City and Borough of Wrangell, Alaska

Basic Financial Statements, Required Supplementary Information, Supplementary Information and Single Audit Reports
Year Ended June 30, 2015

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

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City and Borough of Wrangell, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information
and Single Audit Reports
Year Ended June 30, 2015

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell, Alaska, as of June 30, 2015, 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.

Change in Accounting Principle

As discussed in Note 9 to the financial statements, in 2015 the City and Borough of Wrangell adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 6-18, the budgetary comparison information on pages 64 through 66, and the Schedules of Net Pension Liability and Pension Contributions on pages 67 through 68, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2015 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City and Borough of Wrangell's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents for the year ended June 30, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the Schedule of State Financial Assistance is required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2015 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2015.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City and Borough of Wrangell as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 10, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2014 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 June 30, 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of the June 30, 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of City and Borough of Wrangell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City and Borough of Wrangell's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
December 15, 2015

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Management's Discussion and Analysis

City and Borough of Wrangell, Alaska

Management's Discussion and Analysis
Year Ended June 30, 2015

As management of the City and Borough of Wrangell (the Borough), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Borough for the fiscal year ended June 30, 2015. The intent of the Management's Discussion and Analysis (MD&A) is to provide the reader with some comparative discussion and analysis. We encourage readers to consider the information presented here in conjunction with the Borough financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of the City and Borough of Wrangell exceeded its liabilities and deferred inflows at the close of the most current fiscal year by $104,223,292 (total net position). Of this amount, $12,380,387 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. Total net position increased by $180,615, much of which can be attributed to grant funded capital projects for the port and marine service center and street and utility improvements.
- As of the close of business of the current fiscal year, the City and Borough of Wrangell's governmental funds reported combined ending fund balances of $21,354,310, of this total, $6,627,996 is unassigned and available for spending at the government's discretion.
- The Borough adopted the provisions of Governmental Accounting Standards Board Statement 68, which requires the Borough to recognize its proportionate share of the PERS net pension liability. The Borough reported an opening balance restatement in the amount of $4,472,729 to reflect the reduction in net position due to this liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City and Borough of Wrangell's basic financial statements. The Borough's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Borough's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Borough's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the City and Borough of Wrangell is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Borough that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Borough include general government, public safety, public works, parks and recreation, library, community services and education. The business-type activities of the City and Borough of Wrangell include water, sewer, electric, port and harbors, and sanitation/landfill operations.

The government-wide financial statements include not only the City and Borough of Wrangell itself (known as the primary government), but also a legally separate school district and a legally separate hospital for which the City and Borough of Wrangell is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Government-wide financial statements can be found on pages 20 and 21 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City and Borough of Wrangell can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Borough maintains 16 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Permanent Fund, National Forest Receipts Fund, and Street Construction Capital Projects Fund, which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. The 12 nonmajor governmental funds include Transient Tax Fund, Sales Tax Fund, Swimming Pool Fund, Museum Fund, Theater Fund, Miscellaneous Grants Fund, Debt Service Fund, Residential Construction Fund, Industrial Construction Fund, Miscellaneous Capital Projects Fund, School Renovation Fund, and the Economic Recovery Capital Projects Fund. The combining financial statements presentation for these 12 nonmajor funds can be found on pages 72 and 73 of this report.

The Borough adopts an annual appropriated budget for its General Fund, most special revenue funds and Debt Service Fund. Budgetary comparison statements have been provided in the basic

financial statements for the General Fund, Permanent Fund, and National Forest Receipts Fund, to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary Funds. The Borough maintains enterprise funds, a type of proprietary fund, to report the same functions presented as business-type activities in the government-wide financial statements. The Borough uses enterprise funds to account for its water, sewer, electric, port and harbors, and sanitation operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, electric, port and harbors, and sanitation operations. Based on total activity in these funds, all except the sanitation fund are considered to be major funds of the Borough.

The basic proprietary fund financial statements can be found on pages 26-29 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-61 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City and Borough of Wrangell's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on pages 63-69 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented on pages 72 to 73. Other combining and individual fund statements and schedules can be found on pages 76 through 124.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets and deferred outflows exceeded liabilities and deferred inflows by $104,223,292 at the close of the most recent fiscal year. This was an increase of $180,615 from the previous year after taking into account the restatement for GASB 68 implementation.

By far the largest portion of the City and Borough of Wrangell's net position (77%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City and Borough of Wrangell uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City and Borough of Wrangell's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1
City and Borough of Wrangell's Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	$ 22,950,542	$ 21,227,879	$ 8,781,130	$ 6,206,804	$ 32,153,054	$ 27,434,683
Capital assets, net of depreciation	31,206,142	33,421,626	50,767,033	51,682,884	81,973,175	85,104,510
Total Assets	$ 54,156,684	$ 54,649,505	$ 59,548,163	$ 57,889,688	$ 113,704,847	$ 112,539,193
Deferred Outflows - Related to pensions	275,370	-	146,012	-	421,382	-
Total Assets and Deferred Outflows	54,432,054	54,649,505	59,694,175	57,889,688	114,126,229	112,539,193
Liabilities						
Long-term debt outstanding	$ 1,957,990	$ 2,212,475	$ 975,618	$ 1,058,762	$ 2,933,608	$ 3,271,237
Net pension liability	2,889,746	-	1,532,230	-	4,421,976	-
Other liabilities	265,305	383,713	1,767,202	352,998	2,032,507	736,711
Total liabilities	$ 5,113,041	$ 2,596,188	$ 4,275,050	$ 1,411,760	$ 9,388,091	$ 4,007,948
Deferred Inflows						
Taxes collected in advance	$ 3,957	$ 15,839	$ -	$ -	$ 3,957	$ 15,839
Related to Pensions	333,865	-	177,024	-	510,889	-
Total Deferred Inflows	$ 337,822	$ 15,839	$ 177,024	$ -	$ 514,846	$ 15,839
Total Liabilities and Deferred Inflows	$ 5,450,863	$ 2,612,027	$ 4,452,074	$ 1,411,760	$ 9,902,937	$ 4,023,787
Net Position						
Net investment in capital assets	$ 30,725,120	$ 31,517,821	$ 49,868,295	$ 50,693,689	$ 80,593,415	$ 82,211,510
Restricted	11,249,490	11,140,295	-	49,410	11,249,490	11,189,705
Unrestricted	7,006,581	9,379,362	5,373,806	5,734,829	12,380,387	15,114,191
Total Net Position	$ 48,981,191	$ 52,037,478	$ 55,242,101	$ 56,477,928	$ 104,223,292	$ 108,515,406

An additional portion of the Borough's net position (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($12,380,387) may be used to meet the government's ongoing obligations.

Net position increased from 2014 to 2015 by a total of $180,615.

Governmental Activities. The following table A-2 shows the changes in net position for 2015 with a comparison with 2014. Governmental activities net position decreased in 2015 by $133,375. There were both significant increases and decreases that resulted in a net decrease and those key changes are as follows:

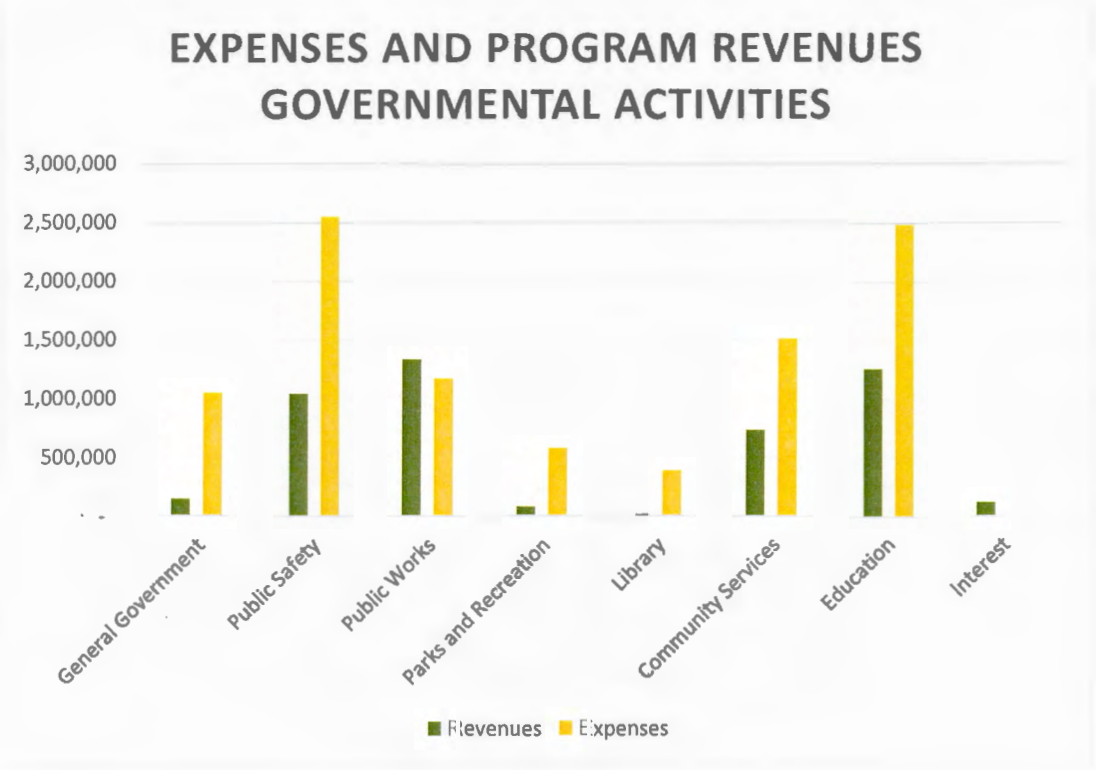
- Investment earnings were 193,845 in 2015, a $737,907 decrease from 2014.
- Transfers out increased by $493,102 from 2015.
- Capital grants and contributions increased by $510,448 over 2014.

Table A-2
City and Borough of Wrangell's Changes in Net Position

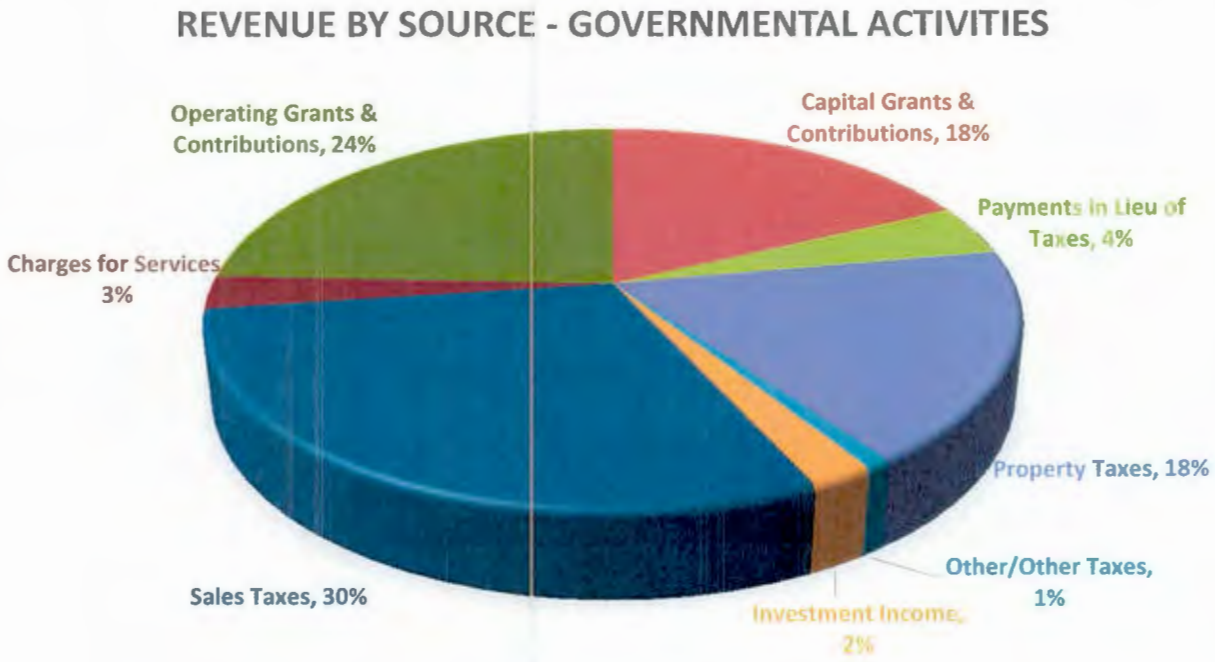
	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	$ 779,378	$ 764,234	$ 7,240,306	$ 7,091,992	$ 8,019,684	$ 7,856,226
Operating grants and contributions	2,188,009	2,119,635	422,788	445,490	2,610,797	2,565,125
Capital grants and contributions	1,617,138	1,106,691	1,715,625	5,707,940	3,332,763	6,814,631
General revenues:						
Property taxes	1,620,821	1,592,116	-	-	1,620,821	1,592,116
Sales taxes	2,685,097	2,597,322	-	-	2,685,097	2,597,322
Other taxes	455,313	494,341	-	-	455,313	494,341
Grants & contributions not restricted to specific programs	611,268	894,681	-	-	611,268	894,681
Investment earnings	193,845	931,752	31,177	23,146	225,022	954,898
Other	7,318	4,690	-	-	7,318	4,690
Total Revenues	9,771,479	10,505,462	9,409,896	13,268,568	19,539,378	23,774,030
Expenses						
General government	$ 1,037,418	$ 1,049,008	$ -	$ -	$ 1,037,418	$ 1,049,008
Public safety	2,550,749	2,487,919	-	-	2,550,749	2,487,919
Public works	1,155,966	1,324,531	-	-	1,155,966	1,324,531
Parks and recreation	572,663	621,820	-	-	572,663	621,820
Library	377,821	330,250	-	-	377,821	330,250
Community service	1,506,092	1,043,917	-	-	1,506,092	1,043,917
Unallocated interest	112,885	84,403	-	-	112,885	84,403
Education	2,484,866	2,821,733	-	-	2,484,866	2,821,733
Electric utility	-	-	4,119,606	4,370,345	4,119,606	4,370,345
Water utility	-	-	1,097,378	1,108,699	1,097,378	1,108,699
Sewer utility	-	-	789,176	799,208	789,176	799,208
Sanitation utility	-	-	650,051	575,579	650,051	575,579
Port and harbors	-	-	2,932,797	3,192,046	2,932,797	3,192,046
Total Expenses	9,798,460	9,763,581	9,589,008	10,045,877	21,759,449	19,809,458
Increase in net position before transfers	359,727	741,881	(179,112)	3,222,691	673,717	3,964,572
Transfers	(493,102)	-	493,102	-	-	-
Increase in net position	(133,375)	741,881	313,990	3,222,691	180,615	3,964,572
Net Position, beginning	49,114,566	51,295,598	54,928,111	53,255,237	104,042,677	104,550,835
Net Position, ending	$48,981,191	$ 52,037,479	$55,242,101	$56,477,928	$ 104,223,292	$ 108,515,407

The following graph shows the governmental activities expenses and the related revenues dedicated to each activity. This shows the amount of dedicated revenues associated with the various kinds of activities. Other revenues also support governmental activities, but are general in

nature and apply to all categories. They include property and sales taxes, payments in lieu of taxes, investment income, and other general revenues. This graph provides a picture of the information that can be found on page 21 of the financial statements.

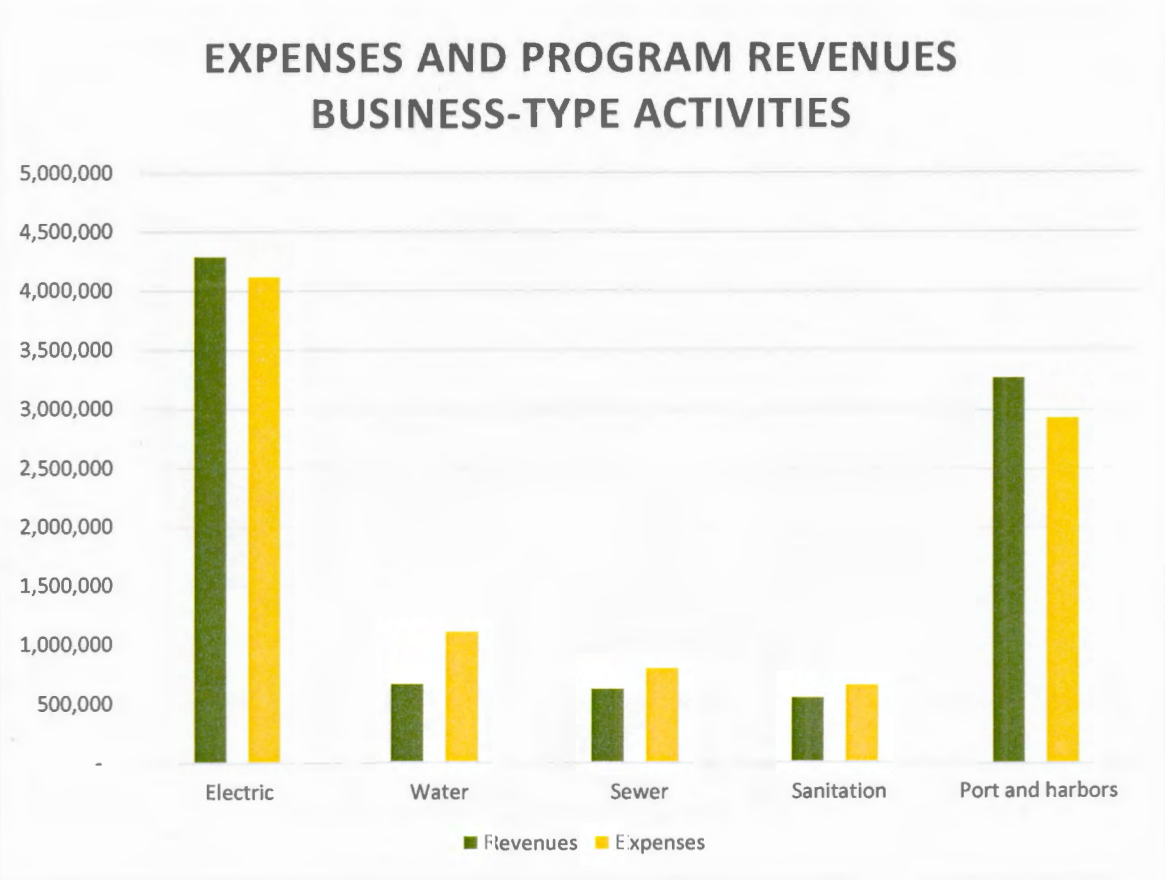


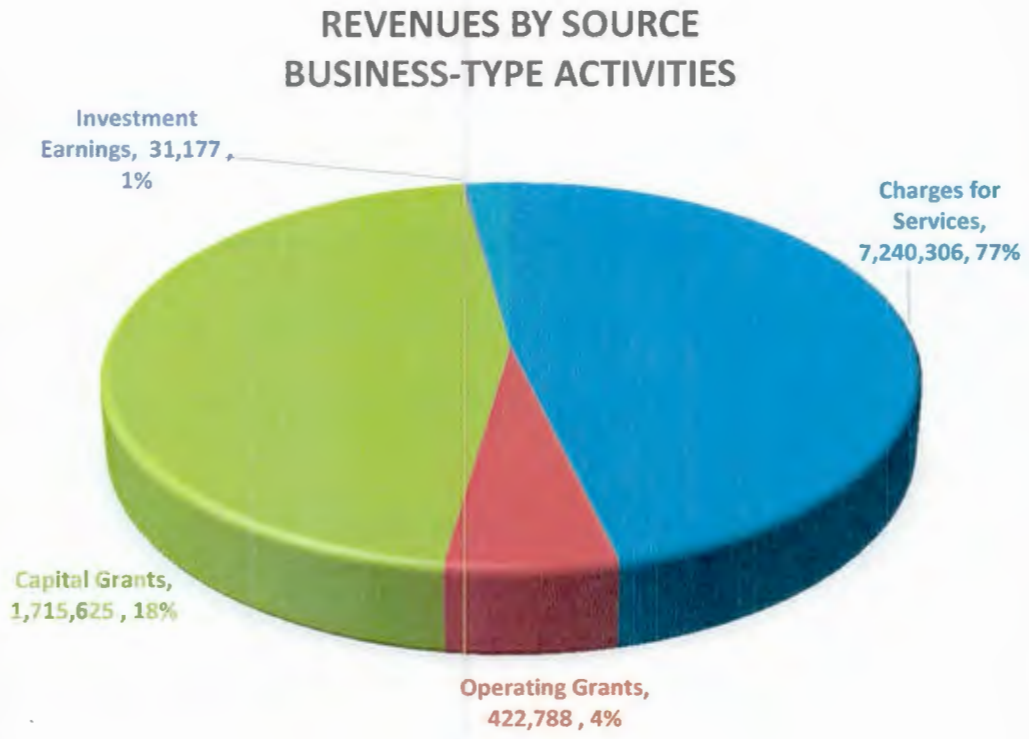
The following graph shows the percentages of all revenue sources for governmental activities. Sales taxes represent the largest revenue stream, totaling $2,685,097 or 30% of total governmental activities revenues. Operating grants and contributions were $2,188,009 (24%). Property taxes totaled $1,620,821 (18%). Capital grants and contributions were $1,617,138 (17%) in 2015. Capital grants and contributions had the largest increase by revenue source over 2014 ($510,447). Sales taxes increased $87,775 over 2014. Operating grants and contributions increased $68,374 over 2014. Property taxes increased $28,705 over 2014. Investment income accounted for the largest decrease in 2015, down $737,907 compared to 2014.



Business-type Activities. Business-type activities increased the City and Borough of Wrangell's net position by $313,990. Most of this increase was due to capital grants for the port and harbors as well as utility improvements related to street projects.

The following graph shows expenses and program revenues for all of the business-type activities. Not included in the program revenues are investment earnings and transfers. The Water Utility Fund, Sewer Utility Fund and Sanitation Utility Fund show more expenses than revenues. The following pie graph shows all revenue sources for business-type activities.


EXPENSES AND PROGRAM REVENUES
BUSINESS-TYPE ACTIVITIES
5,000,000
4,500,000
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
Electric
Water
Sewer
Sanitation
Port and harbors
Revenues
Expenses



Financial Analysis of the Government's Funds

As noted earlier, the Borough uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Borough's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Borough's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of $21,354,310, an increase of $692,421 in comparison with the prior year. The General Fund showed an increase of $372,162. The National Forest Receipts Fund showed an increase of $154,909. The Permanent Fund showed a decrease of $69,224. All other governmental funds had small increases or decreases to their fund balances.

The City and Borough of Wrangell's total fund balance is made up of five classifications. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

A complete description of each classification can be found on page 35 and 36. The first classification is the nonspendable fund balance which makes up 1% of the total fund balance. Restricted fund balance represents 53% of the total fund balance. Restricted fund balance

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 is a classification for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Borough Assembly. This classification represents 13% of the total fund balance. Assigned fund balance represents 2%. Unassigned fund balance represents $6,627,996 or 31% of the total fund balance.

The General Fund is the chief operating fund of the City and Borough of Wrangell. At the end of the current fiscal year, unassigned fund balance of the General Fund was $6,642,812, while total fund balance was $6,825,578. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 129% of total General Fund expenditures. Total fund balance to total expenditures was 144% in 2014, which is a decrease of 15%.

The total fund balance of the City and Borough of Wrangell's General Fund increased by $372,162 during the current fiscal year. The greater than anticipated level of sales tax revenue accounts for the greatest proportion (approximately half) of this increase, with the remainder coming from a variety of positive expenditure and revenue variances. The Permanent Fund had a decrease in fund balance in the amount of $69,224. The National Forest Receipts Fund has an increase in fund balance of $154,909.

Proprietary funds. The City and Borough of Wrangell's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Electric Utility Fund's unrestricted net position was $828,697, a decrease of $358,746. Overall net position increased by $171,020 for the electric utility, however the unrestricted portion decreased as a result of recognizing a net pension liability in the amount of $755,227 due to the adoption of GASB 68.

The Water Utility Fund's unrestricted net position was $1,345,047 out of a total net position of $7,312,733. The remainder represents net investment in capital assets. An original amount of $847,052 was set aside to make all of the note payments for the Department of Environmental Conservation loan that assisted in building the water treatment plant. However, because this was not a constraint imposed by the creditor, it is typically not included in restricted net position. It should also be noted that the Water Fund's cash and investments show an increase because this DEC reserve amount was invested in a time deposit that matured prior to fiscal year end and was not reinvested until the next fiscal year.

The Sewer Utility Fund has an unrestricted net position of $272,606. This is a decrease of $54,879 from the previous year, in part due to the net pension liability.

The Sanitation Utility Fund has an unrestricted deficit of $90,660. This decrease of 161,791 in unrestricted net position is in part due to the net pension liability.

The Port Fund has unrestricted net position of $3,018,116. This is an increase of $189,046 from the previous year. Total net position increased by $354,847; however the net pension liability decreased the unrestricted portion. The majority of this increase resulted from the increase to property, plant and equipment which was grant funded.

General Fund Budgetary Highlights

The overall difference in the final budget and actual was a positive variance of $515,525. The major positive and negative components of the 2015 fiscal year are as follows:

- Sales taxes, property taxes and Payments In Lieu of Taxes had a cumulative positive variance of $177,055, with sales taxes accounting for $158,183 of this.
- Administration, parks & recreation, and community services had a cumulative positive variance of $65,180. All other departments combined had a cumulative negative variance of $343,882.
- Due to State of Alaska measures taken last year to stabilize the PERS unfunded liability, State of Alaska on-behalf payments were larger than expected, which accounts for most of the $794,227 positive variance in total revenue. However this creates a corresponding and offsetting increase to departmental retirement expense, which is what accounts for much of the negative variances with the budget in some departments (e.g. Public Safety, Public Works).
- Other factors contributing to negative variances in some departments (e.g. Library, Public Works) were associated with turnover (i.e. cashing out of long-term accrued leave for departing senior staff).

Capital Assets and Debt Administration

Capital assets. The Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to $83,159,853 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and construction in progress. This is a decrease from the previous year of $1,944,655.

Most of the following major capital additions were funded by capital grants:

- Commercial Passenger Vessel Facility
- Travel and Life Associated Improvements
- Boatyard Improvements
- Cassiar Street & Utility Improvements

City and Borough of Wrangell's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2014	2015	2014	2015	2014
Land and land improvements	$ 1,186,678	$ 1,186,678	$ 959,233	$ 959,233	$ 2,145,911	$ 2,145,911
Infrastructure	11,618,328	11,072,616	-	-	11,618,328	11,072,616
Buildings	15,864,911	17,389,793	2,705,623	3,077,587	18,570,534	20,467,380
Improvements other than buildings	2,572,778	2,762,907	43,484,288	44,950,248	46,057,066	47,713,155
Machinery and equipment	1,150,125	1,009,632	1,948,600	2,198,198	3,098,725	3,207,830
Construction in progress	-	-	1,669,289	497,616	1,669,289	497,616
Total Capital Assets	$ 32,392,820	$33,421,626	$ 50,767,033	51,682,882	$ 83,159,853	$ 85,104,508

Additional information on the Borough's capital assets can be found in note 5 on pages 42 through 44 of this report.

Long-term debt. At the end of the current fiscal year, the Borough had total long-term debt outstanding of $2,815,908, excluding $117,770 of unamortized bond premium. Of this amount, $1,550,000 comprises debt backed by the full faith and credit of the government (i.e., general obligation bonds). $367,170 is for accrued leave due to current employees. The remainder of the Borough's debt represents bonds and loans secured solely by specified revenue sources (i.e., revenue bonds) in the amount of $898,738. It should be noted that loans owed by the Port Fund to the General Fund and Permanent Fund totaling $212,763 are not included in these amounts.

City and Borough of Wrangell's Outstanding Debt
General Obligation Bonds, Revenue Bonds, Loans, and Other Long-Term Debt

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 1,550,000	$ 1,890,000	$ -	$ -	$ 1,550,000	2,180,000
Accrued leave	290,290	308,670	76,880	69,567	367,170	378,237
Revenue bonds	-	-	386,066	395,443	386,066	395,443
Loans, long-term	-	-	512,672	593,752	512,672	593,752
Total Long-Term Debt	$ 1,840,290	$ 2,198,670	$ 975,618	$ 1,058,762	$ 2,815,908	$ 3,257,432

The Borough's general obligation bonds decreased by $340,000. The Borough's business-type revenue bonds and loans decreased by a total of $90,457. Of the total revenue bonds and loans outstanding of $898,738, the Borough has restricted cash for bond and loan redemption sufficient to retire the debt.

Additional information on the Borough's long-term debt can be found in note 8 on pages 46 through 48.

Economic Factors and the Next Year's Budget and Rates

- The State of Alaska has informed the Borough that funding for the community jail will be reduced by $266,134, a 45% reduction, in 2016 from the prior year.
- Barring a rebound in oil prices, the Borough has been informed by the State of Alaska to expect community revenue sharing to decline by $31,238 in the 2016 fiscal year, and by approximately one-third each of the following three years at which point there would be no revenue sharing.
- The General Fund budget for 2015-2016 has a budgeted deficit of $63,359 (1%).
- The Borough had a rate study conducted by a consultant which was presented to the Borough Assembly in January 2011 and implemented the recommended rate increases that would span the next 5-7 years. The increases were necessary to provide enough working and replacement capital to operate each utility in a prudent manner, and have begun to achieve this goal, however there remain varying degrees of significant capital improvement needs on the horizon in each of the utility funds.
- The Borough is aggressively taking steps to become more energy efficient and bring down heating costs in our budget. We are looking at heat pump technology and hope to begin to study this as part of a state wide program to see if this is the most efficient means of heating buildings in Southeast Alaska. Several small municipal buildings have been targeted as part of the test program.

- The Borough budgeted an increase in sales tax revenue in 2015 of approximately $51,000 over the 2014 budget, which turned out to be less than the 2015 actual. Sales tax revenue for 2015 came in higher than expected due in significant part to considerable ongoing construction. A combination of lower energy prices and diminishing capital project work in the coming year(s) suggests we can reasonably expect a modest decline in sales tax revenue.
- The 2015-2016 fiscal year budget was approved at a mill rate of 12.75 mills. The mill rate has been at 12.75 since 2007.

Many of these issues were discussed, along with many others in the preparation of the 2016 fiscal year budget which can be accessed on our website, www.wrangell.com.

Requests for Information

This financial report is designed to provide a general overview of the City and Borough of Wrangell's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City and Borough of Wrangell, Attn: Finance Director, Box 531, Wrangell, Alaska 99929.

Basic Financial Statements

Exhibit A-1

City and Borough of Wrangell, Alaska

Statement of Net Position

June 30, 2015	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Wrangell Public Schools	Component Units: Wrangell Medical Center
Assets and Deferrred Outflows					
Cash and investments	$ 20,364,484	$ 6,829,921	$ 27,194,405	$ 1,198,777	$ 578,666
Receivables, net of allowance for doubtful accounts:					
Property and sales taxes	737,205	-	737,205	-	-
Accounts	95,660	481,423	577,083	-	3,093,095
Grants and shared revenues	151,462	118,470	269,932	159,392	-
Land sales and improvements	78,460	-	78,460	-	-
Accrued interest	34,933	168	35,101	-	-
Internal balances	212,763	(212,763)	-	-	-
Inventories	88,897	141,623	230,520	22,622	165,564
Prepaid expenses	-	-	-	25,171	17,914
Restricted cash and investments	-	1,422,288	1,422,288	-	20,068
Capital assets:					
Land, land improvements and construction in progress	1,186,678	2,628,522	3,815,200	-	-
Other capital assets, net of depreciation	31,206,142	48,138,511	79,344,653	166,876	2,040,622
Total Assets	54,156,684	59,548,163	113,704,847	1,572,838	5,915,929
Deferred Outflows, related to pensions	275,370	146,012	421,382	158,370	-
Total Assets and Deferred Outflows	$ 54,432,054	$ 59,694,175	$ 114,126,229	$ 1,731,208	$ 5,915,929
Liabilities, Deferred Inflows and Net Position					
Liabilities					
Accounts payable	$ 181,744	$ 288,683	$ 470,427	$ 2,166	$ 779,679
Accrued payroll and related liabilities	-	-	-	39,227	386,978
Customer utility deposits	-	101,280	101,280	-	-
Accrued interest payable	16,384	4,690	21,074	-	-
Unearned revenue	67,177	1,372,549	1,439,726	2,018	-
Noncurrent liabilities:					
Due within one year:					
Accrued leave	290,290	76,880	367,170	31,661	-
Bonds and loans	305,000	92,133	397,133	-	-
Due in more than one year:					
Unamortized bond premium	117,700	-	117,700	-	-
ADEC loans	-	430,375	430,375	-	-
Bonds	1,245,000	376,230	1,621,230	-	-
Net pension liability	2,889,746	1,532,230	4,421,976	2,290,893	-
Total Liabilities	5,113,041	4,275,050	9,388,091	2,365,965	1,166,657
Deferred Inflows					
Related to pensions	333,865	177,024	510,889	244,602	-
Taxes collected in advance	3,957	-	3,957	-	-
Total Deferred Inflows	337,822	177,024	514,846	244,602	-
Total Liabilities and Deferred Inflows	5,450,863	4,452,074	9,902,937	2,610,567	1,166,657
Net Position					
Net investment in capital assets	30,725,120	49,868,295	80,593,415	166,876	2,040,622
Restricted	11,249,490	-	11,249,490	-	68
Unrestricted	7,006,581	5,373,806	12,380,387	(1,046,235)	2,708,582
Total Net Position	48,981,191	55,242,101	104,223,292	(879,359)	4,749,272
Total Liabilities, Deferred Inflows, and Net Position	$ 54,432,054	$ 59,694,175	$ 114,126,229	$ 1,731,208	$ 5,915,929

See accompanying notes to basic financial statements.

Exhibit A-2

City and Borough of Wrangell, Alaska

Statement of Activities

Year Ended June 30, 2015	Expenses	Program Revenues: Fees, Fines & Charges for Services	Program Revenues: Operating Grants & Contri-butions	Program Revenues: Capital Grants & Contri-butions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Govern-mental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Wrangell Public Schools	Component Units: Wrangell Medical Center
Functions									
Primary Government									
Governmental activities:									
General government	$ 1,037,418	$ 94,139	$ 49,385	$ -	$ (893,894)	$ -	$ (893,894)		
Public safety	2,550,749	348,363	693,881	-	(1,508,505)	-	(1,508,505)		
Public works	1,155,966	11,060	51,539	1,255,812	162,445	-	162,445		
Parks and recreation	572,663	70,012	8,741	-	(493,910)	-	(493,910)		
Library	377,821	-	12,650	-	(365,171)	-	(365,171)		
Community services	1,506,092	255,804	113,197	361,326	(775,765)	-	(775,765)		
Education	2,484,866	-	1,258,616	-	(1,226,250)	-	(1,226,250)		
Unallocated interest	112,885	-	-	-	(112,885)	-	(112,885)		
Total governmental activities	9,798,460	779,378	2,188,009	1,617,138	(5,213,935)	-	(5,213,935)		
Business-type activities:									
Electric utility	4,119,606	4,273,842	12,456	-	-	166,692	166,692		
Water utility	1,097,378	642,286	13,995	3,875	-	(437,222)	(437,222)		
Sewer utility	789,176	533,820	10,635	71,604	-	(173,117)	(173,117)		
Sanitation utility	650,051	534,678	8,862	-	-	(106,511)	(106,511)		
Port and harbors	2,932,797	1,255,680	376,840	1,640,146	-	339,869	339,869		
Total business-type activities	9,589,008	7,240,306	422,788	1,715,625	-	(210,289)	(210,289)		
Total Primary Government	$ 19,387,468	$ 8,019,684	$ 2,610,797	$ 3,332,763	(5,213,935)	(210,289)	(5,424,224)		
Component Units									
School District	$ 7,150,977	$ 25,718	$ 2,216,964	$ -				$ (4,908,295)	$ -
Medical Center	10,074,457	9,420,888	366,817	-				-	(286,752)
Total Component Units	$ 17,225,434	$ 9,446,606	$ 2,583,781	$ -				(4,908,295)	(286,752)
General Revenues									
Taxes:									
Property taxes					1,620,821	-	1,620,821	-	-
Sales taxes					2,685,097	-	2,685,097	-	-
Payments in lieu of taxes					386,708	-	386,708	-	-
Other taxes					68,605	-	68,605	-	-
Contributions from primary government					-	-	-	1,516,288	-
Grants and entitlements not restricted to a specific purpose					611,268	-	611,268	3,684,534	-
Investment income					193,845	31,177	225,022	541	-
Other					7,318	-	7,318	-	-
Transfers					(493,102)	493,102	-	-	-
Total General Revenues and Transfers					5,080,560	524,279	5,604,839	5,201,363	-
Change in Net Position					(133,375)	313,990	180,615	293,068	(286,752)
Net Position, beginning, as restated (Note 9)					49,114,566	54,928,111	104,042,677	(1,172,427)	5,036,024
Net Position, ending					$ 48,981,191	$ 55,242,101	$ 104,223,292	$ (879,359)	$ 4,749,272

See accompanying notes to basic financial statements.

Exhibit B-1

City and Borough of Wrangell, Alaska

Governmental Funds
Balance Sheet

June 30, 2015	Major Funds: General	Permanent Fund Special Revenue	National Forest Receipts Special Revenue	Street Construction Capital Project	Nonmajor Funds	Total Governmental Funds
Assets						
Cash and investments	$ 6,162,602	$ 7,049,159	$ 4,085,898	$ -	$3,066,825	$ 20,364,484
Receivables, net of allowance for doubtful accounts:						
Property and sales taxes	508,740	-	-	-	228,465	737,205
Accounts	95,660	-	-	-	-	95,660
Grants and shared revenues	2,672	-	-	63,636	85,154	151,462
Accrued interest	16,843	18,087	-	-	3	34,933
Land sales and improvements	-	-	-	-	78,460	78,460
Interfund loans receivable	142,236	70,527	-	-	-	212,763
Due from other funds	75,236	-	-	-	-	75,236
Inventory	-	-	-	-	88,897	88,897
Total Assets	$ 7,003,989	$ 7,137,773	$ 4,085,898	$ 63,636	$3,547,804	$ 21,839,100
Liabilities, Deferred Inflows, and Fund Balances						
Liabilities						
Accounts payable	$ 90,514	$ -	$ -	$ 1,561	$ 89,669	$ 181,744
Unearned revenue	5,724	-	-	-	61,453	67,177
Due to other funds	-	-	-	62,075	13,161	75,236
Total Liabilities	96,238	-	-	63,636	164,283	324,157
Deferred Inflows						
Delinquent property taxes	78,216	-	-	-	-	78,216
Taxes collected in advance	3,957	-	-	-	-	3,957
Land sale receivables not yet due	-	-	-	-	78,460	78,460
Total Deferred Inflows	82,173	-	-	-	78,460	160,633
Total Liabilities and Deferred Inflows	178,411	-	-	63,636	242,743	484,790
Fund Balances						
Nonspendable	142,236	70,527	-	-	88,897	301,660
Restricted	40,530	7,067,246	4,085,898	-	55,816	11,249,490
Committed	-	-	-	-	2,714,546	2,714,546
Assigned	-	-	-	-	460,618	460,618
Unassigned (deficit)	6,642,812	-	-	-	(14,816)	6,627,996
Total Fund Balances	6,825,578	7,137,773	4,085,898	-	3,305,061	21,354,310
Total Liabilities, Deferred Inflows, and Fund Balances	$ 7,003,989	$ 7,137,773	$ 4,085,898	$ 63,636	$3,547,804	$ 21,839,100

See accompanying notes to basic financial statements.

Exhibit B-2

City and Borough of Wrangell, Alaska

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

June 30, 2015

Total fund balances for governmental funds		$ 21,354,310
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation consist of:		
Land and land improvements	$ 1,186,678	
Infrastructure	14,182,010	
Buildings	48,276,872	
Improvements other than buildings	6,229,662	
Machinery and equipment	5,986,315	
Accumulated depreciation	(43,468,717)	
Total capital assets		32,392,820
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	78,216	
Deferred land sales and improvements receivable	78,460	
Total long-term assets		156,676
Long-term liabilities, including bonds payable and net position liability are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
General obligation bonds payable	(1,550,000)	
Unamortized bond premium	(117,700)	
Accrued interest on bonds	(16,384)	
Accrued leave	(290,290)	
Net pension liability	(2,889,746)	
Total long term liabilities		(4,864,120)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows related to pensions	275,370	
Deferred inflows related to pensions	(333,865)	
Total deferred pension items		(58,495)
Total Net Position of Governmental Activities		$ 48,981,191

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, 2015	General	Permanent Fund Special Revenue	National Forest Receipts Special Revenue	Street Construction Capital Project	Nonmajor Funds	Total Governmental Funds
Revenues						
Property taxes, penalties and interest	$ 1,624,467	$ -	$ -	$ -	$ -	$ 1,624,467
Payments in lieu of taxes	386,708	-	-	-	-	386,708
Sales taxes, penalties and interest	1,826,958	-	-	-	858,139	2,685,097
Transient taxes	-	-	-	-	68,605	68,605
Intergovernmental	2,115,007	-	1,052,610	1,255,812	676,265	5,099,694
Charges for services	253,460	-	-	-	137,761	391,221
Sales and leases	125,139	31,440	-	-	136,329	292,908
Investment income	21,012	149,336	13,944	-	9,553	193,845
Land sales and improvements	-	-	-	-	35,353	35,353
Fines and forfeitures	8,880	-	-	-	-	8,880
Donations and contributions	-	-	-	-	106,000	106,000
Other	27,122	-	-	-	39,308	66,430
Total Revenues	6,388,753	180,776	1,066,554	1,255,812	2,067,313	10,959,208
Expenditures						
Current:						
General government	1,125,684	-	-	-	-	1,125,684
Public safety	2,533,079	-	-	-	57,780	2,590,859
Public works	909,592	-	-	-	-	909,592
Parks and recreation	48,645	-	-	-	535,118	583,763
Library	327,241	-	-	-	-	327,241
Community services	203,507	-	-	-	885,985	1,089,492
Education - contributions to school district	17,800	-	848,488	-	650,000	1,516,288
Debt service:						
Principal	-	-	-	-	290,000	290,000
Interest	-	-	-	-	74,675	74,675
Debt issuance costs	-	-	-	-	11,314	11,314
Capital outlay	-	-	-	1,255,812	507,752	1,763,564
Total Expenditures	5,165,548	-	848,488	1,255,812	3,012,624	10,282,472
Excess of Revenues Over (Under) Expenditures	1,223,205	180,776	218,066	-	(945,311)	676,736
Other Financing Sources (Uses)						
Transfers in	313,157	-	-	-	1,201,200	1,514,357
Transfers out	(1,164,200)	(250,000)	(63,157)	-	(37,000)	(1,514,357)
Refunding bonds issued	-	-	-	-	1,280,000	1,280,000
Premium on refunding bonds issued	-	-	-	-	117,700	117,700
Payment to refunded bond escrow agent	-	-	-	-	(1,382,015)	(1,382,015)
Net Other Financing Sources (Uses)	(851,043)	(250,000)	(63,157)	-	1,179,885	15,685
Net Change in Fund Balances	372,162	(69,224)	154,909	-	234,574	692,421
Fund Balances, beginning	6,453,416	7,206,997	3,930,989	-	3,070,487	20,661,889
Fund Balances, ending	$ 6,825,578	$ 7,137,773	$ 4,085,898	$ -	$ 3,305,061	$ 21,354,310

See accompanying notes to basic financial statements.

Exhibit B-4

City and Borough of Wrangell, Alaska

Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities

Year Ended June 30, 2015

Net change in fund balances - total governmental funds		$ 692,421
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which depreciation ($2,296,029) exceeded capital outays ($1,267,223)		(1,028,806)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the decrease in other long-term receivables.		(38,997)
The repayment of the principal of long-term debt consumes current financial reources in governmental funds. Also, governmental funds report the effect of bond premiums when the debt is first issued, whereas this amount is deferred and amortized in the statement of activities. In addition, accrued interest is not recorded in the fund financial statements. This is the change in bond-related transactions:		
Bonds issued	$ (1,280,000)	
Principal payments	1,620,000	
Net increase in bond premium	(103,895)	
Decrease in accrued interest	12,851	
		248,956
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. This is the change in:		
Decrease in accrued leave	18,380	
Increase in net pension obligation and related accounts	(25,329)	
		(6,949)
Change in Net Position of Governmental Activities		$ (133,375)

See accompanying notes to basic financial statements.

Exhibit C-1

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Net Position

June 30, 2015	Major Funds: Electric Utility	Major Funds: Water Utility	Major Funds: Sewer Utility	Major Funds: Port	Nonmajor Fund: Sanitation Utility	Total Enterprise Funds
Assets and Deferred Outflows						
Current Assets						
Cash and investments	$ 1,490,847	$ 1,392,805	$ 369,582	$ 3,548,481	$ 28,206	$ 6,829,921
Receivables, net of allowance for doubtful accounts:						
Accounts	261,050	50,702	49,005	75,101	45,565	481,423
Grants	-	6,584	2,314	109,237	335	118,470
Accrued interest	-	33	35	100	-	168
Inventories	141,623	-	-	-	-	141,623
Total Current Assets	1,893,520	1,450,124	420,936	3,732,919	74,106	7,571,605
Restricted Cash and Investments	-	24,904	24,835	1,372,549	-	1,422,288
Property, plant and equipment	6,930,454	16,438,855	11,439,421	57,101,685	1,445,175	93,355,590
Less accumulated depreciation	(4,854,587)	(9,765,470)	(8,216,596)	(18,932,674)	(819,230)	(42,588,557)
Net Property, Plant and Equipment	2,075,867	6,673,385	3,222,825	38,169,011	625,945	50,767,033
Total Assets	3,969,387	8,148,413	3,668,596	43,274,479	700,051	59,760,926
Deferred Outflows related to pensions	71,968	8,589	14,206	39,412	11,837	146,012
Total Assets and Deferred Outflows	$ 4,041,355	$ 8,157,002	$ 3,682,802	$ 43,313,891	$ 711,888	$ 59,906,938
Liabilities, Deferred Inflows and Net Position						
Liabilities						
Current Liabilities						
Accounts payable	$ 166,611	$ 22,397	$ 6,317	$ 59,995	$ 33,363	$ 288,683
Accrued leave	35,539	3,519	13,058	20,092	4,672	76,880
Customer utility deposits	92,160	9,120	-	-	-	101,280
Accrued interest payable	-	2,988	1,702	-	-	4,690
Unearned revenue	-	-	-	1,372,549	-	1,372,549
Current portion of bonds and loans	-	87,215	4,918	-	-	92,133
Interfund loans payable	-	-	-	29,517	-	29,517
Total Current Liabilities	294,310	125,239	25,995	1,482,153	38,035	1,965,732
Long-term Liabilities, net of current portion						
Revenue bonds	-	188,109	188,121	-	-	376,230
ADEC loans	-	430,375	-	-	-	430,375
Interfund loans payable	-	-	-	183,246	-	183,246
Net pension liability	755,227	90,133	149,071	413,582	124,217	1,532,230
Total Long-term Liabilities	755,227	708,617	337,192	596,828	124,217	2,522,081
Total Liabilities	1,049,537	833,856	363,187	2,078,981	162,252	4,487,813
Deferred Inflows, related to pensions	87,254	10,413	17,223	47,783	14,351	177,024
Net Position						
Net investment in capital assets	2,075,867	5,967,686	3,029,786	38,169,011	625,945	49,868,295
Unrestricted	828,697	1,345,047	272,606	3,018,116	(90,660)	5,373,806
Total Net Position	2,904,564	7,312,733	3,302,392	41,187,127	535,285	55,242,101
Total Liabilities, Deferred Inflows, and Net Position	$ 4,041,355	$ 8,157,002	$ 3,682,802	$ 43,313,891	$ 711,888	$ 59,906,938

See accompanying notes to basic financial statements.

Exhibit C-2

City and Borough of Wrangell, Alaska

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

	Major Funds				Nonmajor Fund	Total
Year Ended June 30, 2015	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
Operating Revenues						
Charges for services	$ 3,992,138	$ 600,079	$ 533,820	$ 1,255,680	$ 512,223	$ 6,893,940
Operating Expenses						
Salaries and employee benefits	787,520	122,028	193,241	612,233	177,549	1,892,571
Other operating expenses	3,038,461	348,486	224,515	379,620	375,213	4,366,295
Depreciation	291,720	608,623	361,305	1,940,944	70,142	3,272,734
Total Operating Expenses	4,117,701	1,079,137	779,061	2,932,797	622,904	9,531,600
Loss from Operations	(125,563)	(479,058)	(245,241)	(1,677,117)	(110,681)	(2,637,660)
Nonoperating Revenues (Expenses)						
Investment income	4,328	9,980	1,670	14,978	221	31,177
Interest expense	(1,905)	(18,241)	(10,115)	-	-	(30,261)
State PERS relief	12,456	6,430	10,635	29,506	8,862	67,889
Pilot study grant	-	7,565	-	-	-	7,565
Other revenues	281,704	42,207	-	347,334	22,455	693,700
Other expenses	-	-	-	-	(27,147)	(27,147)
Net Nonoperating Revenues (Expenses)	296,583	47,941	2,190	391,818	4,391	742,923
Income (loss) before contributions	171,020	(431,117)	(243,051)	(1,285,299)	(106,290)	(1,894,737)
Capital contributions	-	281,027	287,554	1,640,146	-	2,208,727
Change in Net Position	171,020	(150,090)	44,503	354,847	(106,290)	313,990
Net Position, beginning, as restated	2,733,544	7,462,823	3,257,889	40,832,280	641,575	54,928,111
Net Position, ending	$ 2,904,564	$ 7,312,733	$ 3,302,392	$ 41,187,127	$ 535,285	$ 55,242,101

See accompanying notes to basic financial statements.

Exhibit C-3

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Cash Flows

	Major Funds				Nonmajor Fund	Total
Year Ended June 30, 2015	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
Cash Flows from (for) Operating Activities						
Receipts from customers and users	$ 4,383,646	$ 655,615	$ 537,102	$ 1,242,049	$ 520,528	$ 7,338,940
Payments for interfund services used	(94,805)	(141,658)	(81,932)	(37,667)	(95,564)	(451,626)
Payments to suppliers	(2,926,670)	(186,038)	(155,085)	(326,228)	(274,169)	(3,868,190)
Payments to employees	(764,892)	(118,589)	(180,712)	(571,039)	(168,712)	(1,803,944)
Net cash flows from (for) operating activities	597,279	209,330	119,373	307,115	(17,917)	1,215,180
Cash Flows from Noncapital Financing Activities						
Noncapital grants received	-	-	-	-	28,055	28,055
Noncapital grant expense	-	-	-	-	(27,147)	(27,147)
State fish taxes received	-	-	-	347,334	-	347,334
Net cash flows from noncapital financing activities	-	-	-	347,334	908	348,242
Cash Flows from (for) Capital and Related Financing Activities						
Purchase of property, plant and equipment	(57,591)	(281,027)	(329,849)	(1,688,416)	-	(2,356,883)
Principal payments on long-term debt	-	(85,769)	(4,688)	(29,518)	-	(119,975)
Interest payments on long-term debt	(1,905)	(18,486)	(10,182)	-	-	(30,573)
Capital contributions received	-	274,443	323,879	3,274,737	-	3,873,059
Net cash flows from (for) capital and related financing activities	(59,496)	(110,839)	(20,840)	1,556,803	-	1,365,628
Cash Flows from Investing Activities						
Investment income received	4,328	10,344	1,670	14,901	221	31,464
Net Increase (Decrease) in Cash and Investments	542,111	108,835	100,203	2,226,153	(16,788)	2,960,514
Cash and Investments, beginning	948,736	1,308,874	294,214	2,694,877	44,994	5,291,695
Cash and Investments, ending	$ 1,490,847	$ 1,417,709	$ 394,417	$ 4,921,030	$ 28,206	$ 8,252,209
Reconciliation of Cash and Investments to Statement of Net Position						
Cash and investments:						
Current assets	$ 1,490,847	$ 1,392,805	$ 369,582	$ 3,548,481	$ 28,206	$ 6,829,921
Restricted assets	-	24,904	24,835	1,372,549	-	1,422,288
	$ 1,490,847	$ 1,417,709	$ 394,417	$ 4,921,030	$ 28,206	$ 8,252,209

See accompanying notes to basic financial statements.

City and Borough of Wrangell, Alaska

Enterprise Funds
Statement of Cash Flows, continued

	Major Funds				Nonmajor Fund	Total
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Enterprise Funds
Reconciliation of Loss from Operations to Net Cash Flows from (for) Operating Activities						
Loss from operations	$ (125,563)	$ (479,058)	$ (245,241)	$ (1,677,117)	$ (110,681)	$ (2,637,660)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:						
Depreciation	291,720	608,623	361,305	1,940,944	70,142	3,272,734
Noncash expense - PERS relief	12,456	6,430	10,635	29,506	8,862	67,889
Increase in allowance for doubtful accounts	7,000	-	-	-	-	7,000
Miscellaneous nonoperating revenues	281,704	49,772	-	-	-	331,476
(Increase) decrease in assets:						
Accounts receivable	88,521	4,694	3,282	(13,631)	8,305	91,171
Inventories	19,365	-		-	-	19,365
Increase in deferred outflows related to pensions	(9,862)	(1,177)	(1,947)	(5,401)	(1,622)	(20,009)
Increase (decrease) in liabilities:						
Accounts payable	(2,379)	20,790	(12,502)	15,725	5,480	27,114
Accrued leave	3,554	(3,780)	588	8,064	(1,113)	7,313
Customer utility deposits	14,283	1,070	-	-	-	15,353
Net pension liability	(70,774)	(8,447)	(13,970)	(38,758)	(11,641)	(143,590)
Increase in deferred inflows related to pensions	87,254	10,413	17,223	47,783	14,351	177,024
Net Cash Flows from (for) Operating Activities	$ 597,279	$ 209,330	$ 119,373	$ 307,115	$ (17,917)	$ 1,215,180

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, these financial statements present City and Borough of Wrangell (the primary government) and its component units. The component units discussed below are included in the Borough's reporting entity because of the significance of their operational or financial relationships with the Borough.

The component unit columns in the financial statements include the financial data of the Borough's component units. They are discretely presented in a separate column to emphasize that they are legally separate organizations 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.

Wrangell Medical Center

Wrangell Medical Center provides health care, including long-term care, in the Wrangell area. The voters elect the members of the Hospital Board; however, the Borough Assembly approves the total annual budget of the Hospital and approves the issuance of bonds for construction.

Complete financial statements of individual component units can be obtained from their respective administrative offices at the addresses below:

Wrangell Public Schools P.O. Box 2319 Wrangell, AK 99929	Wrangell Medical Center P.O. Box 1081 Wrangell, AK 99929

Related Organization
Thomas Bay Power Authority

Thomas Bay Power Authority (TBPA), a related organization, was formed as a joint venture between the cities of Wrangell and Petersburg to operate and maintain the Tyee Lake hydroelectric project. TBPA's board is composed of three members from each community with a seventh member selected by the six that are appointed. The Four Dam Pool Power Agency purchased the Tyee Lake facility along with other hydroelectric facilities in the State in January 2002, from the State of Alaska. In February 2009, two of the members of the Four Dam Pool assumed ownership of their respective dams, leaving Thomas Bay Power Authority and one other member remaining. Commensurate with this reorganization, the name was changed to Southeast Alaska Power Agency (SEAPA). The operating costs, excluding the charge for kilowatts used, is shared by Wrangell and Petersburg and is reimbursed each month. The charge for kilowatts is billed monthly by SEAPA to each entity based on usage.

Complete financial statements of Thomas Bay Power Authority can be obtained from its administrative office at the following address:

Thomas Bay Power Authority
P.O. Box 1318
Wrangell, AK 99929

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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 *National Forest Receipts Special Revenue Fund* is established to provide for the receipt and subsequent use of National Forest Receipt monies. The Borough has elected to report the National Forest Receipts Special Revenue Fund as major based on public interest and consistency with prior years.

The *Street Construction Capital Projects Fund* accounts for costs associated with Cassiar Street construction.

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 *Sewer Utility Enterprise Fund* is used to account for the operations of the wastewater utility. The Borough has elected to report the Sewer Utility, as major based on public interest and consistency with prior years.

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 and Medical Center maintain separate cash accounts from the Borough.

Cash and Cash Equivalents

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

Inventories

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

Receivables and Payables

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

Grants and Other Intergovernmental Revenues

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

Property Taxes

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

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 estimated fair market value at the date of donation.

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

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

Capital Assets, continued

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

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

Long-Term Debt

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

Compensated Absences

The Borough allows employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since the Borough does not have a policy to pay any amounts when employees terminate employment. 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).

Pensions

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

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

The net pension liability has been allocated between governmental activities, business-type activities, and the applicable enterprise funds based on PERS covered payroll for 2015.

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.

Fund Balances, continued

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

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

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

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

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

Encumbrances

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

Unearned Grant Revenue

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

Comparative Data

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

2. Stewardship, Compliance and Accountability

Budgetary Accounting

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

Budgetary comparison statements are presented as Required Supplementary Information for the following major funds: General Fund, Permanent Fund Special Revenue Fund and National Forest Receipts Special Revenue Fund.

Compliance with Bond Covenants

Certain covenants of the revenue bonds require establishment of bond redemption and bond reserve accounts. The balances in these accounts are included as restricted cash in the financial statements.

The 1997 Water Utility and Sewer Utility revenue bonds require that rates be maintained at a level that will produce net revenues at least equal to the annual debt service for each year. For the year ended June 30, 2015, the Borough met this requirement for the Water Utility and Sewer Utility.

Revenue requirements of the bonds are computed as follows:

June 30, 2015	Water Utility	Sewer Utility
Loss before contributions and transfers	$ (431,117)	$ (243,051)
Add back:		
Depreciation	608,623	361,305
Interest on bonded debt	9,583	9,583
Amount available for debt service	187,089	127,837
Requirement	14,270	14,270
Excess of Revenue Over Requirement	$ 172,819	$ 113,567

3. Cash and Investments

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

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2015.

June 30, 2015	Pooled Cash and Investments	Other	Totals
Bank deposits	$ 12,018,952	$ 36,092	$ 12,055,044
Investments	8,399,539	8,162,110	16,561,649
	$ 20,418,491	$ 8,198,202	$ 28,616,693

June 30, 2015	Government -wide Statement of Net Position
Cash and investments	$ 27,194,405
Restricted cash and investments	1,422,288
	$ 28,616,693

Investment Policy
The Borough's general investment policy authorizes investments in:

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

The Borough's Permanent Fund investment policy authorizes investments in:

1. Fixed income securities, including corporate notes and bonds, mortgage backed bonds, preferred stock, fixed income securities of foreign governments and corporations, and collateralized mortgage obligations;
2. Equity securities, including common stocks, convertible notes and bonds, convertible preferred stocks and other stocks;
3. Mutual funds which invest in allowable securities; and
4. Miscellaneous other assets.

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.

The Permanent Fund's investment policy has the following asset allocation guidelines based on fair value:

June 30, 2015	Minimum	Maximum
Asset Class		
Fixed income	30%	60%
Equities	35%	65%
Cash and cash equivalents	5%	15%

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.

Investment maturities in general investments at June 30, 2015 are as follows:

		Investment Maturities (In Years)			
	Fair Value	Less Than 1	1-5	6-10	More than 10 Years
Investment Type					
Money market funds	$ 739,816	$ 739,816	$ -	$ -	$ -
Certificates of deposit	7,999,992	3,166,779	4,833,213	-	-
U.S Treasuries	80,548	-	64,461	16,087	-
U.S government agencies	110,121	-	86,834	23,287	-
Corporate bonds	144,752	8,152	74,419	62,181	-
Total subject to interest rate risk	3,914,747	$ 3,914,747	$ 5,058,927	$ 101,555	$ -
Equity securities	319,428				
Total General Investments	$ 9,394,657				

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Borough's general investments in corporate bonds of $144,752 were rated as follows by Standard & Poors: $7,919 rated AA+, $7,871 rated AA, $15,262 rated A+, $16,318 rated A, $57,956 rated A-, $22,626 rated BBB+, and $16,800 rated BBB. All of the Borough's investments in U.S. Treasuries are rated AAA. The U.S. government agencies are rated AA+.

Investment maturities in Permanent Fund investments at June 30, 2015 are as follows:

		Investment Maturities (in Years)			
	Fair Value	Less Than 1	1-5	6-10	More Than 10 Years
Investment Type					
Money market funds	$ 536,606	$ 536,606	$ -	$ -	$ -
U.S. Treasuries	1,115,380	-	657,245	401,950	56,185
U.S. government agencies	829,065	35,107	220,849	65,812	507,297
Corporate bonds	895,041	75,023	466,588	239,854	113,576
Total subject to interest rate risk	3,376,092	$ 646,736	$ 1,344,682	$ 707,616	$ 677,058
Equity securities	3,790,900				
Total Permanent Fund	$ 7,166,992				

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Borough's Permanent Fund investments in corporate bonds of $895,041 were rated as follows by Standard & Poors: $18,170 rated AAA, $110,412 rated AA+, $20,298 rated AA, $102,549 rated AA-, $109,639 rated A+, $234,397 rated A, $156,107 rated A-, $113,355 rated BBB+, and $30,114 rated BBB. All of the Borough's investments in U.S. Treasuries are rated AAA. The U.S. government agencies are rated AA+.

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, 2015, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	Major Governmental Funds				
June 30, 2015	General	Permanent Fund Special Revenue	Street Construction Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
Governmental Activities					
Grants and shared revenues	$ 2,672	$ -	$ 63,636	$ 85,154	$ 151,462
Property taxes	78,216	-	-	-	78,216
Sales taxes	430,524	-	-	228,465	658,989
Accounts	124,280	-	-	-	124,280
Land sales and improvements	-	-	-	78,460	78,460
Accrued interest	16,843	18,087	-	3	34,933
Total receivables	652,535	18,087	63,636	392,082	1,126,340
Less allowance for doubtful accounts	(28,620)	-	-	-	(28,620)
Net Receivables	$ 623,915	$ 18,087	$ 63,636	$ 392,082	$ 1,097,720

	Major Enterprise Funds					
	Electric Utility	Water Utility	Sewer Utility	Port	Sanitation Utility	Total Enterprise Funds
Business-Type Activities						
Grants	$ -	$ 6,584	$ 2,314	$ 109,237	$ 335	$ 118,470
Accounts	394,050	50,702	49,005	98,101	45,565	637,423
Accrued interest	-	33	35	100	-	168
Total receivables	394,050	57,319	51,354	207,438	45,900	756,061
Less allowance for doubtful accounts	(133,000)	-	-	(23,000)	-	(156,000)
Net Receivables	$ 261,050	$ 57,319	$ 51,354	$ 184,438	$ 45,900	$ 600,061

5. Deferred Outflows and Deferred Inflows

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

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

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

In addition, in the full accrual financial statements, certain pension related transactions are reported as deferred outflows of resources and/or deferred inflows of resources.

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6. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Governmental Activities	Balance July 1, 2014	Additions and Reclass-ifications	Deletions and Reclass-ifications	Balance June 30, 2015
Capital assets not being depreciated -				
Land and land improvements	$ 1,186,678	$ -	$ -	$ 1,186,678
Capital assets being depreciated:				
Infrastructure	13,312,269	869,741	-	14,182,010
Buildings	48,234,763	42,109	-	48,276,872
Improvements other than buildings	6,229,662	-	-	6,229,662
Machinery and equipment	5,661,278	355,373	(30,336)	5,986,315
Total capital assets being depreciated	73,437,972	1,267,223	(30,336)	74,674,859
Less accumulated depreciation for:				
Infrastructure	2,239,653	324,029	-	2,563,682
Buildings	30,844,970	1,566,991	-	32,411,961
Improvements other than buildings	3,466,755	190,129	-	3,656,884
Machinery and equipment	4,651,646	214,880	(30,336)	4,836,190
Total accumulated depreciation	41,203,024	2,296,029	(30,336)	43,468,717
Total capital assets being depreciated, net	32,234,948	(1,028,806)	-	31,206,142
Governmental Activity Capital Assets, Net	$ 33,421,626	$ (1,028,806)	$ -	$ 32,392,820

Business-Type Activities	Balance July 1, 2014	Additions and Reclass-ifications	Deletions and Reclass-ifications	Balance June 30, 2015
Capital assets not being depreciated -				
Land and land improvements	$ 959,233	$ -	$ -	$ 959,233
Construction in progress	497,616	1,171,673	-	1,669,289
Total capital assets not being depreciated	1,456,849	1,171,673	-	2,628,522
Capital assets being depreciated:				
Buildings	8,660,506	-	-	8,660,506
Improvements other than buildings	75,475,421	1,133,688	-	76,609,109
Machinery and equipment	5,405,929	51,524	-	5,457,453
Total capital assets being depreciated	89,541,856	1,185,212	-	90,727,068
Less accumulated depreciation for:				
Buildings	5,582,919	371,964	-	5,954,883
Improvements other than buildings	30,525,173	2,599,648	-	33,124,821
Machinery and equipment	3,207,731	301,122	-	3,508,853
Total accumulated depreciation	39,315,823	3,272,734	-	42,588,557
Total capital assets being depreciated, net	50,226,033	(2,087,522)	-	48,138,511
Business-Type Activity Capital Assets, Net	$ 51,682,882	$ (915,849)	$ -	$ 50,767,033

Depreciation expense was charged to the functions as follows for the year ended June 30, 2015:

Governmental Activities	
General government	$ 58,908
Public safety	277,079
Public works	458,299
Library	29,082
Parks and recreation	54,608
Community services	436,624
Education	981,429
Total Depreciation Expense - Governmental Activities	$ 2,296,029

Business-Type Activities	
Electric utility	$ 291,720
Water utility	608,623
Sewer utility	361,305
Sanitation utility	70,142
Port	1,940,944
Total Depreciation Expense - Business Type Activities	$ 3,272,734

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7. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers for the year ended June 30, 2015, follows:

Due to Other Funds		
Due to General Fund from:		
Street Construction Capital Project Fund for short-term capital advances	$	62,075
Nonmajor governmental funds for short-term capital advances		13,161
Total Amount Due to General Fund	$	75,236
Transfers		
From Permanent Fund Special Revenue Fund to General Fund for operating costs	$	250,000
From General Fund to:		
Nonmajor governmental fund to cover debt service costs		154,298
Nonmajor governmental funds to cover operating costs		559,640
Nonmajor governmental funds to cover capital costs		450,262
Total Transfers from General Fund		1,164,200
From National Forest Receipts Special Revenue Fund to General Fund for operating costs		63,157
From nonmajor governmental funds to nonmajor governmental funds for operating costs		37,000
Total Transfers to Other Funds	$	1,514,357

In addition to the cash noted above the Street Construction Capital Project Fund Cassier Street Project allocated certain capital assets to the water and sewer funds as follows.

Water	$	277,152
Sewer		215,950
	$	493,102

In the fund financial statements these allocation are reported as capital contributions into the Enterprise Funds. In the Statement of Activities these items have been reclassified as transfers.

8. Long-Term Liabilities

The following is a summary of long-term liability transactions of the Borough for the year ended June 30, 2015:

Governmental Activities	Balance July 1, 2014	Additions	Retired	Balance June 30, 2015	Due Within One Year
General Obligation Bonds:					
$2,809,000 2006 refunded school bonds, refunded in 2015	$1,520,000	$ -	$ 1,520,000	$ -	$ -
$1,285,000 refunding 2015A Series One School bond, due in annual installments of $195,000 to $240,000 through 2021, plus semi-annual interest payments at rates ranging from 2.0% to 5.0% per annum	-	1,280,000	-	1,280,000	195,000
$220,000 2011 school bonds, due in annual installments of $20,000 to $25,000 through 2021, plus semi-annual interest payments at rates ranging from 3.0% to 4.0% per annum	160,000	-	20,000	140,000	20,000
$210,000 2011 refunding school bonds, due in annual installments of $40,000 to $45,000 through 2016, plus semi-annual interest payments at rates ranging from 2.0% to 5.0% per annum	85,000	-	40,000	45,000	45,000
$165,000 2011 refunding school bonds, due in annual installments of $40,000 to $45,000 through 2017, plus semi-annual interest payments at rates ranging from 4.0% to 5.0%	125,000	-	40,000	85,000	45,000
Accrued leave	308,670	395,320	413,700	290,290	290,290
Total governmental activities	2,198,670	$ 1,675,320	$ 2,033,700	1,840,290	$ 595,290
Plus unamortized bond premium	13,805			117,700	
	$2,212,475			$ 1,957,990	

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

Business-Type Activities	Balance July 1, 2014	Additions	Retired	Balance June 30, 2015	Due Within One Year
Revenue Bonds:					
$250,000 1997 Sewer Utility revenue bonds, due in semi-annual installments of $7,135 including interest at 4.875% through 2038	$ 197,727	$ -	$ 4,688	$ 193,039	$ 4,918
$250,000 1997 Water Utility revenue bonds, due in semi-annual installments of $7,135 including interest at 4.875% through 2038	197,716	-	4,689	193,027	4,918
Loans Payable:					
$1,501,836 Water Utility loan due in annual installments of $89,987 including interest at 1.5% through 2021	593,752	-	81,080	512,672	82,297
$200,000 Port loan from the General Fund to be paid with 50% of port development fees	148,244	-	6,008	142,236*	6,008*
$235,096 Port loan from the Permanent Fund Special Revenue Fund	94,037	-	23,510	70,527*	23,509*
Accrued leave	69,567	139,438	132,125	76,880	76,880
Total Business-Type Activities	$ 1,301,043	$ 139,438	$ 252,100	$ 1,188,381	$ 198,530

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

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

Governmental Activities	General Obligation Bonds		
Year Ending June 30,	Principal	Interest	Total
2016	$ 305,000	$ 56,376	$ 361,376
2017	265,000	46,100	311,100
2018	230,000	37,325	267,325
2019	240,000	28,050	268,050
2020	250,000	18,250	268,250
2021	260,000	6,875	266,875
	$ 1,550,000	$ 192,976	$ 1,742,976

Business-Type Activities	Revenue Bonds			Loans Payable		
Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
2016	$ 9,836	$ 18,703	$ 28,539	$ 82,297	$ 7,690	$ 89,987
2017	10,323	18,217	28,540	83,531	6,456	89,987
2018	10,832	17,708	28,540	84,784	5,203	89,987
2019	11,367	17,173	28,540	86,056	3,931	89,987
2020	11,928	16,612	28,540	87,347	2,640	89,987
2021-2025	69,069	73,631	142,700	88,657	1,330	89,987
2026-2030	87,876	54,824	142,700	-	-	-
2031-2035	111,805	30,895	142,700	-	-	-
2036-2038	63,030	4,257	67,287	-	-	-
	$ 386,066	$ 252,020	$ 638,086	$ 512,672	$ 27,250	$ 539,922

Advance Refunding of Debt

During 2015, the Borough issued $1,280,000 in general obligation refunding bonds to advance refund $1,330,000 in outstanding general obligation bonds. The proceeds of the new bonds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Borough's financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 6 years by $76,955 resulting in an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of $66,302. For accounting purposes, no deferred gain or loss was recognized in these financial statements in connection with this transaction. At June 30, 2015, the defeased debt outstanding is $1,330,000. The defeased bonds carry a call date of February 1, 2016.

9. Change in Accounting Principle

As discussed in Note 14 to the financial statements, the Borough participates in the Alaska Public Employees Retirement System (PERS) plan. In 2015, the Borough adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, which, among other accounting and reporting criteria, requires the Borough to recognize its proportional share of the Net Pension Liability (and related deferred inflow/outflow accounts), as of the beginning of the Borough's fiscal year. As a result of the implementation of this statement, the Borough has recorded an opening balance adjustment to reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

	Opening net position, as originally presented	Change in accounting principle adjustment	Opening net position, as restated
Governmental Activities	$ 52,037,478	$ (2,922,912)	$ 49,114,566
Business-type Activities	56,477,928	(1,549,817)	54,928,111
Wrangell Public Schools	1,211,632	(2,384,059)	(1,172,427)
Electric Utility Enterprise Fund	3,497,439	(763,895)	2,733,544
Water Utility Enterprise Fund	7,553,991	(91,168)	7,462,823
Sewer Utility Enterprise Fund	3,408,671	(150,782)	3,257,889
Port Enterprise Fund	41,250,609	(418,329)	40,832,280
Sanitation Enterprise Fund	767,218	(125,643)	641,575

10. 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	$ 30,725,120	$ 49,868,295	$ 80,593,415
Restricted			
Campbell Library Trust	40,530	-	40,530
Barnes Endorsement	50,000	-	50,000
Economic Stability	7,067,246	-	7,067,246
Schools and Roads	4,091,714	-	4,091,714
Total Restricted	11,249,490	-	11,249,490
Unrestricted	7,006,581	5,373,806	12,380,387
Total Restricted	$ 48,981,191	$ 55,242,101	$ 104,223,292

11. 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, 2015:

	Mayor Governmental Funds				
	General	Permanent Fund Special Revenue	National Forest Receipts Special Revenue	Nonmajor Funds	Totals
Nonspendable:					
Interfund loans	$ 142,236	$ 70,527	$ -	$ -	$ 212,763
Inventory	-	-	-	88,897	88,897
Total nonspendable	142,236	70,527	-	88,897	301,660
Restricted:					
Campbell Library Trust	40,530	-	-	-	40,530
Economic stability	-	7,067,246	-	-	7,067,246
Schools and roads	-	-	4,085,898	5,816	4,091,714
Barnes Endowment	-	-	-	50,000	50,000
Total restricted	40,530	7,067,246	4,085,898	55,816	11,249,490
Committed:					
Community services	-	-	-	160,179	160,179
Education and health	-	-	-	1,246,377	1,246,377
Swimming pool	-	-	-	1,009,411	1,009,411
Land and industrial development	-	-	-	298,579	298,579
Total committed	-	-	-	2,714,546	2,714,546
Assigned:					
Youth court	-	-	-	8,274	8,274
Projects	-	-	-	419,720	419,720
Community services	-	-	-	32,624	32,624
Total assigned	-	-	-	460,618	460,618
Unassigned (deficit)	6,642,812	-	-	(14,816)	6,627,996
Total Fund Balances	$ 6,825,578	$ 7,137,773	$ 4,085,898	$ 3,305,061	$ 21,354,310

12. Municipal Landfill Closure and Postclosure Liability

On January 15, 1998, the Borough entered into an agreement with Regional Disposal 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.

13. Restrictions of Sales Tax Revenues

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

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

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

14. School Support

The following is a summary of the total support provided by the Borough to the School District for the year ended June 30, 2015. Support provided to the School District does not include debt service payments on school facilities or capital expenditures.

General Fund	$ 17,800
Special Revenue Funds:	
Sales Tax	650,000
National Forest Receipts	848,488
Total Contributions to School District	$ 1,516,288

15. Defined Benefit Pension Plan

General Information About the Plan

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

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at http://doa.alaska.gov/drb/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 post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefits (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective June 30, 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 an agent-multiple employer plan to a 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.

Alaska Statute 39.35.255 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.

Although current statutes call for the State of Alaska to contribute to the Plan, the Alaska Department of Law has determined that the statute does not create a legal obligation to assume the liabilities of the Plan; rather it establishes a contribution mechanism to provide employer relief against the rising contribution rates. This relief payment is subject to funding availability, and therefore not legally mandated. As a result, the State has determined that the Plan is *not* in a special funding situation.

Management of the Borough strongly disagrees with the State's position and believes that AS 39.35.255 constitutes a special funding situation under GASB 68 rules and has recorded all pension related liabilities, deferred inflows/outflows, and disclosures on this basis. The Borough will continue to dispute this issue pending a final legal determination, as may be required to settle the matter.

The Borough records the on-behalf contributions as revenue and expense/expenditures in the fund financial statements. However, the expenditures are adjusted to deferred outflows in the enterprise fund and government-wide financial statements.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (Police and firefighters are required to contribute 7.5% of their annual covered salary. Non-teacher School District employees are required to contribute 9.6% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare 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, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on *all* PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. 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 will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid 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. However, in 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of $1 billion. As a result, the On-behalf Contribution Rate for 2015 significantly exceeds the statutory amount. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. On the enterprise fund and government-wide financial statements, the on-behalf amounts are included in revenue, but are recorded as deferred outflows, rather than pension expense.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB rate disregards all future Medicare Part D payments. For FY15, the rate uses an 8.00% pension discount rate and a 4.90% healthcare discount rate. The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2015 were determined in the June 30, 2012 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	12.54%	25.09%	42.41%	33.05%
Postemployment healthcare (see Note 17)	9.46%	18.94%	- %	55.07%
Total Contribution Rate	22.00%	44.03%	42.41%	88.12%

In 2015, the Borough was credited with the following contributions to the pension plan.

	Measurement Period Borough FY14	Borough FY15
Employer Contributions (including DBUL)	$ 363,638	$ 340,908
Nonemployer contributions (on-behalf)	313,126	1,479,198
Total Contributions	$ 676,764	$ 1,820,106

In addition, employee contributions to the Plan totaled $154,644 during the Borough fiscal year 2015.

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

At June 30, 2015, 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 were as follows:

	2015
Borough proportionate share of NPL	$ 4,421,976
State's proportionate share of the NPL associated with the Borough	3,807,733
Total Net Pension Liability	$ 8,229,709

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation 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 June 30, 2014, the Borough's proportion was 0.09480799 percent, which was an increase of 0.00271123 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Borough recognized pension expense of $692,262 and on-behalf revenue of $313,126 for support provided by the State. At June 30, 2015, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	510,889
Changes in proportion and differences between Borough contributions and proportionate share of contributions	80,474	-
Borough contributions subsequent to the measurement date	340,908	-
Total Deferred Outflows and Inflows Related Pensions	**$ 421,382**	**$ 510,889**

The $340,908 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	
2016	$ 65,820
2017	109,151
2018	127,722
2019	127,722

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2014. The actuarial valuation for the year ended June 30, 2014 (latest available) was prepared by Buck Consultants. The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2005 to June 30, 2009, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Inflation	3.12%
Salary increases	Graded by service, from 6.36% to 4.12% for Peace Officers/Firefighters Graded by age and service, from 9.6% to 3.62% for all others.
Investment Return / Discount Rate	8.00% net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and real rate of return over 4.88%.
Mortality	Rates based on the 1994 Group Annuity Mortality Table, sex distinct, 1994 Base year without margin projected to 2013 using Projection Scale AA, 80% of the male table and 60% of the female table for pre-termination mortality for Peace officers/fire fighters. 75% for male and 55% for female for pre-termination for all others; and 100% for males and 1-year set-forward for females for post-termination.

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. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	6.77%
International equity	7.50%
Private equity	10.86%
Fixed income	2.05%
Real estate	3.63%
Absolute return	4.80%

Discount Rate

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

Discount Rate Sensitivity

The following presents the Retirement System's net pension liability and the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, 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 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
System Net Pension Liability	100.0%	$ 6,115,581,980	$ 4,664,148,458	$3,441,888,494
Borough's proportionate share of the net pension liability	0.094807990%	$ 5,798,060	$ 4,421,976	$ 3,263,185

Pension Plan Fiduciary Net Position

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

16. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. http://doa.alaska.gov/drb/pers.

Contributions to the Defined Contribution (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.

Employee Contribution Rate

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2015, 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, 2015 were $50,139 and $80,222, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

17. Other Post-Employement Benefit (OPEB) Plans

Defined Benefit OPEB

As part of its participation in the PERS DB Plan (Tiers I, II, III), the Borough participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier Level. The Plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan described earlier in these notes.

Employer Contribution Rate

The Borough is required to contribute 9.46% of covered payroll into the OPEB plan. Employees do not contribute.

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. In 2015, there were no on-behalf contributions into the OPEB plan; however, on-behalf contributions to the OPEB plan in 2014 and 2013 were $240,302 and $250,900, respectively.

Year Ended June 30,	Annual OPEB Costs	Borough Contributions	% of Costs Contributed
2015	$257,180	$257,180	100 %
2014	$361,371	$361,371	100 %
2013	$404,903	$404,903	100 %

Defined Contribution OPEB

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates were as follows for the year ended June 30, 2015:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.66%	1.66%
Occupational death and disability benefits	0.22%	1.06%
Total Contribution Rates	1.88%	2.72%

In addition, PERS Defined contribution members also participate in the Health Reimbursement Arrangement. 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, 2014, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates $1,961 per year for each full-time employee, and $1.26 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2015, the Borough contributed $59,043 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

18. Risk Management

The Borough faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs. The Borough is a member of Alaska Public Entity Insurance (APEI), a governmental insurance pool. APEI provides insurance coverage for property and contents damage, torts, general and automobile liability, public officials and employees' liability, law enforcement professional liability and workers' compensation. The Borough has no coverage for potential losses from environmental damages. APEI is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2015. Coverage limits and the deductibles on the policies have stayed relatively constant for the last several years.

19. Contingencies

Grants

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

Environmental Remediation

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

20. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 75 will result in the biggest reporting change. However, actual impacts have not yet been determined.

GASB 72 - *Fair Value Measurement and Application* - Effective for year-end June 30, 2016 - This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This statement is expected to primarily affect investment disclosures.

GASB 73 -*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* - This statement contains certain clarifications and amendments to GASB 67 and 68 as well as establishing requirements for both defined benefit and defined contribution pensions not within the scope of GASB 68. Effective for fiscal year end June 30, 2016—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for year ending June 30, 2017.

GASB 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - Effective for year-end June 30, 2017, with earlier application encouraged - This statement contains financial reporting guidelines for Postemployment Benefit Plans. This is the Plan side requirements applicable to OPEB benefits and generally brings the OPEB reporting rules into alignment with the new GASB 67 Pension rules.

GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - Effective for year-end June 30, 2018, with earlier application encouraged - This statement contains accounting and financial reporting guidelines for OPEB related activities at the participating employer level and generally brings the OPEB reporting rules into alignment with the new GASB 68 Pension rules.

GASB 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - Effective for year-end June 30, 2016, with earlier application encouraged - This statement clarifies the hierarchy of generally accepted accounting principles to be used in the preparation of state and local government financial statements. This statement supersedes the previous hierarchy established in GASB 55.

GASB 77 - *Tax Abatement Disclosures* - Effective for year-end June 30, 2017, with earlier application encouraged - This statement requires local governments to provide financial disclosures relating to tax abatements affecting the government. This includes information about abatement agreements entered into directly by the government, including conditions and criteria under which taxes can be abated, and the type and dollar amount of the tax. In addition, the statement requires disclosure of tax abatements issued by other governments that affect the local government's revenue recognition and reporting.

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Required Supplementary Information

Exhibit E-1

City and Borough of Wrangell, Alaska

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

Year Ended June 30, 2015	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	$ 3,661,078	$ 3,661,078	$ 3,838,133	$ 177,055
Intergovernmental	1,503,560	1,509,560	2,115,007	605,447
Charges for services	258,833	258,833	253,460	(5,373)
Sales and leases	125,785	125,785	125,139	(646)
Fines and forfeitures	10,000	10,000	8,880	(1,120)
Investment income	20,000	20,000	21,012	1,012
Other	15,270	9,270	27,122	17,852
Total Revenues	5,594,526	5,594,526	6,388,753	794,227
Expenditures				
General government	1,075,160	1,126,961	1,125,684	1,277
Public safety	2,419,010	2,419,010	2,533,079	(114,069)
Public works	801,590	726,590	909,592	(183,002)
Parks and recreation	67,688	64,270	48,645	15,625
Library	303,440	303,435	327,241	(23,806)
Community services	189,630	228,780	203,507	25,273
Education - contributions to school district	17,800	17,800	17,800	-
Total Expenditures	4,874,318	4,886,846	5,165,548	(278,702)
Excess of Revenues Over Expenditures	720,208	707,680	1,223,205	515,525
Other Financing Sources (Uses)				
Transfers in	310,000	310,000	313,157	3,157
Transfers out	(1,313,665)	(1,313,666)	(1,164,200)	149,466
Net Other Financing Sources (Uses)	(1,003,665)	(1,003,666)	(851,043)	152,623
Net Change in Fund Balance	$ (283,457)	$ (295,986)	372,162	$ 668,148
Fund Balance, beginning			6,453,416	
Fund Balance, ending			$ 6,825,578	

Exhibit E-2

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, 2015	Original and Final Budget	Actual	Variance with Budget
Revenues			
Investment income	$ 280,000	$ 149,336	$ (130,664)
Lease revenue	16,440	31,440	15,000
Total Revenues	296,440	180,776	(115,664)
Other Financing Uses - transfers out	(250,000)	(250,000)	-
Net Change in Fund Balance	$ 46,440	(69,224)	$ (115,664)
Fund Balance, beginning		7,206,997	
Fund Balance, ending		$ 7,137,773	

City and Borough of Wrangell, Alaska

National Forest Receipts Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Years Ended June 30,	2015		
	Original and Final Budget	Actual	Variance with Budget
Revenues			
Intergovernmental - national forest receipts	$ 876,280	$ 1,052,610	$ 176,330
Investment income	14,500	13,944	(556)
Total Revenues	890,780	1,066,554	175,774
Expenditures - education - contributions to school district	848,488	848,488	-
Excess of Revenues Over Expenditures	42,292	218,066	175,774
Other Financing Uses - transfers out	(60,000)	(63,157)	(3,157)
Net Change in Fund Balance	$ (17,708)	154,909	$ 172,617
Fund Balance, beginning		3,930,989	
Fund Balance, ending		$ 4,085,898	

Exhibit F-1

City and Borough of Wrangell, Alaska

Public Employees Retirement System

Schedule of the Borough's Information on the Net Pension Liability

Year Ended June 30,	2015
Borough's proportion of the net pension liability	0.09480799%
Borough's proportionate share of the net pension liability	$ 4,421,976
State of Alaska proportionate share of the net pension liability	3,807,733
Total net pension liability	$ 8,229,709
Borough's covered-employee payroll	$ 3,598,834
Borough's proportionate share of the net pension liability as a percentage of covered-employee payroll	123%
Plan fiduciary net position as a percentage of the total pension liability	62.37%

See accompanying notes to Required Supplementary Information.

Exhibit F-2

City and Borough of Wrangell, Alaska

Public Employees Retirement System
Schedule of Borough Contributions

Year Ended June 30,	2015
Contractually required contribution	$ 340,908
Contributions in relation to the contractually required contribution	340,908
Contribution deficiency	$ -
Borough's covered-employee payroll	$ 1,260,568
Contributions as a percentage of covered-employee payroll	27.044%

See accompanying notes to Required Supplementary Information.

Notes to Required Supplementary Information
June 30, 2015

1. Budgetary Comparison Schedules

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

2. Schedule of the Borough's Information on the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2015, the Plan measurement date is June 30, 2014.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

3. Schedule of Borough Contributions - Public Employees Retirement System

This table is based on the Borough's contributions during fiscal year 2015. These contributions are reported as a deferred outflow on the June 30, 2015 basic financial statements.

Both pension tables are intended to present 10 years of information. Additional years information will be added to the schedules as it becomes available.

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Supplementary Information

Exhibit G-1

City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet

June 30, 2015	Special Revenue Funds						Capital Project Funds					Total Nonmajor Governmental Funds
	Transient Tax	Sales Tax	Swimming Pool	Museum	Theater	Miscellaneous Grants	Residential Construction	Industrial Construction	Miscellaneous	School Renovation	Economic Recovery	
Assets												
Cash and investments	$ 160,179	$ 1,017,917	$ 1,027,163	$ 68,212	$ 34,526	$ 7,682	$ -	$ 298,579	$ 27,031	$ 5,816	$ 419,720	$ 3,066,825
Receivables:												
Sales taxes	-	228,465	-	-	-	-	-	-	-	-	-	228,465
Grants	-	-	-	-	-	592	-	-	84,562	-	-	85,154
Accrued interest	-	-	-	3	-	-	-	-	-	-	-	3
Land sales and improvements	-	-	-	-	-	-	-	78,460	-	-	-	78,460
Inventory	-	-	-	88,897	-	-	-	-	-	-	-	88,897
Total Assets	$ 160,179	$ 1,246,382	$ 1,027,163	$ 157,112	$ 34,526	$ 8,274	$ -	$ 377,039	$ 111,593	$ 5,816	$ 419,720	$ 3,547,804
Liabilities, Deferred Inflows and Fund Balances												
Liabilities												
Accounts payable	$ -	$ 5	$ 17,752	$ 9,520	$ 1,902	$ -	$ -	$ -	$ 60,490	$ -	$ -	$ 89,669
Unearned revenue	-	-	-	10,350	-	-	-	-	51,103	-	-	61,453
Due to other funds	-	-	-	-	-	-	13,161	-	-	-	-	13,161
Total Liabilities	-	5	17,752	19,870	1,902	-	13,161	-	111,593	-	-	164,283
Deferred Inflows - land sales not yet due	-	-	-	-	-	-	-	78,460	-	-	-	78,460
Fund Balances												
Nonspendable - inventory	-	-	-	88,897	-	-	-	-	-	-	-	88,897
Restricted:												
Schools and roads	-	-	-	-	-	-	-	-	-	5,816	-	5,816
Barnes Endowment	-	-	-	50,000	-	-	-	-	-	-	-	50,000
Committed:												
Community services	160,179	-	-	-	-	-	-	-	-	-	-	160,179
Education and health	-	1,246,377	-	-	-	-	-	-	-	-	-	1,246,377
Swimming pool	-	-	1,009,411	-	-	-	-	-	-	-	-	1,009,411
Land development	-	-	-	-	-	-	-	298,579	-	-	-	298,579
Assigned:												
Youth court	-	-	-	-	-	8,274	-	-	-	-	-	8,274
Projects	-	-	-	-	-	-	-	-	-	-	419,720	419,720
Community services	-	-	-	-	32,624	-	-	-	-	-	-	32,624
Unassigned (deficit)	-	-	-	(1,655)	-	-	(13,161)	-	-	-	-	(14,816)
Total Fund Balances	160,179	1,246,377	1,009,411	137,242	32,624	8,274	(13,161)	298,579	-	5,816	419,720	3,305,061
Total Liabilities, Deferred Inflows and Fund Balances	$ 160,179	$ 1,246,382	$ 1,027,163	$ 157,112	$ 34,526	$ 8,274	$ -	$ 377,039	$ 111,593	$ 5,816	$ 419,720	$ 3,547,804

Exhibit G-2

City and Borough of Wrangell, Alaska

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds							Capital Project Funds					Total
Year Ended June 30, 2015	Transient Tax	Sales Tax	Swimming Pool	Museum	Theater	Misc-ellaneous Grants	Debt Service Fund	Residential Construc-tion	Industrial Construc-tion	Misc-ellaneous	School Renovation	Economic Recovery	Nonmajor Governmental Funds
Revenues													
Taxes	$ 68,605	$ 858,139	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 926,744
Intergovernmental	-	-	49,730	31,448	-	27,755	206,006	-	-	361,326	-	-	676,265
Charges for services	-	-	52,321	17,790	67,650	-	-	-	-	-	-	-	137,761
Sales and leases	-	-	-	136,329	-	-	-	-	-	-	-	-	136,329
Investment income (loss)	598	8,840	(7,958)	59	141	-	-	-	6,239	-	-	1,634	9,553
Land sales and improvements	-	-	-	-	-	-	-	-	35,353	-	-	-	35,353
Donations and contributions	-	-	-	106,000	-	-	-	-	-	-	-	-	106,000
Other	26,467	-	11,451	1,390	-	-	-	-	-	-	-	-	39,308
Total Revenues	95,670	866,979	105,544	293,016	67,791	27,755	206,006	-	41,592	361,326	-	1,634	2,067,313
Expenditures													
Public safety	-	-	-	-	-	37,263	-	-	-	20,517	-	-	57,780
Parks and recreation	-	-	515,143	-	-	-	-	-	-	19,975	-	-	535,118
Community services	66,661	-	-	387,102	65,526	-	-	-	-	366,696	-	-	885,985
Education - contributions to school district	-	650,000	-	-	-	-	-	-	-	-	-	-	650,000
Debt service:													
Principal	-	-	-	-	-	-	290,000	-	-	-	-	-	290,000
Interest	-	-	-	-	-	-	74,675	-	-	-	-	-	74,675
Bond issuance costs	-	-	-	-	-	-	11,314	-	-	-	-	-	11,314
Capital outlay	-	90,017	-	-	-	-	-	13,335	-	404,400	-	-	507,752
Total Expenditures	66,661	740,017	515,143	387,102	65,526	37,263	375,989	13,335	-	811,588	-	-	3,012,624
Excess of Revenues Over (Under) Expenditures	29,009	126,962	(409,599)	(94,086)	2,265	(9,508)	(169,983)	(13,335)	41,592	(450,262)	-	1,634	(945,311)
Other Financing Sources (Uses)													
Transfers in	-	-	409,171	177,980	-	9,489	154,298	-		450,262	-	-	1,201,200
Transfers out	(8,000)	(29,000)	-	-	-	-	-	-	-	-	-	-	(37,000)
Refunding bonds issued	-	-	-	-	-	-	1,280,000	-	-	-	-	-	1,280,000
Premium on refunding bonds issued	-	-	-	-	-	-	117,700	-	-	-	-	-	117,700
Payment to refunded bond escrow agent	-	-	-	-	-	-	(1,382,015)	-	-	-	-	-	(1,382,015)
Net Other Financing Sources (Uses)	(8,000)	(29,000)	409,171	177,980	-	9,489	169,983	-	-	450,262	-	-	1,179,885
Net Change in Fund Balances	21,009	97,962	(428)	83,894	2,265	(19)	-	(13,335)	41,592	-	-	1,634	234,574
Fund Balances, beginning	139,170	1,148,415	1,009,839	53,348	30,359	8,293	-	174	256,987	-	5,816	418,086	3,070,487
Fund Balances, ending	$ 160,179	$ 1,246,377	$ 1,009,411	$ 137,242	$ 32,624	$ 8,274	$ -	$ (13,161)	$ 298,579	$ -	$ 5,816	$ 419,720	$ 3,305,061

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General Fund

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

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

Exhibit H-1

City and Borough of Wrangell, Alaska

General Fund
Balance Sheet

June 30,	2015	2014
Assets		
Cash and investments	$ 6,162,602	$ 5,845,041
Receivables:		
Property taxes	78,216	81,862
Sales taxes	430,524	430,571
Accounts	124,280	132,576
Accrued interest	16,843	18,018
Grants and shared revenues	2,672	-
Total receivables	652,535	663,027
Less allowance for doubtful accounts	(28,620)	(9,769)
Net receivables	623,915	653,258
Due from other funds	75,236	38,062
Interfund loan receivable	142,236	148,244
Total Assets	$ 7,003,989	$ 6,684,605
Liabilities, Deferred Inflows, and Fund Balance		
Liabilities		
Accounts payable	$ 90,514	$ 112,534
Unearned revenue	5,724	20,954
Total Liabilities	96,238	133,488
Deferred Inflows		
Delinquent property taxes	78,216	81,862
Taxes collected in advance	3,957	15,839
Total Liabilities and Deferred Inflows	178,411	231,189
Fund Balance		
Nonspendable - interfund loan receivable	142,236	148,244
Restricted for Campbell Library Trust	40,530	40,530
Unassigned	6,642,812	6,264,642
Total Fund Balance	6,825,578	6,453,416
Total Liabilities, Deferred Inflows, and Fund Balance	$ 7,003,989	$ 6,684,605

Exhibit H-2

City and Borough of Wrangell, Alaska

General Fund

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Revenues				
Taxes:				
Real property taxes	$ 1,621,578	$ 1,604,970	$ (16,608)	$ 1,558,036
Property tax penalties and interest	17,000	19,497	2,497	14,725
Payments in lieu of taxes	350,000	386,708	36,708	422,201
Sales taxes	1,666,000	1,824,183	158,183	1,766,323
Sales tax penalties and interest	6,500	2,775	(3,725)	1,668
Total taxes	3,661,078	3,838,133	177,055	3,762,953
Intergovernmental:				
State of Alaska:				
Jail contract	591,408	591,408	-	578,010
Revenue - sharing	595,505	598,068	2,563	597,729
Library grants	6,500	6,650	150	7,955
LEPC grant revenue	9,000	9,224	224	9,509
State PERS relief	293,147	876,436	583,289	281,052
Department of Corrections video grant revenue	-	14,021	14,021	-
Liquor licenses	8,000	13,200	5,200	15,900
Total State of Alaska	1,503,560	2,109,007	605,447	1,490,155
Federal government:				
Emergency management grants	-	-	-	-
Library Grants	6,000	6,000	-	17,899
Total federal government	6,000	6,000	-	17,899
Total intergovernmental	1,509,560	2,115,007	605,447	1,508,054
Charges for services:				
Cemetery services	3,200	4,805	1,605	3,580
Police services	121,000	110,671	(10,329)	124,435
911 surcharge	12,500	13,111	611	13,542
R/V revenues	3,500	6,240	2,740	5,530
Airport security	118,633	118,633	-	118,633
Total charges for services	258,833	253,460	(5,373)	265,720

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Revenues, continued				
Sales and leases:				
Court rental	$ 71,285	$ 69,313	$ (1,972)	$ 69,473
Tideland leases	50,000	43,395	(6,605)	59,903
Material sales	2,000	11,058	9,058	8,674
Cemetery plot sales	2,500	1,373	(1,127)	1,682
Total sales and leases	125,785	125,139	(646)	139,732
Fines and forfeitures	10,000	8,880	(1,120)	8,399
Investment income	20,000	21,012	1,012	17,654
Other revenues:				
Licenses and permits	2,500	3,039	539	2,335
PW labor charge revenue	3,000	-	(3,000)	2,468
Copies	250	16,265	16,015	138
Library grants	-	500	500	-
Miscellaneous	3,520	7,318	3,798	4,690
Total other revenues	9,270	27,122	17,852	9,631
Total Revenues	5,594,526	6,388,753	794,227	5,712,143
Expenditures				
General government:				
Finance:				
Personnel services:				
Salaries	232,800	212,630	20,170	195,475
Overtime salaries	7,750	7,702	48	16,172
Employee benefits	162,869	233,987	(71,118)	149,113
Total personnel services	403,419	454,319	(50,900)	360,760
Contractual services:				
Auditor	23,000	23,386	(386)	25,329
Assessor	71,500	44,700	26,800	30,000
Telephone	4,000	4,066	(66)	4,024
Travel and training	5,000	2,715	2,285	2,593

City and Borough of Wrangell, Alaska

General Fund

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
General government, continued:				
Finance, continued:				
Contractual services, continued:				
Utilities	$ 13,000	$ 11,311	$ 1,689	$ 12,841
Equipment rental	2,000	1,167	833	2,201
Programming	13,000	11,743	1,257	15,549
Foreclosure costs	-	204	(204)	835
Banking charges	-	-	-	32
Collection charges	1,000	172	828	2,862
Total contractual services	132,500	99,464	33,036	96,266
Commodities:				
Materials and supplies	20,000	15,280	4,720	22,923
Custodial supplies	2,000	868	1,132	910
Postage	14,000	14,856	(856)	10,225
Building repairs and maintenance	4,000	5,322	(1,322)	2,456
Equipment repairs and maintenance	8,000	5,722	2,278	5,377
Capital expenditures	2,000	2,123	(123)	3,339
Total commodities	50,000	44,171	5,829	45,230
Total finance	585,919	597,954	(12,035)	502,256
Less charges to other funds	(129,770)	(119,587)	(10,183)	(129,770)
Net finance	456,149	478,367	(22,218)	372,486
Administration:				
Personnel services:				
Salaries	237,060	223,964	13,096	189,182
Employee benefits	73,660	99,733	(26,073)	81,092
Total personnel services	310,720	323,697	(12,977)	270,274

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
General government, continued:				
Administration, continued:				
Contractual services:				
Attorney	$ 45,000	$ 43,055	$ 1,945	$ 52,004
City manager hiring and evaluation	-	-	-	638
Telephone	5,700	6,380	(680)	5,229
Administration travel and training	15,000	4,258	10,742	6,642
Litigation	15,000	17,665	(2,665)	33,463
Tourism program	20,000	19,751	249	19,457
Total contractual services	100,700	91,109	9,591	117,433
Commodities:				
Materials and supplies	2,000	7,045	(5,045)	1,504
Allocated vehicle charges - garage	3,970	-	3,970	646
Total commodities	5,970	7,045	(1,075)	2,150
General insurance	65,000	36,257	28,743	39,506
Total administration	482,390	458,108	24,282	429,363
Clerk and assembly:				
Personnel services:				
Salaries	71,290	66,744	4,546	64,836
Overtime salaries	100	137	(37)	144
Employee benefits	53,760	73,640	(19,880)	49,779
Total personnel services	125,150	140,521	(15,371)	114,759
Contractual services:				
Clerk travel and training	3,500	2,656	844	2,450
Assembly travel and training	13,000	12,788	212	12,610
Recorder fees	850	376	474	797
Public communications	7,120	7,120	-	7,120
Total contractual services	24,470	22,940	1,530	22,977

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
General government, continued:				
Clerk and assembly, continued:				
Commodities:				
Materials and supplies	$ 17,802	$ 5,933	$ 11,869	$ 3,294
Publications	14,000	10,866	3,134	17,969
Records preservation	2,000	1,912	88	5,088
Election supplies	2,000	2,048	(48)	2,019
Republishing WMC	3,000	4,989	(1,989)	2,513
Total commodities	38,802	25,748	13,054	30,883
Total clerk and assembly	188,422	189,209	(787)	168,619
Total general government	1,126,961	1,125,684	1,277	970,468
Public safety:				
Fire department:				
Personnel services:				
Salaries	80,910	77,263	3,647	78,768
Overtime salaries	11,000	11,193	(193)	9,568
Casual labor	-	-	-	4,875
Employee benefits	86,370	105,521	(19,151)	73,052
Contributions for fire calls	5,500	5,500	-	5,500
Total personnel services	183,780	199,477	(15,697)	171,763
Contractual services:				
Telephone	6,500	5,771	729	6,367
Travel and training	11,000	10,742	258	9,444
Fire prevention and education	2,000	1,159	841	500
Hydrant rental	39,750	39,729	21	37,481
Insurance	12,600	13,222	(622)	13,196
LEPC costs	9,000	9,236	(236)	9,511
Total contractual services	80,850	79,859	991	76,499

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public safety, continued:				
Fire department, continued:				
Commodities:				
Materials and supplies	$ 12,750	$ 6,305	$ 6,445	$ 8,581
Fire substation costs	13,500	12,031	1,469	10,147
Equipment repairs and maintenance	10,500	7,282	3,218	5,983
Allocated vehicle charges - garage	55,740	55,740	-	55,518
Turn out gear	7,000	6,331	669	6,941
Total commodities	99,490	87,689	11,801	87,170
Total fire department	364,120	367,025	(2,905)	335,432
Police department:				
Personnel services:				
Salaries	513,720	478,434	35,286	472,563
Overtime salaries	58,230	39,449	18,781	47,093
Employee benefits	403,440	534,597	(131,157)	365,694
Uniform allowances	5,700	3,500	2,200	3,500
Total personnel services	981,090	1,055,980	(74,890)	888,850
Contractual services:				
Telephone	13,000	12,815	185	11,581
Travel and training	17,860	8,204	9,656	3,657
911 expenditures	5,000	643	4,357	1,676
Capital expenditures	6,000	2,314	3,686	1,299
Animal control	30,000	6,705	23,295	10,870
State portion of driver licenses	70,000	70,245	(245)	76,110
Vehicle impound	500	609	(109)	-
State portion of citations	500	310	190	370
Total contractual services	142,860	101,845	41,015	105,563
Commodities:				
Materials and supplies	12,750	17,229	(4,479)	11,314
Boat expenditures	10,000	990	9,010	252
Publications	1,500	105	1,395	130

City and Borough of Wrangell, Alaska

General Fund

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public safety, continued:				
Police department, continued:				
Commodities, continued:				
Ammunition	$ 7,500	$ 7,164	$ 336	$ 4,853
Special investigations	5,000	1,049	3,951	-
Equipment repairs and maintenance	10,000	2,166	7,834	4,617
Allocated vehicle charges - garage	52,950	52,950	-	52,740
Total commodities	99,700	81,653	18,047	73,906
Total police department	1,223,650	1,239,478	(15,828)	1,068,319
Police corrections department:				
Personnel services:				
Salaries	284,960	281,158	3,802	278,171
Overtime salaries	37,500	27,605	9,895	37,620
Employee benefits	247,700	335,355	(87,655)	242,097
Total personnel services	570,160	644,118	(73,958)	557,888
Contractual services:				
Telephone	1,500	1,500	-	1,500
Travel and training	6,000	1,243	4,757	9,183
Total contractual services	7,500	2,743	4,757	10,683
Commodities:				
Materials and supplies	5,000	16,988	(11,988)	3,245
Allocated vehicle charges - garage	2,550	2,550	-	2,540
Prisoner meals	22,000	19,357	2,643	18,013
Reimbursement of prisoner costs	-	(181)	181	(2,643)
Total commodities	29,550	38,714	(9,164)	21,155
Total police corrections department	607,210	685,575	(78,365)	589,726
Public safety building:				
Personnel services:				
Salaries	18,750	19,795	(1,045)	18,355
Overtime	-	-	-	134
Employee benefits	33,730	40,205	(6,475)	31,298
Total personnel services	52,480	60,000	(7,520)	49,787

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public safety, continued:				
Public safety building, continued:				
Contractual services:				
Telephone	$ 550	$ 511	$ 39	$ 510
Utilities	98,000	113,760	(15,760)	108,398
Total contractual services	98,550	114,271	(15,721)	108,908
Commodities:				
Fuel oil	-	1,893	(1,893)	2,054
Custodial supplies	3,000	1,788	1,212	4,781
Facility repair and maintenance	70,000	63,049	6,951	80,382
Total commodities	73,000	66,730	6,270	87,217
Total public safety building	224,030	241,001	(16,971)	245,912
Total public safety	2,419,010	2,533,079	(114,069)	2,239,389
Public works:				
Garage:				
Personnel services:				
Salaries	148,850	135,895	12,955	140,554
Overtime salaries	500	3,412	(2,912)	3,096
Employee benefits	140,620	175,323	(34,703)	132,860
Total personnel services	289,970	314,630	(24,660)	276,510
Contractual services:				
Utilities	20,000	19,607	393	20,377
Travel and training	2,500	729	1,771	2,690
Total contractual services	22,500	20,336	2,164	23,067

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public works, continued:				
Garage, continued:				
Commodities:				
Materials and supplies	$ 122,700	$ 135,952	$ (13,252)	$ 151,220
Fuel oil	15,000	3,472	11,528	8,163
Fuel and lubrication	95,000	68,182	26,818	97,791
Expendable tools	-	2,211	(2,211)	4,323
Total commodities	232,700	209,817	22,883	261,497
Total garage	545,170	544,783	387	561,074
Less charges to other departments and funds	(545,170)	(539,304)	(5,866)	(523,854)
Net garage	-	5,479	(5,479)	37,220
General:				
Personnel services:				
Salaries	402,750	431,728	(28,978)	390,778
Overtime salaries	24,000	21,884	2,116	22,185
Special projects salaries	7,500	15,033	(7,533)	13,909
Employee benefits	283,190	409,101	(125,911)	273,615
Total personnel services	717,440	877,746	(160,306)	700,487
Contractual services:				
Telephone	5,500	9,094	(3,594)	6,388
Travel and training	10,000	9,461	539	3,528
Total contractual services	15,500	18,555	(3,055)	9,916

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Public works, continued:				
General, continued:				
Commodities:				
Materials and supplies	$ 8,000	$ 7,739	$ 261	$ 9,726
Engineering supplies	5,000	5,322	(322)	5,327
Building repairs and maintenance	2,500	2,772	(272)	2,412
Total commodities	15,500	15,833	(333)	17,465
Total general	748,440	912,134	(163,694)	727,868
Less charges to other departments and funds	(515,000)	(543,729)	28,729	(463,949)
Net general	233,440	368,405	(134,965)	263,919
Streets:				
Personnel services - allocated salaries - public works	165,000	195,693	(30,693)	135,992
Contractual services:				
Street lighting	19,000	20,189	(1,189)	19,778
Rock quarry electricity	1,500	1,491	9	1,584
Sanding and snow removal	25,000	14,278	10,722	27,795
Equipment rental	1,000	-	1,000	-
Total contractual services	46,500	35,958	10,542	49,157
Commodities:				
Materials and supplies	6,000	8,698	(2,698)	2,656
Street light fixtures	2,000	13,439	(11,439)	695
Culverts	2,000	2,000	-	-
Equipment repairs and maintenance	220,150	220,150	-	205,285
Crushing and maintenance	1,500	6,500	(5,000)	2,149
Street repairs and maintenance	50,000	53,270	(3,270)	58,875
Total commodities	281,650	304,057	(22,407)	269,660
Total streets	493,150	535,708	(42,558)	454,809
Total public works	726,590	909,592	(183,002)	755,948

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Parks and recreation:				
Personnel services:				
Salaries	$ 22,000	$ 16,990	$ 5,010	$ 16,918
Overtime salaries	2,000	174	1,826	757
Employee benefits	3,500	4,001	(501)	2,259
Allocated salaries - public works	6,000	4,242	1,758	7,488
Total personnel services	33,500	25,407	8,093	27,422
Contractual services:				
Publications	-	-	-	-
Travel and training	-	-	-	-
Utilities	10,000	10,789	(789)	10,105
Total contractual services	10,000	10,789	(789)	10,105
Commodities:				
Allocated vehicle charges - garage	7,770	7,770	-	7,739
Materials and supplies	10,000	2,521	7,479	8,564
Capital expenditures	3,000	2,158	842	731
Total commodities	20,770	12,449	8,321	17,034
Total parks and recreation	64,270	48,645	15,625	54,561
Library:				
Personnel services:				
Salaries	130,990	130,841	149	126,189
Employee benefits	101,750	138,414	(36,664)	98,322
Total personnel services	232,740	269,255	(36,515)	224,511
Contractual services:				
Telephone	1,000	859	141	1,064
Internet	1,000	240	760	224
Travel and training	10,000	1,394	8,606	1,154
Utilities	7,800	8,804	(1,004)	8,879
Total contractual services	19,800	11,297	8,503	11,321

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Library, continued:				
Commodities:				
Materials and supplies	$ 5,195	$ 4,137	$ 1,058	$ 4,971
Custodian supplies	2,000	992	1,008	1,168
Books, subscriptions and dues	20,000	18,828	1,172	20,485
Library grant expenditures	6,600	5,813	787	6,600
Alaska OWL expenditures	-	-	-	3,364
IMLS grant expenditures	-	-	-	6,000
State early literature mini grant	-	523	(523)	1,355
State library grant expenditures	6,000	7,305	(1,305)	-
Nolan grant	-	-	-	50
Postage	2,700	986	1,714	1,568
Building repairs and maintenance	5,000	4,805	195	5,251
Equipment repairs and maintenance	2,000	1,850	150	1,881
Capital expenditures	1,400	1,450	(50)	10,269
Total commodities	50,895	46,689	4,206	62,962
Total library	303,435	327,241	(23,806)	298,794
Community services:				
Community development:				
Contractual services:				
Dues and subscriptions	6,500	6,232	268	6,494
Lobbyist	77,000	55,700	21,300	33,800
Utilities - KSTK	9,200	9,200	-	9,200
Customs	1,400	948	452	1,053
Total contractual services	94,100	72,080	22,020	50,547

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Community services, continued:				
Contributions:				
Employee appreciation	$ 6,000	$ 4,608	$ 1,392	$ 5,649
Chamber fireworks	4,000	4,000	-	4,000
Senior citizens program	15,000	13,945	1,055	14,095
Community promotion	28,000	29,421	(1,421)	16,301
Chamber of Commerce	25,000	25,000	-	25,000
Health Fair	3,000	3,000	-	3,000
Total contributions	81,000	79,974	1,026	68,045
Total community development	175,100	152,054	23,046	118,592
Planning and zoning:				
Personnel services - allocated clerical	16,180	16,180	-	16,180
Contractual services - travel and training	6,500	7,758	(1,258)	2,377
Commodities:				
Materials and supplies	-	-	-	401
Publications	1,000	854	146	1,033
Subdivisions and surveys	5,000	5,379	(379)	(1,054)
Mapping upgrade	12,000	9,834	2,166	10,537
Total commodities	18,000	16,067	1,933	10,917
Total planning and zoning	40,680	40,005	675	29,474
Cemetery:				
Personnel services - allocated salaries - public works	11,000	10,424	576	8,959
Commodities - materials and supplies	2,000	1,024	976	1,480
Total cemetery	13,000	11,448	1,552	10,439
Total community services	228,780	203,507	25,273	158,505

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued				
Education - contributions to school district	$ 17,800	$ 17,800	$ -	$ 17,800
Total Expenditures	4,886,846	5,165,548	(278,702)	4,495,465
Excess of Revenues Over Expenditures	707,680	1,223,205	515,525	1,216,678
Other Financing Sources (Uses)				
Transfers in	310,000	313,157	3,157	317,072
Transfers out	(1,313,666)	(1,164,200)	149,466	(807,619)
Net Other Financing Sources (Uses)	(1,003,666)	(851,043)	152,623	(490,547)
Net Change in Fund Balance	$ (295,986)	372,162	$ 668,148	726,131
Fund Balance, beginning		6,453,416		5,727,285
Fund Balance, ending		$ 6,825,578		$ 6,453,416

Special Revenue Funds

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

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

Swimming Pool
This fund accounts for the operations and maintenance of the swimming pool and other recreational activities.

Museum
This fund accounts for the operating activities of the museum and civic center.

Theater
This fund accounts for the operating activities of the theater.

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

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

Miscellaneous Grants
This fund was created to handle various miscellaneous operating type grants.

Exhibit I-1

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,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Revenues				
Transient and excise taxes	$ 38,000	$ 68,605	$ 30,605	$ 72,140
Advertising and promotion	3,000	26,467	23,467	2,970
Investment income	-	598	598	421
Total Revenues	41,000	95,670	54,670	75,531
Expenditures - community services:				
Salaries	-	1,030	(1,030)	-
Employee benefits	-	112	(112)	-
Travel	8,000	5,604	2,396	8,661
Cruise ship marketing	-	-	-	128
Telephone	350	924	(574)	782
Postage	1,200	623	577	140
Promotional	20,000	17,003	2,997	11,150
Web hosting	1,100	918	182	718
Dues	5,000	685	4,315	1,260
Publications	18,000	7,368	10,632	15,667
CPV expenditures	22,340	32,394	(10,054)	5,706
Total Expenditures	75,990	66,661	9,329	44,212
Excess of Revenues Over (Under) Expenditures	(34,990)	29,009	63,999	31,319
Other Financing Uses - transfers out	(8,000)	(8,000)	-	(8,000)
Net Change in Fund Balance	$ (42,990)	21,009	$ 63,999	23,319
Fund Balance, beginning		139,170		115,851
Fund Balance, ending		$ 160,179		$ 139,170

Exhibit I-2

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015					2014
		Actual				
		Restricted				
	Budget	28%	4%	Total	Variance with Budget	Actual
Revenues						
Sales tax	$ 777,500	$ 750,834	$ 107,305	$ 858,139	$ 80,639	$ 829,331
Investment income	1,000	-	8,840	8,840	7,840	7,153
Total Revenues	778,500	750,834	116,145	866,979	88,479	836,484
Expenditures						
Contributions to school district	-	650,000	-	650,000	(650,000)	650,000
Street design/construction	200,000	-	90,017	90,017	109,983	-
Total Expenditures	200,000	650,000	90,017	740,017	(540,017)	650,000
Excess of Revenues Over (Under) Expenditures	578,500	100,834	26,128	126,962	(451,538)	186,484
Other Financing Uses - transfers out	-	(29,000)	-	(29,000)	(29,000)	(67,326)
Net Change in Fund Balance	$ 578,500	71,834	26,128	97,962	$ (480,538)	119,158
Fund Balance, beginning		511,725	636,690	1,148,415		1,029,257
Fund Balance, ending		$ 583,559	$ 662,818	$ 1,246,377		$ 1,148,415

Exhibit I-3

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015					2014
		Actual			Variance	
	Budget	Swimming Pool	Recreational Activity	Total	with Budget	Actual
Revenues						
User fees	$ 41,100	$ 32,762	$ 19,559	$ 52,321	$ 11,221	$ 57,279
Investment income (loss)	4,000	(7,958)	-	(7,958)	(11,958)	3,595
Safety grant	-	942	-	942	942	925
Other	-	10,509	-	10,509	10,509	8,919
State PERS relief	8,454	24,865	24,865	49,730	41,276	16,634
Total Revenues	53,554	61,120	44,424	105,544	51,990	87,352
Expenditures - parks and recreation:						
Personnel services:						
Salaries	114,740	60,249	57,348	117,597	(2,857)	115,352
Extra help	17,000	-	10,719	10,719	6,281	10,956
Casual labor	60,500	38,089	-	38,089	22,411	43,501
Employee benefits	93,200	71,857	49,883	121,740	(28,540)	91,615
Total personnel services	285,440	170,195	117,950	288,145	(2,705)	261,424
Contractual services:						
Telephone	6,200	5,121	1,849	6,970	(770)	5,620
Utilities	61,000	37,555	6,608	44,163	16,837	49,771
Travel and training	9,242	4,164	-	4,164	5,078	3,079
Insurance	22,500	13,353	-	13,353	9,147	32,520
Total contractual services	98,942	60,193	8,457	68,650	30,292	90,990
Commodities:						
Materials and supplies	20,000	14,732	9,273	24,005	(4,005)	24,561
Heating fuel	55,000	55,656	-	55,656	(656)	57,522
Chemicals	22,000	14,864	-	14,864	7,136	16,135
Health reports and permits	2,860	619	400	1,019	1,841	2,449
Publications	2,400	317	1,808	2,125	275	2,302
Building repair and maintenance	45,000	33,318	19,541	52,859	(7,859)	43,963
Total commodities	147,260	119,506	31,022	150,528	(3,268)	146,932
Contributions - contribution to Swim Club	-	-	7,820	7,820	(7,820)	-
Total Expenditures	531,642	349,894	165,249	515,143	16,499	499,346
Excess of Revenues Over (Under) Expenditures	(478,088)	(288,774)	(120,825)	(409,599)	68,489	(411,994)
Other Financing Sources - transfers in	471,041	299,281	109,890	409,171	(61,870)	411,994
Net Change in Fund Balance	$ (7,047)	$ 10,507	$ (10,935)	(428)	$ 6,619	-
Fund Balance, beginning				1,009,839		1,009,839
Fund Balance, ending				$ 1,009,411		$ 1,009,839

Exhibit I-4

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015					2014
		Actual			Variance	
	Budget	Museum	Civic Center	Total	with Budget	Actual
Revenues						
Admissions	$ 12,000	$ 17,790	$ -	$ 17,790	$ 5,790	$ 17,202
Museum gift store revenue	85,000	94,444	-	94,444	9,444	81,060
Donations and contributions	103,000	67,366	38,634	106,000	3,000	142,000
Rental revenue	21,000	-	41,885	41,885	20,885	25,498
Investment income	-	59	-	59	59	89
State PERS relief	16,110	2,577	28,871	31,448	15,338	17,357
Museum computer grant	-	1,390	-	1,390	1,390	-
Miscellaneous	500	-	-	-	(500)	-
Total Revenues	237,610	183,626	109,390	293,016	55,406	283,206
Expenditures - community services:						
Personnel services:						
Salaries	111,400	26,260	57,444	83,704	27,696	116,542
Casual labor	32,000	21,651	4,675	26,326	5,674	24,025
Employee benefits	75,130	11,945	50,796	62,741	12,389	76,600
Total personnel services	218,530	59,856	112,915	172,771	45,759	217,167
Contractual services:						
Collection management	1,500	1,709	-	1,709	(209)	1,552
Programming	1,500	-	-	-	1,500	1,627
Travel and training	8,350	1,648	1,727	3,375	4,975	1,367
Building maintenance and utilities	123,412	59,800	64,881	124,681	(1,269)	113,745
Credit card costs	2,000	2,450	-	2,450	(450)	2,270
Total contractual services	136,762	65,607	66,608	132,215	4,547	120,561
Commodities:						
Materials and supplies	9,400	3,048	7,741	10,789	(1,389)	9,861
Book store inventory	30,000	51,629	-	51,629	(21,629)	52,157
Books, subscriptions and dues	1,500	351	-	351	1,149	1,440
Publications and advertising	19,000	1,591	16,211	17,802	1,198	16,375
Postage	500	24	-	24	476	59
Equipment repairs and maintenance	500	1,521	-	1,521	(1,021)	(120)
Insurance on loaned artifacts	200	-	-	-	200	-
Total commodities	61,100	58,164	23,952	82,116	(21,016)	79,772
Total Expenditures	416,392	183,627	203,475	387,102	29,290	417,500
Excess of Revenues Over (Under) Expenditures	(178,782)	(1)	(94,085)	(94,086)	84,696	(134,294)
Other Financing Sources - transfers in	177,980	83,895	94,085	177,980	-	119,520
Net Change in Fund Balance	$ (802)	$ 83,894	$ -	83,894	$ 84,696	(14,774)
Fund Balance, beginning				53,348		68,122
Fund Balance, ending				$ 137,242		$ 53,348

Exhibit I-5

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Revenues				
Admissions	$ 54,000	$ 39,521	$ (14,479)	$ 48,824
Concessions	34,000	28,129	(5,871)	32,554
Investment income	100	141	41	116
Total Revenues	88,100	67,791	(20,309)	81,494
Expenditures - community services:				
Personnel services:				
Salaries	20,050	16,204	3,846	17,685
Employee benefits	1,900	1,277	623	1,478
Total personnel services	21,950	17,481	4,469	19,163
Contractual services:				
Telephone	600	542	58	527
Building maintenance and utilities	7,877	7,878	(1)	7,270
Total contractual services	8,477	8,420	57	7,797
Commodities:				
Materials and supplies	3,600	3,503	97	3,383
Publications and advertising	2,400	1,892	508	2,113
Film costs	25,000	18,217	6,783	25,516
Concessions	20,000	14,279	5,721	14,424
Equipment repairs and maintenance	2,500	1,734	766	718
Total commodities	53,500	39,625	13,875	46,154
Total Expenditures	83,927	65,526	18,401	73,114
Net Change in Fund Balance	$ 4,173	2,265	$ (1,908)	8,380
Fund Balance, beginning		30,359		21,979
Fund Balance, ending		$ 32,624		$ 30,359

Exhibit I-6

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,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Revenues				
Investment income	$ 280,000	$ 149,336	$ (130,664)	$ 882,519
Lease revenue	16,440	31,440	15,000	16,440
Land sales	-	-	-	14,158
Total Revenues	296,440	180,776	(115,664)	913,117
Ependitures - community services - other	-	-	-	439
Excess of Revenues Over Expenditures	296,440	180,776	(115,664)	912,678
Other Financing Uses - transfers out	(250,000)	(250,000)	-	(250,000)
Net Change in Fund Balance	$ 46,440	(69,224)	$ (115,664)	662,678
Fund Balance, beginning		7,206,997		6,544,319
Fund Balance, ending		$ 7,137,773		$ 7,206,997

Exhibit I-7

City and Borough of Wrangell, Alaska

National Forest Receipts Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental - national forest receipts	$ 876,280	$ 1,052,610	$ 176,330	$ 1,117,867
Investment income	14,500	13,944	(556)	12,015
Total Revenues	890,780	1,066,554	175,774	1,129,882
Expenditures - education - contributions to school district	848,488	848,488	-	848,488
Excess of Revenues Over Expenditures	42,292	218,066	175,774	281,394
Other Financing Uses - transfers out	(60,000)	(63,157)	(3,157)	(67,072)
Net Change in Fund Balance	$ (17,708)	154,909	$ 172,617	214,322
Fund Balance, beginning		3,930,989		3,716,667
Fund Balance, ending		$ 4,085,898		$ 3,930,989

Exhibit I-8

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental	$ 19,000	$ 19,531	$ 531	$ 14,645
Other	500	-	(500)	106
State PERS relief	2,050	8,224	6,174	2,562
Total Revenues	21,550	27,755	6,205	17,313
Expenditures - public safety	30,250	37,263	(7,013)	27,091
Excess of Revenues Over (Under) Expenditures	(8,700)	(9,508)	(808)	(9,778)
Other Financing Sources - transfers in	8,700	9,489	789	8,805
Net Change in Fund Balance	$ -	(19)	$ (19)	(973)
Fund Balance, beginning		8,293		9,266
Fund Balance, ending		$ 8,274		$ 8,293

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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 J-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,	2015			2014
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental - State of Alaska	$ 203,881	$ 206,006	$ 2,125	$ 212,404
Expenditures				
2011 series 3 (2000E) school bond principal	40,000	40,000	-	45,000
2011 series 3 (2000E) school bond interest	2,800	2,800	-	4,700
2011 series 3 (2002B) school bond principal	40,000	40,000	-	40,000
2011 series 3 (2002B) school bond interest	4,800	4,800	-	6,600
2006A school bond principal	190,000	190,000	-	185,000
2006A school bond interest	61,400	61,400	-	68,800
2011 series 1 school bond principal	20,000	20,000	-	20,000
2011 series 1 school bond interest	5,675	5,675	-	6,275
Bond issuance fees	-	11,314	(11,314)	-
Total Expenditures	364,675	375,989	(11,314)	376,375
Excess of Revenues Over (Under) Expenditures	(160,794)	(169,983)	(9,189)	(163,971)
Other Financing Sources (Uses):				
Transfers in	160,794	154,298	(6,496)	163,971
Refunding bonds issued	-	1,280,000	1,280,000	-
Premium on refunding bonds issued	-	117,700	117,700	-
Payment to refunded bond escrow agent	-	(1,382,015)	(1,382,015)	-
Net Other Financing Sources (Uses)	160,794	169,983	9,189	163,971
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.

Street Construction
This fund was established to account for costs associated with Cassiar Street construction.

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.

School Renovation
This fund was established to account for costs associated with the renovation of the school buildings.

Economic Recovery
This fund was established to account for the funding and interest earnings associated with a U.S. Department of Agriculture grant for the purpose of economic assistance within the Borough.

Exhibit K-1

City and Borough of Wrangell, Alaska

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

Year Ended June 30, 2015	Residential Construction	Industrial Construction	Street Construction	Miscellaneous Capital Projects	School Renovation	Economic Recovery	Totals
Revenues							
Intergovernmental	$ -	$ -	$1,255,812	$ 361,326	$ -	$ -	$1,617,138
Land sales and improvements	-	35,353	-	-	-	-	35,353
Investment income	-	6,239	-	-	-	1,634	7,873
Total Revenues	-	41,592	1,255,812	361,326	-	1,634	1,660,364
Expenditures							
Miscellaneous capital projects	13,335	-	90	-	-	-	13,425
Hospital projects	-	-	-	165,979	-	-	165,979
Community Center renovation	-	-	-	67,671	-	-	67,671
City hall equipment	-	-	-	7,355	-	-	7,355
Parks equipment	-	-	-	43,975	-	-	43,975
Cassiar Street design	-	-	1,255,722	-	-	-	1,255,722
AICS Medical Center	-	-	-	332,484	-	-	332,484
Birdfest	-	-	-	8,281	-	-	8,281
Police equipment	-	-	-	50	-	-	50
Fire equipment	-	-	-	9,300	-	-	9,300
Wood Street	-	-	-	5,807	-	-	5,807
Swimming pool	-	-	-	37,114	-	-	37,114
Fencing	-	-	-	4,998	-	-	4,998
Impound lot	-	-	-	11,167	-	-	11,167
Court improvements	-	-	-	42,109	-	-	42,109
Waterfront improvements	-	-	-	75,298	-	-	75,298
Total Expenditures	13,335	-	1,255,812	811,588	-	-	2,080,735
Excess of Revenues Over (Under) Expenditures	(13,335)	41,592	-	(450,262)	-	1,634	(420,371)
Other Financing Sources							
Transfers in	-	-	-	450,262	-	-	450,262
Net Change in Fund Balances	(13,335)	41,592	-	-	-	1,634	29,891
Fund Balances, beginning	174	256,987	-	-	5,816	418,086	681,063
Fund Balances, ending	$ (13,161)	$ 298,579	$ -	$ -	$ 5,816	$ 419,720	$ 710,954

Enterprise Funds

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

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

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

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

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

Exhibit L-1

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Statement of Net Position

June 30,	2015	2014
Assets and Deferred Outflows		
Current Assets		
Cash and investments	$ 1,490,847	$ 948,736
Receivables:		
Accounts	394,050	482,571
Less allowance for doubtful accounts	(133,000)	(126,000)
Net receivables	261,050	356,571
Inventories	141,623	160,988
Total Current Assets	1,893,520	1,466,295
Property, Plant and Equipment		
Land	10,900	10,900
Buildings	478,535	478,535
Improvements other than buildings	2,081,740	2,024,149
Equipment	4,359,279	4,359,279
Total property, plant and equipment	6,930,454	6,872,863
Less accumulated depreciation	(4,854,587)	(4,562,867)
Net Property, Plant and Equipment	2,075,867	2,309,996
Total Assets	3,969,387	3,776,291
Deferred Outflows, related to pensions	71,968	-
Total Assets and Deferred Outflows	$ 4,041,355	$ 3,776,291
Liabilities, Deferred Inflows and Net Position		
Current Liabilities		
Accounts payable	$ 166,611	$ 168,990
Accrued leave	35,539	31,985
Customer utility deposits	92,160	77,877
Total Current Liabilities	294,310	278,852
Long-term Liabilities - net pension liability	755,227	-
Total Liabilities	1,049,537	278,852
Deferred Inflows, related to pensions	87,254	-
Net Position		
Investment in capital assets	2,075,867	2,309,996
Unrestricted	828,697	1,187,443
Total Net Position	2,904,564	3,497,439
Total Liabilities, Deferred Inflows, and Net Position	$ 4,041,355	$ 3,776,291

Exhibit L-2

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Years Ended June 30,	2015	2014
Operating Revenues		
Residential	$ 1,566,034	$ 1,508,367
Commercial	2,398,788	2,286,660
Fuel surcharge	-	257,933
Labor charges	5,692	4,630
Other	21,624	(12,324)
Total Operating Revenues	3,992,138	4,045,266
Operating Expenses		
Generation	3,083,861	3,263,236
Distribution	638,602	647,974
General and administrative	103,518	157,684
Depreciation	291,720	299,757
Total Operating Expenses	4,117,701	4,368,651
Loss from Operations	(125,563)	(323,385)
Nonoperating Revenues (Expenses)		
Equipment and pole rental	39,168	35,260
Late fees	23,042	27,122
Investment income	4,328	4,085
Material sales	29,616	13,514
Interest expense	(1,905)	(1,694)
State PERS relief	12,456	65,574
Gain on sale of assets	-	375
SEAPA dividend	189,878	173,520
Net Nonoperating Revenues (Expenses)	296,583	317,756
Income (loss) before contributions	171,020	(5,629)
Capital contributions	-	10,916
Change in Net Position	171,020	5,287
Net Position, beginning, as previously reported	3,497,439	3,492,152
Restatement, cumulative effect of adoption of GASB 68	(763,895)	-
Net Position, beginning, as restated	2,733,544	3,492,152
Net Position, ending	$ 2,904,564	$ 3,497,439

Exhibit L-3

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Statement of Cash Flows

Years Ended June 30,	2015	2014
Cash Flows from Operating Activities		
Receipts from customers and users	$ 4,383,646	$ 4,240,512
Payments for interfund services used	(94,805)	(94,766)
Payments to suppliers	(2,926,670)	(3,145,631)
Payments to employees	(764,892)	(782,800)
Net cash flows from operating activities	597,279	217,315
Cash Flows for Capital and Related Financing Activities		
Purchase of property, plant and equipment	(57,591)	(44,157)
Interest payments on revenue bonds	(1,905)	(1,694)
Capital contributions received	-	10,916
Net cash flows for capital and related financing activities	(59,496)	(34,935)
Cash Flows from Investing Activities		
Investment income received	4,328	4,159
Net Increase in Cash and Investments	542,111	186,539
Cash and Investments, beginning	948,736	762,197
Cash and Investments, ending	$ 1,490,847	$ 948,736
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	$ (125,563)	$ (323,385)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	291,720	299,757
Noncash expense - PERS relief	12,456	65,574
Increase in allowance for doubtful accounts	7,000	46,000
Miscellaneous nonoperating revenues	281,704	249,791
(Increase) decrease in assets:		
Accounts receivable	88,521	(103,091)
Inventories	19,365	5,201
Increase in deferred outflows related to pensions	(9,862)	-
Increase (decrease) in liabilities:		
Accounts payable	(2,379)	(21,893)
Accrued leave	3,554	(3,185)
Customer utility deposits	14,283	2,546
Net pension liability	(70,774)	-
Increase in deferred inflows related to pensions	87,254	-
Net Cash Flows from Operating Activities	$ 597,279	$ 217,315

Exhibit L-4

City and Borough of Wrangell, Alaska

Electric Utility Enterprise Fund
Schedule of Operating Expenses

Years Ended June 30,	2015	2014
Generation		
Salaries	$ 175,116	$ 190,852
Overtime salaries	2,487	4,797
Employee benefits	124,860	143,721
Telephone	4,537	4,315
Utilities	2,097	2,004
Travel and training	355	9,778
Materials and supplies	8,219	13,716
Gas and oil	21,635	49,528
Diesel fuel	66,767	183,914
Tyee hydro power purchases	2,601,290	2,631,090
Repairs and maintenance	71,143	19,749
O.S.H.A. requirements	5,355	9,772
Total Generation	3,083,861	3,263,236
Distribution		
Salaries	297,950	292,333
Overtime salaries	4,159	8,382
Employee benefits	182,948	205,104
Telephone	983	1,288
Utilities	906	859
Travel and training	8,529	10,278
Materials and supplies	39,752	46,617
Meters	14,756	15,394
Poles	15,977	-
Repairs and maintenance	28,692	23,713
Allocated vehicle charges - garage	43,950	44,006
Total Distribution	638,602	647,974
General and Administrative		
Allocated overhead - finance	50,855	50,760
Professional services	9,268	10,161
Insurance	10,599	10,521
Credit card expense	32,796	31,510
Ineligible Thomas Bay Power Authority expenses	-	54,732
Total General and Administrative	103,518	157,684
Depreciation	291,720	299,757
Total Operating Expenses	$ 4,117,701	$ 4,368,651

Exhibit L-5

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Statement of Net Position

June 30,	2015	2014
Assets and Deferred Outflows		
Current Assets		
Cash and investments	$ 1,392,805	$ 461,822
Receivables:		
Accounts	50,702	55,396
Grants	6,584	-
Accrued interest	33	397
Total receivables	57,319	55,793
Total Current Assets	1,450,124	517,615
Restricted Cash and Investments		
Bond redemption reserve	24,904	24,778
ADEC loan	-	822,274
Total Restricted Cash and Investments	24,904	847,052
Property, Plant and Equipment		
Buildings	4,743,289	4,743,289
Improvements other than buildings	11,175,779	11,175,779
Equipment	101,069	101,069
Construction in progress	418,718	137,691
Total property, plant and equipment	16,438,855	16,157,828
Less accumulated depreciation	(9,765,470)	(9,156,847)
Net Property, Plant and Equipment	6,673,385	7,000,981
Total Assets	8,148,413	8,365,648
Deferred Outflows, related to pensions	8,589	-
Total Assets and Deferred Outflows	$ 8,157,002	$ 8,365,648
Liabilities, Deferred Inflows and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	$ 22,397	$ 1,607
Accrued leave	3,519	7,299
Customer utility deposits	9,120	8,050
Accrued interest payable	2,988	3,233
Current portion:		
Revenue bonds	4,918	4,687
ADEC loan	82,297	81,080
Total Current Liabilities	125,239	105,956
Long-term Liabilities, net of current portion		
Revenue bonds	188,109	193,029
ADEC loan	430,375	512,672
Net pension liability	90,133	-
Total long-term Liabilities, net of current portion	708,617	705,701
Total Liabilities	833,856	811,657
Deferred Inflows, related to pensions	10,413	-
Net Position		
Net investment in capital assets	5,967,686	6,209,513
Unrestricted	1,345,047	1,344,478
Total Net Position	7,312,733	7,553,991
Total Liabilities,Deferred Inflows and Net Position	$ 8,157,002	$ 8,365,648

Exhibit L-6

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Years Ended June 30,	2015	2014
Operating Revenues		
Water sales	$ 600,079	$ 559,682
Operating Expenses		
Salaries	57,700	60,448
Overtime salaries	5,096	5,033
Employee benefits	59,232	55,476
Allocated salaries - public works	85,808	102,443
Allocated overhead - finance	16,180	16,180
Telephone	3,415	3,453
Travel and training	-	1,613
Materials and supplies	41,235	28,524
Chlorination - electricity	81,808	85,293
Repairs and maintenance	56,925	61,705
Allocated vehicle charges - garage	39,670	39,512
Professional services	9,705	2,474
Compliance testing	8,944	11,083
Insurance	1,389	2,739
Credit card expense	3,407	3,237
Depreciation	608,623	608,624
Total Operating Expenses	1,079,137	1,087,837
Loss from Operations	(479,058)	(528,155)
Nonoperating Revenues (Expenses)		
Fire hydrant rental	39,730	37,481
Investment income	9,980	11,456
Material sales	2,477	4,972
Interest expense	(18,241)	(19,670)
General expense	-	(1,192)
Pilot study grant	7,565	-
State PERS relief	6,430	8,980
Net Nonoperating Revenues (Expenses)	47,941	42,027
Loss before contributions	(431,117)	(486,128)
Capital contributions	281,027	30,971
Change in Net Position	(150,090)	(455,157)
Net Position, beginning, as previously reported	7,553,991	8,009,148
Restatement, cumulative effect of adoption of GASB 68	(91,168)	-
Net Position, beginning, as restated	7,462,823	8,009,148
Net Position, ending	$ 7,312,733	$ 7,553,991

Exhibit L-7

City and Borough of Wrangell, Alaska

Water Utility Enterprise Fund
Statement of Cash Flows

Years Ended June 30,	2015	2014
Cash Flows from Operating Activities		
Receipts from customers and users	$ 655,615	$ 596,295
Payments for interfund services used	(141,658)	(158,135)
Payments to suppliers	(186,038)	(253,105)
Payments to employees	(118,589)	(107,777)
Net cash flows from operating activities	209,330	77,278
Cash Flows for Capital and Related Financing Activities		
Purchase of property, plant and equipment	(281,027)	(75,549)
Principal payments on revenue bonds	(4,689)	(4,467)
Principal payments on loans	(81,080)	(79,881)
Interest payments on bonds and loans	(18,486)	(19,907)
Capital contributions received	274,443	30,971
Net cash flows for capital and related financing activities	(110,839)	(148,833)
Cash Flows from Investing Activities		
Investment income received	10,344	11,481
Net Increase (Decrease) in Cash and Investments	108,835	(60,074)
Cash and Investments, beginning	1,308,874	1,368,948
Cash and Investments, ending	$ 1,417,709	$ 1,308,874
Reconciliation of Cash and Investments to Statement of Net Position		
Cash and investments:		
Current assets	$ 1,392,805	$ 461,822
Restricted assets	24,904	847,052
	$ 1,417,709	$ 1,308,874
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	$ (479,058)	$ (528,155)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	608,623	608,624
Noncash expense - PERS relief	6,430	8,980
Miscellaneous nonoperating revenues	49,772	42,453
Miscellaneous nonoperating expenses	-	(1,192)
(Increase) decrease in assets - accounts receivable	4,694	(6,590)
Increase in deferred outflows related to pensions	(1,177)	-
Increase (decrease) in liabilities:		
Accounts payable	20,790	(51,792)
Accrued leave	(3,780)	4,200
Customer utility deposits	1,070	750
Net pension liability	(8,447)	-
Increase in deferred inflows related to pensions	10,413	-
Net Cash Flows from Operating Activities	$ 209,330	$ 77,278

Exhibit L-8

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Statement of Net Position

June 30,	2015	2014
Assets and Deferred Outflows		
Current Assets		
Cash and investments	$ 369,582	$ 269,582
Receivables:		
Accounts	49,005	52,287
Grants	2,314	38,639
Accrued interest	35	35
Net receivables	51,354	90,961
Total Current Assets	420,936	360,543
Restricted Cash and Investments		
Bond redemption reserve	24,835	24,632
Property, Plant and Equipment		
Buildings	2,233,579	2,233,579
Improvements other than buildings	8,664,494	8,664,494
Equipment	115,864	103,164
Construction in progress	425,484	108,335
Total property, plant and equipment	11,439,421	11,109,572
Less accumulated depreciation	(8,216,596)	(7,855,291)
Net Property, Plant and Equipment	3,222,825	3,254,281
Total Assets	3,668,596	3,639,456
Deferred Outflows, related to pensions	14,206	-
Total Assets and Deferred Outflows	$ 3,682,802	$ 3,639,456
Liabilities, Deferred Inflows and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	$ 6,317	$ 18,819
Accrued leave	13,058	12,470
Accrued interest payable	1,702	1,769
Current portion - revenue bonds	4,918	4,687
Total current liabilities	25,995	37,745
Long-term liabilities, net of current portion		
Revenue bonds	188,121	193,040
Net pension liability	149,071	-
Total Long-term Liabilities	337,192	193,040
Total Liabilities	363,187	230,785
Deferred Inflows, related to pensions	17,223	-
Net Position		
Net investment in capital assets	3,029,786	3,056,554
Unrestricted	272,606	352,117
Total Net Position	3,302,392	3,408,671
Total Liabilities, Deferred Inflows and Net Position	$ 3,682,802	$ 3,639,456

City and Borough of Wrangell, Alaska

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

Years Ended June 30,	2015	2014
Operating Revenues		
Sewer charges	$ 533,320	$ 497,804
Labor charges	500	51
Total Operating Revenues	533,820	497,855
Operating Expenses		
Collection and treatment	397,275	389,495
General and administrative	20,481	20,684
Depreciation	361,305	375,766
Total Operating Expenses	779,061	785,945
Loss from Operations	(245,241)	(288,090)
Nonoperating Revenues (Expenses)		
Materials sales	-	100
Investment income	1,670	2,019
State PERS relief	10,635	15,829
Interest expense	(10,115)	(13,263)
Net Nonoperating Revenues (Expenses)	2,190	4,685
Loss before contributions	(243,051)	(283,405)
Capital contributions	287,554	60,617
Change in Net Position	44,503	(222,788)
Net Position, beginning, as previously reported	3,408,671	3,631,459
Restatement, cumulative effect of adoption of GASB 68	(150,782)	-
Net Position, beginning, as restated	3,257,889	3,631,459
Net Position, ending	$ 3,302,392	$ 3,408,671

Exhibit L-10

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Statement of Cash Flows

Years Ended June 30,	2015	2014
Cash Flows from Operating Activities		
Receipts from customers and users	$ 537,102	$ 491,896
Payments for interfund services used	(81,932)	(94,569)
Payments to suppliers	(155,085)	(109,924)
Payments to employees	(180,712)	(171,001)
Net cash flows from operating activities	119,373	116,402
Cash Flows for Capital and Related Financing Activities		
Purchase of property, plant and equipment	(329,849)	(102,264)
Principal payments on revenue bonds	(4,688)	(4,467)
Interest payments on bonds	(10,182)	(13,303)
Capital contributions received	323,879	21,978
Net cash flows for capital and related financing activities	(20,840)	(98,056)
Cash Flows from Investing Activities		
Investment income received	1,670	2,019
Net Increase in Cash and Investments	100,203	20,365
Cash and Investments, beginning	294,214	273,849
Cash and Investments, ending	$ 394,417	$ 294,214
Reconciliation of Cash and Investments to Statement of Net Position		
Cash and investments:		
Current assets	$ 369,582	$ 269,582
Restricted assets	24,835	24,632
	$ 394,417	$ 294,214
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	$ (245,241)	$ (288,090)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	361,305	375,766
Noncash expense - PERS relief	10,635	15,829
Miscellaneous nonoperating revenues	-	100
(Increase) decrease in assets - accounts receivable	3,282	(6,059)
Increase in deferred outflows related to pensions	(1,947)	-
Increase (decrease) in liabilities:		
Accounts payable	(12,502)	18,059
Accrued leave	588	797
Net pension liability	(13,970)	-
Increase in deferred inflows related to pensions	17,223	-
Net Cash Flows from Operating Activities	$ 119,373	$ 116,402

Exhibit L-11

City and Borough of Wrangell, Alaska

Sewer Utility Enterprise Fund
Schedule of Operating Expenses

Years Ended June 30,	2015	2014
Collection and Treatment		
Salaries	$ 104,832	$ 106,576
Overtime salaries	4,245	2,653
Employee benefits	84,164	78,398
Allocated salaries - public works	42,752	55,496
Telephone	3,507	3,384
Utilities	61,574	61,596
Travel and training	2,436	613
Materials and supplies	13,434	16,090
Fuel oil	-	423
Permits	1,680	1,680
Facilities repairs and maintenance	6,963	6,576
Systems repairs and maintenance	35,326	23,334
Allocated vehicle charges - garage	26,960	26,853
Compliance testing	9,402	5,823
Total Collection and Treatment	397,275	389,495
General and Administrative		
Allocated overhead - finance	12,220	12,220
Professional services	4,433	4,595
Insurance	847	1,007
Credit card expense	2,981	2,862
Total General and Administrative	20,481	20,684
Depreciation	361,305	375,766
Total Operating Expenses	$ 779,061	$ 785,945

Exhibit L-12

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund
Statement of Net Position

June 30,	2015	2014
Assets and Deferred Outflows		
Current Assets		
Cash and investments	$ 28,206	$ 44,994
Receivables:		
Accounts	45,565	53,870
Grants	335	5,935
Total Current Assets	74,106	104,799
Property, Plant and Equipment		
Buildings	982,637	982,637
Equipment	462,538	462,538
Total property, plant and equipment	1,445,175	1,445,175
Less accumulated depreciation	(819,230)	(749,088)
Net Property, Plant and Equipment	625,945	696,087
Total Assets	700,051	800,886
Deferred Outflows, related to pensions	11,837	-
Total Assets and Deferred Outflows	$ 711,888	$ 800,886
Liabilities, Deferred Inflows and Net Position		
Current Liabilities		
Accounts payable	$ 33,363	$ 27,883
Accrued leave	4,672	5,785
Total Current Liabilities	38,035	33,668
Long-term Liabilities - net pension liability	124,217	-
Total Liabilities	162,252	33,668
Deferred Inflows, related to pensions	14,351	-
Net Position		
Investment in capital assets	625,945	696,087
Unrestricted (deficit)	(90,660)	71,131
Total Net Position	535,285	767,218
Total Liabilities, Deferred Inflows and Net Position	$ 711,888	$ 800,886

Exhibit L-13

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Years Ended June 30,	2015	2014
Operating Revenues		
User fees	$ 512,223	$ 566,951
Operating Expenses		
Collection	110,870	121,251
Landfill	430,598	365,500
General and administrative	11,294	10,192
Depreciation	70,142	70,141
Total Operating Expenses	622,904	567,084
Loss from Operations	(110,681)	(133)
Nonoperating Revenues (Expenses)		
State PERS relief	8,862	12,834
Investment income	221	191
Waste management grant	22,455	8,495
Waste management expense	(27,147)	(8,495)
Net Nonoperating Revenues (Expenses)	4,391	13,025
Change in Net Position	(106,290)	12,892
Net Position, beginning, as previously reported	767,218	754,326
Restatement, cumulative effect of adoption of GASB 68	(125,643)	-
Net Position, beginning, as restated	641,575	754,326
Net Position, ending	$ 535,285	$ 767,218

Exhibit L-14

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund
Statement of Cash Flows

Years Ended June 30,	2015	2014
Cash Flows from (for) Operating Activities		
Receipts from customers and users	$ 520,528	$ 554,867
Payments for interfund services used	(95,564)	(83,142)
Payments to suppliers	(274,169)	(245,052)
Payments to employees	(168,712)	(161,327)
Net cash flows from (for) operating activities	(17,917)	65,346
Cash Flows from (for) Noncapital Financing Activities		
Waste management grant received	28,055	-
Waste management grant expended	(27,147)	-
Increase (decrease) in due to other funds	-	(20,543)
Net cash flows from (for) noncapital financing activities	908	(20,428)
Cash Flows from Investing Activities		
Investment income received	221	191
Net Increase (Decrease) in Cash and Investments	(16,788)	44,994
Cash and Investments, beginning	44,994	-
Cash and Investments, ending	$ 28,206	$ 44,994
Reconciliation of Loss from Operations to Net Cash Flows from (for) Operating Activities		
Loss from operations	$ (110,681)	$ (133)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Depreciation	70,142	70,141
Noncash expense - PERS relief	8,862	12,834
Increase (decrease) in assets:		
Accounts receivable	8,305	(6,149)
Increase in deferred outflows related to pensions	(1,622)	(5,935)
Increase (decrease) in liabilities:		
Accounts payable	5,480	(7,447)
Accrued leave	(1,113)	2,035
Net pension liability	(11,641)	-
Increase in deferred inflows related to pensions	14,351	-
Net Cash Flows from (for) Operating Activities	$ (17,917)	$ 65,346

City and Borough of Wrangell, Alaska

Sanitation Utility Enterprise Fund
Schedule of Operating Expenses

Years Ended June 30,	2015	2014
Collection		
Salaries	$ 42,898	$ 43,437
Overtime salaries	112	545
Employee benefits	22,790	40,009
Allocated salaries - public works	3,682	2,357
Dumpsters	10,238	4,122
Materials and supplies	1,010	761
Allocated vehicle charges - garage	30,140	30,020
Total Collection	110,870	121,251
Landfill		
Salaries	43,511	45,389
Overtime salaries	2,881	875
Employee benefits	65,357	45,941
Allocated salaries - public works	27,262	16,405
Telephone	1,200	1,179
Utilities	8,741	8,188
Monitoring and testing	2,593	3,508
Disposal costs	196,422	180,998
Hazardous waste	19,493	19,601
Materials and supplies	4,263	3,038
Repairs and maintenance	10,368	3,961
Professional services	2,095	2,297
Allocated vehicle charges - garage	30,140	30,020
Landfill closure costs	16,272	4,100
Total Landfill	430,598	365,500
General and Administrative		
Allocated overhead - finance	4,340	4,340
Insurance	2,997	2,582
Credit card expense	3,957	3,270
Total General and Administrative	11,294	10,192
Depreciation	70,142	70,141
Total Operating Expenses	$ 622,904	$ 567,084

Exhibit L-16

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Statement of Net Position

June 30,	2015	2014
Assets and Deferred Outflows		
Current Assets		
Cash and investments	$ 3,548,481	$ 2,694,877
Receivables:		
Accounts	98,101	84,470
Grants	109,237	371,779
Accrued interest	100	23
Less allowance for doubtful accounts	(23,000)	(23,000)
Net receivables	184,438	433,272
Restricted cash and investments - harbor improvements	1,372,549	-
Total Current Assets	5,105,468	3,128,149
Property, Plant and Equipment		
Land	948,333	948,333
Docks and improvements	8,962,061	8,962,061
Harbor floats	24,802,574	24,802,574
Travel lift	18,391,507	17,315,412
Gridiron	155,151	155,151
Buildings	222,466	222,466
Equipment	418,703	379,879
Paving	2,375,803	2,375,803
Construction in progress	825,087	251,590
Total property, plant and equipment	57,101,685	55,413,269
Less accumulated depreciation	(18,932,674)	(16,991,730)
Net Property, Plant and Equipment	38,169,011	38,421,539
Total Assets	43,274,479	41,549,688
Deferred Outflows, related to pensions	39,412	-
Total Assets and Deferred Outflows	$ 43,313,891	$ 41,549,688
Liabilities, Deferred Inflows and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	$ 59,995	$ 44,270
Accrued leave	20,092	12,028
Unearned revenue	1,372,549	500
Interfund loans	29,517	27,810
Total Current Liabilities	1,482,153	84,608
Long-term Liabilities		
Interfund loans, net of current portion	183,246	214,471
Net pension liability	413,582	-
Total Long-term Liabilities	596,828	214,471
Total Liabilities	2,078,981	299,079
Deferred Inflows, related to pensions	47,783	-
Net Position		
Investment in capital assets	38,169,011	38,421,539
Unrestricted	3,018,116	2,829,070
Total Net Position	41,187,127	41,250,609
Total Liabilities, Deferred Inflows and Net Position	$ 43,313,891	$ 41,549,688

Exhibit L-17

City and Borough of Wrangell, Alaska

Port Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Years Ended June 30,	2015	2014
Operating Revenues		
Municipal dock:		
Storage fees	$ 102,877	$ 77,721
Wharfage fees	77,668	69,987
Dockage fees	55,312	66,746
Port development fees	12,017	11,180
Transient fees	785	988
Total municipal dock	248,659	226,622
Small boat harbor:		
Stall rentals and transient fees	591,728	550,152
Penalties and late fees	10,685	13,881
Materials sales	2,018	7,331
Other revenues	14,410	7,649
Total small boat harbor	618,841	579,013
Travel lift:		
Lift fees	178,777	146,528
Storage fees	197,438	161,660
Electric revenues	11,965	7,576
Total travel lift	388,180	315,764
Total Operating Revenues	1,255,680	1,121,399
Operating Expenses		
Municipal dock	160,943	163,177
Small boat harbor	513,964	546,640
Travel lift	227,044	194,522
General and administrative	89,902	96,289
Depreciation	1,940,944	2,191,418
Total Operating Expenses	2,932,797	3,192,046
Loss from Operations	(1,677,117)	(2,070,647)
Nonoperating Revenues		
Investment income	14,978	5,395
State PERS relief	29,506	42,059
State raw fish tax	329,987	288,004
State fisheries business tax	17,347	12,210
Total Nonoperating Revenues	391,818	347,668
Loss before contributions	(1,285,299)	(1,722,979)
Capital contributions	1,640,146	5,605,436
Change in Net Position	354,847	3,882,457
Net Position, beginning, as previously reported	41,250,609	37,368,152
Restatement, cumulative effect of adoption of GASB 68	(418,329)	-
Net Position, beginning, as restated	40,832,280	37,368,152
Net Position, ending	$ 41,187,127	$ 41,250,609

Exhibit L-18

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Statement of Cash Flows

Years Ended June 30,	2015	2014
Cash Flows from Operating Activities		
Receipts from customers and users	$ 1,242,049	$ 1,111,312
Payments for interfund services used	(37,667)	(41,168)
Payments to suppliers	(326,228)	(355,884)
Payments to employees	(571,039)	(557,652)
Net cash flows from operating activities	307,115	156,608
Cash Flows from Noncapital Financing Activities		
State fish taxes received	347,334	300,214
Cash Flows from Capital and Related Financing Activities		
Purchase of property, plant and equipment	(1,688,416)	(5,496,026)
Principal payments on loan payable to other fund	(29,518)	(29,099)
Capital contributions received	3,274,737	7,587,019
Net cash flows from capital and related financing activities	1,556,803	2,061,894
Cash Flows from Investing Activities		
Investment income received	14,901	5,377
Net Increase in Cash and Investments	2,226,153	2,524,093
Cash and Investments, beginning	2,694,877	170,784
Cash and Investments, ending	$ 4,921,030	$ 2,694,877
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	$ (1,677,117)	$ (2,070,647)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	1,940,944	2,191,418
Noncash expense - PERS relief	29,506	42,059
Increase in allowance for doubtful accounts	-	3,800
(Increase) decrease in assets - accounts receivable	(13,631)	(13,887)
Increase in deferred outflows related to pensions	(5,401)	-
Increase (decrease) in liabilities:		
Accounts payable for operations	15,725	2,151
Accrued leave	8,064	1,714
Net pension liability	(38,758)	-
Increase in deferred inflows related to pensions	47,783	-
Net Cash Flows from Operating Activities	$ 307,115	$ 156,608

Exhibit L-19

City and Borough of Wrangell, Alaska

Port Enterprise Fund
Schedule of Operating Expenses

Years Ended June 30,	2015	2014
Municipal Dock		
Salaries	$ 75,757	$ 70,276
Employee benefits	33,630	34,796
Materials and supplies	6,236	1,932
Insurance	13,692	16,476
Utilities	8,348	25,991
Capital expenditures	1,075	-
Repairs and maintenance	22,205	13,706
Total Municipal Dock	160,943	163,177
Small Boat Harbor		
Salaries	187,642	168,189
Overtime salaries	92	1,595
Employee benefits	172,437	178,264
Allocated salaries - public works	1,959	5,529
Materials and supplies	8,381	9,883
Insurance	2,919	1,634
Utilities	98,601	127,722
Repairs and maintenance	35,252	16,796
Miscellaneous expense	6,681	37,028
Total Small Boat Harbor	513,964	546,640
Travel Lift		
Salaries	75,568	80,486
Overtime salaries	4,844	4,925
Employee benefits	62,263	62,894
Materials and supplies	6,346	12,350
Insurance	12,161	1,387
Utilities	37,029	11,361
Repairs and maintenance	28,833	21,119
Total Travel Lift	227,044	194,522
General and Administrative		
Allocated overhead - finance	17,868	17,870
Travel and training	11,683	11,492
Professional services	5,246	7,604
Telephone	6,807	6,498
Materials and supplies	6,324	8,894
Allocated vehicle charges - garage	17,840	17,769
Insurance	1,946	1,154
Repairs and maintenance	5,131	6,583
Credit card expense	12,488	12,079
Publications	4,569	6,346
Total General and Administrative	89,902	96,289
Depreciation	1,940,944	2,191,418
Total Operating Expenses	$ 2,932,797	$ 3,192,046

Exhibit M-1

City and Borough of Wrangell, Alaska

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grant Title	Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	Federal Share of Expend-itures
Department of Agriculture				
Passed through State of Alaska Department of Commerce, Community, and Economic Development - National Forest Receipts	N/A	10.665	$ 1,117,867	$ 911,645
Bird Festival Grant	12-DG-11100522-010	10.665	20,400	8,279
Total Department of Agriculture				919,924
Department of Housing and Urban Development				
Renovation of Community Center	B-09-SP-AK-0198	14.251	475,000	67,671
Passed through State of Alaska Department of Commerce, Community, and Economic Development - Sewer Pumps Replacement Project	12-CDBG-003	14.228	728,134	71,603
Total Department of Housing and Urban Development				139,274
Department of the Interior				
Payment in Lieu of Taxes	N/A	15.226	379,944	379,944
Passed through State of Alaska Department of Commerce, Community, and Economic Development - Protecting Coastal Areas through Waste Management Improvement	10-CIAP-032	15.668	85,693	22,455
Total Department of the Interior				402,399
Institute of Museum and Library Services				
Passed through Wrangell Cooperative Association - IMLS Library Grant	NG-01-13-0078-13	45.311	6,000	6,000
Total Federal Awards				$ 1,467,597

Exhibit N-1

City and Borough of Wrangell, Alaska

Schedule of State Financial Assistance
Year Ended June 30, 2015

Name of Award	Grant Number	Total Grant Award	State Share of Expenditures
Department of Revenue			
* Raw Fish Tax	2015	$ 329,987	$ 329,987
Liquor Licenses	2015	13,200	13,200
CPV Excise Tax Revenue	CY 2013	31,430	24,065
Total Department of Revenue			367,252
Department of Commerce, Community and Economic Development			
Waterfront Master Plan	11-DC-632	75,000	73,592
* Commercial Passenger Vessel Facility	11-DC-642	3,250,000	413,277
* Cassiar Street Improvement	12-DC-438	1,000,000	738,461
Wood Street Construction and Utility Improvements	13-DC-447	1,000,000	5,807
* Hospital and Long Term Care	13-DC-494	1,800,000	165,979
* Travel Lift and Associated Improvements	13-DC-531	2,750,000	599,759
* Boat Yard Improvements	13-DC-600	6,100,000	466,890
Water Treatment Plant Pilot Study	15-DC-166	150,000	7,565
* Shoemaker Bay Float Design	15-DC-165	600,000	149,939
Engineering Condition Assessment for Pool Facility	15-DC-163	35,000	35,000
Connection to Upper Reservoir	15-DC-162	615,000	3,875
* Revenue Sharing	FY 2015	598,068	598,068
Fisheries Business Tax	2015	17,347	17,347
Total Department of Commerce, Community and Economic Development			3,275,559
Department of Education and Early Development			
* School Debt Reimbursement	FY 2014	212,404	206,006
Public Library Assistance	PLA-10-790-88	6,650	6,650
Early Literacy Mini-grant	ELM-14-790-13	656	656
Total Department of Education and Early Development			213,312
Department of Health and Social Services			
Youth Court/Community Panels	609-239-1509	21,825	19,531
Youth Court/Community Panels	609-14-095	19,000	605
Total Department of Health and Social Services			20,136
Department of Environmental Conservation -			
* Cassiar St. Water & Sewer Rehabilitation	91721	565,485	516,863
Department of Military and Veterans Affairs -			
Local Emergency Preparedness Committee	15LEPC-GR35602	9,224	9,224
Department of Administration -			
* PERS On-Behalf	2015	1,479,198	1,479,198
Alaska Department of Corrections			
Local Community Jails	22419307	9,521	9,521
Security Fencing	2015	15,000	4,998
Restraint Chair and Bedding Grant	2015	4,500	4,500
Total Alaska Department of Corrections			19,019
Total State Financial Assistance			$ 5,900,563

* Major program

1. Basis of Presentation

The accompanying schedules of state financial assistance and expenditures of federal awards (the "Schedules") includes the state and federal grant activity of City and Borough of Wrangell, Alaska under programs of the state and federal government for the year ended June 30, 2015. The information in the Schedules is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedules present 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.

Except as otherwise noted, expenditures reported on the Schedules are reported on the modified accrual basis of accounting.

2. National Forest Receipts

In accordance with the provisions of GASB Statement number 33, National Forest Receipts are recorded directly to revenue and any unspent amounts are reported as restricted fund balance. The unspent balance reported in the Special Revenue Fund includes interest earnings as well as unspent grant proceeds. At June 30, 2015, accumulated unspent interest earnings at June 30, 2015 were $104,869 and unspent grant funds were $3,981,029 for a total fund balance of $4,085,898.

3. PERS On-Behalf

The Borough has recorded $1,479,198 in PERS On-Behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payment appropriated and transferred into the plan during FY2015.

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in the year appropriated and transferred to the plan. However, in the full accrual financial statements, GASB 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one-year timing difference between the cash contribution and revenue and expense recognition by the Borough.

As a result of these perspective and timing differences, amounts reported in the financial statements do not agree to the amounts reported on the Schedule of State Financial Assistance.

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Single Audit Reports

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

3601 C Street, Suite 600
Anchorage, AK 99503

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City and Borough of Wrangell as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City and Borough of Wrangell's basic financial statements and have issued our report thereon dated December 15, 2015.

Internal Control Over Financial Reporting

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

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 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
December 15, 2015

BDO

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 as Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited City and Borough of Wrangell's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City and Borough of Wrangell's major federal programs for the year ended June 30, 2015. City and Borough of Wrangell's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

City and Borough of Wrangell's basic financial statements include the operations of the Wrangell Public Schools which received $575,249 in federal awards which is not included in the schedule during the year ended June 30, 2015. Our audit, described below, did not include the operations of the Wrangell Public Schools because it was subjected to a separate audit in accordance with OMB Circular A-133. In addition, City and Borough of Wrangell's basic financial statements also include the operations of Wrangell Medical Center. Our audit, described below, did not include the operations of Wrangell Medical Center because it was subjected to a separate audit; however it did not meet the threshold for an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City and Borough of Wrangell's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City and Borough of Wrangell's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, City and Borough of Wrangell complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of City and Borough of Wrangell is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City and Borough of Wrangell's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City and Borough of Wrangell's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
December 15, 2015

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 State Program and Report on Internal Control Over Compliance as Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

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

Report on Compliance for Each Major State Program

We have audited City and Borough of Wrangell's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City and Borough of Wrangell's major state programs for the year ended June 30, 2015. City and Borough of Wrangell's major state programs are identified in the accompanying Schedule of State Financial Assistance.

City and Borough of Wrangell's basic financial statements include the operations of the Wrangell Public Schools which received $8,701,062 in state awards which is not included in the schedule during the year ended June 30, 2015. Our audit, described below, did not include the operations of the Wrangell Public Schools because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. In addition, City and Borough of Wrangell's financial statements also include the operations of Wrangell Medical Center. Our audit, described below, did not include the operations of Wrangell Medical Center because it was subjected to a separate audit; however it did not meet the threshold for an audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City and Borough of Wrangell's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about City and Borough of Wrangell's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, City and Borough of Wrangell complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
December 15, 2015

City and Borough of Wrangell, Alaska

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified ?	___ yes	X (none reported)
Noncompliance material to financial statements noted?	___ yes	X no

Federal Financial Assistance

Internal control over major federal programs:		
Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified?	___ yes	X (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 Section 510(a) of Circular A-133?	___ yes	X no

Identification of major federal programs:

CFDA Number	*Name of Federal Program or Cluster*	*Agency*
10.665	National Forestry Receipts	U.S. Department of Agriculture
15.226	Payment in Lieu of Taxes	Department of the Interior

Dollar threshold used to distinguish between a type A and type B program:		$ 300,000
Auditee qualified as low-risk auditee?	X yes	___ no

State Financial Assistance

Internal control over major state programs:		
Material weakness(es) identified?	___ yes	X no
Significant deficiency(ies) identified?	___ yes	X (none reported)
Type of auditor's report issued on compliance for major state programs:	Unmodified	
Dollar threshold used to distinguish a state major program:		$ 75,000

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

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in section .510(a) of the Circular) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

There were no findings and questioned costs for State awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.

City and Borough of Wrangell, Alaska

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Financial Statement Findings

There were no prior year audit findings.

Federal Award Findings and Questioned Costs

There were no prior year audit findings.

State Award Findings and Questioned Costs

There were no prior year audit findings.

City and Borough of Wrangell, Alaska

Corrective Action Plan
Year Ended June 30, 2015

There are no current year findings; therefore no corrective action plan is required.