



Municipality of Skagway

**Basic Financial Statements, Required
Supplementary Information, Supplementary
Information**

Year Ended June 30, 2020

Municipality of Skagway

Basic Financial Statements, Required Supplementary Information,
Supplementary Information
Year Ended June 30, 2020

Municipality of Skagway

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Independent Auditor's Report

Honorable Mayor, Members of the
Borough Assembly, and Borough Manager
Municipality of Skagway
Skagway, Alaska

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of a Matter

As discussed in Note 12 to these financial statements, the fund balance of the governmental funds as of July 1, 2019, has been restated by \$16,918,306 to correct an error related in the presentation of the funds in the Excise Tax Special Revenue Fund received under a program for which the funds not yet been spent. Our opinion is not modified with respect to this matter.

Other Matters

As part of our audit of the 2020 financial statements, we also audited the adjustments described in Note 12 that were applied to restate the 2019 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2019 financial statements of the Municipality of Skagway other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements as a whole.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 65-67 and the Schedules of Net Pension and OPEB Liability, and Municipality Contributions to the Public Employees' Retirement System Pension and OPEB Plans on pages 68-69 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, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Municipality of Skagway's basic financial statements. The accompanying combining and individual fund financial statements and schedules

listed in the table of contents for the year ended June 30, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying 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, 2020 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying 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, 2020.

The Municipality of Skagway's basic financial statements for the ended June 30, 2019 (not presented herein), were audited by other auditors whose report thereon dated December 23, 2020, expressed 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 report of the other auditors dated December 23, 2020, stated that the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the year ended June 30, 2019 was subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021 on our consideration of Municipality of Skagway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality of Skagway's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality of Skagway's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
March 31, 2021

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Management's Discussion and Analysis

Municipality of Skagway
Management's Discussion and Analysis
June 30, 2020

The Municipality of Skagway ("the Borough") Management's Discussion and Analysis ("MD&A") provides the narrative overview and analysis of the financial activities of the Borough for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- Of the amount attributable to the primary government, the Borough's net position decreased by \$1 million (3.5%). The governmental net position decreased by \$1 million (1.7%). Business-type net position increased by approximately \$4.6 million (10.2%).
- Net capital assets increased by \$.75 million (.92%) due to additions exceeding depreciation, primarily due to street paving and the recycling facility capital assets. Capital purchases were primarily financed by cash and cash equivalents and capital grants.
- Noncurrent liabilities decreased by \$2.1 million (7.4%) primarily due to repayments of principal on debt of \$.84 million.
- Capital grants and contributions (on the statement of activities) decreased by \$.65 million to \$.15 million grant funding earned through nonmajor capital projects (primarily for the emergency tsunami siren).
- Tax revenues decreased by \$2.9 million (33.6%) due to decreased economic activity.
- General government expenses increased by \$.7 million (7.6%) due primarily to coronavirus relief programs.

REPORT FORMAT

The financial report is presented with the MD&A. The report consists of government-wide financial statements, fund financial statements, notes to the financial statements, and supplementary information.

The report layout is presented in the following order:

MD&A (pages 6 - 13)

Basic Financial Statements:

Government-Wide Financial Statements (pages 16 - 18)

Fund Financial Statements (pages 19 - 28)

Notes to the Basic Financial Statements (pages 29 - 63)

Required Supplementary Information (pages 65 - 71)

The first statements are highly condensed and present a government-wide view of the Borough's finances. Within this view, all operations are reported as either governmental or business-type activities. Governmental activities include basic services such as general government, public safety (police and fire), public works and streets, education and culture, tourism promotion, recreation, and library. Business-type activities are water, sewer, garbage, small boat harbor, health clinic services, and port commission. The government-wide statements include the statement of net position and statement of activities.

The focus is on both the Borough as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the users to focus on the more relevant financial issues and broaden their basis for year-to-year or government-to-government comparisons.

Municipality of Skagway
Management's Discussion and Analysis
June 30, 2020

OVERVIEW OF FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the Borough's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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 of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the Borough's financial position is improving or deteriorating.

The statement of activities demonstrates how the net position changed during the 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. 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 and sick leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

These financial statements discretely present the financial position and activities of the Skagway School District, which is a component unit.

The government-wide financial statements can be found on pages 16 - 18 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 Borough can be divided into two categories: governmental funds and enterprise funds.

Governmental funds - Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements help determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs.

Municipality of Skagway
Management's Discussion and Analysis
June 30, 2020

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 governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. A reconciliation is presented to facilitate this comparison between governmental funds and governmental activities.

The Borough maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major governmental funds. The major governmental funds are the general fund, sales tax special revenue fund, excise tax special revenue fund, permanent trust fund, debt service fund, and Port Development capital project fund. Data from the remaining special revenue and capital projects funds are presented in aggregate.

The basic governmental fund financial statements can be found on pages 19 through 23 of this report.

Enterprise funds - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The enterprise fund financial statements provide separate information for the water and sewer utilities, waste management, small boat harbor operations, health clinic services, and port commission. All are considered major funds.

The basic enterprise fund financial statements can be found on pages 24 through 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as an indicator of a government's financial position. In the case of the Borough, assets exceeded liabilities by \$108 million as of June 30, 2020, compared to \$104.4 million as of June 30, 2019.

The largest portion of the Borough's net position (58.9%) reflects its investment in capital assets (e.g., land, buildings, improvements, road network, and equipment), less any related debt that is still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this outstanding debt must be provided from other sources, as the capital assets themselves cannot be used as a source of funds to liquidate these liabilities. The amount of debt related to the investment in capital assets is \$20.3 million as of June 30, 2020.

Municipality of Skagway
Management's Discussion and Analysis
June 30, 2020

The following is a condensed version of the Borough's statements of net position:

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 47,012,134	\$ 51,702,726	\$ 7,287,797	\$ 2,291,886	\$ 54,299,931	\$ 53,994,612
Capital Assets, net	38,948,646	38,026,551	44,983,756	45,154,936	83,932,402	83,181,487
Deferred Outflows of Resources	853,061	863,603	440,586	236,712	1,293,647	1,100,315
Total assets and deferred outflows	86,813,841	90,592,880	52,712,139	47,683,534	139,525,980	138,276,414
Current and Other Liabilities	4,002,205	4,258,797	387,790	184,527	4,389,995	4,443,324
Long-Term Liabilities	24,105,361	26,341,990	2,567,886	2,453,925	26,673,247	28,795,915
Deferred Inflows of Resources	331,687	619,852	166,461	59,444	498,148	679,296
Total liabilities and deferred inflows	28,439,253	31,220,639	3,122,137	2,697,896	31,561,390	33,918,535
Net Position						
Net investments in capital assets	18,631,834	21,789,278	44,983,756	45,154,936	63,615,590	66,944,214
Restricted	38,372,166	40,446,462	-	-	38,372,166	40,446,462
Unrestricted	1,370,588	(2,863,499)	4,606,246	(169,298)	5,976,834	(3,032,797)
Total net position	\$ 58,374,588	\$ 59,372,241	\$ 49,590,002	\$ 44,985,638	\$ 107,964,590	\$ 104,357,879

A portion of the Borough's net position (\$38.4 million or 65.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position represents a balance of \$6.0 million. Unrestricted net position is used to meet the government's ongoing obligations to citizens and creditors.

The government's net position increased by \$3.6 million during the current fiscal year compared to \$5.8 million in the prior fiscal year. This change is primarily due to decreases in capital grants and contributions, and sales tax revenues in the current year.

Municipality of Skagway
Management's Discussion and Analysis
June 30, 2020

The following is a condensed version of the Borough's statements of activities:

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 811,537	\$ 314,655	\$ 2,268,225	\$ 2,543,552	\$ 3,079,762	\$ 2,858,207
Operating grant and contributions	1,695,209	47,813	1,564,004	1,470,312	3,259,213	1,518,125
Capital grants and contributions	125,230	804,067	26,204	-	151,434	804,067
General revenues						
Taxes	14,937,380	15,864,256	-	-	14,937,380	15,864,256
Intergovernmental revenue - unrestricted	348,763	515,401	-	86,066	348,763	601,467
Earnings on investments	783,761	1,177,583	-	-	783,761	1,177,583
Other	81,456	1,004,200	-	-	81,456	1,004,200
Total revenues	18,783,336	19,727,975	3,858,433	4,099,930	22,641,769	23,827,905
Expenses						
General government	2,704,984	2,410,006	-	-	2,704,984	2,410,006
Public safety	2,795,084	2,885,535	-	-	2,795,084	2,885,535
Public works and streets	639,042	1,126,353	-	-	639,042	1,126,353
Education	2,509,247	201,736	-	-	2,509,247	201,736
Culture, recreation, and library	3,687,840	1,929,189	-	-	3,687,840	1,929,189
Interest on long-term debt	-	763,628	-	-	-	763,628
Water and sewer	-	-	1,418,435	1,377,889	1,418,435	1,377,889
Garbage	-	-	694,379	776,697	694,379	776,697
Small boat harbor	-	-	1,039,489	1,009,947	1,039,489	1,009,947
Health clinic	-	-	3,418,876	3,372,575	3,418,876	3,372,575
Port commission	-	-	127,682	95,697	127,682	95,697
Total expenses	12,336,197	9,316,447	6,698,861	6,632,805	19,035,058	15,949,252
Increase (Decrease in Net Position Before Transfers and payments to School)	6,447,139	10,411,528	(2,840,428)	(2,532,875)	3,606,711	7,878,653
Transfer and Payments to School	(7,444,792)	(4,577,893)	7,444,792	2,516,816	-	(2,061,077)
Change in Net Position	\$ (997,653)	\$ 5,833,635	\$ 4,604,364	\$ (16,059)	\$ 3,606,711	\$ 5,817,576
Net Position, beginning of year	\$ 59,372,241	\$ 53,538,606	\$ 44,985,638	\$ 45,001,697	\$ 104,357,879	\$ 98,540,303
Change in Net Position	(997,653)	5,833,635	4,604,364	(16,059)	3,606,711	5,817,576
Net Position, end of year	\$ 58,374,588	\$ 59,372,241	\$ 49,590,002	\$ 44,985,638	\$ 107,964,590	\$ 104,357,879

Municipality of Skagway
Management's Discussion and Analysis
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Governmental Activities - Governmental activities net position decreased by \$1 million in 2020 and increased by \$5.8 million in 2019. As noted above, this change is primarily due to decreases in capital grants and contributions, and sales tax revenues in the current year.

Business-Type Activities - Business-type activities increased the Borough's net position by \$4.6 million in 2020. In 2019, business-type activities net position decreased by \$16,000. Although revenues and expenses of business-type activities have decreased marginally from 2019, the majority of this increase is due to the reclassification of port bond funds from the Capital Projects fund to the Port Commission fund balance.

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, an unreserved fund balance may serve as a measure of the 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 a combined ending fund balance of \$42.2 million. This is a decrease of \$5.9 million (12.1%) from the prior year, as restated, primarily due to an excess of revenues over expenditures of \$1.3 million, which is offset primarily by net transfers out to other funds of \$7.4 million. Of this amount, \$3.6 million is nonspendable, as it is for the purpose of the permanent trust fund; \$34.5 million is restricted for general purposes of the sales tax fund, tourism, and capital projects; and \$3.5 million is assigned for the purpose of debt service and transfers to other funds. The remaining fund balance of \$5.5 million is unassigned.

The general fund is the primary operating fund of the Borough. At the end of the current fiscal year, the unassigned fund balance of the general fund had a \$5.5 million surplus.

Significant changes in governmental funds are as follows:

- Sales tax revenues decreased by \$3 million (33.8%) due to decreased commerce within the Borough as a result of the Coronavirus global pandemic.
- Intergovernmental revenues increased \$0.9 million (74.4%) primarily due to increased federal funding for the Coronavirus global pandemic through the CARES Act Relief fund.
- Capital outlays for streets and public works increased by \$0.78 million (350%) due primarily to increased spending on the sidewalks and street paving.

Other governmental funds (with the exclusion of the general fund) have a combined fund balance of \$41.7 million, which is \$5.9 million lower than 2019, as restated.

Enterprise funds - The Borough's enterprise funds encompass the business-type activities presented in the government-wide financial statements.

As of the end of the current fiscal year, enterprise funds' total combined net position was \$49.6 million, which is within 10.2% of 2019. Of this amount, \$4.6 million represented unrestricted net position.

Municipality of Skagway
Management's Discussion and Analysis
June 30, 2020

There were no significant changes in enterprise fund operations from 2019 to 2020.

The Borough continues to assess insufficient user fees to cover the cost of depreciation in all enterprise funds. In light of the fact that major replacement costs for needed infrastructure in these areas will most likely come from sales tax or other outside agency sources, this is not an immediate concern. However, fees that more accurately reflect the cost associated with these business-type activities should certainly be a consideration in the future.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were minimal differences between the original budgeted revenues and expenditures and the final amended budgeted revenues and expenditures.

Actual revenues, excluding transfers in and out, were lower than budgeted by \$.25 million (17.4%), while actual expenditures were greater than budgeted expenditures by \$.95 million (11.4%).

Actual revenues in the general operating budget, as reflected in the financial statements, do not include transfers from other funds. For purposes of establishing the municipal budget, the Borough considers dollars transferred from all other funds (most importantly the sales tax and excise tax funds) into the general fund.

There were no departments within the general fund budget with expenses exceeding appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounted to \$83.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, road networks, and water/sewer systems. The total increase in the Borough's investment in capital assets for the current fiscal year was \$.75 million (.92%). Governmental capital assets increased by \$.9 million (2.4%), while business-type capital assets decreased by \$.2 million (.4%).

The increase in capital assets for the current year came due to capital outlays exceeding depreciation.

Debt administration - As of June 30, 2020, the Borough had a total of \$20.3 million in bonds and loans payable, which consisted of five general obligation bond issues, four loans payable to the State of Alaska, and one loan payable to the Corporation of the Catholic Bishop of Juneau. The general obligation bonds accounted for \$17.8 million, and the loans accounted for \$2 million. As of June 30, 2020, the Borough also had \$.6 million of unamortized bond premiums.

The total debt (\$20.3 million) decreased by \$.9 million from the previous year (\$21.2 million). This included issuances of \$311,850, offset by repayments of principal and amortization of premiums in the current year of \$1.2 million.

The Borough's borrowing limit for long-term debt is 25.0% of the assessed value of the taxable real property in the Borough. The noncurrent portion of long-term debt is approximately 6% of the current assessed value of the taxable real property.

Municipality of Skagway
Management's Discussion and Analysis
June 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Economic Forecast for the Municipality of Skagway (MOS) in 2021 is uncertain. With the continued coronavirus pandemic, it is expected that the MOS will once again not receive any cruise ships for the 2021 season. This means that the MOS expects to lose an estimated \$10 million dollars in Commercial Passenger Vessel (CPV) excise tax shared revenues from cruise ships and \$15 million dollars in sales tax revenue over the 2020 & 2021 seasons. Even with this loss of revenue, the MOS anticipates that it will have \$11 million in CPV excise tax shared revenue reserves and \$7 million in sales tax reserves at the conclusion of 2021 by strictly following the 2021 adopted budget.

On a positive note, Silver Tip Mine in Northern British Columbia has reached out the MOS with a desire to bring 160,000 tons of ore through the Port of Skagway annually. Additionally, both the State and the Yukon Territorial government are showing interest in Skagway's port. Both entities are completing transportation improvements to and from Skagway, one of which is the rehabilitation of the Klondike Highway State Street, which facilitates the transportation of commodities and passengers between the Port of Skagway and Canada.

During 2018, fixed budgeted expenditures reached a level equal to annual revenue. Debt payments continue to weigh heavily in this balance of annual expenditure and revenue. Over the past 2 years, the Assembly has kept operational and capital expenditures low, focusing on necessary infrastructure improvements and programs. The Assembly continues a rational approach to capital expenditures, proceeding only when the revenues for the project are first identified. The Assembly has recently raised solid waste, water, and wastewater service fees to reduce the subsidy needed for these services. Overall, the MOS remains confident it can remain financially viable until the return of tourist in 2022.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Borough's finances and to demonstrate the Borough's accountability for the money it receives. If you have any questions about this report or need additional financial information, a request should be addressed to the Municipality of Skagway, P.O. Box 415, Skagway, AK 99840, or please call (907) 983-2297.

The Borough's component unit issues its own separate audited financial statements. These statements may be obtained by directly contacting the Skagway School District, P.O. Box 497, Skagway, AK 99840.

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Basic Financial Statements

Municipality of Skagway

Statement of Net Position

	Primary Government			Component
	Governmental	Business-type	Total	Unit
				Skagway
	Activities	Activities		School
<i>June 30, 2020</i>				District
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 44,116,006	\$ 7,068,636	\$ 51,184,642	\$ 1,389,077
Receivables, net of allowance for doubtful receivables	2,544,592	338,004	2,882,596	57,252
Prepaid items	-	-	-	20,747
Inventory	-	185,324	185,324	4,267
Internal balances	319,425	(319,425)	-	-
Capital assets not being depreciated - land improvements and construction in progress	8,100,751	6,279,233	14,379,984	-
Other capital assets, net of accumulated depreciation	30,847,895	38,704,523	69,552,418	64,218
Net OPEB asset	32,111	15,258	47,369	94,500
Total Assets	85,960,780	52,271,553	138,232,333	1,630,061
Deferred Outflows of Resources				
Pension related	494,636	270,260	764,896	175,116
Other postemployment benefits related	358,425	170,326	528,751	113,374
Total Deferred Outflows of Resources	853,061	440,586	1,293,647	288,490
Total Assets and Deferred Outflows of Resources	\$ 86,813,841	\$ 52,712,139	\$ 139,525,980	\$ 1,918,551

Municipality of Skagway
Statement of Net Position, continued

<i>June 30, 2020</i>	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Skagway School District
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable	\$ 490,851	\$ 259,670	\$ 750,521	\$ 2,844
Unearned revenue	2,046,588	-	2,046,588	15,001
Payroll accruals and liabilities	-	-	-	54,868
Due to agency fund	-	-	-	14,860
Noncurrent liabilities:				
Due within one year:				
Accrued leave	345,415	128,120	473,535	-
Interest payable	245,438	-	245,438	-
Long-term debt	873,913	-	873,913	-
Due in more than one year:				
Long-term debt	19,442,899	-	19,442,899	-
Net pension liability	4,497,621	2,489,553	6,987,174	1,520,641
Net other postemployment benefits liability	164,841	78,333	243,174	17,661
Total Liabilities	28,107,566	2,955,676	31,063,242	1,625,875
Deferred Inflows of Resources				
Pension related	153,138	81,613	234,751	41,455
Other postemployment benefits related	178,549	84,848	263,397	82,512
Total Deferred Inflows of Resources	331,687	166,461	498,148	123,967
Net Position				
Investment in capital assets	18,631,834	44,983,756	63,615,590	64,218
Restricted	38,372,166	-	38,372,166	709,137
Unrestricted	1,370,588	4,606,246	5,976,834	(604,646)
Total Net Position	58,374,588	49,590,002	107,964,590	168,709
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 86,813,841	\$ 52,712,139	\$ 139,525,980	\$ 1,918,551

See accompanying notes to basic financial statements.

Municipality of Skagway

Statement of Activities

Year Ended June 30, 2020	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Primary Government			
		Governmental Activities	Business- type Activities	Total	Skagway School District			
Activities								
Primary Government								
Governmental activities:								
General government	\$ 2,704,984	\$ 328,181	\$ 220,542	\$ -	\$ (2,156,261)	\$ -	\$ (2,156,261)	
Public safety	2,795,084	78,326	231,796	96,933	(2,388,029)	-	(2,388,029)	
Public works	639,042	6,875	25,613	15,809	(590,745)	-	(590,745)	
Culture, recreation and library	3,687,840	398,155	1,217,258	12,488	(2,059,939)	-	(2,059,939)	
Education	2,509,247	-	-	-	(2,509,247)	-	(2,509,247)	
Total governmental activities	12,336,197	811,537	1,695,209	125,230	(9,704,221)	-	(9,704,221)	
Business-type activities:								
Water and sewer	1,418,435	406,020	5,152	-	-	(1,007,263)	(1,007,263)	
Garbage	694,379	456,747	1,442	-	-	(236,190)	(236,190)	
Small boat harbor	1,039,489	362,084	1,837	900	-	(674,668)	(674,668)	
Health clinic	3,418,876	916,174	1,555,573	19,679	-	(927,450)	(927,450)	
Port	127,682	127,200	-	5,625	-	5,143	5,143	
Total business-type activities	6,698,861	2,268,225	1,564,004	26,204	-	(2,840,428)	(2,840,428)	
Total Primary Government	\$ 19,035,058	\$ 3,079,762	\$ 3,259,213	\$ 151,434	(9,704,221)	(2,840,428)	(12,544,649)	
Component Unit - School District - education								
	\$ 2,783,743	\$ 47,110	\$ 631,442	\$ -				\$ (2,105,191)
General Revenues								
Taxes					14,734,616	-	14,734,616	-
Payments in lieu of taxes					202,764	-	202,764	-
Grants and entitlements not restricted to a specific purpose					348,763	-	348,763	1,029,580
E-rate revenue					-	-	-	21,570
Investment income					783,761	-	783,761	-
Contributions from primary government					-	-	-	1,546,996
Other					81,456	-	81,456	1,000
Transfers					(7,444,792)	7,444,792	-	-
Total General Revenues and Transfers					8,706,568	7,444,792	16,151,360	2,599,146
Change in Net Position					(997,653)	4,604,364	3,606,711	493,955
Net Position, beginning					59,372,241	44,985,638	104,357,879	(325,246)
Net Position, ending					\$ 58,374,588	\$ 49,590,002	\$ 107,964,590	\$ 168,709

See accompanying notes to basic financial statements.

Municipality of Skagway

**Governmental Funds
Balance Sheet**

	Major Funds						Total Govern- mental Funds
	General	Sales Tax Special Revenue Fund	Excise Tax Special Revenue Fund	Permanent Trust Fund	Debt Service Fund	Nonmajor Funds	
<i>June 30, 2020</i>							
Assets							
Cash and investments	\$ 2,374,432	\$ 15,292,972	\$ 21,923,289	\$ 4,108,154	\$ 119,714	\$ 297,445	\$ 44,116,006
Receivables:							
Accounts	128,829	7,458	-	-	-	-	136,287
Sales taxes	-	219,756	-	-	-	-	219,756
Property taxes	2,013,600	-	-	-	-	-	2,013,600
Notes	-	-	-	200,079	-	-	200,079
Grants	-	-	-	-	-	35,498	35,498
Interest	-	-	-	10,712	-	-	10,712
Allowance for doubtful accounts	(71,117)	(223)	-	-	-	-	(71,340)
Total receivables	2,071,312	226,991	-	210,791	-	35,498	2,544,592
Due from other funds	382,055	-	-	-	-	-	382,055
Total Assets	\$ 4,827,799	\$ 15,519,963	\$ 21,923,289	\$ 4,318,945	\$ 119,714	\$ 332,943	\$ 47,042,653

Municipality of Skagway

Governmental Funds
Balance Sheet, continued

	Major Funds						Total Govern- mental Funds
	General	Sales Tax Special Revenue Fund	Excise Tax Special Revenue Fund	Permanent Trust Fund	Debt Service Fund	Nonmajor Funds	
<i>June 30, 2020</i>							
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	220,872	10,437	-	2,490	-	257,052	490,851
Due to other funds	-	-	-	-	-	62,630	62,630
Unearned revenue	2,046,588	-	-	-	-	-	2,046,588
Total Liabilities	2,267,460	10,437	-	2,490	-	319,682	2,600,069
Deferred Inflows of Resources							
Deferred land sales	-	-	-	200,079	-	-	200,079
Unavailable property taxes	2,012,593	-	-	-	-	-	2,012,593
Total Deferred Inflows of Resources	2,012,593	-	-	200,079	-	-	2,212,672
Fund Balances							
Nonspendable	-	-	-	3,633,330	-	-	3,633,330
Restricted	-	15,509,526	19,029,231	-	-	-	34,538,757
Assigned	-	-	2,894,058	483,046	119,714	13,261	3,510,079
Unassigned	547,746	-	-	-	-	-	547,746
Total Fund Balances	547,746	15,509,526	21,923,289	4,116,376	119,714	13,261	42,229,912
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,827,799	\$ 15,519,963	\$ 21,923,289	\$ 4,318,945	\$ 119,714	\$ 332,943	\$ 47,042,653

See accompanying notes to basic financial statements.

Municipality of Skagway

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

June 30, 2020

Total fund balances for governmental funds		\$ 42,229,912
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:		
Construction in progress	\$ 2,358,035	
Land and land improvements	5,742,716	
Buildings	36,508,387	
Improvements other than buildings	8,096,798	
Machinery and equipment	8,249,213	
Infrastructure	<u>11,711,252</u>	
Total capital assets	72,666,401	
Less accumulated depreciation	<u>(33,717,755)</u>	38,948,646
The PERS ODD OPEB plan has been funded in excess of required contributions. This asset is not a financial resource and therefore is not reported in the funds		
		32,111
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of:		
Deferred assessments receivable	200,079	
Delinquent property taxes receivable	2,012,593	
		2,212,672
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Accrued leave	(345,415)	
Bonds payable	(17,755,000)	
Bond premium, net of accumulated amortization	(581,541)	
Loans payable	(1,980,271)	
Interest payable	(245,438)	
Net pension liability	(4,497,621)	
Net other postemployment benefits liability	<u>(164,841)</u>	(25,570,127)
Certain changes in net pension and OPEB liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows of resources related to pensions	494,636	
Deferred inflows of resources related to pensions	(153,138)	
Deferred outflows of resources related to other postemployment benefits	358,425	
Deferred inflows of resources related to other postemployment benefits	<u>(178,549)</u>	521,374
		<u>\$ 58,374,588</u>

See accompanying notes to basic financial statements.

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

Year Ended June 30, 2020	Major Funds						Total Govern- mental Funds
	General	Sales Tax Special Revenue Fund	Excise Tax Special Revenue Fund	Permanent Trust Fund	Debt Service Fund	Nonmajor Funds	
Revenues							
Taxes	\$ 2,006,214	\$ 5,927,888	\$ 5,083,250	\$ -	\$ -	\$ 150,059	\$ 13,167,411
Federal government	1,638,740	-	-	-	-	109,421	1,748,161
State of Alaska	367,654	-	-	-	-	-	367,654
Private grants	-	-	-	-	-	15,809	15,809
Investment income	743	214,605	478,776	89,637	-	-	783,761
Charges for services	-	-	-	-	-	282,117	282,117
Other revenues	344,854	-	-	-	-	-	344,854
Total Revenues	4,358,205	6,142,493	5,562,026	89,637	-	557,406	16,709,767
Expenditures							
Current-							
General government	2,251,249	-	-	10,331	-	909,997	3,171,577
Public safety	2,924,735	-	-	-	-	581,975	3,506,710
Public works	675,475	-	-	-	-	985,579	1,661,054
Culture, recreation and library	2,533,124	-	-	-	-	515,053	3,048,177
Education	-	2,307,537	-	-	-	-	2,307,537
Debt service:							
Principal	-	-	-	-	841,394	-	841,394
Interest	-	-	-	-	855,056	-	855,056
Total Expenditures	8,384,583	2,307,537	-	10,331	1,696,450	2,992,604	15,391,505
Excess of Revenues Over (Under) Expenditures	(4,026,378)	3,834,956	5,562,026	79,306	(1,696,450)	(2,435,198)	1,318,262
Other Financing Sources (Uses)							
Transfers in	4,026,378	-	-	-	1,696,450	2,511,452	8,234,280
Transfers out	-	(7,580,130)	(2,972,325)	-	(23,411)	(5,103,206)	(15,679,072)
Proceeds from issuance of long-term debt	-	-	-	-	23,411	-	23,411
Sale of capital assets	-	-	-	247,131	-	-	247,131
Net Other Financing Sources (Uses)	4,026,378	(7,580,130)	(2,972,325)	247,131	1,696,450	(2,591,754)	(7,174,250)
Net Change in Fund Balances	-	(3,745,174)	2,589,701	326,437	-	(5,026,952)	(5,855,988)
Fund Balances, beginning, as restated (note 12)	547,746	19,254,700	19,333,588	3,789,939	119,714	5,040,213	48,085,900
Fund Balances, ending	\$ 547,746	\$ 15,509,526	\$ 21,923,289	\$ 4,116,376	\$ 119,714	\$ 13,261	\$ 42,229,912

See accompanying notes to basic financial statements.

Municipality of Skagway

Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities Year Ended June 30, 2020

Net change in fund balances - total governmental funds		\$(5,855,988)
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlay (\$2,436,885) exceeded depreciation (\$1,514,790).		
	922,095	
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 increase in deferred property tax and deferred land sales.		
		1,767,284
The issuance of long-term debt (e.g. bonds, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This is the amount of the effect of:		
Repayment of principal on bonds and loans	841,394	
Issuance of loans payable	(23,411)	
Decrease in unamortized bond premium	104,562	
		922,545
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 amount of the (increase) decrease in:		
Accrued leave	4,391	
Interest payable	527	
		4,918
Changes related to net pension and other postemployment benefits liabilities and related accounts can increase or decrease net position. This is the increase (decrease) in net position due to changes in:		
Net pension liability and deferred outflows and inflows of resources	(230,841)	
Net other postemployment benefits liability and deferred outflows and inflows of resources	1,472,334	
		1,241,493
Change in Net Position of Governmental Activities		\$ (997,653)

See accompanying notes to basic financial statements.

Municipality of Skagway

Enterprise Funds
Statement of Net Position

	Major Enterprise Funds					Total Enterprise Funds
	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port Commission	
<i>June 30, 2020</i>						
Assets and Deferred Outflows of Resources						
Current Assets						
Cash and investments	\$ -	\$ -	\$ 1,621,832	\$ 167,755	\$ 5,279,049	\$ 7,068,636
Receivables, net of allowance for doubtful accounts	44,166	53,957	59,267	170,014	10,600	338,004
Inventory	122,533	-	-	62,791	-	185,324
Total Current Assets	166,699	53,957	1,681,099	400,560	5,289,649	7,591,964
Capital assets	20,700,747	6,413,936	29,997,596	9,669,408	4,016,683	70,798,370
Less accumulated depreciation	(9,886,745)	(3,982,574)	(9,035,935)	(2,909,360)	-	(25,814,614)
Net Capital Assets	10,814,002	2,431,362	20,961,661	6,760,048	4,016,683	44,983,756
Net OPEB asset	2,796	783	997	10,682	-	15,258
Total Assets	10,983,497	2,486,102	22,643,757	7,171,290	9,306,332	52,590,978
Deferred Outflows of Resources						
Pension related	51,947	11,004	16,170	191,139	-	270,260
Other postemployment benefits related	31,215	8,738	11,133	119,240	-	170,326
Total Deferred Outflows of Resources	83,162	19,742	27,303	310,379	-	440,586
Total Assets and Deferred Outflows of Resources	\$ 11,066,659	\$ 2,505,844	\$ 22,671,060	\$ 7,481,669	\$ 9,306,332	\$ 53,031,564

Municipality of Skagway
Enterprise Funds
Statement of Net Position, continued

	Major Enterprise Funds						Total Enterprise Funds
	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port Commission		
<i>June 30, 2020</i>							
Liabilities, Deferred Inflows of Resources and Net Position							
Current Liabilities							
Accounts payable	\$ 146,064	\$ 43,464	\$ 10,398	\$ 56,104	\$ 3,640	\$ 259,670	
Due to other funds	23,082	296,343	-	-	-	319,425	
Total Current Liabilities	169,146	339,807	10,398	56,104	3,640	579,095	
Noncurrent Liabilities, excluding current portion							
Compensated absences	22,223	5,066	6,509	94,322	-	128,120	
Net pension liability	480,445	99,094	147,766	1,762,248	-	2,489,553	
Net other postemployment benefits liability	14,356	4,018	5,120	54,839	-	78,333	
Total Liabilities	686,170	447,985	169,793	1,967,513	3,640	3,275,101	
Deferred Inflows of Resources							
Pension related	15,563	3,468	4,960	57,622	-	81,613	
Other postemployment benefits related	15,550	4,353	5,546	59,399	-	84,848	
Total Deferred Inflows of Resources	31,113	7,821	10,506	117,021	-	166,461	
Net Position							
Investment in capital assets	10,814,002	2,431,362	20,961,661	6,760,048	4,016,683	44,983,756	
Unrestricted (deficit)	(464,626)	(381,324)	1,529,100	(1,362,913)	5,286,009	4,606,246	
Total Net Position	10,349,376	2,050,038	22,490,761	5,397,135	9,302,692	49,590,002	
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 11,066,659	\$ 2,505,844	\$ 22,671,060	\$ 7,481,669	\$ 9,306,332	\$ 53,031,564	

See accompanying notes to basic financial statements.

Municipality of Skagway

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2020	Major Enterprise Funds					Total Enterprise Funds
	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port Commission	
Operating Revenues						
Charges for services:						
Charges for services	\$ 406,020	\$ 456,747	\$ 362,084	\$ 916,174	\$ 127,200	\$ 2,268,225
Grant revenue	-	-	-	1,554,713	-	1,554,713
Contributions	-	-	-	860	-	860
Total Operating Revenues	406,020	456,747	362,084	2,471,747	127,200	3,823,798
Operating Expenses						
Payroll and payroll benefits	370,210	278,544	193,288	1,849,593	-	2,691,635
Materials and supplies	-	-	-	183,526	-	183,526
Utilities	129,035	105,492	28,784	108,046	229	371,586
Administration	6,015	4,762	8,390	180,155	4,931	204,253
Contracted services	28,684	51,466	-	593,117	119,920	793,187
Insurance	19,433	18,992	21,731	68,359	-	128,515
Travel and training	-	-	-	46,929	2,602	49,531
Repairs and maintenance	178,897	28,298	17,252	97,279	-	321,726
Recycling	-	73,385	-	-	-	73,385
Depreciation	669,969	77,778	760,085	267,199	-	1,775,031
Other	16,192	55,662	9,959	24,673	-	106,486
Total Operating Expenses	1,418,435	694,379	1,039,489	3,418,876	127,682	6,698,861
Loss from Operations	(1,012,415)	(237,632)	(677,405)	(947,129)	(482)	(2,875,063)
Nonoperating Revenues						
PERS relief	5,152	1,442	1,837	-	-	8,431
Loss Before						
Contributions and Transfers	(1,007,263)	(236,190)	(675,568)	(947,129)	(482)	(2,866,632)
Capital contributions	-	-	900	19,679	5,625	26,204
Transfers in	590,262	1,061,167	-	599,139	5,194,224	7,444,792
Change in Net Position	(417,001)	824,977	(674,668)	(328,311)	5,199,367	4,604,364
Net Position, beginning	10,766,377	1,225,061	23,165,429	5,725,446	4,103,325	44,985,638
Net Position, ending	\$ 10,349,376	\$ 2,050,038	\$ 22,490,761	\$ 5,397,135	\$ 9,302,692	\$ 49,590,002

See accompanying notes to basic financial statements.

Municipality of Skagway

Enterprise Funds
Statement of Cash Flows

	Major Enterprise Funds					Total Enterprise Funds
	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port Commission	
<i>Year Ended June 30, 2020</i>						
Cash Flows from (for) Operating Activities						
Receipts from customers and users	\$ 495,010	\$ 487,625	\$ 397,244	\$ 958,189	\$ 127,200	\$ 2,465,268
Operating grants received	-	-	-	1,553,553	-	1,553,553
Payments to suppliers	(280,676)	(276,569)	(82,729)	(1,366,927)	(144,593)	(2,151,494)
Payments to employees	(340,844)	(272,469)	(188,069)	(1,751,856)	-	(2,553,238)
Net cash flows from (for) operating activities	(126,510)	(61,413)	126,446	(607,041)	(17,393)	(685,911)
Cash Flows from Noncapital Financing Activities						
Transfers from other funds	590,262	1,061,167	-	599,139	-	2,250,568
Change in due to (from) other funds	16,697	(92,522)	817,274	151,787	294,358	1,187,594
Net cash flows for noncapital financing activities	606,959	968,645	817,274	750,926	294,358	3,438,162
Cash Flows from (for) Capital and Related Financing Activities						
Additions to property, plant and equipment	(486,559)	(907,232)	(12,295)	-	(197,765)	(1,603,851)
Capital contributions received	6,110	-	900	19,679	5,625	32,314
Transfers from other funds	-	-	-	-	5,194,224	5,194,224
Net cash flows from capital and related financing activities	(480,449)	(907,232)	(11,395)	19,679	5,002,084	3,622,687
Increase in Cash and Investments	-	-	932,325	163,564	5,279,049	6,374,938
Cash and Investments, beginning of year	-	-	689,507	4,191	-	693,698
Cash and Investments, end of year	\$ -	\$ -	\$ 1,621,832	\$ 167,755	\$ 5,279,049	\$ 7,068,636

See accompanying notes to basic financial statements.

Municipality of Skagway
Enterprise Funds
Statement of Cash Flows, continued

	Major Enterprise Funds					Total Enterprise Funds
	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port Commission	
<i>Year Ended June 30, 2020</i>						
Reconciliation of Loss from Operations to						
Net Cash Flows from (for) Operating Activities						
Loss from operations	\$ (1,012,415)	\$ (237,632)	\$ (677,405)	\$ (947,129)	\$ (482)	\$ (2,875,063)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:						
Depreciation	669,969	77,778	760,085	267,199	-	1,775,031
Noncash expense - PERS relief	5,152	1,442	1,837	-	-	8,431
(Increase) decrease in assets and deferred outflows of resources:						
Accounts receivable, net	88,990	30,878	35,160	39,995	-	195,023
Inventory	1,238	-	-	(9,233)	-	(7,995)
Prepaid items	-	37,629	-	-	-	37,629
Net other postemployment benefits asset	(2,796)	(783)	(997)	(10,682)	-	(15,258)
Deferred outflows of resources related to pensions	(6,148)	(1,721)	(2,193)	(23,486)	-	(33,548)
Deferred outflows of resources related to other postemployment benefits	(31,215)	(8,738)	(11,133)	(119,240)	-	(170,326)
Increase (decrease) in liabilities and deferred inflows of resources:						
Accounts payable	96,342	23,859	3,387	(55,610)	(16,911)	51,067
Compensated absences	8,216	156	(2,325)	36,626	-	42,673
Net pension liability	22,189	6,211	7,914	84,761	-	121,075
Net other postemployment benefits liability	14,356	4,018	5,120	54,839	-	78,333
Deferred inflows of resources related to pensions	4,062	1,137	1,450	15,520	-	22,169
Deferred inflows of resources related to other postemployment benefits	15,550	4,353	5,546	59,399	-	84,848
Net Cash Flows from (for) Operating Activities	\$ (126,510)	\$ (61,413)	\$ 126,446	\$ (607,041)	\$ (17,393)	\$ (685,911)

See accompanying notes to basic financial statements.

Municipality of Skagway

Notes to Basic Financial Statements June 30, 2020

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Skagway ("the City") was incorporated on June 26, 1900, under Federal Statute 31 and U.S. Statute at Large 321, as a city in Alaska. On June 20, 2007, the City formally dissolved in conjunction with the incorporation of the Municipality of Skagway ("the Borough"), a first-class borough of Alaska. The corporate boundaries of the Borough are identical to those of the former City. The Borough also succeeded to all rights, powers, duties, assets, and liabilities of the former City. The Borough operates under an Assembly-Manager form of government and provides the following services: public safety (police and fire), streets and sidewalks, water and sanitation (garbage and waste treatment), health, culture-recreation, tourism promotion, port authority, public improvements, planning and zoning, and general administrative services.

Discretely Presented Component Unit

The accompanying financial statements present the Borough and its component unit, the Skagway School District ("the District"), for which the Borough is considered to be financially accountable. Information about the District, a discretely presented component unit, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Borough.

The District is responsible for elementary and secondary education within the Borough's jurisdiction. The members of the District's governing board are elected by the voters. However, the Borough is financially accountable for the District because the Borough Assembly approves the District's budget, levies taxes (if necessary), and must approve any debt issuances.

Complete financial statements of Skagway School District can be obtained from the administrative office as follows: Skagway School District P.O Box 497 Skagway, AK 99840

The accounting policies of the Municipality of Skagway 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 statement of net position and the statement of activities display information about the primary government (the Borough) and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Borough. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Borough and for each function of the Borough's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Municipality of Skagway

Notes to Basic Financial Statements

Program revenues include (1) 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 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 government considers revenues to be available if they are collected within 60 days 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 and claims and judgments (if any), are recorded only when payment is due.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Other revenue items are considered to be measurable and available only when cash is received by the government. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

The Borough reports the following major governmental funds:

Major governmental funds:

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

The *Sales Tax Special Revenue Fund* accounts for the revenue received from the Borough's sales tax. Sales tax is collected at a rate of 3% from October through March and 5% from April through September. The sales tax ordinance requires that at the beginning of each fiscal year, a sum sufficient to pay installments on general obligation bonds for that year be set aside. Any sales tax proceeds in excess of the amount set aside are available for funding school operations, capital improvements, and services, including emergency care, clinic, and museum.

Municipality of Skagway

Notes to Basic Financial Statements

The *Excise Tax Special Revenue Fund* accounts for excise tax appropriations from the State of Alaska and other sources. The purpose of these funds is to improve port and harbor facilities and other services to properly provide for vessel or watercraft visits and to enhance the safety and efficiency of interstate and foreign commerce.

The *Permanent Trust Fund* accounts for assets held in a trustee capacity. The fund represents the proceeds from the sale of land conveyed by the State of Alaska under the Municipal Entitlement Act. The principal balance of the fund (nonexpendable portion) cannot be spent and must be held in trust for the benefit of future residents of the Borough. Earnings (expendable portion) can be spent under certain guidelines.

The *Debt Service Fund* accounts for assets set aside to make debt service payments.

Major proprietary funds:

The *Water and Sewer Fund* accounts for activities including operating the sewage treatment plant, sewage pumping stations and collection systems, and the water storage and water distribution systems.

The *Garbage Fund* accounts for activities including collection of solid waste, operating the incinerator plant, and the shipment of nonburnable waste and recyclable materials.

The *Small Boat Harbor Fund* accounts for activities including operating the small boat harbor and the Borough's freight ramp.

The *Health Clinic Fund* accounts for the activities of operating the health clinic.

The *Port Commission Fund* accounts for the activities of developing the port commission, with the anticipation of future service fees.

Nonmajor governmental funds:

The *Tourism Special Revenue Fund* accounts for the revenue from the Borough's 8% hotel tax. All tax collected is to be used for tourism promotion.

The *Capital Projects Fund* accounts for financial resources received primarily through state and federal agencies and allocations from the Sales Tax Fund, Excise Tax Fund, and General Fund to be used for the acquisition and construction of major capital facilities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary (all of which are enterprise) funds (water and sewer/garbage/small boat harbor/health clinic/port commission) 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 Borough's enterprise funds are charged to customers for sales and services. The water and sewer fund also recognizes fees intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses for enterprise funds include the cost 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.

Municipality of Skagway

Notes to Basic Financial Statements

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources as budgeted by the Borough Assembly ("the Assembly") first and then unrestricted resources as they are needed.

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

Cash and Cash Equivalents

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

Deposits and Investments

All cash deposits are in a single financial institution and are carried at cost. Certificates of deposit are stated at cost plus accrued interest and are held in various financial institutions covered by federal depository insurance. The Borough considers all investments in money market funds and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Securities are stated at fair value determined by established trading market prices, and any gains and losses are included in the Borough's financial activities. Security transactions are recorded on the trade date.

Inventory

Inventories in proprietary funds consist of water and sewer parts and medical supplies and are stated at the lower of cost (first-in, first-out basis) or market.

Due to and due from Other Funds

Interfund receivables and payables arise from interfund transactions, are recorded by all funds affected in the period in which the transactions are executed, and are current obligations. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Municipality of Skagway

Notes to Basic Financial Statements

Interfund Transactions

During the course of normal operations, the Borough has numerous transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The classification of amounts recorded as subsidies, advances, or transfers is determined by the Borough Assembly.

Receivables

All receivables are reported at gross value and, if appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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 have a lien date of January 1, a levy date of July 1, and are due by August 31. The Borough bills and collects taxes for both its own purposes and school purposes. The Borough's property tax revenues are recognized when they become measurable and available, which is generally when levied.

Compensated Absences

It is the Borough's policy to permit employees to accumulate earned but unused vacation and sick pay benefits (if the Borough expects to pay unused sick leave when employees separate from service with the Borough). All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured (for example, as a result of employee resignations and retirements).

Restricted Assets

Certain cash, investments, and receivables are classified as restricted assets on the statement of net position because they are either permanently held for the benefit of current and future residents of the Borough or restricted in use by creditors or legislation (including the municipal code).

Municipality of Skagway

Notes to Basic Financial Statements

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

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

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

	Years
Buildings, structures, and other improvements	50
Machinery and equipment	5-15
Roads and bridges	20-30

All significant capital assets, including infrastructure assets, are capitalized and reported by the Borough.

Long-term Debt

In the government-wide financial statements and proprietary fund types in the 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 financial statements.

Debt Premiums and Discounts

On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against the debt payable. On the government-wide and proprietary fund type statement of activities, debt premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. At the government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element "Deferred inflows of resources" represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property taxes and land sales financed with long-term receivable contracts. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. A deferred outflow represents the consumption of the government's net position or fund balance that is applicable to a future reporting period. In the

Municipality of Skagway

Notes to Basic Financial Statements

government-wide financial statements, deferred inflows and outflows include certain pension and OPEB-related transactions only.

Governmental 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. The nonspendable fund balance 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.

The remaining four classifications - restricted, committed, assigned, and unassigned - comprise the spendable portion of the fund balances:

Restricted fund balance. These amounts constrained by external parties or legislation (including the municipal code, grantors, or higher levels of government).

Committed fund balance. These amounts constrained to a specific purpose by the Borough itself using the highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Borough takes the same highest-level action to remove or change the constraint. There were no committed funds at June 30, 2020; therefore, this classification has not been presented.

Assigned fund balance. These amounts that are intended for a particular purpose. Intent can be expressed by the Borough Assembly, Mayor, or the Borough Manager.

Unassigned fund balance. These amounts available for any purpose.

The five categories of fund balance place varying strength of spending constraints on available resources in a descending order as listed. Nonspendable fund balance is the most restrictive classification, and unassigned fund balance is the least restrictive.

When an expenditure has been duly authorized and funding to pay for the expenditure is available within multiple fund balance classifications, the Borough's policy is to utilize the funding available in the most restrictive classification first.

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 governmental 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 Revenue

Amounts received from grant and other sources but not yet spent for their restricted purpose are shown on the balance sheet as unearned revenue for the fund financial statements. Excise tax appropriations are shown as revenue on the statement of activities when amounts are appropriated by the State of Alaska.

Municipality of Skagway

Notes to Basic Financial Statements

Pension Plan and Other Postemployment Benefits (OPEB) Plan

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 and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System 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.

Use of Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The appropriated budget is prepared by fund, function, and department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Assembly. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

3. Interfund Receivables, Payables, and Transfers

Interfund balances represent cash collected or disbursed on behalf of another fund. The composition of interfund balances as of June 30, 2020, is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental funds	\$ 62,630
General	Garbage	296,343
General	Water and sewer	23,082
Total Advances to Other Funds		\$ 382,055

Municipality of Skagway

Notes to Basic Financial Statements

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

Transfers

From Sales Tax to:	
General fund	\$ 1,762,005
Debt service fund	1,520,497
Nonmajor governmental fund	2,490,761
Water and sewer fund	188,356
Garbage fund	907,232
Health clinic fund	599,139
Port commission fund	112,140
<hr/>	
Total transfers from sales tax fund	7,580,130
<hr/>	
From Excise Tax to:	
General fund	2,264,376
Debt service fund	74,830
Nonmajor governmental fund	20,688
Water and sewer fund	378,496
Garbage fund	153,935
Port commission fund	80,000
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Total transfers from excise tax fund	2,972,325
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From nonmajor governmental funds to:	
Debt service fund	101,122
Port commission fund	5,002,084
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Total transfers from nonmajor governmental fund	5,103,206
<hr/>	
From debt service fund to water and sewer	23,411
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Total Transfers to Other Funds	\$ 15,679,072

4. Cash and Investments

The Borough 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."

Reconciliation of Deposit and Investment Balances

The Borough follows the practice of pooling the cash equivalents of its various funds. Interest income from pooled cash equivalents is allocated ratably over the various funds. Cash equivalents are held by an outside custodian. Certain cash equivalents are held with investments for long-term purposes and, therefore, are classified as investments.

Municipality of Skagway

Notes to Basic Financial Statements

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

Bank deposits and petty cash	\$ 14,880,029
Investments	36,304,613
Total Cash and Investments	\$ 51,184,642

General Investments

Investment Policy

The Borough may invest up to 80% of permanent trust fund investments in certain equities. The permanent trust fund investments may also include the following securities listed on a national exchange: master limited partnerships, real estate investment trusts with a market capitalization in excess of \$500 million, closed-end stock mutual funds with a minimum total net asset value in excess of \$200 million, open-end stock mutual funds with a minimum four-year track record and at least \$500 million in asset value, and bond mutual funds investing primarily in investment grade corporate and government bonds with a minimum of a five-year track record and at least \$500 million in asset value.

Interest Rate Risk

Portfolio maturities must be staggered to avoid undue concentration of assets in a specific maturity sector. The average portfolio maturity must not exceed eight years.

Credit Risk

Statutes authorize the Borough to invest in obligations insured or guaranteed by the United States Government or its agencies, as well as obligations of the State of Alaska or municipalities of the State, obligations of other states, certificates of deposit, and domestic corporate and asset-backed obligations with a credit rating of A2/A3 or better as recognized by two nationally recognized rating organizations. Up to 40% of nonpermanent trust fund investments may be invested in bond mutual funds investing primarily in investment grade corporate and government bonds with a minimum of a five-year track record and at least \$1 billion in asset value.

Custodial Credit Risk

The Borough does not have a formal investment policy related to custodial credit risk, but management does not believe there is significant risk with respect to uncollateralized funds based on the nature and size of the custodian.

Municipality of Skagway

Notes to Basic Financial Statements

Investment made by the Borough are summarized below:

<i>Investment Type</i>	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	5 - 10
Investments held by agent in the Municipality of Skagway				
Money market funds	\$ 5,426,685	\$ 5,426,685	\$ -	\$ -
Certificates of deposit	100,000	100,000	-	-
Total debt securities		\$ 5,526,685	\$ -	\$ -
Treasury bonds	<u>4,951,957</u>			
Equity mutual funds	6,779,077			
Equity exchange-traded funds	18,967,324			
Domestic common stock	<u>79,570</u>			
	<u>\$ 25,825,971</u>			
	<u>\$ 36,304,613</u>			

Domestic common stocks held over 5% at June 30, 2020, are summarized below:

AGNC Investment Corp.	\$ 35,615
MFA Financial, Inc.	43,955
	<u>\$ 79,570</u>

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Municipality of Skagway

Notes to Basic Financial Statements

Fair Value Measurement

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of June 30, 2020:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
Equity securities	\$ 18,967,324	\$ -	\$ -	\$ 18,967,324
Mutual funds	6,779,077	-	-	6,779,077
Domestic common stock	79,570	-	-	79,570
U.S. government agencies	-	4,951,957	-	4,951,957
Total Investments at Fair Value	\$ 25,790,355	\$ 4,951,957	\$ -	30,777,927

Investments at Amortized Cost

Money market funds	5,426,685
Certificates of deposit	100,000

Total Investments at Amortized Cost	5,526,685
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Total Investments	\$ 36,304,613
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Municipality of Skagway

Notes to Basic Financial Statements

5. Accounts Receivable and Valuation Allowances

The Borough maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful receivables. At June 30, 2020, receivables for the Borough's individual major funds and nonmajor funds in the aggregate, including applicable allowances for doubtful accounts, are as follows:

Governmental Funds	General	Sales Tax Special Revenue Fund	Permanent Trust Fund	Nonmajor Govern- mental Funds	Totals
Accounts	\$ 128,829	\$ 7,458	\$ -	\$ -	\$ 136,287
Grants	-	-	-	35,498	35,498
Taxes	2,013,600	219,756	-	-	2,019,296
Land sales contracts	-	-	200,079	-	200,079
Other	-	-	10,712	-	10,712
Total receivables	2,142,429	227,214	210,791	35,498	2,401,872
Less allowance for doubtful receivables	(71,117)	(223)	-	-	(71,340)
Total Net Receivables	\$ 2,071,312	\$ 226,991	\$ 210,791	\$ 35,498	\$ 2,544,592

Enterprise Funds	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port Comm- ission	Total
Accounts	\$ 37,265	\$ 55,487	\$ 61,008	\$ 148,500	\$ 10,600	\$ 312,860
Grants	8,752	-	-	88,022	-	96,774
Total receivables	46,017	55,487	61,008	236,522	10,600	409,634
Less allowance for doubtful receivables	(1,851)	(1,530)	(1,741)	(66,508)	-	(71,630)
Total Net Receivables	\$ 44,166	\$ 53,957	\$ 59,267	\$ 170,014	\$ 10,600	\$ 338,004

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Municipality of Skagway

Notes to Basic Financial Statements

6. Capital Assets

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

Governmental Activities	Balance July 1, 2019	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance June 30, 2020
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 5,742,716	\$ -	\$ -	\$ 5,742,716
Construction in progress	1,216,043	2,373,243	1,231,251	2,358,035
Total capital assets not being depreciated	6,958,759	2,373,243	1,231,251	8,100,751
<i>Capital assets being depreciated:</i>				
Buildings	35,882,778	625,609	-	36,508,387
Other improvements	7,976,092	120,706	-	8,096,798
Furniture and equipment	8,089,249	159,964	-	8,249,213
Road network	11,322,638	388,614	-	11,711,252
Total capital assets being depreciated	63,270,757	1,294,893	-	64,565,650
<i>Less accumulated depreciation for:</i>				
Buildings	11,325,871	835,164	-	12,161,035
Other improvements	4,191,573	237,030	-	4,428,603
Furniture and equipment	6,306,283	250,784	-	6,557,067
Road network	10,379,238	191,812	-	10,571,050
Total accumulated depreciation	32,202,965	1,514,790	-	33,717,755
Total capital assets being depreciated, net	31,067,792	(219,897)	-	30,847,895
Governmental Activity				
Capital Assets, net	\$ 38,026,551	\$ 2,153,346	\$ 1,231,251	\$ 38,948,646

The cost of the school building is included in buildings and amounted to \$8,100,000 at both June 30, 2020 and 2019. Accumulated depreciation on the school building was \$5,670,000 and \$5,508,000 at June 30, 2020 and 2019, respectively.

Municipality of Skagway

Notes to Basic Financial Statements

Construction in progress at June 30, 2020, consists of \$328,356 related to the design of a new senior center, \$224,903 related to the 7th Pastures Levee, \$580,570 related to a recreation center remodel, \$749,587 related to 11th and 12th street paving, \$147,069 related to a new 9-1-1 communications system, and \$327,550 related to other small projects.

	Balance July 1, 2019	Additions and Reclas- sifications	Deletions and Reclas- sifications	Balance June 30, 2020
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 271,314	\$ -	\$ -	\$ 271,314
Construction in progress	4,718,439	1,563,555	274,075	6,007,919
<hr/>				
<i>Total Capital not assets being depreciated</i>	4,989,753	1,563,555	274,075	6,279,233
<hr/>				
<i>Capital assets being depreciated:</i>				
Distribution and collection systems (water/sewer)	7,680,154	-	-	7,680,154
Buildings	20,573,745	-	-	20,573,745
Harbor seawall	7,014,362	-	-	7,014,362
Harbor seawalk	5,905,264	-	-	5,905,264
Harbor infrastructure	12,617,706	-	-	12,617,706
Other improvements	5,157,997	26,980	-	5,184,977
Equipment	5,255,538	287,391	-	5,542,929
<hr/>				
Total capital assets being depreciated	64,204,766	314,371	-	64,519,137
<hr/>				
Less accumulated depreciation for:				
Distribution and collection systems (water/sewer)	5,574,651	153,203	-	5,727,854
Buildings	7,259,862	639,547	-	7,899,409
Harbor seawall	2,084,613	187,079	-	2,271,692
Harbor seawalk	2,130,690	196,841	-	2,327,531
Harbor infrastructure	1,514,272	271,892	-	1,786,164
Other improvements	2,894,582	127,513	-	3,022,095
Equipment	2,580,913	198,956	-	2,779,869
<hr/>				
Total accumulated depreciation	24,039,583	1,775,031	-	25,814,614
<hr/>				
Total capital assets being depreciated, net	40,165,183	(1,460,662)	-	38,704,521
<hr/>				
Business-type Activity Capital Assets, net	\$ 45,154,936	\$ 102,895	\$ 274,075	\$ 44,983,756

Municipality of Skagway

Notes to Basic Financial Statements

Construction in progress at June 30, 2020, consists of \$4,016,683 related to the development of the port authority, \$1,059,140 related to a new recycling facility, \$135,450 for a new ferry dock, and \$796,646 related to other small projects.

Depreciation expense was charged to the functions as follows for the year ended June 30, 2020:

Governmental Activities

General government	\$ 107,893
Public safety	428,378
Public works and streets, including deprecation of general infrastructure assets	393,808
Education	201,710
Culture, recreation, and library	383,001

Total Depreciation Expense - Governmental Activities **\$ 1,514,790**

Business-type Activities

Water and sewer	\$ 669,969
Garbage	77,778
Small board harbor	760,084
Health clinic	267,199

Total Depreciation Expense - Business-type Activities **\$ 1,775,030**

During 1985 and 1986, the Borough received provisional title from the State of Alaska to certain parcels of land. As the Borough sells this land, the proceeds are recorded in the permanent trust fund. The value of the land will be determined when the Borough receives final title. Accordingly, no value has been recorded in the accompanying financial statements.

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Municipality of Skagway

Notes to Basic Financial Statements

7. Long-term Liabilities

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

Governmental Activities	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Bonds and loan payable					
General obligation bonds	\$ 18,455,000	\$ -	\$ (700,000)	\$17,755,000	\$ 730,000
Private loan	803,631	-	(75,610)	728,021	78,128
State of Alaska loans	1,294,623	23,411	(65,784)	1,252,250	65,785
Unamortized bond premium	686,103	-	(104,562)	581,541	-
Total bond and loans payable	21,239,357	23,411	(945,956)	20,316,812	873,913
Other liabilities					
Compensated absences	345,806	288,439	(288,830)	345,415	-
Total other liabilities	345,806	288,439	(288,830)	345,415	-
Total Governmental Activities	\$ 21,589,163	\$ 311,850	\$ (1,234,786)	\$20,662,227	\$ 873,913

Business-Type Activities	Balance July 1, 2019	Additions	Retired	Balance June 30, 2020	Due Within One Year
Compensated absences	\$ 85,447	\$ 150,151	\$ (107,478)	\$ 128,120	\$ -
Total Business-Type Activities	\$ 85,447	\$ 150,151	\$ (107,478)	\$ 128,120	\$ -

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

Bonds and notes payable at June 30, 2020, comprise the following individual issues:

\$11,715,000 2015 general obligation bonds used for a public safety building; due in annual principal installments of \$230,000 to \$655,000 through March 2045; interest at 3% to 5%.	\$ 10,535,000
\$4,735,000 2015 general obligation bonds used for port development; due in annual principal installments of \$175,000 to \$270,000 through March 2035; interest at 3% to 5%.	3,875,000
\$890,000 2014 general obligation bonds used for small boat harbor upgrades; due in annual principal installments of \$35,000 to \$65,000 through June 2033; interest at 3% to 5%.	660,000
\$460,000 2011 general obligation bonds used for library expansion; due in annual principal installments of \$20,000 to \$35,000 through September 2031; interest at 4% to 5%.	325,000

Municipality of Skagway

Notes to Basic Financial Statements

\$2,875,000 2016 general obligation refunding bonds used for health clinic construction; due in annual principal installments of \$240,000 to \$350,000 through December 2027; interest at 2% to 5% 2,360,000

Total general obligation bonds **\$ 17,755,000**

Loan from the Corporation of the Catholic Bishop of Juneau used for the purchase of land for a new public safety building; due in quarterly installments of \$25,281, including interest at 3.29%; due in full in September 2028. \$ 728,021

Loan from the State of Alaska Department of Environmental Conservation used for the wastewater treatment plant upgrades; due in annual installments of \$10,212, including interest at 1.5%; due in full in October 2033. 131,366

Loan from the State of Alaska Department of Environmental Conservation used for the construction of a water well; due in annual principal installments of \$37,500, plus interest at 1.5%; due in full in October 2037. 675,000

Loan from the State of Alaska Department of Environmental Conservation used for the construction of a water tank; due in annual principal installments of \$19,527, plus interest at 1.5%; due in full in October 2038. 371,004

Loan from the State of Alaska Department of Environmental Conservation used for the upgrade to water & wastewater utilities along State Street, to be repaid over a 20-year amortization to begin upon completion of construction, including interest at 1.5%; maximum borrowing of \$1,800,000. 74,880

Total State of Alaska loans **\$ 1,980,271**

The annual debt service requirements to amortize bonds and notes payable outstanding as of June 30, 2020, are as follows:

<i>Year Ending June 30,</i>	Principal	Interest	Total
2021	\$ 873,913	\$ 817,943	\$ 1,691,856
2022	906,515	780,554	1,687,069
2023	949,204	740,203	1,689,407
2024	986,982	704,413	1,691,395
2025	1,029,854	658,555	1,688,409
2026-2030	4,949,400	2,569,999	7,519,399
2031-2035	4,238,920	1,620,521	5,859,441
2036-2040	2,690,603	921,304	3,611,907
2041-2045	3,035,000	373,600	3,408,600
Loans not yet in repayment status	74,880	-	74,880
	\$ 19,735,271	\$ 9,187,092	\$ 28,922,363

Municipality of Skagway

Notes to Basic Financial Statements

The amount of long-term debt the Borough can incur is limited to 25% of the assessed value of the taxable real property in the Borough at June 30, 2020. The amount of outstanding long-term debt was approximately 6% of property assessments as of January 1, 2020 (the lien date).

8. Fund Balances

Fund balances, reported for the major funds and the nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2020:

	General Fund	Sales Tax Special Revenue Fund	Excise Tax Special Revenue Fund	Permanent Trust Fund	Debt Service Fund	Nonmajor Funds	Totals
Nonspendable:							
Permanent Fund	\$ -	\$ -	\$ -	\$ 3,633,330	\$ -	\$ -	\$ 3,633,330
Restricted:							
Bond indebtedness	-	15,509,526	-	-	-	-	15,509,526
Cruise ship tourism	-	-	19,029,231	-	-	-	19,029,231
Total restricted	-	15,509,526	19,029,231	-	-	-	34,538,757
Assigned:							
Debt service	-	-	-	-	119,714	-	119,714
Tourism	-	-	2,894,058	-	-	13,261	2,907,319
Land activities	-	-	-	483,046	-	-	483,046
Total assigned	-	-	2,894,058	483,046	119,714	13,261	3,510,079
Unassigned	547,746	-	-	-	-	-	-
Total Fund Balances	\$ 547,746	\$ 15,509,526	\$ 21,923,289	\$ 4,116,376	\$ 119,714	\$ 13,261	\$ 42,229,912

The Permanent Trust Fund was established to hold amounts received from the sale of lands received under the Municipal Entitlement Act, which restricts the use of the proceeds of the sale of related lands. The amounts held in the Sales Tax Special Revenue Fund are restricted by vote of the people to be used first for principal and interest payments on general obligation bond indebtedness. As of June 30, 2020, the amount held in this fund does not exceed the total bond indebtedness; therefore, the entire amount is still considered restricted. Amounts received under the Commercial Passenger Vessel Tax program of the State of Alaska are held in the Excise Tax Special Revenue as restricted until they are spent on eligible projects. Related interest earned on these funds are not considered restricted.

Municipality of Skagway

Notes to Basic Financial Statements

9. Retirement Plans

General Information About the Plan

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

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

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

(a) Defined Benefit (DB) Pension Plan

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

Historical Context and Special Funding Situation

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

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

Municipality of Skagway

Notes to Basic Financial Statements

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

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

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

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

Contribution rates for the year ended June 30, 2020 were determined in the June 30, 2019 actuarial valuations. The Borough's contribution rates for the 2020 fiscal year were as follows:

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

Municipality of Skagway

Notes to Basic Financial Statements

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

	Measurement Period July 1, 2018 to June 30, 2019	Borough Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions (including DBUL)	\$ 409,954	\$ 450,798
Nonemployer contributions (on-behalf)	240,242	289,652
Total Contributions	\$ 650,196	\$ 740,450

In addition, employee contributions to the Plan totaled \$79,104 during the Borough's fiscal year.

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

At June 30, 2020, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

Borough proportionate share of NPL	\$ 6,987,174
State's proportionate share of NPL associated with the Borough	2,774,610
Total Net Pension Liability	\$ 9,761,784

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plan for the fiscal years 2020 to 2039. At the June 30, 2019 measurement date, the Borough's proportion was 0.12764 percent, which was a decrease of 0.00541 from its proportion measured as of June 30, 2018.

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Municipality of Skagway

Notes to Basic Financial Statements

For the year ended June 30, 2020, the Borough recognized pension expense of \$1,619,043 and on-behalf revenue of \$376,916 for support provided by the State. At June 30, 2020, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (103,437)
Changes in assumptions	213,916	-
Net difference between projected and actual earnings on pension plan investments	100,181	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(131,314)
Borough contributions subsequent to the measurement date	450,798	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 764,895	\$ (234,751)

The \$450,798 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2021		\$ 90,322
2022		(73,965)
2023		28,424
2024		34,565
2025		-
Thereafter		-
Total Amortization		\$ 79,346

Actuarial Assumptions

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

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of pay, closed
Inflation	2.50%
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.

Municipality of Skagway

Notes to Basic Financial Statements

Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

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

Discount Rate

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

Municipality of Skagway

Notes to Basic Financial Statements

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

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

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net pension liability	0.12764%	\$ 9,221,844	\$ 6,987,174	\$ 5,115,711

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension participation accounts. Each participation account is self-directed with respect to investment options. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2020 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2020, forfeitures reduced pension expense by zero.

Employee Contribution Rate

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

Municipality of Skagway

Notes to Basic Financial Statements

Employer Contribution Rate

For the year ended June 30, 2020, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2020 were \$151,776 and \$242,841, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

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

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

Employer Contribution Rate

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

Employer contribution rates for the year ended June 30, 2020 were as follows:

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

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

	Measurement Period July 1, 2018 to June 30, 2019	Borough Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions - ARHCT	\$ 132,178	\$ 180,393
Employer contributions - RMP	26,407	40,069
Employer contributions - ODD	7,982	9,307
Total Contributions	\$ 166,567	\$ 229,769

Municipality of Skagway

Notes to Basic Financial Statements

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

At June 30, 2020, the Borough reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

Borough's proportionate share of NOL - ARHCT	\$	189,397
Borough's proportionate share of NOL - RMP		53,778
Total Borough's Proportionate Share of Net OPEB Liabilities	\$	243,175
State's proportionate share of the ARHCT NOL associated with the Borough		75,413
Total Net OPEB Liabilities	\$	318,588

At June 30, 2020, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) associated with the Borough's participation in the ODD Plan. The amount recognized by the Borough for its proportionate share was \$47,369.

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

	June 30, 2018 Measurement Date Employer Proportion	June 30, 2019 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.13313%	0.12764%	(0.00549)%
RMP	0.22220%	0.22479%	0.00259%
ODD	0.22220%	0.19538%	(0.02682)%

For the year ended June 30, 2020, the Borough recognized OPEB expense of \$(1,510,654). Of this amount, \$(487,396) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB expense	On-behalf revenue
ARHCT	\$ (1,600,681)	\$ (487,396)
RMP	77,930	-
ODD	12,097	-
Total	\$ (1,510,654)	\$ (487,396)

Municipality of Skagway

Notes to Basic Financial Statements

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

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Changes in assumptions	\$ 251,327	\$ 26,030	\$ -	\$ 277,357
Changes in proportion and differences between Borough contributions and proportionate share of contributions	17,080	1,397	3,148	21,625
Borough contributions subsequent to the measurement date	180,393	40,069	9,307	229,769
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 448,800	\$ 67,496	\$ 12,455	\$ 528,751

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (127,271)	\$ (3,984)	\$ (14,769)	\$ (146,024)
Changes in assumptions	-	-	(906)	(906)
Difference between projected and actual investment earnings	(82,935)	(593)	(313)	(83,841)
Changes in proportion and differences between Borough contributions and proportionate share of contributions	(30,178)	(251)	(2,197)	(32,626)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (240,384)	\$ (4,828)	\$ (18,185)	\$ (263,397)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Borough contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	ARHCT	RMP	ODD	Total
2021	\$ 46,493	\$ 2,415	\$ (2,424)	\$ 46,484
2022	(64,464)	2,415	(2,424)	(64,473)
2023	19,953	3,839	(1,991)	21,801
2024	26,041	3,814	(1,982)	27,873
2025	-	3,269	(2,127)	1,142
Thereafter	-	6,847	(4,089)	2,758
Total Amortization	\$ 28,023	\$ 22,599	\$ (15,037)	\$ 35,585

Municipality of Skagway

Notes to Basic Financial Statements

Actuarial Assumptions

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

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of payroll, closed
Inflation	2.50%
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/Firefighter. Graded by service from 6.75% to 2.75% for all others
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rate (ARHCT Plan and RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table project with MP-2017 generational improvement. The rates for pre-termination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

Municipality of Skagway

Notes to Basic Financial Statements

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

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 are summarized in the following table:

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

Discount Rate

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

Municipality of Skagway

Notes to Basic Financial Statements

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

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

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.12764%	\$ 1,523,463	\$ 189,397	\$ (908,018)
RMP	0.22479%	\$ 135,072	\$ 53,778	\$ (7,425)
ODD	0.19538%	\$ (44,933)	\$ (47,369)	\$ (49,338)

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

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2019 actuarial valuation reports as well as what the Borough's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Borough's proportionate share of the net OPEB liability (asset):				
ARHCT	0.12764%	\$ (1,036,368)	\$ 189,397	\$ 1,685,293
RMP	0.22479%	\$ (16,540)	\$ 53,778	\$ 150,036
ODD	0.19538%	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan is established under AS 39.30.300. The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

Municipality of Skagway

Notes to Basic Financial Statements

Contribution Rate

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of all employees of all employers in the plan”. As of July 1, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,121 per year for each full-time employee, and \$1.36 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2020, the Borough contributed \$85,707 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

10. Risk Management

The Borough is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough purchases commercial insurance coverage to mitigate such risks.

The Borough, in the normal course of its activities, is involved in various claims and pending litigation. In the opinion of management and legal counsel, the disposition of these matters is not expected to have a material adverse effect on the Borough's general-purpose financial statements.

11. Future Rental Revenue

The Borough leases land to commercial tenants under standard leases. Terms of the leases are up to 15 years. Most commercial leases are adjusted periodically based on the appraised value of the land. Future minimum rental are approximately as follows for the years ending June 30:

2021	\$	194,709
2022		169,480
2023		161,441
2024		125,451
2025		30,047
Thereafter		180,107
Total	\$	861,235

12. Restatement

The Borough's beginning fund balance for the Excise Tax Special Revenue Fund was restated at June 30, 2019 due to an error in the presentation of the funds received under the program that had not yet been spent. It was determined that these funds should have been reported as restricted fund balance instead of unearned revenue in the prior year. There is no impact to opening net position on the Statement of Activities in the Government-wide statements, as this was reported previously as a reconciling item between the Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Net Position. The beginning Fund balance for the Excise Tax Special Revenue Fund at July 1, 2019 was \$2,415,282 prior to the restatement of \$16,918,306 and is restated to be \$19,333,588.

Municipality of Skagway

Notes to Basic Financial Statements

13. COVID-19 Pandemic

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Borough’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Borough is not able to estimate the full effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity in future years. The Borough is dependent upon its workforce to deliver its services, and local businesses are dependent on economic factors in order to continue operations. Prolonged shutdowns or limited economic activity may negatively impact the Borough’s services and taxes collected and the Borough’s overall liquidity. Furthermore, adverse economic effects of the COVID-19 outbreak may decrease demand for the Borough’s services based on restrictions in place to curb the outbreak or changes in consumer behavior.

Although the Borough cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Borough’s results of future operations, financial position, and liquidity in fiscal year 2021.

On March 27, 2020 President Trump signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act.” The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. It also appropriated certain relief funds, for which the Borough may be eligible. At the time of this report, \$7,475,032 has been awarded to the Borough through the State of Alaska Department of Commerce, Community and Economic Development Coronavirus Relief Fund. As of June 30, 2020, the Borough has spent \$1,419,116 of these monies. The remainder is slated to be spent as required by December 30, 2020, which has been approved by the Borough Assembly and budgeted as follows:

CARES Act Coronavirus Relief Funding

Emergency Assistance and Economic Stimulus Program	\$ 5,894,911
Public health cleaning and sanitation equipment and supplies	122,308
Public safety payroll costs	1,094,061
Testing & medical supplies	4,256
Telework and technology connectivity improvements	192,035
Food assistance and programs	128,960
Legal and professional (disaster response and recovery, audit)	38,501
Total CARES Act Coronavirus Relief Funding	\$ 7,475,032

Municipality of Skagway

Notes to Basic Financial Statements

In addition, the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021 were signed into law on December 27, 2020 and March 11, 2021, respectively. Both Acts appropriated funds for States and certain local governments. Currently, the Borough is unable to determine the full impact the economic relief legislation will have on the Borough's financial condition, results of operations, or liquidity.

14. 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, and actual impacts have not yet been determined.

GASB 84 - Fiduciary Activities - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 87 - Leases - Effective for year-end June 30, 2021, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2021, with earlier application encouraged - This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61 - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

GASB 91 - Conduit Debt Obligations - Effective for year-end June 30, 2022, with earlier application encouraged - This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB Statement No. 92 - Omnibus 2020 - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2021. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

Municipality of Skagway

Notes to Basic Financial Statements

GASB Statement No. 93 - Replacement of Interbank Offered Rates - The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2022. The requirements in paragraph 11b are required to be implemented for year-end June 30, 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

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

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

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

GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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Required Supplementary Information

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

<i>Year Ended June 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 2,044,660	\$ 2,044,660	\$ 2,006,214	\$ (38,446)
Federal government	1,626,871	1,626,871	1,638,740	11,869
State of Alaska	334,000	334,000	367,654	33,654
Investment income	3,000	3,000	743	(2,257)
Other revenues	602,258	602,258	344,854	(257,404)
Total Revenues	4,610,789	4,610,789	4,358,205	(252,584)
Expenditures				
General government	2,350,009	2,350,009	2,251,249	98,760
Public safety	3,377,284	3,377,284	2,924,735	452,549
Public works	802,952	802,952	675,475	127,477
Culture, recreation and library	2,806,717	2,806,717	2,533,124	273,593
Total Expenditures	9,336,962	9,336,962	8,384,583	952,379
Excess of Revenues Under Expenditures	(4,726,173)	(4,726,173)	(4,026,378)	699,795
Other Financing Sources				
Transfers in	4,757,419	4,757,419	4,026,378	(731,041)
Net Change in Fund Balance	<u>\$ 31,246</u>	<u>\$ 31,246</u>	-	<u>\$ (31,246)</u>
Fund Balance, beginning			<u>547,746</u>	
Fund Balance, ending			<u>\$ 547,746</u>	

See accompanying notes to Required Supplementary Information.

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

<i>Year Ended June 30, 2020</i>	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Sales tax	\$ 8,065,000	\$ 5,927,888	\$ (2,137,112)
Investment income	225,980	214,605	11,375
Total Revenues	8,290,980	6,142,493	(2,125,737)
Expenditures			
Education - other	2,307,428	2,307,537	(109)
Excess of Revenues Over Expenditures	5,983,552	3,834,956	(2,125,628)
Other Financing Uses - transfers out	(11,477,183)	(7,580,130)	(3,897,053)
Net Change in Fund Balance	<u>\$ (5,493,631)</u>	<u>(3,745,174)</u>	<u>\$ (1,748,457)</u>
Fund Balance, beginning		<u>19,254,700</u>	
Fund Balance, ending		<u>\$ 15,509,526</u>	

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

<i>Year Ended June 30, 2020</i>	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Excise tax	\$ 4,700,000	\$ 5,083,250	\$ -
Investment income	320,000	478,776	(158,776)
Total Revenues	5,020,000	5,562,026	(158,776)
Other Financing Uses - transfers out	(4,647,229)	(2,972,325)	(158,776)
Net Change in Fund Balance	<u>\$ 372,771</u>	<u>2,589,701</u>	<u>\$ (2,216,930)</u>
Fund Balance, beginning		<u>19,333,588</u>	
Fund Balance, ending		<u>\$ 21,923,289</u>	

Municipality of Skagway
Public Employees' Retirement System (PERS) - Pension Plan
Schedule of the Municipality's Proportionate Share of the Net Pension Liability

<i>Years Ended June 30,</i>	2020	2019	2018	2017	2016	2015
Municipality's Proportion of the Net Pension Liability	0.12764%	0.13305%	0.12849%	0.15346%	0.12261%	0.08601%
Municipality's Proportionate Share of the Net Pension Liability	\$ 6,987,174	\$ 6,611,314	\$ 6,642,154	\$ 8,577,897	\$ 5,946,382	\$ 4,011,755
State of Alaska Proportionate Share of the Net Pension Liability	2,774,610	1,913,802	2,474,078	1,082,912	1,589,812	3,437,565
Total Net Pension Liability	\$ 9,761,784	\$ 8,525,116	\$ 9,116,232	\$ 9,660,809	\$ 7,536,194	\$ 7,449,320
Municipality's Covered Payroll	4,006,166	3,904,388	3,770,565	3,644,188	3,586,386	3,437,622
Municipality's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	174.41%	169.33%	176.16%	235.39%	165.80%	116.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

Schedule of Municipality Contributions

<i>Years Ended June 30,</i>	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 450,798	\$ 409,954	\$ 516,205	\$ 435,700	\$ 385,954	\$ 353,922
Contributions Relative to the Contractually Required Contribution	450,798	409,954	516,205	435,700	385,954	353,922
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipality's Covered Payroll	4,131,536	4,006,166	3,904,388	3,770,565	3,644,188	3,586,386
Contributions as a Percentage of Covered Payroll	10.91%	10.23%	13.22%	11.56%	10.59%	9.87%

See accompanying notes to Required Supplementary Information.

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

<i>Years Ended June 30,</i>	ARHCT			RMP			ODD		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Municipality's Proportion of the Net OPEB Liability (Asset)	0.12764%	0.13313%	0.12850%	0.22479%	0.22220%	0.22632%	0.19538%	0.22220%	0.22632%
Municipality's Proportionate Share of the Net OPEB Liability (Asset)	\$ 189,397	\$ 1,366,266	\$ 1,085,377	\$ 53,778	\$ 28,275	\$ 11,802	\$ (47,369)	\$ (43,156)	\$ (32,112)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	75,413	396,953	404,582	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ 264,810	\$ 1,763,219	\$ 1,489,959	\$ 53,778	\$ 28,275	\$ 11,802	\$ (47,369)	\$ (43,156)	\$ (32,112)
Municipality's Covered Payroll	1,225,132	1,390,699	1,413,884	2,809,275	2,514,905	2,354,115	2,809,275	2,514,905	2,354,115
Municipality's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	15.46%	98.24%	76.77%	1.91%	1.12%	0.50%	-1.69%	-1.72%	-1.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	98.13%	88.12%	89.68%	83.17%	88.71%	93.98%	297.43%	270.62%	212.97%

Schedule of Municipality Contributions

<i>Years Ended June 30,</i>	ARHCT			RMP			ODD		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Contractually Required Contributions	\$ 180,393	\$ 132,178	\$ 143,842	\$ 40,069	\$ 26,407	\$ 25,903	\$ 9,307	\$ 7,982	\$ 4,139
Contributions Relative to the Contractually Required Contribution	180,393	132,178	143,842	40,069	26,407	25,903	9,307	7,982	4,139
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipality's Covered Payroll	\$ 1,137,445	\$ 1,225,132	\$ 1,390,699	\$ 3,035,512	\$ 2,809,275	\$ 2,514,905	\$ 3,035,512	\$ 2,809,275	\$ 2,514,905
Contributions as a Percentage of Covered Payroll	15.859%	10.789%	10.343%	1.320%	0.940%	1.030%	0.307%	0.284%	0.165%

See accompanying notes to Required Supplementary Information.

Municipality of Skagway

Notes to Required Supplementary Information June 30, 2020

1. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For June 30, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

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

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

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

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

Schedule of Borough Contributions

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

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

2. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For June 30, 2020, the Plan measurement date is June 30, 2019.

Municipality of Skagway

Notes to Required Supplementary Information, continued June 30, 2020

Changes in Assumptions:

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.
5. The discount rate was lowered from 8% to 7.38%.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

Changes in Methods:

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

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

Schedule of Borough Contributions

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

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

Supplementary Information

Municipality of Skagway
Nonmajor Governmental Funds
Combining Balance Sheet

<i>June 30, 2020</i>	7th Pastures Levee	AB Hall Improve- ments	Electric Car Charging Station	Hazard Mitigation Plan	Nahku Bay Cabin	Pullen Creek System Walk	Recreation Center Improve- ments	School Kitchen Addition	Tourism Special Revenue Fund	Total Nonmajor Govern- mental Funds
Assets										
Cash and investments	\$ 17,674	\$ 1,920	\$ 4,900	\$ -	\$ 32,503	\$ -	\$ 140,084	\$ 34,297	\$ 66,067	\$ 297,445
Accounts receivable - grants	-	-	-	23,985	-	11,513	-	-	-	35,498
Total Assets	\$ 17,674	\$ 1,920	\$ 4,900	\$ 23,985	\$ 32,503	\$ 11,513	\$ 140,084	\$ 34,297	\$ 66,067	\$ 332,943
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ 17,674	\$ 1,920	\$ 4,900	\$ -	\$ 32,503	\$ 7,675	\$ 140,084	\$ 34,297	\$ 17,999	\$ 257,052
Due to other funds	-	-	-	23,985	-	3,838	-	-	34,807	62,630
Total liabilities	17,674	1,920	4,900	23,985	32,503	11,513	140,084	34,297	52,806	319,682
Fund Balances										
Assigned - tourism	-	-	-	-	-	-	-	-	13,261	13,261
Total Liabilities and Fund Balances	\$ 17,674	\$ 1,920	\$ 4,900	\$ 23,985	\$ 32,503	\$ 11,513	\$ 140,084	\$ 34,297	\$ 66,067	\$ 332,943

Municipality of Skagway
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

<i>Year Ended June 30, 2020</i>	Capital Project Funds							
	11th and 12th Street Paving	2030 Comp- rehensive Plan Update	7th Pastures Levee	AB Hall Improve- ments	Broadway Sidewalk Repairs	Dyea Cabin	Electric Car Charging Station	Emergency Equipment Grant
Revenues								
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,948
Private grants	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-	72,948
Expenditures								
General government	-	59,528	-	1,920	-	-	18,789	-
Capital outlay:								
Culture, recreation and library	-	-	-	-	-	26,299	-	-
Public safety	-	-	-	-	-	-	-	72,948
Public works	600,982	-	24,894	-	359,703	-	-	-
Total Expenditures	600,982	59,528	24,894	1,920	359,703	26,299	18,789	72,948
Excess of Revenues Over (Under) Expenditures	(600,982)	(59,528)	(24,894)	(1,920)	(359,703)	(26,299)	(18,789)	-
Other Financing Sources (Uses)								
Transfers in	600,982	59,528	24,894	1,920	359,703	26,299	18,789	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	600,982	59,528	24,894	1,920	359,703	26,299	18,789	-
Net Change in Fund Balances	-	-	-	-	-	-	-	-
Fund Balances, beginning	-	-	-	-	-	-	-	-
Fund Balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Municipality of Skagway
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances, continued

<i>Year Ended June 30, 2020</i>	Capital Project Funds						
	Hazard Mitigation Plan	Historic Building Restoration	Nahku Bay Cabin	Parks and Rec Vehicle	Playground Improve- ments	Public Safety Facility	Port Development
Revenues							
Federal grants	\$ 23,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Private grants	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Total Revenues	23,985	-	-	-	-	-	-
Expenditures							
General government	-	259	-	-	77,402	-	-
Capital outlay:							
Culture, recreation and library	-	-	70,394	23,374	-	-	-
Public safety	23,985	-	-	-	-	485,042	-
Public works	-	-	-	-	-	-	-
Total Expenditures	23,985	259	70,394	23,374	77,402	485,042	-
Excess of Revenues Over (Under) Expenditures	-	(259)	(70,394)	(23,374)	(77,402)	(485,042)	-
Other Financing Sources (Uses)							
Transfers in	-	259	70,394	23,374	77,402	485,042	-
Transfers out	-	-	-	-	-	-	(5,002,084)
Total Other Financing Sources (Uses)	-	259	70,394	23,374	77,402	485,042	(5,002,084)
Net Change in Fund Balances	-	-	-	-	-	-	(5,002,084)
Fund Balances, beginning	-	-	-	-	-	-	5,002,084
Fund Balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Municipality of Skagway
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances, continued

	Capital Project Funds					Total Capital Project Funds	Tourism Special Revenue Fund	Total Nonmajor Govern- mental Funds
	Recreation Pullen Creek System Walk	Center Improve- ments	School Bathroom Remodel	School Kitchen Addition	Street Light LED Conversion			
<i>Year Ended June 30, 2020</i>								
Revenues								
Federal grants	\$ 12,488	\$ -	\$ -	\$ -	\$ -	\$ 109,421	\$ -	\$ 109,421
Private grants	-	-	-	-	15,809	15,809	-	15,809
Sales tax	-	-	-	-	-	-	150,059	150,059
Charges for services	-	-	-	-	-	-	282,117	282,117
Total Revenues	12,488	-	-	-	15,809	125,230	432,176	557,406
Expenditures								
General government	-	-	22	107,416	25,583	290,919	619,078	909,997
Capital outlay:								
Culture, recreation and library	12,488	382,498	-	-	-	515,053	-	515,053
Public safety	-	-	-	-	-	581,975	-	581,975
Public works	-	-	-	-	-	985,579	-	985,579
Total Expenditures	12,488	382,498	22	107,416	25,583	2,373,526	619,078	2,992,604
Excess of Revenues Over (Under) Expenditures	-	(382,498)	(22)	(107,416)	(9,774)	(2,248,296)	(186,902)	(2,435,198)
Other Financing Sources								
Transfers in	-	382,498	22	107,416	9,774	2,248,296	263,156	2,511,452
Transfers out	-	-	-	-	-	(5,002,084)	(101,122)	(5,103,206)
Total Other Financing Sources (Uses)	-	382,498	22	107,416	9,774	(2,753,788)	162,034	(2,591,754)
Net Change in Fund Balances	-	-	-	-	-	(5,002,084)	(24,868)	(5,026,952)
Fund Balances, beginning	-	-	-	-	-	5,002,084	38,129	5,040,213
Fund Balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,261	\$ 13,261

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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 administrative services, police and fire protection, public works, planning, etc. Appropriations are made from the fund annually. The fund will continue to exist indefinitely.

General Fund revenues come from a variety of sources such as the State and federal governments, property and sales tax, investment income, etc. The revenues generally are not restricted to fund specific expenditures. General Fund expenditures are made primarily for current day-to-day operating purposes. Capital expenditures for large-scale public improvements, such as buildings, are accounted for elsewhere in the Capital Project Funds or Enterprise Funds.

Municipality of Skagway

General Fund
Balance Sheet

<i>June 30,</i>	2020	2019
Assets		
Cash and investments	\$ 2,374,432	\$ 1,390,770
Receivables:		
Accounts receivables	128,829	134,173
Property tax	2,013,600	2,007,911
Grants	-	8,848
Allowance for doubtful accounts	(71,117)	(56,280)
Total receivables	2,071,312	2,094,652
Due from other funds	382,055	3,237,248
Total Assets	\$ 4,827,799	\$ 6,722,670
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	\$ 220,872	\$ 198,541
Due to other funds	-	3,453,790
Unearned revenue	2,046,588	515,637
Total Liabilities	2,267,460	4,167,968
Deferred Inflows of Resources		
Unavailable property taxes	2,012,593	2,006,956
Total Deferred Inflows of Resources	2,012,593	2,006,956
Fund Balance - Unassigned	547,746	547,746
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,827,799	\$ 6,722,670

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

<i>Years Ended June 30,</i>	2020			2019
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 2,044,660	\$ 2,006,214	\$ (38,446)	\$ 1,946,557
Federal government:				
Payment in lieu of property taxes	195,000	202,764	7,764	197,074
Federal grants	1,431,871	1,435,976	4,105	23,960
Total federal government	1,626,871	1,638,740	11,869	221,034
State of Alaska grants	334,000	367,654	33,654	385,078
Investment income	3,000	743	(2,257)	-
Other revenues:				
Licenses and fees	226,620	64,531	(162,089)	146,364
Service and admission fees	282,835	157,800	(125,035)	314,655
Rental income	59,475	48,067	(11,408)	524,821
Donations and other	33,328	74,456	41,128	129,584
Total other revenues	602,258	344,854	(257,404)	1,115,424
Total Revenue	\$ 4,610,789	\$ 4,358,205	\$ (252,584)	\$ 3,668,093

Municipality of Skagway

General Fund

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Expenditures				
General government:				
Administration:				
Payroll and payroll benefits	\$ 899,598	\$ 883,774	\$ 15,824	\$ 783,201
Travel and training	23,902	12,578	11,324	9,174
Materials and supplies	12,000	8,870	3,130	10,031
Administration	224,642	207,114	17,528	236,729
Utilities	59,000	55,691	3,309	59,370
Insurance	204,500	206,489	(1,989)	170,333
Contract services	137,580	65,859	71,721	102,987
Repairs and maintenance	31,000	37,947	(6,947)	31,401
Capital outlay	31,250	26,817	4,433	23,051
Other	33,019	56,219	(23,200)	81,952
Total administration	1,656,491	1,561,358	95,133	1,508,229
City manager:				
Payroll and payroll benefits	206,514	183,260	23,254	207,905
Travel and training	18,500	17,575	925	6,345
Utilities	5,000	1,125	3,875	1,144
Repairs and maintenance	21,300	25,650	(4,350)	13,200
Total city manager	251,314	227,610	23,704	228,594
Assembly:				
Payroll and payroll benefits	38,028	38,299	(271)	36,666
Travel and training	15,000	19,985	(4,985)	20,045
Utilities	650	916	(266)	722
Administration	244,726	250,266	(5,540)	1,099
Repairs and maintenance	44,020	46,350	(2,330)	66,640
Other	20,500	20,526	(26)	188,121
Total Assembly	362,924	376,342	(13,418)	313,293
COVID-19 Response:				
Administration	1,075	1,625	(550)	-
Contract services	10,470	15,052	(4,582)	-
Repairs and maintenance	67,585	69,112	(1,527)	-
Other	150	150	-	-
Total COVID-19 response	79,280	85,939	(6,659)	-
Total general government	2,350,009	2,251,249	98,760	2,050,116

Municipality of Skagway

General Fund

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety:				
Fire Department:				
Payroll and payroll benefits	\$ 865,303	\$ 636,123	\$ 229,180	\$ 522,798
Travel and training	69,500	41,653	27,847	35,219
Materials and supplies	12,000	9,009	2,991	6,948
Utilities	105,733	107,382	(1,649)	106,957
Administration	32,357	50,180	(17,823)	45,675
Contract services	95,997	47,210	48,787	63,749
Repairs and maintenance	77,350	76,641	709	69,651
Capital outlay	10,000	-	10,000	9,833
Other	14,262	11,648	2,614	6,419
Total fire department	1,282,502	979,846	302,656	867,249
Police:				
Payroll and payroll benefits	843,149	893,962	(50,813)	1,005,574
Travel and training	20,000	13,891	6,109	18,175
Utilities	55,000	49,378	5,622	48,134
Administration	38,000	33,238	4,762	27,304
Contract services	9,100	9,900	(800)	9,488
Repairs and maintenance	153,000	84,298	68,702	53,553
Capital outlay	123,000	49,274	73,726	51,745
Other	5,300	1,727	3,573	3,222
Total police	1,246,549	1,135,668	110,881	1,217,195
General public safety:				
Payroll and payroll benefits	334,017	325,093	8,924	361,797
Travel and training	3,500	2,914	586	758
Utilities	500	399	101	505
Administration	38,749	29,980	8,769	27,380
Repairs and maintenance	43,500	31,020	12,480	8,722
Capital outlay	10,000	1,564	8,436	10,817
Other	2,500	1,189	1,311	983
Total general public safety	432,766	392,159	40,607	410,962
COVID-19 Response:				
Public safety:				
Payroll and payroll benefits	404,572	404,573	(1)	-
Materials and supplies	9,033	9,033	-	-
Utilities	1,862	3,456	(1,594)	-
Total COVID-19 response	415,467	417,062	(1,595)	-
Total public safety	3,377,284	2,924,735	452,549	2,495,406

Municipality of Skagway

General Fund

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works:				
Streets and public works:				
Payroll and payroll benefits	\$ 518,353	\$ 464,045	\$ 54,308	\$ 513,846
Travel and training	5,000	109	4,891	3,167
Utilities	70,000	76,235	(6,235)	72,304
Administration	2,099	3,546	(1,447)	3,551
Capital outlay	207,500	131,540	75,960	136,356
Total public works	802,952	675,475	127,477	729,224
Culture, recreation and library:				
Rec Center:				
Payroll and payroll benefits	465,622	354,856	110,766	410,395
Travel and training	10,000	8,848	1,152	4,237
Materials and supplies	10,000	5,945	4,055	11,472
Utilities	52,000	46,022	5,978	56,587
Administration	12,000	10,476	1,524	13,980
Contract services	8,172	4,172	4,000	4,890
Repairs and maintenance	18,000	23,314	(5,314)	9,156
Other	3,000	6,707	(3,707)	13,065
Total rec center	578,794	460,340	118,454	523,782
Library:				
Payroll and payroll benefits	212,982	206,858	6,124	190,380
Travel and training	600	-	600	1,024
Utilities	16,200	14,862	1,338	16,376
Administration	9,263	8,364	899	9,022
Contract services	11,340	11,378	(38)	11,340
Repairs and maintenance	8,600	6,846	1,754	13,284
Capital outlay	5,895	-	5,895	15,517
Other	11,550	11,480	70	12,708
Total library	276,430	259,788	16,642	269,651
Museum:				
Payroll and payroll benefits	222,989	177,072	45,917	210,749
Utilities	24,000	20,239	3,761	22,691
Administration	6,000	971	5,029	6,050
Contract services	2,000	971	1,029	1,282
Repairs and maintenance	12,000	1,222	10,778	9,793
Other	46,460	31,308	15,152	44,782
Total museum	313,449	231,783	81,666	295,347

Municipality of Skagway

General Fund

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

Years Ended June 30,	2020			2019
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Culture, recreation and library, continued:				
Parks and Rec:				
Payroll and payroll benefits	\$ 303,705	\$ 240,458	\$ 63,247	\$ 237,715
Utilities	14,500	14,184	316	15,560
Repairs and maintenance	85,000	97,322	(12,322)	199,278
Capital outlay	15,000	13,558	1,442	4,899
Other	7,500	3,352	4,148	6,101
Total parks and rec	425,705	368,874	56,831	463,553
COVID-19 Response - economic stimulus and support	1,212,339	1,212,339	-	-
Total culture, recreation and library	2,806,717	2,533,124	273,593	1,552,333
Total Expenditures	9,336,962	8,384,583	952,379	6,827,079
Excess of Revenues Under Expenditures	(4,726,173)	(4,026,378)	699,795	(3,158,986)
Other Financing Sources (Uses)				
Transfers in	4,757,419	4,026,378	(731,041)	3,165,293
Transfers out	-	-	-	(9,990)
Net Other Financing Sources (Uses)	4,757,419	4,026,378	(731,041)	3,155,303
Net Change in Fund Balance	\$ 31,246	-	\$ (31,246)	(3,683)
Fund Balance, beginning		547,746		551,429
Fund Balance, ending		\$ 547,746		\$ 547,746

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Special Revenue Funds

A Special Revenue Fund is established to finance particular activities and is created from receipts of designated revenues.

Municipality of Skagway's Special Revenue Funds are as follows:

Sales Tax Special Revenue Fund

This fund accounts for the revenue received from the Borough's sales tax.

Excise Tax Special Revenue Fund

This fund accounts for excise tax appropriations from the State of Alaska and other sources.

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

<i>Years Ended June 30,</i>	2020			2019
	Budget	Actual	Variance	Actual
Revenues				
Sales tax	\$ 8,065,000	\$ 5,927,888	\$ (2,137,112)	\$ 8,965,132
Investment income	225,980	214,605	(11,375)	437,086
Total Revenues	8,290,980	6,142,493	(2,148,487)	9,402,218
Expenditures - education				
Other	2,307,428	2,307,537	(109)	2,061,103
Excess of Revenues Over Expenditures	5,983,552	3,834,956	(2,148,596)	7,341,115
Other Financing Uses - transfers to	(11,477,183)	(7,580,130)	3,897,053	5,276,544
Net Change in Fund Balance	<u>\$ (5,493,631)</u>	(3,745,174)	<u>\$ (6,045,649)</u>	2,064,571
Fund Balance, beginning		<u>19,254,700</u>		<u>17,190,129</u>
Fund Balance, ending		<u>\$ 15,509,526</u>		<u>\$ 19,254,700</u>

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

<i>Years Ended June 30,</i>	2020			2019 (restated)
	Budget	Actual	Variance	Actual
Revenues				
Excise tax	\$ 4,700,000	\$ 5,083,250	\$ 383,250	\$ 4,725,415
Investment income	320,000	478,776	158,776	579,559
Total Revenues	5,020,000	5,562,026	542,026	5,304,974
Other Financing Uses - transfers out	3,879,229	(2,972,325)	(6,851,554)	2,516,004
Net Change in Fund Balance	<u>\$ 1,140,771</u>	2,589,701	<u>\$ 7,393,580</u>	2,788,970
Fund Balance, beginning, as restated		<u>19,333,588</u>		<u>16,544,618</u>
Fund Balance, ending		<u>\$21,923,289</u>		<u>\$19,333,588</u>

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Enterprise Funds

Enterprise Funds (a type of proprietary fund) are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Borough's Enterprise Funds are as follows:

Water and Sewer

This fund accounts for the operations of the water and sewer utilities.

Garbage

This fund accounts for the operations of the waste management.

Small Boat Harbor

This fund accounts for the operations of the boat harbor and the Borough's freight ramp.

Health Clinic

This fund accounts for the operations of the health clinic.

Port Commission

This fund accounts for the operations of the port commission.

Municipality of Skagway
Water and Sewer Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ -	\$ -
Receivables:		
Accounts	37,265	125,667
Grants	8,752	14,862
Allowance for doubtful accounts	(1,851)	(1,263)
Net receivables	44,166	139,266
Inventory	122,533	123,771
Total Current Assets	166,699	263,037
Property, Plant and Equipment		
Infrastructure	7,680,154	7,680,154
Buildings	7,455,565	7,455,565
Equipment	3,205,048	2,974,051
Construction in progress	556,187	327,604
Other improvements	1,803,793	1,776,814
Total property, plant, and equipment	20,700,747	20,214,188
Less accumulated depreciation	(9,886,745)	(9,216,776)
Net Property, Plant and Equipment	10,814,002	10,997,412
Net OPEB asset	2,796	-
Total Assets	10,983,497	11,260,449
Deferred Outflows of Resources		
Pension related	51,947	45,799
Other postemployment benefits related	31,215	-
Total Deferred Outflows of Resources	83,162	45,799
Total Assets and Deferred Outflows of Resources	\$ 11,066,659	\$ 11,306,248

Municipality of Skagway
Water and Sewer Enterprise Fund
Statement of Net Position, continued

<i>June 30,</i>	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 146,064	\$ 49,722
Due to other funds	23,082	6,385
Total Current Liabilities	169,146	56,107
Noncurrent Liabilities		
Compensated absences	22,223	14,007
Net pension liability	480,445	458,256
Net other postemployment benefits liability	14,356	-
Total Noncurrent Liabilities	517,024	472,263
Total Liabilities	686,170	528,370
Deferred Inflows of Resources		
Pension related	15,563	11,501
Other postemployment benefits related	15,550	-
Total Deferred Inflows of Resources	31,113	11,501
Net Position		
Investment in capital assets	10,814,002	10,997,412
Unrestricted	(464,626)	(231,035)
Total Net Position	10,349,376	10,766,377
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 11,066,659	\$ 11,306,248

Municipality of Skagway
Water and Sewer Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Charges for services	\$ 406,020	\$ 552,333
Operating Expenses		
Payroll and payroll benefits	370,210	376,254
Utilities	129,035	129,429
Administration	6,015	6,973
Contracted services	28,684	39,410
Insurance	19,433	17,592
Repairs and maintenance	178,897	162,537
Depreciation	669,969	635,132
Other	16,192	10,562
Total Operating Expenses	1,418,435	1,377,889
Loss from Operations	(1,012,415)	(825,556)
Nonoperating Revenues (Expense) - PERS relief	5,152	16,652
Loss Before Contributions and Transfers	(1,007,263)	(808,904)
Capital contributions	-	854,884
Transfer from other funds	590,262	122,795
Change in Net Position	(417,001)	168,775
Net Position, beginning	10,766,377	10,597,602
Net Position, ending	\$ 10,349,376	\$ 10,766,377

Municipality of Skagway
Water and Sewer Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2020	2019
Cash Flows for Operating Activities		
Receipts from customers and users	\$ 495,010	\$ 509,506
Payments to suppliers	(280,676)	(356,021)
Payments to employees	(340,844)	(339,438)
Net cash flows for operating activities	(126,510)	(185,953)
Cash Flows for Noncapital Financing Activities		
Transfers from other funds	590,262	-
Increase in advances from other funds for operating losses	16,697	185,953
Net cash flows from capital and related financing activities	606,959	185,953
Cash Flows from Capital and Related Financing Activities		
Additions to property, plant, and equipment	(486,559)	-
Capital contributions received	6,110	-
Net cash flows from capital and related financing activities	(480,449)	-
Increase in Cash and Investments	-	-
Cash and Investments, beginning of year	-	-
Cash and Investments, end of year	\$ -	\$ -
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	\$ (1,012,415)	\$ (825,556)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	669,969	635,132
Noncash expense - PERS relief	5,152	16,652
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable, net	88,990	(42,827)
Inventory	1,238	8,775
Net OPEB asset	(2,796)	-
Deferred outflows of resources related to pensions	(6,148)	(3,141)
Deferred outflows of resources related to other postemployment benefits	(31,215)	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	96,342	-
Compensated absences	8,216	(29,106)
Net pension liability	22,189	83,992
Net other postemployment benefits liability	14,356	-
Deferred inflows of resources related to pensions	4,062	(29,874)
Deferred inflows of resources related to other postemployment benefits	15,550	-
Net Cash Flows for Operating Activities	\$ (126,510)	\$ (185,953)

Municipality of Skagway
Garbage Fund Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ -	\$ -
Receivables:		
Accounts	55,487	86,256
Allowance for doubtful accounts	(1,530)	(1,421)
Net receivables	53,957	84,835
Prepaid expenses	-	37,629
Total Current Assets	53,957	122,464
Property, Plant and Equipment		
Land improvements	271,314	271,314
Infrastructure	368,266	368,266
Buildings	3,120,303	3,120,303
Equipment	1,373,032	1,328,032
Construction in progress	1,281,021	418,789
Total property, plant, and equipment	6,413,936	5,506,704
Less accumulated depreciation	(3,982,574)	(3,904,796)
Net Property, Plant and Equipment	2,431,362	1,601,908
Net OPEB asset	783	-
Total Assets	2,486,102	1,724,372
Deferred Outflows of Resources		
Pension related	11,004	9,283
Other postemployment benefits related	8,738	-
Total Deferred Outflows of Resources	19,742	9,283
Total Assets and Deferred Outflows of Resources	\$ 2,505,844	\$ 1,733,655

Municipality of Skagway
Garbage Fund Enterprise Fund
Statement of Net Position, continued

<i>June 30,</i>	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 43,464	\$ 19,605
Due to other funds	296,343	388,865
Total Current Liabilities	339,807	408,470
Noncurrent Liabilities		
Compensated absences	5,066	4,910
Net pension liability	99,094	92,883
Net other postemployment benefits liability	4,018	-
Total Noncurrent Liabilities	108,178	97,793
Total Liabilities	447,985	506,263
Deferred Inflows of Resources		
Pension related	3,468	2,331
Other postemployment benefits related	4,353	-
Total Deferred Inflows of Resources	7,821	2,331
Net Position		
Investment in capital assets	2,431,362	1,601,908
Unrestricted (deficit)	(381,324)	(376,847)
Total Net Position	2,050,038	1,225,061
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,505,844	\$ 1,733,655

Municipality of Skagway
Garbage Fund Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Charges for services	\$ 456,747	\$ 530,782
Operating Expenses		
Payroll and payroll benefits	278,544	285,612
Utilities	105,492	180,578
Administration	4,762	5,768
Contracted services	51,466	77,638
Insurance	18,992	16,096
Repairs and maintenance	28,298	27,688
Depreciation	77,778	127,710
Other	55,662	38,489
Recycling	73,385	17,118
Total Operating Expenses	694,379	776,697
Loss from Operations	(237,632)	(245,915)
Nonoperating Revenues (Expense) - PERS relief	1,442	3,375
Loss Before Contributions and Transfers	(236,190)	(242,540)
Capital contributions	-	581,162
Transfer from other funds	1,061,167	99,820
Change in Net Position	824,977	438,442
Net Position, beginning	1,225,061	786,619
Net Position, ending	\$ 2,050,038	\$ 1,225,061

Municipality of Skagway
Garbage Fund Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2020	2019
Cash Flows for Operating Activities		
Receipts from customers and users	\$ 487,625	\$ 494,642
Payments to suppliers	(276,569)	(410,284)
Payments to employees	(272,469)	(263,312)
Net cash flows for operating activities	(61,413)	(178,954)
Cash Flows from Noncapital Financing Activities		
Transfers to other funds	1,061,167	178,954
Decrease in due to other funds	(92,522)	-
Net cash flows from capital and related financing activities	968,645	178,954
Cash Flows for Capital and Related Financing Activities		
Additions to property, plant, and equipment	(907,232)	-
Increase in Cash and Investments	-	-
Cash and Investments, beginning of year	-	-
Cash and Investments, end of year	\$ -	\$ -
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities		
Loss from operations	\$ (237,632)	\$ (245,915)
Adjustments to reconcile loss from operations to net cash flows from operating activities:		
Depreciation	77,778	127,710
Noncash expense - PERS relief	1,442	3,375
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable, net	30,878	(36,140)
Prepaid expenses	37,629	(37,629)
Net OPEB asset	(783)	-
Deferred outflows of resources related to pensions	(1,721)	(1,172)
Deferred outflows of resources related to other postemployment benefits	(8,738)	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	23,859	-
Compensated absences	156	(5,365)
Net pension liability	6,211	21,718
Net other postemployment benefits liability	4,018	-
Deferred inflows of resources related to pensions	1,137	(5,536)
Deferred inflows of resources related to other postemployment benefits	4,353	-
Net Cash Flows for Operating Activities	\$ (61,413)	\$ (178,954)

Municipality of Skagway
Small Boat Harbor Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,621,832	\$ 689,507
Due from other funds	-	817,274
Receivables:		
Accounts	61,008	94,427
Allowance for doubtful accounts	(1,741)	-
Net receivables	59,267	94,427
Total Current Assets	1,681,099	1,601,208
Property, Plant and Equipment		
Infrastructure	12,617,706	12,617,705
Seawall	7,014,362	7,014,362
Seawalk	5,905,264	5,905,264
Buildings	1,033,250	1,033,250
Other improvements	2,960,433	2,960,433
Equipment	312,553	301,159
Construction in progress	154,028	153,128
Total property, plant, and equipment	29,997,596	29,985,301
Less accumulated depreciation	(9,035,935)	(8,275,850)
Net Property, Plant and Equipment	20,961,661	21,709,451
Net OPEB asset	997	-
Total Assets	22,643,757	23,310,659
Deferred Outflows of Resources		
Pension related	16,170	13,977
Other postemployment benefits related	11,133	-
Total Deferred Outflows of Resources	27,303	13,977
Total Assets and Deferred Outflows of Resources	\$ 22,671,060	\$ 23,324,636

Municipality of Skagway
Small Boat Harbor Enterprise Fund
Statement of Net Position, continued

<i>June 30,</i>	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 10,398	\$ 7,011
Noncurrent Liabilities		
Compensated absences	6,509	8,834
Net pension liability	147,766	139,852
Net other postemployment benefits liability	5,120	-
Total Noncurrent Liabilities	159,395	148,686
Total Liabilities	169,793	155,697
Deferred Inflows of Resources		
Pension related	4,960	3,510
Other postemployment benefits related	5,546	-
Total Deferred Inflows of Resources	10,506	3,510
Net Position		
Investment in capital assets	20,961,661	21,709,451
Unrestricted	1,529,100	1,455,978
Total Net Position	22,490,761	23,165,429
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 22,671,060	\$ 23,324,636

Municipality of Skagway
Small Boat Harbor Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Charges for services	\$ 362,084	\$ 434,980
Operating Expenses		
Payroll and payroll benefits	193,288	167,921
Utilities	28,784	39,580
Administration	8,390	12,584
Insurance	21,731	16,810
Repairs and maintenance	17,252	17,611
Depreciation	760,085	743,702
Other	9,959	11,739
Total Operating Expenses	1,039,489	1,009,947
Loss from Operations	(677,405)	(574,967)
Nonoperating Revenues (Expense) - PERS relief	1,837	5,082
Loss Before Contributions	(675,568)	(569,885)
Capital contributions	900	155,052
Change in Net Position	(674,668)	(414,833)
Net Position, beginning	23,165,429	23,580,262
Net Position, ending	\$ 22,490,761	\$ 23,165,429

Municipality of Skagway
Small Boat Harbor Enterprise Fund
Statement of Cash Flows

<i>Years Ended June 30,</i>	2020	2019
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 397,244	\$ 380,278
Payments to suppliers	(82,729)	(98,552)
Payments to employees	(188,069)	(172,754)
Net cash flows from operating activities	126,446	108,972
Cash Flows from (for) Noncapital Financing Activities		
Transfers to other funds	-	(184,347)
Increase in due to other funds for operating losses	817,274	-
Net cash flows from (for) noncapital and related financing activities	817,274	(184,347)
Cash Flows for Capital and Related Financing Activities		
Additions to property, plant, and equipment	(12,295)	-
Capital contributions received	900	-
Net cash flows for capital and related financing activities	(11,395)	-
Increase (Decrease) in Cash and Investments	932,325	(75,375)
Cash and Investments, beginning of year	689,507	764,882
Cash and Investments, end of year	\$ 1,621,832	\$ 689,507
Reconciliation of Loss from Operations to Net Cash Flows for Operating Activities		
Loss from operations	\$ (677,405)	\$ (574,967)
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Depreciation	760,085	743,702
Noncash expense - PERS relief	1,837	5,082
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable, net	35,160	(54,702)
Net OPEB asset	(997)	-
Deferred outflows of resources related to pensions	(2,193)	1,798
Deferred outflows of resources related to other postemployment benefits	(11,133)	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	3,387	-
Compensated absences	(2,325)	(1,598)
Net pension liability	7,914	1,448
Net other postemployment benefits liability	5,120	-
Deferred inflows of resources related to pensions	1,450	(11,791)
Deferred inflows of resources related to other postemployment benefits	5,546	-
Net Cash Flows from Operating Activities	\$ 126,446	\$ 108,972

Municipality of Skagway
Health Clinic Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 167,755	\$ 4,191
Inventories	62,791	53,558
Due from other funds	-	151,787
Receivables:		
Accounts	148,500	227,491
Grants	88,022	86,862
Allowance for doubtful accounts	(66,508)	(104,344)
Net receivables	170,014	210,009
Total Current Assets	400,560	419,545
Property, Plant and Equipment		
Buildings	8,964,628	8,964,628
Other improvements	52,485	52,485
Equipment	652,295	652,295
Total property, plant, and equipment	9,669,408	9,669,408
Less accumulated depreciation	(2,909,360)	(2,642,161)
Net Property, Plant and Equipment	6,760,048	7,027,247
Net OPEB asset	10,682	-
Total Assets	7,171,290	7,446,792
Deferred Outflows of Resources		
Pension related	191,139	167,653
Other postemployment benefits related	119,240	-
Total Deferred Outflows of Resources	310,379	167,653
Total Assets and Deferred Outflows of Resources	\$ 7,481,669	\$ 7,614,445

Municipality of Skagway
Health Clinic Enterprise Fund
Statement of Net Position, continued

<i>June 30,</i>	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 56,104	\$ 111,714
Noncurrent Liabilities		
Compensated absences	94,322	57,696
Net pension liability	1,762,248	1,677,487
Net other postemployment benefits liability	54,839	-
Total Noncurrent Liabilities	1,911,409	1,735,183
Total Liabilities	1,967,513	1,846,897
Deferred Inflows of Resources		
Pension related	57,622	42,102
Other postemployment benefits related	59,399	-
Total Deferred Inflows of Resources	117,021	42,102
Net Position		
Investment in capital assets	6,760,048	7,027,247
Unrestricted	(1,362,913)	(1,301,801)
Total Net Position	5,397,135	5,725,446
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 7,481,669	\$ 7,614,445

Municipality of Skagway
Health Clinic Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Charges for services:		
Charges for services	\$ 916,174	\$ 898,257
Grant revenue	1,554,713	1,466,164
Contributions	860	4,148
Total Operating Revenues	2,471,747	2,368,569
Operating Expenses		
Payroll and payroll benefits	1,849,593	1,843,581
Materials and supplies	183,526	158,805
Utilities	108,046	109,342
Administration	180,155	212,208
Contracted services	593,117	473,466
Insurance	68,359	58,645
Travel and training	46,929	62,290
Repairs and maintenance	97,279	160,739
Depreciation	267,199	272,008
Other	24,673	21,491
Total Operating Expenses	3,418,876	3,372,575
Loss Before Contributions and Transfers	(947,129)	(1,004,006)
Capital contributions	19,679	60,957
Transfer from capital project funds	599,139	697,478
Change in Net Position	(328,311)	(245,571)
Net Position, beginning	5,725,446	5,971,017
Net Position, ending	\$ 5,397,135	\$ 5,725,446

Municipality of Skagway

Health Clinic Enterprise Fund
Statement of Cash Flows

Years Ended June 30,	2020	2019
Cash Flows for Operating Activities		
Receipts from customers and users	\$ 958,189	\$ 883,444
Operating grants received	1,553,553	1,552,914
Payments to suppliers	(1,366,927)	(1,280,542)
Payments to employees	(1,751,856)	(1,982,853)
Net cash flows for operating activities	(607,041)	(827,037)
Cash Flows from Noncapital Financing Activities		
Transfers from other funds	599,139	849,984
Decrease in advances from other funds for operating losses	151,787	-
Net cash flows from capital and related financing activities	750,926	849,984
Cash Flows from Capital and Related Financing Activities		
Additions to property, plant, and equipment	-	(30,554)
Capital contributions received	19,679	-
Net cash flows from capital and related financing activities	19,679	(30,554)
Increase (Decrease) in Cash and Investments	163,564	(7,607)
Cash and Investments, beginning of year	4,191	11,798
Cash and Investments, end of year	\$ 167,755	\$ 4,191
Reconciliation of Loss from Operations to Net		
Cash Flows for Operating Activities		
Loss from operations	\$ (947,129)	\$ (1,004,006)
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Depreciation	267,199	272,010
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable, net	39,995	67,787
Inventory	(9,233)	(8,067)
Net OPEB asset	(10,682)	-
Deferred outflows of resources related to pensions	(23,486)	30,721
Deferred outflows of resources related to other postemployment benefits	(119,240)	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(55,610)	-
Compensated absences	36,626	(33,148)
Net pension liability	84,761	(2,024)
Net other postemployment benefits liability	54,839	-
Deferred inflows of resources related to pensions	15,520	(150,310)
Deferred inflows of resources related to other postemployment benefits	59,399	-
Net Cash Flows for Operating Activities	\$ (607,041)	\$ (827,037)

Municipality of Skagway
Port Commission Enterprise Fund
Statement of Net Position

<i>June 30,</i>	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 5,279,049	\$ -
Due from other funds	-	294,358
Accounts receivable	10,600	10,600
Total Current Assets	5,289,649	304,958
Property, Plant and Equipment		
Construction in progress	4,016,683	3,818,918
Total Assets	\$ 9,306,332	\$ 4,123,876
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 3,640	\$ 20,551
Net Position		
Investment in capital assets	4,016,683	3,818,918
Unrestricted	5,286,009	284,407
Total Net Position	9,302,692	4,103,325
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 9,306,332	\$ 4,123,876

Municipality of Skagway
Port Commission Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Years Ended June 30,</i>	2020	2019
Operating Revenues		
Charges for services	\$ 127,200	\$ 127,200
Operating Expenses		
Utilities	229	436
Administration	4,931	5,201
Contracted services	119,920	90,060
Travel and training	2,602	-
Total Operating Expenses	127,682	95,697
Income (Loss) Before Contributions and Transfers	(482)	31,503
Capital contributions	5,625	5,625
Transfers from other funds	5,194,224	-
Change in Net Position	5,199,367	37,128
Net Position, beginning	4,103,325	4,066,197
Net Position, ending	\$ 9,302,692	\$ 4,103,325

Municipality of Skagway

Port Commission Enterprise Fund Statement of Cash Flows

Years Ended June 30,	2020	2019
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 127,200	\$ 127,200
Payments to suppliers	(144,593)	(78,083)
Net cash flows from (for) operating activities	(17,393)	49,117
Cash Flows from Noncapital and Related Financing Activities		
Increase in due to other funds	294,358	-
Cash Flows from (for) Capital and Related Financing Activities		
Additions to property, plant, and equipment	(197,765)	-
Capital contributions received	5,625	-
Transfers from other funds	5,194,224	(49,117)
Net cash flows from (for) capital and related financing activities	5,002,084	(49,117)
Increase (Decrease) in Cash and Investments	5,279,049	-
Cash and Investments, beginning of year	-	-
Cash and Investments, end of year	\$ 5,279,049	\$ -
Reconciliation of Income (Loss) from Operations to Net		
Cash Flows from (for) Operating Activities		
Loss before contributions and transfers	\$ (482)	\$ 31,503
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(16,911)	17,614
Net Cash Flows from (for) Operating Activities	\$ (17,393)	\$ 49,117