



Municipality of Skagway, Alaska

Basic Financial Statements, Required
Supplementary Information, and
Supplementary Information
Six Months Ended December 31, 2020

Municipality of Skagway, Alaska

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Six Months Ended December 31, 2020

Municipality of Skagway, Alaska

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Municipality of Skagway, Alaska, as of and for the six month period ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Municipality of Skagway's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Skagway, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the six month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality of Skagway's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-13 the budgetary comparison information on pages 66-68 and the Schedules of Net Pension and OPEB Liability, and Borough Contributions to the Public Employees' Retirement System Pension and OPEB Plans on pages 69-70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit for the six months ended December 31, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 six month period ended December 31, 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 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 for the six months ended December 31, 2020 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the six months ended December 31, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Municipality as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated March 31, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2020 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such underlying accounting and other records used to prepare the 2020 financial statements. The information was subjected to the audit procedures applied in the audit of the 3030 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the six month period ended December 31, 2020.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021 on our consideration of the Municipality of Skagway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
December 27, 2021

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Management's Discussion and Analysis

Municipality of Skagway
Management's Discussion and Analysis
December 31, 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 period ended December 31, 2020.

The Borough Assembly approved the change of its fiscal year end from June 30 to December 31. This change is effective for fiscal year 2021, which resulted in a six (6) month period (June 30, 2020 to December 31, 2020).

FINANCIAL HIGHLIGHTS

- Of the amount attributable to the primary government, the Borough's net position decreased by \$3.8 million (3.5%). The governmental net position decreased by \$5.9 million (10.1%). Business-type net position increased by approximately \$2.1 million (4.3%).
- Net capital assets increased by \$2 million (2.4%) due to additions exceeding depreciation, primarily due to street utility upgrades and the waste water treatment plant project. Capital purchases were primarily financed by cash and cash equivalents and capital grants.
- Noncurrent liabilities increased by \$.3 million (1.4%) primarily due to issuance of loan of \$1.05 million.
- Operating grants and contributions (on the statement of activities) increased by \$4.3 million to \$6 million primarily due to increased federal funding for the Coronavirus global pandemic through the CARES Act Relief fund.
- Tax revenues decreased by \$14.5 million (97%) due to decreased economic activity caused by the pandemic.
- General government expenses decrease by \$1.4 million (51.7%) due primarily to a short year and limited services due to pandemic.

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 64 - 70)

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.

Municipality of Skagway
Management's Discussion and Analysis
December 31, 2020

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.

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
December 31, 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 \$104.2 million as of December 31, 2020, compared to \$108.4 million as of June 30, 2020.

The largest portion of the Borough's net position (62.4%) 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 \$20.9 million as of December 31, 2020.

**Municipality of Skagway
Management's Discussion and Analysis
December 31, 2020**

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

	Governmental Activities		Business-Type Activities		Totals	
	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020
Current and Other Assets	\$ 40,074,238	\$ 47,012,134	\$ 8,017,845	\$ 7,287,797	\$ 48,092,083	\$ 54,299,931
Capital Assets, net	38,982,211	38,948,646	46,985,691	44,983,756	85,967,902	83,932,402
Deferred Outflows of Resources	639,959	853,061	328,638	440,586	968,597	1,293,647
Total assets and deferred outflows	79,696,408	86,813,841	55,332,174	52,712,139	135,028,582	139,525,980
Current and Other Liabilities	2,299,019	4,002,205	960,036	387,790	3,259,055	4,389,995
Long-Term Liabilities	24,513,147	24,105,361	2,457,125	2,567,886	26,970,272	26,673,247
Deferred Inflows of Resources	414,484	331,687	209,956	166,461	624,440	498,148
Total liabilities and deferred inflows	27,226,650	28,439,253	3,627,117	3,122,137	30,853,767	31,561,390
Net Position						
Net investments in capital assets	18,044,237	18,631,834	46,985,691	44,983,756	65,029,928	63,615,590
Restricted	37,474,048	38,372,166	-	-	37,474,048	38,372,166
Unrestricted	(3,048,527)	1,370,588	4,719,366	4,606,246	1,670,839	5,976,834
Total net position	\$ 52,469,758	\$ 58,374,588	\$ 51,705,057	\$ 49,590,002	\$ 104,174,815	\$ 107,964,590

A portion of the Borough's net position (\$37.4 million or 36.0%) 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 \$1.7 million. Unrestricted net position is used to meet the government's ongoing obligations to citizens and creditors.

The government's net position decreased by \$3.8 million during the current fiscal year compared to an increase of \$3.6 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
December 31, 2020**

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

	Governmental Activities		Business-Type Activities		Totals	
	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020
Revenues						
Program revenues						
Fees, fines and charges for services	\$ 67,672	\$ 811,537	\$ 869,573	\$ 2,268,225	\$ 937,245	\$ 3,079,762
Operating grant and contributions	5,967,292	1,695,209	1,111,430	1,564,004	7,078,722	3,259,213
Capital grants and contributions	23,838	125,230	102,106	26,204	125,944	151,434
General revenues						
Taxes	442,727	14,937,380	-	-	442,727	14,937,380
Intergovernmental revenue - unrestricted	316,489	348,763	-	-	316,489	348,763
Earnings on investments	3,395,461	783,761	-	-	3,395,461	783,761
Other	(90,194)	81,456	60,036	-	(30,158)	81,456
Total revenues	10,123,285	18,783,336	2,143,145	3,858,433	12,266,430	22,641,769
Expenses						
General government	2,419,264	2,704,984	-	-	2,419,264	2,704,984
Public safety	1,559,212	2,795,084	-	-	1,559,212	2,795,084
Public works and streets	384,972	639,042	-	-	384,972	639,042
Education	1,949,276	2,509,247	-	-	1,949,276	2,509,247
Culture, recreation, and library	6,474,183	3,687,840	-	-	6,474,183	3,687,840
Interest on long-term debt	-	-	-	-	-	-
Water and sewer	-	-	680,851	1,418,435	680,851	1,418,435
Garbage	-	-	358,615	694,379	358,615	694,379
Small boat harbor	-	-	530,633	1,039,489	530,633	1,039,489
Health clinic	-	-	1,594,362	3,418,876	1,594,362	3,418,876
Port	-	-	104,837	127,682	104,837	127,682
Total expenses	12,786,907	12,336,197	3,269,298	6,698,861	16,056,205	19,035,058
Increase (Decrease in Net Position Before Transfers and payments to School)	(2,663,622)	6,447,139	(1,126,153)	(2,840,428)	(3,789,775)	3,606,711
Transfer and Payments to School	(3,241,208)	(7,444,792)	3,241,208	7,444,792	-	-
Change in Net Position	\$ (5,904,830)	\$ (997,653)	\$ 2,115,055	\$ 4,604,364	\$ (3,789,775)	\$ 3,606,711
Net Position, beginning of year	\$ 58,374,588	\$ 59,372,241	\$ 49,590,002	\$ 44,985,638	\$ 107,964,590	\$ 104,357,879
Change in Net Position	(5,904,830)	(997,653)	2,115,055	4,604,364	(3,789,775)	3,606,711
Net Position, end of year	\$ 52,469,758	\$ 58,374,588	\$ 51,705,057	\$ 49,590,002	\$ 104,174,815	\$ 107,964,590

Municipality of Skagway
Management's Discussion and Analysis
December 31, 2020

Governmental Activities - Governmental activities net position decreased by \$5.9 million as of December 31, 2020 and decreased by \$1 million for the year ended June 30, 2020. 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 \$2.1 million for the six-month period ended December 30, 2020. For the year ended June 30, 2020, business-type activities net position increased by \$4.6 million. Although revenues and expenses of business-type activities have decreased marginally from year ended June 30, 2020, the majority of this decrease is due to reported December 31, 2020 balances reporting six months of activity versus twelve months reported year ended June 30, 2020.

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 \$37.9 million. This is a decrease of \$4.3 million (10.2%) from the prior year, primarily due to an excess of expenditures over revenues of \$2.1 million with net transfers out to other funds of \$3.2 million. Of this amount, \$4.7 million is nonspendable, as it is for the purpose of the permanent trust fund, \$32.7 million is restricted for general purposes of the sales tax fund, excise tax fund, and capital projects; and \$.1 million is assigned for the purpose of debt service and transfers to other funds. The remaining fund balance of \$.3 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 \$.3 million surplus.

Significant changes in governmental funds are as follows:

- Sales tax revenues decreased by \$11.5 million (87.3%) due to decreased commerce within the Borough as a result of the Coronavirus global pandemic.
- Intergovernmental revenues increased \$4.2 million (198.6%) primarily due to increased federal funding for the Coronavirus global pandemic through the CARES Act Relief fund.

Other governmental funds (with the exclusion of the general fund) have a combined fund balance of \$37.4 million, which is \$4.3 million lower than year ended June 30, 2020.

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 \$51.7 million, which is within 4.3% of year ended June 30, 2020. Of this amount, \$4.8 million represented unrestricted net position.

Municipality of Skagway
Management's Discussion and Analysis
December 31, 2020

There were no significant changes in enterprise fund operations from six-month period ended December 30, 2020 to year ended June 30, 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, with the exception of federal funding received from the CARES Act Relief fund. Federal funding received through the CARES Act Relief fund were not included in the budgeted amounts.

Actual revenues, excluding transfers in and out, were higher than budgeted by \$5.23 million (223.3%), while actual expenditures were greater than budgeted expenditures by \$4.56 million (104.1%). Noted change is attributed to the budgetary data presented for the fund excluding funding amounts from the Coronavirus Relief Fund.

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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The Borough's investment in capital assets for its governmental and business-type activities as of December 30, 2020, amounted to \$86 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 \$2 million (2.43%). Governmental capital assets increased by \$.03 million (0.1%), while business-type capital assets increased by \$2 million (4.5%).

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

Debt administration - As of December 31, 2020, the Borough had a total of \$20.9 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 \$17.5 million, and the loans accounted for \$2.9 million. As of December 31, 2020, the Borough also had \$.5 million of unamortized bond premiums.

The total debt (\$20.9 million) increased by \$.6 million from the previous year (\$20.3 million). This included issuances of \$1.1 million, offset by repayments of principal and amortization of premiums in the current year of \$.4 million.

Municipality of Skagway
Management's Discussion and Analysis
December 31, 2020

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 5% of the current assessed value of the taxable real property.

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 receive less than 10% of its normal cruise passengers 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. However, with the introduction of the American Rescue Act Plan (ARPA) the MOS is scheduled to receive \$10 million (\$5M in 2021 and another \$5M in 2022) that can be used as revenue replacement. With the addition of the ARPA funds the MOS anticipates that it will have 15 million dollars in CPV excise tax shared revenue reserves and 10 million dollars in sales tax reserves at the conclusion of 2021.

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.

The Assembly continues to keep operational and capital expenditures low, focusing on necessary infrastructure improvements and programs. The Assembly takes a rational approach to capital expenditures, proceeding only when the revenues for the project are first identified. The Assembly has recently raised water and wastewater service fees to reduce the subsidy needed for these services.

The Coronavirus global pandemic had a tremendous impact on the Municipality of Skagway's economy. With the elimination of cruise vessels to port and the US/Canada border closure, most seasonal businesses did not open in 2020. As a result, sales tax revenues were down substantially for the year. The federal government created the Coronavirus Aid, Relief and Economic Security (CARES) Act, providing relief funding to states and certain local governments to help with this impact. With the anticipation of federal ARPA funding being released in 2021, 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, Alaska

Statement of Net Position

<i>December 31, 2020</i>	Primary Government			Component Unit
	Governmental	Business-type	Total	Skagway School District
	Activities	Activities		
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 37,637,275	\$ 5,663,361	\$ 43,300,636	\$1,389,077
Internal balances	(447,900)	447,900	-	-
Receivables, net of allowance for doubtful accounts	2,295,346	1,499,577	3,794,923	57,252
Prepaid items	203,750	-	203,750	20,747
Inventory	-	205,965	205,965	4,267
Capital assets not being depreciated - land improvements and construction in progress	8,268,986	7,714,837	15,983,823	-
Other capital assets, net of accumulated depreciation	30,713,225	39,270,854	69,984,079	64,218
Net other postemployment benefits asset	385,767	201,042	586,809	94,500
Total Assets	79,056,449	55,003,536	134,059,985	1,630,061
Deferred Outflows of Resources				
Pension related	379,275	209,658	588,933	175,116
Other postemployment benefits related	260,684	118,980	379,664	113,374
Total Deferred Outflows of Resources	639,959	328,638	968,597	288,490
Total Assets and Deferred Outflows of Resources	\$ 79,696,408	\$ 55,332,174	\$ 135,028,582	\$ 1,918,551

Municipality of Skagway, Alaska

Statement of Net Position, continued

	Primary Government			Component
	Governmental	Business-type	Total	Unit
				Skagway
December 31, 2020	Activities	Activities	Total	School District
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable	\$ 136,002	\$ 732,882	\$ 868,884	\$ 2,844
Unearned revenue	645,503	63,600	709,103	15,001
Payroll accruals and liabilities	-	-	-	54,868
Due to agency fund	-	-	-	14,860
Noncurrent liabilities:				
Due within one year:				
Compensated absences	404,323	163,554	567,877	-
Interest payable	236,746	-	236,746	-
Long-term debt	876,445	-	876,445	-
Due in more than one year:				
Long-term debt	20,061,529	-	20,061,529	-
Net pension liability	4,435,757	2,457,055	6,892,812	1,520,641
Net other postemployment benefits liability	15,861	70	15,931	17,661
Total Liabilities	26,812,166	3,417,161	30,229,327	1,625,875
Deferred Inflows of Resources				
Pension related	93,608	50,340	143,948	41,455
Other postemployment benefits related	320,876	159,616	480,492	82,512
Total Deferred Inflows of Resources	414,484	209,956	624,440	123,967
Net Position				
Net investment in capital assets	18,044,237	46,985,691	65,029,928	64,218
Restricted	37,474,048	-	37,474,048	709,137
Unrestricted (deficit)	(3,048,527)	4,719,366	1,670,839	(604,646)
Total Net Position	52,469,758	51,705,057	104,174,815	168,709
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 79,696,408	\$ 55,332,174	\$ 135,028,582	\$ 1,918,551

See accompanying notes to basic financial statements.

Municipality of Skagway, Alaska

Statement of Activities

	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		Total	
					Govern- mental Activities	Business- type Activities		
<i>Six months ended December 31, 2020</i>								Skagway School District
Activities								
Primary Government								
Governmental activities:								
General government	\$ 2,419,264	\$ 27,576	\$ -	\$ -	\$ (2,391,688)	\$ -	\$ (2,391,688)	
Public safety	1,559,212	16,732	769,286	-	(773,194)	-	(773,194)	
Public works	384,972	-	85,389	-	(299,583)	-	(299,583)	
Culture, recreation and library	6,474,183	23,364	5,112,617	23,838	(1,314,364)	-	(1,314,364)	
Education	1,949,276	-	-	-	(1,949,276)	-	(1,949,276)	
Total governmental activities	12,786,907	67,672	5,967,292	23,838	(6,728,105)	-	(6,728,105)	
Business-type activities:								
Water and sewer	680,851	140,532	26,006	-	-	(514,313)	(514,313)	
Garbage	358,615	138,651	-	-	-	(219,964)	(219,964)	
Small boat harbor	530,633	85,616	-	-	-	(445,017)	(445,017)	
Health clinic	1,594,362	504,774	1,085,424	-	-	(4,164)	(4,164)	
Port	104,837	-	-	102,106	-	(2,731)	(2,731)	
Total business-type activities	3,269,298	869,573	1,111,430	102,106	-	(1,186,189)	(1,186,189)	
Total Primary Government	\$ 16,056,205	\$ 937,245	\$ 7,078,722	\$ 125,944	(6,728,105)	(1,186,189)	(7,914,294)	
Component Unit - School District - education	\$ 2,783,743	\$ 47,110	\$ 631,442	\$ -				\$(2,105,191)
General Revenues								
Taxes					442,727	-	442,727	-
Grants and entitlements not restricted to a specific purpose					316,489	-	316,489	1,029,580
E-rate revenue					-	-	-	21,570
Investment income					3,395,461	-	3,395,461	-
Contributions from primary government					-	-	-	1,546,996
Other					(90,194)	60,036	(30,158)	1,000
Transfers					(3,241,208)	3,241,208	-	-
Total General Revenues and Transfers					823,275	3,301,244	4,124,519	2,599,146
Change in Net Position					(5,904,830)	2,115,055	(3,789,775)	493,955
Net Position, beginning					58,374,588	49,590,002	107,964,590	(325,246)
Net Position, ending					\$ 52,469,758	\$ 51,705,057	\$ 104,174,815	\$ 168,709

See accompanying notes to basic financial statements.

Municipality of Skagway, Alaska

Exhibit B-1

Governmental Funds Balance Sheet

	Major Funds						Total Govern- mental Funds
	General	Sales Tax Special Revenue	Excise Tax Special Revenue	Permanent Trust	Debt Service	Nonmajor Funds	
<i>December 31, 2020</i>							
Assets							
Cash and investments	\$ 359,681	\$ 11,886,859	\$ 20,672,908	\$ 4,558,765	\$ 119,714	\$ 39,348	\$ 37,637,275
Receivables:							
Accounts	103,780	9,955	-	-	-	-	113,735
Sales taxes	-	144,686	-	-	-	2,272	146,958
Property taxes	785,767	-	-	-	-	-	785,767
Land sales contracts	-	-	-	175,116	-	-	175,116
Grants	-	-	-	-	-	20,000	20,000
Loan proceeds	-	-	-	-	1,057,047	-	1,057,047
Interest	-	-	-	2,767	-	-	2,767
Allowance for doubtful accounts	(6,000)	(44)	-	-	-	-	(6,044)
Total receivables, net	883,547	154,597	-	177,883	1,057,047	22,272	2,295,346
Prepays	203,750	-	-	-	-	-	203,750
Due from other funds	586,953	-	-	-	-	44,731	631,684
Total Assets	\$ 2,033,931	\$ 12,041,456	\$ 20,672,908	\$ 4,736,648	\$ 1,176,761	\$ 106,351	\$ 40,768,055

Municipality of Skagway, Alaska

Exhibit B-1, continued

Governmental Funds
Balance Sheet, continued

	Major Funds						Total Govern- mental Funds
	General	Sales Tax Special Revenue	Excise Tax Special Revenue	Permanent Trust	Debt Service	Nonmajor Funds	
<i>December 31, 2020</i>							
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 62,588	\$ -	\$ -	\$ 2,861	\$ -	\$ 70,553	\$ 136,002
Due to other funds	-	-	-	-	1,057,047	22,537	1,079,584
Unearned revenue	642,766	2,737	-	-	-	-	645,503
Total Liabilities	705,354	2,737	-	2,861	1,057,047	93,090	1,861,089
Deferred Inflows of Resources							
Deferred land sales	-	-	-	175,116	-	-	175,116
Unavailable property taxes	780,831	-	-	-	-	-	780,831
Total Deferred Inflows of Resources	780,831	-	-	175,116	-	-	955,947
Fund Balances							
Nonspendable	203,750	-	-	4,558,671	-	-	4,762,421
Restricted	-	12,038,719	20,672,908	-	-	-	32,711,627
Assigned	-	-	-	-	119,714	13,261	132,975
Unassigned	343,996	-	-	-	-	-	343,996
Total Fund Balances	547,746	12,038,719	20,672,908	4,558,671	119,714	13,261	37,951,019
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,033,931	\$ 12,041,456	\$ 20,672,908	\$ 4,736,648	\$ 1,176,761	\$ 106,351	\$ 40,768,055

See accompanying notes to basic financial statements.

**Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position**

December 31, 2020

Total fund balances for governmental funds		\$ 37,951,019
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	\$ 2,526,270	
Land and land improvements	5,742,716	
Buildings	36,604,613	
Improvements other than buildings	8,352,669	
Furniture and equipment	8,554,814	
Infrastructure	<u>11,711,252</u>	
Total capital assets	73,492,334	
Less accumulated depreciation	<u>(34,510,123)</u>	
Total capital assets, net		38,982,211
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		
		385,767
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 land sales receivable	175,116	
Delinquent property taxes receivable	<u>780,831</u>	
Total long-term assets		955,947
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	(404,323)	
Bonds payable	(17,485,000)	
Bond premium, net of accumulated amortization	(520,185)	
Loans payable	(2,932,789)	
Interest payable	(236,746)	
Net pension liability	(4,435,757)	
Net other postemployment benefits liability	<u>(15,861)</u>	
Total long-term liabilities		(26,030,661)
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	379,275	
Deferred inflows of resources related to pensions	(93,608)	
Deferred outflows of resources related to other postemployment benefits	260,684	
Deferred inflows of resources related to other postemployment benefits	<u>(320,876)</u>	
Total deferred pension and other postemployment benefits items		<u>225,475</u>
Total Net Position of Governmental Activities		<u>\$ 52,469,758</u>

See accompanying notes to basic financial statements.

Municipality of Skagway, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Six months ended December 31, 2020	Major Funds						Govern- mental Funds
	General	Sales Tax Special Revenue	Excise Tax Special Revenue	Permanent Trust	Debt Service	Nonmajor Funds	
Revenues							
Taxes	\$ 1,230,165	\$ 433,242	\$ -	\$ -	\$ -	\$ 11,082	\$ 1,674,489
Federal government	5,967,293	-	-	-	-	3,838	5,971,131
State of Alaska	327,183	-	-	-	-	-	327,183
Private grants	-	-	-	-	-	20,000	20,000
Investment income	666	1,112,806	1,861,797	420,192	-	-	3,395,461
Charges for services	-	-	-	-	-	13,414	13,414
Other revenues	48,476	-	-	-	-	-	48,476
Total Revenues	7,573,783	1,546,048	1,861,797	420,192	-	48,334	11,450,154
Expenditures							
Current:							
General government	1,090,828	1,106,679	-	2,860	-	364,412	2,564,779
Public safety	1,722,135	-	-	-	-	33,193	1,755,328
Public works	411,964	-	-	-	-	66,576	478,540
Culture, recreation and library	5,716,846	-	-	-	-	421,166	6,138,012
Education	-	1,802,127	46,293	-	-	-	1,848,420
Debt service:							
Principal	-	-	-	-	374,528	-	374,528
Interest	-	-	-	-	420,872	-	420,872
Total Expenditures	8,941,773	2,908,806	46,293	2,860	795,400	885,347	13,580,479
Excess of Revenues Over (Under) Expenditures	(1,367,990)	(1,362,758)	1,815,504	417,332	(795,400)	(837,013)	(2,130,325)
Other Financing Sources (Uses)							
Transfers in	1,357,360	-	-	-	795,400	887,573	3,040,333
Transfers out	-	(2,108,049)	(3,065,885)	-	(1,057,047)	(50,560)	(6,281,541)
Proceeds from issuance of long-term debt	-	-	-	-	1,057,047	-	1,057,047
Sale of capital assets	10,630	-	-	24,963	-	-	35,593
Net Other Financing Sources (Uses)	1,367,990	(2,108,049)	(3,065,885)	24,963	795,400	837,013	(2,148,568)
Net Change in Fund Balances	-	(3,470,807)	(1,250,381)	442,295	-	-	(4,278,893)
Fund Balances, beginning,	547,746	15,509,526	21,923,289	4,116,376	119,714	13,261	42,229,912
Fund Balances, ending	\$ 547,746	\$ 12,038,719	\$ 20,672,908	\$ 4,558,671	\$ 119,714	\$ 13,261	\$ 37,951,019

See accompanying notes to basic financial statements.

Municipality of Skagway, Alaska

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

Six months ended December 31, 2020

Net change in fund balances - total governmental funds		\$(4,278,893)
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p>		
<p>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 (\$825,933) exceeded depreciation (\$792,368).</p>		
	33,565	
<p>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.</p>		
		(1,256,725)
<p>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:</p>		
Repayment of principal on bonds and loans	374,529	
Issuance of loans payable	(1,057,047)	
Decrease in unamortized bond premium	61,356	
		(621,162)
<p>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:</p>		
Accrued leave	(58,908)	
Interest payable	8,692	
		(50,216)
<p>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:</p>		
Net pension liability and deferred outflows and inflows of resources	6,033	
Net other postemployment benefits liability and deferred outflows and inflows of resources	262,568	
	268,601	
Change in Net Position of Governmental Activities		\$(5,904,830)

See accompanying notes to basic financial statements.

Municipality of Skagway, Alaska

Exhibit C-1

Enterprise Funds
Statement of Net Position

	Major Enterprise Funds					Total Enterprise Funds
	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port	
<i>December 31, 2020</i>						
Assets and Deferred Outflows of Resources						
Current Assets						
Cash and investments	\$ -	\$ -	\$ 649,837	\$ 11,440	\$ 5,002,084	\$ 5,663,361
Due from other funds	323,259	-	972,634	-	138,650	1,434,543
Receivables, net of allowance for doubtful accounts	67,938	37,983	59,391	1,157,959	176,306	1,499,577
Inventory	121,157	-	-	84,808	-	205,965
Total Current Assets	512,354	37,983	1,681,862	1,254,207	5,317,040	8,803,446
Capital assets	23,239,457	6,648,128	29,997,596	9,669,408	4,118,789	73,673,378
Less accumulated depreciation	(10,219,597)	(4,019,807)	(9,406,725)	(3,041,558)	-	(26,687,687)
Net Capital Assets	13,019,860	2,628,321	20,590,871	6,627,850	4,118,789	46,985,691
Net OPEB asset	33,558	8,856	12,238	146,390	-	201,042
Total Assets	13,565,772	2,675,160	22,284,971	8,028,447	9,435,829	55,990,179
Deferred Outflows of Resources						
Pension related	41,913	8,371	12,503	146,871	-	209,658
Other postemployment benefits related	22,713	6,507	8,026	81,734	-	118,980
Total Deferred Outflows of Resources	64,626	14,878	20,529	228,605	-	328,638
Total Assets and Deferred Outflows of Resources	\$ 13,630,398	\$ 2,690,038	\$ 22,305,500	\$ 8,257,052	\$ 9,435,829	\$ 56,318,817

Municipality of Skagway, Alaska

Exhibit C-1, continued

Enterprise Funds
Statement of Net Position, continued

	Major Enterprise Funds					Total Enterprise Funds
	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port	
<i>December 31, 2020</i>						
Liabilities, Deferred Inflows of Resources and Net Position						
Current Liabilities						
Accounts payable	\$ 501,792	\$ 108,550	\$ 4,670	\$ 45,602	\$ 72,268	\$ 732,882
Unearned revenue	-	-	-	-	63,600	63,600
Due to other funds	-	212,489	-	774,154	-	986,643
Total Current Liabilities	501,792	321,039	4,670	819,756	135,868	1,783,125
Noncurrent Liabilities, excluding current portion						
Compensated absences	27,402	7,847	12,806	115,499	-	163,554
Net pension liability	475,064	97,682	145,800	1,738,509	-	2,457,055
Net other postemployment benefits liability	1,397	617	385	(2,329)	-	70
Total Liabilities	1,005,655	427,185	163,661	2,671,435	135,868	4,403,804
Deferred Inflows of Resources						
Pension related	10,385	2,109	3,068	34,778	-	50,340
Other postemployment benefits related	27,930	7,602	10,070	114,014	-	159,616
Total Deferred Inflows of Resources	38,315	9,711	13,138	148,792	-	209,956
Net Position						
Investment in capital assets	13,019,860	2,628,321	20,590,871	6,627,850	4,118,789	46,985,691
Unrestricted (deficit)	(433,432)	(375,179)	1,537,830	(1,191,025)	5,181,172	4,719,366
Total Net Position	12,586,428	2,253,142	22,128,701	5,436,825	9,299,961	51,705,057
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 13,630,398	\$ 2,690,038	\$ 22,305,500	\$ 8,257,052	\$ 9,435,829	\$ 56,318,817

See accompanying notes to basic financial statements.

Municipality of Skagway, Alaska

Enterprise Funds

Statement of Revenues, Expenses and Changes in Net Position

Six months ended December 31, 2020	Major Enterprise Funds					Total Enterprise Funds
	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port	
Operating Revenues						
Charges for services	\$ 140,532	\$ 138,651	\$ 85,616	\$ 504,774	\$ -	\$ 869,573
Grant revenue	26,006	-	-	1,084,014	-	1,110,020
Contributions	-	-	-	1,410	-	1,410
Total Operating Revenues	166,538	138,651	85,616	1,590,198	-	1,981,003
Operating Expenses						
Payroll and payroll benefits	163,678	119,653	103,507	973,692	8,067	1,368,597
Materials and supplies	-	-	-	85,877	-	85,877
Utilities	57,729	51,742	13,278	46,282	-	169,031
Administration	1,304	1,470	7,564	86,649	710	97,697
Contracted services	14,288	47,249	-	137,802	89,451	288,790
Insurance	11,595	11,196	10,579	40,840	-	74,210
Travel and training	-	-	-	11,132	-	11,132
Repairs and maintenance	96,902	15,620	20,210	72,901	6,609	212,242
Recycling	-	15,050	-	-	-	15,050
Depreciation	332,852	37,233	370,790	132,198	-	873,073
Other	2,503	59,402	4,705	6,989	-	73,599
Total Operating Expenses	680,851	358,615	530,633	1,594,362	104,837	3,269,298
Loss from Operations	(514,313)	(219,964)	(445,017)	(4,164)	(104,837)	(1,288,295)
Nonoperating Revenues						
PERS relief	9,941	2,609	3,632	43,854	-	60,036
Loss Before Contributions and Transfers	(504,372)	(217,355)	(441,385)	39,690	(104,837)	(1,228,259)
Capital contributions	-	-	-	-	102,106	102,106
Transfers in	2,741,424	420,459	79,325	-	-	3,241,208
Change in Net Position	2,237,052	203,104	(362,060)	39,690	(2,731)	2,115,055
Net Position, beginning	10,349,376	2,050,038	22,490,761	5,397,135	9,302,692	49,590,002
Net Position, ending	\$ 12,586,428	\$ 2,253,142	\$ 22,128,701	\$ 5,436,825	\$ 9,299,961	\$ 51,705,057

See accompanying notes to basic financial statements.

Municipality of Skagway, Alaska

Enterprise Funds
Statement of Cash Flows

	Major Enterprise Funds					Total Enterprise Funds
	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port	
<i>Six months ended December 31, 2020</i>						
Cash Flows from (for) Operating Activities						
Receipts from customers and users	\$ 160,020	\$ 154,625	\$ 85,492	\$ 507,694	\$ -	\$ 907,831
Operating grants received	-	-	-	138,413	-	138,413
Payments to suppliers	172,783	(136,643)	(62,064)	(520,991)	(36,209)	(583,124)
Payments to employees	(171,922)	(120,395)	(102,114)	(1,055,585)	-	(1,450,016)
Net cash flows from (for) operating activities	160,881	(102,413)	(78,686)	(930,469)	(36,209)	(986,896)
Cash Flows from (for) Noncapital Financing Activities						
Transfers from other funds	2,741,424	420,459	79,325	-	-	3,241,208
Change in due to (from) other funds	(346,341)	(83,854)	(972,634)	774,154	(138,650)	(767,325)
Net cash flows from (for) noncapital financing activities	2,395,083	336,605	(893,309)	774,154	(138,650)	2,473,883
Cash Flows from (for) Capital and Related Financing Activities						
Additions to property, plant and equipment	(2,538,710)	(234,192)	-	-	(102,106)	(2,875,008)
Capital contributions received	(17,254)	-	-	-	-	(17,254)
Transfers from other funds	-	-	-	-	-	-
Net cash flows from (for) capital and related financing activities	(2,555,964)	(234,192)	-	-	(102,106)	(2,892,262)
Decrease in Cash and Investments	-	-	(971,995)	(156,315)	(276,965)	(1,405,275)
Cash and Investments, beginning of year	-	-	1,621,832	167,755	5,279,049	7,068,636
Cash and Investments, end of year	\$ -	\$ -	\$ 649,837	\$ 11,440	\$ 5,002,084	\$ 5,663,361

Municipality of Skagway, Alaska

Enterprise Funds

Statement of Cash Flows, continued

	Major Enterprise Funds					Total Enterprise Funds
	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port	
<i>Six months ended December 31, 2020</i>						
Reconciliation of Loss from Operations to Net Cash Flows from (for) Operating Activities						
Loss from operations	\$ (514,313)	\$ (219,964)	\$ (445,017)	\$ (4,164)	\$ (104,837)	\$ (1,288,295)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:						
Depreciation	332,852	37,233	370,790	132,198	-	873,073
Noncash expense - PERS relief	9,941	2,609	3,632	43,854	-	60,036
(Increase) decrease in assets and deferred outflows of resources:						
Accounts receivable, net	(6,518)	15,974	(124)	1,510	(63,600)	(52,758)
Net OPEB asset	(30,762)	(8,073)	(11,241)	(135,708)	-	(185,784)
Deferred outflows of resources related to other postemployment benefits	8,502	2,231	3,107	37,506	-	51,346
Operating grants receivable	-	-	-	(989,455)	-	(989,455)
Inventory	1,376	-	-	(22,017)	-	(20,641)
Deferred outflows of resources related to pensions	10,034	2,633	3,667	44,268	-	60,602
Increase (decrease) in liabilities and deferred inflows of resources:						
Accounts payable	355,728	65,086	(5,728)	(10,502)	68,628	473,212
Unearned revenue	-	-	-	-	63,600	63,600
Compensated absences	5,179	2,781	6,297	21,177	-	35,434
Net pension liability	(5,381)	(1,412)	(1,966)	(23,739)	-	(32,498)
Net other postemployment benefits liability	(12,959)	(3,401)	(4,735)	(57,168)	-	(78,263)
Deferred inflows of resources related to pensions	(5,178)	(1,359)	(1,892)	(22,844)	-	(31,273)
Deferred inflows of resources related to other postemployment benefits	12,380	3,249	4,524	54,615	-	74,768
Net Cash Flows from (for) Operating Activities	\$ 160,881	\$ (102,413)	\$ (78,686)	\$ (930,469)	\$ (36,209)	\$ (986,896)

See accompanying notes to basic financial statements.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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.

The Borough Assembly approved the change of its fiscal year end from June 30 to December 31. This change is effective for fiscal year 2021, which resulted in a six (6) month interim period (June 30, 2020 to December 31, 2020).

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, Alaska

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 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.

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.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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 Enterprise 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 Enterprise 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 Enterprise Fund* accounts for activities including operating the small boat harbor and the Borough's freight ramp.

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

The *Port Enterprise 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 Project Funds* account 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) 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.

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.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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 and 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."

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.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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).

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.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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
Furniture 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

On the government-wide and proprietary fund type 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 and proprietary fund type statements 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 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.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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

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

Committed fund balance. These amounts are 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.

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

Unassigned fund balance. These amounts are 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.

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 net OPEB assets and liabilities, 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.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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 and 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 December 31, 2020, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service	\$ 546,903
Nonmajor governmental Funds	Debt Service	44,731
Small Boat Harbor Fund	Debt Service	465,413
Small Boat Harbor Fund	Nonmajor Funds	22,537
Small Boat Harbor Fund	Garbage Fund	212,489
Small Boat Harbor Fund	Health Clinic	272,195
Water and Sewer Fund	Health Clinic	323,259
Port Fund	Health Clinic	178,700
Total Due form Other Funds		\$ 2,066,227

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Municipality of Skagway, Alaska

Notes to Basic Financial Statements

A schedule of transfers for the period ended December 31, 2020 follows:

Transfers

From Sales Tax Fund to:		
General Fund to cover operating costs	\$	98,123
Debt Service Fund to cover operating costs		672,124
Nonmajor governmental funds to cover operating costs		555,630
Water and Sewer Fund to cover operating costs		702,847
Small Boat Harbor Fund to cover operating costs		79,325
<hr/>		
Total transfers from Sales Tax Fund		2,108,049
<hr/>		
From Excise Tax Fund to:		
General Fund		1,259,237
Debt Service Fund		72,716
Nonmajor governmental funds to cover operating costs		331,943
Water and Sewer Fund to cover operating costs		981,530
Garbage Fund to cover operating costs		420,459
<hr/>		
Total transfers from Excise Tax Fund		3,065,885
<hr/>		
From nonmajor governmental funds to:		
Debt Service Fund to cover operating costs		50,560
<hr/>		
From Debt Service Fund to Water and Sewer Fund		1,057,047
<hr/>		
Total Transfers to Other Funds	\$	6,281,541

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 or statement of net position 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. Investment 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.

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of December 31, 2020:

Bank deposits and petty cash	\$	9,653,546
Investments		33,647,089
<hr/>		
Total Cash and Investments	\$	43,300,635

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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.

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Municipality of Skagway, Alaska

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 name of the Municipality of Skagway:				
Money market funds	\$ 3,769,937	\$ 3,769,937	\$ -	\$ -
Certificates of deposit	100,000	100,000	-	-
Total subject to interest rate risk	\$ 3,869,937	\$ 3,869,937	\$ -	\$ -
Treasury bonds	508,164			
Bond mutual funds	3,757,308			
Bond exchange-traded funds	6,732,632			
Equity mutual funds	1,469,358			
Equity exchange-traded funds	16,782,118			
Domestic common stock	<u>527,572</u>			
Total Investments	<u>\$ 33,647,089</u>			

Domestic common stocks held by organization that represent 5% or more of the plan's fiduciary net position at December 31, 2020, are summarized below:

AGNC Investment Corp.	45,314
Goldman Sachs Group, Inc.	347,634
MFA Financial, Inc.	62,102
US Bancorp	<u>72,522</u>
	<u>527,572</u>

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Municipality of Skagway, Alaska

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 December 31, 2020:

<i>Investment Type</i>	Level 1	Level 2	Level 3	Fair Value
Equity securities	\$ 21,046,131	\$ -	\$ -	\$ 21,046,131
Mutual funds	7,695,285	-	-	7,695,285
Domestic common stock	527,572	-	-	527,572
U.S. government agencies	-	508,164	-	508,164
Total Investments at Fair Value	\$ 29,268,988	\$ 508,164	\$ -	29,777,152

Investments at Amortized Cost

Money market funds	3,769,937
Certificates of deposit	100,000
Total Investments at Amortized Cost	3,869,937
Total Investments	\$ 33,647,089

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Municipality of Skagway, Alaska

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 accounts. At December 31, 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	Permanent Trust	Debt Service	Nonmajor Govern- mental	Totals
Accounts	\$ 103,780	\$ 9,555	\$ -	\$ -	\$ -	\$ 113,735
Grants	-	-	-	-	20,000	20,000
Loan proceeds	-	-	-	1,057,047	-	1,057,047
Taxes	785,767	144,686	-	-	2,272	932,725
Land sales contracts	-	-	175,116	-	-	175,161
Other	-	-	2,767	-	-	2,767
Total receivables	889,547	154,241	177,883	1,057,047	22,272	2,301,390
Less allowance for doubtful accounts	(6,000)	(44)	-	-	-	(6,044)
Total Net Receivables	\$ 883,547	\$ 154,597	\$ 177,883	\$ 1,057,047	\$ 22,272	\$ 2,295,346

Enterprise Funds	Water and Sewer	Garbage	Small Boat Harbor	Health Clinic	Port	Total
Accounts	\$ 42,122	\$ 38,431	\$ 59,948	\$ 146,990	\$ 74,200	\$ 361,691
Grants	26,006	-	-	1,077,477	102,106	1,205,589
Total receivables	68,128	38,431	59,948	1,224,467	176,306	1,567,280
Less allowance for doubtful accounts	(190)	(448)	(557)	(66,508)	-	(67,703)
Total Net Receivables	\$ 67,938	\$ 37,983	\$ 59,391	\$ 1,157,959	\$ 176,306	\$ 1,499,577

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Municipality of Skagway, Alaska

Notes to Basic Financial Statements

6. Capital Assets

Capital asset activity for the period ended December 31, 2020 was as follows:

Governmental Activities	Balance July 1, 2020	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance December 31, 2020
Capital assets not being depreciated:				
Land and improvements	\$ 5,742,716	\$ -	\$ -	\$ 5,742,716
Construction in progress	2,358,035	580,892	412,657	2,526,270
Total capital assets not being depreciated	8,100,751	580,892	412,657	8,268,986
Capital assets being depreciated:				
Buildings	36,508,387	96,226	-	36,604,613
Other improvements	8,096,798	272,195	16,324	8,352,669
Furniture and equipment	8,249,213	305,601	-	8,554,814
Infrastructure	11,711,252	-	-	11,711,252
Total capital assets being depreciated	64,565,650	674,022	16,324	65,223,348
Less accumulated depreciation for:				
Buildings	12,161,035	424,025	-	12,585,060
Other improvements	4,428,603	143,500	-	4,572,103
Furniture and equipment	6,557,067	132,540	-	6,689,607
Infrastructure	10,571,050	92,303	-	10,663,353
Total accumulated depreciation	33,717,755	792,368	-	34,510,123
Total capital assets being depreciated, net	30,847,895	(118,346)	16,324	30,713,225
Governmental Activity Capital Assets, net	\$ 38,948,646	\$ 462,546	\$ 428,981	\$ 38,982,211

The cost of the school building is included in buildings and amounted to \$8,100,000 at both December 31, 2020 and June 30, 2020. Accumulated depreciation on the school building was \$5,751,000 and \$5,670,000 at December 30, 2020 and June 30, 2020, respectively.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance July 1, 2020	Additions and Reclas- sifications	Deletions and Reclas- sifications	Balance December 31, 2020
Capital assets not being depreciated:				
Land and land improvements	\$ 271,314	\$ -	\$ -	\$ 271,314
Construction in progress	6,007,919	2,875,008	1,439,404	7,443,523
Total capital not assets being depreciated	6,279,233	2,875,008	1,439,404	7,714,837
Capital assets being depreciated:				
Distribution and collection systems (water/sewer)	7,680,154	-	-	7,680,154
Buildings	20,573,745	1,132,445	-	21,706,190
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	5,184,977	-	-	5,184,977
Equipment	5,542,929	306,957	-	5,849,886
Total capital assets being depreciated	64,519,137	1,439,404	-	65,958,541
Less accumulated depreciation for:				
Distribution and collection systems (water/sewer)	5,727,854	76,602	-	5,804,456
Buildings	7,899,409	323,470	-	8,222,879
Harbor seawall	2,271,692	93,539	-	2,365,231
Harbor seawalk	2,327,531	98,420	-	2,425,951
Harbor infrastructure	1,786,164	135,740	-	1,921,904
Other improvements	3,022,095	54,217	-	3,076,312
Equipment	2,779,869	91,085	-	2,870,954
Total accumulated depreciation	25,814,614	873,073	-	26,687,687
Total capital assets being depreciated, net	38,704,523	566,331	-	39,270,854
Business-type Activity Capital Assets, net	\$ 44,983,756	\$ 3,441,339	\$ 1,439,404	\$ 46,985,691

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows for the period ended December 31, 2020:

Governmental Activities

General government	\$ 57,219
Public safety	230,656
Public works and streets, including deprecation of general infrastructure assets	210,616
Education	100,855
Culture, recreation, and library	193,023
Total Depreciation Expense - Governmental Activities	\$ 792,368

Business-type Activities

Water and sewer	\$ 332,852
Garbage	37,233
Small boat harbor	370,790
Health clinic	132,198
Total Depreciation Expense - Business-type Activities	\$ 873,073

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, Alaska

Notes to Basic Financial Statements

7. Long-term Liabilities

The following is a summary of long-term liabilities transactions for the period ended December 31, 2020:

Governmental Activities	Balance July 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Bonds and loan payable:					
General obligation bonds	\$ 17,755,000	\$ -	\$ (270,000)	\$ 17,485,000	\$ 740,000
Private loan	728,021		(38,745)	689,276	79,388
State of Alaska loans	1,252,250	1,057,047	(65,784)	2,243,513	57,057
Unamortized bond premium	581,541	-	(61,356)	520,185	-
Total bonds and loans payable	20,316,812	1,057,047	(435,885)	20,937,974	876,445
Other liabilities -					
compensated absences	345,415	239,540	(180,632)	404,323	404,323
Total Governmental Activities	\$ 20,662,227	\$ 1,296,587	\$ (616,517)	\$ 21,342,297	\$ 1,280,768

Business-Type Activities	Balance July 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Compensated absences	\$ 128,120	\$ 79,566	\$ (44,132)	\$ 163,554	\$ 163,554
Total Business-Type Activities	\$ 128,120	\$ 79,566	\$ (44,132)	\$ 163,554	\$ 163,554

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

Bonds and notes payable at December 31, 2020, are comprised of the following individual issues:

General Obligation Bonds

\$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%.

305,000

Municipality of Skagway, Alaska

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%.

\$ 2,110,000

Total General Obligation Bonds **\$ 17,485,000**

Loans Payable

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. \$ 689,277

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. 122,608

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. 637,500

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. 351,478

Loan from the State of Alaska Department of Environmental Conservation used for the upgrade to water and 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. 1,131,926

Total Loans Payable **\$ 2,932,789**

The annual debt service requirements to amortize bonds and notes payable outstanding as of December 31, 2020, are as follows:

<i>Year Ending December 31,</i>	Principal	Interest	Total
2021	\$ 885,203	\$ 798,866	\$ 1,684,069
2022	922,848	760,734	1,683,582
2023	965,582	722,013	1,687,595
2024	1,003,406	681,127	1,684,533
2025	1,046,325	634,349	1,680,674
2026-2030	4,598,761	2,453,693	7,052,454
2031-2035	4,195,162	1,534,095	5,729,257
2036-2040	2,633,577	868,445	3,502,022
2041-2045	3,035,000	312,900	3,347,900
Loans not yet in repayment status	1,131,927	-	1,131,927
	\$ 20,417,789	\$ 8,766,222	\$ 29,184,013

Municipality of Skagway, Alaska

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 December 31, 2020. The amount of outstanding long-term debt was approximately 5% 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 December 31, 2020:

	General Fund	Sales Tax Special Revenue Fund	Excise Tax Special Revenue Fund	Permanent Trust Fund	Debt Service Fund	Nonmajor Funds	Totals
Nonspendable:							
Prepaid items	\$203,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,750
Permanent Fund	-	-	-	4,558,671	-	-	4,558,672
Total nonspendable:	203,750	-	-	4,558,671	-	-	4,762,421
Restricted:							
Bond indebtedness	-	12,038,719	-	-	-	-	12,038,719
Cruise ship tourism	-	-	20,672,908	-	-	-	20,672,908
Total restricted	-	12,038,719	20,672,908	-	-	-	32,711,627
Assigned:							
Debt service	-	-	-	-	119,714	-	119,714
Tourism	-	-	-	-	-	13,261	13,261
Total assigned	-	-	-	-	119,714	13,261	132,975
Unassigned	343,996	-	-	-	-	-	343,996
Total Fund Balances	\$547,746	\$12,038,719	\$20,672,908	\$4,558,671	\$119,714	\$13,261	\$37,951,019

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 December 31, 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 Fund as restricted until they are spent on eligible projects. Related interest earned on these funds are not considered restricted.

Municipality of Skagway, Alaska

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, Alaska

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 period ended December 31, 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, Alaska

Notes to Basic Financial Statements

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

	Measurement Period	Borough Fiscal Year
	July 1, 2019	July 1, 2020
	to	to
	June 30, 2020	December 31, 2020
Employer contributions (including DBUL)	\$ 450,798	\$ 286,528
Nonemployer contributions (on-behalf)	240,242	194,274
Total Contributions	\$ 691,040	\$ 480,802

In addition, employee contributions to the Plan totaled \$136,462 during the Borough’s fiscal year.

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

At December 31, 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	\$ 6,892,812
State’s proportionate share of NPL associated with the Borough	2,853,012
Total Net Pension Liability	\$ 9,745,824

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net pension liability as of that date. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2020 measurement date, the Borough’s proportion was 0.11680 percent, which was a decrease of 0.01084 from its proportion measured as of June 30, 2019.

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Municipality of Skagway, Alaska

Notes to Basic Financial Statements

For the period ended December 31, 2020, the Borough recognized pension expense of \$279,616 and on-behalf revenue of \$194,274 for support provided by the State. At December 31, 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	\$ 21,866	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	280,538	-
Changes in proportion and differences between Borough contributions and proportionate share of contributions	-	(143,948)
Borough contributions subsequent to the measurement date	286,529	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 588,933	\$ (143,948)

The \$286,529 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 December 31, 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 December 31,

2021		\$ (117,124)
2022		98,657
2023		104,277
2024		72,646
Total Amortization		\$ 158,456

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Municipality of Skagway, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

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.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Precommencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

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

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

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16) %
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	0%	(1.09) %

Discount Rate

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

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

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

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Borough's proportionate share of the net pension Liability	0.11680%	\$ 8,962,111	\$ 6,892,812	5,157,245

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-

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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/drb/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 period ended December 31, 2020 to cover a portion of the Borough's employer match contributions. For the period ended December 31, 2020, forfeitures reduced pension expense by \$2,049.

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended December 31, 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 December 31, 2020 were \$136,462 and \$85,289, 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/drb/pers>.

Employer Contribution Rate

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

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

Employer contribution rates for the year ended December 31, 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, 2019 to June 30, 2020	Borough Fiscal Year Jul 1, 2020 to December 31, 2020
Employer contributions - ARHCT	\$ 180,393	\$ 89,251
Employer contributions - RMP	40,069	20,378
Employer contributions - ODD	9,307	4,856
Nonemployer contributions	-	335,603
Total Contributions	\$ 229,769	\$ 450,008

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

At December 31, 2020, the Borough reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

Borough's proportionate share of NOL - ARHCT	\$	528,948
Borough's proportionate share of NOL - ODD		57,861
Total Borough's Proportionate Share of Net OPEB Assets	\$	586,809
State's proportionate share of the ARHCT NOL associated with the Borough		219,444
Total Net OPEB Assets	\$	806,253

At December 31, 2020, the Borough reported a liability for its proportionate share of the net OPEB liability (NOL) associated with the Borough's participation in the RMP Plan. The amount recognized by the Borough for its proportionate share was \$15,931.

The total OPEB liabilities (asset) for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net OPEB liabilities (asset) as of that date. The Borough's proportion of the net OPEB liabilities (asset) is based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

	June 30, 2019 Measurement Date Employer Proportion	June 30, 2020 Measurement Date Employer Proportion	Change
Borough's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.12764%	0.11680%	(0.01084)%
RMP	0.22479%	0.22463%	(0.00016)%
ODD	0.19538%	0.21225%	0.01687%

For the year ended June 30, 2020, the Borough recognized OPEB expense of (\$427,232). Of this amount, (\$141,218) 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	\$ (328,505)	\$ (141,218)
RMP	38,921	-
ODD	3,570	-
Total	\$ (286,014)	\$ (141,218)

At December 31, 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
Net difference between projected and actual earnings on OPEB plan investments	\$ 212,228	\$ 7,134	\$ 1,985	\$ 221,347
Changes in proportion and differences between Borough contributions and proportionate share of contributions	17,489	922	-	18,411
Borough contributions subsequent to the measurement date	89,251	20,378	4,856	114,485
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 318,968	\$ 28,434	\$ 6,841	\$ 354,243
<hr/>				
<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (42,434)	\$ (3,341)	\$(19,413)	\$ (65,188)
Changes in assumptions	(368,708)	(18,814)	(2,359)	(389,881)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (411,142)	\$ (22,155)	\$(21,772)	\$ (455,069)

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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 December 31, 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:

Year Ending December 31,	ARHCT	RMP	ODD	Total
2021	\$ (395,359)	\$ (1,583)	\$ (3,254)	\$ (400,196)
2022	75,541	(160)	(2,783)	72,598
2023	81,111	(185)	(2,773)	78,153
2024	57,282	(728)	(2,930)	53,624
2025	-	(2,448)	(3,431)	(5,879)
Thereafter	-	(8,995)	(4,616)	(13,611)
Total Amortization	\$ (181,425)	\$ (14,099)	\$(19,787)	\$ (215,311)

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2020 was determined by actuarial valuations as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2020:

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.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for FY 2022-2039, as determined by projections based on the June 30, 2019 valuation.
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Postcommencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for precommencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected 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.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

The actuarial assumptions used in the June 30, 2019 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. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.36% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 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	26%	6.24%
Global equity (non-U.S.)	18%	6.67%
Aggregate bonds	24%	(0.16) %
Opportunistic	8%	3.01%
Real assets	13%	3.82%
Private equity	11%	10.00%
Cash equivalents	-%	(1.09) %

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2020 was 7.38%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the 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, Alaska

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	0.11680%	\$ 551,946	\$ (528,948)	\$ (1,424,248)
RMP	0.22463%	\$ 98,705	\$ 15,931	\$ (46,722)
ODD	0.21225%	\$ (54,370)	\$ (57,861)	\$ (60,649)

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	0.11680%	\$ (1,529,220)	\$ (528,948)	\$ 682,324
RMP	0.22463%	\$ (55,905)	\$ 15,931	\$ 113,647
ODD	0.21225%	\$ 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, Alaska

Notes to Basic Financial Statements

Contribution Rate

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of all employees of all employers in the plan”. As of July 1, 2020, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,159 per year for each full-time employee, and \$1.38 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2020, the Borough contributed \$40,223 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

10. Risk Management

The Borough is exposed to various risks of loss 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 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 payments are approximately as follows for the years ending December 31:

2021	\$	171,977
2022		165,785
2023		75,897
2024		30,741
2025		30,741
Thereafter		102,839
Total	\$	608,722

12. 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.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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 December 31, 2020, the Borough has spent \$7,301,019 of these monies. The remainder is slated to be spent as required by December 31, 2021, 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

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. At the time of this report, \$5,198,142 has been awarded to the Borough.

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

13. 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 Statement No. 87 - Leases - Effective for year-end December 31, 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 Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end December 31, 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 Statement No. 91 - Conduit Debt Obligations - Effective for year-end December 31, 2021, 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 December 31, 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.

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 December 31, 2022. The requirements in paragraph 11b are required to be implemented for year-end December 31, 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 December 31, 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).

Municipality of Skagway, Alaska

Notes to Basic Financial Statements

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 December 31, 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 December 31, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end December 31, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

GASB Statement No. 98 - The Annual Comprehensive Financial Report - Effective for year-end June 30, 2022. Earlier application is encouraged. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

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Required Supplementary Information

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

<i>Six months ended December 31, 2020</i>	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 1,965,000	\$ 1,230,165	\$ (734,835)
Federal government	-	5,967,293	5,967,293
State of Alaska	327,900	327,183	(717)
Investment income	666	666	-
Other revenues	90,245	48,476	(41,769)
Total Revenues	2,383,811	7,573,783	5,189,972
Expenditures			
General government	1,348,225	1,090,828	257,397
Public safety	1,647,528	1,722,135	(74,607)
Public works	597,988	411,964	186,024
Culture, recreation and library	823,634	5,716,846	(4,893,212)
Total Expenditures	4,417,375	8,941,773	(4,524,398)
Excess of Revenues Over (Under) Expenditures	(2,033,564)	(1,367,990)	665,574
Other Financing Sources			
Transfers in	2,033,564	1,357,360	(676,204)
Sale of capital assets	-	10,630	(10,630)
Net Other Financing Sources (Uses)	2,033,564	1,367,990	(686,834)
Net Change in Fund Balance	\$ -	-	\$ (21,260)
Fund Balance, beginning		547,746	
Fund Balance, ending		\$ 547,746	

See accompanying notes to Required Supplementary Information.

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

<i>Six months ended December 31, 2020</i>	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Sales tax	\$ 375,000	\$ 433,242	\$ 58,242
Investment income	25,000	1,112,806	1,087,806
Total Revenues	400,000	1,546,048	1,146,048
Expenditures			
General government	-	1,106,679	(1,106,679)
Education	1,802,127	1,802,127	-
Total Revenues	1,802,127	2,908,806	(1,106,679)
Excess of Revenues Over (Under) Expenditures	(1,402,127)	(1,362,758)	2,252,727
Other Financing Uses - transfers out	(3,592,289)	(2,108,049)	1,484,240
Net Change in Fund Balance	<u>\$ (4,994,416)</u>	(3,470,807)	<u>\$ 1,523,609</u>
Fund Balance, beginning		<u>15,509,526</u>	
Fund Balance, ending		<u>\$ 12,038,719</u>	

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

<i>Six months ended December 31, 2020</i>	Original and Final Budget	Actual	Variance with Final Budget
Revenues - Investment income	\$ 4,515,716	\$ 1,861,797	\$ (2,653,919)
Expenditures - education	45,000	46,293	(1,293)
Excess of Revenues Over Expenditures	4,470,716	1,815,504	(2,655,212)
Other Financing Uses - transfers out	(4,515,716)	(3,065,885)	1,449,831
Net Change in Fund Balance	<u>\$ (45,000)</u>	(1,250,381)	<u>\$ (1,205,381)</u>
Fund Balance, beginning		<u>21,923,289</u>	
Fund Balance, ending		<u>\$ 20,672,908</u>	

Municipality of Skagway, Alaska
Public Employees' Retirement System - Pension Plan
Schedule of the Borough's Proportionate Share of the Net Pension Liability

<i>Period Ended,</i>	December 31, 2020	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Borough's Proportion of the Net Pension Liability	0.11680%	0.12764%	0.13305%	0.12849%	0.15346%	0.12261%	0.08601%
Borough's Proportionate Share of the Net Pension Liability	\$ 6,892,812	\$ 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	2,853,012	2,774,610	1,913,802	2,474,078	1,082,912	1,589,812	3,437,565
Total Net Pension Liability	\$ 9,745,824	\$ 9,761,784	\$ 8,525,116	\$ 9,116,232	\$ 9,660,809	\$ 7,536,194	\$ 7,449,320
Borough's Covered Payroll	\$ 3,163,362	\$ 4,006,166	\$ 3,904,388	\$ 3,770,565	\$ 3,644,188	\$ 3,586,386	\$ 3,437,622
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	217.90%	174.41%	169.33%	176.16%	235.39%	165.80%	116.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

Schedule of Borough Contributions

<i>Period Ended,</i>	December 31, 2020	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contributions	\$ 286,528	\$ 450,798	\$ 409,954	\$ 516,205	\$ 435,700	\$ 385,954	\$ 353,922
Contributions Relative to the Contractually Required Contribution	286,528	450,798	409,954	516,205	435,700	385,954	353,922
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 2,195,187	\$ 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	13.05%	10.91%	10.23%	13.22%	11.56%	10.59%	9.87%

See accompanying notes to Required Supplementary Information.

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

Period Ended,	ARHCT				RMP				ODD			
	December 31, 2020	June 30, 2020	June 30, 2019	June 30, 2018	December 31, 2020	June 30, 2020	June 30, 2019	June 30, 2018	December 31, 2020	June 30, 2020	June 30, 2019	June 30, 2018
Borough's Proportion of the Net OPEB Liability (Asset)	11.68000%	0.12764%	0.13313%	0.12850%	0.22463%	0.22479%	0.22220%	0.22632%	0.21225%	0.19538%	0.22220%	0.22632%
Borough's Proportionate Share of the Net OPEB Liability (Asset)	\$ (528,948)	\$ 189,397	\$ 1,366,266	\$ 1,085,377	\$ 15,931	\$ 53,778	\$ 28,275	\$ 11,802	\$ (57,861)	\$ (47,369)	\$ (43,156)	\$ (32,112)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(219,444)	75,413	396,953	404,582	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (748,392)	\$ 264,810	\$ 1,763,219	\$ 1,489,959	\$ 15,931	\$ 53,778	\$ 28,275	\$ 11,802	\$ (57,861)	\$ (47,369)	\$ (43,156)	\$ (32,112)
Borough's Covered Payroll	\$ 1,097,594	\$ 1,225,132	\$ 1,390,699	\$ 1,413,884	\$ 1,097,594	\$ 2,809,275	\$ 2,514,905	\$ 2,354,115	\$ 1,097,594	\$ 2,809,275	\$ 2,514,905	\$ 2,354,115
Borough's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-48.19%	15.46%	98.24%	76.77%	1.45%	1.91%	1.12%	0.50%	-5.27%	-1.69%	-1.72%	-1.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	106.15%	98.13%	88.12%	89.68%	95.23%	83.17%	88.71%	93.98%	283.80%	297.43%	270.62%	212.97%

Schedule of Borough Contributions

Period Ended,	ARHCT				RMP				ODD			
	December 31, 2020	June 30, 2020	June 30, 2019	June 30, 2018	December 31, 2020	June 30, 2020	June 30, 2019	June 30, 2018	December 31, 2020	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contributions	\$ 89,251	\$ 180,393	\$ 132,178	\$ 143,842	\$ 20,378	\$ 40,069	\$ 26,407	\$ 25,903	\$ 4,856	\$ 9,307	\$ 7,982	\$ 4,139
Contributions Relative to the Contractually Required Contribution	89,251	180,393	132,178	143,842	20,378	40,069	26,407	25,903	4,856	9,307	7,982	4,139
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Borough's Covered Payroll	\$ 489,413	\$ 1,137,445	\$ 1,225,132	\$ 1,390,699	\$ 1,705,774	\$ 3,035,512	\$ 2,809,275	\$ 2,514,905	\$ 1,705,774	\$ 3,035,512	\$ 2,809,275	\$ 2,514,905
Contributions as a Percentage of Covered Payroll	18.236%	15.859%	10.789%	10.343%	1.195%	1.320%	0.940%	1.030%	0.285%	0.307%	0.284%	0.165%

See accompanying notes to Required Supplementary Information.

Municipality of Skagway

Notes to Required Supplementary Information December 31, 2020

1. Budgetary Comparison Schedule

The Borough follows these procedures in establishing the budgetary data reflected in the fund financial statements:

- The financial director must submit the Assembly, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Assembly to obtain comments by citizens.
- By January 1, the budget is legally enacted through passage of an ordinance by Assembly action.
- Amendments to the budget can occur anytime during the fiscal year through action by the Assembly or administration. Generally, the following actions are required at the level of the particular change:
 - All new appropriations are authorized by an appropriating ordinance that amends the annual budget.
 - A resolution of the Assembly is required to appropriate amounts between funds, departments, and projects within the same funds.
- Expenditures may not legally exceed appropriations at the following levels: Capital Projects Funds - project level, all other funds - activity level.
- All funds are budgeted on an annual basis encompassing a fiscal year. Capital Project Funds have project length budgets, which generally are greater than one year.
- Budgets adopted by the Assembly are in accordance with accounting principles generally accepted by the United States of America.
- The Borough publishes a budget documents which may be obtained from the Municipality of Skagway, 700 Spring Street Skagway AK 99840.

2. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For December 31, 2020, the Plan measurement date is June 30, 2020.

Municipality of Skagway

Notes to Required Supplementary Information, continued December 31, 2020

Changes in Assumptions:

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

In 2019, the discount rate was lowered from 8% to 7.38%.

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

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

Schedule of Borough Contributions

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

For period ended December 31, 2020, the Borough's contributions reported represents a six-month period, while preceding contributions are for a twelve-month period.

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.

3. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For December 31, 2020, the Plan measurement date is June 30, 2020.

Municipality of Skagway

Notes to Required Supplementary Information, continued December 31, 2020

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 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. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2019, the discount rate was lowered from 8% to 7.38%.

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

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's Contributions

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

For period ended December 31, 2020, the Borough's contributions reported represents a six-month period, while preceding contributions are for a twelve-month period.

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

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Supplementary Information

Municipality of Skagway, Alaska

Nonmajor Governmental Funds

Combining Balance Sheet

	Capital Project Funds					Tourism Special Revenue Fund	Total Nonmajor Govern- mental Funds
	Dyea Cabin	Lost Lake Trail Develop- ments	School Classroom Remodel	Enviro- mental Site Assessment			
<i>December 31, 2020</i>							
Assets							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 39,348	\$ 39,348	\$ 39,348
Accounts receivable - grants	-	20,000	-	-	-	-	20,000
Accounts receivable - sales tax	-	-	-	-	2,272	2,272	2,272
Due from other funds	2,431	6,500	766	35,034	-	-	44,731
Total Assets	\$ 2,431	\$ 26,500	\$ 766	\$ 35,034	\$ 41,620	\$ 41,620	\$ 106,351
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 2,431	\$ 26,500	\$ 766	\$ 35,034	\$ 5,822	\$ 5,822	\$ 70,553
Due to other funds	-	-	-	-	22,537	22,537	22,537
Total liabilities	2,431	26,500	766	35,034	28,359	28,359	93,090
Fund Balances							
Assigned - tourism	-	-	-	-	13,261	13,261	13,261
Total Liabilities and Fund Balances	\$ 2,431	\$ 26,500	\$ 766	\$ 35,034	\$ 41,620	\$ 41,620	\$ 106,351

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

	Capital Project Funds						
	Senior Center	2030 Comp- rehensive Plan Update	AB Hall Improve- ments	Dyea Cabin	Parks and Rec Vehicle	Playground Improve- ments	Pullen Creek System Walk
<i>Six months ended December 31, 2020</i>							
Revenues							
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,838
Private grants	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	3,838
Expenditures							
General government	-	9,250	7,557	-	-	43,150	-
Capital outlay:							
Culture, recreation and library	17,000	-	-	64,684	44,236	-	3,838
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Total Expenditures	17,000	9,250	7,557	64,684	44,236	43,150	3,838
Excess of Revenues Over (Under) Expenditures	(17,000)	(9,250)	(7,557)	(64,684)	(44,236)	(43,150)	-
Other Financing Sources (Uses)							
Transfers in	17,000	9,250	7,557	64,684	44,236	43,150	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	17,000	9,250	7,557	64,684	44,236	43,150	-
Net Change in Fund Balances	-	-	-	-	-	-	-
Fund Balances, beginning	-	-	-	-	-	-	-
Fund Balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Municipality of Skagway, Alaska
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 Center Improve- ments	Lost Lake Trail Develop- ments	School Classroom Remodel	Denver Trail Development	Stimulus Projects	Enviro- mental Site Assessment			
<i>Six months ended December 31, 2020</i>									
Revenues									
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,838	\$ -	\$ 3,838
Private grants	-	20,000	-	-	-	-	20,000	-	20,000
Sales tax	-	-	-	-	-	-	-	11,082	11,082
Charges for services	-	-	-	-	-	-	-	13,414	13,414
Total Revenues	-	20,000	-	-	-	-	23,838	24,496	48,334
Expenditures									
General government	-	-	-	-	-	-	59,957	304,455	364,412
Capital outlay:							-		
Culture, recreation and library	152,931	26,500	-	66,828	45,149	-	421,166	-	421,166
Public safety	-	-	-	-	33,193	-	33,193	-	33,193
Public works	-	-	31,542	-	-	35,034	66,576	-	66,576
Total Expenditures	152,931	26,500	31,542	66,828	78,342	35,034	580,892	304,455	885,347
Excess of Revenues Over (Under) Expenditures	(152,931)	(6,500)	(31,542)	(66,828)	(78,342)	(35,034)	(557,054)	(279,959)	(837,013)
Other Financing Sources (Uses)									
Transfers in	152,931	6,500	31,542	66,828	78,342	35,034	557,054	330,519	887,573
Transfers out	-	-	-	-	-	-	-	(50,560)	(50,560)
Total Other Financing Sources (Uses)	152,931	6,500	31,542	66,828	78,342	35,034	557,054	279,959	837,013
Net Change in Fund Balances	-	-	-	-	-	-	-	-	-
Fund Balances, beginning	-	-	-	-	-	-	-	13,261	13,261
Fund Balances, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,261	\$ 13,261

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, Alaska

General Fund
Balance Sheet

	December 31, 2020	June 30, 2020
Assets		
Cash and investments	\$ 359,681	\$ 2,374,432
Receivables:		
Accounts	103,780	128,829
Property taxes	785,767	2,013,600
Allowance for doubtful accounts	(6,000)	(71,117)
Total receivables	883,547	2,071,312
Prepays	203,750	-
Due from other funds	586,953	382,055
Total Assets	\$ 2,033,931	\$ 4,827,799
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	\$ 62,588	\$ 220,872
Unearned revenue	642,766	2,046,588
Total Liabilities	705,354	2,267,460
Deferred Inflows of Resources		
Unavailable property taxes	780,831	2,012,593
Total Deferred Inflows of Resources	780,831	2,012,593
Nonspendable	203,750	-
Unassigned	343,996	547,746
Total Fund Balance	547,746	547,746
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,033,931	\$ 4,827,799

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

	Six months ended December 31, 2020			Year ended June 30, 2020
	Budget	Actual	Variance	Actual
Revenues				
Property taxes	\$ 1,965,000	\$ 1,230,165	\$ (734,835)	\$ 2,006,214
Federal government:				
Payment in lieu of property taxes	-	-	-	202,764
Federal grants	-	5,967,293	5,967,293	1,435,976
Total federal government	-	5,967,293	5,967,293	1,638,740
State of Alaska	327,900	327,183	(717)	367,654
Investment income	666	666	-	743
Other revenues:				
Licenses and fees	7,000	22,528	15,528	64,531
Service and admission fees	21,000	9,950	(11,050)	157,800
Rental income	28,830	15,553	(13,277)	48,067
Donations and other	33,415	445	(32,970)	74,456
Total other revenues	90,245	48,476	(41,769)	344,854
Total Revenues	\$ 2,383,811	\$ 7,573,783	\$ 5,189,972	\$ 4,358,205

Municipality of Skagway, Alaska

General Fund

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

	Six months ended December 31, 2020			Year ended June 30, 2020
	Budget	Actual	Variance	Actual
Expenditures				
General government:				
Administration:				
Payroll and payroll benefits	\$ 464,583	\$ 442,810	\$ 21,773	\$ 883,774
Travel and training	16,412	846	15,566	12,578
Materials and supplies	5,000	3,662	1,338	8,870
Administration	194,389	94,531	99,858	207,114
Utilities	28,000	25,184	2,816	55,691
Insurance	107,900	141,229	(33,329)	206,489
Contract services	32,280	34,901	(2,621)	65,859
Repairs and maintenance	19,000	14,231	4,769	37,947
Capital outlay	48,450	761	47,689	26,817
Other	4,653	(19,490)	24,143	56,219
Total administration	920,667	738,665	182,002	1,561,358
City manager:				
Payroll and payroll benefits	103,512	104,912	(1,400)	183,260
Travel and training	6,000	48	5,952	17,575
Utilities	410	366	44	1,125
Repairs and maintenance	9,900	9,900	-	25,650
Total city manager	119,822	115,226	4,596	227,610
Assembly:				
Payroll and payroll benefits	18,841	16,841	2,000	38,299
Travel and training	14,000	600	13,400	19,985
Utilities	200	-	200	916
Administration	164,885	103,213	61,672	250,266
Repairs and maintenance	26,110	46,910	(20,800)	46,350
Other	83,700	3,980	79,720	20,526
Total Assembly	307,736	171,544	136,192	376,342
COVID-19 Response:				
Administration	-	8,629	(8,629)	1,625
Contract services	-	22,863	(22,863)	15,052
Repairs and maintenance	-	33,901	(33,901)	69,112
Other	-	-	-	150
Total COVID-19 response	-	65,393	(65,393)	85,939
Total general government	1,348,225	1,090,828	257,397	2,251,249

Municipality of Skagway, Alaska

General Fund

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

	Six months ended December 31, 2020			Year ended June 30, 2020
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public safety:				
Fire Department:				
Payroll and payroll benefits	\$ 415,193	\$ 7,132	\$ 408,061	\$ 636,123
Travel and training	22,400	12,345	10,055	41,653
Materials and supplies	6,500	4,246	2,254	9,009
Utilities	47,000	47,352	(352)	107,382
Administration	15,809	14,271	1,538	50,180
Contract services	39,475	29,036	10,439	47,210
Repairs and maintenance	40,214	22,322	17,892	76,641
Capital outlay	12,000	-	12,000	-
Other	18,300	11,343	6,957	11,648
Total fire department	616,891	148,047	468,844	979,846
Police:				
Payroll and payroll benefits	503,190	467,101	36,089	893,962
Travel and training	8,000	4,099	3,901	13,891
Utilities	23,000	26,241	(3,241)	49,378
Administration	16,000	22,100	(6,100)	33,238
Contract services	5,000	4,950	50	9,900
Repairs and maintenance	54,000	59,519	(5,519)	84,298
Capital outlay	168,406	165,855	2,551	49,274
Other	2,200	64,943	(62,743)	1,727
Total police	779,796	814,808	(35,012)	1,135,668
General public safety:				
Payroll and payroll benefits	188,770	7,587	181,183	325,093
Travel and training	800	675	125	2,914
Utilities	200	199	1	399
Administration	21,171	15,850	5,321	29,980
Repairs and maintenance	32,000	30,687	1,313	31,020
Capital outlay	7,500	-	7,500	1,564
Other	400	387	13	1,189
Total general public safety	250,841	55,385	195,456	392,159
COVID-19 response public safety:				
Payroll and payroll benefits	-	695,103	(695,103)	404,573
Materials and supplies	-	4,884	(4,884)	9,033
Utilities	-	3,908	(3,908)	3,456
Total COVID-19 response public safety	-	703,895	(703,895)	417,062
Total public safety	1,647,528	1,722,135	(74,607)	2,924,735

Municipality of Skagway, Alaska

General Fund

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

	Six months ended December 31, 2020			Year ended June 30, 2020
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Public works:				
Payroll and payroll benefits	\$ 365,463	\$ 295,326	\$ 70,137	\$ 464,045
Travel and training	3,500	-	3,500	109
Utilities	35,000	30,347	4,653	76,235
Administration	1,025	1,878	(853)	3,546
Capital outlay	193,000	84,413	108,587	131,540
Total public works	597,988	411,964	186,024	675,475
Culture, recreation and library:				
Rec Center:				
Payroll and payroll benefits	234,241	156,676	77,565	354,856
Travel and training	1,000	349	651	8,848
Materials and supplies	1,500	1,068	432	5,945
Utilities	25,000	16,116	8,884	46,022
Administration	3,000	4,598	(1,598)	10,476
Contract services	4,600	2,500	2,100	4,172
Repairs and maintenance	5,000	11,210	(6,210)	23,314
Other	1,000	6,316	(5,316)	6,707
Total rec center	275,341	198,833	76,508	460,340
Library:				
Payroll and payroll benefits	127,135	82,431	44,704	206,858
Travel and training	900	-	900	-
Utilities	7,400	6,364	1,036	14,862
Administration	4,596	4,825	(229)	8,364
Contract services	5,708	7,327	(1,619)	11,378
Repairs and maintenance	4,200	3,430	770	6,846
Other	7,900	8,025	(125)	11,480
Total library	157,839	112,402	45,437	259,788
Museum:				
Payroll and payroll benefits	98,922	60,088	38,834	177,072
Utilities	11,000	9,502	1,498	20,239
Administration	2,000	997	1,003	971
Contract services	1,500	-	1,500	971
Repairs and maintenance	5,500	33	5,467	1,222
Other	20,980	9,560	11,420	31,308
Total museum	139,902	80,180	59,722	231,783

Municipality of Skagway, Alaska

General Fund

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

	Six months ended December 31, 2020			Year ended June 30, 2020
	Budget	Actual	Variance	Actual
Expenditures, continued:				
Culture, recreation and library, continued:				
Parks and Rec:				
Payroll and payroll benefits	\$ 166,252	\$ 151,417	\$ 14,835	\$ 240,458
Utilities	8,800	6,109	2,691	14,184
Repairs and maintenance	55,000	37,585	17,415	97,322
Capital outlay	17,000	17,703	(703)	13,558
Other	3,500	-	3,500	3,352
Total parks and rec	250,552	212,814	37,738	368,874
COVID-19 response - economic stimulus and support	-	5,112,617	(5,112,617)	1,212,339
Total culture, recreation and library	823,634	5,716,846	(4,893,212)	2,533,124
Total Expenditures	4,417,375	8,941,773	(4,524,398)	8,384,583
Excess of Revenues Over (Under) Expenditures	(2,033,564)	(1,367,990)	665,574	(4,026,378)
Other Financing Sources -				
Transfers in	2,033,564	1,357,360	(676,204)	4,026,378
Sale of capital assets	-	10,630	(10,630)	-
Net Other Financing Sources (Uses)	2,033,564	1,367,990	(686,834)	4,026,378
Net Change in Fund Balance	\$ -	-	\$ -	-
Fund Balance, beginning		547,746		547,746
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.

Tourism Special Revenue Fund

The revenue from the Borough's 8% hotel tax. Tax collected is to be used for tourism promotion.

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

	Six months ended December 31, 2020			Year ended June 30, 2020
	Budget	Actual	Variance	Actual
Revenues				
Sales tax	\$ 375,000	\$ 433,242	\$ 58,242	\$ 5,927,888
Investment income	25,000	1,112,806	1,087,806	214,605
Total Revenues	400,000	1,546,048	1,146,048	6,142,493
Expenditures				
General government	-	1,106,679	(1,106,679)	-
Education	1,802,127	1,802,127	-	2,307,537
Total Expenditures	1,802,127	2,908,806	(1,106,679)	2,307,537
Excess of Revenues Over (Under) Expenditures	(1,402,127)	(1,362,758)	2,252,727	3,834,956
Other Financing Uses - transfers out	(3,592,289)	(2,108,049)	1,484,240	(7,580,130)
Net Change in Fund Balance	<u>\$ (4,994,416)</u>	(3,470,807)	<u>\$ 3,736,967</u>	(3,745,174)
Fund Balance, beginning		<u>15,509,526</u>		<u>19,254,700</u>
Fund Balance, ending		<u>\$ 12,038,719</u>		<u>\$ 15,509,526</u>

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

	Six months ended December 31, 2020			Year ended June 30, 2020
	Budget	Actual	Variance	Actual
Revenues				
Excise tax	\$ 4,515,716	\$ -	\$ (4,515,716)	\$ 5,083,250
Investment income	-	1,861,797	1,861,797	478,776
Total Revenues	4,515,716	1,861,797	(2,653,919)	5,562,026
Expenditures - education	45,000	46,293	(1,293)	-
Excess of Revenues Over (Under) Expenditures	4,470,716	1,815,504	(2,655,212)	5,562,026
Other Financing Uses - transfers out	(4,515,716)	(3,065,885)	1,449,831	(2,972,325)
Net Change in Fund Balance	<u>\$ (45,000)</u>	(1,250,381)	<u>\$ (1,205,381)</u>	2,589,701
Fund Balance, beginning		<u>21,923,289</u>		<u>19,333,588</u>
Fund Balance, ending		<u>\$20,672,908</u>		<u>\$ 21,923,289</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

This fund accounts for the operations of the port commission.

Municipality of Skagway, Alaska

Water and Sewer Enterprise Fund

Statement of Net Position

	December 31, 2020	June 30, 2020
Assets and Deferred Outflows of Resources		
Current Assets		
Receivables:		
Accounts	\$ 42,122	\$ 37,265
Grants	26,006	8,752
Allowance for doubtful accounts	(190)	(1,851)
Net receivables	67,938	44,166
Due from other funds	323,259	-
Inventory	121,157	122,533
Total Current Assets	512,354	166,699
Property, Plant and Equipment		
Infrastructure	7,680,154	7,680,154
Buildings	7,455,565	7,455,565
Equipment	3,512,006	3,205,048
Construction in progress	2,787,939	556,187
Other improvements	1,803,793	1,803,793
Total property, plant, and equipment	23,239,457	20,700,747
Less accumulated depreciation	(10,219,597)	(9,886,745)
Net Property, Plant and Equipment	13,019,860	10,814,002
Net OPEB asset	33,558	2,796
Total Assets	13,565,772	10,983,497
Deferred Outflows of Resources		
Pension related	41,913	51,947
Other postemployment benefits related	22,713	31,215
Total Deferred Outflows of Resources	64,626	83,162
Total Assets and Deferred Outflows of Resources	\$ 13,630,398	\$ 11,066,659

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

	December 31, 2020	June 30, 2020
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 501,792	\$ 146,064
Due to other funds	-	23,082
Total Current Liabilities	501,792	169,146
Noncurrent Liabilities		
Compensated absences	27,402	22,223
Net pension liability	475,064	480,445
Net other postemployment benefits liability	1,397	14,356
Total Noncurrent Liabilities	503,863	517,024
Total Liabilities	1,005,655	686,170
Deferred Inflows of Resources		
Pension related	10,385	15,563
Other postemployment benefits related	27,930	15,550
Total Deferred Inflows of Resources	38,315	31,113
Net Position		
Investment in capital assets	13,019,860	10,814,002
Unrestricted (deficit)	(433,432)	(464,626)
Total Net Position	12,586,428	10,349,376
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 13,630,398	\$ 11,066,659

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

	Six months ended December 31, 2020	Year ended June 30, 2020
Operating Revenues		
Charges for services	\$ 140,532	\$ 406,020
Grant revenue	26,006	-
Total Operating Revenues	166,538	406,020
Operating Expenses		
Payroll and payroll benefits	163,678	370,210
Utilities	57,729	129,035
Administration	1,304	6,015
Contracted services	14,288	28,684
Insurance	11,595	19,433
Repairs and maintenance	96,902	178,897
Depreciation	332,852	669,969
Other	2,503	16,192
Total Operating Expenses	680,851	1,418,435
Loss from Operations	(514,313)	(1,012,415)
Nonoperating Revenues - PERS relief	9,941	5,152
Loss Before Transfers	(504,372)	(1,007,263)
Transfers in	2,741,424	590,262
Change in Net Position	2,237,052	(417,001)
Net Position, beginning	10,349,376	10,766,377
Net Position, ending	\$ 12,586,428	\$ 10,349,376

Municipality of Skagway, Alaska

Water and Sewer Enterprise Fund

Statement of Cash Flows

	Six months ended December 31, 2020	Year ended June 30, 2020
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 160,020	\$ 495,010
Payments to suppliers	172,783	(280,676)
Payments to employees	(171,922)	(340,844)
Net cash flows from (for) operating activities	160,881	(126,510)
Cash Flows from Noncapital Financing Activities		
Transfers from other funds	2,741,424	590,262
Decrease due to other funds	(346,341)	16,697
Net cash flows from noncapital capital financing activities	2,395,083	606,959
Cash Flows for Capital and Related Financing Activities		
Additions to property, plant, and equipment	(2,538,710)	(486,559)
Capital contributions received	(17,254)	6,110
Net cash flows for capital and related financing activities	(2,555,964)	(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 (for) Operating Activities		
Loss from operations	\$ (514,313)	\$ (1,012,415)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Depreciation	332,852	669,969
Noncash expense - PERS relief	9,941	5,152
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable, net	(6,518)	88,990
Inventory	1,376	1,238
Net OPEB asset	(30,762)	(2,796)
Deferred outflows of resources related to pensions	10,034	(6,148)
Deferred outflows of resources related to other postemployment benefits	8,502	(31,215)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	355,728	96,342
Compensated absences	5,179	8,216
Net pension liability	(5,381)	22,189
Net other postemployment benefits liability	(12,959)	14,356
Deferred inflows of resources related to pensions	(5,178)	4,062
Deferred inflows of resources related to other postemployment benefits	12,380	15,550
Net Cash Flows from (for) Operating Activities	\$ 160,881	\$ (126,510)

Municipality of Skagway, Alaska

Garbage Enterprise Fund Statement of Net Position

	December 31, 2020	June 30, 2020
Assets and Deferred Outflows of Resources		
Current Assets		
Receivables:		
Accounts	\$ 38,431	\$ 55,487
Allowance for doubtful accounts	(448)	(1,530)
Total Current Assets	37,983	53,957
Property, Plant and Equipment		
Land improvements	271,314	271,314
Infrastructure	368,266	368,266
Buildings	4,252,749	3,120,303
Equipment	1,373,032	1,373,032
Construction in progress	382,767	1,281,021
Total property, plant, and equipment	6,648,128	6,413,936
Less accumulated depreciation	(4,019,807)	(3,982,574)
Net Property, Plant and Equipment	2,628,321	2,431,362
Net OPEB asset	8,856	783
Total Assets	2,675,160	2,486,102
Deferred Outflows of Resources		
Pension related	8,371	11,004
Other postemployment benefits related	6,507	8,738
Total Deferred Outflows of Resources	14,878	19,742
Total Assets and Deferred Outflows of Resources	\$ 2,690,038	\$ 2,505,844

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

	December 31, 2020	June 30, 2020
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 108,550	\$ 43,464
Due to other funds	212,489	296,343
Total Current Liabilities	321,039	339,807
Noncurrent Liabilities		
Compensated absences	7,847	5,066
Net pension liability	97,682	99,094
Net other postemployment benefits liability	617	4,018
Total Noncurrent Liabilities	106,146	108,178
Total Liabilities	427,185	447,985
Deferred Inflows of Resources		
Pension related	2,109	3,468
Other postemployment benefits related	7,602	4,353
Total Deferred Inflows of Resources	9,711	7,821
Net Position		
Investment in capital assets	2,628,321	2,431,362
Unrestricted (deficit)	(375,179)	(381,324)
Total Net Position	2,253,142	2,050,038
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,690,038	\$ 2,505,844

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

	Six months ended December 31, 2020	Year ended June 30, 2020
Operating Revenues		
Charges for services	\$ 138,651	\$ 456,747
Operating Expenses		
Payroll and payroll benefits	119,653	278,544
Utilities	51,742	105,492
Administration	1,470	4,762
Contracted services	47,249	51,466
Insurance	11,196	18,992
Repairs and maintenance	15,620	28,298
Depreciation	37,233	77,778
Other	59,402	55,662
Recycling	15,050	73,385
Total Operating Expenses	358,615	694,379
Loss from Operations	(219,964)	(237,632)
Nonoperating Revenues - PERS relief	2,609	1,442
Loss Before Transfers	(217,355)	(236,190)
Transfers in	420,459	1,061,167
Change in Net Position	203,104	824,977
Net Position, beginning	2,050,038	1,225,061
Net Position, ending	\$ 2,253,142	\$ 2,050,038

Municipality of Skagway, Alaska

Garbage Enterprise Fund
Statement of Cash Flows

	Six months ended December 31, 2020	Year ended June 30, 2020
Cash Flows for Operating Activities		
Receipts from customers and users	\$ 154,625	\$ 487,625
Payments to suppliers	(136,643)	(276,569)
Payments to employees	(120,395)	(272,469)
Net cash flows for operating activities	(102,413)	(61,413)
Cash Flows from Noncapital Financing Activities		
Transfers from other funds	420,459	1,061,167
Decrease in due to other funds	(83,854)	(92,522)
Net cash flows from noncapital financing activities	336,605	968,645
Cash Flows for Capital and Related Financing Activities		
Additions to property, plant, and equipment	(234,192)	(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 for Operating Activities		
Loss from operations	\$ (219,964)	\$ (237,632)
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Depreciation	37,233	77,778
Noncash expense - PERS relief	2,609	1,442
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable, net	15,974	30,878
Prepaid expenses	-	37,629
Net OPEB asset	(8,073)	(783)
Deferred outflows of resources related to pensions	2,633	(1,721)
Deferred outflows of resources related to other postemployment benefits	2,231	(8,738)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	65,086	23,859
Compensated absences	2,781	156
Net pension liability	(1,412)	6,211
Net other postemployment benefits liability	(3,401)	4,018
Deferred inflows of resources related to pensions	(1,359)	1,137
Deferred inflows of resources related to other postemployment benefits	3,249	4,353
Net Cash Flows for Operating Activities	\$ (102,413)	\$ (61,413)

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

	December 31, 2020	June 30, 2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 649,837	\$ 1,621,832
Due from other funds	972,634	-
Receivables:		
Accounts	59,948	61,008
Allowance for doubtful accounts	(557)	(1,741)
Net receivables	59,391	59,267
Total Current Assets	1,681,862	1,681,099
Property, Plant and Equipment		
Infrastructure	12,617,706	12,617,706
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	312,553
Construction in progress	154,028	154,028
Total property, plant, and equipment	29,997,596	29,997,596
Less accumulated depreciation	(9,406,725)	(9,035,935)
Net Property, Plant and Equipment	20,590,871	20,961,661
Net OPEB asset	12,238	997
Total Assets	22,284,971	22,643,757
Deferred Outflows of Resources		
Pension related	12,503	16,170
Other postemployment benefits related	8,026	11,133
Total Deferred Outflows of Resources	20,529	27,303
Total Assets and Deferred Outflows of Resources	\$ 22,305,500	\$ 22,671,060

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

	December 31, 2020	June 30, 2020
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 4,670	\$ 10,398
Noncurrent Liabilities		
Compensated absences	12,806	6,509
Net pension liability	145,800	147,766
Net other postemployment benefits liability	385	5,120
Total Noncurrent Liabilities	158,991	159,395
Total Liabilities	163,661	169,793
Deferred Inflows of Resources		
Pension related	3,068	4,960
Other postemployment benefits related	10,070	5,546
Total Deferred Inflows of Resources	13,138	10,506
Net Position		
Investment in capital assets	20,590,871	20,961,661
Unrestricted	1,537,830	1,529,100
Total Net Position	22,128,701	22,490,761
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 22,305,500	\$ 22,671,060

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

	Six months ended December 31, 2020	Year ended June 30, 2020
Operating Revenues		
Charges for services	\$ 85,616	\$ 362,084
Operating Expenses		
Payroll and payroll benefits	103,507	193,288
Utilities	13,278	28,784
Administration	7,564	8,390
Insurance	10,579	21,731
Repairs and maintenance	20,210	17,252
Depreciation	370,790	760,085
Other	4,705	9,959
Total Operating Expenses	530,633	1,039,489
Loss from Operations	(445,017)	(677,405)
Nonoperating Revenues - PERS relief	3,632	1,837
Loss Before Contributions and Transfers	(441,385)	(675,568)
Capital contributions	-	900
Transfers in	79,325	-
Change in Net Position	(362,060)	(674,668)
Net Position, beginning	22,490,761	23,165,429
Net Position, ending	\$ 22,128,701	\$ 22,490,761

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

	Six months ended December 31, 2020	Year ended June 30, 2020
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 85,492	\$ 397,244
Payments to suppliers	(62,064)	(82,729)
Payments to employees	(102,114)	(188,069)
Net cash flows from (for) operating activities	(78,686)	126,446
Cash Flows from Noncapital Financing Activities		
Transfers from other funds	79,325	-
Increase (decrease) in due to other funds	(972,634)	817,274
Net cash flows from (for) noncapital financing activities	(893,309)	817,274
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	(971,995)	932,325
Cash and Investments, beginning of year	1,621,832	689,507
Cash and Investments, end of year	\$ 649,837	\$ 1,621,832
Reconciliation of Loss from Operations to Net		
Cash Flows from (for) Operating Activities		
Loss from operations	\$ (445,017)	\$ (677,405)
Adjustments to reconcile loss from operations to net cash flows from (for) operating activities:		
Depreciation	370,790	760,085
Noncash expense - PERS relief	3,632	1,837
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable, net	(124)	35,160
Net OPEB asset	(11,241)	(997)
Deferred outflows of resources related to pensions	3,667	(2,193)
Deferred outflows of resources related to other postemployment benefits	3,107	(11,133)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(5,728)	3,387
Compensated absences	6,297	(2,325)
Net pension liability	(1,966)	7,914
Net other postemployment benefits liability	(4,735)	5,120
Deferred inflows of resources related to pensions	(1,892)	1,450
Deferred inflows of resources related to other postemployment benefits	4,524	5,546
Net Cash Flows from (for) Operating Activities	\$ (78,686)	\$ 126,446

Municipality of Skagway, Alaska

Health Clinic Enterprise Fund

Statement of Net Position

	December 31, 2020	June 30, 2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 11,440	\$ 167,755
Inventories	84,808	62,791
Receivables:		
Accounts	146,990	148,500
Grants	1,077,477	88,022
Allowance for doubtful accounts	(66,508)	(66,508)
Net receivables	1,157,959	170,014
Total Current Assets	1,254,207	400,560
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	(3,041,558)	(2,909,360)
Net Property, Plant and Equipment	6,627,850	6,760,048
Net OPEB asset	146,390	10,682
Total Assets	8,028,447	7,171,290
Deferred Outflows of Resources		
Pension related	146,871	191,139
Other postemployment benefits related	81,734	119,240
Total Deferred Outflows of Resources	228,605	310,379
Total Assets and Deferred Outflows of Resources	\$ 8,257,052	\$ 7,481,669

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

	December 31, 2020	June 30, 2020
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 45,602	\$ 56,104
Due to other funds	774,154	-
Total Current Liabilities	819,756	56,104
Noncurrent Liabilities		
Compensated absences	115,499	94,322
Net pension liability	1,738,509	1,762,248
Net other postemployment benefits liability	(2,329)	54,839
Total Noncurrent Liabilities	1,851,679	1,911,409
Total Liabilities	2,671,435	1,967,513
Deferred Inflows of Resources		
Pension related	34,778	57,622
Other postemployment benefits related	114,014	59,399
Total Deferred Inflows of Resources	148,792	117,021
Net Position		
Investment in capital assets	6,627,850	6,760,048
Unrestricted (deficit)	(1,191,025)	(1,362,913)
Total Net Position	5,436,825	5,397,135
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 8,257,052	\$ 7,481,669

Municipality of Skagway, Alaska

Health Clinic Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

	Six months ended December 31, 2020	Year ended June 30, 2020
Operating Revenues		
Charges for services	\$ 504,774	\$ 916,174
Grant revenue	1,084,014	1,554,713
Contributions	1,410	860
Total Operating Revenues	1,590,198	2,471,747
Operating Expenses		
Payroll and payroll benefits	973,692	1,849,593
Materials and supplies	85,877	183,526
Utilities	46,282	108,046
Administration	86,649	180,155
Contracted services	137,802	593,117
Insurance	40,840	68,359
Travel and training	11,132	46,929
Repairs and maintenance	72,901	97,279
Depreciation	132,198	267,199
Other	6,989	24,673
Total Operating Expenses	1,594,362	3,418,876
Loss Before Contributions and Transfers	(4,164)	(947,129)
PERS relief	43,854	-
Capital contributions	-	19,679
Transfers in	-	599,139
Change in Net Position	39,690	(328,311)
Net Position, beginning	5,397,135	5,725,446
Net Position, ending	\$ 5,436,825	\$ 5,397,135

Municipality of Skagway, Alaska

Health Clinic Enterprise Fund

Statement of Cash Flows

	Six months ended December 31, 2020	Year ended June 30, 2020
Cash Flows for Operating Activities		
Receipts from customers and users	\$ 507,694	\$ 958,189
Operating grants received	138,413	1,553,553
Payments to suppliers	(520,991)	(1,366,927)
Payments to employees	(1,055,585)	(1,751,856)
Net cash flows for operating activities	(930,469)	(607,041)
Cash Flows from Noncapital Financing Activities		
Transfers from other funds	-	599,139
Increase due to noncapital other funds	774,154	151,787
Net cash flows from noncapital financing activities	774,154	750,926
Cash Flows from Capital and Related Financing Activities		
Capital contributions received	-	19,679
Increase (Decrease) in Cash and Investments	(156,315)	163,564
Cash and Investments, beginning of year	167,755	4,191
Cash and Investments, end of year	\$ 11,440	\$ 167,755
Reconciliation of Loss from Operations to Net		
Cash Flows for Operating Activities		
Loss from operations	\$ (4,164)	\$ (947,129)
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Depreciation	132,198	267,199
Noncash expense - PERS relief	43,854	-
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable, net	1,510	39,995
Operating grants receivable	(989,455)	-
Inventory	(22,017)	(9,233)
Net OPEB asset	(135,708)	(10,682)
Deferred outflows of resources related to pensions	44,268	(23,486)
Deferred outflows of resources related to other postemployment benefit	37,506	(119,240)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(10,502)	(55,610)
Compensated absences	21,177	36,626
Net pension liability	(23,739)	84,761
Net other postemployment benefits liability	(57,168)	54,839
Deferred inflows of resources related to pensions	(22,844)	15,520
Deferred inflows of resources related to other postemployment benefits	54,615	59,399
Net Cash Flows for Operating Activities	\$ (930,469)	\$ (607,041)

Municipality of Skagway, Alaska

Port Enterprise Fund Statement of Net Position

	December 31, 2020	June 30, 2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 5,002,084	\$ 5,279,049
Due from other funds	138,650	-
Receivables:		
Accounts	74,200	10,600
Grants	102,106	-
Net receivables	176,306	10,600
Total Current Assets	5,317,040	5,289,649
Property, Plant and Equipment		
Construction in progress	4,118,789	4,016,683
Total Assets	\$ 9,435,829	\$ 9,306,332
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 72,268	\$ 3,640
Unearned revenue	63,600	-
Total Liabilities	135,868	3,640
Net Position		
Investment in capital assets	4,118,789	4,016,683
Unrestricted	5,181,172	5,286,009
Total Net Position	9,299,961	9,302,692
Total Liabilities and Net Position	\$ 9,435,829	\$ 9,306,332

Municipality of Skagway, Alaska

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

	Six months ended December 31, 2020	Year ended June 30, 2020
Operating Revenues		
Charges for services	\$ -	\$ 127,200
Operating Expenses		
Payroll and payroll benefits	8,067	-
Utilities	-	229
Administration	710	4,931
Contracted services	89,451	119,920
Travel and training	-	2,602
Repairs and maintenance	6,609	-
Total Operating Expenses	104,837	127,682
Loss Before Contributions and Transfers	(104,837)	(482)
Capital contributions	102,106	5,625
Transfers in	-	5,194,224
Change in Net Position	(2,731)	5,199,367
Net Position, beginning	9,302,692	4,103,325
Net Position, ending	\$ 9,299,961	\$ 9,302,692

Municipality of Skagway, Alaska, Alaska

Port Enterprise Fund Statement of Cash Flows

	Six months ended December 31, 2020	Year ended June 30, 2020
Cash Flows for Operating Activities		
Receipts from customers and users	\$ -	\$ 127,200
Payments to suppliers	(36,209)	(144,593)
Payments to employees	-	-
Net cash flows for operating activities	(36,209)	(17,393)
Cash Flows from (for) Noncapital Financing Activities		
(Increase) decrease in due from other funds	(138,650)	294,358
Cash Flows from (for) Capital and Related Financing Activities		
Additions to property, plant, and equipment	(102,106)	(197,765)
Capital contributions received	-	5,625
Transfers from other funds	-	5,194,224
Net cash flows from (for) capital and related financing activities	(102,106)	5,002,084
Increase (Decrease) in Cash and Investments	(276,965)	5,279,049
Cash and Investments, beginning of year	5,279,049	-
Cash and Investments, end of year	\$ 5,002,084	\$ 5,279,049
Reconciliation of Loss from Operations to Net Cash Flows for Operating Activities		
Loss before contributions and transfers	\$ (104,837)	\$ (482)
Adjustments to reconcile loss from operations to net cash flows for operating activities:		
Increase (decrease) in assets:		
Accounts receivable	(63,600)	-
Increase (decrease) in liabilities:		
Accounts payable	68,628	(16,911)
Unearned revenue	63,600	-
Net Cash Flows for Operating Activities	\$ (36,209)	\$ (17,393)