City and Borough of Wrangell, Alaska

Basic Financial Statements, Required Supplementary Information, Supplementary Information and Single Audit Reports
Year Ended June 30, 2025

City and Boroughof Wrangell, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information
and Single Audit Reports
Year Ended June 30, 2025

City and Borough of Wrangell, Alaska

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

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City and Borough of Wrangell, Alaska (the "Borough"), as of and for the year ended June 30, 2025, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough, as of June 30, 2025, 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"), the Borough's only discretely presented component unit, as of June 30, 2025. 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 proportionate share of net pension liability and net Other Postemployment Benefits (OPEB) liability (asset), and the schedules of the Borough's contributions for 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit for the year ended June 30, 2025 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* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2025 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 GAAS. 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, 2025.

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, 2024 (not presented herein), and have issued our report thereon dated March 31, 2025, 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, 2024 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 2024 financial statements. The information was subjected to the auditing procedures applied in the audit of the 2024 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 GAAS. 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, 2024.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2026 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
September 21, 2026

Basic Financial Statements

City and Borough of Wrangell, Alaska

Statement of Net Position

June 30, 2025	Primary Government Govern-mental Activities	 Business-type Activities	 Total	Component Unit Wrangell Public Schools
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	$ 19,051,601	$ 10,289,389	$ 29,340,990	$ 3,186,857
Receivables, net of allowance for doubtful accounts:				
Property and sales taxes	1,034,377	-	1,034,377	-
Accounts	168,304	1,017,837	1,186,141	233,203
Grants and shared revenues	523,923	8,187,892	8,711,815	-
Leases	1,040,873	-	1,040,873	-
Accrued interest	153,595	44	153,639	-
Internal balances	6,172,054	(6,172,054)	-	-
Prepaid items	483	-	483	10,722
Inventories	52,639	205,902	258,541	16,432
Restricted assets:				
Cash and investments	3,918,901	1,924,908	5,843,809	-
Net other postemployment benefits asset	1,954,267	932,908	2,887,175	1,544,828
Capital assets:				
Land, land improvements and construction in progress	6,684,874	26,105,038	32,789,912	-
Other capital assets, net of depreciation	28,565,086	36,239,145	64,804,231	51,323
Total Assets	69,320,977	78,731,009	148,051,986	5,043,365
Deferred Outflows of Resources				
Related to pensions	557,282	266,030	823,312	251,023
Related to other postemployment benefits	137,982	65,868	203,850	103,196
Total Deferred Outflows of Resources	695,264	331,898	1,027,162	354,219
Total Assets and Deferred Outflows of Resources	$ 70,016,241	$ 79,062,907	$ 149,079,148	$ 5,397,584

City and Borough of Wrangell, Alaska

Statement of Net Position, continued

	Primary Government			Component Unit
June 30, 2025	Governmental Activities	Business-type Activities	Total	Wrangell Public Schools
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Accounts payable	$ 252,091	$ 432,463	$ 684,554	$ 145,561
Accounts payable - capital related	147,724	1,105,939	1,253,663	-
Accrued payroll and related liabilities	298,388	-	298,388	150,623
Customer utility deposits	-	120,642	120,642	-
Accrued interest payable	12,125	(298)	11,827	-
Unearned revenue	30,841	2,001,059	2,031,900	405,073
Noncurrent liabilities:				
Due within one year:				
Compensated absences	438,824	223,760	662,584	-
Bonds	134,073	-	134,073	-
Loans	-	5,937,278	5,937,278	-
Due in more than one year:				
Compensated absences	-	-	-	151,101
Bonds, including unamortized premium	3,134,175	-	3,134,175	-
Loans	-	3,481,269	3,481,269	-
Net pension liability	4,536,990	2,165,820	6,702,810	2,980,418
Total Liabilities	8,985,231	15,467,932	24,453,163	3,832,776
Deferred Inflows of Resources				
Related to leases	961,228	-	961,228	-
Related to other postemployment benefits	80,812	38,577	119,389	48,711
Total Deferred Inflows of Resources	1,042,040	38,577	1,080,617	48,711
Total Liabilities and Deferred Inflows of Resources	10,027,271	15,506,509	25,533,780	3,881,487
Net Position				
Net investment in capital assets	31,833,988	51,819,697	83,653,685	51,323
Restricted for:				
Net OPEB benefits	1,954,267	932,908	2,887,175	1,544,828
Economic stability	11,540,167	-	11,540,167	-
Schools	1,655,911	-	1,655,911	-
School construction	3,918,901	-	3,918,901	-
Unrestricted (deficit)	9,085,736	10,803,793	19,889,529	(80,054)
Total Net Position	59,988,970	63,556,398	123,545,368	1,516,097
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 70,016,241	$ 79,062,907	$ 149,079,148	$ 5,397,584

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Statement of Activities

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Year Ended June 30, 2025	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contri-butions	Capital Grants & Contri-butions	Govern-mental Activities	Business-type Activities	Total	Wrangell Public Schools
Functions								
Primary Government								
Governmental activities:								
General government	$ 2,123,171	$ 204,894	$ 352,836	$ -	$ (1,565,441)	$ -	$ (1,565,441)	
Public safety	2,684,880	122,463	576,608	-	(1,985,809)	-	(1,985,809)	
Public works	2,842,063	230,919	78,450	-	(2,532,694)	-	(2,532,694)	
Parks and recreation	893,514	64,912	21,063	362,797	(444,742)	-	(444,742)	
Community services	1,566,643	284,935	66,192	-	(1,215,516)	-	(1,215,516)	
Education	1,624,236	-	25,821	-	(1,598,415)	-	(1,598,415)	
Interest	112,244	-	-	-	(112,244)	-	(112,244)	
Total governmental activities	11,846,751	908,123	1,120,970	362,797	(9,454,861)	-	(9,454,861)	
Business-type activities:								
Electric utility	4,673,187	5,154,829	127,526	-	-	609,168	609,168	
Water utility	1,168,497	986,633	18,904	5,134,740	-	4,971,780	4,971,780	
Sanitation utility	1,093,628	963,918	17,320	250,000	-	137,610	137,610	
Port	3,897,768	2,439,045	287,456	-	-	(1,171,267)	(1,171,267)	
Sewer utility	771,041	840,361	14,603	-	-	83,923	83,923	
Total business-type activities	11,604,121	10,384,786	465,809	5,384,740	-	4,631,214	4,631,214	
Total Primary Government	$ 23,450,872	$ 11,292,909	$ 1,586,779	$ 5,747,537	(9,454,861)	4,631,214	(4,823,647)	

City and Borough of Wrangell, Alaska

Statement of Activities, continued

Year Ended June 30, 2025	Expenses	Program Revenues: Fees, Fines & Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Wrangell Public Schools
Component Unit								
Wrangell Public Schools	$ 6,930,995	$ 12,359	$ 1,480,772	$ -				$ (5,437,864)
General Revenues								
Taxes:								
Property taxes					$ 2,099,786	$ -	$ 2,099,786	-
Sales taxes					4,024,456	-	4,024,456	-
Payments in lieu of taxes					534,752	-	534,752	-
Other taxes					144,841	-	144,841	-
Contributions from primary government					-	-	-	1,312,195
Grants and entitlements not restricted to a specific purpose					399,612	-	399,612	3,444,865
E-rate					-	-	-	90,361
Investment income (loss)					2,449,240	18,309	2,467,549	108,848
Other					11,960	-	11,960	87,132
Transfers					(26,482)	26,482	-	-
Total General Revenues and Transfers					9,638,165	44,791	9,682,956	5,043,401
Change in Net Position					183,304	4,676,005	4,859,309	(394,463)
Net Position, beginning of year, as previously reported					59,805,666	58,880,393	118,686,059	1,981,623
Adjustment - GASB 101 Implementation					-	-	-	(71,063)
Net Position, beginning of year, as restated					59,805,666	58,880,393	118,686,059	1,910,560
Net Position, ending					$ 59,988,970	$ 63,556,398	$ 123,545,368	$ 1,516,097

See accompanying notes to basic financial statements.

Exhibit B-1

City and Borough of Wrangell, Alaska

Governmental Funds
Balance Sheet

June 30, 2025	General	Permanent Fund Special Revenue	Parks and Recreation Special Revenue	Nonmajor Funds	Total Govern-mental Funds
	Major Funds				
Assets					
Cash and investments	$ 1,534,403	$11,506,275	$ 1,566,857	$ 4,444,066	$ 19,051,601
Restricted cash and investments	3,918,901	-	-	-	3,918,901
Receivables, net of allowance for doubtful accounts:					
Property and sales taxes	854,006	-	-	180,371	1,034,377
Accounts	142,371	21,744	3,931	258	168,304
Grants	408,056	-	1,324	114,543	523,923
Leases	941,559	99,314	-	-	1,040,873
Accrued interest	152,559	1,036	-	-	153,595
Due from other funds	5,902,554	-	-	-	5,902,554
Interfund loan receivable	269,500	-	-	-	269,500
Prepaid items	483	-	-	-	483
Inventories	-	-	-	52,639	52,639
Total Assets	$ 14,124,392	$11,628,369	$ 1,572,112	$ 4,791,877	$ 32,116,750
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	$ 223,753	$ -	$ -	$ 176,062	$ 399,815
Accrued payroll and related liabilities	298,388	-	-	-	298,388
Unearned revenue	20,491	-	-	10,350	30,841
Total Liabilities	542,632	-	-	186,412	729,044
Deferred Inflows of Resources					
Delinquent property taxes	6,202	-	-	-	6,202
Related to land sales	-	-	-	8,782	8,782
Related to leases	873,026	88,202	-	-	961,228
Total Deferred Inflows of Resources	879,228	88,202	-	8,782	976,212
Total Liabilities and Deferred Inflows of Resources	1,421,860	88,202	-	195,194	1,705,256
Fund Balances					
Nonspendable	269,983	-	-	52,639	322,622
Restricted	3,918,901	11,540,167	-	1,655,911	17,114,979
Committed	-	-	1,566,757	2,119,753	3,686,510
Assigned	-	-	-	713,492	713,492
Unassigned	8,513,648	-	5,355	54,888	8,573,891
Total Fund Balances	12,702,532	11,540,167	1,572,112	4,596,683	30,411,494
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 14,124,392	$11,628,369	$ 1,572,112	$ 4,791,877	$ 32,116,750

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, 2025

Total fund balances for governmental funds		$ 30,411,494
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	3,034,018	
Infrastructure	25,013,398	
Buildings	48,623,687	
Improvements other than buildings	8,997,342	
Machinery and equipment	6,574,679	
Accumulated depreciation	(60,644,020)	
Total capital assets		35,249,960
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		1,954,267
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.		14,984
Long-term liabilities, including compensated absences 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:		
Compensated absences	(438,824)	
Bonds, including unamortized premium	(3,268,248)	
Net pension liability	(4,536,990)	
Accrued interest payable	(12,125)	
Total long-term liabilities		(8,256,187)
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	557,282	
Deferred outflows of resources related to OPEB	137,982	
Deferred inflows of resources related to OPEB	(80,812)	
Total deferred pension and OPEB items		614,452
Total Net Position of Governmental Activities		$ 59,988,970

See accompanying notes to basic financial statements.

Exhibit B-3

City and Borough of Wrangell, Alaska

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

	Major Funds						
Year Ended June 30, 2025	General	Permanent Fund Special Revenue	Parks and Recreation Special Revenue	Secure Rural Schools Special Revenue	Residential Construction Capital Projects	Nonmajor Funds	Total Governmental Funds
Revenues							
Taxes	$ 5,886,810	$ -	$ -	$ -	$ -	$ 944,887	$ 6,831,697
Intergovernmental	1,300,006	-	372,565	-	-	50,232	1,722,803
Charges for services	115,287	-	62,062	-	-	183,474	360,823
Sales and leases	130,366	32,317	-	-	-	-	162,683
Investment income (loss)	1,276,950	1,015,942	146,044	-	-	10,304	2,449,240
Land sales and improvements	-	-	-	-	-	230,650	230,650
Fines and forfeitures	10,010	-	-	-	-	-	10,010
Other	88,970	-	19,261	-	-	47,686	155,917
Total Revenues	8,808,399	1,048,259	599,932	-	-	1,467,233	11,923,823
Expenditures							
Current:							
General government	1,947,991	-	-	-	-	28,637	1,976,628
Public safety	2,385,789	-	-	-	-	-	2,385,789
Public works	2,571,563	-	-	-	-	-	2,571,563
Parks and recreation	-	-	704,262	-	-	-	704,262
Community services	580,239	-	-	-	-	628,881	1,209,120
Education	-	-	-	-	-	1,312,195	1,312,195
Debt service:							
Principal	-	-	-	-	-	95,000	95,000
Interest	-	-	-	-	-	147,875	147,875
Capital outlay	188,673	-	477,684	-	-	791,969	1,458,326
Total Expenditures	7,674,255	-	1,181,946	-	-	3,004,557	11,860,758
Excess (Deficiency) of Revenues Over Expenditures	1,134,144	1,048,259	(582,014)	-	-	(1,537,324)	63,065
Other Financing Sources (Uses)							
Transfers in	337,630	-	1,879,985	-	-	1,085,905	3,303,520
Transfers out	(2,965,890)	-	-	-	-	(364,112)	(3,330,002)
Net Other Financing Sources (Uses)	(2,628,260)	-	1,879,985	-	-	721,793	(26,482)
Net Change in Fund Balances	(1,494,116)	1,048,259	1,297,971	-	-	(815,531)	36,583
Fund Balances, beginning, **as previously reported**	14,196,648	10,491,908	274,141	1,490,737	819,941	3,101,536	30,374,911
Adjustment - from major fund to nonmajor fund	-	-	-	(1,490,737)	(819,941)	2,310,678	-
Fund Balances, beginning, as adjusted	14,196,648	10,491,908	274,141	-	-	5,412,214	30,374,911
Fund Balances, ending	$ 12,702,532	$ 11,540,167	$ 1,572,112	$ -	$ -	$ 4,596,683	$ 30,411,494

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, 2025

Net change in fund balances - total governmental funds		36,583
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlay ($2,314,552) exceeded depreciation ($1,855,576).		458,976
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		(27,862)
The repayment of bonds consumes current financial resources in governmental funds. Also, governmental funds report the effect of bond premiums when the debt is first issued, whereas this amount is deferred and amortized in the Statement of Activities. This is the change in bond-related transactions:		
Repayment of principal	95,000	
Decrease in unamortized bond premium	35,235	
Accrued interest expense	396	
		130,631
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.		
Net increase in compensated absences	(92,737)	
Decrease in net pension liability and related accounts	(224,921)	
Increase in net OPEB asset and related accounts	(97,366)	
		(415,024)
Change in Net Position of Governmental Activities		$ 183,304

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds

Statement of Net Position

June 30, 2025	Major Funds Electric Utility	Water Utility	Port	Nonmajor Funds	Total Enterprise Funds
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and investments	$ 3,466,420	$ 45,623	$ 4,210,442	$ 2,566,904	$ 10,289,389
Receivables, net of allowance for doubtful accounts:					
Accounts	450,865	89,885	323,532	153,555	1,017,837
Grants	-	8,164,559	23,333	-	8,187,892
Accrued interest	-	5	32	7	44
Inventories	205,902	-	-	-	205,902
Total Current Assets	4,123,187	8,300,072	4,557,339	2,720,466	19,701,064
Noncurrent Assets					
Restricted assets:					
Cash and investments	-	1,233,000	691,908	-	1,924,908
Net other postemployment benefits asset	309,126	123,376	292,069	208,337	932,908
Capital assets, net	3,160,202	25,492,785	30,693,441	2,997,755	62,344,183
Total Noncurrent Assets	3,469,328	26,849,161	31,677,418	3,206,092	65,201,999
Total Assets	7,592,515	35,149,233	36,234,757	5,926,558	84,903,063
Deferred Outflows of Resources					
Related to pensions	88,151	35,182	83,287	59,410	266,030
Related to other postemployment benefits	21,826	8,710	20,622	14,710	65,868
Total Deferred Outflows of Resources	109,977	43,892	103,909	74,120	331,898
Total Assets and Deferred Outflows of Resources	$ 7,702,492	$ 35,193,125	$ 36,338,666	$ 6,000,678	$ 85,234,961

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Net Position, continued

	Major Funds				Total
	Electric	Water		Nonmajor	Enterprise
June 30, 2025	Utility	Utility	Port	Funds	Funds
Liabilities, Deferred Inflows of Resources, and Net Position					
Current Liabilities					
Accounts payable	$ 161,425	$ 23,937	$ 113,654	$ 133,447	$ 432,463
Accounts payable - capital related	2,056	1,103,883	-	-	1,105,939
Customer utility deposits	107,997	12,645	-	-	120,642
Accrued interest payable	-	(326)	-	28	(298)
Due to other funds	-	5,902,554	-	-	5,902,554
Unearned revenue	17,736	1,236,916	739,574	6,833	2,001,059
Compensated absences	81,904	30,397	54,889	56,570	223,760
Current portion of interfund loan	-	38,500	-	-	38,500
Current portion of loans	-	5,935,464	-	1,814	5,937,278
Total Current Liabilities	371,118	14,283,970	908,117	198,692	15,761,897
Long-term Liabilities, net of current portion					
USDA Rural Development loan	-	-	-	75,059	75,059
ADEC loans	-	3,406,210	-	-	3,406,210
Interfund loan	-	231,000	-	-	231,000
Net pension liability	717,660	286,428	678,061	483,671	2,165,820
Total Long-term Liabilities	717,660	3,923,638	678,061	558,730	5,878,089
Total Liabilities	1,088,778	18,207,608	1,586,178	757,422	21,639,986
Deferred Inflows of Resources					
Related to other postemployment benefits	12,783	5,102	12,077	8,615	38,577
Net Position					
Net investment in capital assets	3,158,146	15,047,228	30,693,441	2,920,882	51,819,697
Restricted:					
Restricted for net OPEB benefits	309,126	123,376	292,069	208,337	932,908
Unrestricted	3,133,659	1,809,811	3,754,901	2,105,422	10,803,793
Total Net Position	6,600,931	16,980,415	34,740,411	5,234,641	63,556,398
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 7,702,492	$ 35,193,125	$ 36,338,666	$ 6,000,678	$ 85,234,961

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, 2025	Major Funds Electric Utility	Water Utility	Port	Nonmajor Funds	Total Enterprise Funds
Operating Revenues					
Charges for services	$ 5,131,534	$ 986,633	$ 2,439,045	$ 1,753,641	$ 10,310,853
Operating Expenses					
Personnel services	1,116,240	485,786	981,259	755,671	3,338,956
Commodities	270,180	95,802	229,427	119,688	715,097
Contractual services	157,042	79,451	337,623	163,465	737,581
Intergovernmental	2,986,887	181,051	41,951	485,073	3,694,962
Depreciation	142,838	321,688	2,307,508	339,279	3,111,313
Total Operating Expenses	4,673,187	1,163,778	3,897,768	1,863,176	11,597,909
Income (Loss) from Operations	458,347	(177,145)	(1,458,723)	(109,535)	(1,287,056)
Nonoperating Revenues (Expenses)					
Investment income	9,826	145	3,985	4,353	18,309
Interest expense	-	(4,719)	-	(1,493)	(6,212)
Other grant revenue	-	-	121,688	-	121,688
State PERS relief	127,526	18,904	44,752	31,923	223,105
State fisheries business tax	-	-	121,016	-	121,016
Other revenues	23,295	-	-	50,638	73,933
Net Nonoperating Revenues (Expenses)	160,647	14,330	291,441	85,421	551,839
Income (Loss) Before Transfers and Capital Contributions	618,994	(162,815)	(1,167,282)	(24,114)	(735,217)
Transfers in	-	-	26,482	-	26,482
Capital contributions	-	5,134,740	-	250,000	5,384,740
Change in Net Position	618,994	4,971,925	(1,140,800)	225,886	4,676,005
Net Position, beginning	5,981,937	12,008,490	35,881,211	5,008,755	58,880,393
Net Position, ending	$ 6,600,931	$ 16,980,415	$ 34,740,411	$ 5,234,641	$ 63,556,398

See accompanying notes to basic financial statements.

Exhibit C-3

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended June 30, 2025	Major Funds Electric Utility	Water Utility	Port	Nonmajor Funds	Total Enterprise Funds
Cash Flows from (for) Operating Activities					
Receipts from customers and users	$ 5,179,224	$ 3,031,849	$ 2,328,053	$ 1,816,654	$ 12,355,780
Payments for interfund services used	(205,332)	(110,348)	(51,390)	(115,401)	(482,471)
Payments to suppliers	(3,225,421)	(370,252)	(501,567)	(703,574)	(4,800,814)
Payments to employees	(704,142)	(305,084)	(777,331)	(564,884)	(2,351,441)
Net cash flows from (for) operating activities	1,044,329	2,246,165	997,765	432,795	4,721,054
Cash Flows from Noncapital Financing Activities					
State fish taxes received	-	-	121,016	-	121,016
Operating grants	-	-	499,326	-	499,326
Interfund payable	-	1,379,929	-	-	1,379,929
Transfers in	-	-	26,482	-	26,482
Net cash flows from noncapital financing activities	-	1,379,929	646,824	-	2,026,753
Cash Flows from (for) Capital and Related Financing Activities					
Purchase of property, plant and equipment	(726,849)	(11,816,711)	(776,094)	(434,437)	(13,754,091)
Capital contributions received	-	1,222,100	-	250,000	1,472,100
Issuance of loans	-	7,065,699	-	-	7,065,699
Principal paid on interfund loans	-	(38,500)	-	-	(38,500)
Principal payments on long-term debt	-	(10,100)	-	(1,780)	(11,880)
Interest payments on long-term debt	-	(3,104)	-	(1,465)	(4,569)
Net cash flows from (for) capital and related financing activities	(726,849)	(3,580,616)	(776,094)	(187,682)	(5,271,241)
Cash Flows from Investing Activities					
Investment income received	9,826	145	3,985	4,353	18,309
Net Increase (Decrease) in Cash and Investments	327,306	45,623	872,480	249,466	1,494,875
Cash and Investments, beginning	3,139,114	1,233,000	4,029,870	2,317,438	10,719,422
Cash and Investments, ending	$ 3,466,420	$ 1,278,623	$ 4,902,350	$ 2,566,904	$ 12,214,297
Reconciliation of Cash and Investments to Statement of Net Position					
Cash and investments	$ 3,466,420	$ 45,623	$ 4,210,442	$ 2,566,904	$ 10,289,389
Restricted cash and investments	-	1,233,000	691,908	-	1,924,908
Total Cash and Investments	$ 3,466,420	$ 1,278,623	$ 4,902,350	$ 2,566,904	$ 12,214,297

City and Borough of Wrangell, Alaska

Enterprise Funds

Statement of Cash Flows, continued

	Major Funds				Total
	Electric	Water		Nonmajor	Enterprise
Year Ended June 30, 2025	Utility	Utility	Port	Funds	Funds
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities					
Income (loss) from operations	$ 458,347	$ (177,145)	$ (1,458,723)	$ (109,535)	$ (1,287,056)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:					
Depreciation	142,838	321,688	2,307,508	339,279	3,111,313
Noncash expense - PERS relief	127,526	18,904	44,752	31,923	223,105
Miscellaneous nonoperating revenues	23,295	-	-	50,638	73,933
(Increase) decrease in assets:					
Accounts receivable, net	34,442	2,046,398	(155,881)	15,460	1,940,419
Inventories	15,691	-	-	-	15,691
Net other postemployment benefits asset	(11,327)	(15,801)	(56,995)	6,902	(77,221)
(Increase) decrease in deferred outflows of resources:					
Related to pensions	4,625	(1,668)	(10,052)	7,646	551
Related to other postemployment benefits	828	(527)	(2,740)	1,663	(776)
Increase (decrease) in liabilities:					
Accounts payable	147,111	(17,766)	93,375	35,233	257,953
Compensated absences	31,405	16,841	15,255	34,798	98,299
Unearned revenue	(4,729)	(1,707)	44,889	(3,085)	35,368
Customer utility deposits	(5,318)	525	-	-	(4,793)
Net pension liability	82,831	57,107	176,945	24,836	341,719
Increase (decrease) in deferred inflows of resources:					
Related to other postemployment benefits	(3,236)	(684)	(568)	(2,963)	(7,451)
Net Cash Flows from (for) Operating Activities	$ 1,044,329	$ 2,246,165	$ 997,765	$ 432,795	$ 4,721,054

See accompanying notes to basic financial statements.

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 in the United States (GAAP), 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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The accounting policies of the Borough conform to GAAP as applicable to governments. The following is a summary of the more significant policies:

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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 *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 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.

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.

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.

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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	3-10 years

Deferred Outflows of Resources

A deferred outflow of resources is an item that will result in a future decrease or consumption of equity. In the government-wide and 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 other postemployment benefits (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 PERS, and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

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

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

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.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.*

Sometimes the Borough will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Borough's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Encumbrances

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

Unearned Grant Revenue

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

Comparative Data

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

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, 2025, expenditures exceeded appropriations in the General Fund for the following functions: General Government by $449,462 , Public Safety by $122,485, and Public Works by $647,313.

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 $1,233,000 for a federal advance grant in the Water Utility Enterprise Fund for the reservoir bypass project and restricted cash in the amount of $3,918,901 in the General Fund for unspent bond proceeds remaining at year end June 30, 2025.

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, 2025.

	Pooled Cash and Investments	Permanent Fund Special Revenue Fund	Totals
Bank deposits	$ 1,435,263	$ 673,194	$ 2,108,457
Investments	22,243,261	10,833,081	33,076,342
Total Cash and Investments	$ 23,678,524	$ 11,506,275	$ 35,184,799

		Government-wide Statement of Net Position
Cash and investments	$	29,340,990
Restricted cash and investments		5,843,809
Total Cash and Investments	$	35,184,799

Investment Policy

The Borough's pooled 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 exchange-traded funds (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.

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, 2025, the Borough had balances of $1,726,267 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 GAAP. 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; and Level 3 inputs are significant unobservable inputs.

Investment maturities in pooled investments at June 30, 2025 are as follows:

		Investment Maturities (In Years)			
Investment Type	Amount	Less Than 1	1-5	6-10	More Than 10
Money market funds	$ 7,375,676	$ 7,375,676	$ -	$ -	$ -
Certificates of deposit	2,750,975	995,115	1,755,860	-	-
U.S. Treasuries	1,388,281	303,368	1,084,913	-	-
Corporate bonds	8,207,579	1,991,930	5,955,551	260,098	-
U.S. agencies	771,244	-	771,244	-	-
Total subject to interest rate risk	20,493,755	$ 10,666,089	$ 9,567,568	$ 260,098	$ -
Domestic equity funds	590,422				
U.S. fixed income funds	277,016				
International fixed income funds	75,960				
International equity funds	157,008				
Infrastructure funds	76,861				
Real estate funds	45,292				
Fixed Income	326,356				
Alternative funds	153,871				
Commodities funds	46,720				
Total Pooled Investments	$ 22,243,261				

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Pooled investments are classified in the fair value hierarchy as follows at June 30, 2025:

Investment Type	Level 1	Level 2	Level 3	Fair Value
Certificates of deposit	$ -	$ 2,750,975	$ -	$ 2,750,975
U.S. treasuries	-	1,388,281	-	1,388,281
U.S. agencies	-	771,244	-	771,244
U.S. fixed income funds	277,016	-	-	277,016
International fixed income funds	75,960	-	-	75,960
Domestic equity funds	590,422	-	-	590,422
International equity funds	157,008	-	-	157,008
Infrastructure funds	76,861	-	-	76,861
Real estate funds	45,292	-	-	45,292
Fixed income	326,356	-	-	326,356
Corporate bonds	-	8,207,579	-	8,207,579
Alternative funds	153,871	-	-	153,871
Commodities funds	46,720	-	-	46,720
Total Investments at Fair Value	$ 1,749,506	$ 13,118,079	$ -	14,867,585
Investments at amortized cost - Money market funds				7,375,676
Total Pooled Investments				$ 22,243,261

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, 2025.

Credit Risk

The Borough's pooled investments in U.S. Treasuries were rated Aa1 by Moody's. The Borough's U.S. Agencies were rated as follows by Moody's: $732,076 rated Aa1, with the remaining $39,168 unrated. The Borough's Corporate Bonds were rated as follows by Moody's: $490,260 rated Aa2, $476,795 rated Aa3, $738,521 rated A1, $1,718,182 rated A2, $924,138 rated A3, $2,234,033 rated Baa1, $1,183,311 rated Baa2, $88,188 rated Baa3, with the remaining $354,152 unrated. 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. 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, 2025, the Borough did not have any amounts invested with a single issuer in excess of 5% of total investments.

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Investment maturities in Permanent Fund Special Revenue Fund investments at June 30, 2025 are as follows:

		Investment Maturities (In Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Money market funds	$ 244,244	$ 244,244	$ -	$	$ -
Total subject to interest rate risk	244,244	$ 244,244	$ -	$ -	$ -
Domestic equity funds	4,082,371				
U.S. fixed income funds	1,915,381				
International fixed income funds	525,215				
International equity funds	1,085,609				
Infrastructure funds	531,440				
Real estate funds	313,161				
U.S. treasuries	211,294				
Fixed income	537,419				
Alternative funds	1,063,913				
Commodities funds	323,034				
Total Permanent Fund Investments	$ 10,833,081				

In addition to the investments disclosed above, the Permanent Fund Special Revenue Fund holds $673,194 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 $11,506,275.

Fair Value Measurement

Permanent Fund investments are classified in the fair value hierarchy as follows at June 30, 2025:

Investment Type	Level 1	Level 2	Level 3	Fair Value
U.S. fixed income funds	$ 1,915,381	$ -	$ -	$ 1,915,381
International fixed income funds	525,215	-	-	525,215
Domestic equity funds	4,082,371	-	-	4,082,371
International equity funds	1,085,609	-	-	1,085,609
Infrastructure funds	531,440	-	-	531,440
Real estate funds	313,161	-	-	313,161
U.S. treasuries	211,294	-	-	211,294
Fixed income	537,419	-	-	537,419
Alternative funds	1,063,913	-	-	1,063,913
Commodities funds	323,034	-	-	323,034
Total Investments at Fair Value	$ 10,588,837	$ -	$ -	10,588,837
Investments at amortized cost – Money market funds				244,244
Total Permanent Fund Investments				$ 10,833,081

Credit Risk

The Borough's Permanent Fund investments in 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, 2025, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, were as follows:

	Major Governmental Funds				
June 30, 2025	General Fund	Permanent Fund	Parks and Recreation	Nonmajor Governmental Funds	Total Governmental Funds
Property taxes	$ 132,521	$ -	$ -	$ -	$ 132,521
Sales taxes	721,485	-	-	180,371	901,856
Accounts	142,441	21,744	3,391	258	168,374
Grants	408,056	-	1,324	114,543	523,923
Leases	941,559	99,314	-	-	1,040,873
Accrued interest	152,559	1,036	-	-	153,595
Total receivables	2,498,621	122,094	5,255	295,172	2,921,142
Less allowance for doubtful accounts	(70)	-	-	-	(70)
Net Receivables	$ 2,498,551	$ 122,094	$ 5,255	$ 295,172	$ 2,917,116

	Major Enterprise Funds				
June 30, 2025	Electric Utility	Water Utility	Port	Nonmajor Enterprise Funds	Total Enterprise Funds
Accounts	$ 450,865	$ 89,885	$ 347,993	$ 153,555	$ 1,042,298
Grants	-	8,164,559	23,333	-	8,187,892
Accrued interest	-	5	32	7	44
Total receivables	450,865	8,254,449	371,358	153,562	9,230,234
Less allowance for doubtful accounts	-	-	(24,461)	-	(24,461)
Net Receivables	$ 450,865	$ 8,254,449	$ 346,897	$ 153,562	$ 9,205,773

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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 $197,414 for the fiscal year ended June 30, 2025. The Borough recognized $160,743 in lease revenue and $48,686 in interest revenue for the fiscal year ended June 30, 2025. As of June 30, 2025, the Borough's receivable for lease payments was $1,040,873. The Borough recognized a deferred inflow of resources associated with the leases of $961,228 on June 30, 2025, 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, 2025 was as follows:

Governmental Activities	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:				
Land and land improvements	$ 3,650,856	$ -	$ -	$ 3,650,856
Construction in progress	4,975,922	1,459,843	(3,401,747)	3,034,018
Total capital assets not being depreciated	8,626,778	1,459,843	(3,401,747)	6,684,874
Capital assets being depreciated:				
Infrastructure	23,550,853	1,462,545	-	25,013,398
Buildings	48,623,687	-	-	48,623,687
Improvements other than buildings	7,034,847	1,962,495	-	8,997,342
Machinery and equipment	5,743,263	831,416	-	6,574,679
Total capital assets being depreciated	84,952,650	4,256,456	-	89,209,106
Less accumulated depreciation for:				
Infrastructure	7,357,910	645,158	-	8,003,068
Buildings	41,523,126	627,785	-	42,150,911
Improvements other than buildings	5,456,000	298,801	-	5,754,801
Machinery and equipment	4,451,408	283,832	-	4,735,240
Total accumulated depreciation	58,788,444	1,855,576	-	60,644,020
Total capital assets being depreciated, net	26,164,206	2,400,880	-	28,565,086
Governmental Activities Capital Assets, net	$ 34,790,984	$ 3,860,723	$ (3,401,747)	$ 35,249,960

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Business-type Activities	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:				
Land and land improvements	$ 959,233	$ -	$ -	$ 959,233
Construction in progress	12,545,499	13,323,679	(723,373)	25,145,805
Total capital assets not being depreciated	13,504,732	13,323,679	(723,373)	26,105,038
Capital assets being depreciated:				
Buildings	9,514,486	10,500	-	9,524,986
Improvements other than buildings	92,998,346	98,662	-	93,097,008
Machinery and equipment	6,317,864	802,294	-	7,120,158
Total capital assets being depreciated	108,830,696	911,456	-	109,742,152
Less accumulated depreciation for:				
Buildings	8,700,646	198,703	-	8,899,349
Improvements other than buildings	56,246,954	2,680,963	-	58,927,917
Machinery and equipment	5,444,094	231,647	-	5,675,741
Total accumulated depreciation	70,391,694	3,111,313	-	73,503,007
Total capital assets being depreciated, net	38,439,002	(2,199,857)	-	36,239,145
Business type Activity Capital Assets, net	$ 51,943,734	$ 11,123,822	$ (723,373)	$ 62,344,183

Depreciation expense was charged to the functions as follows for the year ended June 30, 2025:

Governmental Activities	
General government	$ 8,160
Public safety	184,685
Public works	875,393
Parks and recreation	156,203
Community services	319,094
Education	312,041
Total Depreciation Expense - Governmental Activities	$ 1,855,576
Business-type Activities	
Electric utility	$ 142,838
Water utility	321,688
Sanitation utility	108,812
Port	2,307,508
Sewer utility	230,467
Total Depreciation Expense - Business-type Activities	$ 3,111,313

7. Interfund Balances and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2025, follows:

Interfund Loans		
Due to General Fund from:		
Water Utility Enterprise Fund for long-term capital advances in annual installments of $38,500 including 0% interest through 2032.	$	269,500
Due From Other Funds		
Due to General Fund from:		
Water utility fund to cover operating and financing costs	$	5,902,554
Transfers		
From General Fund to:		
Nonmajor governmental funds to cover operating costs	$	1,085,905
Parks and recreation special revenue fund to cover operating costs		1,879,985
From nonmajor governmental funds to:		
Port Fund to cover capital costs		26,482
General fund to consolidate funds		337,630
Total Transfers to Other Funds	$	9,232,556

8. Long-term Liabilities

The following is a summary of long-term liability transactions of the Borough for the year ended June 30, 2025:

Governmental Activities	Balance July 1, 2024	Additions	Retired	Balance June 30, 2025	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%	$ 3,005,000	$ -	$ 95,000	$ 2,910,000	$ 100,000
Unamortized premium on bonds	393,483	-	35,235	358,248	34,073
GO bonds, including premium	3,398,483	-	130,235	3,268,248	134,073
Compensated absences	346,087	131,215	38,478	438,824	438,824
Net pension liability	4,397,448	139,542	-	4,536,990	-
Total Governmental Activities	$ 8,142,018	$ 270,757	$ 168,713	$ 8,244,062	$ 572,897

Other long-term liabilities related to governmental activities, such as compensated absences, 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, 2025, principal and interest payments were made in the amounts of $95,000 and $147,875, respectively.

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

Governmental Activities

Year Ending June 30,	Principal	Interest	Total
2026	$ 100,000	$ 143,000	$ 243,000
2027	105,000	137,875	242,875
2028	115,000	132,375	247,375
2029	120,000	126,500	246,500
2030	125,000	120,375	245,375
2031-2035	730,000	498,750	1,228,750
2036-2040	930,000	292,000	1,222,000
2041-2043	685,000	52,625	737,625
	$ 2,910,000	$ 1,503,500	$ 4,413,500

Business-type Activities	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	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	$ 78,653	$ -	$ 1,780	$ 76,873	$ 1,814
$57,251 ADEC Water Utility loan due in annual installments of $2,667 to $3,334, including interest of 1.5% through 2038	41,820	-	-	41,820	2,747
$542,249 ADEC Water Utility loan due in annual installments of $10,101 to $13,207, including interest of 1.5% through 2041	206,954	-	10,100	196,854	10,253
$3,821,000 (maximum) ADEC Water Utility loan, due in annual installments of $140,464 to $194,398, including interest of 1.725% through 2045	1,697,063	1,623,937	-	3,321,000	140,464
$5,782,000 (maximum) ADEC Water Utility loan, due in one year; plus interest at 5%	340,238	5,441,762	-	5,782,000	5,782,000
Total direct borrowings	2,364,728	7,065,699	11,880	9,418,547	5,937,278
Compensated absences	125,461	225,000	126,701	223,760	223,760
Net pension liability	1,824,101	341,719	-	2,165,820	-
Total Business-type Activities	$ 4,314,290	$ 7,632,418	$ 138,581	$11,808,127	$ 6,161,038

In February 2026 the ADEC Water Utility Loan totaling $5,782,000 was paid in full using proceeds from two USDA Rural Utilities Services loans due in semi-annual installments of $36,512 to $77,434 through 2066 with interest rates between 2.625%-2.125%.

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

Business-type Activities	Loans Payable from Direct Borrowings		
Year Ending June 30,	Principal	Interest	Total
2026	$ 5,937,278	$ 41,259	$ 5,978,537
2027	160,626	60,235	220,861
2028	160,626	56,910	217,536
2029	163,370	54,167	217,537
2030	166,160	51,376	217,536
2031-2035	874,360	213,321	1,087,681
2036-2040	944,926	136,088	1,081,014
2041-2045	977,862	53,537	1,031,399
2046-2050	13,671	2,559	16,230
2051-2055	15,008	1,222	16,230
2056-2057	4,660	87	4,747
	$ 9,418,547	$ 670,761	$ 10,089,308

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	$ 31,833,988	$ 51,819,697	$ 83,653,685
Restricted:			
Net OPEB benefits	1,954,267	932,908	2,887,175
Economic stability	11,540,167	-	11,540,167
Schools	1,655,911	-	1,655,911
School construction	3,918,901	-	3,918,901
Total restricted	19,069,246	932,908	20,002,154
Unrestricted	9,085,736	10,803,793	19,889,529
Total Net Position	$ 59,988,970	$ 63,556,398	$ 123,545,368

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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, 2025:

	Major Governmental Funds				
	General Fund	Permanent Fund	Parks and Recreation	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Interfund loans	$ 269,500	$ -	$ -	$ -	$ 269,500
Prepaid items	483	-	-	-	483
Inventory	-	-	-	52,639	52,639
Total nonspendable	269,983	-	-	52,639	322,622
Restricted:					
Unspent bond proceeds	3,918,901	-	-	-	3,918,901
Economic stability	-	11,540,167	-	-	11,540,167
Schools and roads	-	-	-	756,797	756,797
School projects	-	-	-	899,114	899,114
Total restricted	3,918,901	11,540,167	-	1,655,911	17,114,979
Committed:					
Community services	-	-	-	527,164	527,164
Schools and roads	-	-	1,566,757	-	1,566,757
Land development	-	-	-	1,592,589	1,592,589
Total committed	-	-	1,566,757	2,119,753	3,686,510
Assigned – Projects	-	-	-	713,492	713,492
Unassigned (deficit)	8,513,648	-	5,355	54,888	8,573,891
Total Fund Balances	$ 12,702,532	$ 11,540,167	$ 1,572,112	$ 4,596,683	$ 30,411,494

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.

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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 (the 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 $1,312,195 in National Forest Receipts funding and sales tax to the School District for the year ended June 30, 2025. 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 State of Alaska 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 officers and firefighters 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, cost of living adjustments (COLA), and 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 Governmental Accounting Standards Board (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. Peace 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 ARM 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 a lower ARM Board Rates than previously adopted.

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

Contribution rates for the year ended June 30, 2025 were determined in the June 30, 2023 actuarial valuations. The Borough's contribution rates for the 2025 fiscal year were as follows:

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans - Pension	20.03%	4.76%
Defined contribution - Pension	6.73%	-%
Total Contribution Rates	26.76%	4.76%

Alaska Statue 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 ARM Board. Additionally, there is a DBUL amount levied against the DC 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 2025, the Borough was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2023 to June 30, 2024	Borough Fiscal Year July 1, 2024 to June 30,2025
Employer contributions (including DBUL)	$ 746,850	$ 758,787
Nonemployer contributions (on-behalf)	126,081	205,156
Total Contributions	$ 872,931	$ 963,943

In addition, employee contributions to the Plan totaled $51,542 during the Borough's fiscal year.

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

At June 30, 2025, 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	$	6,702,810
State's proportionate share of NPL associated with the Borough		2,506,347
Total Net Pension Liability	$	9,209,157

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and adjusted to reflect updated assumptions 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, 2024 measurement date, the Borough's proportion was 0.12221%, which was an increase of 0.00222 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Borough recognized pension expense of $1,707,178 and on-behalf revenue of $402,878 for support provided by the State. At June 30, 2025, 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	$	64,525	$	-
Borough contributions subsequent to the measurement date		758,787		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	$	823,312	$	-

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The $758,787 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, 2026. 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,		
2026	$	(179,648)
2027		334,444
2028		(49,368)
2029		(40,903)
Total Amortization	$	64,525

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 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, 2024 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 2025 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.

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.39%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	26%	+/- 6%	5.48%
Global equity (non-U.S.)	17%	+/- 4%	7.14%
Global equity	-%	-%	5.79%
Aggregate bonds	21%	+/- 10%	2.10%
Multi-asset	8%	+/- 4%	-%
Real assets	14%	+/- 7%	4.63%
Private equity	14%	+/- 7%	8.84%
Cash equivalents	-%	-%	0.77%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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	0.12221%	$ 8,928,775	$ 6,702,810	$ 4,819,112

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 ARM 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, 2025 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2025, forfeitures reduced pension expense by $0.

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended June 30, 2025, 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, 2025 were $202,263 and $323,620, 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 ten 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 Rates

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

Employer contribution rates for the year ended June 30, 2025 were as follows:

	Other	Peace/Fire
Retiree Medical Plan	0.83%	0.83%
Occupational Death and Disability	0.24%	0.69%
Total Contribution Rates	1.07%	1.52%

In 2025, the Borough was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2023 to June 30, 2024	Borough Fiscal Year July 1, 2024 to June 30,2025
Employer contributions - RMP	$ 35,401	$ 33,575
Employer contributions - ODD	12,880	13,568
Total Contributions	$ 48,281	$ 47,143

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

At June 30, 2025, 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:

Year Ending June 30,	
Borough’s proportionate share of NOA – ARHCT	$ 2,696,544
Borough’s proportionate share of NOA - RMP	82,632
Borough’s proportionate share of NOA – ODD	107,999
Total Borough’s Proportionate Share of Net OPEB Asset	2,887,175
State’s proportionate share of the ARHCT NOA associated with the Borough	1,004,640
Total Net OPEB Asset	$ 3,891,815

The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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, 2023 Measurement Date Employer Proportion	June 30, 2024 Measurement Date Employer Proportion	Change
Borough’s proportionate share of the net OPEB assets:			
ARHCT	0.11969%	0.12245%	0.00276%
RMP	0.16299%	0.17727%	0.01428%
ODD	0.16997%	0.18080%	0.01083%

For the year ended June 30, 2025, the Borough recognized OPEB expense (benefit) of $106,005. Of this amount, $39,506 was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

Plan		OPEB Expense (Benefit)		On-behalf Revenue
ARHCT	$	100,651	$	39,506
RMP		10,458		-
ODD		(5,104)		-
Total	$	106,005	$	39,506

At June 30, 2025, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

Deferred Outflows of Resources		ARHCT		RMP		ODD		Total
Difference between expected and actual experience	$	1,461	$	2,080	$	-	$	3,541
Changes in assumptions		72,398		27,962		-		100,360
Net difference between projected and actual investment earnings		41,063		1,166		345		42,574
Changes in proportion and differences between Borough contributions and proportionate share of contributions		-		3,089		7,143		10,232
Borough contributions subsequent to the measurement date		-		33,575		13,568		47,143
Total Deferred Outflows of Resources Related to OPEB Plans	$	114,922	$	67,872	$	21,056	$	203,850

Deferred Inflows of Resources		ARHCT		RMP		ODD		Total
Difference between expected and actual experience	$	-	$	(9,183)	$	(25,299)	$	(34,482)
Changes in assumptions		-		(55,549)		(267)		(55,816)
Changes in proportion and differences between Borough contributions and proportionate share of contributions		(11,127)		(4,106)		(13,858)		(29,091)
Total Deferred Inflows of Resources Related to OPEB Plans	$	(11,127)	$	(68,838)	$	(39,424)	$	(119,389)

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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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	ARHCT	RMP	ODD	Total
2026	$ (88,850)	$ (11,518)	$ (9,112)	$ (109,480)
2027	271,978	477	(5,586)	266,869
2028	(43,592)	(12,205)	(6,428)	(62,225)
2029	(35,741)	(8,888)	(4,952)	(49,581)
2030	-	(4,932)	(3,545)	(8,477)
Thereafter	-	2,525	(2,313)	212
Total Amortization	$ 103,795	$ (34,541)	$ (31,936)	$ 37,318

Actuarial Assumptions

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2024:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 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, 2024 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 2025 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: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 6.9% grading down to 4.5% Initial trend rates are from FY 2025 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. Deaths are assumed to result from occupation causes 70% of the time. 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. 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
(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. Deaths are assumed to result from occupational causes 35% of the time. 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. 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.

Participation (ARHCT)	100% system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.
Peace officer/firefighter	20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.
All others	25% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

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 OPEB 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 2.39%, for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	26%	+/- 6%	5.48%
Global equity (non-U.S.)	17%	+/- 4%	7.14%
Global equity	-%	-%	5.79%
Aggregate bonds	21%	+/- 10%	2.10%
Multi-asset	8%	+/- 4%	-%
Real assets	14%	+/- 7%	4.63%
Private equity	14%	+/- 7%	8.84%
Cash equivalents	-%	-%	0.77%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2024 was 7.25%. 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 or each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

Sensitivity of the Net OPEB Asset 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	0.12245%	$ (1,707,410)	$ 2,696,544	$ 3,528,922
RMP	0.17727%	$ (14,314)	$ 82,632	$ 156,731
ODD	0.18080%	$ 101,440	$ 107,999	$ 113,137

Sensitivity of the Net OPEB Asset 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 2023 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	0.12245%	$ 3,623,951	$ 2,696,544	$ 1,594,849
RMP	0.17727%	$ 166,510	$ 82,632	$ (29,915)
ODD	0.18080%	$ 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.

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, 2024, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,387 per year for each full-time employee, and $1.53 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2025, the Borough contributed $124,702 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. Barring the mill property prospective purchasers agreement, and the UST Pollution Insurance for the Hospital, The Borough has no other 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, 2025. 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 September 21, 2026, the date the financial statements were issued.

In April of 2026, the Borough issued “2026 General Obligation (Series One) Bonds” in the amount of $2,790,000 to finance part of the Public Safety building. The bonds were issued through the Alaska Municipal Bond Bank Authority, with a principal amount of $2,790,000 and total proceeds of $3,031,644 (including premium), which are scheduled to mature in 2046.

In April of 2026, the Borough issued “2026 Revenue (Series One) Bonds” in the amount of $3,840,000 to finance the waterfront facilities. The bonds were issued through the Alaska Municipal Bond Bank Authority, with a principal amount of $3,840,000 and total proceeds of $4,039,879 (including premium), which are scheduled to mature in 2055.

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 2025 which were in aggregate $2,960,584.

19. New Accounting Pronouncements

The GASB has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Borough for 2025 reporting:

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. The Borough evaluated the impacts of GASB 101 and determined there to be no impact to the Borough’s financial statements for the current fiscal year.

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. The Borough evaluated the impacts of GASB 102 and determined there to be no impact to the Borough’s financial statements for the current fiscal year.

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. 103 – Financial Reporting Model Improvements – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

GASB Statement No. 104 – Disclosure of Certain Capital Assets – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosure requirements will improve consistency and comparability between governments.

GASB Statement No. 105 – Subsequent Events – Effective for year-end December 31, 2027. Earlier application is encouraged. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

20. Changes Within the Financial Reporting Entity

For the year ended June 30, 2025, the Borough had changes with the financial reporting entity as defined by GASB Statement No. 100, *Accounting Changes and Error Corrections*. The nature of the changes were as follows:

The Secure Rural Schools Special Revenue Fund is now classified as a nonmajor fund. For the year ended June 30, 2024, the fund was classified as a major fund.

The Residential Construction Capital Projects Fund is now classified as a nonmajor fund. For the year ended June 30, 2024, the fund was classified as a major fund.

The changes with the financial reporting entity resulted in adjustments to the beginning fund balance and net position as follows:

	June 30, 2024 As Previously Reported	Changes within the Financial Reporting Entity	June 30, 2024
Governmental Funds:			
General Fund	$ 14,196,648	$ -	$ 14,196,648
Permanent Fund Special Revenue Fund	10,491,908	-	10,491,908
Secure Rural Schools Special Revenue Fund	1,490,737	(1,490,737)	-
Parks and Recreation Special Revenue Fund	274,141	-	274,141
Residential Construction Capital Projects Funds	819,941	(819,941)	-
Nonmajor Governmental Funds	3,101,536	2,310,678	5,412,214
Total Governmental Funds	$ 30,374,911	$ -	$ 30,374,911

21. Change in Accounting Principle – Wrangell Public Schools

For the year ended June 30, 2025, the District had a change in accounting principle for the implementation of GASB Statement No. 101, *Compensated Absences*. The nature of the changes are as follows:

The District is presenting compensated absences on the statement of net position as a liability. In addition to paid time off, the District has estimated a sick leave liability that is more likely than not to be used in future periods. Salary-related payments are included in the compensated absence liability.

The changes in accounting principle resulted in adjustments to the beginning net position as follows:

	6/30/2024 As Previously Reported	Change in Accounting Principle	6/30/2024 As Restated
Net Position, beginning of year	$ 1,981,623	$ (71,063)	$ 1,910,560

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Required Supplementary Information

City and Borough of Wrangell, Alaska

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

Year Ended June 30, 2025	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes:				
Real property taxes	$ 2,105,031	$ 2,105,031	$ 2,105,804	$ 773
Property tax penalties and interest	10,000	10,000	21,844	11,844
Payments in lieu of taxes	445,000	445,000	534,752	89,752
Marijuana taxes	5,500	5,500	-	(5,500)
Sales taxes	2,905,000	2,905,000	3,224,410	319,410
Total taxes	5,470,531	5,470,531	5,886,810	416,279
Intergovernmental:				
State of Alaska:				
Jail contract	567,833	567,833	389,767	(178,066)
Community assistance	365,000	365,000	399,612	34,612
Library grants	2,500	13,500	33,080	19,580
State PERS relief	70,000	70,000	121,574	51,574
Other grant revenue	7,000	32,000	269,551	237,551
Total State of Alaska	1,012,333	1,048,333	1,213,584	165,251
Federal government -				
ARPA grant revenue - General Fund portion	87,970	87,970	86,422	(1,548)
Total intergovernmental	1,100,303	1,136,303	1,300,006	163,703
Charges for services:				
Cemetery services	3,000	3,000	3,027	27
DMV services	90,000	90,000	61,038	(28,962)
Police services	2,000	2,000	5,220	3,220
911 surcharge	48,000	48,000	46,002	(1,998)
Total charges for services	143,000	143,000	115,287	(27,713)
Sales and leases:				
Court rental	62,400	62,400	61,231	(1,169)
Tideland leases	74,000	74,000	67,196	(6,804)
Material sales	500	500	269	(231)
Cemetery plot sales	500	500	1,670	1,170
Total sales and leases	137,400	137,400	130,366	(7,034)
Fines and forfeitures	10,000	10,000	10,010	10
Investment loss	550,000	550,000	1,276,950	726,950
Other revenues:				
Licenses and permits	5,250	5,250	5,564	314
Copies	-	-	36	36
Donations	6,500	6,500	-	(6,500)
Miscellaneous	10,000	36,000	83,370	47,370
Total other revenues	21,750	47,750	88,970	41,220
Total Revenues	7,432,984	7,494,984	8,808,399	1,313,415

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, 2025	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures				
General government:				
Administration	$ 462,848	$ 500,787	$ 551,671	$ (50,884)
Clerk and Assembly	231,148	231,148	279,029	(47,881)
Finance	739,094	766,594	1,117,291	(350,697)
Total general government	1,433,090	1,498,529	1,947,991	(449,462)
Public safety:				
Fire	349,775	405,275	337,940	67,335
Police	1,168,380	1,168,380	1,356,928	(188,548)
Corrections and dispatch	466,843	466,843	528,442	(61,599)
Building	222,806	222,806	162,479	60,327
Total public safety	2,207,804	2,263,304	2,385,789	(122,485)
Public works:				
General	551,343	551,343	1,113,691	(562,348)
Garage	109,616	109,616	221,332	(111,716)
Streets	635,488	635,488	589,079	46,409
Capital facilities	116,536	116,536	207,303	(90,767)
Capital projects	511,267	511,267	440,158	71,109
Total public works	1,924,250	1,924,250	2,571,563	(647,313)
Community services:				
Cemetery	6,088	6,088	1,589	4,499
Economic development and planning	375,446	375,446	267,489	107,957
Community organization	-	-	13,244	(13,244)
Library	269,008	280,008	297,917	(17,909)
Total community services	650,542	661,542	580,239	81,303
Capital outlay	-	-	188,673	(188,673)
Total Expenditures	6,215,686	6,347,625	7,674,255	(1,326,630)
Excess (Deficiency) of Revenues Over Expenditures	1,217,298	1,147,359	1,134,144	(13,215)
Other Financing Uses				
Transfers in	-	-	337,630	337,630
Transfers out	(725,000)	(725,000)	(2,965,890)	(2,240,890)
Net Change in Fund Balance	$ 492,298	$ 422,359	(1,494,116)	$ (1,916,475)
Fund Balance, beginning			14,196,648	
Fund Balance, ending			$ 12,702,532	

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

Year Ended June 30, 2025	Original and Final Budget	Actual	Variance with Budget
Revenues			
Investment income	$ 400,000	$ 1,015,942	$ 615,942
Sales and leases	36,239	32,317	(3,922)
Land sales and improvements	50,000	-	(50,000)
Total Revenues	486,239	1,048,259	562,020
Net Change in Fund Balance	$ 486,239	1,048,259	$ 562,020
Fund Balance, beginning		10,491,908	
Fund Balance, ending		$ 11,540,167	

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

Year Ended June 30, 2025	Original Budget	Final Budget	Actual	Variance with Budget
Revenues				
Intergovernmental:				
State PERS relief	$ 10,000	$ 10,000	$ 9,768	$ (232)
Other grant revenue	490,899	490,899	362,797	(128,102)
Charges for services - user fees	60,670	60,670	62,062	1,392
Investment income	100,000	100,000	146,044	46,044
Other:				
Donations and contributions	4,300	4,300	16,411	12,111
Rental revenue	12,217	12,217	2,850	(9,367)
Total Revenues	678,086	678,086	599,932	(78,154)
Expenditures				
Parks and recreation:				
Personnel services	402,281	402,281	442,459	(40,178)
Commodities	133,850	133,850	77,965	55,885
Contractual services	177,807	177,807	150,103	27,704
Intergovernmental	31,738	31,738	33,735	(1,997)
Capital outlay	521,267	545,267	477,684	67,583
Total Expenditures	1,266,943	1,290,943	1,181,946	108,997
Deficiency of Revenues Over Expenditures	(588,857)	(612,857)	(582,014)	30,843
Other Financing Sources				
Transfers in	588,857	588,857	1,879,985	1,291,128
Transfers out	-	-	-	-
Net Change in Fund Balance	$ -	$ (24,000)	1,297,971	$ 1,321,971
Fund Balance, beginning			274,141	
Fund Balance, ending			$ 1,572,112	

See accompanying notes to Required Supplementary Information.

Exhibit E-1

City and Borough of Wrangell, Alaska

Public Employees' Retirement System - Pension Plan

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

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Borough's Proportion of the Net Pension Liability	0.12221%	0.11999%	0.12382%	0.14074%	0.11320%	0.10645%	0.11124%	0.10179%	0.12813%	0.12944%
Borough's Proportionate Share of the Net Pension Liability	$ 6,702,810	$ 6,221,549	$ 6,310,990	$ 5,162,924	$ 6,680,252	$ 5,827,496	$ 5,527,598	$ 5,261,718	$ 7,161,690	$ 6,277,982
State of Alaska Proportionate Share of the Net Pension Liability	2,506,347	2,076,048	1,745,376	700,042	2,763,265	2,319,355	1,601,473	1,960,717	901,438	1,682,286
Total Net Pension Liability	$ 9,209,157	$ 8,297,597	$ 8,056,366	$ 5,862,966	$ 9,443,517	$ 8,146,851	$ 7,129,071	$ 7,222,435	$ 8,063,128	$ 7,960,268
Borough's Covered Payroll	$ 4,618,819	$ 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
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	145.12%	150.72%	168.71%	141.89%	176.62%	165.73%	168.02%	165.15%	227.60%	195.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.81%	68.23%	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

Schedule of the Borough's Contributions

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	$ 758,787	$ 746,850	$ 707,567	$ 587,192	$ 552,368	$ 510,456	$ 508,139	$ 525,495	$ 537,369	$ 343,399
Contributions Relative to the Contractually Required Contribution	758,787	746,850	707,567	587,192	552,368	510,456	508,139	525,495	537,369	343,399
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Borough's Covered Payroll	4,784,542	4,618,819	$ 4,127,891	$ 3,740,679	$ 3,638,702	$ 3,782,294	$ 3,516,156	$ 3,289,940	$ 3,185,949	$ 3,146,642
Contributions as a Percentage of Covered Payroll	15.86%	16.17%	17.14%	15.70%	15.18%	13.50%	14.45%	15.97%	16.87%	10.91%

See accompanying notes to Required Supplementary Information.

Exhibit E-2

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)

	ARHCT							
Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.12245%	0.11969%	0.12301%	0.14131%	0.11312%	0.10664%	0.11123%	0.10186%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	$ (2,696,544)	$ (2,753,937)	$ (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)	(1,004,640)	(927,903)	(691,816)	(474,726)	(212,422)	62,826	332,145	320,648
Total Net OPEB Liability (Asset)	$ (3,701,184)	$ (3,681,840)	$ (3,112,170)	$ (4,099,779)	$ (724,693)	$ 221,053	$ 1,473,694	$ 1,181,105
Borough's Covered Payroll	$ 1,081,602	$ 1,357,337	$ 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	-249.31%	-202.89%	-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)	130.59%	133.96%	128.51%	135.54%	106.15%	98.13%	88.12%	89.68%

Schedule of the Borough's Contributions

	ARHCT							
Years Ended June 30,	2025	2024	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	$ 739,286	$ 1,081,602	$ 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%	0.00%	0.00%	6.46%	7.75%	10.95%	7.45%	6.57%

See accompanying notes to Required Supplementary Information.

Exhibit E-3

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)

	RMP							
Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.17727%	0.16299%	0.16869%	0.12211%	0.15283%	0.13726%	0.10645%	0.10277%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	$ (82,632)	$ (77,394)	$ (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)	$ (82,632)	$ (77,394)	$ (58,584)	$ (32,776)	$ 10,841	$ 32,838	$ 13,546	$ 5,359
Borough's Covered Payroll	$ 3,537,217	$ 2,770,554	$ 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	-2.34%	-2.79%	-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)	119.87%	124.29%	120.08%	115.10%	0.00%	83.17%	88.71%	93.98%

Schedule of the Borough's Contributions

	RMP							
Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 13,568	$ 35,401	$ 30,566	$ 24,436	$ 26,766	$ 27,263	$ 16,108	$ 12,409
Contributions Relative to the Contractually Required Contributions	13,568	35,401	30,566	24,436	26,766	27,263	16,108	12,409
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Borough's Covered Payroll	$ 4,045,256	$ 3,537,217	$ 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	0.34%	1.00%	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)

	ODD							
Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Borough's Proportion of the Net OPEB Liability (Asset)	0.18080%	0.16997%	0.18454%	0.13788%	0.17568%	0.14984%	0.10645%	0.10277%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	$ (107,999)	$ (87,200)	$ (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)	$ (107,999)	$ (87,200)	$ (80,898)	$ (60,768)	$ (47,890)	$ (36,328)	$ (20,674)	$ (14,582)
Borough's Covered Payroll	$ 3,537,217	$ 2,770,554	$ 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	-3.05%	-3.15%	-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)	346.81%	349.24%	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%

Schedule of the Borough's Contributions

	ODD							
Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ -	$ 12,880	$ 6,697	$ 9,290	$ 4,801	$ 7,705	$ 6,118	$ 2,473
Contributions Relative to the Contractually Required Contributions	-	12,880	6,697	9,290	4,801	7,705	6,118	2,473
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Borough's Covered Payroll	$ 4,784,542	$ 3,537,217	$ 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	0.00%	0.36%	0.24%	0.41%	0.23%	0.37%	0.17%	0.21%

See accompanying notes to Required Supplementary Information.

1. Budgetary Comparison Schedules

The budgetary comparison schedules are presented on the modified accrual basis of accounting. The General Fund presented an excess of expenditures over appropriations for the year ended June 30, 2025.

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, 2025, the Plan measurement date is June 30, 2024.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

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.

Schedule of the Borough's Contributions

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

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, 2025, the Plan measurement date is June 30, 2024.

Changes in Assumptions:

The total other postemployment benefits (OPEB) liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the Alaska Retiree Healthcare Trust (ARHCT) and Retiree Medical Plan (RMP) plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

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.

Governmental Accounting Standards Board (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.

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Supplementary Information

Exhibit F-1

City and Borough of Wrangell, Alaska

Governmental Funds
Schedule of Expenditures

	Major Funds			
Year Ended June 30, 2025	General	Parks and Recreation Special Revenue	Nonmajor Funds	Total
Expenditures				
Personnel services	$ 4,648,085	$ 442,459	$ 268,337	$ 5,358,881
Commodities	659,425	77,965	120,546	857,936
Contractual service	1,658,019	150,103	232,729	2,040,851
Intergovernmental	520,053	33,735	11,680	565,468
Department specific expenditures	-	-	1,336,421	1,336,421
Debt service	-	-	242,875	242,875
Capital outlay	188,673	477,684	791,969	1,458,326
Total Expenditures	$ 7,674,255	$ 1,181,946	$ 3,004,557	$ 11,860,758

City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds						Capital Project Funds				
June 30, 2025	Secure Rural Schools	Transient Tax	Nolan Center	COVID-19 Response	WPSD Local Contributions	Debt Service Fund	Residential Construction	Industrial Construction	Mill Property Development	Miscellaneous	Total Nonmajor Governmental Funds
Assets											
Cash and investments	$670,689	$528,784	$ 63,521	$ -	$ 718,743	$ -	$ 735,639	$ 311,408	$ 1,289,963	$125,319	$ 4,444,066
Receivables:											
Sales taxes	-	-	-	-	180,371	-	-	-	-	-	180,371
Accounts	-	-	-	-	-	-	-	-	-	258	258
Grants	86,183	12,392	15,968	-	-	-	-	-	-	-	114,543
Inventories	-	-	52,639	-	-	-	-	-	-	-	52,639
Total Assets	$756,872	$541,176	$ 132,128	$ -	$ 899,114	$ -	$ 735,639	$ 311,408	$ 1,289,963	$125,577	$ 4,791,877
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)											
Liabilities											
Accounts payable	$ 75	$ 14,012	14,251	$ -	$ -	$ -	$ 147,724	$ -	$ -	$ -	$ 176,062
Unearned revenue	-	-	10,350	-	-	-	-	-	-	-	10,350
Total Liabilities	75	14,012	24,601	-	-	-	147,724	-	-	-	186,412
Deferred Inflows of Resources											
Related to land sales	-	-	-	-	-	-	-	8,782	-	-	8,782
Fund Balances (Deficits)											
Nonspendable - inventory	-	-	52,639	-	-	-	-	-	-	-	52,639
Restricted - schools	756,797	-	-	-	899,114	-	-	-	-	-	1,655,911
Committed:											
Community services	-	527,164	-	-	-	-	-	-	-	-	527,164
Land development	-	-	-	-	-	-	-	302,626	1,289,963	-	1,592,589
Assigned - projects	-	-	-	-	-	-	587,915	-	-	125,577	713,492
Unassigned (deficit)	-	-	54,888	-	-	-	-	-	-	-	54,888
Total Fund Balances (Deficits)	756,797	527,164	107,527	-	899,114	-	587,915	302,626	1,289,963	125,577	4,596,683
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	$756,872	$541,176	$ 132,128	$ -	$ 899,114	$ -	$ 735,639	$ 311,408	$ 1,289,963	$125,577	$ 4,791,877

Exhibit G-2

City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds

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

	Special Revenue Funds						Capital Project Funds				Total
Year Ended June 30, 2025	Secure Rural Schools	Transient Tax	Nolan Center	COVID-19 Response	WPSD Local Contributions	Debt Service Fund	Residential Construc-tion	Industrial Construc-tion	Mill Property Development	Misc-ellaneous	Nonmajor Governmental Funds
Revenues											
Taxes	$ -	$ 144,841	$ -	$ -	$ 800,046	$ -	$ -	$ -	$ -	$ -	$ 944,887
Intergovernmental	25,821	-	24,411	-	-	-	-	-	-	-	50,232
Charges for services	-	-	183,474	-	-	-	-	-	-	-	183,474
Investment income	2,971	1,287	1,002	-	232	-	1,920	2,892	-	-	10,304
Land sales and improvements	-	-	-	-	-	-	750	229,900	-	-	230,650
Other	-	-	43,087	-	-	-	-	4,599	-	-	47,686
Total Revenues	28,792	146,128	251,974	-	800,278	-	2,670	237,391	-	-	1,467,233
Expenditures											
General government	-	-	-	3,011	-	-	750	24,041	835	-	28,637
Community services	-	98,708	530,173	-	-	-	-	-	-	-	628,881
Education	550,000	-	-	-	762,195	-	-	-	-	-	1,312,195
Debt service:											
Principal	-	-	-	-	-	95,000	-	-	-	-	95,000
Interest	-	-	-	-	-	147,875	-	-	-	-	147,875
Capital outlay	212,732	895	-	-	-	-	233,946	342,403	-	1,993	791,969
Total Expenditures	762,732	99,603	530,173	3,011	762,195	242,875	234,696	366,444	835	1,993	3,004,557
Excess (Deficiency) of Revenues Over Expenditures	(733,940)	46,525	(278,199)	(3,011)	38,083	(242,875)	(232,026)	(129,053)	(835)	(1,993)	(1,537,324)
Other Financing Sources (Uses)											
Transfers in	-	6,128	831,069	5,833	-	242,875	-	-	-	-	1,085,905
Transfers out	-	(26,482)	(337,630)	-	-	-	-	-	-	-	(364,112)
Net Other Financing Sources (Uses)	-	(20,354)	493,439	5,833	-	242,875	-	-	-	-	721,793
Net Change in Fund Balances	(733,940)	26,171	215,240	2,822	38,083	-	(232,026)	(129,053)	(835)	(1,993)	(815,531)
Fund Balances, beginning of year, as previously reported	-	500,993	(107,713)	(2,822)	861,031	-	-	431,679	1,290,798	127,570	3,101,536
Adjustment - from major fund to nonmajor fund	1,490,737	-	-	-	-	-	819,941	-	-	-	2,310,678
Fund Balances, beginning of year, as adjusted	1,490,737	500,993	(107,713)	(2,822)	861,031	-	819,941	431,679	1,290,798	127,570	5,412,214
Fund Balances (Deficits), ending	$ 756,797	$ 527,164	$ 107,527	$ -	$ 899,114	$ -	$ 587,915	$ 302,626	$ 1,289,963	$ 125,577	$ 4,596,683

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.

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2025			2024
	Budget	Actual	Variance with Budget	Actual
Revenues				
Transient and excise taxes	$ 115,418	$ 144,841	$ 29,423	$ 127,841
Intergovernmental	8,000	-	(8,000)	4,206
Investment income	18,510	1,287	(17,223)	-
Total Revenues	141,928	146,128	4,200	132,047
Expenditures				
Community services:				
Commodities	9,000	3,606	5,394	2,028
Contractual services	224,630	95,102	129,528	91,840
Capital outlay	30,000	895	29,105	6,979
Total Expenditures	263,630	99,603	164,027	100,847
Excess (Deficiency) of Revenues Over Expenditures	(121,702)	46,525	168,227	31,200
Other Financing Sources (Uses)				
Transfers in	-	6,128	6,128	-
Transfers out	(7,000)	(26,482)	(19,482)	-
Net Other Financing Sources (Uses)	(7,000)	(20,354)	(13,354)	-
Net Change in Fund Balance	$ (128,702)	26,171	$ 154,873	31,200
Fund Balance, beginning		500,993		469,793
Fund Balance, ending		$ 527,164		$ 500,993

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,	2025								2024
		Actual						Variance	
	Budget	Swimming Pool	Parks	Recreational Activity	Walker Foundation	Interfund Eliminations	Total	with Budget	Actual
Revenues									
Intergovernmental:									
State PERS relief	$ 10,000	$ 9,768	$ -	$ -	$ -	$ -	$ 9,768	$ (232)	$ 5,795
Other grant revenue	490,899	-	-	-	362,797	-	362,797	(128,102)	663,088
Charges for services - user fees	60,670	43,017	60	18,985	-	-	62,062	1,392	64,391
Investment income	100,000	146,044	-	-	-	-	146,044	46,044	130,883
Other:									
Donations and contributions	4,300	16,411	-	-	-	-	16,411	12,111	4,418
Rental revenue	12,217	590	1,900	360	-	-	2,850	(9,367)	14,611
Miscellaneous	-	-	-	-	-	-	-	-	630
Total Revenues	678,086	215,830	1,960	19,345	362,797	-	599,932	(78,154)	883,816
Expenditures									
Parks and recreation:									
Personnel services	402,281	442,459	-	-	-	-	442,459	(40,178)	423,758
Commodities	133,850	55,069	19,017	3,879	-	-	77,965	55,885	150,642
Contractual services	177,807	132,202	8,043	9,858	-	-	150,103	27,704	170,061
Intergovernmental	31,738	2,353	1,644	-	29,738	-	33,735	(1,997)	6,621
Capital outlay	545,267	-	-	-	477,684	-	477,684	67,583	1,144,250
Total Expenditures	1,290,943	632,083	28,704	13,737	507,422	-	1,181,946	108,997	1,895,332
Excess (Deficiency) of Revenues Over Expenditures	(612,857)	(416,253)	(26,744)	5,608	(144,625)	-	(582,014)	30,843	(1,011,516)
Other Financing Sources									
Transfers in	588,857	1,164,106	73,286	12,710	629,883	-	1,879,985	1,291,128	-
Transfers Out	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	$ (24,000)	$ 747,853	$ 46,542	$ 18,318	$ 485,258	$ -	1,297,971	$ 1,321,971	(1,011,516)
Fund Balance, beginning							274,141		1,285,657
Fund Balance, ending							$ 1,572,112		$ 274,141

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,	2025										2024
		Actual								Variance	
		Nolan		Civic			Interfund			with	
	Budget	Center	Museum	Center	Theater	Other	Eliminations	Total		Budget	Actual
Revenues											
Intergovernmental:											
State PERS relief	$ 7,000	$ 7,524	$ -	$ -	$ -	$ -	$ -	$ 7,524		$ 524	$ 4,123
Other grant revenue	220,000	16,887	-	-	-	-	-	16,887		(203,113)	832
Charges for services:											
Admissions	45,000	-	55,579	-	8,357	-	-	63,936		18,936	42,566
Concessions	77,500	-	103,853	-	15,685	-	-	119,538		42,038	92,517
Investment income	-	1,002	-	-	-	-	-	1,002		1,002	954
Other:											
Donations and contributions	65,000	-	7,361	-	-	-	-	7,361		(57,639)	65,317
Rental revenue	35,000	-	-	35,726	-	-	-	35,726		726	34,939
Total Revenues	449,500	25,413	166,793	35,726	24,042	-	-	251,974		(197,526)	241,248
Expenditures											
Community services:											
Personnel services	236,134	258,193	3,728	3,405	-	-	-	265,326		(29,192)	231,780
Commodities	289,200	33,667	62,436	10,297	10,540	-	-	116,940		172,260	184,170
Contractual services	136,585	106,292	5,109	600	-	-	-	112,001		24,584	127,398
Intergovernmental	34,021	11,680	-	-	-	-	-	11,680		22,341	30,819
Department specific expenditures	10,000	16,887	-	-	7,339	-	-	24,226		(14,226)	14,600
Total Expenditures	705,940	426,719	71,273	14,302	17,879	-	-	530,173		175,767	588,767
Excess (Deficiency) of Revenues Over Expenditures	(256,440)	(401,306)	95,520	21,424	6,163	-	-	(278,199)		(21,759)	(347,519)
Other Financing Sources											
Transfers in	256,440	300,508	-	406,595	-	123,966	-	831,069		574,629	-
Transfers out	-	(1,956)	(268,343)	-	(67,331)	-	-	(337,630)		(337,630)	-
Net Change in Fund Balance	$ -	$ (102,754)	$ (172,823)	$ 428,019	$ (61,168)	$ 123,966	$ -	215,240		$ 215,240	(347,519)
Fund Balance, beginning								(107,713)			239,806
Fund Balance, ending								$ 107,527			$ (107,713)

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2025			2024
	Budget	Actual	Variance with Budget	Actual
Revenues				
Investment income	$ 400,000	$ 1,015,942	$ 615,942	$ 912,948
Sales and leases	36,239	32,317	(3,922)	24,071
Land sales and improvements	50,000	-	(50,000)	63,800
Total Revenues	486,239	1,048,259	562,020	1,000,819
Expenditures				
General government - commodities	-	-	-	1,593
Net Change in Fund Balance	$ 486,239	1,048,259	562,020	999,226
Fund Balance, beginning		10,491,908		9,492,682
Fund Balance, ending		$ 11,540,167		$ 10,491,908

Exhibit H-5

City and Borough of Wrangell, Alaska

Secure Rural Schools Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Years Ended June 30,	2025			2024
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental - national forest receipts	$ 800,000	$ 25,821	$ (774,179)	$ 1,080,752
Investment income	80,000	2,971	(77,029)	-
Other revenues - miscellaneous	20,000	-	(20,000)	267,851
Total Revenues	900,000	28,792	(871,208)	1,348,603
Expenditures				
Education - contributions to school district	550,000	550,000	-	900,000
Capital outlay	826,300	212,732	613,568	557,673
Total Expenditures	1,376,300	762,732	613,568	1,457,673
Excess (Deficiency) of Revenues Over Expenditures	(476,300)	(733,940)	(1,484,776)	(109,070)
Other Financing Uses				
Transfers out	(242,875)	-	242,875	(247,625)
Net Change in Fund Balance	$ (719,175)	(733,940)	$ (1,241,901)	(356,695)
Fund Balance, beginning		1,490,737		1,847,432
Fund Balance, ending		$ 756,797		$ 1,490,737

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2025			2024
	Budget	Actual	Variance with Budget	Actual
Revenues				
Sales taxes	$ -	$ 800,046	$ 800,046	$ 752,927
Investment income	40,000	232	(39,768)	-
Total Revenues	40,000	800,278	760,278	752,927
Expenditures				
General government - commodities	10,000	-	10,000	-
Education - contributions to school district	750,000	762,195	(12,195)	700,000
Total Expenditures	760,000	762,195	(2,195)	700,000
Excess (Deficiency) of Revenues Over Expenditures	(720,000)	38,083	758,083	52,927
Other Financing Sources				
Transfers in	725,000	-	(725,000)	-
Net Change in Fund Balance	$ 5,000	38,083	$ 33,083	52,927
Fund Balance, beginning		861,031		808,104
Fund Balance, ending		$ 899,114		$ 861,031

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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.

Exhibit I-1

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2025			2024
	Budget	Actual	Variance with Budget	Actual
Expenditures				
Debt service:				
Principal	$ 95,000	$ 95,000	$ -	$ 95,000
Interest	147,875	147,875	-	152,625
Total Expenditures	242,875	242,875	-	247,625
Deficiency of Revenues Over Expenditures	(242,875)	(242,875)	-	(247,625)
Other Financing Sources				
Transfers in	242,875	242,875	-	247,625
Net Change in Fund Balance	$ -	-	$ -	-
Fund Balance, beginning		-		-
Fund Balance, ending		$ -		$ -

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.

Exhibit J-1

City and Borough of Wrangell, Alaska

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

Year Ended June 30, 2025	Residential Construction	Industrial Construction	Mill Property Development	Miscellaneous	Totals
Revenues					
Land sales and improvements	$ 750	$ 229,900	$ -	$ -	$ 230,650
Investment income	1,920	2,892	-	-	4,812
Miscellaneous reimbursement	-	4,599	-	-	4,599
Total Revenues	2,670	237,391	-	-	240,061
Expenditures					
General government - contractual services	750	24,041	835	-	25,626
Capital outlay	233,946	342,403	-	1,993	578,342
Total Expenditures	234,696	366,444	835	1,993	603,968
Net Change in Fund Balances	(232,026)	(129,053)	(835)	(1,993)	(363,907)
Fund Balances, beginning	819,941	431,679	1,290,798	127,570	2,669,988
Fund Balances, ending	$ 587,915	$ 302,626	$ 1,289,963	$ 125,577	$ 2,306,081

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

Nonmajor Enterprise Funds
Combining Statement of Net Position

June 30, 2025	Sanitation Utility	Sewer Utility	Total Nonmajor Enterprise Funds
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and investments	$ 845,484	$ 1,721,420	$ 2,566,904
Receivables, net of allowance for doubtful accounts:			
Accounts	79,247	74,308	153,555
Accrued interest	-	7	7
Total Current Assets	924,731	1,795,735	2,720,466
Noncurrent Assets			
Restricted assets:			
Net other postemployment benefits asset	113,035	95,302	208,337
Capital assets, net	946,279	2,051,476	2,997,755
Total Noncurrent Assets	1,059,314	2,146,778	3,206,092
Total Assets	1,984,045	3,942,513	5,926,558
Deferred Outflows of Resources			
Related to pensions	32,233	27,177	59,410
Related to other postemployment benefits	7,981	6,729	14,710
Total Deferred Outflows of Resources	40,214	33,906	74,120
Total Assets and Deferred Outflows of Resources	$ 2,024,259	$ 3,976,419	$ 6,000,678

City and Borough of Wrangell, Alaska

Nonmajor Enterprise Funds
Combining Statement of Net Position, continued

June 30, 2025	Sanitation Utility	Sewer Utility	Total Nonmajor Enterprise Funds
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities			
Accounts payable	$ 97,866	$ 35,581	$ 133,447
Accrued interest payable	-	28	28
Unearned revenue	3,714	3,119	6,833
Compensated absences	43,733	12,837	56,570
Current portion of loans	-	1,814	1,814
Total Current Liabilities	145,313	53,379	198,692
Long-term Liabilities, net of current portion			
USDA Rural Development loan	-	75,059	75,059
Net pension liability	262,419	221,252	483,671
Total Long-term Liabilities	262,419	296,311	558,730
Total Liabilities	407,732	349,690	757,422
Deferred Inflows of Resources			
Related to other postemployment benefits	4,674	3,941	8,615
Net Position			
Net investment in capital assets	946,279	1,974,603	2,920,882
Restricted	113,035	95,302	208,337
Unrestricted	552,539	1,552,883	2,105,422
Total Net Position	1,611,853	3,622,788	5,234,641
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,024,259	$ 3,976,419	$ 6,000,678

City and Borough of Wrangell, Alaska

Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2025	Sanitation Utility	Sewer Utility	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for services	$ 963,918	$ 789,723	$ 1,753,641
Operating Expenses			
Personnel services	424,362	331,309	755,671
Commodities	54,786	64,902	119,688
Contractual services	39,927	123,538	163,465
Intergovernmental	465,741	19,332	485,073
Depreciation	108,812	230,467	339,279
Total Operating Expenses	1,093,628	769,548	1,863,176
Loss from Operations	(129,710)	20,175	(109,535)
Nonoperating Revenues (Expenses)			
Investment income	712	3,641	4,353
Interest expense	-	(1,493)	(1,493)
State PERS relief	17,320	14,603	31,923
Other revenues	-	50,638	50,638
Net Nonoperating Revenues (Expenses)	18,032	67,389	85,421
Income (Loss) Before Capital Contributions	(111,678)	87,564	(24,114)
Capital contributions	250,000	-	250,000
Change in Net Position	138,322	87,564	225,886
Net Position, beginning	1,473,531	3,535,224	5,008,755
Net Position, ending	$ 1,611,853	$ 3,622,788	$ 5,234,641

City and Borough of Wrangell, Alaska

Nonmajor Enterprise Funds
Combining Statement of Cash Flows

Year Ended June 30, 2025	Sanitation Utility	Sewer Utility	Total Nonmajor Enterprise Funds
Cash Flows from (for) Operating Activities			
Receipts from customers and users	$ 969,521	$ 847,133	$ 1,816,654
Payments for interfund services used	(47,297)	(68,104)	(115,401)
Payments to suppliers	(497,941)	(205,633)	(703,574)
Payments to employees	(318,677)	(246,207)	(564,884)
Net cash flows from operating activities	105,606	327,189	432,795
Cash Flows from (for) Capital and Related Financing Activities			
Purchase of property, plant and equipment	(357,840)	(76,597)	(434,437)
Capital contributions received	250,000	-	250,000
Principal payments on long-term debt	-	(1,780)	(1,780)
Interest payments on long-term debt	-	(1,465)	(1,465)
Net cash flows for capital and related financing activities	(107,840)	(79,842)	(187,682)
Cash Flows from Investing Activities			
Investment income received	712	3,641	4,353
Net Increase (Decrease) in Cash and Investments	(1,522)	250,988	249,466
Cash and Investments, beginning	847,006	1,470,432	2,317,438
Cash and Investments, ending	$ 845,484	$ 1,721,420	$ 2,566,904
Reconciliation of Cash and Investments to Statement of Net Position			
Cash and investments	$ 845,484	$ 1,721,420	$ 2,566,904
Total Cash and Investments	$ 845,484	$ 1,721,420	$ 2,566,904

City and Borough of Wrangell, Alaska

Nonmajor Enterprise Funds
Combining Statement of Cash Flows, continued

Year Ended June 30, 2025		Sanitation Utility		Sewer Utility		Total Nonmajor Enterprise Funds
Reconciliation of Income (loss) from Operations to Net Cash Flows from Operating Activities						
Income (loss) from operations	$	(129,710)	$	20,175	$	(109,535)
Adjustments to reconcile income from operations to net cash flows from operating activities:						
Depreciation		108,812		230,467		339,279
Noncash expense - PERS relief		17,320		14,603		31,923
Miscellaneous nonoperating revenues		-		50,638		50,638
(Increase) decrease in assets:						
Accounts receivable, net		7,211		8,249		15,460
Net other postemployment benefits asset		(3,410)		10,312		6,902
(Increase) decrease in deferred outflows of resources:						
Related to pensions		1,920		5,726		7,646
Related to other postemployment benefits		358		1,305		1,663
Increase (decrease) in liabilities:						
Accounts payable		52,426		(17,193)		35,233
Compensated absences		24,783		10,015		34,798
Unearned revenue		(1,608)		(1,477)		(3,085)
Net pension liability		28,727		(3,891)		24,836
Increase (decrease) in deferred inflows of resources:						
Related to other postemployment benefits		(1,223)		(1,740)		(2,963)
Net Cash Flows from Operating Activities	$	105,606	$	327,189	$	432,795

Exhibit L-1

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Schedule of Revenues and Expenses

Year Ended June 30, 2025	General and Administrative	Generation	Distribution	Interfund Eliminations	Total
Operating Revenues					
Residential	$ 2,150,846	$ -	$ -	$ -	$ 2,150,846
Commercial	2,787,090	-	-	-	2,787,090
Fuel surcharge	153,509	-	-	-	153,509
Labor charges	1,129	-	-	-	1,129
Other	38,960	-	-	-	38,960
Total Operating Revenues	5,131,534	-	-	-	5,131,534
Operating Expenses					
Personnel services	391,289	157,548	567,403	-	1,116,240
Commodities	242	233,467	36,471	-	270,180
Contractual service	83,048	64,158	9,836	-	157,042
Intergovernmental	-	2,960,584	26,303	-	2,986,887
Depreciation	-	142,838	-	-	142,838
Total Operating Expenses	474,579	3,558,595	640,013	-	4,673,187
Excess (Deficiency) of Revenues Over Expenditures	4,656,955	(3,558,595)	(640,013)	-	458,347
Nonoperating Revenues					
State PERS relief	127,526	-	-	-	127,526
Investment income	9,826	-	-	-	9,826
Late fees	15,702	-	-	-	15,702
Material sales	7,593	-	-	-	7,593
Net Nonoperating Revenues	160,647	-	-	-	160,647
Change in Net Position	$ 4,817,602	$ (3,558,595)	$ (640,013)	$ -	618,994
Net Position, beginning					5,981,937
Net Position, ending					$ 6,600,931

Exhibit L-2

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Schedule of Operating Expenses

Year Ended June 30,	2025
General and Administrative	
Salaries	$ 64,243
Allocated salaries - public works	80,160
Employee benefits	147,600
Allocated overhead - finance	99,286
Bad debt	15,721
Materials and supplies	219
Facilities repairs and maintenance	23
Travel and training	2,018
Insurance	55,739
Professional services	38
Telephone	9,532
Total General and Administrative	474,579
Generation	
Salaries	104,277
Overtime salaries	3,600
Employee benefits	49,671
Materials and supplies	9,245
Repairs and maintenance	(322)
Gas and oil	213,310
Diesel fuel	11,234
Insurance	14,740
O.S.H.A. requirements	49,418
Tyee hydro power purchases	2,960,584
Total Generation	3,415,757
Distribution	
Salaries	371,048
Overtime salaries	22,677
Employee benefits	173,678
Materials and supplies	36,471
Travel and training	9,836
Transformers	417
Allocated vehicle charges - garage	25,886
Total Distribution	640,013
Depreciation	142,838
Total Operating Expenses	$ 4,673,187

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Schedule of Revenues and Expenses

Year Ended June 30, 2025	General and Administrative	Treatment	Distribution	Total
Operating Revenues				
Water sales	$ 986,633	$ -	$ -	$ 986,633
Operating Expenses				
Personnel services	37,210	432,419	16,157	485,786
Commodities	-	45,330	50,472	95,802
Contractual service	19,449	60,002	-	79,451
Intergovernmental	-	181,051	-	181,051
Depreciation	-	321,688	-	321,688
Total Operating Expenses	56,659	1,040,490	66,629	1,163,778
Excess (Deficiency) of Revenues Over Expenditures	929,974	(1,040,490)	(66,629)	(177,145)
Nonoperating Revenues (Expenses)				
Investment income	145	-	-	145
Interest expense	(4,719)	-	-	(4,719)
State PERS relief	18,904	-	-	18,904
Net Nonoperating Revenues (Expenses)	14,330	-	-	14,330
Income (Loss) Before Capital Contributions	944,304	(1,040,490)	(66,629)	(162,815)
Capital contributions	5,134,740	-	-	5,134,740
Change in Net Position	$ 6,079,044	$ (1,040,490)	$ (66,629)	4,971,925
Net Position, beginning				12,008,490
Net Position, ending				$ 16,980,415

Exhibit L-4

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Schedule of Operating Expenses

Year Ended June 30,	2025
General and Administrative	
Allocated overhead - finance	$ 37,210
Insurance	19,449
Total General and Administrative	56,659
Treatment	
Salaries	145,367
Overtime salaries	61,532
Employee benefits	171,768
Allocated salaries - public works	53,752
Materials and supplies	38,287
Repairs and maintenance	6,477
Gas and oil	566
Professional services	45,399
Travel and training	8,057
Telephone	5,893
Allocated vehicle charges - garage	3,818
Publications	653
Chlorination - electricity	177,233
Total Treatment	718,802
Distribution	
Salaries	348
Employee benefits	241
Allocated salaries - public works	15,568
Repairs and maintenance	50,472
Total Distribution	66,629
Depreciation	321,688
Total Operating Expenses	$ 1,163,778

Exhibit L-5

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund
Schedule of Revenues and Expenses

Year Ended June 30, 2025	General and Administrative	Collection	Landfill	Total
Operating Revenues				
User fees	$ 925,805	$ -	$ 38,113	$ 963,918
Operating Expenses				
Personnel services	37,210	161,900	225,252	424,362
Commodities	-	29,006	25,780	54,786
Contractual service	23,705	-	16,222	39,927
Intergovernmental	-	7,815	457,926	465,741
Depreciation	108,812	-	-	108,812
Total Operating Expenses	169,727	198,721	725,180	1,093,628
Excess (Deficiency) of Revenues Over Expenditures	756,078	(198,721)	(687,067)	(129,710)
Nonoperating Revenues				
State PERS relief	17,320	-	-	17,320
Investment income	712	-	-	712
Net Nonoperating Revenues	18,032	-	-	18,032
Income (Loss) Before Capital Contributions	774,110	(198,721)	(687,067)	(111,678)
Capital contributions	250,000	-	-	250,000
Change in Net Position	$ 1,024,110	$ (198,721)	$ (687,067)	138,322
Net Position, beginning				1,473,531
Net Position, ending				$ 1,611,853

Exhibit L-6

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund
Schedule of Operating Expenses

Year Ended June 30,	2025
General and Administrative	
Allocated overhead - finance	$ 37,210
Travel and training	8,784
Insurance	14,921
Total General and Administrative	60,915
Collection	
Salaries	60,982
Overtime salaries	2,196
Employee benefits	98,722
Materials and supplies	8,000
Repairs and maintenance	21,006
Allocated vehicle charges - garage	7,815
Total Collection	198,721
Landfill	
Salaries	127,541
Overtime salaries	7,438
Employee benefits	90,273
Materials and supplies	9,195
Repairs and maintenance	7,831
Facilities repairs and maintenance	8,754
Professional services	3,717
Insurance	2,370
Telephone	2,158
Utilities	4,340
Compliance testing	3,637
Allocated vehicle charges - garage	2,272
Disposal costs	423,765
Hazardous waste	31,889
Total Landfill	725,180
Depreciation	108,812
Total Operating Expenses	$ 1,093,628

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Schedule of Revenues and Expenses

Year Ended June 30, 2025	General and Administrative	Small Boat Harbor	Municipal Dock	Travel Lift	Interfund Eliminations	Total
Operating Revenues						
Municipal dock	$ -	$ -	$618,421	$ -	$ -	$ 618,421
Small boat harbor	-	1,044,113	-	-	-	1,044,113
Travel lift	-	-	-	776,511	-	776,511
Total Operating Revenues	-	1,044,113	618,421	776,511	-	2,439,045
Operating Expenses						
Personnel services	449,338	295,736	29,068	207,117	-	981,259
Commodities	21,812	70,967	72,872	63,776	-	229,427
Contractual service	183,046	65,502	21,466	67,609	-	337,623
Intergovernmental	6,812	9,751	-	25,388	-	41,951
Depreciation	-	1,022,475	387,869	897,164	-	2,307,508
Total Operating Expenses	661,008	1,464,431	511,275	1,261,054	-	3,897,768
Excess (Deficiency) of Revenues Over Expenditures	(661,008)	(420,318)	107,146	(484,543)	-	(1,458,723)
Nonoperating Revenues						
Other grant revenue	121,688	-	-	-	-	121,688
State PERS relief	44,752	-	-	-	-	44,752
Investment income	3,985	-	-	-	-	3,985
State fisheries business tax	-	121,016	-	-	-	121,016
Net Nonoperating Revenues	170,425	121,016	-	-	-	291,441
Income (Loss) Before Transfers	(490,583)	(299,302)	107,146	(484,543)	-	(1,167,282)
Transfers in	26,482	-	-	-	-	26,482
Change in Net Position	$ (464,101)	$ (299,302)	$ 107,146	$ (484,543)	$ -	(1,140,800)
Net Position, beginning						35,881,211
Net Position, ending						$ 34,740,411

Exhibit L-8

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Schedule of Operating Expenses

Year Ended June 30,	2025
General and Administrative	
Salaries	$ 179,297
Overtime salaries	810
Employee benefits	231,900
Allocated overhead - finance	37,331
Materials and supplies	3,839
Repairs and maintenance	3,249
Facilities repairs and maintenance	14,724
Professional services	57,574
Travel and training	9,606
Insurance	65,772
Telephone	41,645
Publications	8,449
Allocated vehicle charges - garage	6,812
Total General and Administrative	661,008
Small Boat Harbor	
Salaries	180,951
Overtime salaries	8,327
Employee benefits	106,458
Materials and supplies	11,777
Repairs and maintenance	18,905
Diesel fuel	1,572
Facilities repairs and maintenance	38,713
Professional services	1,355
Travel and training	820
Bad debt	17,071
Utilities	46,256
Allocated vehicle charges - garage	7,247
Disposal Costs	2,504
Total Small Boat Harbor	441,956

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Schedule of Operating Expenses, continued

Year Ended June 30,	2025
Municipal Dock	
Salaries	$ 18,429
Overtime salaries	2,205
Employee benefits	8,434
Materials and supplies	5,369
Repairs and maintenance	2,444
Facilities repairs and maintenance	65,059
Professional services	9,945
Insurance	7,812
Utilities	3,709
Total Municipal Dock	123,406
Travel Lift	
Salaries	117,463
Overtime salaries	5,916
Employee benefits	83,738
Materials and supplies	2,739
Repairs and maintenance	33,915
Diesel fuel	7,671
Facilities repairs and maintenance	19,451
Professional services	17,170
Insurance	28,539
Utilities	21,900
Disposal Costs	25,388
Total Travel Lift	363,890
Depreciation	2,307,508
Total Operating Expenses	$ 3,897,768

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Schedule of Revenues and Expenses

Year Ended June 30, 2025	General and Administrative	Treatment	Collection	Total
Operating Revenue				
Sewer charges	$ 789,723	$ -	$ -	$ 789,723
Operating Expenses				
Personnel services	37,210	268,200	25,899	331,309
Commodities	-	20,296	44,606	64,902
Contractual service	15,564	107,974	-	123,538
Intergovernmental	-	19,332	-	19,332
Depreciation	-	230,467	-	230,467
Total Operating Expenses	52,774	646,269	70,505	769,548
Excess (Deficiency) of Revenues Over Expenditures	736,949	(646,269)	(70,505)	20,175
Nonoperating Revenues (Expenses)				
Investment income	3,641	-	-	3,641
State PERS relief	14,603	-	-	14,603
Interest on bonds	(1,493)	-	-	(1,493)
Other revenue	50,638	-	-	50,638
Net Nonoperating Revenues (Expenses)	67,389	-	-	67,389
Change in Net Position	$ 804,338	$ (646,269)	$ (70,505)	87,564
Net Position, beginning				3,535,224
Net Position, ending				$ 3,622,788

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Schedule of Operating Expenses

Year Ended June 30,		2025
General and Administrative		
Allocated overhead - finance	$	37,210
Insurance		15,564
Total General and Administrative		52,774
Treatment		
Salaries		138,783
Overtime salaries		11,644
Employee benefits		117,773
Materials and supplies		9,449
Allocated vehicle charges - garage		19,332
Facilities repairs and maintenance		10,847
Professional services		25,180
Travel and training		2,117
Telephone		4,760
Utilities		75,917
Total Treatment		415,802
Collection		
Salaries		3,838
Overtime salaries		4,385
Employee benefits		6,114
Allocated salaries - public works		11,562
System repairs and maintenance		44,606
Total Collection		70,505
Depreciation		230,467
Total Operating Expenses	$	769,548

City and Borough of Wrangell, Alaska

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

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				
Schools and Roads Cluster:				
Passed through State of Alaska Department of Commerce, Community, and Economic Development:				
National Forestry Receipts	10.665	None	$ -	$ 762,657
Birdfest	10.665	None	-	5,337
Total Schools and Road Cluster			-	767,994
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	-	2,284,856
Total Department of Agriculture			-	3,052,850
Department of Commerce				
Economic Development Cluster:				
Investments for Public Works and Economic Development Facilities	11.300	N/A	-	2,345,239
Institute of Museum and Library Services				
Passed through Wrangell Cooperative Association:				
Native American and Native Hawaiian Library Services - IMLS Library Grant	45.311	NAB-258641-OLS	-	10,000
Department of Homeland Security				
Homeland Security Grant Program -				
2022 SHSP	97.067	N/A	-	6,145
2023 SHSP	97.067	N/A	-	19,159
Total Assistance Listing 97.067			-	25,304
Department of Homeland Security				
Passed through the State of Alaska Department of Military and Veterans Affairs-				
Disaster Grants - Public Assistance - Wrangell Landslide	97.036	DR-4767-AK	-	53,863
Total Department of Homeland Security			-	79,167

City and Borough of Wrangell, Alaska

Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2025

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
Federal Highway Administration				
Federal Lands Access Program	20.224	N/A	-	328,072
Department of the Interior				
Passed through Alaska Department of Fish and Game:				
Cooperative Endangered Species Conservation Fund	15.615	COOP 23-143	-	2,036
Environmental Protection Agency				
Passed through State of Alaska Department of Environmental Conservation:				
Drinking Water State Revolving Fund	66.468	917081-E	-	5,441,762
Denali Commission				
Solid Waste Transfer Station Loading Dock	90.100	N/A	-	250,000
U.S. Department of the Health and Human Services				
Passed through Alaska Department of Health & Social Services:				
COVID-19 - Immunization Cooperative Agreements - Healthy & Equitable Communities	93.268	C0622-584-U	-	29,826
Activities to Support State, Tribal, Local, and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises:				
COVID-19 - Healthy & Equitable Communities	93.391	C0622-584-U	-	29,825
Total Department of Health and Human Services			-	59,651
Total Expenditures of Federal Awards			$ -	$ 11,568,777

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

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, 2025. 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 de minimus indirect cost rate allowed under the Uniform Guidance.

4. National Forest Receipts

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, 2025, there were no unspent interest earnings and unspent grant funds were $756,872.

5. Grant Number C0662-584-U

The Borough reported COVID-19 - Immunization Cooperative Agreements – Healthy & Equitable Communities and COVID-19 Health & Equitable Communities (grant number C066-584-U) expenditures of $29,913 on the Schedule for the year ended June 30, 2025 that were associated with prior year expenditures.

6. Grant Number DR-4767-AK

The Borough reported Disaster Grants – Public Assistance – Wrangell Landslide (grant number DR-4767-AK) expenditures of $53,863 on the Schedule for the year ended June 30, 2025 that were associated with prior year expenditures.

7. Assistance Listing Number 11.300

The Borough reported Investments for Public Works and Economic Development Facilities expenditures of $962,159 on the Schedule for the year ended June 30, 2025 that were associated with prior year expenditures.

Single Audit Reports

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

3601 C Street, Suite 600
Anchorage, AK 99503

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell, Alaska (the "Borough"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated September 21, 2026.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, and 2025-002 that we consider to be material weaknesses.

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, Alaska'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
September 21, 2026

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

3601 C Street, Suite 600
Anchorage, AK 99503

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City and Borough of Wrangell, Alaska's (the "Borough") compliance with the types of compliance requirements identified as subject to audit 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, 2025. 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, 2025.

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 unmodified opinions 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 compliance audit, 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-003. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-003 to be a significant deficiency.

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 Borough as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements. We issued our report thereon, dated September 21, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, P.C.

Anchorage, Alaska
September 21, 2026

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified?	___ yes	X (none reported)
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified?	X yes	___ (none reported)
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X yes	___ no

Identification of major federal programs:

Assistance Listing Number	*Name of Federal Program or Cluster*
10.665	Schools and Roads Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
66.648	Drinking Water State Revolving Fund

Dollar threshold used to distinguish between a type A and type B programs:		$ 750,000
Auditee qualified as low-risk auditee?	___ yes	X no

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

Finding 2025-001	**Journal Entry Review and Approval – Material Weakness in Internal Control over Financial Reporting**
Criteria	*Governmental Auditing Standards* states that management is responsible 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. COSO Internal Control Integrated Framework defines internal control at the organization level and identifies objectives, components, and principles of internal control to establish and maintain an effective internal control environment. Control Activities Principal Number 10 states that an organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels, which includes components to design controls to ensure appropriate segregation of duties. A deficiency in segregation of duties arises when preparation and review functions are accessible by one party, in particular parties expected to operate in monitoring roles.
Condition	The Borough's internal controls over financial reporting do not ensure proper review and approval of manual journal entries, or the retention of appropriate supporting documentation. Furthermore, within the Borough's IT environment there is a lack of appropriate segregation of duties restricting access for management personnel. These conditions give rise to a heightened risk of management override through the use of manual adjustments. We tested a sample of 19 journal entries recorded during the fiscal year and found that none of the 19 journal entries contained supporting documentation evidencing review and approval prior to posting. The absence of documented review and approval was pervasive throughout the entire sample tested, indicating that the control designed to ensure journal entries are properly reviewed and authorized before posting was not operating effectively.
Cause	Management did not provide adequate oversight and monitoring to ensure that journal entry review and approval controls were consistently performed and documented prior to posting. Specifically, management did not establish procedures to verify that evidence of review and approval was retained, resulting in journal entries being posted without documented evidence that the control was operating effectively.
Effect or potential effect	Lack of proper review and approval of journal entries increases the risk that inappropriate or inaccurate transactions are recorded in the journal ledger.
Identification as a repeat finding	2024-001

Recommendation	We recommend that the Borough develop a formal process and internal controls to review and approve all journal entries before they are posted.
Views of Responsible Officials	Management concurs with the finding and has implemented a formal journal entry policy with standardized documentation requirements. Refer to the corrective action plan.

Finding 2025-002	**Timely and Accurate Reconciliation and Review of Accounts - Material Weakness in Internal Control over Financial Reporting**
Criteria	*Government Accounting Standards* states management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are equitably, and safeguarding resources; following laws and regulations; and ensuring that financial information is reliable and properly reporting. Internal controls over financial reporting should allow management to prevent or detect and correct misstatement on a timely basis.
Condition	The Borough's internal control over financial reporting did not prevent, 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 investments ($7,033,335), grants ($130,671), and non-current liabilities ($766,164).
Cause	The Borough had a shortage of personnel and experienced management transition during the year.
Effect or potential effect	This resulted in delayed completion of the year-end trial balances and financial statements necessary for the production and issuance of annual financial reports in a timely manner.
Identification as a repeat finding	Not a repeat finding.
Recommendation	We recommend that the Borough develop a formal process to perform timely reconciliations and review of accounts to ensure accuracy and completeness.
Views of Responsible Officials	Management concurs with the finding. Management will implement a more thorough review process and improvements to the year-end close and audit preparation process. Management will identify the more complex financial statement accounts and areas and will implement additional levels of internal review.

Section III - Federal Award Findings and Questioned Costs

Finding 2025-003	**Deadline for Federal Single Audit – Noncompliance and Internal Control over Compliance - Significant Deficiency**
Agency/Pass-Through Grantor	United States Department of Agriculture Environmental Protection Agency
Assistance Listing Numbers (ALN) and Program Name	10.665 – Schools and Roads Cluster 10.760 – Water and Waste Disposal Systems for Rural Communities 66.468 – Drinking Water State Revolving Fund
Award Year	FY 2025
Criteria or Specific Requirement	The Uniform Guidance in 2 CFR Section 200.303 requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. In accordance with 2 CFR Section 200.512(a), the audit must be completed and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audit period, adjusted for any extensions permitted by the Office of Management and Budget.
Condition	The reporting package and data collection form for the year ended June 30, 2025 were not submitted by the deadline to the Federal Audit Clearinghouse.
Cause	The audit was not completed on time to file the reporting package and data collection form, due to a delay in closing the books, records, and grants.
Effect or potential effect	The Schedule of Expenditures of Federal Awards was not available in a timely manner in order to allow for timely submission of Form SF-SAC
Questioned Costs	None
Context	The Form SF-SAC is due nine months after the fiscal year end. The form for the fiscal year ended June 30, 2025 was filed late.
Identification as a repeat finding	Not a repeat finding.
Recommendation	We recommend the Borough adopt policies and procedures, including tracking and monitoring of reporting requirements, to ensure that the audit, reporting package, and data collection form are electronically filed with the Federal Audit Clearinghouse within the applicable deadline.
Views of responsible officials	Management concurs with this finding. Management will ensure Beginning balance reconciliations and year-end adjustments will be completed by September and will work with external auditors to have a financial statement draft prior to their fieldwork.

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

CITY AND BOROUGH OF WRANGELL
INCORPORATED MAY 30, 2008

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

City and Borough of Wrangell, Alaska

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

Financial Statement Findings

Finding 2024-001 Journal Entry Review - Internal Control Over Financial Reporting - Significant Deficiency

Finding There was no evidence of proper review and approval of manual journal entries throughout the year. In addition, certain management personnel have administrative-level access within the Borough's general ledger accounting software.

Status Management implemented a formal review and approval process at the beginning of FY26 to address this finding. The new process has been incorporated into normal operations and is expected to fully resolve the finding during the next audit cycle, pending auditor testing.

City & Borough of Wrangell
FINANCE DEPARTMENT
PO Box 531, Wrangell, AK, 99929 | +1 (907) 874-2381
205 Brueger Street, Wrangell, AK, 99929

City and Borough of Wrangell, Alaska

Corrective Action Plan
Year Ended June 30, 2025

Name of Contact Person: Rob Marshall
Finance Director
rmarshall@wrangell.com
907-874-2381

Financial Statement Findings

Finding 2025-001 - Journal Entry Review and Approval - Material Weakness in Internal Control over Financial Reporting

Corrective Action Plan

The Borough implemented a formal journal entry review and approval process at the beginning of FY2026 to strengthen internal controls over financial reporting. All journal entries are now prepared by authorized finance personnel and include adequate supporting documentation to substantiate the purpose of each entry. Prior to posting, each journal entry is independently reviewed and approved by the Finance Director, who verifies the accuracy, completeness, and appropriateness of the transaction. Evidence of review and approval is maintained with each journal entry to document compliance with the Borough's internal control procedures. These controls have been implemented throughout FY2026 and are expected to fully address this finding during the FY2026 audit.

Expected Completion Date: June 30, 2026.

Finding 2025-002 -Timely and Accurate Reconciliation and Review of Accounts - Material Weakness in Internal Control over Financial Reporting

Corrective Action Plan

The Borough has implemented formal month-end reconciliation procedures to ensure all significant balance sheet accounts are reconciled accurately and reviewed in a timely manner. Monthly reconciliations are prepared by designated finance personnel and independently reviewed by the Finance Director. Completed reconciliations include supporting documentation, evidence of supervisory review, and resolution of any reconciling items prior to month-end close. The Finance Department also maintains a reconciliation schedule to monitor completion of all required reconciliations throughout the fiscal year. These procedures have been in place throughout FY2026 and are expected to fully resolve this finding during the FY2026 audit.

Expected Completion Date: June 30, 2026.

City & Borough of Wrangell
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205 Brueger Street, Wrangell, AK, 99929

City and Borough of Wrangell, Alaska

Corrective Action Plan
Year Ended June 30, 2025

Finding 2025-003 - Deadline for Federal Single Audit - Noncompliance and Internal Control over Compliance - Significant Deficiency

Corrective Action Plan

The Borough has implemented procedures to ensure Federal Single Audit requirements are identified, monitored, and completed within required deadlines. Finance staff will maintain a schedule of applicable federal reporting and audit requirements, monitor federal expenditures throughout the fiscal year, and coordinate with the Borough's auditors to ensure Single Audit requirements are identified and addressed timely. The Finance Director will provide oversight of this process and ensure required documentation and filings are completed within applicable deadlines. These procedures are expected to fully resolve this finding during FY2026.

Expected Completion Date: June 30, 2026.