

City and Borough of Wrangell, Alaska

Basic Financial Statements, Required
Supplementary Information,
Supplementary Information and Single
Audit Reports
Year Ended June 30, 2023

City and Borough of Wrangell, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information
and Single Audit Reports
Year Ended June 30, 2023

City and Borough of Wrangell, Alaska

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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, 2023, 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, 2023, 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 "School District"), a discretely presented component unit, as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School District, is based solely on the report of the other auditors.

Basis for Opinions

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



Responsibilities of Management for the Financial Statements

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

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 for the year ended June 30, 2023 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* for the year ended June 30, 2023, 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, 2023 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, 2023.



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, 2022 (not presented herein), and have issued our report thereon dated July 18, 2023, 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, 2022 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 2022 financial statements. The information was subjected to the auditing procedures applied in the audit of the 2022 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, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2024 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.C.

Anchorage, Alaska
April 1, 2024

Basic Financial Statements

City and Borough of Wrangell, Alaska

Statement of Net Position

	Primary Government			Component Unit
	Govern- mental Activities	Business- type Activities	Total	Wrangell Public Schools
<i>June 30, 2023</i>				
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 25,494,726	\$ 9,696,950	\$ 35,191,676	\$ 2,415,646
Receivables, net of allowance for doubtful accounts:				
Property and sales taxes	917,215	-	917,215	-
Accounts	232,236	773,934	1,006,170	323,113
Grants and shared revenues	1,470,109	124,364	1,594,473	-
Leases	1,195,643	-	1,195,643	-
Accrued interest	143,955	43	143,998	-
Internal balances	346,500	(346,500)	-	-
Prepaid items	483	-	483	172,517
Inventories	62,068	243,837	305,905	25,518
Restricted cash and investments	3,529,850	1,308,408	4,838,258	-
Net other postemployment benefits asset	1,746,434	813,402	2,559,836	1,373,054
Capital assets:				
Land, land improvements and construction in progress	5,155,936	3,729,312	8,885,248	-
Other capital assets, net of depreciation	27,443,380	39,680,430	67,123,810	85,145
Total Assets	67,738,535	56,024,180	123,762,715	4,394,993
Deferred Outflows of Resources				
Related to pensions	605,834	282,166	888,000	579,070
Related to other postemployment benefits	184,463	85,914	270,377	-
Total Deferred Outflows of Resources	790,297	368,080	1,158,377	579,070
Total Assets and Deferred Outflows of Resources	\$ 68,528,832	\$ 56,392,260	\$ 124,921,092	\$ 4,974,063

City and Borough of Wrangell, Alaska

Statement of Net Position, continued

	Primary Government			Component Unit
	Govern- mental Activities	Business- type Activities	Total	Wrangell Public Schools
<i>June 30, 2023</i>				
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Accounts payable	\$ 419,677	\$ 317,372	\$ 737,049	\$ 168,529
Accrued payroll and related liabilities	-	-	-	149,232
Customer utility deposits	-	122,909	122,909	-
Accrued interest payable	12,917	1,167	14,084	-
Unearned revenue	240,403	1,447,568	1,687,971	35,625
Noncurrent liabilities:				
Due within one year:				
Accrued leave	309,272	135,983	445,255	-
Bonds	95,000	-	95,000	-
Loans	-	14,366	14,366	-
Due in more than one year:				
Bonds, including unamortized premium	3,434,850	-	3,434,850	-
USDA Rural Development loan	-	78,653	78,653	-
ADEC loans	-	248,774	248,774	-
Net pension liability	4,305,641	2,005,349	6,310,990	2,648,596
Total Liabilities	8,817,760	4,372,141	13,189,901	3,001,982
Deferred Inflows of Resources				
Related to leases	1,143,663	-	1,143,663	-
Related to other postemployment benefits	168,633	78,540	247,173	162,418
Total Deferred Inflows of Resources	1,312,296	78,540	1,390,836	162,418
Total Liabilities and Deferred Inflows of Resources	10,130,056	4,450,681	14,580,737	3,164,400
Net Position				
Net investment in capital assets	32,599,316	43,067,949	75,667,265	85,145
Restricted	12,148,218	-	12,148,218	-
Unrestricted	13,651,242	8,873,630	22,524,872	1,724,518
Total Net Position	58,398,776	51,941,579	110,340,355	1,809,663
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 68,528,832	\$ 56,392,260	\$ 124,921,092	\$ 4,974,063

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Statement of Activities

Year Ended June 30, 2023	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Wrangell Public Schools
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government		Total	
					Govern- mental Activities	Business- type Activities		
Functions								
Primary Government								
Governmental activities:								
General government	\$ 1,460,423	\$ 79,368	\$ 310,161	\$ -	\$ (1,070,894)	\$ -	\$ (1,070,894)	
Public safety	1,917,506	126,762	641,865	-	(1,148,879)	-	(1,148,879)	
Public works	2,000,133	323,266	(23,667)	-	(1,700,534)	-	(1,700,534)	
Parks and recreation	612,029	80,820	(1,236)	657,306	124,861	-	124,861	
Community services	1,777,629	288,376	317,562	134,865	(1,036,826)	-	(1,036,826)	
Education	1,927,217	-	1,093,907	-	(833,310)	-	(833,310)	
Interest	58,556	-	-	-	(58,556)	-	(58,556)	
Total governmental activities	9,753,493	898,592	2,338,592	792,171	(5,724,138)	-	(5,724,138)	
Business-type activities:								
Electric utility	4,252,840	4,598,932	84,843	-	-	430,935	430,935	
Water utility	938,438	902,631	504,867	157,057	-	626,117	626,117	
Sanitation utility	813,106	897,288	300,203	-	-	384,385	384,385	
Port	3,274,824	1,744,643	201,304	-	-	(1,328,877)	(1,328,877)	
Sewer utility	580,293	695,592	3,707	253,126	-	372,132	372,132	
Total business-type activities	9,859,501	8,839,086	1,094,924	410,183	-	484,692	484,692	
Total Primary Government	\$ 19,612,994	\$ 9,737,678	\$ 3,433,516	\$ 1,202,354	(5,724,138)	484,692	(5,239,446)	

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

Year Ended June 30, 2023	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Wrangell Public Schools
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government		Total	
					Govern- mental Activities	Business- type Activities		
Component Unit								
Wrangell Public Schools	\$ 4,431,561	\$ 3,553	\$ 865,405	\$ 34,317			\$ (3,528,286)	
General Revenues								
Taxes:								
Property taxes				\$ 1,692,193	\$ -	\$ 1,692,193	-	
Sales taxes				4,051,189	-	4,051,189	-	
Payments in lieu of taxes				493,042	-	493,042	-	
Other taxes				101,757	-	101,757	-	
Contributions from primary government				-	-	-	1,617,629	
Grants and entitlements not restricted to a specific purpose				434,471	-	434,471	3,303,572	
E-rate				-	-	-	153,624	
Investment income				1,326,268	610	1,326,878	19,803	
Other				170,389	-	170,389	41,689	
Transfers				673,000	(673,000)	-	-	
Total General Revenues and Transfers				8,942,309	(672,390)	8,269,919	5,136,317	
Change in Net Position				3,218,171	(187,698)	3,030,473	1,608,031	
Net Position, beginning				55,180,605	52,129,277	107,309,882	201,632	
Net Position, ending				\$ 58,398,776	\$ 51,941,579	\$ 110,340,355	\$ 1,809,663	

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Governmental Funds
Balance Sheet

	Major Funds					Nonmajor Funds	Total Govern- mental Funds
	General	Permanent Fund Special Revenue	Secure Rural Schools Special Revenue	Parks and Recreation Special Revenue			
<i>June 30, 2023</i>							
Assets							
Cash and investments	\$ 7,856,611	\$ 9,461,814	\$ 1,608,324	\$ 966,332	\$ 5,601,645	\$ 25,494,726	
Restricted cash and investments	3,529,850	-	-	-	-	3,529,850	
Receivables, net of allowance for doubtful accounts:							
Property and sales taxes	743,719	-	-	-	173,496	917,215	
Accounts	99,328	14,484	-	-	118,424	232,236	
Grants	670,143	-	277,717	522,249	-	1,470,109	
Leases	1,036,310	159,333	-	-	-	1,195,643	
Accrued interest	143,861	94	-	-	-	143,955	
Interfund loan receivable	346,500	-	-	-	-	346,500	
Prepaid items	483	-	-	-	-	483	
Inventory	-	-	-	-	62,068	62,068	
Total Assets	\$ 14,426,805	\$ 9,635,725	\$ 1,886,041	\$ 1,488,581	\$ 5,955,633	\$ 33,392,785	
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 275,641	\$ -	\$ 38,609	\$ 54,384	\$ 51,043	\$ 419,677	
Unearned revenue	81,513	-	-	148,540	10,350	240,403	
Total Liabilities	357,154	-	38,609	202,924	61,393	660,080	
Deferred Inflows of Resources							
Delinquent property taxes	48,083	-	-	-	-	48,083	
Related to land sales	-	-	-	-	6,258	6,258	
Related to leases	1,000,620	143,043	-	-	-	1,143,663	
Total Deferred Inflows of Resources	1,048,703	143,043	-	-	6,258	1,198,004	
Total Liabilities and Deferred Inflows of Resources	1,405,857	143,043	38,609	202,924	67,651	1,858,084	
Fund Balances							
Nonspendable	346,983	-	-	-	62,068	409,051	
Restricted	3,529,850	9,492,682	1,847,432	-	808,104	15,678,068	
Committed	-	-	-	1,285,657	2,217,665	3,503,322	
Assigned	-	-	-	-	2,800,145	2,800,145	
Unassigned	9,144,115	-	-	-	-	9,144,115	
Total Fund Balances	13,020,948	9,492,682	1,847,432	1,285,657	5,887,982	31,534,701	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,426,805	\$ 9,635,725	\$ 1,886,041	\$ 1,488,581	\$ 5,955,633	\$ 33,392,785	

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, 2023

Total fund balances for governmental funds		\$ 31,534,701
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	1,505,080	
Infrastructure	23,541,405	
Buildings	48,623,687	
Improvements other than buildings	6,834,181	
Machinery and equipment	5,526,868	
Accumulated depreciation	<u>(57,082,761)</u>	
Total capital assets		32,599,316
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		1,746,434
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.		
		54,341
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	(309,272)	
Bonds, including unamortized premium	(3,529,850)	
Net pension liability	(4,305,641)	
Accrued interest payable	<u>(12,917)</u>	
Total long-term liabilities		(8,157,680)
Deferred outflows and deferred inflows of resources related to pensions and other postemployment benefits are applicable to future periods, and therefore are not reported in the funds.		
Deferred outflows of resources related to pensions	605,834	
Deferred outflows of resources related to OPEB	184,463	
Deferred inflows of resources related to OPEB	<u>(168,633)</u>	
Total deferred pension and OPEB items		<u>621,664</u>
Total Net Position of Governmental Activities		\$ <u>58,398,776</u>

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2023	Major Funds					Total Govern- mental Funds
	General	Permanent Fund Special Revenue	Secure Rural Schools Special Revenue	Parks and Recreation Special Revenue	Nonmajor Funds	
Revenues						
Taxes	\$ 5,512,363	\$ -	\$ -	\$ -	\$ 904,291	\$ 6,416,654
Intergovernmental	1,432,488	-	1,091,177	662,551	273,910	3,460,126
Charges for services	167,835	-	-	65,076	132,914	365,825
Sales and leases	104,309	28,246	-	-	-	132,555
Investment income	678,730	568,305	-	76,098	3,135	1,326,268
Land sales and improvements	-	170,389	-	-	315,078	485,467
Fines and forfeitures	14,668	-	-	-	-	14,668
Other	19,522	-	-	15,744	296,490	331,756
Total Revenues	7,929,915	766,940	1,091,177	819,469	1,925,818	12,533,319
Expenditures						
Current:						
General government	1,783,835	-	-	-	254,680	2,038,515
Public safety	2,232,682	-	-	-	-	2,232,682
Public works	1,512,712	-	-	-	-	1,512,712
Parks and recreation	-	-	-	659,642	-	659,642
Community services	783,835	-	-	-	747,479	1,531,314
Education	-	-	876,259	-	741,489	1,617,748
Debt service:						
Interest	-	-	-	-	45,639	45,639
Capital outlay	-	-	593,113	745,654	76,267	1,415,034
Total Expenditures	6,313,064	-	1,469,372	1,405,296	1,865,554	11,053,286
Excess of Revenues Over (Under)						
Expenditures	1,616,851	766,940	(378,195)	(585,827)	60,264	1,480,033
Other Financing Sources (Uses)						
Transfers in	-	-	-	443,885	2,495,643	2,939,528
Transfers out	(2,231,175)	-	(35,353)	-	-	(2,266,528)
Proceeds from bonds issued	3,100,000	-	-	-	-	3,100,000
Premium on bonds issued	429,850	-	-	-	-	429,850
Net Other Financing Sources (Uses)	1,298,675	-	(35,353)	443,885	2,495,643	4,202,850
Net Change in Fund Balances	2,915,526	766,940	(413,548)	(141,942)	2,555,907	5,682,883
Fund Balances, beginning	10,105,422	8,725,742	2,260,980	1,427,599	3,332,075	25,851,818
Fund Balances, ending	\$ 13,020,948	\$ 9,492,682	\$ 1,847,432	\$ 1,285,657	\$ 5,887,982	\$ 31,534,701

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, 2023**

Net change in fund balances - total governmental funds	\$ 5,682,883
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which depreciation (\$1,673,117) exceeded capital outlays (\$1,642,500).	
	(30,617)
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	(75,343)
The issuance of bonds provides current financial resources in governmental funds. Also, governmental funds report the effect of bond premiums when the debt is first issued, whereas this amount is deferred and amortized in the Statement of Activities. This is the change in bond-related transactions:	
Proceeds from issuance of bonds	\$ (3,100,000)
Proceeds from bond premium	(429,850)
Accrued interest expense	(12,917)
	(3,542,767)
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	\$ (41,194)
Decrease in net pension liability and related accounts	776,457
Increase in net OPEB asset and related accounts	448,752
	1,184,015
Change in Net Position of Governmental Activities	\$ 3,218,171

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Net Position

<i>June 30, 2023</i>	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Electric Utility	Water Utility	Sanitation Utility	Port	Sewer Utility	
Assets and Deferred Outflows of Resources						
Current Assets						
Cash and investments	\$ 3,193,193	\$ 972,212	\$ 744,693	\$ 3,507,023	\$ 1,279,829	\$ 9,696,950
Receivables, net of allowance for doubtful accounts:						
Accounts	516,606	46,378	37,400	136,580	36,970	773,934
Grants	-	124,364	-	-	-	124,364
Accrued interest	-	5	-	32	6	43
Inventories	243,837	-	-	-	-	243,837
Total Current Assets	3,953,636	1,142,959	782,093	3,643,635	1,316,805	10,839,128
Noncurrent Assets						
Restricted cash and investments	-	616,500	-	691,908	-	1,308,408
Net other postemployment benefits asset	298,594	103,732	95,425	230,922	84,729	813,402
Capital assets, net	1,579,326	5,362,657	815,741	33,296,486	2,355,532	43,409,742
Total Noncurrent Assets	1,877,920	6,082,889	911,166	34,219,316	2,440,261	45,531,552
Total Assets	5,831,556	7,225,848	1,693,259	37,862,951	3,757,066	56,370,680
Deferred Outflows of Resources						
Related to pensions	103,581	35,984	33,103	80,106	29,392	282,166
Related to other postemployment benefits	31,538	10,957	10,079	24,391	8,949	85,914
Total Deferred Outflows of Resources	135,119	46,941	43,182	104,497	38,341	368,080
Total Assets and Deferred Outflows of Resources	\$ 5,966,675	\$ 7,272,789	\$ 1,736,441	\$ 37,967,448	\$ 3,795,407	\$ 56,738,760

City and Borough of Wrangell, Alaska

Enterprise Funds

Statement of Net Position, continued

	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Electric Utility	Water Utility	Sanitation Utility	Port	Sewer Utility	
<i>June 30, 2023</i>						
Liabilities, Deferred Inflows of Resources, and Net Position						
Current Liabilities						
Accounts payable	\$ 15,682	\$ 185,543	\$ 21,447	\$ 57,236	\$ 37,464	\$ 317,372
Customer utility deposits	109,005	13,904	-	-	-	122,909
Accrued interest payable	-	1,138	-	-	29	1,167
Unearned revenue	39,689	626,279	9,795	763,986	7,819	1,447,568
Accrued leave	32,755	28,367	19,780	39,234	15,847	135,983
Current portion of interfund loan	-	38,500	-	-	-	38,500
Current portion of loans	-	12,618	-	-	1,748	14,366
Total Current Liabilities	197,131	906,349	51,022	860,456	62,907	2,077,865
Long-term Liabilities, net of current portion						
USDA Rural Development loan	-	-	-	-	78,653	78,653
ADEC loans	-	248,774	-	-	-	248,774
Interfund loan	-	308,000	-	-	-	308,000
Net pension liability	736,151	255,742	235,259	569,311	208,886	2,005,349
Total Long-term Liabilities	736,151	812,516	235,259	569,311	287,539	2,640,776
Total Liabilities	933,282	1,718,865	286,281	1,429,767	350,446	4,718,641
Deferred Inflows of Resources						
Related to other postemployment benefits	28,832	10,016	9,214	22,297	8,181	78,540
Net Position						
Net investment in capital assets	1,579,326	5,101,265	815,741	33,296,486	2,275,131	43,067,949
Unrestricted	3,425,235	442,643	625,205	3,218,898	1,161,649	8,873,630
Total Net Position	5,004,561	5,543,908	1,440,946	36,515,384	3,436,780	51,941,579
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,966,675	\$ 7,272,789	\$ 1,736,441	\$ 37,967,448	\$ 3,795,407	\$ 56,738,760

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2023	Major Funds				Nonmajor Fund	Total Enterprise Funds
	Electric Utility	Water Utility	Sanitation Utility	Port	Sewer Utility	
Operating Revenues						
Charges for services	\$ 4,514,535	\$ 868,285	\$ 897,288	\$ 1,744,643	\$ 692,230	\$ 8,716,981
Operating Expenses						
Personnel services	707,264	329,127	275,246	620,536	159,442	2,091,615
Commodities	3,179,162	231,992	66,867	184,652	172,930	3,835,603
Contractual services	115,388	19,394	327,125	252,578	94,221	808,706
Intergovernmental	13,929	1,137	24,899	13,966	6,290	60,221
Depreciation	237,097	356,081	118,969	2,203,092	145,872	3,061,111
Total Operating Expenses	4,252,840	937,731	813,106	3,274,824	578,755	9,857,256
Income (Loss) from Operations	261,695	(69,446)	84,182	(1,530,181)	113,475	(1,140,275)
Nonoperating Revenues (Expenses)						
Investment income	-	131	-	1	478	610
Interest expense	-	(707)	-	-	(1,538)	(2,245)
Other grant revenue	-	500,328	296,027	71,587	-	867,942
State PERS relief	84,843	4,539	4,176	10,106	3,707	107,371
State fisheries business tax	-	-	-	119,611	-	119,611
Other revenues	84,397	34,346	-	-	3,362	122,105
Net Nonoperating Revenues (Expenses)	169,240	538,637	300,203	201,305	6,009	1,215,394
Income (Loss) Before Transfers and Capital Contributions	430,935	469,191	384,385	(1,328,876)	119,484	75,119
Transfers out	(90,000)	(278,000)	-	-	(305,000)	(673,000)
Capital contributions	-	157,057	-	-	253,126	410,183
Change in Net Position	340,935	348,248	384,385	(1,328,876)	67,610	(187,698)
Net Position, beginning	4,663,626	5,195,660	1,056,561	37,844,260	3,369,170	52,129,277
Net Position, ending	\$ 5,004,561	\$ 5,543,908	\$ 1,440,946	\$ 36,515,384	\$ 3,436,780	\$ 51,941,579

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended June 30, 2023	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	\$ 4,285,852	\$ 927,622	\$ 602,503	\$ 1,829,641	\$ 687,493	\$ 8,333,111
Payments for interfund services used	(13,929)	(1,137)	(24,899)	(13,966)	(6,290)	(60,221)
Payments to suppliers	(3,529,857)	(131,525)	(400,570)	(492,201)	(271,257)	(4,825,410)
Payments to employees	(895,683)	(311,534)	(293,213)	(694,683)	(248,020)	(2,443,133)
Net cash flows from (for) operating activities	(153,617)	483,426	(116,179)	628,791	161,926	1,004,347
Cash Flows from (for) Noncapital Financing Activities						
State fish taxes received	-	-	-	119,611	-	119,611
Operating grants	-	1,065,312	296,027	151,815	-	1,513,154
Transfers out	(90,000)	(278,000)	-	-	(305,000)	(673,000)
Net cash flows from (for) noncapital financing activities	(90,000)	787,312	296,027	271,426	(305,000)	959,765
Cash Flows for Capital and Related Financing Activities						
Purchase of property, plant and equipment	(114,693)	(1,278,480)	(308,958)	(163,697)	(268,929)	(2,134,757)
Capital contributions received	-	157,057	-	-	253,126	410,183
Principal paid on interfund loans	-	(38,500)	-	(20,728)	-	(59,228)
Principal payments on long-term debt	-	(12,432)	-	-	(3,352)	(15,784)
Interest payments on long-term debt	-	(707)	-	-	(1,538)	(2,245)
Net cash flows for capital and related financing activities	(114,693)	(1,173,062)	(308,958)	(184,425)	(20,693)	(1,801,831)
Cash Flows from Investing Activities						
Investment income received	-	131	-	1	479	611
Net Increase (Decrease) in Cash and Investments	(358,310)	97,807	(129,110)	715,793	(163,288)	162,892
Cash and Investments, beginning	3,551,503	1,490,905	873,803	3,483,138	1,443,117	10,842,466
Cash and Investments, ending	\$ 3,193,193	\$ 1,588,712	\$ 744,693	\$ 4,198,931	\$ 1,279,829	\$ 11,005,358
Reconciliation of Cash and Investments to Statement of Net Position						
Cash and investments	\$ 3,193,193	\$ 972,212	\$ 744,693	\$ 3,507,023	\$ 1,279,829	\$ 9,696,950
Restricted cash and investments	-	616,500	-	691,908	-	1,308,408
Total Cash and Investments	\$ 3,193,193	\$ 1,588,712	\$ 744,693	\$ 4,198,931	\$ 1,279,829	\$ 11,005,358

City and Borough of Wrangell, Alaska

Enterprise Funds

Statement of Cash Flows, continued

Year Ended June 30, 2023	Major Funds				Nonmajor	Total Enterprise Funds
	Electric Utility	Water Utility	Sanitation Utility	Port	Sewer Utility	
Reconciliation of Income (Loss) from Operations to Net Cash						
Flows from (for) Operating Activities						
Income (loss) from operations	\$ 261,695	\$ (69,446)	\$ 84,182	\$ (1,530,181)	\$ 113,475	\$ (1,140,275)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:						
Depreciation	237,097	356,081	118,969	2,203,092	145,872	3,061,111
Noncash expense - PERS relief	84,843	4,539	4,176	10,106	3,707	107,371
Miscellaneous nonoperating revenues	84,397	34,346	-	-	3,362	122,105
(Increase) decrease in assets:						
Accounts receivable, net	(216,858)	25,530	26,542	49,020	13,900	(101,866)
Inventories	(70,995)	-	-	-	-	(70,995)
Net other postemployment benefits asset	195,970	(13,360)	12,909	51,096	64,939	311,554
(Increase) decrease in deferred outflows of resources:						
Related to pensions	3,349	(16,445)	(9,680)	(19,131)	2,968	(38,939)
Related to other postemployment benefits	(11,459)	(7,288)	(5,681)	(12,941)	(2,873)	(40,242)
Increase (decrease) in liabilities:						
Accounts payable	(164,312)	119,861	(6,578)	(54,971)	(4,106)	(110,106)
Accrued leave	(1,448)	8,172	4,097	3,459	(3,773)	10,507
Unearned revenue	(103,745)	-	(321,327)	35,978	(20,281)	(409,375)
Interest payable	-	(3,298)	-	-	(1,718)	(5,016)
Customer utility deposits	7,523	2,759	-	-	-	10,282
Net pension liability	49,495	130,269	84,847	177,755	1,086	443,452
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	(235,346)	(38,258)	(48,654)	(128,347)	(71,766)	(522,371)
Net Cash Flows from (for) Operating Activities	\$ (153,617)	\$ 483,426	\$ (116,179)	\$ 628,791	\$ 161,926	\$ 1,004,347

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

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 its operational or financial relationship with the Borough.

The component unit column in the basic 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

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.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

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

Major governmental funds:

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

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

The *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 *Parks and Recreation Special Revenue Fund* accounts for the operation and maintenance of the swimming pool, recreational activities, and parks.

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; thus, an equivalent portion of fund balance in classified is nonspendable in the governmental fund financial statements. Prepaid items are recorded as expenditure/expenses when consumed 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 effective interest rate 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 other postemployment benefits related transactions 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.

As previously mentioned, sometimes the Borough will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. 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.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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.

2. Stewardship, Compliance and Accountability

Budgetary Accounting

An operating budget is adopted each fiscal year for the General Fund and most Special Revenue Funds 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, 2023, expenditures exceeded appropriations in the General Fund for the following functions: General Government by \$374,138.

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 and Water Utility Enterprise Funds, and the General Fund. In 2020, the Borough received a grant from the State of Alaska for the Meyers Chuck Harbor project. However, the funds were used on the Shoemaker Harbor instead. As a result, the Borough has restricted cash in the amount of \$691,908 in the Port Enterprise fund for use on the Meyers Chuck Harbor project. The Borough also restricted cash in the amount of \$616,500 for a federal advance grant in the Water Utility Enterprise Fund for the reservoir bypass project and restricted cash in the amount of \$3,529,850 in the General Fund for unspent bond proceeds remaining at year end June 30, 2023.

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, 2023.

	Pooled Cash and Investments	Permanent Fund Special Revenue Fund	Totals
Bank deposits	\$ 422,047	\$ 535,976	\$ 958,023
Investments	30,146,073	8,925,838	39,071,911
Total Cash and Investments	\$ 30,568,120	\$ 9,461,814	\$ 40,029,934

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

	Government- wide Statement of Net Position
Cash and investments	\$ 35,191,676
Restricted cash and investments	4,838,258
Total Cash and Investments	\$ 40,029,934

Investment Policy

The Borough's general investment policy authorizes investments in:

1. Treasury bonds, bills, notes or other general obligation evidence 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-term, unlevered investments. The fund is prohibited from engaging in short sales and margin transactions.
2. Product level investment guidelines. The Borough Assembly will take a conservative posture on derivative securities in order to maintain a risk averse nature. Since it is anticipated that new derivative products will be created each year, it is not the intention of the Borough policy to list specific derivatives that are prohibited from investment; rather, it will form a general policy on derivatives. The Borough Assembly recognizes that derivatives may be utilized within products as a portfolio management tool. All derivative exposure must be fully collateralized. Direct leverage or borrowing for the purpose of magnifying returns is prohibited.

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

Interest Rate Risk

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure to custodial credit risk, Borough policy requires that all deposits and investments be fully insured or collateralized. As of June 30, 2023, the Borough had balances of \$708,023 not covered by FDIC insurance or a third-party collateralization agreement.

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, 2023 are as follows:

<i>Investment Type</i>	Amount	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More than 10
Money market funds	\$ 14,066,313	\$ 14,066,313	\$ -	\$ -	\$ -
Certificates of deposit	4,267,730	735,021	3,532,709	-	-
U.S. Treasuries	2,256,178	-	2,256,178	-	-
Corporate bonds	7,568,114	489,090	7,079,024	-	-
U.S. agencies	651,573	17,636	633,937	-	-
Municipal bonds	49,796	49,796	-	-	-
Total subject to interest rate risk	28,859,704	\$ 15,357,856	\$ 13,501,848	\$ -	\$ -
Domestic equity funds	476,906				
U.S. fixed income funds	289,952				
International fixed income funds	64,392				
International equity funds	128,851				
Infrastructure funds	64,603				
Real estate funds	38,992				
Domestic fixed income	3,219				
Fixed Income	64,605				
Alternative funds	116,189				
Commodities funds	38,660				
Total General Investments	\$ 30,146,073				

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, 2023:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
Certificates of deposit	\$ -	\$ 4,267,730	\$ -	\$ 4,267,730
U.S. treasuries	2,256,178	-	-	2,256,178
U.S. agencies	-	651,573	-	651,573
Municipal bonds	-	49,796	-	49,796
U.S. fixed income funds	289,952	-	-	289,952
International fixed income funds	64,392	-	-	64,392
Domestic equity funds	476,906	-	-	476,906
International equity funds	128,851	-	-	128,851
Infrastructure funds	64,603	-	-	64,603
Real estate funds	38,992	-	-	38,992
Domestic fixed income	3,219	-	-	3,219
Fixed income	64,605	-	-	64,605
Corporate bonds	-	7,568,114	-	7,568,114
Alternative funds	116,189	-	-	116,189
Commodities funds	38,660	-	-	38,660
Total Investments at Fair Value	\$ 3,542,547	\$ 12,537,213	\$ -	16,079,760
Investments at amortized cost - Money market funds				14,066,313
Total General Investments				\$ 30,146,073

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, 2023.

Credit Risk

The Borough's general investments in U.S. Treasuries were rated Aaa by Moody's. The Borough's U.S. Agencies were rated as follows by Moody's: \$451,731 rated Aaa; \$107,128 rated Aa1; \$48,764 rated Aa2; \$43,950 rated Aa3. The Borough's investments in municipal bonds were rated as Aaa by Moody's. The Borough's investments in certificates of deposits, U.S. fixed income funds, domestic fixed income, fixed income, and international fixed income funds were unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure when the amount invested in a single issuer exceeds 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government, as well as mutual funds and other pooled investments, are exempted from this requirement.

At June 30, 2023, the Borough did not have any amounts invested with a single issuer in excess of 5 percent of total investments.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Investment maturities in Permanent Fund Special Revenue Fund investments at June 30, 2023 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	\$ 31,443	\$ 31,443	\$ -	\$ -
Total subject to interest rate risk	31,443	\$ 31,443	\$ -	\$ -
Domestic equity funds	3,297,488			
U.S. fixed income funds	2,004,824			
International fixed income funds	445,231			
International equity funds	890,917			
Infrastructure funds	446,689			
Real estate funds	269,606			
Domestic fixed income	22,255			
Fixed income	446,700			
Alternative funds	803,373			
Commodities funds	267,312			
Total Permanent Fund Investments	\$ 8,925,838			

In addition to the investments disclosed above, the Permanent Fund Special Revenue Fund holds \$535,973 in cash. When combined with the investment held in the Permanent Fund Special Revenue Fund at fair value, the total balance of cash and investments is \$9,461,814.

Fair Value Measurement

Permanent Fund investments are classified in the fair value hierarchy as follows at June 30, 2023:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
U.S. fixed income funds	\$ 2,004,824	\$ -	\$ -	\$ 2,004,824
International fixed income funds	445,231	-	-	445,231
Domestic equity funds	3,297,488	-	-	3,297,488
International equity funds	890,917	-	-	890,917
Infrastructure funds	446,689	-	-	446,689
Real estate funds	269,606	-	-	269,606
Domestic fixed income	22,255	-	-	22,255
Fixed income	446,700	-	-	446,700
Alternative funds	803,373	-	-	803,373
Commodities funds	267,312	-	-	267,312
Total Investments at Fair Value	\$ 8,894,395	\$ -	\$ -	8,894,395
Investments at amortized cost - Money market funds				31,443
Total Permanent Fund Investments				\$ 8,925,838

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, 2023, 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, 2023</i>	Major Governmental Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Permanent Fund	Secure Rural Schools	Parks and Recreation		
Property taxes	\$ 49,736	\$ -	\$ -	\$ -	\$ -	49,736
Sales taxes	693,983	-	-	-	173,496	867,479
Accounts	99,398	14,484	-	-	118,424	232,306
Grants	670,143	-	277,717	522,249	-	1,470,109
Leases	1,036,310	159,333	-	-	-	1,195,643
Interest	143,861	94	-	-	-	143,955
Total receivables	2,693,431	173,911	277,717	522,249	291,920	3,959,228
Less allowance for doubtful accounts	(70)	-	-	-	-	(70)
Net Receivables	\$ 2,693,361	\$ 173,911	\$ 277,717	\$ 522,249	\$ 291,920	\$ 3,959,158

<i>June 30, 2023</i>	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds
	Electric Utility	Water Utility	Sanitation Utility	Port		
Grants	\$ -	\$ 124,364	\$ -	\$ -	\$ -	124,364
Accounts	530,338	46,378	37,400	170,838	36,970	821,924
Accrued interest	-	5	-	32	6	43
Total receivables	530,338	170,747	37,400	170,870	36,976	946,331
Less allowance for doubtful accounts	(13,732)	-	-	(34,258)	-	(47,990)
Net Receivables	\$ 516,606	\$ 170,747	\$ 37,400	\$ 136,612	\$ 36,976	\$ 898,341

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 \$159,039 for the fiscal year ended June 30, 2023. The Borough recognized \$124,263 in lease revenue and \$62,419 in interest revenue for the fiscal year ended June 30, 2023. As of June 30, 2023, the Borough's receivable for lease payments was \$1,195,643. The Borough recognized a deferred inflow of resources associated with the leases of \$1,143,663 on June 30, 2023, that will be recognized as revenue over the remainder of the lease terms.

6. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2023
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 3,650,856	\$ -	\$ -	\$ 3,650,856
Construction in progress	145,500	1,359,580	-	1,505,080
Total capital assets not being depreciated	3,796,356	1,359,580	-	5,155,936
<i>Capital assets being depreciated:</i>				
Infrastructure	23,450,938	90,467	-	23,541,405
Buildings	48,623,687	-	-	48,623,687
Improvements other than buildings	6,723,298	110,883	-	6,834,181
Machinery and equipment	5,445,298	81,570	-	5,526,868
Total capital assets being depreciated	84,243,221	282,920	-	84,526,141
Less accumulated depreciation for:				
Infrastructure	6,140,957	608,359	-	6,749,316
Buildings	40,166,859	688,219	-	40,855,078
Improvements other than buildings	5,030,658	208,662	-	5,239,320
Machinery and equipment	4,071,170	167,877	-	4,239,047
Total accumulated depreciation	55,409,644	1,673,117	-	57,082,761
Total capital assets being depreciated, net	28,833,577	(1,390,197)	-	27,443,380
Governmental Activities Capital Assets, net	\$ 32,629,933	\$ (30,617)	\$ -	\$ 32,599,316

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

	Balance July 1, 2022	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2023
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 959,233	\$ -	\$ -	\$ 959,233
Construction in progress	1,088,457	1,681,622	-	2,770,079
Total capital assets not being depreciated	2,047,690	1,681,622	-	3,729,312
<i>Capital assets being depreciated:</i>				
Buildings	9,372,469	142,017	-	9,514,486
Improvements other than buildings	91,205,438	15,090	(24,159)	91,196,369
Machinery and equipment	5,929,423	296,028	24,159	6,249,610
Total capital assets being depreciated	106,507,330	453,135	-	106,960,465
<i>Less accumulated depreciation for:</i>				
Buildings	8,315,498	188,075	-	8,503,573
Improvements other than buildings	50,877,423	2,614,716	-	53,492,139
Machinery and equipment	5,026,003	258,320	-	5,284,323
Total accumulated depreciation	64,218,924	3,061,111	-	67,280,035
Total capital assets being depreciated, net	42,288,406	(2,607,976)	-	39,680,430
Business-type Activity Capital Assets, net	\$ 44,336,096	\$ (926,354)	\$ -	\$ 43,409,742

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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, 2023:

Governmental Activities

General government	\$ 11,485
Public safety	163,409
Public works	826,236
Parks and recreation	45,688
Community services	316,830
Education	309,469

Total Depreciation Expense - Governmental Activities \$ 1,673,117

Business-type Activities

Electric utility	\$ 237,097
Water utility	356,081
Sanitation utility	118,969
Port	2,203,092
Sewer utility	145,872

Total Depreciation Expense - Business-type Activities \$ 3,061,111

7. Interfund Balances and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2023, follows:

Interfund Loans

Due to General Fund from:	
Water Enterprise Fund for long-term capital advances	\$ 346,500

Transfers

From General Fund to:	
Parks and Recreation Special Revenue Fund for capital costs	\$ 443,885
Nonmajor governmental funds to cover operating costs	254,166
Nonmajor governmental funds for capital costs	1,533,124

Total transfers from the General Fund 2,231,175

From Secure Schools Special Revenue Fund to:
 Nonmajor governmental funds to cover debt service costs 35,353

From Electric Utility Enterprise Fund to:
 Nonmajor governmental funds to cover capital costs 90,000

From Water Utility Enterprise Fund to:
 Nonmajor governmental funds to cover capital costs 278,000

From nonmajor enterprise fund to:
 Nonmajor governmental funds to cover capital costs 305,000

Total Transfers to Other Funds \$ 2,939,528

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, 2023:

Governmental Activities	Balance July 1, 2022	Additions	Retired	Balance June 30, 2023	Due Within One Year
\$3,100,000 General Obligation bonds due in semi-annual installments of \$95,000 to \$240,000 through 2042, plus interest at 5%	\$ -	\$ 3,100,000	\$ -	\$ 3,100,000	\$ 95,000
Unamortized premium on bonds	-	429,850	-	429,850	-
GO bonds, including premium	-	3,529,850	-	3,529,850	95,000
Accrued leave	268,078	248,878	207,684	309,272	309,272
Net pension liability	3,601,027	704,614	-	4,305,641	-
Total Governmental Activities	\$ 3,869,105	\$ 4,483,342	\$ 207,684	\$ 8,144,763	\$ 404,272

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

On February 15, 2023 the Borough issued general obligation bonds to finance major renovations of the schools and other related capital improvements. The bonds were issued in the amount of \$3,100,000 and at a premium of \$429,850. Interest rate is 5% and payment are made semiannually. During the year ended June 30, 2023, no principal payments were made and interest payments were made in the amount of \$45,639.

Annual debt service requirements to maturity for the bonds as follows:

Governmental Activities			
<i>Year Ending June 30,</i>	Principal	Interest	Total
2024	\$ 95,000	\$ 152,625	\$ 247,625
2025	95,000	147,875	242,875
2026	100,000	143,000	243,000
2027	105,000	137,875	242,875
2028	115,000	132,375	247,375
2029-2033	660,000	568,250	1,228,250
2034-2038	845,000	380,625	1,225,625
2039-2042	1,085,000	141,375	1,226,375
	\$ 3,100,000	\$ 1,804,000	\$ 4,904,000

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance July 1, 2022	Additions	Retired	Balance June 30, 2023	Due Within One Year
Loans Payable from Direct Borrowings:					
\$91,000 USDA Sewer loan due in semi-annual installments of \$1,623 including interest at 1.875% through 2057	\$ 83,753	\$ -	\$ 3,352	\$ 80,401	\$ 1,748
\$57,251 ADEC Water Utility loan due in annual installments of \$2,667 to \$3,334, including interest of 1.5% through 2038	47,114	-	2,628	44,486	2,667
\$542,249 ADEC Water Utility loan due in annual installments of \$10,101 to \$13,207, including interest of 1.5% through 2041	226,710	-	9,804	216,906	9,951
Total direct borrowings	357,577	-	15,784	341,793	14,366
Accrued leave	125,476	97,269	86,762	135,983	135,983
Net pension liability	1,561,897	443,452	-	2,005,349	-
Total Business-type Activities	\$ 2,044,950	\$ 540,721	\$ 102,546	\$ 2,483,125	\$ 150,349

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

Business-type Activities	Loans Payable from Direct Borrowings		
	Principal	Interest	Total
<i>Year Ending June 30,</i>			
2024	\$ 14,366	\$ 3,289	\$ 17,655
2025	14,588	5,198	19,786
2026	14,813	4,973	19,786
2027	15,043	4,744	19,787
2028	15,275	4,511	19,786
2029-2033	79,996	18,933	98,929
2034-2038	86,383	12,548	98,931
2039-2043	62,898	6,153	69,051
2044-2048	13,173	3,057	16,230
2049-2053	14,461	1,769	16,230
2054-2058	10,797	405	11,202
	\$ 341,793	\$ 65,580	\$ 407,373

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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	\$ 32,599,316	\$ 43,067,949	\$ 75,667,265
Restricted:			
Schools	808,104	-	808,104
Economic stability	9,492,682	-	9,492,682
Schools and roads	1,847,432	-	1,847,432
Total restricted	12,148,218	-	12,148,218
Unrestricted	13,651,242	8,873,630	22,524,872
Total Net Position	\$ 58,398,776	\$ 51,941,579	\$ 110,340,355

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, 2023:

	Major Governmental Funds						
	General	Permanent Fund Special Revenue	Secure Rural Schools Special Revenue	Parks and Recreation Special Revenue	Nonmajor Funds		
Nonspendable:							
Interfund loans	\$ 346,500	\$ -	\$ -	\$ -	\$ -	\$ -	346,500
Prepaid items	483	-	-	-	-	-	483
Inventory	-	-	-	-	62,068	-	62,068
Total nonspendable	346,983	-	-	-	62,068	-	409,051
Restricted:							
Unspent bond proceeds	3,529,850	-	-	-	-	-	3,529,850
Economic stability	-	9,492,682	-	-	-	-	9,492,682
Schools and roads	-	-	1,847,432	-	-	-	1,847,432
Schools	-	-	-	-	808,104	-	808,104
Total restricted	3,529,850	9,492,682	1,847,432	-	808,104	-	15,678,068
Committed:							
Community services	-	-	-	-	469,793	-	469,793
Schools and roads	-	-	-	1,285,657	-	-	1,285,657
Land development	-	-	-	-	1,747,872	-	1,747,872
Total committed	-	-	-	1,285,657	2,217,665	-	3,503,322
Assigned - Projects	-	-	-	-	2,800,145	-	2,800,145
Unassigned	9,144,115	-	-	-	-	-	9,144,115
Total Fund Balances	\$ 13,020,948	\$ 9,492,682	\$ 1,847,432	\$ 1,285,657	\$ 5,887,982	\$ -	\$ 31,534,701

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 \$1,617,748 in National Forest Receipts funding and sales tax to the School District for the year ended June 30, 2023. Support provided to the School District does not include debt service payments on school facilities or capital expenditures.

14. Pension and Other Postemployment Benefits 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 an annual comprehensive financial report that includes financial statements and other required supplemental information. That report is available via the internet at <https://drb.alaska.gov/docs/reports/#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. Peace/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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

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

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.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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, 2023 were determined in the June 30, 2021 actuarial valuations. The Borough's contribution rates for the 2023 fiscal year were as follows:

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	18.38%	2.79%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.41%	-%
Total Contribution Rates	24.79%	2.79%

Alaska Statute 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the fiscal year, the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the Borough are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

In 2023, the Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2021 to June 30, 2022	Borough Fiscal Year July 1, 2022 to June 30, 2023
Employer contributions (including DBUL)	\$ 587,192	\$ 707,567
Nonemployer contributions (on-behalf)	305,408	112,525
Total Contributions	\$ 892,600	\$ 820,092

In addition, employee contributions to the Plan totaled \$94,078 during the Borough's fiscal year.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

At June 30, 2023, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

Borough proportionate share of NPL	\$ 6,310,990
State's proportionate share of NPL associated with the Borough	1,745,376
Total Net Pension Liability	\$ 8,056,366

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2022 measurement date, the Borough's proportion was 0.12382 percent, which was a decrease of (0.01692) from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Borough recognized pension expense of \$635,796 and on-behalf revenue of \$114,017 for support provided by the State. At June 30, 2023, 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
Net difference between projected and actual earnings on pension plan investments	\$ 180,433	\$ -
Borough contributions subsequent to the measurement date	707,567	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 888,000	\$ -

The \$707,567 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 ending June 30, 2024. 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,

2024	\$ (21,451)
2025	(54,983)
2026	(131,993)
2027	388,860
Total Amortization	\$ 180,433

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, 2021, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

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 officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality Peace officer/ firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All others	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Other	See the experience study report dated July 15, 2022.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

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 2.88%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.51 %
Global equity (non-U.S.)	18%	+/- 4%	5.70 %
Aggregate bonds	21%	+/- 10%	0.31 %
Opportunistic	6%	+/- 4%	- %
Real assets	14%	+/- 7%	3.71 %
Private equity	14%	+/- 6%	9.61 %
Cash equivalents	-%	-%	(0.50) %

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The discount rate used changed 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.

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City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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 7.25%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Borough's proportionate share of the net pension liability	0.12382%	\$ 8,495,947	\$ 6,310,990	\$ 4,468,618

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension 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 annual comprehensive financial report for PERS, and at the following website, as noted above. <https://drb.alaska.gov/docs/reports/#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, 2023 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2023, forfeitures reduced pension expense by \$12,832.

Employee Contribution Rate

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

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Employer Contribution Rate

For the year ended June 30, 2023, 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, 2023 were \$138,937 and \$222,298, 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 annual comprehensive financial report for PERS, at the following website <https://drb.alaska.gov/docs/reports/#pers>.

Employer Contribution Rate

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

Employer contribution rates for the year ended June 30, 2023 were as follows:

	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.10%	1.10%
Occupational Death and Disability	0.30%	0.68%
Total Contribution Rates	1.40%	1.78%

In 2023, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2021 to June 30, 2022	Borough Fiscal Year July 1, 2022 to June 30, 2023
Employer contributions - ARHCT	\$ 94,116	\$ -
Employer contributions - RMP	24,436	30,566
Employer contributions - ODD	9,290	6,697
Total Contributions	\$ 127,842	\$ 37,263

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

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

At June 30, 2023, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

Borough's proportionate share of NOA - ARHCT	\$ 2,420,354
Borough's proportionate share of NOA - RMP	58,584
Borough's proportionate share of NOA - ODD	80,898
Total Borough's Proportionate Share of Net OPEB Asset	\$ 2,559,836
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State's proportionate share of the ARHCT NOA associated with the Borough	691,816
Total Net OPEB Asset	\$ 3,251,652

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The Borough's proportion of the net OPEB assets was 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, 2021 Measurement Date Employer Proportion	June 30, 2022 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB assets:			
ARHCT	0.14131%	0.12301%	(0.01830)%
RMP	0.12211%	0.16869%	0.04658 %
ODD	0.13788%	0.18454%	0.04666 %

For the year ended June 30, 2023, the Borough recognized OPEB expense (benefit) of \$(835,488). Of this amount, \$(235,005) was recorded as 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:

<i>Plan</i>	OPEB Expense /benefit)	On-behalf Revenue
ARHCT	\$ (883,867)	\$ (235,005)
RMP	43,885	-
ODD	4,494	-
Total	\$ (835,488)	\$ (235,005)

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

At June 30, 2023, 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	\$ -	\$ 2,903	\$ -	\$ 2,903
Changes in assumptions	-	11,343	-	11,343
Difference between projected and actual investment earnings	137,315	8,356	2,740	148,411
Changes in proportion and differences between Borough contributions and proportionate share of contributions	59,960	4,668	5,829	70,457
Borough contributions subsequent to the measurement date	-	30,566	6,697	37,263

Total Deferred Outflows of Resources Related to OPEB Plans	\$ 197,275	\$ 57,836	\$ 15,266	\$ 270,377
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<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (17,131)	\$ (2,302)	\$ (26,539)	\$ (45,972)
Changes in assumptions	(111,073)	(70,245)	(515)	(181,833)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(3,583)	(15,785)	(19,368)

Total Deferred Inflows of Resources Related to OPEB Plans	\$ (128,204)	\$ (76,130)	\$ (42,839)	\$ (247,173)
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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 an increase in the net OPEB assets in the year ending June 30, 2024. 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
2024	\$ (91,306)	\$ (8,171)	\$ (6,680)	\$ (106,157)
2025	(48,156)	(8,579)	(6,817)	(63,552)
2026	(108,485)	(9,869)	(7,252)	(125,606)
2027	317,018	1,550	(3,652)	314,916
2028	-	(10,532)	(4,523)	(15,055)
Thereafter	-	(13,259)	(5,346)	(18,605)
Total Amortization	\$ 69,071	\$ (48,860)	\$ (34,270)	\$ (14,059)

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2022 was determined by actuarial valuations as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022:

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 officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate of return	7.25%, 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 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

All others
(ARHCT and RMP Plans)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ARHCT and ODD Plans)

Deaths are assumed to result from occupational causes 35% of the time.

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.

Other

See the experience study report dated July 15, 2022.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. 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.

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 2.88% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.51 %
Global equity (non-U.S.)	18%	+/- 4%	5.70 %
Aggregate bonds	21%	+/- 10%	0.31 %
Opportunistic	6%	+/- 4%	- %
Real assets	14%	+/- 7%	3.71 %
Private equity	14%	+/- 6%	9.61 %
Cash equivalents	-%	-%	(0.50)%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2022 was 7.25%. The discount rate used changed from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position for each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability 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 asset calculated using the discount rate of 7.25%, as well as what the Borough's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Borough's proportionate share of the net OPEB asset (liability):				
ARHCT	0.12301%	\$ 1,438,038	\$ 2,420,354	\$ 3,244,110
RMP	0.16869%	\$ (10,776)	\$ 58,584	\$ 111,477
ODD	0.18454%	\$ 76,205	\$ 80,898	\$ 84,568

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 asset 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 asset (liability) 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 asset (liability):				
ARHCT	0.12301%	\$ 3,341,015	\$ 2,420,354	\$ 1,320,902
RMP	0.16869%	\$ 118,741	\$ 58,584	\$ (22,442)
ODD	0.18454%	\$ 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, 2022, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,237 per year for each full-time employee, and \$1.43 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2023, the Borough contributed \$93,145 in DC OPEB costs. This amount has 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, 2023. 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. Subsequent Events

In preparing these financial statements, the Borough has evaluated all other events and transactions for potential recognition or disclosure through April 1, 2024, the date the financial statements were issued.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

18. Related Party Transactions

In the normal course of business, the Borough may contract for goods or services from vendors whose shareholders, officers, or employees may also be associated with the Borough as an official, assembly member, or employee. The Borough made payments to Southeast Alaska Power Agency for power purchases during 2023 which were in aggregate \$2,814,040.

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 2023 reporting:

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 debt obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting. The Borough evaluated the impacts of GASB Statement 91 and determined there to be no impacts to the Borough's financial statements for the current fiscal year.

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 provide guidance for accounting and financial reporting for availability payment arrangements (APA). The Borough evaluated the impacts of GASB Statement 94 and determined there to be no impacts to the Borough's financial statements for the current fiscal year.

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. The Borough evaluated the impacts of GASB Statement 96 and determined there to be no impacts to the Borough's financial statements for the current fiscal year.

GASB Statement No. 99 - *Omnibus 2022* - Provisions of this Statement address requirements 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, which 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. The Borough evaluated the impacts of GASB Statement 99 and determined there to be no impacts to the Borough's financial statements for the current fiscal year.

City and Borough of Wrangell, Alaska

Notes to Basic Financial Statements

The GASB has issued new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 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.

GASB Statement No. 102 - *Certain Risk Disclosures* - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

Required Supplementary Information

City and Borough of Wrangell, Alaska

Exhibit D-1

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

<i>Year Ended June 30, 2023</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes:				
Real property taxes	\$ 1,760,817	\$ 1,780,087	\$ 1,760,035	\$ (20,052)
Property tax penalties and interest	11,144	20,000	10,631	(9,369)
Payments in lieu of taxes	507,616	505,000	493,042	(11,958)
Marijuana taxes	6,364	4,000	6,364	2,364
Sales taxes	3,005,000	3,308,000	3,242,291	(65,709)
Total taxes	5,290,941	5,617,087	5,512,363	(104,724)
Intergovernmental:				
State of Alaska:				
Jail contract	566,958	465,000	425,875	(39,125)
Community assistance	424,620	365,000	424,620	59,620
Library grants	-	27,228	34,096	6,868
State PERS relief	200,000	160,000	66,118	(93,882)
Other grant revenue	22,000	63,906	232,659	168,753
Total State of Alaska	1,213,578	1,081,134	1,183,368	102,234
Federal government -				
ARPA grant revenue - General Fund portion	242,992	242,992	249,120	6,128
Total intergovernmental	1,456,570	1,324,126	1,432,488	108,362
Charges for services:				
Cemetery services	6,590	11,238	7,887	(3,351)
DMV services	100,000	70,000	109,085	39,085
Police services	1,638	3,000	2,212	(788)
911 surcharge	-	45,000	48,651	3,651
Total charges for services	108,228	129,238	167,835	38,597
Sales and leases:				
Court rental	62,400	62,400	61,231	(1,169)
Tideland leases	43,000	42,222	41,670	(552)
Material sales	569	2,000	569	(1,431)
Cemetery plot sales	1,249	2,162	839	(1,323)
Total sales and leases	107,218	108,784	104,309	(4,475)
Fines and forfeitures	9,727	6,000	14,668	8,668
Investment income	301,801	78,520	678,730	600,210
Other revenues:				
Licenses and permits	2,405	1,800	2,469	669
Copies	2,500	-	1,136	1,136
Donations	6,500	6,500	10,070	3,570
Miscellaneous	107,211	80,500	5,847	(74,653)
Total other revenues	118,616	88,800	19,522	(69,278)
Total Revenues	7,393,101	7,352,555	7,929,915	577,360

City and Borough of Wrangell, Alaska

General Fund

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

Year Ended June 30, 2023	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures				
General government:				
Administration	\$ 452,273	\$ 463,793	\$ 475,441	\$ (11,648)
Clerk and Assembly	243,565	227,434	275,541	(48,107)
Finance	707,217	718,470	1,032,853	(314,383)
Total general government	1,403,055	1,409,697	1,783,835	(374,138)
Public safety:				
Fire	316,940	351,865	331,285	20,580
Police	1,117,941	1,373,762	1,269,647	104,115
Corrections and dispatch	448,789	422,747	485,361	(62,614)
Building	153,310	323,164	146,389	176,775
Total public safety	2,036,980	2,471,538	2,232,682	238,856
Public works:				
General	511,343	536,949	464,914	72,035
Garage	202,875	293,802	307,139	(13,337)
Streets	441,571	483,986	481,977	2,009
Capital facilities	174,791	252,325	258,682	(6,357)
Total public works	1,330,580	1,567,062	1,512,712	54,350
Community services:				
Cemetery	4,357	3,974	27,240	(23,266)
Economic development and planning	211,387	170,859	250,019	(79,160)
Community organization	50,000	50,000	50,000	-
Library	289,035	880,070	456,576	423,494
Total community services	554,779	1,104,903	783,835	321,068
Total Expenditures	5,325,394	6,553,200	6,313,064	240,136
Excess of Revenues Over Expenditures	2,067,707	799,355	1,616,851	817,496
Other Financing Sources (Uses)				
Transfers in	-	678,621	-	(678,621)
Transfers out	(1,884,653)	(2,207,270)	(2,231,175)	(23,905)
Proceeds from bonds issued	-	-	3,100,000	3,100,000
Premium on bonds issued	-	-	429,850	429,850
Net Other Financing Sources (Uses)	(1,884,653)	(1,528,649)	1,298,675	2,827,324
Net Change in Fund Balance	\$ 183,054	\$ (729,294)	2,915,526	\$ 3,644,820
Fund Balance, beginning			10,105,422	
Fund Balance, ending			\$ 13,020,948	

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, 2023</i>	Original and Final Budget	Actual	Variance with Budget
Revenues			
Investment income	\$ 264,329	\$ 568,305	\$ 303,976
Lease revenue	35,880	28,246	(7,634)
Land and lot sales	-	170,389	170,389
Total Revenues	300,209	766,940	466,731
Excess of Revenues			
Over (Under) Expenditures	300,209	766,940	466,731
Other Financing Uses - transfers out	(250,000)	-	250,000
Net Change in Fund Balance	\$ 50,209	766,940	\$ 716,731
Fund Balance, beginning		8,725,742	
Fund Balance, ending		\$ 9,492,682	

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, 2023</i>	Original and Final Budget	Actual	Variance with Budget
Revenues			
Intergovernmental - national forest receipts	\$ 1,571,998	\$ 1,091,177	\$ (480,821)
Expenditures			
Education - contributions to school district	876,140	876,259	(119)
Capital outlay	998,692	593,113	405,579
Total Expenditures	1,874,832	1,469,372	405,460
Excess of Revenues Over (Under) Expenditures	(302,834)	(378,195)	(75,361)
Other Financing Uses			
Transfers out	-	(35,353)	(35,353)
Net Change in Fund Balance	<u>\$ (302,834)</u>	(413,548)	<u>\$ (110,714)</u>
Fund Balance, beginning		<u>2,260,980</u>	
Fund Balance, ending		<u>\$ 1,847,432</u>	

See accompanying notes to Required Supplementary Information.

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

<i>Year Ended June 30, 2023</i>	Original and Final Budget	Actual	Variance with Budget
Revenues			
Intergovernmental:			
State PERS relief	\$ 10,504	\$ 5,245	\$ (5,259)
Other grant revenue	981,712	657,306	(324,406)
Charges for services - user fees	77,600	65,076	(12,524)
Investment income	50,000	76,098	26,098
Other:			
Donations and contributions	7,550	4,157	(3,393)
Rental revenue	12,500	11,587	(913)
Total Revenues	1,139,866	819,469	(320,397)
Expenditures			
Parks and recreation:			
Personnel services	415,302	354,633	60,669
Commodities	174,300	126,852	47,448
Contractual services	214,976	157,835	57,141
Intergovernmental	26,400	20,322	6,078
Capital outlay	2,213,291	745,654	1,467,637
Total Expenditures	3,044,269	1,405,296	1,638,973
Excess of Revenues Over (Under) Expenditures	(1,904,403)	(585,827)	1,318,576
Other Financing Sources			
Transfers in	1,904,403	443,885	(1,460,518)
Net Change in Fund Balance	\$ -	(141,942)	\$ (141,942)
Fund Balance, beginning		<u>1,427,599</u>	
Fund Balance, ending		<u>\$ 1,285,657</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>	2023	2022	2021	2020	2019	2018	2017	2016	2015
Borough's Proportion of the Net Pension Liability	0.12382%	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	\$ 6,310,990	\$ 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	1,745,376	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	\$ 8,056,366	\$ 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	\$ 3,740,679	\$ 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	168.71%	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	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

Schedule of the Borough's Contributions

<i>Years Ended June 30,</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 707,567	\$ 587,192	\$ 552,368	\$ 510,456	\$ 508,139	\$ 525,495	\$ 537,369	\$ 343,399	\$ 340,908
Contributions Relative to the Contractually Required Contribution	707,567	587,192	552,368	510,456	508,139	525,495	537,369	343,399	340,908
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 4,127,891	\$ 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	17.14%	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					
	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.12301%	0.14131%	0.11312%	0.10664%	0.11123%	0.10186%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,420,354)	\$ (3,625,053)	\$ (512,271)	\$ 158,227	\$ 1,141,549	\$ 860,457
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(691,816)	(474,726)	(212,422)	62,826	332,145	320,648
Total Net OPEB Liability (Asset)	\$ (3,112,170)	\$ (4,099,779)	\$ (724,693)	\$ 221,053	\$ 1,473,694	\$ 1,181,105
Borough's Covered Payroll	\$ 1,456,890	\$ 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	-166.13%	-237.04%	-29.83%	7.10%	54.75%	27.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.51%	135.54%	106.15%	98.13%	88.12%	89.68%

Schedule of the Borough's Contributions

Years Ended June 30,	ARHCT					
	2023	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	\$ 1,357,337	\$ 1,456,889	\$ 1,529,297	\$ 1,717,381	\$ 2,228,533	\$ 2,085,158
Contributions as a Percentage of Covered Payroll	0.00%	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)

<i>Years Ended June 30,</i>	RMP					
	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.16869%	0.12211%	0.15283%	0.13726%	0.10645%	0.10277%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (58,584)	\$ (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)	\$ (58,584)	\$ (32,776)	\$ 10,841	\$ 32,838	\$ 13,546	\$ 5,359
Borough's Covered Payroll	\$ 2,283,789	\$ 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	-2.57%	-1.55%	0.53%	2.55%	1.12%	0.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	120.08%	115.10%	0.00%	83.17%	88.71%	93.98%

Schedule of the Borough's Contributions

<i>Years Ended June 30,</i>	RMP					
	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 30,566	\$ 24,436	\$ 26,766	\$ 27,263	\$ 16,108	\$ 12,409
Contributions Relative to the Contractually Required Contributions	30,566	24,436	26,766	27,263	16,108	12,409
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 2,770,554	\$ 2,283,789	\$ 2,109,405	\$ 2,064,913	\$ 1,287,623	\$ 1,204,782
Contributions as a Percentage of Covered Payroll	1.10%	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 Plan
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset)

Years Ended June 30,	ODD					
	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.18454%	0.13788%	0.17568%	0.14984%	0.10645%	0.10277%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (80,898)	\$ (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)	\$ (80,898)	\$ (60,768)	\$ (47,890)	\$ (36,328)	\$ (20,674)	\$ (14,582)
Borough's Covered Payroll	\$ 2,283,789	\$ 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	-3.54%	-2.88%	-2.32%	-2.82%	-1.72%	-0.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%

Schedule of the Borough's Contributions

Years Ended June 30,	ODD					
	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 6,697	\$ 9,290	\$ 4,801	\$ 7,705	\$ 6,118	\$ 2,473
Contributions Relative to the Contractually Required Contributions	6,697	9,290	4,801	7,705	6,118	2,473
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 2,770,554	\$ 2,283,789	\$ 2,109,405	\$ 2,064,913	\$ 1,287,623	\$ 1,204,782
Contributions as a Percentage of Covered Payroll	0.24%	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, 2023

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, 2023, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

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 the Borough's 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, 2023

3. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For June 30, 2023, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. 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 2022, the discount rate was lowered from 7.38% to 7.25%.

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

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

Schedule of the Borough's Contributions

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

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

Supplementary Information

City and Borough of Wrangell, Alaska

**Governmental Funds
Schedule of Expenditures**

<i>Year Ended June 30, 2023</i>	General	Secure Rural Schools Special Revenue	Parks and Recreation Special Revenue	Nonmajor Funds	Total
Expenditures					
Personnel services	\$ 4,270,559	\$ -	\$ 354,633	\$ 256,060	\$ 4,881,252
Commodities	677,965	-	126,852	258,754	1,063,571
Contractual service	1,538,982	-	157,835	440,522	2,137,339
Intergovernmental	(174,442)	-	20,322	26,728	(127,392)
Department specific expenditures	-	876,259	-	761,584	1,637,843
Debt service interest	-	-	-	45,639	45,639
Capital outlay	-	593,113	745,654	76,267	1,415,034
Total Expenditures	\$ 6,313,064	\$ 1,469,372	\$ 1,405,296	\$ 1,865,554	\$ 11,053,286

City and Borough of Wrangell, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds			Capital Project Funds				Total Nonmajor Govern- mental Funds
	Transient Tax	Nolan Center	WPSD Local Contributions	Residential Construc- tion	Industrial Construc- tion	Mill Property Development	Misc- ellaneous	
<i>June 30, 2023</i>								
Assets								
Cash and investments	\$ 477,397	\$ 108,277	\$ 634,608	\$ 2,498,015	\$ 455,229	\$ 1,298,901	\$ 129,218	\$ 5,601,645
Receivables:								
Sales taxes	-	-	173,496	-	-	-	-	173,496
Accounts	8,976	109,190	-	-	-	-	258	118,424
Inventory	-	62,068	-	-	-	-	-	62,068
Total Assets	\$ 486,373	\$ 279,535	\$ 808,104	\$ 2,498,015	\$ 455,229	\$ 1,298,901	\$ 129,476	\$ 5,955,633
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts payable	\$ 16,580	\$ 29,379	\$ -	\$ 5,084	\$ -	\$ -	\$ -	\$ 51,043
Unearned revenue	-	10,350	-	-	-	-	-	10,350
Total Liabilities	16,580	39,729	-	5,084	-	-	-	61,393
Deferred Inflows of Resources								
Related to land sales	-	-	-	-	6,258	-	-	6,258
Fund Balances								
Nonspendable - inventory	-	62,068	-	-	-	-	-	62,068
Restricted- schools	-	-	808,104	-	-	-	-	808,104
Committed:								
Community services	469,793	-	-	-	-	-	-	469,793
Land development	-	-	-	-	448,971	1,298,901	-	1,747,872
Assigned:								
Projects	-	177,738	-	2,492,931	-	-	129,476	2,800,145
Total Fund Balances	469,793	239,806	808,104	2,492,931	448,971	1,298,901	129,476	5,887,982
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 486,373	\$ 279,535	\$ 808,104	\$ 2,498,015	\$ 455,229	\$ 1,298,901	\$ 129,476	\$ 5,955,633

City and Borough of Wrangell, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds				Debt Service Fund	Capital Project Funds				Total Nonmajor Governmental Funds
	Transient Tax	Nolan Center	COVID-19 Response	WPSD Local Contributions		Residential Construction	Industrial Construction	Mill Property Development	Miscellaneous	
<i>Year Ended June 30, 2023</i>										
Revenues										
Taxes	\$ 95,393	\$ -	\$ -	\$ 808,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 904,291
Intergovernmental	2,591	158,909	109,680	-	2,730	-	-	-	-	273,910
Charges for services	-	132,914	-	-	-	-	-	-	-	132,914
Investment income	-	549	-	-	-	-	2,586	-	-	3,135
Land sales and improvements	-	-	-	-	-	315,078	-	-	-	315,078
Other	-	292,001	-	-	-	-	4,489	-	-	296,490
Total Revenues	97,984	584,373	109,680	808,898	2,730	315,078	7,075	-	-	1,925,818
Expenditures										
General government	-	-	5,372	7,783	-	214,839	20,452	6,234	-	254,680
Community services	80,692	666,787	-	-	-	-	-	-	-	747,479
Education	-	-	-	741,489	-	-	-	-	-	741,489
Debt service- interest	-	-	-	-	45,639	-	-	-	-	45,639
Capital outlay	49,380	-	-	-	-	-	-	25,000	1,887	76,267
Total Expenditures	130,072	666,787	5,372	749,272	45,639	214,839	20,452	31,234	1,887	1,865,554
Excess of Revenues Over (Under) Expenditures	(32,088)	(82,414)	104,308	59,626	(42,909)	100,239	(13,377)	(31,234)	(1,887)	60,264
Other Financing Sources										
Transfers in	-	197,260	33,887	23,020	35,353	2,206,123	-	-	-	2,495,643
Net Change in Fund Balances	(32,088)	114,846	138,195	82,646	(7,556)	2,306,362	(13,377)	(31,234)	(1,887)	2,555,907
Fund Balances (Deficit), beginning	501,881	124,960	(138,195)	725,458	7,556	186,569	462,348	1,330,135	131,363	3,332,075
Fund Balances, ending	\$ 469,793	\$ 239,806	\$ -	\$ 808,104	\$ -	\$ 2,492,931	\$ 448,971	\$ 1,298,901	\$ 129,476	\$ 5,887,982

Special Revenue Funds

Transient Tax

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

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.

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.

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.

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

<i>Years Ended June 30,</i>	2023			2022
	Budget	Actual	Variance with Budget	Actual
Revenues				
Transient and excise taxes	\$ 112,000	\$ 95,393	\$ (16,607)	\$ 119,921
Advertising and promotion	-	-	-	125
Intergovernmental	8,000	2,591	(5,409)	6,127
Total Revenues	120,000	97,984	(22,016)	126,173
Expenditures				
Community services:				
Commodities	9,420	2,229	7,191	3,542
Contractual services	75,405	78,463	(3,058)	34,825
Capital outlay	100,000	49,380	50,620	-
Total Expenditures	184,825	130,072	54,753	38,367
Excess of Revenues Over (Under) Expenditures	(64,825)	(32,088)	32,737	87,806
Other Financing Uses				
Transfers out	(112,000)	-	112,000	(24,000)
Net Change in Fund Balance	<u>\$ (176,825)</u>	(32,088)	<u>\$ 144,737</u>	63,806
Fund Balance, beginning		<u>501,881</u>		<u>438,075</u>
Fund Balance, ending		<u>\$ 469,793</u>		<u>\$ 501,881</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,	2023							Variance with Budget	2022 Actual
	Budget	Swimming Pool	Parks	Recreational Activity	Walker Foundation	Interfund Eliminations	Total		
Revenues									
Intergovernmental:									
State PERS relief	\$ 10,504	\$ 5,245	\$ -	\$ -	\$ -	\$ -	\$ 5,245	\$ (5,259)	\$ 13,227
Other grant revenue	981,712	-	-	-	657,306	-	657,306	(324,406)	122,906
Charges for services - user fees	77,600	51,189	1,570	12,317	-	-	65,076	(12,524)	69,238
Investment income (loss)	50,000	76,098	-	-	-	-	76,098	26,098	(161,278)
Other:									
Donations and contributions	7,550	4,137	20	-	-	-	4,157	(3,393)	5,230
Rental revenue	12,500	2,751	5,090	3,746	-	-	11,587	(913)	9,865
Total Revenues	1,139,866	139,420	6,680	16,063	657,306	-	819,469	(320,397)	59,188
Expenditures									
Parks and recreation:									
Personnel services	415,302	240,129	16,054	98,450	-	-	354,633	60,669	357,836
Commodities	174,300	92,099	28,149	6,604	-	-	126,852	47,448	306,826
Contractual services	214,976	139,715	8,046	10,074	-	-	157,835	57,141	176,286
Intergovernmental	26,400	20,322	-	-	-	-	20,322	6,078	-
Capital outlay	2,213,291	14,694	23,857	-	707,103	-	745,654	1,467,637	-
Total Expenditures	3,044,269	506,959	76,106	115,128	707,103	-	1,405,296	1,638,973	840,948
Excess of Revenues Over (Under) Expenditures	(1,904,403)	(367,539)	(69,426)	(99,065)	(49,797)	-	(585,827)	1,318,576	(781,760)
Other Financing Sources (Uses)									
Transfers in	1,904,403	1,554,684	390,315	577,622	159,649	(2,238,385)	443,885	(1,460,518)	763,253
Transfers out	-	(2,238,385)	-	-	-	2,238,385	-	-	(10,104)
Net Other Financing Sources (Uses)	1,904,403	(683,701)	390,315	577,622	159,649	-	443,885	(1,460,518)	753,149
Net Change in Fund Balance	\$ -	\$ (1,051,240)	\$ 320,889	\$ 478,557	\$ 109,852	\$ -	(141,942)	\$ (141,942)	(28,611)
Fund Balance, beginning							1,427,599		1,456,210
Fund Balance, ending							\$ 1,285,657		\$ 1,427,599

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,	2023								2022	
	Budget	Nolan Center	Museum	Civic Center	Theater	Other	Interfund Eliminations	Total	Variance with Budget	Actual
Revenues										
Intergovernmental:										
State PERS relief	\$ 6,000	\$ 4,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,044	\$ (1,956)	\$ 5,996
Other grant revenue	320,000	20,000	-	-	-	134,865	-	154,865	(165,135)	2,195
Charges for services:										
Admissions	70,000	-	27,390	-	19,744	-	-	47,134	(22,866)	5,084
Concessions	115,000	-	56,070	-	29,710	-	-	85,780	(29,220)	33,375
Investment income	85,000	549	-	-	-	-	-	549	(84,451)	521
Other:										
Donations and contributions	2,000	250,000	4,350	-	-	-	-	254,350	252,350	-
Rental revenue	13,000	-	-	36,697	-	-	-	36,697	23,697	2,947
Miscellaneous	550	-	-	954	-	-	-	954	404	-
Total Revenues	611,550	274,593	87,810	37,651	49,454	134,865	-	584,373	(27,177)	50,118
Expenditures										
Community services:										
Personnel services	243,823	5,243	101,591	117,678	26,176	-	-	250,688	(6,865)	147,889
Commodities	787,500	57,357	30,490	4,876	11,728	144,291	-	248,742	538,758	46,187
Contractual services	121,375	118,642	1,892	-	-	-	-	120,534	841	174,108
Intergovernmental	49,929	26,728	-	-	-	-	-	26,728	23,201	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Department specific expenditures	18,000	-	-	-	20,095	-	-	20,095	(2,095)	19,696
Total Expenditures	1,220,627	207,970	133,973	122,554	57,999	144,291	-	666,787	553,840	387,880
Excess of Revenues										
Over (Under) Expenditures	(609,077)	66,623	(46,163)	(84,903)	(8,545)	(9,426)	-	(82,414)	526,663	(190,912)
Other Financing Sources (Uses)										
Transfers in	609,077	199,470	-	-	-	-	(2,210)	197,260	(411,817)	266,519
Transfers out	-	(2,210)	-	-	-	-	2,210	-	-	-
Net Other Financing Sources (Uses)	609,077	197,260	-	-	-	-	-	197,260	(411,817)	266,519
Net Change in Fund Balance	\$ -							114,846	\$ 114,846	75,607
Fund Balance, beginning								124,960		49,353
Fund Balance, ending								\$ 239,806		\$ 124,960

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>	2023		2022	
	Budget	Actual	Variance with Budget	Actual
Revenues				
Investment income (loss)	\$ 264,329	\$ 568,305	\$ 303,976	\$ (905,482)
Lease revenue	35,880	28,246	(7,634)	10,980
Land and lot sales	-	170,389	170,389	-
Total Revenues	300,209	766,940	466,731	(894,502)
Excess of Revenues Over (Under) Expenditures	300,209	766,940	466,731	(894,502)
Other Financing Uses				
Transfers out	(250,000)	-	250,000	-
Net Change in Fund Balance	<u>\$ 50,209</u>	766,940	<u>\$ 716,731</u>	(894,502)
Fund Balance, beginning		<u>8,725,742</u>		<u>9,620,244</u>
Fund Balance, ending		<u>\$ 9,492,682</u>		<u>\$ 8,725,742</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>	2023		2022	
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental - national forest receipts	\$ 1,571,998	\$ 1,091,177	\$ (480,821)	\$ 1,171,312
Expenditures				
Education - contributions to school district	876,140	876,259	(119)	1,303,068
Capital outlay	998,692	593,113	405,579	40,449
Total Expenditures	1,874,832	1,469,372	405,460	1,343,517
Excess of Revenues				
Over (Under) Expenditures	(302,834)	(378,195)	(75,361)	(172,205)
Other Financing Uses				
Transfers out	-	(35,353)	(35,353)	-
Net Change in Fund Balance	<u>\$ (302,834)</u>	(413,548)	<u>\$ (110,714)</u>	(172,205)
Fund Balance, beginning		<u>2,260,980</u>		<u>2,433,185</u>
Fund Balance, ending		<u>\$ 1,847,432</u>		<u>\$2,260,980</u>

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>	2023			2022
	Budget	Actual	Variance with Budget	Actual
Revenues				
Sales taxes	\$ -	\$ 808,898	\$ 808,898	\$ 725,458
Expenditures				
General government - commodities	-	7,783	(7,783)	-
Education - contributions to school district	741,489	741,489	-	-
Total Expenditures	741,489	749,272	(7,783)	-
Excess of Revenues				
Over (Under) Expenditures	(741,489)	59,626	801,115	-
Other Financing Sources				
Transfers in	662,000	23,020	(638,980)	-
Net Change in Fund Balance	<u>\$ (79,489)</u>	82,646	<u>\$ 162,135</u>	725,458
Fund Balance, beginning		<u>725,458</u>		<u>-</u>
Fund Balance, ending		<u>\$ 808,104</u>		<u>\$ 725,458</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>	2023			2022	
	Budget	Actual	Variance with Budget	Actual	
Revenues					
Intergovernmental - State of Alaska	\$ -	\$ 2,730	\$ 2,730	\$ -	
Expenditures					
Debt service- Interest	-	45,639	(45,639)	-	
Excess of Revenues					
Over (Under) Expenditures	-	(42,909)	(42,909)	-	
Other Financing Sources					
Transfers in	-	35,353	35,353	-	
Net Change in Fund Balance	<u>\$ -</u>	<u>(7,556)</u>	<u>\$ (7,556)</u>	-	
Fund Balance, beginning		<u>7,556</u>		<u>7,556</u>	
Fund Balance, ending		<u>\$ -</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.

Mill Property Development

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, 2023</i>	Residential Construc- tion	Industrial Construc- tion	Mill Property Development	Misc- ellaneous	Totals
Revenues					
Land sales and improvements	\$ 315,078	\$ -	\$ -	\$ -	\$ 315,078
Investment income	-	2,586	-	-	2,586
Miscellaneous reimbursement	-	4,489	-	-	4,489
Total Revenues	315,078	7,075	-	-	322,153
Expenditures					
General government - contractual services	214,839	20,452	6,234	-	241,525
Capital outlay	-	-	25,000	1,887	26,887
Total Expenditures	214,839	20,452	31,234	1,887	268,412
Excess of Revenues Over (Under) Expenditures	100,239	(13,377)	(31,234)	(1,887)	53,741
Other Financing Sources					
Transfers in	2,206,123	-	-	-	2,206,123
Net Change in Fund Balances	2,306,362	(13,377)	(31,234)	(1,887)	2,259,864
Fund Balances, beginning	186,569	462,348	1,330,135	131,363	2,110,415
Fund Balances, ending	\$ 2,492,931	\$ 448,971	\$ 1,298,901	\$ 129,476	\$ 4,370,279

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.

Sanitation Utility

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

Port

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

Sewer Utility

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

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Schedule of Revenues and Expenses

<i>Year Ended June 30, 2023</i>	General and Administrative	Generation	Distribution	Interfund Eliminations	Total
Operating Revenues					
Residential	\$ 1,937,560	\$ -	\$ -	\$ -	\$ 1,937,560
Commercial	2,452,516	-	-	-	2,452,516
Fuel surcharge	99,203	-	-	-	99,203
Labor charges	300	-	-	-	300
Other	24,956	-	-	-	24,956
Total Operating Revenues	4,514,535	-	-	-	4,514,535
Operating Expenses					
Personnel services	170,468	57,379	479,417	-	707,264
Commodities	9,451	3,135,951	33,760	-	3,179,162
Contractual service	55,071	60,059	258	-	115,388
Intergovernmental	-	-	13,929	-	13,929
Depreciation	-	237,097	-	-	237,097
Total Operating Expenses	234,990	3,490,486	527,364	-	4,252,840
Excess of Revenues Over (Under) Expenses	4,279,545	(3,490,486)	(527,364)	-	261,695
Nonoperating Revenues					
State PERS relief	84,843	-	-	-	84,843
Late fees	19,095	-	-	-	19,095
Material sales	6,312	-	-	-	6,312
Equipment and pole rental	58,990	-	-	-	58,990
Net Nonoperating Revenues	169,240	-	-	-	169,240
Transfer in	98,717	-	-	(98,717)	-
Transfer out	(188,717)	-	-	98,717	(90,000)
Change in Net Position	\$ 4,358,785	\$ (3,490,486)	\$ (527,364)	\$ -	340,935
Net Position, beginning					4,663,626
Net Position, ending					\$ 5,004,561

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Schedule of Operating Expenses

Year Ended June 30,	2023
General and Administrative	
Salaries	\$ 160,502
Employee benefits	(169,926)
Allocated overhead - finance	97,072
Allocated salaries - public works	82,820
Materials and supplies	9,130
Repairs and maintenance	321
Professional services	1,135
Travel and training	735
Insurance	45,666
Telephone	7,535
Total General and Administrative	234,990
Generation	
Salaries	33,125
Overtime salaries	3,756
Employee benefits	18,214
Allocated salaries - public works	2,284
Materials and supplies	5,575
Repairs and maintenance	6,562
Gas and oil	303,878
Diesel fuel	5,896
Travel and training	2,203
Insurance	11,119
Utilities	185
O.S.H.A. requirements	46,552
Tyee hydro power purchases	2,814,040
Total Generation	3,253,389
Distribution	
Salaries	286,416
Overtime salaries	16,776
Employee benefits	176,225
Materials and supplies	21,789
Repairs and maintenance	4,763
Professional services	258
Transformers	7,208
Allocated vehicle charges - garage	13,929
Total Distribution	527,364
Depreciation	237,097
Total Operating Expenses	\$ 4,252,840

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Schedule of Revenues and Expenses

<i>Year Ended June 30, 2023</i>	General and Administrative	Treatment	Distribution	Total
Operating Revenues				
Water sales	\$ 868,285	\$ -	\$ -	\$ 868,285
Operating Expenses				
Personnel services	35,904	232,957	60,266	329,127
Commodities	-	216,542	15,450	231,992
Contractual service	8,047	11,347	-	19,394
Intergovernmental	-	1,137	-	1,137
Depreciation	-	356,081	-	356,081
Total Operating Expenses	43,951	818,064	75,716	937,731
Excess of Revenues Over (Under) Expenses	824,334	(818,064)	(75,716)	(69,446)
Nonoperating Revenues (Expenses)				
Investment income	131	-	-	131
Interest expense	(707)	-	-	(707)
Other grant revenue	500,328	-	-	500,328
State PERS relief	4,539	-	-	4,539
Material sales	81	-	-	81
Other revenue	34,265	-	-	34,265
Net Nonoperating Revenues (Expenses)	538,637	-	-	538,637
Capital contributions	157,057	-	-	157,057
Transfer out	(278,000)	-	-	(278,000)
Change in Net Position	\$ 1,242,028	\$ (818,064)	\$ (75,716)	348,248
Net Position, beginning				5,195,660
Net Position, ending				\$ 5,543,908

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Schedule of Operating Expenses

<i>Year Ended June 30,</i>	2023
General and Administrative	
Allocated overhead - finance	\$ 35,904
Insurance	8,047
Total General and Administrative	43,951
Treatment	
Salaries	102,891
Overtime salaries	25,323
Employee benefits	84,716
Allocated salaries - public works	20,026
Materials and supplies	51,103
Repairs and maintenance	26,064
Professional services	6,865
Travel and training	431
Telephone	4,052
Allocated vehicle charges - garage	1,137
Chlorination - electricity	139,375
Total Treatment	461,983
Distribution	
Salaries	624
Employee benefits	428
Allocated salaries - public works	59,213
Repairs and maintenance	15,451
Total Distribution	75,716
Depreciation	356,081
Total Operating Expenses	\$ 937,731

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund
Schedule of Revenues and Expenses

<i>Year Ended June 30, 2023</i>	General and Administrative	Collection	Landfill	Total
Operating Revenues				
User fees	\$ 845,707	\$ -	\$ 51,581	\$ 897,288
Operating Expenses				
Personnel services	35,904	113,380	125,962	275,246
Commodities	-	45,465	21,402	66,867
Contractual service	12,212	-	314,913	327,125
Intergovernmental	-	22,442	2,457	24,899
Depreciation	-	-	118,969	118,969
Total Operating Expenses	48,116	181,287	583,703	813,106
Excess of Revenues Over (Under) Expenses	797,591	(181,287)	(532,122)	84,182
Nonoperating Revenues				
Other grant revenue	296,027	-	-	296,027
State PERS relief	4,176	-	-	4,176
Net Nonoperating Revenues	300,203	-	-	300,203
Change in Net Position	\$ 1,097,794	\$ (181,287)	\$ (532,122)	384,385
Net Position, beginning				1,056,561
Net Position, ending				\$ 1,440,946

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund
Schedule of Operating Expenses

<i>Year Ended June 30,</i>	<i>2023</i>
General and Administrative	
Allocated overhead - finance	\$ 35,904
Insurance	12,212
Total General and Administrative	48,116
Collection	
Salaries	78,383
Overtime salaries	1,438
Employee benefits	33,560
Materials and supplies	14,187
Repairs and maintenance	31,277
Allocated vehicle charges - garage	22,442
Total Collection	181,287
Landfill	
Salaries	74,817
Overtime salaries	2,118
Employee benefits	49,026
Telephone	1,527
Utilities	4,468
Monitoring and testing	1,490
Disposal costs	284,569
Hazardous waste	22,860
Materials and supplies	11,047
Repairs and maintenance	3,391
Facilities repairs and maintenance	6,964
Allocated vehicle charges - garage	2,457
Total Landfill	464,734
Depreciation	118,969
Total Operating Expenses	\$ 813,106

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Schedule of Revenues and Expenses

<i>Year Ended June 30, 2023</i>	General and Administrative	Small Boat Harbor	Municipal Dock	Travel Lift	Interfund Eliminations	Total
Operating Revenues						
Municipal Dock	\$ -	\$ -	\$ 319,173	\$ -	\$ -	\$ 319,173
Small Boat Harbor	-	808,852	-	-	-	808,852
Travel lift	-	-	-	616,618	-	616,618
Total Operating Revenues	-	808,852	319,173	616,618	-	1,744,643
Operating Expenses						
Personnel services	207,887	228,890	24,486	159,273	-	620,536
Commodities	20,472	81,163	30,409	52,608	-	184,652
Contractual service	81,351	87,640	40,334	43,253	-	252,578
Intergovernmental	-	13,966	-	-	-	13,966
Depreciation	-	940,874	911,924	350,294	-	2,203,092
Total Operating Expenses	309,710	1,352,533	1,007,153	605,428	-	3,274,824
Excess of Revenues Over (Under) Expenses	(309,710)	(543,681)	(687,980)	11,190	-	(1,530,181)
Nonoperating Revenues						
Investment income	1	-	-	-	-	1
Other grant revenue	71,587	-	-	-	-	71,587
State PERS relief	10,106	-	-	-	-	10,106
State fisheries business tax	-	119,611	-	-	-	119,611
Net Nonoperating Revenues	81,694	119,611	-	-	-	201,305
Transfer in	-	2,112,631	1,032,901	2,076,900	(5,222,432)	-
Transfer out	(5,222,432)	-	-	-	5,222,432	-
Change in Net Position	\$ (5,450,448)	\$ 1,688,561	\$ 344,921	\$ 2,088,090	\$ -	(1,328,876)
Net Position, beginning						37,844,260
Net Position, ending						\$ 36,515,384

City and Borough of Wrangell, Alaska

 Port Enterprise Fund
 Schedule of Operating Expenses

<i>Year Ended June 30,</i>	2023
General and Administrative	
Salaries	\$ 162,018
Overtime salaries	885
Employee benefits	6,896
Allocated overhead - finance	38,088
Materials and supplies	4,772
Repairs and maintenance	13,024
Gas and oil	105
Facilities repairs and maintenance	2,572
Professional services	5,902
Travel and training	6,613
Telephone	10,093
Insurance	49,168
Publications	9,574
Total General and Administrative	309,710
Small Boat Harbor	
Salaries	146,979
Overtime salaries	5,825
Employee benefits	76,085
Materials and supplies	10,708
Repairs and maintenance	16,170
Diesel fuel	810
Facilities repairs and maintenance	48,474
Professional services	2,940
Travel and training	494
Bad debt	34,893
Utilities	40,116
Allocated vehicle charges - garage	13,966
Disposal Costs	9,196
Miscellaneous expense	5,003
Total Small Boat Harbor	411,659

City and Borough of Wrangell, Alaska
Port Enterprise Fund
Schedule of Operating Expenses, continued

<i>Year Ended June 30,</i>	2023
Municipal Dock	
Salaries	\$ 16,067
Overtime salaries	3,168
Employee benefits	5,251
Materials and supplies	2,772
Repairs and maintenance	218
Facilities repairs and maintenance	27,418
Professional services	32,463
Insurance	5,289
Utilities	2,583
Total Municipal Dock	95,229
Travel Lift	
Salaries	109,127
Overtime salaries	5,488
Employee benefits	44,659
Materials and supplies	3,449
Repairs and maintenance	27,363
Diesel fuel	9,862
Facilities repairs and maintenance	11,933
Professional services	655
Travel and training	300
Insurance	20,303
Utilities	14,175
Disposal Costs	7,820
Total Travel Lift	255,134
Depreciation	2,203,092
Total Operating Expenses	\$ 3,274,824

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Schedule of Revenues and Expenses

<i>Year Ended June 30, 2023</i>	General and Administrative	Treatment	Collection	Total
Operating Revenue				
Sewer Charges	\$ 692,230	\$ -	\$ -	\$ 692,230
Operating Expenses				
Personnel services	35,904	112,924	10,614	159,442
Commodities	-	15,827	157,103	172,930
Contractual service	8,108	86,113	-	94,221
Intergovernmental	-	6,290	-	6,290
Depreciation	-	145,872	-	145,872
Total Operating Expenses	44,012	367,026	167,717	578,755
Excess of Revenues Over (Under) Expenses	648,218	(367,026)	(167,717)	113,475
Nonoperating Revenues (Expenses)				
Investment income	478	-	-	478
State PERS relief	3,707	-	-	3,707
Interest on bonds	(1,538)	-	-	(1,538)
Other revenue	3,362	-	-	3,362
Net Nonoperating Revenues (Expenses)	6,009	-	-	6,009
Capital contributions	253,126	-	-	253,126
Transfer out	(305,000)	-	-	(305,000)
Change in Net Position	\$ 602,353	\$ (367,026)	\$ (167,717)	67,610
Net Position, beginning				3,369,170
Net Position, ending				\$ 3,436,780

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Schedule of Operating Expenses

<i>Year Ended June 30,</i>	<i>2023</i>
General and Administrative	
Allocated overhead - finance	\$ 35,904
Insurance	8,108
Total General and Administrative	44,012
Treatment	
Salaries	121,695
Overtime salaries	5,241
Employee benefits	(14,012)
Materials and supplies	14,218
Facilities repairs and maintenance	1,609
Professional services	17,554
Travel and training	542
Telephone	6,760
Utilities	61,257
Allocated vehicle charges - garage	6,290
Total Treatment	221,154
Collection	
Salaries	119
Overtime salaries	119
Allocated salaries - public works	10,185
Employee benefits	192
Materials and supplies	7,995
System repairs and maintenance	149,107
Total Collection	167,717
Depreciation	145,872
Total Operating Expenses	\$ 578,755

City and Borough of Wrangell, Alaska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Exhibit L-1

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	None	\$ -	\$ 1,152,719
School and Roads - Grants to States - Birdfest	10.665	None	-	2,591
Total Forest Service Schools and Road Cluster			-	1,155,310
Department of Commerce				
Investments for Public Works and Economic Development Facilities	11.300	N/A	-	49,451
Department of the Treasury				
Passed through State of Alaska Department of Commerce, Community, and Economic Development: ARPA-Coronavirus State and Local Fiscal Recovery Funds				
COVID-19 Coronavirus Local Fiscal Recovery Fund	21.027	AK0147	-	256,524
ARPA Local Government Lost Revenue Relief	21.027	22-LGLR-40	-	321,246
ARPA-Coronavirus State and Local Fiscal Recovery Funds	21.027	None	-	485,984
Total Assistance Listing Number 21.027			-	1,063,754
Institute of Museum and Library Services				
Passed through Wrangell Cooperative Association - Native American and Native Hawaiian Library Services - IMLS Library Grant	45.311	ARPNA-250541-OMLS-22	-	14,040
Library Services - IMLS Library Grant	45.311	NG-01-13-0078-13	-	9,978
Total Assistance Listing Number 45.311			-	24,018
Department of Homeland Security				
SHSP 2020 Homeland Security Grant Program	97.067	N/A	-	207,604
Federal Highway Administration				
Federal Lands Access Program	20.224	N/A	-	85,639
Federal Emergency Management				
Passed through State of Alaska Department of Homeland Security: Disaster Grants - Public Assistance	97.036	DR-4533-AK	-	109,680
Department of Housing and Urban Development				
Passed through State of Alaska Department of Commerce, Community, and Economic Development: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Wrangell Recreation Facility HVAC Upgrades	14.228	20-CDBG-02	-	543,585
Wrangell High School and Middle School Fire Alarm System Replacement	14.228	21-CDBG-02	-	283,297
Total Assistance Listing Number 14.228			-	826,882
Total Expenditures of Federal Awards			\$ -	\$ 3,522,338

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 Year Ended June 30, 2023

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, 2023. 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 Policies

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, 2023, there were no unspent interest earnings and unspent grant funds were \$1,847,432.

Single Audit Reports



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell, Alaska (the Borough) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements and have issued our report thereon dated April 1, 2024. 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.



A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 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.C.

Anchorage, Alaska
April 1, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City and Borough of Wrangell, 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, 2023. 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.

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, 2023.

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.

Other Matter - Federal Expenditures Not Included in the Compliance Audit

The Borough's basic financial statements include the operations of the Wrangell Public Schools, a discretely presented component unit. Our audit of compliance, described in the "Opinion on Each Major Federal Program", does not include the operations of Wrangell Public Schools because they engaged other auditors to perform an audit of compliance; however, they did not meet the threshold for an audit in accordance with the Uniform Guidance.



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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

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.

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.C.

Anchorage, Alaska
April 1, 2024

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Significant deficiency(ies) identified? X yes reported)

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

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

Significant deficiency(ies) identified? yes X reported)

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

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

Identification of major federal programs:

<i>Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>
14.228	Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii
21.027	Coronavirus State and Local Fiscal Recovery Funds
97.067	Homeland Security Grant Program

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

Auditee qualified as low-risk auditee? yes X no

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs, continued

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

Finding 2023-001 **General Ledger Reconciliation and External Financial Reporting - Internal Control Over Financial Reporting - Significant Deficiency**

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

Condition The Borough's internal control over financial reporting did not prevent, or detect and correct, errors in certain account balances in a timely manner. Most of these items were identified by management but not fully reconciled. Adjustments 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 pole rental revenue, grant revenue and receivables, and accounts payable.

Cause The Borough was not fully staffed throughout the year.

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 when reconciliations are not performed throughout the year.

Recommendation The Borough should consider at least quarterly reconciliations of significant cycles, such as accounts payable and grants, to ensure year-end close processes can proceed in a timelier manner.

Views of Responsible Officials Management concurs with the finding. Management will implement a monthly close process as well as a quarterly financial review process. This process will be used to identify and review complex financial statement accounts and formulate adjustments as required through-out the year to comply with U.S. GAAP. Adjusting journal entries will be reviewed for proper internal control.

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs, continued

Finding 2023-002 **Journal Entry Review and Approval, and Support - Internal Control Over Financial Reporting - Material Weakness**

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

Condition The Borough's internal controls over financial reporting did not ensure proper review and approval of manual journal entries throughout the year. Within the Borough's IT environment, certain management personnel have administrative-level access. These conditions give rise to a heightened risk of management override with manual adjustments.

Cause The Borough was not fully staffed throughout the year to allow for review of each manual journal.

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

Recommendation The Borough should ensure every journal entry is reviewed and approved prior to posting, and should consider a sequential listing of manual entries be maintained to ensure this review is complete absent IT controls.

Views of Responsible Officials Management concurs with the finding. Management will implement a journal entry creation and review process. Journal entries will have serial numbers and appropriate documentation will be attached to support the entry. Entries will be prepared by one accountant and reviewed by another accountant for errors and appropriateness. The create and review will be documented with a dated stamp or signature by the both the creator and the reviewer.

Section III - Federal Award Findings and Questioned Costs
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No were no findings and questioned costs for federal awards (as defined in Section 2 CFR 200.516(a) that are required to be reported.

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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, 2023

Financial Statement Findings

Finding 2022-001 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 partially resolved, see Finding 2023-001 (significant deficiency)

Finding 2022-002 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 2023, see Finding 2023-002

Finding 2022-003 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 considered resolved.



CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

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City and Borough of Wrangell, Alaska

Summary Schedule of Prior Audit Findings, continued Year Ended June 30, 2023

Federal Award Findings

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

Information on Federal Program 10.665 Schools and Roads Grants to States
21.027 Coronavirus State and Local Fiscal Recovery Funds

Finding The single audit report and Form SF-SAC were not submitted within nine months of the fiscal year end.

Status Finding considered resolved.



CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

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City and Borough of Wrangell, Alaska

Corrective Action Plan Year Ended June 30, 2023

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

Financial Statement Findings

Finding 2023-001 - General Ledger Reconciliation and External Financial Reporting - Internal Control Over Financial Reporting - Significant Deficiency

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:
Already implemented.

Finding 2023-002 - 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:
Already implemented.