,319,355	1,601,473	1,960,717	901,438	1,682,286	3,807,733
Total Net Pension Liability	\$ 5,862,966	\$ 9,443,517	\$ 8,146,851	\$ 7,129,071	\$ 7,222,435	\$ 8,063,128	\$ 7,960,268	\$ 8,229,529
Borough's Covered Payroll	\$ 3,638,702	\$ 3,782,294	3,516,156	3,289,940	3,185,949	3,146,642	3,219,425	3,598,834
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	141.89%	176.62%	165.73%	168.02%	165.15%	227.60%	195.00%	122.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

Schedule of Borough's Contributions

<i>Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 587,192	\$ 552,368	\$ 510,456	\$ 508,139	\$ 525,495	\$ 537,369	\$ 343,399	\$ 340,908
Contributions Relative to the Contractually Required Contribution	587,192	552,368	510,456	508,139	525,495	537,369	343,399	340,908
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 3,740,679	\$ 3,638,702	\$ 3,782,294	\$ 3,516,156	\$ 3,289,940	\$ 3,185,949	\$ 3,146,642	\$ 3,219,425
Contributions as a Percentage of Covered Payroll	15.70%	15.18%	13.50%	14.45%	15.97%	16.87%	10.91%	10.59%

See accompanying notes to Required Supplementary Information.

City and Borough of Wrangell, Alaska

Public Employees' Retirement System - ARHCT OPEB Plan
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30,	ARHCT				
	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.14131%	0.11312%	0.10664%	0.11123%	0.10186%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (3,625,053)	\$ (512,271)	\$ 158,227	\$ 1,141,549	\$ 860,457
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(474,726)	(212,422)	62,826	332,145	320,648
Total Net OPEB Liability (Asset)	\$ (4,099,779)	\$ (724,693)	\$ 221,053	\$ 1,473,694	\$ 1,181,105
Borough's Covered Payroll	\$ 1,529,297	\$ 1,717,381	2,228,533	2,085,158	3,185,949
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-237.04%	-29.83%	7.10%	54.75%	27.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	135.54%	106.15%	98.13%	88.12%	89.68%

Schedule of Borough's Contributions

Years Ended June 30,	ARHCT				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 94,116	\$ 118,568	\$ 187,978	\$ 165,982	\$ 136,960
Contributions Relative to the Contractually Required Contributions	94,116	118,568	187,978	165,982	136,960
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 1,456,889	\$ 1,529,297	\$ 1,717,381	\$ 2,228,533	\$ 2,085,158
Contributions as a Percentage of Covered Payroll	6.46%	7.75%	10.95%	7.45%	6.57%

See accompanying notes to Required Supplementary Information.

City and Borough of Wrangell, Alaska

Public Employees' Retirement System - RMP OPEB Plan
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30,	RMP				
	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.12211%	0.15283%	0.13726%	0.10645%	0.10277%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (32,776)	\$ 10,841	\$ 32,838	\$ 13,546	\$ 5,359
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (32,776)	\$ 10,841	\$ 32,838	\$ 13,546	\$ 5,359
Borough's Covered Payroll	\$ 2,109,405	\$ 2,064,913	\$ 1,287,623	\$ 1,204,782	\$ 3,185,949
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-1.55%	0.53%	2.55%	1.12%	0.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.10%	0.00%	83.17%	88.71%	93.98%

Schedule of Borough's Contributions

Years Ended June 30,	RMP				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 24,436	\$ 26,766	\$ 27,263	\$ 16,108	\$ 12,409
Contributions Relative to the Contractually Required Contributions	24,436	26,766	27,263	16,108	12,409
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 2,283,789	\$ 2,109,405	\$ 2,064,913	\$ 1,287,623	\$ 1,204,782
Contributions as a Percentage of Covered Payroll	1.07%	1.27%	1.32%	1.25%	1.03%

See accompanying notes to Required Supplementary Information.

City and Borough of Wrangell, Alaska

Public Employees' Retirement System - ODD OPEB Plans
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

<i>Years Ended June 30,</i>	ODD				
	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.13788%	0.17568%	0.14984%	0.10645%	0.10277%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (60,768)	\$ (47,890)	\$ (36,328)	\$ (20,674)	\$ (14,582)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (60,768)	\$ (47,890)	\$ (36,328)	\$ (20,674)	\$ (14,582)
Borough's Covered Payroll	\$ 2,109,405	\$ 2,064,913	\$ 1,287,623	\$ 1,204,782	\$ 3,185,949
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.88%	-2.32%	-2.82%	-1.72%	-0.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	374.22%	283.80%	297.43%	270.62%	212.97%

Schedule of Borough's Contributions

<i>Years Ended June 30,</i>	ODD				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 9,290	\$ 4,801	\$ 7,705	\$ 6,118	\$ 2,473
Contributions Relative to the Contractually Required Contributions	9,290	4,801	7,705	6,118	2,473
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 2,283,789	\$ 2,109,405	\$ 2,064,913	\$ 1,287,623	\$ 1,204,782
Contributions as a Percentage of Covered Payroll	0.41%	0.23%	0.37%	0.17%	0.21%

See accompanying notes to Required Supplementary Information.

City and Borough of Wrangell, Alaska
Notes to Required Supplementary Information
June 30, 2022

1. Budgetary Comparison Schedules

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

2. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For June 30, 2022, the Plan measurement date is June 30, 2021.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 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, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

In 2021, the discount rate remained the same at 7.38%.

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

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

Schedule of Borough Contributions

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

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

City and Borough of Wrangell, Alaska

Notes to Required Supplementary Information, continued June 30, 2022

3. Public Employees' Retirement System OPEB Plans

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

These tables are presented based on the Plan measurement date. For June 30, 2022, the Plan measurement date is June 30, 2021.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 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, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year 2020 to calendar year 2021.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2021, the discount rate remained the same at 7.38%.

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

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

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

Supplementary Information

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	Sales Tax	Parks and Recreation	Nolan Center	WPSD Local Contributions		Residential Construc- tion	Industrial Construc- tion	Misc- ellaneous	
<i>June 30, 2022</i>										
Assets										
Cash and investments	\$ 498,165	\$ 1,669,174	\$ 1,551,035	\$ 86,696	\$ 566,488	\$ 10,286	\$ 189,549	\$ 465,476	\$ 131,104	\$ 5,167,973
Receivables:										
Sales taxes	6,385	516	-	-	158,970	-	-	-	-	165,871
Accounts	-	-	68,246	1,572	-	-	-	-	259	70,077
Inventory	-	-	-	52,414	-	-	-	-	-	52,414
Total Assets	\$ 504,550	\$ 1,669,690	\$ 1,619,281	\$ 140,682	\$ 725,458	\$ 10,286	\$ 189,549	\$ 465,476	\$ 131,363	\$ 5,456,335
Liabilities, Deferred Inflows of Resources, and Fund Balances										
Liabilities										
Accounts payable	\$ 2,669	\$ -	\$ 16,682	\$ 5,372	\$ -	\$ -	\$ 2,980	\$ -	\$ -	\$ 27,703
Unearned revenue	-	-	175,000	10,350	-	2,730	-	-	-	188,080
Total Liabilities	2,669	-	191,682	15,722	-	2,730	2,980	-	-	215,783
Deferred Inflows of Resources										
Related to land sales	-	-	-	-	-	-	-	3,128	-	3,128
Related to sales tax	-	21,468	-	-	-	-	-	-	-	21,468
Fund Balances										
Nonspendable - inventory	-	-	-	52,414	-	-	-	-	-	52,414
Restricted	-	-	-	-	725,458	-	-	-	-	725,458
Committed:										
Schools and roads	-	1,648,222	-	-	-	-	-	-	-	1,648,222
Community services	501,881	-	-	-	-	-	-	-	-	501,881
Swimming pool	-	-	1,427,599	-	-	-	-	-	-	1,427,599
Land development	-	-	-	-	-	-	-	462,348	-	462,348
Assigned:										
Projects	-	-	-	72,546	-	-	186,569	-	131,363	390,478
Debt service	-	-	-	-	-	7,556	-	-	-	7,556
Total Fund Balances	501,881	1,648,222	1,427,599	124,960	725,458	7,556	186,569	462,348	131,363	5,215,956
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 504,550	\$ 1,669,690	\$ 1,619,281	\$ 140,682	\$ 725,458	\$ 10,286	\$ 189,549	\$ 465,476	\$ 131,363	\$ 5,456,335

City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2022	Special Revenue Funds					Debt Service Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Transient Tax	Sales Tax	Parks and Recreation	Nolan Center	WPSD Local Contributions		Residential Construc- tion	Industrial Construc- tion	Misc- ellaneous	
Revenues										
Taxes	\$ 119,921	\$ (88)	\$ -	\$ -	\$ 725,458	\$ -	\$ -	\$ -	\$ -	\$ 845,291
Intergovernmental	6,127	-	136,133	8,108	-	-	-	-	-	150,368
Charges for services	-	-	69,238	80,879	-	-	-	-	-	150,117
Investment income (loss)	-	-	(161,278)	593	-	-	-	2,466	-	(158,219)
Land sales and improvements	-	-	-	-	-	-	195,960	271,000	-	466,960
Other	125	-	15,095	107,388	-	-	-	3,828	-	126,436
Total Revenues	126,173	(88)	59,188	196,968	725,458	-	195,960	277,294	-	1,580,953
Expenditures										
General government	-	-	-	-	-	-	(136)	112,389	-	112,253
Parks and recreation	-	-	654,576	-	-	-	-	-	-	654,576
Community services	37,129	14,905	-	387,880	-	-	-	-	-	439,914
Capital outlay	1,238	-	186,372	-	-	-	56,448	38,237	13,260	295,555
Total Expenditures	38,367	14,905	840,948	387,880	-	-	56,312	150,626	13,260	1,502,298
Excess of Revenues Over (Under) Expenditures	87,806	(14,993)	(781,760)	(190,912)	725,458	-	139,648	126,668	(13,260)	78,655
Other Financing Sources (Uses)										
Transfers in	-	-	753,149	266,519	-	-	149	-	-	1,019,817
Transfers out	(24,000)	(100,384)	-	-	-	-	-	-	(703,768)	(828,152)
Net Other Financing Sources (Uses)	(24,000)	(100,384)	753,149	266,519	-	-	149	-	(703,768)	191,665
Net Change in Fund Balances	63,806	(115,377)	(28,611)	75,607	725,458	-	139,797	126,668	(717,028)	270,320
Fund Balances, beginning	438,075	1,763,599	1,456,210	49,353	-	7,556	46,772	335,680	848,391	4,945,636
Fund Balances, ending	\$ 501,881	\$ 1,648,222	\$ 1,427,599	\$ 124,960	\$ 725,458	\$7,556	\$ 186,569	\$ 462,348	\$ 131,363	\$ 5,215,956

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General Fund

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

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

City and Borough of Wrangell, Alaska

General Fund
Balance Sheet

<i>June 30,</i>	2022	2021
Assets		
Cash and investments	\$ 6,695,392	\$ 9,014,904
Prepaid items	391,208	483
Receivables:		
Property taxes	124,732	182,597
Sales taxes	635,880	463,245
Accounts	116,760	97,379
Leases	1,098,464	-
Grants and shared revenues	291,566	-
Total receivables	2,267,402	743,221
Less allowance for doubtful accounts	(70)	(70)
Net receivables	2,267,332	743,151
Due from other funds	239,394	87,351
Interfund loan receivable	405,728	42,669
Total Assets	\$ 9,999,054	\$ 9,888,558
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities		
Accounts payable	\$ 6,546	\$ 446,897
Unearned revenue	328,879	12,368
Total Liabilities	335,425	459,265
Deferred Inflows of Resources		
Lease related	1,079,873	-
Delinquent property taxes	126,556	118,881
Total Deferred Inflows of Resources	1,206,429	118,881
Total Liabilities and Deferred Inflows of Resources	1,541,854	578,146
Fund Balance		
Nonspendable:		
Prepaid items	391,208	483
Interfund loan receivable	405,728	42,669
Unassigned	7,660,264	9,267,260
Total Fund Balance	8,457,200	9,310,412
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 9,999,054	\$ 9,888,558

City and Borough of Wrangell, Alaska

Exhibit G-2

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

<i>Years Ended June 30,</i>	2022		Variance with Budget	2021
	Budget	Actual		Actual
Revenues				
Taxes:				
Real property taxes	\$ 2,125,601	\$ 1,784,255	\$ (341,346)	\$ 1,875,325
Property tax penalties and interest	20,000	19,551	(449)	28,293
Payments in lieu of taxes	460,000	895,046	435,046	494,259
Marijuana taxes	-	7,749	7,749	600
Sales taxes	1,772,855	2,901,830	1,128,975	2,219,997
Sales tax penalties and interest	5,000	200	(4,800)	1,500
Total taxes	4,383,456	5,608,631	1,225,175	4,619,974
Intergovernmental:				
State of Alaska:				
Jail contract	371,975	464,969	92,994	278,981
Community assistance	386,221	402,934	16,713	375,807
Library grants	10,000	52,815	42,815	7,000
State PERS relief	180,058	191,681	11,623	166,506
State reimbursement	7,000	291,566	284,566	-
ARPA grant revenue - general fund portion	485,984	9,763	(476,221)	-
Other	16,000	11,715	(4,285)	2,385
Total State of Alaska	1,457,238	1,425,443	(31,795)	830,679
Federal government - Library grants	-	-	-	14,047
Total intergovernmental	1,457,238	1,425,443	(31,795)	844,726
Charges for services:				
Cemetery services	5,300	7,352	2,052	1,890
Police services	55,000	105,633	50,633	45,974
911 surcharge	-	48,742	48,742	49,633
Total charges for services	60,300	161,727	101,427	97,497
Sales and leases:				
Court rental	62,400	56,031	(6,369)	57,200
Tideland leases	50,000	40,612	(9,388)	50,174
Material sales	-	9,119	9,119	268
Cemetery plot sales	3,920	2,320	(1,600)	588
Total sales and leases	116,320	108,082	(8,238)	108,230
Fines and forfeitures	5,000	10,019	5,019	6,920
Investment loss	-	(7,178)	(7,178)	(15,829)
Other revenues:				
Licenses and permits	1,300	2,254	954	1,402
Copies	500	7	(493)	439
Library donations	6,500	6,588	88	9,802
Allocated public works labor	-	-	-	307
Miscellaneous	3,910	380,871	376,961	64,412
Total other revenues	12,210	389,720	377,510	76,362
Total Revenues	6,034,524	7,696,444	1,661,920	5,737,880

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>	2022		Variance with Budget	2021 Actual
	Budget	Actual		
Expenditures				
General government:				
Finance:				
Personnel services:				
Salaries	\$ 242,024	\$ 244,010	\$ (1,986)	\$ 195,448
Overtime salaries	-	3,784	(3,784)	12,363
Employee benefits	140,503	143,387	(2,884)	104,872
Total personnel services	382,527	391,181	(8,654)	312,683
Contractual services:				
Auditor	-	127,098	(127,098)	16,750
Assessor	-	14,975	(14,975)	(32)
Attorney	101,760	41,538	60,222	72,441
Telephone and internet	14,022	14,165	(143)	13,953
Travel and training	8,550	15,466	(6,916)	-
Utilities	14,000	35,342	(21,342)	16,385
Equipment rental and repair	2,800	8,023	(5,223)	6,235
Programming	92,100	176,121	(84,021)	105,355
Insurance	5,000	33,118	(28,118)	6,425
Bank and credit card	75,000	155,563	(80,563)	74,977
Collection charges	-	7,055	(7,055)	869
Total contractual services	313,232	628,464	(315,232)	313,358
Commodities:				
Materials and supplies	10,400	12,447	(2,047)	8,650
Custodial supplies	-	2,487	(2,487)	-
Postage	12,000	8,661	3,339	9,538
Facility repairs and maintenance	6,000	2,073	3,927	3,345
Equipment repairs and maintenance	2,000	3,142	(1,142)	467
Capital outlay	33,685	22,768	10,917	11,766
Publications and advertising	210	-	210	1,131
Bank and credit card	-	19,658	(19,658)	-
Other	-	93,510	(93,510)	54,651
Total commodities	64,295	164,746	(100,451)	89,548
Total finance	760,054	1,184,391	(424,337)	715,589
Less charges to other funds	(248,499)	(171,897)	(76,602)	(171,897)
Net finance	511,555	1,012,494	(500,939)	543,692
Administration:				
Personnel services:				
Salaries	128,600	254,039	(125,439)	127,050
Overtime salaries	-	231	(231)	-
Employee benefits	58,071	102,099	(44,028)	61,782
Total personnel services	186,671	356,369	(169,698)	188,832

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>	2022		Variance with Budget	2021 Actual
	Budget	Actual		
Expenditures, continued				
General government, continued:				
Administration, continued:				
Contractual services:				
Attorney	\$ 85,000	\$ 100,144	\$ (15,144)	\$ 69,324
Professional services	5,000	12,841	(7,841)	1,841
Telephone and internet	58,980	3,958	55,022	4,572
Administration travel and training	18,005	6,770	11,235	-
Lobbying	67,200	72,800	(5,600)	64,200
Tourism program	4,000	2,171	1,829	3,616
Promotions	3,000	1,120	1,880	-
Insurance	53,493	6,104	47,389	45,380
Total contractual services	294,678	205,908	88,770	188,933
Commodities:				
Materials and supplies	2,000	290	1,710	1,935
Memberships and dues	1,750	1,504	246	1,690
Total commodities	3,750	1,794	1,956	3,625
Total administration	485,099	564,071	(78,972)	381,390
Clerk and assembly:				
Personnel services:				
Salaries	91,000	93,523	(2,523)	79,916
Overtime salaries	-	156	(156)	177
Employee benefits	65,994	61,885	4,109	57,688
Total personnel services	156,994	155,564	1,430	137,781
Contractual services:				
Information technology	15,082	8,296	6,786	7,544
Clerk travel and training	13,450	14,793	(1,343)	-
Recorder fees	300	261	39	351
Total contractual services	28,832	23,350	5,482	7,895
Commodities:				
Materials and supplies	7,000	10,058	(3,058)	5,114
Publications	19,120	27,606	(8,486)	19,958
Membership and dues	5,628	2,913	2,715	6,038
Republishing WMC	3,000	4,370	(1,370)	2,487
Total commodities	34,748	44,947	(10,199)	33,597
Total clerk and assembly	220,574	223,861	(3,287)	179,273
Total general government	1,217,228	1,800,426	(583,198)	1,104,355

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>	2022		Variance with Budget	2021
	Budget	Actual		Actual
Expenditures, continued				
Public safety:				
Fire department:				
Personnel services:				
Salaries	\$ 105,645	\$ 156,199	\$ (50,554)	\$ 4,440
Overtime salaries	-	17,015	(17,015)	-
Employee benefits	81,803	111,422	(29,619)	12,959
Contributions for fire calls	6,500	6,500	-	6,500
Total personnel services	193,948	291,136	(97,188)	23,899
Contractual services:				
Telephone and internet	7,300	7,219	81	5,530
Travel and training	16,725	1,280	15,445	-
Fire charges from capital facilities	3,835	1,298	2,537	3,183
Fire prevention and education	1,000	502	498	982
Insurance	29,099	34,500	(5,401)	30,280
Capital outlay	-	10,242	(10,242)	14,219
Total contractual services	57,959	55,041	2,918	54,194
Commodities:				
Materials and supplies	17,500	16,449	1,051	5,451
Utilities	12,010	12,178	(168)	-
Fire substation costs	2,000	290	1,710	10,963
Equipment	7,500	6,561	939	-
Equipment repairs and maintenance	13,700	5,175	8,525	-
Vehicle maintenance	15,000	7,351	7,649	16,373
Charges from garage	10,500	7,169	3,331	6,941
Turn out gear	10,125	80	10,045	4,539
Total commodities	88,335	55,253	33,082	44,267
Total fire department	340,242	401,430	(61,188)	122,360
Police department:				
Personnel services:				
Salaries	486,054	507,597	(21,543)	238,001
Overtime salaries	56,268	51,681	4,587	19,366
Employee benefits	292,336	337,348	(45,012)	180,980
Uniform allowances	8,000	6,669	1,331	9,073
Total personnel services	842,658	903,295	(60,637)	447,420
Contractual services:				
Telephone and internet	16,424	16,904	(480)	17,548
Information technology	19,000	27,901	(8,901)	4,499
Insurance	30,000	55,033	(25,033)	38,233
Travel and training	33,400	22,396	11,004	11,474
Capital outlay	-	-	-	16,100
Animal control	1,000	108	892	209
State portion of driver licenses	45,000	70,228	(25,228)	30,124
Professional services	15,398	51,781	(36,383)	33,988
State portion of citations	1,000	980	20	629
Other	6,000	3,750	2,250	1,836
Total contractual services	167,222	249,081	(81,859)	154,640

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>	2022		Variance with Budget	2021
	Budget	Actual		Actual
Expenditures, continued				
Public safety, continued:				
Police department, continued:				
Commodities:				
Materials and supplies	\$ 11,000	\$ 3,804	\$ 7,196	\$ 6,079
Boat expenditures	5,000	1,450	3,550	100
Publications	500	400	100	80
Ammunition	7,500	7,557	(57)	7,258
Special investigations	2,500	(534)	3,034	6,551
Equipment	-	5,142	(5,142)	-
Equipment repairs and maintenance	13,000	1,350	11,650	11,876
Vehicle maintenance	-	5,837	(5,837)	-
Health and safety permits	-	-	-	12
Charges from garage	27,750	6,351	21,399	7,571
Membership and dues	-	375	(375)	525
Total commodities	67,250	31,732	35,518	40,052
Total police department	1,077,130	1,184,108	(106,978)	642,112
Police corrections department:				
Personnel services:				
Salaries	232,960	243,165	(10,205)	118,639
Overtime salaries	33,600	34,297	(697)	12,390
Employee benefits	174,033	190,199	(16,166)	100,773
Total personnel services	440,593	467,661	(27,068)	231,802
Contractual services:				
Telephone and internet	1,500	432	1,068	1,209
Information technology	-	2,000	(2,000)	4,000
Travel and training	-	30	(30)	-
Total contractual services	1,500	2,462	(962)	5,209
Commodities:				
Materials and supplies	774	1,083	(309)	1,673
Prisoner meals	3,104	5,579	(2,475)	4,308
Total commodities	3,878	6,662	(2,784)	5,981
Total police corrections department	445,971	476,785	(30,814)	242,992
Public safety building department:				
Personnel services:				
Salaries	-	-	-	913
Overtime salaries	-	-	-	10,275
Employee benefits	-	-	-	7,253
Total personnel services	-	-	-	18,441
Contractual services:				
Telephone and internet	2,520	2,349	171	2,599
Information technology	-	23,784	(23,784)	-
Insurance	15,487	17,316	(1,829)	-
Engineering	5,000	2,941	2,059	157,063
Utilities	110,000	92,962	17,038	102,709
Capital outlay	15,487	84,237	(68,750)	(4,240)
Total contractual services	148,494	223,589	(75,095)	258,131

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>	2022		Variance with Budget	2021
	Budget	Actual		Actual
Expenditures, continued				
Public safety, continued:				
Public safety building, continued:				
Commodities:				
Materials and supplies	\$ -	\$ -	\$ -	\$ 938
Custodial supplies	5,500	3,451	2,049	790
Charges from capital facilities	113,000	-	113,000	-
Facility repair and maintenance	37,100	71,279	(34,179)	134,552
Total commodities	155,600	74,730	80,870	136,280
Total public safety building	304,094	298,319	5,775	412,852
Total public safety	2,167,437	2,360,642	(193,205)	1,420,316
Public works:				
Garage:				
Personnel services:				
Salaries	114,650	63,692	50,958	24,723
Overtime salaries	5,500	1,943	3,557	198
Employee benefits	70,933	48,405	22,528	136,403
Total personnel services	191,083	114,040	77,043	161,324
Contractual services:				
Utilities	23,000	24,787	(1,787)	22,995
Insurance	3,044	4,129	(1,085)	2,494
Telephone and internet	156	1,690	(1,534)	443
Information technology	7,700	-	7,700	606
Professional services	2,650	-	2,650	453
Vehicle maintenance	1,000	155	845	321
Software programming and licensing	-	2,643	(2,643)	4,621
Allocated public works labor	1,500	8,693	(7,193)	923
Postage	-	234	(234)	-
Total contractual services	39,050	42,331	(3,281)	32,856
Commodities:				
Materials and supplies	8,400	7,923	477	7,894
Fuel oil	5,000	40,710	(35,710)	2,529
Fuel and lubrication	65,000	89,674	(24,674)	62,856
Health and safety permits, inspections, and compliance	2,000	955	1,045	1,862
Facility repair and maintenance	16,788	8,562	8,226	3,285
Capital outlay	5,000	-	5,000	5,199
Expendable tools	3,000	1,618	1,382	1,909
Total commodities	105,188	149,442	(44,254)	85,534
Total garage	335,321	305,813	29,508	279,714
Less charges to other departments and funds	(128,380)	(70,672)	(57,708)	(71,414)
Net garage	206,941	235,141	(28,200)	208,300

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>	2022		Variance with Budget	2021 Actual
	Budget	Actual		
Expenditures, continued				
Public works, continued:				
General:				
Personnel services:				
Salaries	\$ 522,821	\$ 553,886	\$ (31,065)	\$ 350,258
Overtime salaries	42,571	51,407	(8,836)	18,483
Uniform allowances	3,000	2,129	871	875
Employee benefits	375,819	408,415	(32,596)	609,355
Total personnel services	944,211	1,015,837	(71,626)	978,971
Contractual services:				
Telephone	20,808	7,433	13,375	16,630
Utilities	-	-	-	350
Publications and advertising	500	228	272	399
Vehicle maintenance	-	399	(399)	3,412
Professional services	1,635	133	1,502	41
Insurance	13,311	18,164	(4,853)	29,704
Travel and training	2,955	-	2,955	463
Total contractual services	39,209	26,357	12,852	50,999
Commodities:				
Materials and supplies	13,000	2,925	10,075	6,865
Vehicle maintenance	2,500	622	1,878	258
Professional services	2,500	1,170	1,330	748
Gear	4,850	808	4,042	434
Other	3,500	761	2,739	1,063
Building repairs and maintenance	(291,498)	(133,668)	(157,830)	(95,274)
Total commodities	(265,148)	(127,382)	(137,766)	(85,906)
Total general	718,272	914,812	(196,540)	944,064
Less charges to other departments and funds	(174,130)	(350,189)	176,059	(128,826)
Net general	544,142	564,623	(20,481)	815,238
Streets:				
Personnel services:				
Employee benefits	-	-	-	(71,705)
Allocated - public works labor	102,500	-	102,500	71,758
Total personnel services	102,500	-	102,500	53
Contractual services:				
Rock quarry electricity	21,000	31,566	(10,566)	28,835
Postage	-	10,133	(10,133)	-
Vehicle maintenance	-	37,062	(37,062)	-
Allocated public works labor	130,000	211,277	(81,277)	56,632
Sanding and snow removal	35,000	39,294	(4,294)	71,758
Total contractual services	186,000	329,332	(143,332)	157,225

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>	2022			2021
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public works, continued:				
Streets, continued:				
Commodities:				
Materials and supplies	\$ 133,000	\$ 35,038	\$ 97,962	\$ 76,160
Equipment repairs and maintenance	4,000	-	4,000	2,289
Street repairs and maintenance	-	757	(757)	309
Total commodities	137,000	35,795	101,205	78,758
Total streets	425,500	365,127	60,373	236,036
Total public works	1,176,583	1,164,891	11,692	1,259,574
Library:				
Personnel services:				
Salaries	112,656	111,041	1,615	102,376
Employee benefits	77,669	75,950	1,719	75,150
Total personnel services	190,325	186,991	3,334	177,526
Contractual services:				
Telephone and internet	3,380	3,184	196	2,650
Insurance	7,715	6,883	832	7,014
Travel and training	290	75	215	-
Information technology	-	11,135	(11,135)	-
Postage	-	97	(97)	-
Utilities	9,000	9,817	(817)	9,293
Total contractual services	20,385	31,191	(10,806)	18,957
Commodities:				
Materials and supplies	5,000	9,443	(4,443)	14,490
Custodian supplies	600	526	74	322
Books, subscriptions and dues	19,415	25,220	(5,805)	22,850
Postage	1,100	999	101	233
Building repairs and maintenance	20,170	7,562	12,608	10,559
Computer repairs and maintenance	8,426	10,817	(2,391)	8,836
Total commodities	54,711	54,567	144	57,290
Total library	265,421	272,749	(7,328)	253,773
Community services:				
Community development:				
Personnel services:				
Salaries	93,795	94,433	(638)	72,302
Capital outlay	-	-	-	96
Total personnel services	93,795	94,433	(638)	72,398

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>	2022		Variance with Budget	2021
	Budget	Actual		Actual
Expenditures, continued				
Community services, continued:				
Community development, continued:				
Contributions:				
Senior citizens program	\$ 11,500	\$ 11,500	\$ -	\$ 11,500
Chamber of Commerce	23,000	23,000	-	23,000
Local radio	8,500	8,500	-	8,500
Volunteer fire department	4,000	-	4,000	-
Total contributions	47,000	43,000	4,000	43,000
Total community development	140,795	137,433	3,362	115,398
Planning and zoning:				
Personnel services:				
Salaries	-	-	-	4,440
Employee benefits	45,941	45,683	258	36,266
Total personnel services	45,941	45,683	258	40,706
Contractual services:				
Information technology	3,380	2,959	421	1,516
Travel and training	8,620	962	7,658	-
Total contractual services	12,000	3,921	8,079	1,516
Commodities:				
Materials and supplies	500	1,312	(812)	1,260
Publications	600	-	600	294
Postage	600	92	508	-
Mapping upgrade	6,724	-	6,724	-
Total commodities	8,424	1,404	7,020	1,554
Total planning and zoning	66,365	51,008	15,357	43,776
Cemetery:				
Personnel services -				
allocated salaries - public works	2,790	3,829	(1,039)	(600)
Commodities - materials and supplies	2,000	2,451	(451)	262
Total cemetery	4,790	6,280	(1,490)	(338)
Total community services	211,950	194,721	17,229	158,836
Total Expenditures	5,038,619	5,793,429	(754,810)	4,196,854
Excess of Revenues Over Expenditures	995,905	1,903,015	907,110	1,541,026
Other Financing Sources (Uses):				
Transfers in	350,000	718,027	368,027	101,375
Transfers out	-	(3,474,254)	(3,474,254)	(716,552)
Net Other Financing Sources (Uses)	350,000	(2,756,227)	(3,106,227)	(615,177)
Net Change in Fund Balance	\$ 1,345,905	(853,212)	\$ (2,199,117)	925,849
Fund Balance, beginning		9,310,412		8,384,563
Fund Balance, ending		\$ 8,457,200		\$ 9,310,412

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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 Response

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.

WPSD Local Contributions

This fund is used to account for the portion of sales tax revenue that is designated for the Wrangell Public School District.

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2022		2021	
	Budget	Actual	Variance with Budget	Actual
Revenues				
Transient and excise taxes	\$ 95,000	\$ 119,921	\$ 24,921	\$ 89,321
Advertising and promotion	2,000	125	(1,875)	6,561
Intergovernmental	-	6,127	6,127	9,565
Total Revenues	97,000	126,173	29,173	105,447
Expenditures - community services:				
Travel and training	14,055	8,350	5,705	-
Materials and supplies	720	130	590	92
Telephone and internet	8,450	1,729	6,721	845
Postage	2,840	2,174	666	4,461
Promotional	950	9,144	(8,194)	18,073
Web hosting	-	278	(278)	420
Dues	2,650	1,175	1,475	2,050
Publications	21,650	8,022	13,628	7,093
Other	-	6,127	(6,127)	3,014
Capital outlay	3,000	1,238	1,762	1,460
Total Expenditures	54,315	38,367	15,948	37,508
Excess of Revenues Over Expenditures	42,685	87,806	45,121	67,939
Other Financing Uses				
Transfers out	(62,000)	(24,000)	38,000	-
Net Change in Fund Balance	\$ (19,315)	63,806	\$ 83,121	67,939
Fund Balance, beginning		438,075		370,136
Fund Balance, ending		\$ 501,881		\$ 438,075

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>	2022		2021	
	Budget	Actual	Variance with Budget	Actual
Revenues				
Sales taxes	\$ 2,607,140	\$ (88)	\$ (2,607,228)	\$ 1,066,597
Expenditures - community services - other	-	14,905	(14,905)	-
Excess of Revenues Over (Under) Expenditures	2,607,140	(14,993)	(2,622,133)	1,066,597
Other Financing Sources (Uses)				
Transfers in	-	622,275	622,275	-
Transfers out	(1,772,855)	(722,659)	1,050,196	(1,124,750)
Net Other Financing Sources (Uses)	(1,772,855)	(100,384)	1,672,471	(1,124,750)
Net Change in Fund Balance	<u>\$ 834,285</u>	(115,377)	<u>\$ (949,662)</u>	(58,153)
Fund Balance, beginning		<u>1,763,599</u>		<u>1,821,752</u>
Fund Balance, ending		<u>\$ 1,648,222</u>		<u>\$ 1,763,599</u>

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

Years Ended June 30,		2022									2021	
		Actual								Variance		
		Budget	Swimming Pool	Swim Club	Recreational Activity	Parks	Helping our Parks	Fee Assistance	Walker Foundation	Total	with Budget	Actual
Revenues												
User fees	\$	52,000	\$ 54,341	\$ -	\$ 11,777	\$ 2,735	\$ -	\$ 385	\$ -	\$ 69,238	\$ 17,238	\$ 31,285
Investment income (loss)		-	(161,278)	-	-	-	-	-	-	(161,278)	(161,278)	242,090
Intergovernmental		1,500	-	-	-	-	-	-	122,906	122,906	121,406	-
Donations		-	500	4,730	-	-	-	-	-	5,230	5,230	-
Other		7,400	5,084	-	3,765	-	155	-	861	9,865	2,465	9,741
State PERS relief		-	13,227	-	-	-	-	-	-	13,227	13,227	10,762
Total Revenues		60,900	(88,126)	4,730	15,542	2,735	155	385	123,767	59,188	(1,712)	293,878
Expenditures - parks and recreation:												
Personnel services:												
Salaries		166,500	118,286	367	59,371	222	-	-	-	178,246	(11,746)	141,568
Casual labor		149,249	64,026	-	1,559	29,738	-	-	-	95,323	53,926	83,439
Employee benefits		110,416	53,135	-	28,098	3,034	-	-	-	84,267	26,149	107,777
Total personnel services		426,165	235,447	367	89,028	32,994	-	-	-	357,836	68,329	332,784
Contractual services:												
Telephone and internet		15,862	13,069	-	1,802	-	-	-	-	14,871	991	8,318
Utilities		145,000	119,024	-	9,016	11,477	-	-	-	139,517	5,483	92,612
Professional services		5,425	3,268	-	-	-	-	-	-	3,268	2,157	-
Travel and training		8,050	2,520	-	-	-	-	-	-	2,520	5,530	6,257
Insurance		30,000	16,110	-	-	-	-	-	-	16,110	13,890	33,151
Total contractual services		204,337	153,991	-	10,818	11,477	-	-	-	176,286	28,051	140,338

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,		2022								2021	
		Actual								Variance	
	Budget	Swimming Pool	Swim Club	Recreational Activity	Parks	Helping our Parks	Fee Assistance	Walker Foundation	Total	with Budget	Actual
Expenditures - parks and recreation											
continued:											
Commodities:											
Materials and supplies	\$ 27,850	\$ 10,242	\$ -	\$ 1,583	\$ 3,949	\$ -	\$ -	\$ -	\$ 15,774	\$ 12,076	\$ 11,597
Postage and shipping	3,000	5,480	-	161	585	-	-	-	6,226	(3,226)	-
Vehicle maintenance	17,099	-	-	-	6,217	-	-	-	6,217	10,882	4,230
Equipment	32,450	7,819	-	1,358	3,778	-	-	-	12,955	19,495	1,676
Equipment repair and maintenance	14,000	5,165	-	-	958	-	-	-	6,123	7,877	239
Allocated - public works	4,000	-	-	-	-	-	-	-	-	4,000	-
Allocated - garage	5,000	-	-	-	-	-	-	-	-	5,000	-
Allocated - capital facilities	26,428	-	-	-	-	-	-	-	-	26,428	-
Chemicals	12,500	15,913	-	-	-	-	-	-	15,913	(3,413)	18,245
Health reports and permits	4,220	2,881	-	490	-	-	-	-	3,371	849	1,918
Publications	2,500	356	-	186	483	-	-	-	1,025	1,475	971
Capital outlay	-	-	-	-	-	-	-	186,372	186,372	(186,372)	51,685
Facility repair and maintenance	82,500	10,519	-	7,427	34,904	-	-	-	52,850	29,650	30,447
Total commodities	231,547	58,375	-	11,205	50,874	-	-	186,372	306,826	(75,279)	121,008
Total Expenditures	862,049	447,813	367	111,051	95,345	-	-	186,372	840,948	21,101	594,130
Excess of Revenues Over											
(Under) Expenditures	(801,149)	(535,939)	4,363	(95,509)	(92,610)	155	385	(62,605)	(781,760)	19,389	(300,252)
Other Financing Sources (Uses)											
Transfers in	797,149	763,253	-	-	-	-	-	-	763,253	(33,896)	477,177
Transfers out	-	-	(6)	-	-	(6,000)	(4,098)	-	(10,104)	(10,104)	-
Net Other Financing Sources (Uses)	797,149	763,253	(6)	-	-	(6,000)	(4,098)	-	753,149	(44,000)	477,177
Net Change in Fund Balance	\$ (4,000)	\$ 227,314	\$ 4,357	\$ (95,509)	\$ (92,610)	\$ (5,845)	\$ (3,713)	\$ (62,605)	(28,611)	\$ (24,611)	176,925
Fund Balance, beginning									1,456,210		1,279,285
Fund Balance, ending									\$1,427,599		\$1,456,210

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

Years Ended June 30,	2022									2021
	Budget	Actual							Variance with Budget	Actual
		Museum	Civic Center	Theater	Nolan Center	Grants	Barnes	Total		
Revenues										
Admissions	\$ 28,000	\$ 8,817	\$ -	\$ 15,078	\$ -	\$ -	\$ -	\$ 23,895	\$ (4,105)	\$ 5,084
Concessions	60,000	32,414	-	17,474	-	-	-	49,888	(10,112)	33,375
Donations and contributions	100,000	-	-	-	85,000	-	-	85,000	(15,000)	-
Rental revenue	5,500	-	7,096	-	-	-	-	7,096	1,596	2,947
Investment income	-	-	-	-	-	-	593	593	593	521
State PERS relief	5,996	-	-	-	8,108	-	-	8,108	2,112	5,996
Other grant revenue	2,000	-	-	-	-	-	-	-	(2,000)	2,195
Miscellaneous	-	18,953	1,865	-	-	1,570	-	22,388	22,388	-
Total Revenues	201,496	60,184	8,961	32,552	93,108	1,570	593	196,968	(4,528)	50,118
Expenditures - community services:										
Personnel services:										
Salaries	104,957	30,281	68,511	9,337	-	-	-	108,129	(3,172)	92,992
Casual labor	30,000	379	-	-	-	-	-	379	29,621	4,706
Employee benefits	62,755	9,318	30,063	-	-	-	-	39,381	23,374	35,266
Total personnel services	197,712	39,978	98,574	9,337	-	-	-	147,889	49,823	132,964
Contractual services:										
Building maintenance and utilities	136,857	-	-	-	173,108	-	-	173,108	(36,251)	181,360
Credit card costs	920	1,000	-	-	-	-	-	1,000	(80)	560
Total contractual services	137,777	1,000	-	-	173,108	-	-	174,108	(36,331)	181,920

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,	2022								2021	
		Actual							Variance	
	Budget	Museum	Civic Center	Theater	Nolan Center	Grants	Barnes	Total	with Budget	Actual
Expenditures, continued										
Commodities:										
Materials and supplies	\$ 7,100	\$ 909	\$ 2,240	\$ -	\$ 432	\$ 1,570	\$ -	\$ 5,151	\$ 1,949	\$ 8,828
Books, subscriptions and dues	21,000	14,631	851	-	-	-	-	15,482	5,518	27,018
Publications and advertising	-	425	1,868	-	-	-	-	2,293	(2,293)	2,585
Concessions	21,000	-	-	9,746	-	-	-	9,746	11,254	2,113
Film costs	20,000	-	-	13,318	-	-	-	13,318	6,682	4,373
Postage	500	-	-	-	157	-	-	157	343	108
Membership and dues	-	-	-	40	-	-	-	40	(40)	30
Miscellaneous	10,310	-	-	-	-	-	-	-	10,310	895
Total commodities	79,910	15,965	4,959	23,104	589	1,570	-	46,187	33,723	45,950
Police department:										
Contractual services	9,600	-	-	-	19,116	-	-	19,116	(9,516)	7,687
Commodities	-	-	580	-	-	-	-	580	(580)	580
Total police department	9,600	-	580	-	19,116	-	-	19,696	(10,096)	8,267
Total Expenditures	424,999	56,943	104,113	32,441	192,813	1,570	-	387,880	37,119	369,101
Excess of Revenues										
Over (Under) Expenditures	(223,503)	3,241	(95,152)	111	(99,705)	-	593	(190,912)	32,591	(318,983)
Other Financing Sources - transfers in	254,519	-	-	-	266,519	-	-	266,519	12,000	268,000
Net Change in Fund Balance	\$ 31,016	\$ 3,241	\$ (95,152)	\$ 111	\$ 166,814	\$ -	\$ 593	75,607	\$ 44,591	(50,983)
Fund Balance, beginning								49,353		100,336
Fund Balance, ending								\$ 124,960		\$ 49,353

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>	2022			2021
			Variance with	
	Budget	Actual	Budget	Actual
Revenues				
Investment income (loss)	\$ 250,000	\$ (905,482)	\$ (1,155,482)	\$ 1,673,891
Lease revenue	16,440	10,980	(5,460)	-
Total Revenues	266,440	(894,502)	(1,160,942)	1,673,891
Excess of Revenues Over (Under)				
Expenditures	266,440	(894,502)	(1,160,942)	1,673,891
Other Financing Uses - transfers out	(280,000)	-	280,000	-
Net Change in Fund Balance	<u>\$ (13,560)</u>	(894,502)	<u>\$ (880,942)</u>	1,673,891
Fund Balance, beginning		<u>9,620,244</u>		<u>7,946,353</u>
Fund Balance, ending		<u>\$ 8,725,742</u>		<u>\$ 9,620,244</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>	2022		2021	
			Variance with Budget	
	Budget	Actual	Budget	Actual
Revenues				
Intergovernmental - national forest receipts	\$ 800,000	\$1,171,312	\$ 371,312	\$ 796,757
Expenditures				
Education - contributions to school district	1,400,000	1,303,068	96,932	1,300,000
Capital outlay	-	40,449	(40,449)	-
Total Expenditures	1,400,000	1,343,517	56,483	1,300,000
Excess of Revenues Over (Under) Expenditures	(600,000)	(172,205)	427,795	(503,243)
Other Financing Sources (Uses)				
Transfers out	(32,000)	-	32,000	-
Net Change in Fund Balance	<u>\$ (632,000)</u>	(172,205)	<u>\$ 459,795</u>	(503,243)
Fund Balance, beginning		<u>2,433,185</u>		<u>2,936,428</u>
Fund Balance, ending		<u>\$2,260,980</u>		<u>\$ 2,433,185</u>

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

<i>Years Ended June 30,</i>	2022	2021
Revenues		
Intergovernmental	\$ 249,481	\$ 2,936,899
Expenditures		
General government:		
Administration:		
Personnel services	6,570	231,008
Contractual services	19,975	113,264
Total administration	26,545	344,272
Finance:		
Contractual services	-	15,631
Commodities	-	663
Personnel services	2,669	27,539
Total finance	2,669	43,833
Clerk and assembly - personnel services	-	11,592
Total general government	29,214	399,697
Public safety:		
Fire department:		
Personnel services	30,379	338,626
Materials and supplies	-	257
Total fire department	30,379	338,883
Pandemic response:		
Contractual services	4,369	113,090
Materials and supplies	69,709	715,682
Total pandemic response	74,078	828,772
Police department:		
Personnel services	-	328,737
Contractual services	33,435	1,116,174
Total police department	33,435	1,444,911
Corrections and dispatch - personnel services	-	119,758
Total public safety	137,892	2,732,324
Public works:		
Capital facilities - personnel services	-	8,248
General - personnel services	-	7,748
Streets - personnel services	-	3,367
Total public works	-	19,363
Community services - museum - personnel services	-	1,538
Parks and recreation - general - personnel services	-	4,547
Total Expenditures	167,106	3,157,469
Net Change in Fund Balance	82,375	(220,570)
Fund Balance (Deficit), beginning	(220,570)	-
Fund Deficit, ending	\$ (138,195)	\$ (220,570)

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

<i>Years Ended June 30,</i>	2022		2021	
			Variance with	
	Budget	Actual	Budget	Actual
Revenues				
Sales taxes	\$ -	\$ 725,458	\$ 725,458	\$ -
Net Change in Fund Balance	<u>-</u>	725,458	<u>725,458</u>	-
Fund Balance, beginning		<u>-</u>		<u>-</u>
Fund Balance, ending		<u>\$ 725,458</u>		<u>\$ -</u>

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Debt Service Fund

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

City and Borough of Wrangell, Alaska

Debt Service Fund

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

<i>Years Ended June 30,</i>	2022			2021
			Variance with	
	Budget	Actual	Budget	Actual
Expenditures				
Debt service:				
Principal	\$ -	\$ -	\$ -	\$ 260,000
Interest	-	-	-	6,875
Total Expenditures	-	-	-	266,875
Excess of Revenues				
Over (Under) Expenditures	-	-	-	(266,875)
Other Financing Sources				
Transfers in	-	-	-	272,750
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	5,875
Fund Balance, beginning		<u>7,556</u>		<u>1,681</u>
Fund Balance, ending		<u>\$ 7,556</u>		<u>\$ 7,556</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
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

<i>Year Ended June 30, 2022</i>	Residential Construc- tion	Industrial Construc- tion	Economic Recovery	Misc- ellaneous	Totals
Revenues					
Land sales and improvements	\$ 195,960	\$ 271,000	\$ -	\$ -	\$ 466,960
Investment income	-	2,466	-	-	2,466
Miscellaneous reimbursement	-	3,828	-	-	3,828
Total Revenues	195,960	277,294	-	-	473,254
Expenditures					
Capital outlay:					
Miscellaneous capital projects	56,448	750	2,464,178	13,260	2,534,636
Compliance testing and other	-	37,487	-	-	37,487
General government - professional services	(136)	112,389	23,310	-	135,563
Total Expenditures	56,312	150,626	2,487,488	13,260	2,707,686
Excess of Revenues Over (Under) Expenditures	139,648	126,668	(2,487,488)	(13,260)	(2,234,432)
Other Financing Sources (Uses)					
Transfers in	149	-	2,464,178	-	2,464,327
Transfers out	-	-	-	(703,768)	(703,768)
Net Other Financing Sources (Uses)	149	-	2,464,178	(703,768)	1,760,559
Net Change in Fund Balances	139,797	126,668	(23,310)	(717,028)	(473,873)
Fund Balances, beginning	46,772	335,680	1,353,445	848,391	2,584,288
Fund Balances, ending	\$ 186,569	\$ 462,348	\$ 1,330,135	\$ 131,363	\$ 2,110,415

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.

Port

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

Sanitation Utility

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

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund

Statement of Net Position

<i>June 30,</i>	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 3,551,503	\$ 3,536,354
Receivables:		
Accounts	313,153	388,043
Less allowance for doubtful accounts	(13,405)	(32,026)
Net receivables	299,748	356,017
Inventories	172,842	186,466
Total Current Assets	4,024,093	4,078,837
Noncurrent Assets		
Net other postemployment benefits asset	494,564	82,593
Capital assets:		
Land	10,900	10,900
Buildings	805,351	805,351
Improvements other than buildings	2,333,198	2,297,735
Equipment	4,291,472	4,267,314
Construction in progress	772,798	430,280
Total capital assets	8,213,719	7,811,580
Less accumulated depreciation	(6,511,989)	(6,369,976)
Net capital assets	1,701,730	1,441,604
Total Noncurrent Assets	2,196,294	1,524,197
Total Assets	6,220,387	5,603,034
Deferred Outflows of Resources		
Related to pensions	106,930	137,668
Related to other postemployment benefits	20,079	60,907
Total Deferred Outflows of Resources	127,009	198,575
Total Assets and Deferred Outflows of Resources	\$ 6,347,396	\$ 5,801,609

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Statement of Net Position, continued

<i>June 30,</i>	2022	2021
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 179,994	\$ 322,457
Accrued leave	34,203	33,725
Customer utility deposits	101,482	93,307
Unearned revenue	143,434	-
Total Current Liabilities	459,113	449,489
Long-term Liabilities		
Net pension liability	686,656	984,959
Net other postemployment benefits liability	-	1,599
Total Long-term Liabilities	686,656	986,558
Total Liabilities	1,145,769	1,436,047
Deferred Inflows of Resources		
Related to pensions	273,823	-
Related to other postemployment benefits	264,178	66,966
Total Deferred Inflows of Resources	538,001	66,966
Net Position		
Net investment in capital assets	1,701,730	1,441,604
Unrestricted	2,961,896	2,856,992
Total Net Position	4,663,626	4,298,596
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,347,396	\$ 5,801,609

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2022	2021
Operating Revenues		
Residential	\$ 1,857,450	\$ 1,768,535
Commercial	2,347,993	2,077,147
Fuel surcharge	110,378	67,860
Labor charges	975	20,632
Other	14,961	27,124
Total Operating Revenues	4,331,757	3,961,298
Operating Expenses		
Generation	3,223,811	3,148,396
Distribution	566,202	453,155
General and administrative	208,749	198,215
Depreciation	142,012	316,544
Total Operating Expenses	4,140,774	4,116,310
Income (Loss) from Operations	190,983	(155,012)
Nonoperating Revenues		
Equipment and pole rental	57,860	29,645
Late fees	19,038	13,193
Material sales	8,087	22,076
State PERS relief	89,062	138,500
Net Nonoperating Revenues	174,047	203,414
Change in Net Position	365,030	48,402
Net Position, beginning	4,298,596	4,250,194
Net Position, ending	\$ 4,663,626	\$ 4,298,596

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund

Statement of Cash Flows

<i>Years Ended June 30,</i>	2022	2021
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 4,624,620	\$ 3,934,921
Payments for interfund services used	(145,869)	(143,830)
Payments to suppliers	(3,403,742)	(2,899,407)
Payments to employees	(657,722)	(723,221)
Net cash flows from operating activities	417,287	168,463
Cash Flows for Capital and Related Financing Activities		
Purchase of property, plant and equipment	(402,138)	(164,117)
Net Increase in Cash and Investments	15,149	4,346
Cash and Investments, beginning	3,536,354	3,532,008
Cash and Investments, ending	\$ 3,551,503	\$ 3,536,354
Reconciliation of Income (Loss) from Operations to Net Cash		
Flows from Operating Activities		
Income (Loss) from operations	\$ 190,983	\$ (155,012)
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:		
Depreciation	142,012	316,544
Noncash expense - PERS relief	89,062	138,500
Miscellaneous nonoperating revenues	84,985	64,913
(Increase) decrease in assets:		
Accounts receivable, net	56,269	(107,677)
Inventories	13,624	(15,381)
Net other postemployment benefits asset	(411,971)	(77,790)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	30,738	(618)
Related to other postemployment benefits	40,828	3,880
Increase (decrease) in liabilities:		
Accounts payable	(142,463)	(27,567)
Accrued leave	478	(18,417)
Customer utility deposits	8,175	16,387
Unearned revenue	143,434	-
Net pension liability	(298,303)	28,887
Net other postemployment benefits liability	(1,599)	(21,565)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	273,823	(18,869)
Related to other postemployment benefits	197,212	42,248
Net Cash Flows from Operating Activities	\$ 417,287	\$ 168,463

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2022	2021
Generation		
Salaries	\$ 135,285	\$ 195,712
Overtime salaries	481	6,168
Employee benefits	(79,970)	161,870
Telephone	8,072	16,066
Utilities	2,280	2,280
Materials and supplies	13,683	21,546
Gas and oil	255,836	230,430
Diesel fuel	1,545	638
Tyee hydro power purchases	2,737,708	2,461,045
Repairs and maintenance	111,144	8,532
Capital outlay	-	10,537
O.S.H.A. requirements	37,747	33,572
Total Generation	3,223,811	3,148,396
Distribution		
Salaries	289,133	270,416
Overtime salaries	33,973	14,096
Employee benefits	199,088	151,215
Telephone	2,925	63
Utilities	1,018	1,017
Travel and training	-	897
Materials and supplies	23,682	5,929
Meters	(6,995)	-
Transformers	2,903	2,033
Allocated vehicle charges - garage	20,475	7,489
Total Distribution	566,202	453,155
General and Administrative		
Allocated overhead - finance	46,990	54,612
Allocated salaries - public works	78,404	81,729
Professional services	6,847	1,844
Travel and training	1,062	-
Insurance	55,446	55,866
Credit card expense	-	4,164
Bad debt expense	20,000	-
Total General and Administrative	208,749	198,215
Depreciation	142,012	316,544
Total Operating Expenses	\$ 4,140,774	\$ 4,116,310

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund

Statement of Net Position

<i>June 30,</i>	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,490,905	\$ 491,455
Receivables:		
Grants	98,414	415,080
Accounts	71,908	80,842
Accrued interest	5	5
Total receivables	170,327	495,927
Total Current Assets	1,661,232	987,382
Noncurrent Assets		
Net other postemployment benefits asset	90,372	18,849
Capital assets:		
Buildings	5,128,436	5,128,436
Improvements other than buildings	12,697,490	11,956,632
Equipment	165,779	145,024
Construction in progress	297,361	754,493
Total capital assets	18,289,066	17,984,585
Less accumulated depreciation	(13,848,808)	(13,413,531)
Net capital assets	4,440,258	4,571,054
Total Noncurrent Assets	4,530,630	4,589,903
Total Assets	6,191,862	5,577,285
Deferred Outflows of Resources		
Related to pensions	19,539	31,418
Related to other postemployment benefits	3,669	13,900
Total Deferred Outflows of Resources	23,208	45,318
Total Assets and Deferred Outflows of Resources	\$ 6,215,070	\$ 5,622,603

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Statement of Net Position, continued

<i>June 30,</i>	2022	2021
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 65,682	\$ 158,818
Accrued leave	20,195	25,314
Unearned revenue	35,345	-
Customer utility deposits	11,145	10,445
Accrued interest payable	4,436	3,326
Current portion - ADEC loans	12,431	5,139
Total Current Liabilities	149,234	203,042
Long-term Liabilities		
Interfund loan, net of current portion	385,000	-
ADEC loans, net of current portion	261,393	46,769
Net pension liability	125,473	224,783
Net other postemployment benefits liability	-	365
Total Long-term Liabilities	771,866	271,917
Total Liabilities	921,100	474,959
Deferred Inflows of Resources		
Related to pensions	50,036	-
Related to other postemployment benefits	48,274	15,283
Total Deferred Inflows of Resources	98,310	15,283
Net Position		
Net investment in capital assets	4,166,434	4,519,146
Unrestricted	1,029,226	613,215
Total Net Position	5,195,660	5,132,361
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,215,070	\$ 5,622,603

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2022	2021
Operating Revenues		
Water sales	\$ 728,038	\$ 692,705
Operating Expenses		
Distribution	73,509	54,130
Treatment	791,231	513,776
General and administrative	43,280	66,068
Depreciation	435,277	404,345
Total Operating Expenses	1,343,297	1,038,319
Loss from Operations	(615,259)	(345,614)
Nonoperating Revenues (Expenses)		
Investment income	136	130
Operating grant revenue	349,064	-
Interest expense	(6,645)	(819)
State PERS relief	24	11,688
Net Nonoperating Revenues (Expenses)	342,579	10,999
Loss before Transfers and Capital Contributions	(272,680)	(334,615)
Capital contributions	235,595	541,624
Transfer in	100,384	-
Change in Net Position	63,299	207,009
Net Position, beginning	5,132,361	4,925,352
Net Position, ending	\$ 5,195,660	\$ 5,132,361

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund

Statement of Cash Flows

<i>Years Ended June 30,</i>	2022	2021
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 773,017	\$ 681,462
Payments for interfund services used	(91,679)	(89,284)
Payments to suppliers	(790,275)	(164,686)
Payments to employees	(190,358)	(184,647)
Net cash flows from (for) operating activities	(299,295)	242,845
Cash Flows from Noncapital Financing Activities		
Operating grants received	349,064	-
Cash Flows from (for) Capital and Related Financing Activities		
Purchase of property, plant and equipment	(304,481)	(699,092)
Capital contributions received	552,261	126,544
Transfers in	100,384	-
ADEC loan received	226,710	-
Interfund loan received	385,000	-
Principal payments on loan	(4,794)	-
Interest payments on loan	(5,535)	-
Net cash flows from (for) capital and related financing activities	949,545	(572,548)
Cash Flows from Investing Activities		
Investment income received	136	130
Net Increase (Decrease) in Cash and Investments	999,450	(329,573)
Cash and Investments, beginning	491,455	821,028
Cash and Investments, ending	\$ 1,490,905	\$ 491,455

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Statement of Cash Flows, continued

<i>Years Ended June 30,</i>	2022	2021
Reconciliation of Loss from Operations to Net Cash		
Flows from (for) Operating Activities		
Loss from operations	\$ (615,259)	\$ (345,614)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Depreciation	435,277	404,345
Noncash expense - PERS relief	24	11,688
(Increase) decrease in assets:		
Accounts receivable	8,934	(12,468)
Net other postemployment benefits asset	(71,523)	(18,057)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	11,879	(9,618)
Related to other postemployment benefits	10,231	(2,227)
Increase (decrease) in liabilities:		
Accounts payable	(93,136)	139,821
Accrued leave	(5,119)	5,246
Unearned revenue	35,345	-
Customer utility deposits	700	1,225
Net pension liability	(99,310)	68,621
Net other postemployment benefits liability	(365)	(6,352)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	50,036	(3,795)
Related to other postemployment benefits	32,991	10,030
Net Cash Flows from (for) Operating Activities	\$ (299,295)	\$ 242,845

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2022	2021
Distribution		
Salaries	\$ 1,170	\$ 905
Employee benefits	(51)	565
Allocated salaries - public works	37,389	43,989
Materials and supplies	11,000	-
Repairs and maintenance	24,001	8,671
Total Distribution	73,509	54,130
Treatment		
Salaries	99,156	108,440
Overtime salaries	20,317	15,316
Employee benefits	(1,390)	114,957
Allocated salaries - public works	16,952	5,013
Telephone	3,924	3,645
Travel and training	1,007	591
Materials and supplies	47,416	87,177
Chlorination - electricity	142,636	131,701
Repairs and maintenance	89,022	45,815
Allocated vehicle charges - garage	996	1,121
Professional services	371,195	-
Total Treatment	791,231	513,776
General and Administrative		
Allocated overhead - finance	36,342	39,161
Materials and supplies	-	792
Repairs and maintenance	(915)	3,935
Professional services	-	6,052
Insurance	7,853	15,370
Credit card expense	-	758
Total General and Administrative	43,280	66,068
Depreciation	435,277	404,345
Total Operating Expenses	\$ 1,343,297	\$ 1,038,319

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund

Statement of Net Position

<i>June 30,</i>	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,443,117	\$ 1,226,802
Receivables:		
Accounts	50,870	48,906
Accrued interest	7	7
Total receivables	50,877	48,913
Total Current Assets	1,493,994	1,275,715
Noncurrent Assets		
Net other postemployment benefits asset	149,668	17,587
Capital assets:		
Buildings	2,233,579	2,233,579
Improvements other than buildings	10,151,774	10,151,774
Equipment	195,001	195,001
Construction in progress	18,298	-
Total capital assets	12,598,652	12,580,354
Less accumulated depreciation	(10,366,177)	(10,122,997)
Net capital assets	2,232,475	2,457,357
Total Noncurrent Assets	2,382,143	2,474,944
Total Assets	3,876,137	3,750,659
Deferred Outflows of Resources		
Related to pensions	32,360	29,315
Related to other postemployment benefits	6,076	12,970
Total Deferred Outflows of Resources	38,436	42,285
Total Assets and Deferred Outflows of Resources	\$ 3,914,573	\$ 3,792,944

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund

Statement of Net Position, continued

<i>June 30,</i>	2022	2021
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 41,570	\$ 42,405
Accrued leave	19,620	23,968
Unearned revenue	28,100	-
Accrued interest payable	1,747	1,717
Current portion - USDA Rural Development loan	1,714	1,652
Total Current Liabilities	92,751	69,742
Long-term Liabilities		
USDA Rural Development loan, net of current portion	82,039	82,154
Net pension liability	207,800	209,736
Net other postemployment benefits liability	-	340
Total Long-term Liabilities	289,839	292,230
Total Liabilities	382,590	361,972
Deferred Inflows of Resources		
Related to pensions	82,866	-
Related to other postemployment benefits	79,947	14,260
Total Deferred Inflows of Resources	162,813	14,260
Net Position		
Net investment in capital assets	2,148,722	2,373,551
Unrestricted	1,220,448	1,043,161
Total Net Position	3,369,170	3,416,712
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,914,573	\$ 3,792,944

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>	2022	2021
Operating Revenues		
Sewer charges	\$ 619,097	\$ 598,144
Operating Expenses		
Collection and treatment	398,892	299,461
General and administrative	43,322	48,868
Depreciation	243,180	252,229
Total Operating Expenses	685,394	600,558
Loss from Operations	(66,297)	(2,414)
Nonoperating Revenues (Expenses)		
Investment income	447	446
State PERS relief	40	10,701
Interest expense	(30)	(1,644)
Net Nonoperating Revenues (Expenses)	457	9,503
Income (Loss) before Capital Contributions	(65,840)	7,089
Capital contributions	18,298	-
Change in Net Position	(47,542)	7,089
Net Position, beginning	3,416,712	3,409,623
Net Position, ending	\$ 3,369,170	\$ 3,416,712

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund

Statement of Cash Flows

<i>Years Ended June 30,</i>	2022	2021
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 645,233	\$ 610,954
Payments for interfund services used	(51,394)	(58,783)
Payments to suppliers	(172,261)	(129,531)
Payments to employees	(205,657)	(190,864)
Net cash flows from operating activities	215,921	231,776
Cash Flows for Capital and Related Financing Activities		
Purchase of property, plant and equipment	(18,298)	(28,828)
Principal payments on USDA Rural Development loan	(53)	(1,632)
Capital contributions received	18,298	-
Interest payments on long-term debt	-	(1,614)
Net cash flows for capital and related financing activities	(53)	(32,074)
Cash Flows from Investing Activities		
Investment income received	447	446
Net Increase in Cash and Investments	216,315	200,148
Cash and Investments, beginning	1,226,802	1,026,654
Cash and Investments, ending	\$ 1,443,117	\$ 1,226,802

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Statement of Cash Flows, continued

<i>Years Ended June 30,</i>	2022	2021
Reconciliation of Loss from Operations to Net Cash		
Flows from Operating Activities		
Loss from operations	\$ (66,297)	\$ (2,414)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	243,180	252,229
Noncash expense - PERS relief	40	10,701
(Increase) decrease in assets:		
Accounts receivable, net	(1,964)	12,810
Net other postemployment benefits asset	(132,081)	(16,204)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	(3,045)	918
Related to other postemployment benefits	6,894	7,054
Increase (decrease) in liabilities:		
Accounts payable	(835)	645
Accrued leave	(4,348)	111
Unearned revenue	28,100	-
Net pension liability	(1,936)	(21,134)
Net other postemployment benefits liability	(340)	(11,178)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	82,866	(6,788)
Related to other postemployment benefits	65,687	5,026
Net Cash Flows from Operating Activities	\$ 215,921	\$ 231,776

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2022	2021
Collection and Treatment		
Salaries	\$ 112,108	\$ 112,972
Overtime salaries	11,395	8,809
Employee benefits	95,891	37,589
Allocated salaries - public works	8,559	15,704
Telephone	2,719	3,568
Utilities	58,997	58,159
Travel and training	-	100
Materials and supplies	12,159	6,804
Facilities repairs and maintenance	3,961	10,993
Systems repairs and maintenance	70,086	25,706
Allocated vehicle charges - garage	6,493	2,085
Compliance testing	16,524	16,972
Total Collection and Treatment	398,892	299,461
General and Administrative		
Allocated overhead - finance	36,342	40,994
Travel and training	50	133
Insurance	6,930	6,490
Credit card expense	-	1,251
Total General and Administrative	43,322	48,868
Depreciation	243,180	252,229
Total Operating Expenses	\$ 685,394	\$ 600,558

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Statement of Net Position

June 30,	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 2,788,832	\$ 2,531,602
Receivables:		
Accounts	219,858	183,767
Grants	80,228	-
Accrued interest	32	32
Less allowance for doubtful accounts	(34,258)	(30,000)
Net receivables	265,860	153,799
Total Current Assets	3,054,692	2,685,401
Noncurrent Assets		
Restricted cash and investments - harbor improvements	694,306	689,100
Net other postemployment benefits asset	282,018	45,203
Capital assets:		
Land	948,333	948,333
Harbor floats, docks and improvements	44,913,351	44,479,718
Travel lift	18,391,507	18,391,507
Gridiron	163,036	154,636
Buildings	222,466	222,466
Equipment	402,397	391,826
Paving	2,530,923	2,530,923
Construction in progress	-	22,750
Total capital assets	67,572,013	67,142,159
Less accumulated depreciation	(32,236,132)	(30,034,721)
Net capital assets	35,335,881	37,107,438
Total Noncurrent Assets	36,312,205	37,841,741
Total Assets	39,366,897	40,527,142
Deferred Outflows of Resources		
Related to pensions	60,975	75,347
Related to other postemployment benefits	11,450	33,335
Total Deferred Outflows of Resources	72,425	108,682
Total Assets and Deferred Outflows of Resources	\$ 39,439,322	\$ 40,635,824

City and Borough of Wrangell, Alaska

Port Enterprise Fund

Statement of Net Position, continued

June 30,	2022	2021
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 112,207	\$ 100,745
Accrued leave	35,775	28,686
Unearned revenue	728,008	689,100
Interfund loans	20,728	21,942
Total Current Liabilities	896,718	840,473
Long-term Liabilities		
Interfund loans, net of current portion	-	20,727
Net pension liability	391,556	539,074
Net other postemployment benefits liability	-	875
Total Long-term Liabilities	391,556	560,676
Total Liabilities	1,288,274	1,401,149
Deferred Inflows of Resources		
Related to pensions	156,144	-
Related to other postemployment benefits	150,644	36,651
Total Deferred Inflows of Resources	306,788	36,651
Net Position		
Net investment in capital assets	35,335,881	37,107,438
Unrestricted	2,508,379	2,090,586
Total Net Position	37,844,260	39,198,024
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 39,439,322	\$ 40,635,824

City and Borough of Wrangell, Alaska

Port Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2022	2021
Operating Revenues		
Municipal dock:		
Storage fees	\$ 61,193	\$ 9,511
Wharfage fees	20,798	25,863
Dockage fees	52,671	27,942
Port development fees	23,209	2,460
Total municipal dock	157,871	65,776
Small boat harbor:		
Stall rentals and transient fees	715,044	744,052
Penalties and late fees	3,130	7,534
Other revenues	22,699	3,626
Total small boat harbor	740,873	755,212
Travel lift:		
Lift fees	204,193	201,349
Storage fees	256,843	294,502
Electric revenues	12,132	12,308
Total travel lift	473,168	508,159
Total Operating Revenues	1,371,912	1,329,147
Operating Expenses		
Municipal dock	69,966	101,844
Small boat harbor	434,740	309,549
Travel lift	349,036	343,731
General and administrative	117,061	182,413
Depreciation	2,201,412	2,183,288
Total Operating Expenses	3,172,215	3,120,825
Loss from Operations	(1,800,303)	(1,791,678)
Nonoperating Revenues		
Investment income	6	1,190
State PERS relief	76	30,563
State grant revenue	115,712	-
State fisheries business tax	284,469	359,288
Total Nonoperating Revenues	400,263	391,041
Loss before Capital Contributions	(1,400,040)	(1,400,637)
Capital contributions	46,276	-
Change in Net Position	(1,353,764)	(1,400,637)
Net Position, beginning	39,198,024	40,598,661
Net Position, ending	\$ 37,844,260	\$ 39,198,024

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2022	2021
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 1,378,987	\$ 1,287,304
Payments for interfund services used	(87,410)	(49,759)
Payments to suppliers	(403,956)	(788,189)
Payments to employees	(539,624)	(542,795)
Net cash flows from (for) operating activities	347,997	(93,439)
Cash Flows from Noncapital Financing Activities		
Operating grants	115,712	-
State fish taxes received	284,469	359,288
Net cash flows from (for) capital and related financing activities	400,181	359,288
Cash Flows from (for) Capital and Related Financing Activities		
Purchase of property, plant and equipment	(429,855)	(169,840)
Principal payments on interfund loan	(21,941)	(21,942)
Capital grants and contributions received	(33,952)	861,591
Net cash flows from (for) capital and related financing activities	(485,748)	669,809
Cash Flows from Investing Activities		
Investment income received	6	1,190
Net Increase in Cash and Investments	262,436	936,848
Cash and Investments, beginning	3,220,702	2,283,854
Cash and Investments, ending	\$ 3,483,138	\$ 3,220,702
Reconciliation of Cash and Investments to Statement of Net Position		
Cash and investments	\$ 2,788,832	\$ 2,531,602
Restricted cash and investments	694,306	689,100
Total Cash and Investments	\$ 3,483,138	\$ 3,220,702
Reconciliation of Loss from Operations to Net Cash		
Flows from (for) Operating Activities		
Loss from operations	\$ (1,800,303)	\$ (1,791,678)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Depreciation	2,201,412	2,183,288
Noncash expense - PERS relief	76	30,563
(Increase) decrease in assets:		
Accounts receivable, net	(31,833)	(41,843)
Net other postemployment benefits asset	(236,815)	(41,572)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	14,372	3,507
Related to other postemployment benefits	21,885	18,022
Increase (decrease) in liabilities:		
Accounts payable	11,462	(415,800)
Accrued leave	7,089	7,438
Unearned revenue	38,908	-
Net pension liability	(147,518)	(38,371)
Net other postemployment benefits liability	(875)	(18,017)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	156,144	(7,423)
Related to other postemployment benefits	113,993	18,447
Net Cash Flows from (for) Operating Activities	\$ 347,997	\$ (93,439)

City and Borough of Wrangell, Alaska

Exhibit K-16

**Port Enterprise Fund
Schedule of Operating Expenses**

<i>Years Ended June 30,</i>	2022	2021
Municipal Dock		
Salaries	\$ 28,691	\$ 30,391
Employee benefits	15,399	17,213
Materials and supplies	2,842	2,190
Insurance	6,195	-
Utilities	5,320	5,517
Allocated vehicle charges - garage	-	20
Repairs and maintenance	11,519	46,513
Total Municipal Dock	69,966	101,844
Small Boat Harbor		
Salaries	129,166	136,260
Employee benefits	57,467	56,526
Allocated salaries - public works	-	180
Materials and supplies	9,156	5,756
Utilities	86,272	74,318
Repairs and maintenance	69,308	13,276
Allocated vehicle charges - garage	12,708	4,878
Publications	-	578
Miscellaneous expense	70,663	17,777
Total Small Boat Harbor	434,740	309,549
Travel Lift		
Salaries	189,661	191,984
Overtime salaries	14,833	12,132
Employee benefits	28,215	70,883
Materials and supplies	7,609	21,449
Insurance	18,721	-
Utilities	21,681	21,700
Allocated vehicle charges - garage	40,498	1,847
Repairs and maintenance	27,818	23,736
Total Travel Lift	349,036	343,731
General and Administrative		
Salaries	4,543	8,881
Allocated overhead - finance	28,919	26,794
Travel and training	6,485	-
Professional services	27,542	36,866
Telephone	7,229	8,896
Materials and supplies	4,834	5,772
Allocated vehicle charges - garage	5,285	16,040
Insurance	38,891	62,426
Repairs and maintenance	(12,800)	1,247
Credit card expense	-	10,947
Publications	6,133	4,544
Total General and Administrative	117,061	182,413
Depreciation	2,201,412	2,183,288
Total Operating Expenses	\$ 3,172,215	\$ 3,120,825

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund
Statement of Net Position

June 30,	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 873,803	\$ 910,820
Accounts receivable	63,942	49,820
Total Current Assets	937,745	960,640
Noncurrent Assets		
Net other postemployment benefits asset	108,334	16,378
Capital assets:		
Buildings	982,637	982,637
Equipment	898,932	552,402
Total capital assets	1,881,569	1,535,039
Less accumulated depreciation	(1,255,817)	(1,156,583)
Net capital assets	625,752	378,456
Total Noncurrent Assets	734,086	394,834
Total Assets	1,671,831	1,355,474
Deferred Outflows of Resources		
Related to pensions	23,423	27,300
Related to other postemployment benefits	4,398	12,078
Total Deferred Outflows of Resources	27,821	39,378
Total Assets and Deferred Outflows of Resources	\$ 1,699,652	\$ 1,394,852
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 28,025	\$ 43,477
Unearned revenue	331,122	-
Accrued leave	15,683	17,782
Total Current Liabilities	374,830	61,259
Long-term Liabilities		
Net pension liability	150,412	195,320
Net other postemployment benefits liability	-	316
Total Long-term Liabilities	150,412	195,636
Total Liabilities	525,242	256,895
Deferred Inflows of Resources		
Related to pensions	59,981	-
Related to other postemployment benefits	57,868	13,280
Total Deferred Inflows of Resources	117,849	13,280
Net Position		
Net investment in capital assets	625,752	378,456
Unrestricted	430,809	746,221
Total Net Position	1,056,561	1,124,677
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,699,652	\$ 1,394,852

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>	2022	2021
Operating Revenues		
User fees	\$ 693,817	\$ 670,479
Operating Expenses		
Collection	196,641	174,560
Landfill	416,670	549,437
General and administrative	49,418	48,557
Depreciation	99,234	76,132
Total Operating Expenses	761,963	848,686
Loss from Operations	(68,146)	(178,207)
Nonoperating Revenues		
State PERS relief	30	10,075
Loss before Transfers	(68,116)	(168,132)
Transfers in	-	722,000
Change in Net Position	(68,116)	553,868
Net Position, beginning	1,124,677	570,809
Net Position, ending	\$ 1,056,561	\$ 1,124,677

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund

Statement of Cash Flows

<i>Years Ended June 30,</i>	2022	2021
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 679,695	\$ 670,121
Payments for interfund services used	(149,052)	(78,293)
Payments to suppliers	(348,170)	(456,151)
Payments to employees	(204,082)	(199,727)
Net cash flows from (for) operating activities	(21,609)	(64,050)
Cash Flows from (for) Capital and Related Financing Activities		
Transfers in	-	722,000
Purchase of property, plant and equipment	(346,530)	-
Capital contributions	331,122	-
Net cash flows from (for) capital and related financing activities	(15,408)	722,000
Net Increase (Decrease) in Cash and Investments	(37,017)	657,950
Cash and Investments, beginning	910,820	252,870
Cash and Investments, ending	\$ 873,803	\$ 910,820
Reconciliation of Loss from Operations to Net Cash		
Flows from (for) Operating Activities		
Loss from operations	\$ (68,146)	\$ (178,207)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Depreciation	99,234	76,132
Noncash expense - PERS relief	30	10,075
(Increase) decrease in assets:		
Accounts receivable, net	(14,122)	(358)
Net other postemployment benefits asset	(91,956)	(15,375)
(Increase) decrease in deferred outflows of resources:		
Related to pensions	3,877	(6,225)
Related to other postemployment benefits	7,680	2,357
Increase (decrease) in liabilities:		
Accounts payable	(15,452)	13,304
Accrued leave	(2,099)	9,031
Net pension liability	(44,908)	31,944
Net other postemployment benefits liability	(316)	(8,075)
Increase (decrease) in deferred inflows of resources:		
Related to pensions	59,981	(5,163)
Related to other postemployment benefits	44,588	6,510
Net Cash Flows from (for) Operating Activities	\$ (21,609)	\$ (64,050)

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund

Schedule of Operating Expenses

<i>Years Ended June 30,</i>	2022	2021
Collection		
Salaries	\$ 67,154	\$ 56,396
Overtime salaries	(571)	7,321
Employee benefits	19,903	57,308
Allocated salaries - public works	64,462	6,301
Materials and supplies	15,465	16,217
Allocated vehicle charges - garage	30,228	31,017
Total Collection	196,641	174,560
Landfill		
Salaries	50,545	56,047
Overtime salaries	4,888	5,823
Employee benefits	39,040	41,911
Allocated salaries - public works	-	180
Telephone	1,792	1,244
Utilities	7,067	5,718
Monitoring and testing	1,692	1,452
Disposal costs	260,894	308,224
Hazardous waste	-	20,215
Materials and supplies	4,209	2,782
Repairs and maintenance	4,309	2,961
Professional services	24,213	99,490
Allocated vehicle charges - garage	18,021	3,390
Total Landfill	416,670	549,437
General and Administrative		
Allocated overhead - finance	36,341	37,179
Insurance	13,077	11,152
Credit card expense	-	226
Total General and Administrative	49,418	48,557
Depreciation	99,234	76,132
Total Operating Expenses	\$ 761,963	\$ 848,686

City and Borough of Wrangell, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subre - cipients	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	\$ -	\$ 1,343,517
School and Roads - Grants to States - Birdfest	10.665	N/A	-	6,127
Total Assistance Listing Number 10.665			-	1,349,644
Department of Treasury				
Passed through State of Alaska Department of Commerce, Community, and Economic Development: COVID-19 - Coronavirus Relief Fund	21.019	20-CRF-227	-	79,988
ARPA-Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	349,064
Total Department of Treasury			-	429,052
Institute of Museum and Library Services				
Easy ARPA Grants to States	45.310	N/A	-	5,916
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 Institute of Museum and Library Services			-	15,916
Department of Homeland Security				
SHSP 2020 Homeland Security Grant Program	97.067	N/A	-	37,588
Federal Highway Administration				
Highway Planning and Construction Cluster Federal Lands Access Program	20.224	N/A	-	68,246
Federal Emergency Management				
Passed through State of Alaska Department of Homeland Security: Disaster Grants - Public Assistance	97.036	DR-4533-AK	-	161,548
National Oceanic and Atmospheric Administration				
Passed through Pacific Marine Salmon Commission: Gulf of Alaska Pink Salmon Disaster Grant Bipartisan Budget Act of 2018	11.022	21-171G	-	46,276
Total Expenditures of Federal Awards			\$ -	\$ 2,108,270

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, 2022

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, 2022. 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, 2022, there were no unspent interest earnings and unspent grant funds were \$2,260,980.

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Single Audit Reports



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

3601 C Street, Suite 600
Anchorage, AK 99503

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell, Alaska (the Borough) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated July 18, 2023. Our report included a reference to other auditors who audited the financial statements of Wrangell Public Schools, as described in our report on the Borough's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 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 2022-003 to be a significant deficiency.

Report on Compliance and Other Matters

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

City and Borough of Wrangell's Response to Findings

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

Purpose of this Report

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

BDO USA, P.A.

Anchorage, Alaska
July 18, 2023



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

3601 C Street, Suite 600
Anchorage, AK 99503

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City and Borough of Wrangell, Alaska's (the Borough) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Borough's major federal programs for the year ended June 30, 2022. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

In our opinion, the Borough complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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



Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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



Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004 to be a significant deficiency.

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

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

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

Anchorage, Alaska
July 18, 2023

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Significant deficiency(ies) identified? ☒ yes ☐ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

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

Significant deficiency(ies) identified? ☒ yes ☐ no

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

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

Identification of major federal programs:

<i>Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>
10.665	Schools and Roads - Grants to States
21.027	Coronavirus State and Local Fiscal Relief Funds

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

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

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs, continued

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

Finding 2022-001 General Ledger Reconciliation and External Financial Reporting - 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 control over financial reporting did not prevent, or detect and correct, errors in certain account balances. During our audit, we identified adjustments that were necessary in order to present the financial statements in accordance with U.S. generally accepted accounting principles (GAAP). Specifically, adjustments were required to properly state opening net position, cash, accounts payable, and fund balance.

Cause 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.

*Effect or
Potential Effect* 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.

Recommendation 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.

*Views of
Responsible
Officials* 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

Finding 2022-002	Journal Entry Review and Approval, and Support - 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 controls over financial reporting do not ensure proper review and approval of manual journal entries, or the retention of appropriate supporting documentation. Furthermore, within the Borough's IT environment, there is a lack of appropriate segregation of duties restricting access for management personnel. These conditions give rise to a heightened risk of management override through the use of manual adjustments.
<i>Cause</i>	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.
<i>Effect or Potential Effect</i>	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.
<i>Recommendation</i>	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.
<i>Views of Responsible Officials</i>	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

Finding 2022-003	Bank Reconciliation Review and Approval - Internal Control Over Financial Reporting - Significant Deficiency
<i>Criteria</i>	<i>Government Accounting Standards</i> states management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently; economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis.
<i>Condition</i>	The Borough's internal controls over financial reporting do not ensure proper review and approval of bank reconciliations.
<i>Cause</i>	The Borough's internal controls related to bank reconciliations were not enforced throughout the period. Bank reconciliation testing identified multiple discrepancies between the bank reconciliation and the ending cash balance for fiscal year 2022 which resulted in significant adjustments to book cash.
<i>Effect or Potential Effect</i>	Bank reconciliations were not completed timely throughout the fiscal year, and discrepancies were noted between the reconciliation balance and year end cash per the general ledger. Further investigation identified activities that were not identified or captured on the bank reconciliation which resulted in significant adjustments to the trial balance.
<i>Recommendation</i>	The Borough should create a formal bank reconciliation process that stipulates an individual besides the preparer review and approve bank reconciliations. Additionally, the Borough should require that relevant supporting documentation be attached and retained with the bank reconciliation to ensure agreement with the general ledger.
<i>Views of Responsible Officials</i>	Management concurs with the finding. Management will revise internal processes and procedures to require bank reconciliations to be reviewed and reconciled to the general ledger.

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs, continued

Section III - Federal Award Findings and Questioned Costs

Finding 2022-004	Deadline for Federal Single Audit - Noncompliance and Internal Control Over Compliance - Significant Deficiency
<i>Agency</i>	United States Department of Agriculture
<i>ALN</i>	10.665 21.027
<i>Program Name</i>	Schools and Roads Grants to States Coronavirus State and Local Fiscal Recovery Funds
<i>Award Year</i>	FY 2022
<i>Criteria or Specific Requirement</i>	The Borough is required to submit the single audit report and Form SF-SAC within nine months of the fiscal year end.
<i>Condition</i>	The Form SF-SAC for the fiscal year ended June 30, 2022 was not filed on time.
<i>Cause</i>	The audit was not completed in time to file the form, due to a delay in closing the books and records.
<i>Effect or Potential Effect</i>	The Schedule of Expenditures of Federal Awards were not available in a timely manner in order to allow for timely submission of Form SF-SAC.
<i>Questioned costs</i>	None
<i>Context</i>	The Form SF-SAC is due nine months after the fiscal year end. The form for the fiscal year ended June 30, 2022 was filed late.
<i>Identification as a repeat finding</i>	No
<i>Recommendation</i>	We recommend the Form SF-SAC is filed timely in the future.
<i>Views of Responsible Officials</i>	Management concurs with this finding. Management will ensure Beginning balance reconciliations and year-end adjustments will be complete by September 5 th , and will work with external auditors to have a financial statement draft prior to their fieldwork.

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**CITY AND BOROUGH OF WRANGELL'S SINGLE AUDIT
RESPONSES (UNAUDITED)**



CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

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

City and Borough of Wrangell, Alaska

Summary Schedule of Prior Audit Findings Year Ended June 30, 2022

Financial Statement Findings

Finding 2021-001 General Ledger Reconciliation and External Financial Reporting - Internal Control Over Financial Reporting - Material Weakness

Finding The Borough's internal control over financial reporting did not prevent, or detect and correct, errors in certain account balances. During our audit, we identified adjustments that were necessary in order to present the financial statements in accordance with U.S. generally accepted accounting principles (GAAP). Specifically, adjustments were required to properly state opening net position, cash, and fund balance.

Status Finding not resolved in 2022, see 2022-001

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

Finding The Borough's internal controls over financial reporting do not ensure proper review and approval of manual journal entries, or the retention of appropriate supporting documentation. Furthermore, within the Borough's IT environment there is a lack of appropriate segregation of duties restricting access for management personnel. These conditions give rise to a heightened risk of management override through the use of manual adjustments.

Status Finding not resolved in 2022, see 2022-002

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

Finding The Borough's internal controls related to bank reconciliations were not enforced throughout the period. Bank reconciliation testing identified multiple discrepancies between the bank reconciliation and the ending cash balance for fiscal year 2021 which resulted in significant adjustments to book cash.

Status Finding not resolved in 2022, see 2022-003



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City and Borough of Wrangell, Alaska

Summary Schedule of Prior Audit Findings, continued Year Ended June 30, 2022

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

Information on Federal Program Coronavirus Relief Fund Assistance Listing 21.019

Finding During testing, multiple instances were identified where expenditures to federal programs were not properly reviewed and approved. The Borough's internal controls over nonpayroll expenditures lack appropriate safeguards ensuring all transactions are reviewed and approved by a knowledgeable individual prior to posting to the general ledger.

Status Finding resolved

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

Information on Federal Program Coronavirus Relief Fund Assistance Listing 21.019

Finding Internal controls were not operating effectively throughout the entire fiscal year to ensure that all employees have approved pay rates included in the personnel files.

Status Finding resolved

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

Information on Federal Program Coronavirus Relief Fund Assistance Listing 21.019

Finding Reports underwent significant modification after initial submission. Evidence of secondary review and approval was not always present.

Status Finding resolved



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Summary Schedule of Prior Audit Findings, continued Year Ended June 30, 2022

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

Information on Designated Legislative Grant Program 13-DC-494
State Program Municipal Grants Program MMG 91722

Finding During our testwork of the reporting requirements, of the 4 reports selected for testing for 13-DC-494, we noted 1 financial report was submitted after the reporting deadline. For MMG 91722 no awards were submitted as required.

Status Finding resolved

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

Information on Community Assistance Program FY21
State Program

Finding Failure to notify taxpayers as required under AS 29.45.020 makes the City and Borough of Wrangell out of compliance with grant requirements.

Status Finding resolved



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City and Borough of Wrangell, Alaska

Corrective Action Plan Year Ended June 30, 2022

Name of Contact Person: Mason F. Villarma
Finance Director
mvillarma@wrangell.com
907-874-2381

Financial Statement Findings

Finding 2022-001 - 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 whereby the Finance Director will ensure all proposed adjustments have been made and that the trial balance is at par with the external auditor's records. A copy of this reconciliation will be submitted to the external auditors. Additionally, the Borough will ensure to close the prior year books and records preventing any potential back posting to the general ledger. The Borough Manager will sign off on the period close once performed by the Finance Director.

Expected Completion Date:
Fiscal year 2023

Finding 2022-002 - Journal Entry Review and Approval, and Support - Internal Control Over Financial Reporting - Material Weakness

Corrective Action Plan

In order to create a stronger set of internal controls, the Borough will adopt a journal entry preparation and review process whereby the preparer of the entry stamps/signs and dates the entry made. Subsequently, the entry will be printed to PDF and reviewed by the *Finance Director*. The *Finance Director* will sign and date the journal entry "approved" and place it in the current fiscal year journal entry file. The Borough will verify proper segregation of duties has been followed throughout this process. Additionally, supporting documentation will be kept with each journal entry as justification of the change.

Expected Completion Date:
Fiscal year 2023



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City and Borough of Wrangell, Alaska

Corrective Action Plan, continued Year Ended June 30, 2022

Finding 2022-003 Bank Reconciliation Review and Approval - Internal Control Over Financial Reporting - Significant Deficiency

Corrective Action Plan

The Borough will ensure timely reconciliation of the bank statements. Each month's statements will be reconciled by the 15th of each month. If the Borough continues to experience ERP flaws in the bank reconciliation module, the Borough will provide a bridge to the ending cash balance of the general ledger to the bank statement.

Expected Completion Date:
Fiscal year 2023

Federal Award Findings

Finding 2022-004 - Deadline for Federal Single Audit - Noncompliance and Internal Control Over Compliance - Significant Deficiency

Corrective Action Plan

The Borough will work with external auditors to have a financial statement draft prior to their fieldwork. Beginning balance reconciliations and year-end adjustments will be complete by September 5th, and a final trial balance and general ledger will be submitted to the external auditors.

Expected Completion Date:
Fiscal year 2023