



City of Palmer, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information, and Single Audit Reports

Year Ended December 31, 2021

Steve Carrington
Mayor

John Moosey
City Manager

Prepared by
Finance Department

Gina Davis
Finance Director

City of Palmer, Alaska

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Year Ended December 31, 2021**

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City of Palmer, Alaska

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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Palmer, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmer, Alaska, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Palmer'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, each major fund, and the aggregate remaining fund information of the City of Palmer, Alaska, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 City of Palmer 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 City of Palmer'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 City of Palmer'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 City of Palmer'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 7-19, the budgetary comparison information on pages 66-67, and the Schedules of Net Pension and Other Postemployment Benefits (OPEB) Liability and Pension and OPEB Contributions on pages 68-69, 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 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Palmer's basic financial statements. The accompanying combining and individual fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) for the year ended December 31, 2021, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Palmer as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated August 17, 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 December 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2022 on our consideration of the City of Palmer'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 City of Palmer'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 City of Palmer's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
August 31, 2022

Management's Discussion and Analysis

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CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Year Ended December 31, 2021

As management of the City of Palmer, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City of Palmer for the fiscal year ended December 31, 2021. Readers are encouraged to read this narrative in conjunction with the City's financial statements, which follows this section.

Financial Highlights

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the 2021 fiscal year by \$103,594,532 (total net position). Of the total net position, \$9,283,172 is Unrestricted Net Position.
- As of December 31, 2021, the City's governmental funds reported combined ending fund balances of \$13,623,737, an increase of \$3,107,058.
- The fund balance is comprised of Nonspendable, Committed, Assigned and Unassigned classifications. Unassigned fund balance for the General Fund was \$7,779,497 or 77.2% of total General Fund expenditures. The Nonspendable fund balance was \$3,757,627 which consists of prepaid insurance, inventory, and advances to other funds. The committed fund balance was \$1,676,988, which consist of funds committed to capital projects, public safety, and parks. Restricted fund balance was \$5,455. The remaining balance, \$404,170, was assigned for vested unpaid vacation and sick leave.
- At year end the City's outstanding loans and bonds payable totaled \$6,878,494 a net decrease of \$404,347 from the previous year.

Overview of Financial Statements

This financial statement is comprised of four segments as dictated by Generally Accepted Accounting Principles (GAAP): Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information and Other Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the City of Palmer.

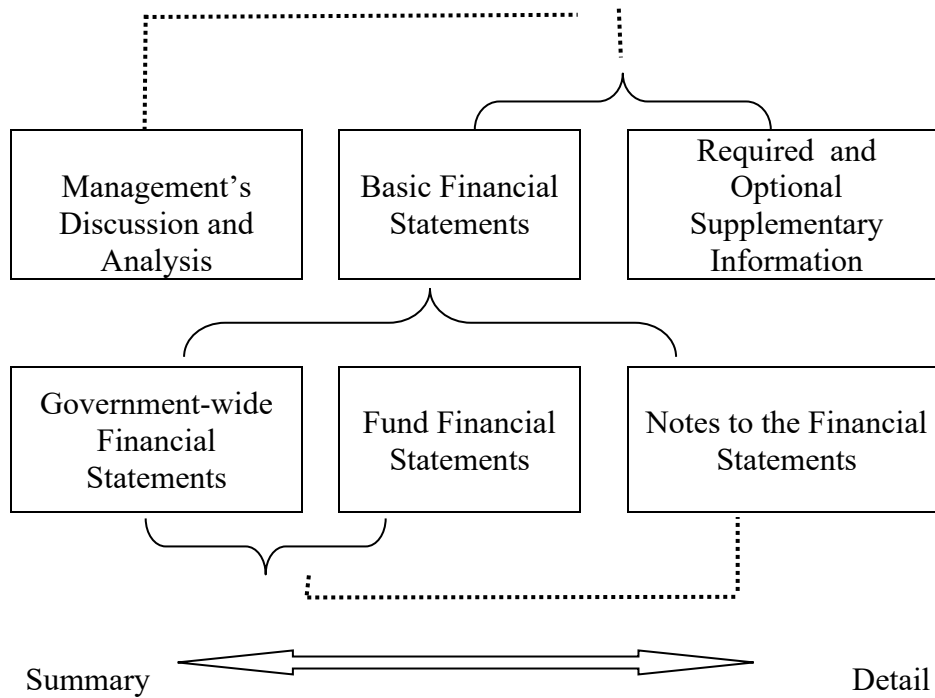
- The Government-wide Financial Statements provide both long-term and short-term information about the City's overall financial status.
- The Fund Financial Statements focus on individual parts of Palmer's government, reporting the City's operations in more detail than the Government-wide Statements.
- The governmental funds statements explain how general government services like public safety were financed in the short-term as well as what remains for future spending.

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the Water/Sewer Utility, Refuse, Airport, Land Development and Golf Course.

**Illustration A-1
Required Components of
City of Palmer's Financial Report**



The financial statements also include notes, which elaborate on some of the information in the financial statements, and provide more detailed data. These financial statements are followed by a section of supplementary financial information that further explains and supports the information in the financial statements. In addition to these elements, we have included other information such as the City's single audit information. Illustration A-2 summarizes the major features of the City's financial statements. The remainder of this overview section of the Management's Discussion and Analysis explains the structure and contents of each of the statements.

CITY OF PALMER, ALASKA

Management’s Discussion and Analysis

Overview of Financial Statements, continued

Illustration A-2			
Major Features of City of Palmer’s Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government	The activities of the City that are not proprietary, such as police, fire and public works	Activities the City operates similar to private businesses; Water/Sewer utility, Refuse, Airport, Land Development, and Golf Course
Required financial statements	*Statement of net position *Statement of activities	*Balance sheet *Statement of revenues, expenditures and changes in fund balance	*Statement of net position *Statement of revenues, expenses and changes in net position *Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual accounting and current financial resources focus	Accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Palmer's finances in a manner similar to a private-sector business. These statements can be located on pages 22-24 of this document.

- The statement of net position presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may indicate the improvement or deterioration of the City's financial position.
- The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities - These are functions such as public safety and public works, services that are principally supported by taxes and intergovernmental revenue.
- Business-type activities - These functions are intended to recover all or a significant portion of their costs through user fees and charges. The City's Water/Sewer Utility, Refuse, Airport, Land Development, and Golf Course fall within this category.

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 City of Palmer, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Fund Financial Statements, continued

The City of Palmer maintains nine individual governmental funds with the addition of the CARES Act Special Revenue fund in 2020. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and CARES Act Fund, considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. The seven nonmajor governmental funds include Special Revenue Funds: Narcotics Grant, Police Grants, Neighborhood Parks Development, and Asset Forfeiture; and Capital Projects Funds: Capital Projects, Equipment, and Road Improvements. The Governmental Funds financial statements are located at pages 25-28 of the report. The combining statements for the nonmajor funds can be found on pages 76-77 of this report.

The City adopts annual appropriated budgets for the General Fund and most nonmajor governmental funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

Proprietary funds - The City maintains enterprise funds, a type of proprietary fund, to report the same functions presented as business-type activities in the government-wide financial statements. The City of Palmer's major enterprise funds are Water and Sewer, Airport; and its nonmajor enterprise funds are Golf Course, Refuse and Land Development.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 29-33 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-64 of this report.

Government-wide Financial Analysis

At the close of the 2021 fiscal year, the City's net position (assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources) totaled \$103,594,532 (see Table A-1). Of this amount \$94,305,905, or 91.03%, represents the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. Because the City of Palmer uses these capital assets to provide services to the community, these assets are not available for future spending. The remaining amounts of net position are labeled as restricted or unrestricted. The unrestricted amount totals \$9,283,172 and represents an obligation to citizens, and creditors.

At the end of the current fiscal year, the City of Palmer is able to report positive balances in both the governmental and business-type net position.

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Government-wide Financial Analysis, continued

**Table A-1
City of Palmer's Net Position
December 31, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Activities	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 18,498,091	11,900,694	3,319,001	2,339,392	21,817,092	14,240,086
Capital assets	19,093,520	20,318,882	83,129,254	83,068,596	102,222,774	103,387,478
Deferred outflows	<u>608,121</u>	<u>1,135,594</u>	<u>63,675</u>	<u>118,716</u>	<u>671,796</u>	<u>1,254,310</u>
Total assets and deferred outflows	<u>38,199,732</u>	<u>33,355,170</u>	<u>86,511,930</u>	<u>85,526,704</u>	<u>124,711,662</u>	<u>118,881,874</u>
Long-term liabilities outstanding	6,055,382	7,988,439	6,871,478	7,344,699	12,926,860	15,333,138
Other liabilities	1,022,472	1,224,693	2,076,145	931,585	3,098,617	2,156,278
Deferred Inflows	<u>4,581,411</u>	<u>520,523</u>	<u>510,242</u>	<u>59,226</u>	<u>5,091,653</u>	<u>579,749</u>
Total liabilities and deferred Inflows	<u>11,659,265</u>	<u>9,733,655</u>	<u>9,457,865</u>	<u>8,335,510</u>	<u>21,117,130</u>	<u>18,069,165</u>
Net position:						
Net investment in capital assets	18,782,953	19,803,713	75,522,952	76,208,114	94,305,905	96,011,827
Restricted	5,455	4,831	-	-	5,455	4,831
Unrestricted	<u>7,752,059</u>	<u>3,812,971</u>	<u>1,531,113</u>	<u>983,080</u>	<u>9,283,172</u>	<u>4,796,051</u>
Total net position	<u>\$ 26,540,467</u>	<u>23,621,515</u>	<u>77,054,065</u>	<u>77,191,194</u>	<u>103,594,532</u>	<u>100,812,709</u>

As reflected in Table A-2, the City's net position increased by \$2,781,823 as a result of current year activity. Revenues exceeded expenditures and transfers in the governmental activities by \$2,918,952 and in the business-type activities, expenses exceeded revenues by \$137,129.

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Government-wide Financial Analysis, continued

**Table A-2
City of Palmer's Changes in Net Position
Years Ended December 31, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total Activities	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program revenues:						
Charges for services	\$ 1,898,260	1,641,613	5,827,222	5,113,424	7,725,482	6,755,037
Operating grants and contributions	1,529,102	7,205,078	125	46,068	1,529,227	7,251,146
Capital grants and contributions	71,409	-	1,787,771	802,976	1,859,180	802,976
General revenues:						
Property taxes	1,373,607	1,355,828	-	-	1,373,607	1,355,828
Sales taxes	9,456,566	7,602,129	-	-	9,456,566	7,602,129
Other	262,274	314,345	-	-	262,274	314,345
Total revenues	<u>14,591,218</u>	<u>18,118,993</u>	<u>7,615,118</u>	<u>5,962,468</u>	<u>22,206,336</u>	<u>28,081,461</u>
Expenses:						
General government	2,988,601	3,456,870	-	-	2,988,601	3,456,870
Public safety	5,033,041	5,959,886	-	-	5,033,041	5,959,886
Public works	2,223,555	1,928,011	-	-	2,223,555	1,928,011
Community services	1,693,376	5,022,749	-	-	1,693,376	5,022,749
Water and sewer utility	-	-	4,678,020	4,123,485	4,678,020	4,123,485
Airport	-	-	1,413,143	1,057,455	1,413,143	1,057,455
Nonmajor enterprise funds	-	-	1,386,559	1,348,560	1,386,559	1,348,560
Interest expense	5,218	9,251	-	-	5,218	9,251
Total expenses	<u>11,946,791</u>	<u>16,376,767</u>	<u>7,477,722</u>	<u>6,529,500</u>	<u>19,424,513</u>	<u>22,906,267</u>
Increase in net position before transfers	2,644,427	1,742,226	137,396	(567,032)	2,781,823	1,175,194
Transfers	274,525	210,154	(274,525)	(210,154)	-	-
Increase (decrease) in net position	2,918,952	1,952,380	(137,129)	(777,186)	2,781,823	1,175,194
Beginning net position	<u>23,621,515</u>	<u>21,669,135</u>	<u>77,191,194</u>	<u>77,968,380</u>	<u>100,812,709</u>	<u>99,637,515</u>
Ending net position	<u>\$ 26,540,467</u>	<u>23,621,515</u>	<u>77,054,065</u>	<u>77,191,194</u>	<u>103,594,532</u>	<u>100,812,709</u>

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Governmental Activities

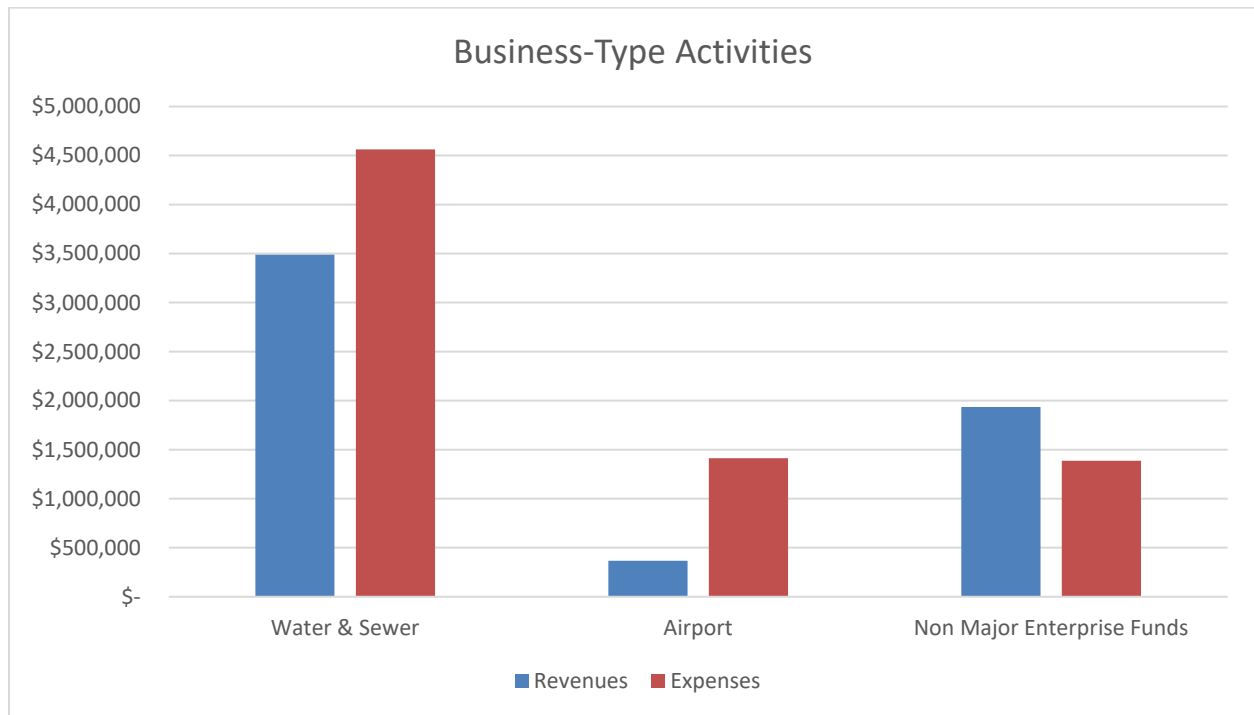
Governmental activities increased the City of Palmer's net position by \$2,918,952. Property taxes increased by \$17,779 and sales tax collections increased by \$1,854,437. The City's expenses decreased in the amount of \$4,429,976. This was due primarily to the City receiving Coronavirus Relief and Economic Security (CARES) Act grant funds in 2020. These funds were used for City COVID-19 mitigation and relief expenses. Net transfers from business-type activities was \$274,525.

Business-Type Activities

The City's business-type activities had a decrease of \$137,129 in net position. There was an increase in net position before transfers in the amount of \$137,396, resulting from operating revenue and basic charges for services exceeding expenses.

The following graph shows expenses and operating revenues for all of the business-type activities in 2021. Not included in the revenues are capital grants, contributions, and investment earnings. As reflected in the graph, all funds had expenses in excess of service revenues. If depreciation expense were removed from the analysis, the nonmajor enterprise funds operating revenues would exceed operating expenses. The major funds, Water & Sewer, and Airport operating revenues would still fall below operating expenses.

Program Revenue & Expenses - Business-Type Activities



CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

Governmental funds - The focus of the City of Palmer's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending following the end of the fiscal year. As of December 31, 2021, the City's governmental funds reported combined ending fund balances of \$13,623,737, an increase of \$3,107,058. Of the ending balance, \$7,779,497, 57.10% is unassigned and available to the City for future spending. The remaining fund balance is nonspendable, restricted, committed or assigned. The increase of total fund balance during the year is mostly attributed to the decrease of expenditures due to COVID-19 Public Health Emergency and the use of the CARES Act Funds for COVID-19 mitigation expenditures.

- The City maintains three capital project funds that account for the use of bond proceeds, intergovernmental grants and transfers from the General Fund to support the construction of capital improvements. The General Capital Projects Fund reported an overall decrease of fund balance in 2021 due to prior year funding and current year expenditures.

Proprietary funds - The City of Palmer's proprietary funds provide the same type of information found in the government-wide financial statements.

The Water and Sewer Fund's unrestricted net position is \$795,341, a decrease of \$227,326 from 2020. This is due to increased operating expenses.

The Refuse Fund unrestricted net position is \$788,128, an increase of \$62,333 from that amount in 2020.

The Golf Course unrestricted net position shows a deficit of \$427,881 compared to a deficit of \$509,783 at the end of 2020. Operating revenues exceeded operating expense by \$69,391. Depreciation constitutes \$48,361 of those expenses.

The Airport Fund unrestricted net position shows a deficit of \$282,209 compared to a deficit of \$473,382 at the end of 2020. The decrease in the deficit is due to operating income of \$37,172 prior to depreciation.

The Land Development Fund unrestricted net position is \$657,734, an increase of \$439,951 from that amount in 2020. This is due to recognizing operating revenues as a result of land sales.

CITY OF PALMER, ALASKA

Management’s Discussion and Analysis

General Fund Budgetary Highlights

The original adopted budget anticipated a decrease to the fund balance of \$387,000. However, the final adopted budget projected an overall increase to the fund balance of \$1,203,261.

Differences between the original budget and the final amended budget are described below:

- Transfers in were increased by \$276,645 to account for payments in lieu of tax with the Water and Sewer Fund, Refuse Fund and Golf Course Fund. Transfers out were increased by \$523,433 to account for capital costs with the Equipment Fund and for operating costs with the Narcotics Grant Fund. Revenues were increased by \$1,703,974 which included increases for PERS relief, Sales Tax and Motor Vehicle Tax. Decreases in revenues were in the community assistance program and other intergovernmental grant revenues. PERS relief funding is funding provided by the State to political subdivisions to offset the unfunded state pension liability.
- The final budget decreased expenditures by \$133,075 primarily due to the COVID-19 Public Health Emergency.

Capital Asset and Debt Administration

Capital assets - As detailed in Table A-3 below, the City of Palmer's investment in capital assets for its governmental and business-type activities as of December 31, 2021, totals \$102,222,774 (net of accumulated depreciation). This amount represents a \$1,164,704 decrease over the previous year.

Table A-3
City of Palmer's Capital Assets (Net of depreciation)

	Governmental Activities		Business-type Activities		Total Activities	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,855,738	1,858,738	3,002,073	3,002,073	4,857,811	4,860,811
Buildings	1,405,424	1,752,946	54,353	67,595	1,459,777	1,820,541
Improvements other than buildings	11,776,266	12,435,934	75,011,847	78,085,548	86,788,113	90,521,482
Machinery and equipment	3,265,124	3,148,132	1,516,779	1,723,817	4,781,903	4,871,949
Construction work in progress	<u>790,968</u>	<u>1,123,132</u>	<u>3,544,202</u>	<u>189,563</u>	<u>4,335,170</u>	<u>1,312,695</u>
Total capital assets	<u>\$ 19,093,520</u>	<u>20,318,882</u>	<u>83,129,254</u>	<u>83,068,596</u>	<u>102,222,774</u>	<u>103,387,478</u>

Additional information on the City’s capital assets can be found in Note 5 on pages 42-43 of this report.

CITY OF PALMER, ALASKA

Management’s Discussion and Analysis

Long-term debt – The following table summarizes the City’s long-term debt at December 31, 2021.

Table A-4

City of Palmer's Outstanding Debt

	Governmental Activities		Business-type Activities		Total Activities	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
GO bonds	\$ 330,454	432,636	-	-	330,454	432,636
Loans payable	-	-	6,548,040	6,850,205	6,548,040	6,850,205
Total	<u>330,454</u>	<u>432,636</u>	<u>6,548,040</u>	<u>6,850,205</u>	<u>6,878,494</u>	<u>7,282,841</u>
Compensated absences	404,170	418,089	65,104	52,996	469,274	471,085
Capital lease payable	-	110,375	-	-	-	110,375
Net pension liability	5,819,928	7,631,720	629,877	795,057	6,449,805	8,426,777
Net OPEB liability	-	14,083	-	1,602	-	15,685
Total long-term debt	<u>\$ 6,554,552</u>	<u>8,606,903</u>	<u>7,243,021</u>	<u>7,699,860</u>	<u>13,797,573</u>	<u>16,306,763</u>

Capital Asset and Debt Administration, continued

In 2021 the City continued to pay down on its outstanding bonds and loans.

The City made scheduled payments on its numerous low-interest ADEC Clean Water and Drinking Water loans. All of these loans are related to water and sewer improvements and bear interest at 1.5%.

In 2017, the City entered into a Water and Waste Disposal Loan and Grant from the U.S. Department of Agriculture (USDA) Rural Utilities Service Program for the Wastewater Treatment Plant Facility Improvements. The City continues to make scheduled payments to USDA. The USDA Loan bears interest at 1.875% through 2058.

The City of Palmer issues bonded debt through the State of Alaska Municipal Bond Bank. As of June 2021, State of Alaska bond bank credit ratings were: Fitch: A/ “Outlook Negative”, Standard and Poor’s: A+/ “Outlook Stable”.

Additional information on the City’s long-term debt can be found in Note 7 on pages 45-47 of this report.

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets (2022) and Rates

- Sales tax remains the primary source of revenue for the General Fund accounting for approximately 70.17% of actual revenues. The City monitors the sales tax revenues closely and remains cautiously optimistic regarding future sales tax revenues due to its plans to promote Palmer and attract businesses and events to the City. The City adopted the Alaska Remote Seller Uniform Sales Tax Code in March of 2020.
- The City will continue to monitor the fiscal and economic impacts of the COVID-19 Public Health Emergency.
- The City continues with improvements to the Airport and the Wastewater Treatment Plant Facility.

These various factors were taken into consideration in the development of the City's 2022 annual budget. The annual budget is adopted for the General, Enterprise, Special Revenue and Capital Projects Funds. Major aspects of the adopted 2022 budget include:

- The property tax rate remained at 3 mills or \$3 per \$1,000 of assessed value. This amount was levied for the operation and maintenance activities in the General Fund, and to fund capital improvements not associated with the enterprise funds.
- Sales tax rate remained the same as 2021 at 3%.
- Budgeted expenditures in the General Fund increased by \$544,509 from 2021 excluding transfers.

The State of Alaska Public Health Disaster Emergency due to COVID-19 was still in effect at the start of 2021. Distribution of the COVID-19 vaccination became widely available in the spring of 2021.

The City has expended the final draw of the CARES Act funds by the end of December 2021. These funds were used primarily for personnel costs substantially dedicated to responding to mitigating the impacts of the COVID-19 public health emergency. On March 11, 2021, new administration in Washington signed the American Rescue Plan Act (ARPA) into law. ARPA is the latest COVID relief package and includes funding for state and local aid. The City plans to use these funds for upgrades to the Wastewater Treatment Plant.

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the City of Palmer's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Finance Director
City of Palmer
231 W Evergreen Ave. Palmer, Alaska 99645
Telephone: (907) 745-3271
Email: financedepatment@palmerak.org

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Basic Financial Statements

City of Palmer, Alaska

Statement of Net Position

<i>December 31, 2021</i>	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 9,028,633	\$ 3,876,181	\$ 12,904,814
Receivables, net of allowance for uncollectibles:			
Grants and shared revenues	31,246	946,828	978,074
Sales taxes	1,109,575	-	1,109,575
Property taxes	90,603	-	90,603
Accounts	176,547	510,182	686,729
Assessments	85,127	-	85,127
Unbilled revenue	-	496,268	496,268
Prepaid insurance	370,551	-	370,551
Internal balances	3,367,051	(3,367,051)	-
Inventories	20,025	169,329	189,354
Land held for sale	-	217,414	217,414
Net other postemployment benefits asset	4,218,733	469,850	4,688,583
Capital assets not being depreciated	2,646,706	6,546,275	9,192,981
Capital assets, net of accumulated depreciation	16,446,814	76,582,979	93,029,793
Total Assets	37,591,611	86,448,255	124,039,866
Deferred Outflows of Resources			
Unamortized loss on refunding	19,887	-	19,887
Related to pensions	501,987	54,068	556,055
Related to other postemployment benefits	86,247	9,607	95,854
Total Deferred Outflows of Resources	608,121	63,675	671,796
Total Assets and Deferred Outflows of Resources	\$ 38,199,732	\$ 86,511,930	\$ 124,711,662

See accompanying notes to basic financial statements.

City of Palmer, Alaska

Statement of Net Position, continued

<i>December 31, 2021</i>	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Accounts payable	\$ 263,712	\$ 151,297	\$ 415,009
Capital related accounts payable	-	1,058,262	1,058,262
Accrued payroll and employee benefits	124,220	10,885	135,105
Customer deposits	23,004	305,834	328,838
Accrued interest payable	5,000	21,693	26,693
Unearned revenue	107,366	156,631	263,997
Noncurrent liabilities:			
Due within one year:			
Vested unpaid vacation and sick leave	404,170	65,104	469,274
Bonds and loans	95,000	306,439	401,439
Due in more than one year:			
Loans payable	-	6,241,601	6,241,601
General obligation bonds, including unamortized premium	235,454	-	235,454
Net pension liability	5,819,928	629,877	6,449,805
Total Liabilities	7,077,854	8,947,623	16,025,477
Deferred Inflows of Resources			
Related to pensions	2,314,290	257,748	2,572,038
Related to other postemployment benefits	2,267,121	252,494	2,519,615
Total Deferred Inflows of Resources	4,581,411	510,242	5,091,653
Net Position			
Net investment in capital assets	18,782,953	75,522,952	94,305,905
Restricted	5,455	-	5,455
Unrestricted	7,752,059	1,531,113	9,283,172
Total Net Position	26,540,467	77,054,065	103,594,532
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 38,199,732	\$ 86,511,930	\$ 124,711,662

See accompanying notes to basic financial statements.

City of Palmer, Alaska

Statement of Activities

Year Ended December 31, 2021	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- type Activities	
Governmental Activities							
General government	\$ 2,988,601	\$ 697,565	\$ 344,889	\$ -	\$ (1,946,147)	\$ -	\$ (1,946,147)
Public safety	5,033,041	707,711	1,067,318	69,417	(3,188,595)	-	(3,188,595)
Public works	2,226,555	149,792	70,662	-	(2,006,101)	-	(2,006,101)
Community services	1,693,376	343,192	46,233	1,992	(1,301,959)	-	(1,301,959)
Unallocated interest	5,218	-	-	-	(5,218)	-	(5,218)
Total Governmental Activities	11,946,791	1,898,260	1,529,102	71,409	(8,448,020)	-	(8,448,020)
Business-type Activities							
Water and sewer	4,678,020	3,501,713	86	1,485,730	-	309,509	309,509
Airport	1,413,143	390,901	23	302,041	-	(720,178)	(720,178)
Refuse	778,013	816,720	16	-	-	38,723	38,723
Golf course	608,546	677,937	-	-	-	69,391	69,391
Land development	-	439,951	-	-	-	439,951	439,951
Total Business-type Activities	7,477,722	5,827,222	125	1,787,771	-	137,396	137,396
Totals	\$ 19,424,513	\$ 7,725,482	\$ 1,529,227	\$ 1,859,180	(8,448,020)	137,396	(8,310,624)
General Revenues							
Property taxes					1,373,607	-	1,373,607
Sales taxes					9,456,566	-	9,456,566
Grants and entitlements not restricted to a specific purpose					215,650	-	215,650
Investment loss					(306)	-	(306)
Other					46,930	-	46,930
Transfers					274,525	(274,525)	-
Total General Revenues and Transfers					11,366,972	(274,525)	11,092,447
Change in Net Position					2,918,952	(137,129)	2,781,823
Net Position, beginning					23,621,515	77,191,194	100,812,709
Net Position, ending					\$ 26,540,467	\$ 77,054,065	\$ 103,594,532

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Governmental Funds
Balance Sheet

<i>December 31, 2021</i>	Major Fund		Total Governmental Funds
	General	Nonmajor Funds	
Assets			
Cash and investments	\$ 7,313,952	\$ 1,714,681	\$ 9,028,633
Receivables, net of allowance for uncollectibles:			
Grants and shared revenues	-	31,246	31,246
Sales taxes	1,109,575	-	1,109,575
Property taxes	90,603	-	90,603
Accounts	176,547	-	176,547
Assessments	85,127	-	85,127
Prepaid insurance	370,551	-	370,551
Inventory	20,025	-	20,025
Due from other funds	26,181	-	26,181
Advances to other funds	3,367,051	-	3,367,051
Total Assets	\$ 12,559,612	\$ 1,745,927	\$ 14,305,539
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 263,712	\$ -	\$ 263,712
Accrued payroll and employee benefits	124,220	-	124,220
Deposits	23,004	-	23,004
Due to other funds	-	26,181	26,181
Unearned revenue	70,063	37,303	107,366
Total Liabilities	480,999	63,484	544,483
Deferred Inflows of Resources			
Deferred property taxes	52,192	-	52,192
Deferred assessments	85,127	-	85,127
Total Deferred Inflows of Resources	137,319	-	137,319
Total Liabilities and Deferred Inflows of Resources	618,318	63,484	681,802
Fund Balances			
Nonspendable:			
Prepaid insurance and inventory	390,576	-	390,576
Advances to other funds	3,367,051	-	3,367,051
Restricted for public safety	-	5,455	5,455
Committed:			
Capital projects and equipment	-	1,567,503	1,567,503
Public safety	-	54,246	54,246
Parks	-	55,239	55,239
Assigned for vested unpaid vacation and sick leave	404,170	-	404,170
Unassigned	7,779,497	-	7,779,497
Total Fund Balances	11,941,294	1,682,443	13,623,737
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,559,612	\$ 1,745,927	\$ 14,305,539

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Reconciliation of Governmental Funds
Balance Sheet to Statement of Net Position
December 31, 2021

Total fund balances for governmental funds		\$ 13,623,737
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 consist of:		
Land and land improvements	\$ 1,855,738	
Construction in progress	790,968	
Buildings	11,382,558	
Improvements other than buildings	25,009,165	
Machinery and equipment	11,734,276	
Accumulated depreciation	<u>(31,679,185)</u>	
Total capital assets		19,093,520
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of:		
Special assessments not yet due	85,127	
Delinquent property taxes receivable	52,192	
Net other postemployment benefits asset	<u>4,218,733</u>	
Total long-term assets		4,356,052
Long-term liabilities, including accrued vacation and sick leave are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Bonds payable	(300,000)	
Unamortized premium	(30,454)	
Accrued interest	(5,000)	
Vested unpaid vacation and sick leave	(404,170)	
Net pension liability	<u>(5,819,928)</u>	
Total long-term liabilities		(6,559,552)
In connection with long-term liabilities, deferred outflows of resources represent the consumption of the government's net position that is applicable to a future reporting period. This consists of an unamortized loss on refunding.		
		19,887
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	501,987	
Deferred outflows of resources related to other postemployment benefits	86,247	
Deferred inflows of resources related to pensions	(2,314,290)	
Deferred inflows of resources related to other postemployment benefits	<u>(2,267,121)</u>	
Total deferred pension and OPEB items		<u>(3,993,177)</u>
Total Net Position of Governmental Activities		<u>\$ 26,540,467</u>

See accompanying notes to basic financial statements.

City of Palmer, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended December 31, 2021	Major Funds			Total Governmental Funds
	General	CARES Act Special Revenue	Nonmajor Funds	
Revenues				
Taxes	\$ 10,830,173	\$ -	\$ -	\$ 10,830,173
Licenses and permits	200,750	-	-	200,750
Fines and forfeitures	62,574	-	-	62,574
Intergovernmental	699,052	1,166,268	105,431	1,970,751
Special assessments	7,466	-	-	7,466
Charges for services	1,630,544	-	-	1,630,544
Miscellaneous	46,186	438	185,908	232,532
Total Revenues	13,476,745	1,166,706	291,339	14,934,790
Expenditures				
Current:				
General government	3,097,531	93,550	-	3,191,081
Public safety	3,755,049	1,013,086	247,579	5,015,714
Public works	1,820,647	1,892	-	1,822,539
Community services	1,292,978	58,543	-	1,351,521
Debt service	108,600	-	-	108,600
Capital outlay	-	-	612,802	612,802
Total Expenditures	10,074,805	1,167,071	860,381	12,102,257
Excess of Revenues Over (Under) Expenditures	3,401,940	(365)	(569,042)	2,832,533
Other Financing Sources (Uses)				
Transfers in	274,525	-	523,433	797,958
Transfers out	(523,433)	-	-	(523,433)
Total Other Financing Sources (Uses)	(248,908)	-	523,433	274,525
Net Change in Fund Balances	3,153,032	(365)	(45,609)	3,107,058
Fund Balances, beginning	8,788,262	365	1,728,052	10,516,679
Fund Balances, ending	\$ 11,941,294	\$ -	\$ 1,682,443	\$ 13,623,737

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Reconciliation of the Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended December 31, 2021

Net change in fund balances - total governmental funds		\$ 3,107,058
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures.		
However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives.		
This is the amount by which depreciation expense (\$1,862,339) and loss on disposal of capital assets (\$86,875) exceeded net capital outlays (\$723,852).		
	(1,225,362)	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net decrease in deferred special assessments and property taxes.		
	(6,074)	
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of the 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.		
Repayment of principal on bonds and capital leases	\$ 200,375	
Decrease in unamortized bond premium	12,182	
Decrease in unamortized loss on refunding	<u>(7,955)</u>	
		204,602
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. These are the decreases (increases) in:		
Accrued interest	1,200	
Vested unpaid vacation and sick leave	13,919	
Net pension liability and related accounts	(751,559)	
Net other postemployment benefits liability and related accounts	<u>1,575,168</u>	
		<u>838,728</u>
Change in Net Position of Governmental Activities		<u>\$ 2,918,952</u>

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Proprietary Funds
Statement of Net Position

<i>December 31, 2021</i>	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Proprietary Funds
	Water and Sewer	Airport		
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 2,677,720	\$ -	\$ 1,198,461	\$ 3,876,181
Receivables:				
Accounts	373,388	15,188	121,606	510,182
Grants	585,820	361,008	-	946,828
Inventory	169,329	-	-	169,329
Unbilled revenue	431,305	-	64,963	496,268
Total Current Assets	4,237,562	376,196	1,385,030	5,998,788
Noncurrent Assets				
Land held for sale	-	-	217,414	217,414
Property, plant and equipment:				
Land and improvements	45,164	1,412,289	1,544,620	3,002,073
Buildings	60,067	509,758	331,106	900,931
Machinery and equipment	1,662,976	1,341,376	1,594,687	4,599,039
Improvements other than buildings	94,355,010	28,403,952	667,234	123,426,196
Construction work in progress	3,205,212	338,990	-	3,544,202
Total property, plant and equipment	99,328,429	32,006,365	4,137,647	135,472,441
Less accumulated depreciation	(32,306,967)	(18,088,611)	(1,947,609)	(52,343,187)
Net property, plant and equipment	67,021,462	13,917,754	2,190,038	83,129,254
Other asset - Net other postemployment benefits asset	321,831	85,874	62,145	469,850
Total Noncurrent Assets	67,343,293	14,003,628	2,469,597	83,816,518
Total Assets	71,580,855	14,379,824	3,854,627	89,815,306
Deferred Outflows of Resources				
Related to pensions	36,958	9,897	7,213	54,068
Related to other postemployment benefits	6,580	1,756	1,271	9,607
Total Deferred Outflows of Resources	43,538	11,653	8,484	63,675
Total Assets and Deferred Outflows of Resources	\$ 71,624,393	\$ 14,391,477	\$ 3,863,111	\$ 89,878,981

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Proprietary Funds
Statement of Net Position, continued

<i>December 31, 2021</i>	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Proprietary Funds
	Water and Sewer	Airport		
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Current Liabilities				
Accounts payable	\$ 103,363	\$ 9,823	\$ 38,111	\$ 151,297
Capital related accounts payable	938,132	120,130	-	1,058,262
Accrued payroll and employee benefits	8,250	1,524	1,111	10,885
Current portion of loans payable	306,439	-	-	306,439
Vested unpaid vacation and sick leave	28,761	20,793	15,550	65,104
Unearned revenue	-	111,788	44,843	156,631
Accrued interest payable	21,693	-	-	21,693
Customer deposits	305,834	-	-	305,834
Total Current Liabilities	1,712,472	264,058	99,615	2,076,145
Long-term Liabilities, net of current portion				
Loans payable	6,241,601	-	-	6,241,601
Advances from other fund	2,580,000	408,757	378,294	3,367,051
Net pension liability	410,190	109,991	109,696	629,877
Total Long-term Liabilities	9,231,791	518,748	487,990	10,238,529
Total Liabilities	10,944,263	782,806	587,605	12,314,674
Deferred Inflows of Resources				
Related to pensions	176,549	47,108	34,091	257,748
Related to other postemployment benefits	172,950	46,148	33,396	252,494
Total Deferred Inflows of Resources	349,499	93,256	67,487	510,242
Net Position				
Net investment in capital assets	59,535,290	13,797,624	2,190,038	75,522,952
Unrestricted (deficit)	795,341	(282,209)	1,017,981	1,531,113
Total Net Position	60,330,631	13,515,415	3,208,019	77,054,065
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 71,624,393	\$ 14,391,477	\$ 3,863,111	\$ 89,878,981

See accompanying notes to basic financial statements.

City of Palmer, Alaska

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2021	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Proprietary Funds
	Water and Sewer	Airport		
Operating Revenues	\$ 3,488,411	\$ 366,735	\$ 1,934,608	\$ 5,789,754
Operating Expenses				
Salaries and employee benefits	552,741	128,288	67,809	748,838
Administrative services	403,686	102,995	556,445	1,063,126
Other operating expenses	1,036,083	98,280	635,614	1,769,977
Depreciation	2,570,465	1,083,580	126,691	3,780,736
Total Operating Expenses	4,562,975	1,413,143	1,386,559	7,362,677
Operating Income (Loss)	(1,074,564)	(1,046,408)	548,049	(1,572,923)
Nonoperating Revenues (Expenses)				
State PERS relief	86	23	16	125
Miscellaneous income	13,302	24,166	-	37,468
Interest expense	(115,045)	-	-	(115,045)
Total Nonoperating Revenues (Expenses)	(101,657)	24,189	16	(77,452)
Income (Loss) Before Contributions and Transfers	(1,176,221)	(1,022,219)	548,065	(1,650,375)
Capital contributions	1,485,730	302,041	-	1,787,771
Transfers out	(193,605)	-	(80,920)	(274,525)
Change in Net Position	115,904	(720,178)	467,145	(137,129)
Net Position, beginning	60,214,727	14,235,593	2,740,874	77,191,194
Net Position, ending	\$ 60,330,631	\$ 13,515,415	\$ 3,208,019	\$ 77,054,065

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Proprietary Funds
Statement of Cash Flows

<i>Year Ended December 31, 2021</i>	Major Enterprise Funds		Nonmajor	Total
	Water and Sewer	Airport	Enterprise Funds	Proprietary Funds
Cash Flows from Operating Activities				
Cash receipts from customers and users	\$ 3,434,659	\$ 412,536	\$ 1,939,483	\$ 5,786,678
Payments to suppliers	(1,029,862)	(93,865)	(1,051,756)	(2,175,483)
Payments to employees	(536,580)	(127,982)	(124,262)	(788,824)
Payments for interfund services used	(403,686)	(102,995)	(139,475)	(646,156)
Net cash flows from operating activities	1,464,531	87,694	623,990	2,176,215
Cash Flows for Noncapital Financing Activities				
Transfers out	(193,605)	-	(80,920)	(274,525)
Cash Flows for Capital and Related Financing Activities				
Capital contributions received	910,803	200,498	-	1,111,301
Purchase of capital assets	(2,611,530)	(172,229)	(9,650)	(2,793,409)
Decrease in due to other funds	-	(70,060)	-	(70,060)
Increase (decrease) in advances from other funds	1,580,000	(45,903)	(89,699)	1,444,398
Principal payments on loans payable	(302,165)	-	-	(302,165)
Interest paid	(115,045)	-	-	(115,045)
Net cash flows for capital and related financing activities	(537,937)	(87,694)	(99,349)	(724,980)
Net Increase in Cash and Investments	732,989	-	443,721	1,176,710
Cash and Investments, beginning	1,944,731	-	754,740	2,699,471
Cash and Investments, ending	\$ 2,677,720	\$ -	\$ 1,198,461	\$ 3,876,181

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Proprietary Funds
Statement of Cash Flows, continued

<i>Year Ended December 31, 2021</i>	Major Enterprise Funds		Nonmajor	Total
	Water and	Airport	Enterprise	Proprietary
	Sewer		Funds	Funds
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities				
Operating income (loss)	\$(1,074,564)	\$(1,046,408)	\$ 548,049	\$ (1,572,923)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	2,570,465	1,083,580	126,691	3,780,736
Noncash expense - PERS relief	86	23	16	125
Other revenues	13,302	24,166	-	37,468
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable	(63,956)	5,111	(1,816)	(60,661)
Unbilled revenue	(34,098)	-	(944)	(35,042)
Prepaid expenses	-	-	700	700
Inventories	(8,802)	-	-	(8,802)
Net other postemployment benefits asset	(271,848)	(72,630)	(52,484)	(396,962)
Deferred outflows of resources related to pension:	16,327	4,428	3,307	24,062
Deferred outflows of resources related to other postemployment benefits	21,252	5,619	4,108	30,979
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	15,023	4,415	128	19,566
Accrued payroll and employee benefits	4,809	384	275	5,468
Vested unpaid vacation and sick leave	8,384	209	3,515	12,108
Unearned revenue	-	16,524	7,635	24,159
Customer deposits	31,000	-	-	31,000
Net pension liability	(70,635)	(19,930)	(74,615)	(165,180)
Net other postemployment benefits liability	(1,099)	(291)	(212)	(1,602)
Deferred inflows of resources related to pensions	176,549	47,108	34,091	257,748
Deferred inflows of resources related to other postemployment benefits	132,336	35,386	25,546	193,268
Net Cash Flows from Operating Activities	\$ 1,464,531	\$ 87,694	\$ 623,990	\$ 2,176,215
Noncash Capital and Related Financing Activities				
Purchase of capital assets on account	\$ 938,132	\$ 120,130	\$ -	\$ 1,058,262

See accompanying notes to basic financial statements.

City of Palmer, Alaska

Notes to Basic Financial Statements December 31, 2021

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Palmer (City) was incorporated April 30, 1951 as a home rule city under the laws of the State of Alaska. The City operates under a council-manager form of government and provides the following services: public safety (police, fire, and building department), public works (roads and general), community programs, golf course, ice rink, library, water and sewer utility, airport, refuse utility, land development and general government administration.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statement. Exceptions to this general rule are allocated administration fees and charges between the enterprise funds and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

City of Palmer, Alaska

Notes to Basic Financial Statements

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 City considers all revenues except reimbursement grants to be available if they are collected within 60 days after year end. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and net pension and other postemployment benefit liabilities are recorded only to the extent they have matured.

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

The City reports the following major funds:

Major governmental funds:

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

The *CARES Act Special Revenue Fund* accounts for the activity of the City related to expenditures of the federal funding received under The CARES Act program. The fund is presented as major to be consistent with prior year presentation.

Major proprietary funds:

The *Water and Sewer Enterprise Fund* is used to account for the operations of the water and sewer utility.

The *Airport Enterprise Fund* is used to account for the operations of the local airport facility.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. In addition, general revenues include all taxes, investment income, and State of Alaska entitlement revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Palmer, Alaska

Notes to Basic Financial Statements

Investments

Investments are stated at fair value.

Cash and Cash Equivalents

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

Inventory

Inventories of materials and supplies are recorded at cost on a first-in, first-out basis. The cost is recorded as an expenditure/expense at the time individual inventory items are consumed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Land Held for Sale

Land held for sale is valued at cost which approximates fair value.

Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure assets (roads, 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 City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. 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. In the case of the initial capitalization of infrastructure assets, the City chose to include all such items, regardless of their acquisition date.

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

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

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of the assets are as follows:

	Years
Buildings	40
Improvements other than buildings	15-50
Machinery and equipment	5-25

City of Palmer, Alaska

Notes to Basic Financial Statements

Long-term Debt

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

Compensated Absences

The City allows employees to accumulate earned but unused vacation and sick leave benefits. All annual leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if it has matured (e.g. the employee has terminated employment).

Unearned Grant Revenue

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

Deferred Inflows/Outflows of Resources

A deferred outflow represents the consumption of the government's net position or fund balance that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position or fund balance that is applicable to a future reporting period. For example, revenues that have been earned but are not yet available in the governmental funds are now reported as deferred inflows.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

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

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council—the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

City of Palmer, Alaska

Notes to Basic Financial Statements

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

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

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

Net Position

Net position represents the residual interest in the City's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of three components: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct or improve those capital assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Estimates

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

Encumbrances

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

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.

City of Palmer, Alaska

Notes to Basic Financial Statements

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 attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments in August and February. The Matanuska-Susitna Borough bills and collects the taxes for the City. Collections of the City taxes and remittance of them to the City are accounted for in the Matanuska-Susitna Borough's Tax Agency Fund. City property tax revenues are recognized when levied to the extent that they result in current revenues available to finance City operations.

Pensions and Other Postemployment Benefits (OPEB)

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

Comparative Data

Comparative data for the prior year have been presented in the accompanying supplementary information in order to provide an understanding of changes in the City's financial position and operations.

2. Stewardship, Compliance and Accountability

Budgetary Accounting

An operating budget is adopted each fiscal year for the General Fund and some Special Revenue Funds on the same modified accrual basis used to reflect actual revenues and expenditures. In addition, the City adopts budgets for its enterprise funds. Appropriations lapse at year-end to the extent that they have not been expended or encumbered. The financial statements and schedules with budgets presented in this report reflect the final budget authorization, including Council amendments made during the year.

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

- a. On or before October 15th of each year, the City Manager submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted by the City to obtain taxpayer comments.
- c. Not less than 10 days prior to December 31, the budget is legally enacted through passage of a resolution at a regular meeting.

City of Palmer, Alaska

Notes to Basic Financial Statements

- d. The City Manager is authorized to transfer budgeted amounts within a department; however, any revisions that alter the total expenditures of any fund or department within a fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.
- e. Formal budgetary integration is employed as a management control device during the year for all funds.
- f. All budgets are adopted on a modified accrual basis. The City does not budget for certain items such as depreciation.

3. Cash and Investments

The City of Palmer 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

Cash and investments were comprised of the following at December 31, 2021.

Cash and cash equivalents	\$ 10,429,248
Investments	2,475,566
Total Cash and Investments	\$ 12,904,814

Investment Policy

The City is authorized by ordinance to invest in the following:

- a. Government obligations;
- b. Commercial paper having original maturities of not more than 270 days;
- c. Bankers' acceptances accepted by a rated bank and eligible for rediscount with, or purchase by, Federal Reserve System banks;
- d. Certificates of deposit issued by rated banks;
- e. Interest bearing obligations of a corporation, or of any state of the United States of America or any political subdivision thereof;
- f. Shares of Securities and Exchange Commission registered money market mutual funds conforming to Rule 2a-7 of the Investment Company Act of 1940 that invest primarily in direct obligations of the United States and repurchase agreements backed by those obligations;
- g. Repurchase agreements with primary dealers or rated banks; and
- h. Alaska Municipal League Investment Pool.

Per the ordinance, all security transactions, including collateral for repurchase agreements, must be held in the City's name by a third-party custodian designated by the City Manager and evidenced by safekeeping receipts and statements. Certain investments must meet specific ratings by Standard and Poor, or Moody's, and bear interest at a rate of at least 25 basis points above the rate of interest on United States Treasury obligations of the same maturity at the time of purchase.

City of Palmer, Alaska

Notes to Basic Financial Statements

The City Manager is authorized to appoint custodian banks and external investment managers subject to approval by the City Council. The investment manager must provide a monthly report summarizing investment activity in the portfolio.

Investment maturities at December 31, 2021 are as follows:

<i>Investment Type</i>	Investment Maturities (in Years)		Total
	Less than 1	1-5	
Certificates of deposit	\$ 253,820	\$ 494,431	\$ 748,251
AMLIP pooled investments	1,727,315	-	1,727,315
Total Investments	\$ 1,981,135	\$ 494,431	\$ 2,475,566

Interest Rate Risk

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

The AMLIP is an external investment pool, which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. The Pool is incorporated in the State of Alaska as a nonprofit corporation and reports to a board of directors. Alaska Statute 37.23.050 requires the retention of an investment manager.

The manager is required to produce monthly disclosure statements on the Pool. The Pool also has retained an investment adviser who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the Pool is voluntary. The Pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the Pool are reviewed for fair value by an independent pricing service. As of December 31, 2021, the fair value of the investments in the Pool approximates amortized cost and is equal to the value of Pool shares. The City had no unfunded commitments to the Pool. The City can redeem its investment in AMLIP on a daily basis with no prior notification.

Certificates of deposit that are noncallable are not held at fair value, but instead recorded at amortized cost. Management believes that these approximate fair value.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City did not have any investments subject to credit risk at yearend.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy is that deposit-type securities shall be collateralized for any amount exceeding FDIC or any other federal deposit insurance limits.

City of Palmer, Alaska

Notes to Basic Financial Statements

Custodial Credit Risk - Investments

For an investment, this is a risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had no debt securities exposed to custodial credit risk at December 31, 2021 because investments were held by a custodian in the name of the City.

4. Deferred Inflows of Resources and Unearned Revenue

At December 31, 2021, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

Deferred inflows of resources:	
Delinquent property taxes receivable - General Fund	\$ 52,192
Special assessments not yet due and delinquent - General Fund	85,127
Total Deferred Inflows of Resources	\$ 137,319
Unearned Revenue - grant drawdowns	\$ 107,366

5. Capital Assets

The following summarizes the changes in capital assets for the year ended December 31, 2021:

Governmental Activities	Balance January 1, 2021	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2021
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 1,858,738	\$ -	\$ (3,000)	\$ 1,855,738
Construction in progress	1,123,132	206,892	(539,056)	790,968
Total assets not being depreciated	2,981,870	206,892	(542,056)	2,646,706
<i>Capital assets being depreciated:</i>				
Buildings	11,382,558	-	-	11,382,558
Improvements other than buildings	24,784,597	224,568	-	25,009,165
Machinery and equipment	11,030,080	834,448	(130,252)	11,734,276
Total assets being depreciated	47,197,235	1,059,016	(130,252)	48,125,999
Less accumulated depreciation for:				
Buildings	9,629,612	347,522	-	9,977,134
Improvements other than buildings	12,348,663	884,236	-	13,232,899
Machinery and equipment	7,881,948	630,581	(43,377)	8,469,152
Total accumulated depreciation	29,860,223	1,862,339	(43,377)	31,679,185
Total capital assets being depreciated, net	17,337,012	(803,323)	(86,875)	16,446,814
Governmental Activity Capital Assets, net	\$ 20,318,882	\$ (596,431)	\$ (625,931)	\$ 19,093,520

City of Palmer, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance January 1, 2021	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2021
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 3,002,073	\$ -	\$ -	\$ 3,002,073
Construction work in progress	189,563	3,493,870	(139,231)	3,544,202
Total assets not being depreciated	3,191,636	3,493,870	(139,231)	6,546,275
<i>Capital assets being depreciated:</i>				
Buildings	900,931	-	-	900,931
Improvements other than buildings	122,974,939	451,257	-	123,426,196
Machinery and equipment	4,563,541	35,498	-	4,599,039
Total assets being depreciated	128,439,411	486,755	-	128,926,166
<i>Less accumulated depreciation for:</i>				
Buildings	833,336	13,242	-	846,578
Improvements other than buildings	44,889,391	3,524,958	-	48,413,349
Machinery and equipment	2,839,724	242,536	-	3,082,260
Total accumulated depreciation	48,562,451	3,780,736	-	52,343,187
Total capital assets being depreciated, net	79,876,960	(3,293,981)	-	76,582,979
Business-type Activity Capital Assets, net	\$ 83,068,596	\$ 199,889	\$ (139,231)	\$ 83,129,254

Depreciation expense was charged to the functions as follows for the year ended December 31, 2021:

Governmental Activities	
General government	\$ 89,188
Public safety	643,862
Public works	714,643
Community services	414,646
Total Governmental Activities	\$ 1,862,339

Business-type Activities	
Water and sewer	\$ 2,570,465
Airport	1,083,580
Refuse	78,330
Golf course	48,361
Total Business-type Activities	\$ 3,780,736

Construction Commitments

The City has various active construction projects as of December 31, 2021. At year-end, the City's commitments with contractors totaled \$6,709,849.

City of Palmer, Alaska

Notes to Basic Financial Statements

6. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers as of and for the year ended December 31, 2021, follows:

Due to the General Fund from:

Nonmajor governmental fund for operating costs	\$ 26,181
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Advances from the General Fund to:

Water and Sewer Enterprise Fund for capital costs	\$ 2,580,000
Nonmajor enterprise funds for operating costs	408,757
Airport Enterprise Fund for operating costs	378,294

Total Advances to Other Funds	\$ 3,367,051
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Transfers between funds are typically for payment in lieu of tax, for operating subsidies, or for capital funding requirements.

Transfers

To General Fund from:

Water and Sewer Enterprise Fund for payment in lieu of tax	\$ 193,605
Nonmajor enterprise funds for payment in lieu of tax	80,920

From General Fund to:

Nonmajor governmental funds to cover operating and capital costs	523,433
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Total Transfers	\$ 797,958
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City of Palmer, Alaska

Notes to Basic Financial Statements

7. Long-term Debt

In October 2013, the City signed a Drinking Water Loan Agreement to fund the Southwest Utility Expansion, Phase II. The terms include 1.5 percent interest and 20-year repayment, in an amount not to exceed \$1,071,429.

In May 2015, the City signed a Drinking Water Loan Agreement to fund the on-going Steel Water Main Replacement project. The loan is a maximum amount of \$1,285,714 with \$964,286 eligible for principal forgiveness subsidy. The unsubsidized portion will bear interest at 1.5 percent with a repayment term of 20 years following project completion.

In October 2016, voters approved \$5 million in revenue bonds to be used to finance additional water and sewer improvement projects.

In October 2017, the City entered into a loan agreement with a bank to fund improvements to the City's wastewater treatment plant. The City then entered into a loan agreement with the Rural Utility Services (RUS), United States Department of Agriculture, in the amount of \$4,816,000. Proceeds from the RUS loan were used to retire the bank loan. The loan with RUS is payable in semiannual installments of \$85,870 including interest at 1.875 percent for 40 years beginning on December 21, 2018.

In October 2020, voters approved \$8 million in revenue bonds to be used to finance capital improvements to the wastewater treatment plant.

A summary of long-term debt transactions of the City for the year ended December 31, 2021, follows:

Governmental Activities	Balance January 1, 2021	Additions	Retired	Balance December 31, 2021	Due Within One Year
\$865,000 refunding Ice Rink general obligation bonds, due in annual installments of \$95,000 to \$110,250, plus interest ranging from 4.0% to 5.0% through 2024	\$ 390,000	\$ -	\$ 90,000	\$ 300,000	\$ 95,000
Unamortized premium on Ice Rink GO bonds	42,636	-	12,182	30,454	-
Vested unpaid vacation and sick leave	418,089	406,576	420,495	404,170	404,170
Capital lease payable	110,375	-	110,375	-	-
Total Governmental Activities	\$ 961,100	\$ 406,576	\$ 633,052	\$ 734,624	\$ 499,170

City of Palmer, Alaska

Notes to Basic Financial Statements

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

Business-type Activities	Balance January 1, 2021	Additions	Retired	Balance December 31, 2021	Due Within One Year
<i>Loans Payable:</i>					
\$411,000 State of Alaska Water Utility loan due in annual installments of \$24,202 including interest at 1.5% through 2025	\$ 116,281	\$ -	\$ 22,195	\$ 94,086	\$ 22,528
\$604,000 State of Alaska Water Utility loan due in annual installments of \$34,230 including interest at 1.5% through 2024	131,933	-	32,251	99,682	32,734
\$782,000 State of Alaska Water Utility loan due in annual installments of \$39,100 plus interest at 1.5% through 2027	273,700	-	39,100	234,600	39,100
\$1,518,000 State of Alaska Sewer Utility loan due in annual installments of \$88,417 including interest at 1.5% through 2027	583,393	-	79,666	503,727	80,861
\$1,071,429 State of Alaska Water Utility loan due in annual installments of \$55,679 Including interest at 1.5% through 2037	830,036	-	43,228	786,808	43,876
\$1,285,714 (\$964,286 forgiven) State of Alaska Water Utility loan currently in drawdown phase. Maximum repayment amount of \$321,428. Loan due in fixed increments for 20 years at project completion at 1.5% interest rate	305,948	-	-	305,948	-
\$4,816,000 Department of Agriculture Community Facilities Loans and Grant Program loan due in semi-annual installments of \$85,870 including interest at 1.875% through 2058	4,608,914	-	85,725	4,523,189	87,340
Vested unpaid vacation and sick leave	52,996	47,383	35,275	65,104	65,104
Total Business-type Activities	\$6,903,201	\$ 47,383	\$337,440	\$6,613,144	\$ 371,543

City of Palmer, Alaska

Notes to Basic Financial Statements

Annual debt service requirements to maturity for the bonds and loans follow:

Governmental Activities	General Obligation Bonds		
<i>Year Ending December 31,</i>	Principal	Interest	Total
2022	\$ 95,000	\$ 15,000	\$ 110,000
2023	100,000	10,250	110,250
2024	105,000	5,250	110,250
Total Governmental Activities General Obligation Bonds	\$ 300,000	\$ 30,500	\$ 330,500

Business-type Activities	Loans Payable		
<i>Year Ending December 31,</i>	Principal	Interest	Total
2022	\$ 306,439	\$ 110,183	\$ 416,622
2023	310,785	105,251	416,036
2024	314,975	100,473	415,448
2025	287,381	95,176	382,557
2026	265,595	90,512	356,107
2027-2031	867,326	397,877	1,265,203
2032-2036	808,450	328,641	1,137,091
2037-2041	654,585	259,794	914,379
2042-2046	658,411	200,289	858,700
2047-2051	722,836	135,864	858,700
2052-2056	793,542	65,158	858,700
2057-2058	251,767	4,721	256,488
	6,242,092	\$ 1,893,939	\$ 8,136,031
Loan not in repayment status	305,948		
Total Business-type Activities Loans Payable	\$ 6,548,040		

Debt Covenants

All significant bond covenants have been complied with as of December 31, 2021. All of the Water and Sewer Enterprise Fund operating revenues have been pledged for repayment of the Alaska Drinking Water and Alaska Clean Water Loans.

City of Palmer, Alaska

Notes to Basic Financial Statements

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:

	General Fund	Nonmajor Funds	Totals
Nonspendable:			
Prepaid insurance and inventory	\$ 390,576	\$ -	\$ 390,576
Advances to other funds	3,367,051	-	3,367,051
Total nonspendable	3,757,627	-	3,757,627
Restricted for public safety	-	5,455	5,455
Committed:			
Public safety	-	54,246	54,246
Parks	-	55,239	55,239
Capital projects and equipment	-	1,567,503	1,567,503
Total committed	-	1,676,988	1,676,988
Assigned for vested unpaid vacation and sick leave	404,170	-	404,170
Unassigned	7,779,497	-	7,779,497
Total Fund Balances	\$ 11,941,294	\$ 1,682,443	\$ 13,623,737

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City of Palmer, Alaska

Notes to Basic Financial Statements

9. Pension and Other Postemployment Benefit Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

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

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

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

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

Historical Context and Special Funding Situation

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

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

The City recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

City of Palmer, Alaska

Notes to Basic Financial Statements

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

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

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

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 are actuarially determined. The City's contribution rates for the 2021 calendar year were as follows:

<i>January 1, 2021 to June 30, 2021</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	14.57%	26.58%	8.85%
Postemployment healthcare (ARHCT)	7.43%	4.27%	-%
Total Contribution Rates	22.00%	30.85%	8.85%

<i>July 1, 2021 to December 31, 2021</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-%
Total Contribution Rates	22.00%	30.11%	8.11%

City of Palmer, Alaska

Notes to Basic Financial Statements

In 2021, the City was credited with the following contributions to the pension plan.

	Measurement Period	City Fiscal Year
	July 1, 2020 to June 30, 2021	January 1, 2021 to December 31, 2021
Employer contributions (including DBUL)	\$ 564,264	\$ 587,035
Nonemployer contributions (on-behalf)	384,468	376,338
Total Contributions	\$ 948,732	\$ 963,373

In addition, employee contributions to the Plan totaled \$90,288 during the City’s fiscal year.

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

At December 31, 2021, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the City were as follows:

	2021
City proportionate share of NPL	\$ 6,449,805
State’s proportionate share of NPL associated with the City	873,921
Total Net Pension Liability	\$ 7,323,726

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net pension liability as of that date. The City’s proportion of the net pension liability was based on a projection of the City’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, 2021 measurement date, the City’s proportion was 0.17183 percent, which was an increase of 0.02903 from its proportion measured as of June 30, 2020.

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City of Palmer, Alaska

Notes to Basic Financial Statements

For the year ended December 31, 2021, the City recognized pension expense of \$2,030,949 and on-behalf revenue of \$384,468 for support provided by the State. At December 31, 2021, the City 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	\$ -	\$ (28,574)
Net difference between projected and actual earnings on pension plan investments	-	(2,543,464)
Changes in proportion and differences between City contributions and proportionate share of contributions	253,364	-
City contributions subsequent to the measurement date	302,691	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 556,055	\$ (2,572,038)

The \$302,691 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, 2022. 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,

2022		\$ (366,277)
2023		(582,608)
2024		(630,221)
2025		(739,568)
2026		-
2025		-
Total Amortization		\$ (2,318,674)

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City of Palmer, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officers/firefighters, increases range from 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, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, 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. Pre-commencement mortality rates were based on 100% of the RP-2014 employee 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 healthy 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 officers/firefighters, 40% of the time for all others.

The actuarial assumptions used in the June 30, 2020 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, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 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.

City of Palmer, Alaska

Notes to Basic Financial Statements

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

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 City's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the City'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%)
City's proportionate share of the net pension liability	0.17583%	\$ 9,553,060	\$ 6,449,805	\$ 3,842,673

Pension Plan Fiduciary Net Position

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

City of Palmer, Alaska

Notes to Basic Financial Statements

(b) Defined Contribution (DC) Pension Plan

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

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended December 31, 2021 to cover a portion of the City's employer match contributions. For the year ended December 31, 2021, forfeitures reduced pension expense by \$33,348.

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, 2021, the City was required to contribute 5% of covered salary into the Plan.

The City and employee contributions to PERS for pensions for the year ended December 31, 2021 were \$162,087 and \$221,852, respectively. The City contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the City 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).

City of Palmer, Alaska

Notes to Basic Financial Statements

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

Employer Contribution Rate

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

Employer contribution rates for the year ended December 31, 2021 were as follows:

<i>January 1, 2021 to June 30, 2021</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	7.43%	7.43%
Retiree Medical Plan	1.27%	1.27%
Occupational Death and Disability Benefits	0.31%	0.70%
Total Contribution Rates	9.01%	9.40%

<i>July 1, 2021 to December 31, 2021</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability Benefits	0.31%	0.68%
Total Contribution Rates	7.84%	8.21%

In 2021, the City was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2020 to June 30, 2021	City Fiscal Year January 1, 2021 to December 31, 2021
Employer contributions - ARHCT	\$ 97,529	\$ 88,273
Employer contributions - RMP	39,349	37,830
Employer contributions - ODD	12,359	12,972
Total Contributions	\$ 149,237	\$ 139,075

City of Palmer, Alaska

Notes to Basic Financial Statements

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

At December 31, 2021, the City reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

City's proportionate share of NOA - ARHCT	\$ 4,529,560
City's proportionate share of NOA - RMP	56,910
City's proportionate share of NOA - ODD	102,113
Total City's Proportionate Share of NOA	\$ 4,688,583
<hr/>	
State's proportionate share of the ARHCT NOA associated with the City	592,705
Total Net OPEB Asset	\$ 5,281,288

The total OPEB liabilities (assets) for the June 30, 2021 measurement date were determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB liabilities (assets) as of that date. The City's proportion of the net OPEB liabilities (assets) were based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2020 Measurement Date Employer Proportion	June 30, 2021 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB liabilities (assets):			
ARHCT	0.14278%	0.19975%	0.05697 %
RMP	0.22114%	0.21202%	(0.00912)%
ODD	0.24545%	0.23169%	(0.01376)%

For the year ended December 31, 2021, the City recognized OPEB expense of \$(1,731,664). Of this amount, zero was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB Expense	On-behalf Revenue
ARHCT	\$ (1,744,640)	\$ -
RMP	56,373	-
ODD	11,557	-
Total	\$ (1,676,710)	\$ -

City of Palmer, Alaska

Notes to Basic Financial Statements

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 4,231	\$ -	\$ 4,231
Changes in assumptions	-	17,689	-	17,689
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,860	7,558	9,418
City contributions subsequent to the measurement date	39,950	17,867	6,699	64,516
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 39,950	\$ 41,647	\$ 14,257	\$ 95,854

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual Experience	\$ (47,568)	\$ (2,706)	\$ (27,890)	\$ (78,164)
Changes in assumptions	(171,173)	(33,822)	(776)	(205,771)
Difference between projected and actual investment earnings	(2,119,592)	(50,914)	(16,374)	(2,186,880)
Changes in proportion and differences between City contributions and proportionate share of contributions	(39,472)	(3,829)	(5,499)	(48,800)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (2,377,805)	\$ (91,271)	\$ (50,539)	\$ (2,519,615)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB plan will be recognized in OPEB expense as follows:

<i>Year Ending December 31,</i>	ARHCT	RMP	ODD	Total
2022	\$ (754,767)	\$ (14,208)	\$ (8,636)	\$ (777,611)
2023	(488,135)	(14,232)	(8,625)	(510,992)
2024	(524,155)	(14,746)	(8,797)	(547,698)
2025	(610,748)	(16,368)	(9,343)	(636,459)
2026	-	(2,422)	(4,313)	(6,735)
Thereafter	-	(5,515)	(3,267)	(8,782)
Total Amortization	\$ (2,377,805)	\$ (67,491)	\$ (42,981)	\$ (2,488,277)

City of Palmer, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB liability (asset) for each plan was determined by actuarial valuations as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
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, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%
Mortality (ARHCT, RMP and ODD Plans)	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement 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 pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
(ODD Plan)	Deaths are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for all others. Disability mortality in accordance with the RP-2014 Disabled Table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

City of Palmer, Alaska

Notes to Basic Financial Statements

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 and CY 21.
3. 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 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

Discount Rate

The discount rate used to measure the total OPEB asset and liability for each plan as of June 30, 2021 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 asset and liability for each plan.

City of Palmer, Alaska

Notes to Basic Financial Statements

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate of 7.38%, as well as what the City's proportionate share of the respective plan's net OPEB 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%)
City's proportionate share of the net OPEB asset:				
ARHCT	0.17657%	\$ (2,962,264)	\$ (4,529,560)	\$ (5,831,082)
RMP	0.21202%	\$ 37,144	\$ (56,910)	\$ (127,950)
ODD	0.23169%	\$ (97,778)	\$ (102,113)	\$ (105,565)

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

The following presents the City's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the City's proportionate share of the respective plan's net OPEB 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
City's proportionate share of the net OPEB asset:				
ARHCT	0.17657%	\$ (5,983,442)	\$ (4,529,560)	\$ (2,775,104)
RMP	0.21202%	\$ (138,118)	\$ (56,910)	\$ 53,741
ODD	0.23169%	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

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

City of Palmer, 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, 2021, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,168 per year for each full-time employee, and \$1.39 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2021, the City contributed \$104,111 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

10. Risk Management

The City faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for employee medical costs. The City is a member of the Alaska Public Entity Insurance Association (APEI), a governmental insurance pool. APEI provides the City coverage for automobiles, casualty, including general liability, earthquake/flood, property, public officials and employee liability, law enforcement professional liability, employee benefit liability; and workers' compensation. Another insurance company provides the City coverage for airport liability. The City has no coverage for potential losses from environmental damages. APEI is a public entity risk pool organized to share risks among its members. The APEI's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. Coverage limits and the deductibles on the policies are relatively consistent with prior years. APEI made no supplemental assessments during the year ended December 31, 2021.

11. Grants

The City participates in a number of federal government and State of Alaska grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, would become a liability of the applicable fund. The amount, if any, of expenditures/expenses which may be disallowed by the grantor cannot be determined at this time.

12. Contingencies

Litigation

The City is involved in various claims and litigation as part of the normal course of its activities. In the opinion of management, the disposition of these matters is not expected to have a material effect on the City's financial statements, with the exception of the matters noted below. To date, due to the current status and unknown final disposition of each of these claims, no liabilities have been recorded or reflected in these financial statements.

City of Palmer, Alaska

Notes to Basic Financial Statements

Airport

The City has a Corrective Action Plan ("CAP") with the Federal Aviation Administration ("FAA") concerning the Palmer Airport. A copy of the CAP is available at the City.

The City, in conjunction with its ongoing airport operations, advises that it is investigating and researching land use compatibility with airport activities, such as potential trespass and grant assurance compliance. The potential trespass on airport land involves a structure allegedly used by a former pro se litigant who sought damages from the City due to alleged airport noise. See *Ray Briggs v. City of Palmer, Alaska*, Case No. 3PA-07-001480 Civil.

Another matter the City is investigating for grant assurance compliance is the grant of an access easement by the City to property owners, recorded on December 12, 1979, Book 204, Page 789 (Palmer Recording District). The City advises it will report such airport activities to the FAA and work cooperatively with FAA to resolve issues it identifies as necessary for correction through the airport master planning process or otherwise discovered through ongoing City airport monitoring operations.

Water and Sewer

Federal Consent Decree 3:16-cv-00204 TMB/DOJ No. 90-5-1-1-09888

The City has been in ongoing communication with the Alaska Department of Environmental Conservation, the U.S. Environmental Protection Agency, and the U.S. Department of Justice regarding compliance with wastewater utility discharge permit requirements based on Clean Water Act standards and the City's Alaska Pollution Discharge Elimination System (AKPDES) and National Pollution Discharge Elimination System Permits. The City agreed to a Consent Decree to include a \$192,000 plus interest monetary penalty along with a schedule to upgrade the wastewater treatment plant to attain Clean Water Act compliance. The Consent Decree was filed on October 26, 2016. The Court approved the Consent Decree on December 22, 2016. On January 19, 2021, the parties filed with the U.S. District Court of Alaska a First Material Modification to Consent Decree. Pursuant to the Reporting Requirements, the City has continued to file its Quarterly Reports in accordance with US DOJ Issued City of Palmer Federal Consent Decree with its last report filed on October 23, 2020.

13. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued 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. The statements are as follows:

GASB Statement No. 87 - Leases - Effective for year-end December 31, 2022. 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. 91 - Conduit Debt Obligations - Effective for year-end December 31, 2022. 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.

City of Palmer, Alaska

Notes to Basic Financial Statements

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, 2022. 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).

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 (SBITs) for government end users (governments).

14. Subsequent Events

On January 1, 2022, was the start of a three-day wind event that occurred in the City of Palmer and throughout the Matanuska Susitna Borough. The Palmer Municipal Airport reported wind gusts of 90 miles per hour over a three-day period from January 1 through January 3, 2022. The State of Alaska, the Matanuska Borough, and the City of Palmer, each declared an emergency declaration due to this event. The City of Palmer experienced various power outages and property damages throughout the City due to the high winds. Initial estimates of City property damaged due to this wind event is \$1.3 million. The City is currently working with their insurance company and FEMA to recoup property damage losses and conduct repairs.

The City has evaluated events and transactions for potential recognition or disclosure through August 31, 2022, the date on which the financial statements were available to be issued.

Required Supplementary Information

City of Palmer, Alaska

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

<i>Year Ended December 31, 2021</i>	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 9,174,000	\$ 10,651,000	\$ 10,830,173	\$ 179,173
Licenses and permits	197,300	203,135	200,750	(2,385)
Fines and forfeitures	95,000	62,574	62,574	-
Intergovernmental	505,545	704,737	699,052	(5,685)
Special assessments	-	10,223	7,466	(2,757)
Charges for services	1,515,767	1,658,533	1,630,544	(27,989)
Miscellaneous	155,545	56,929	46,186	(10,743)
Total Revenues	11,643,157	13,347,131	13,476,745	129,614
Expenditures				
General government	3,712,616	3,347,800	3,097,531	250,269
Public safety	4,804,235	4,804,961	3,755,049	1,049,912
Public works	2,180,080	2,027,374	1,820,647	206,727
Community services	1,333,226	1,608,347	1,292,978	315,369
Debt service	-	108,600	108,600	-
Total Expenditures	12,030,157	11,897,082	10,074,805	1,822,277
Excess of Revenues Over (Under) Expenditures	(387,000)	1,450,049	3,401,940	1,951,891
Other Financing Sources (Uses)				
Transfers in	-	276,645	274,525	(2,120)
Transfers out	-	(523,433)	(523,433)	-
Total Other Financing Uses	-	(246,788)	(248,908)	(2,120)
Net Change in Fund Balance	<u>\$ (387,000)</u>	<u>\$ 1,203,261</u>	3,153,032	<u>\$ 1,949,771</u>
Fund Balance, beginning			<u>8,788,262</u>	
Fund Balance, ending			<u>\$ 11,941,294</u>	

See accompanying notes to Required Supplementary Information.

City of Palmer, Alaska
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - CARES Act Special Revenue Fund

<i>Year Ended December 31, 2021</i>	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 1,166,268	\$ 1,166,268	\$ -
Miscellaneous - investment income	-	438	438
Total Revenues	1,166,268	1,166,706	438
Expenditures			
General government	25,553	93,550	(67,997)
Public safety	622,314	1,013,086	(390,772)
Public works	462,935	1,892	461,043
Community services	55,466	58,543	(3,077)
Total Expenditures	1,166,268	1,167,071	(803)
Net Change in Fund Balance	\$ -	(365)	\$ (365)
Fund Balance, beginning		365	
Fund Balance, ending		\$ -	

See accompanying notes to Required Supplementary Information.

City of Palmer, Alaska
Public Employees' Retirement System - Pension Plan
Schedule of the City's Proportionate Share of the Net Pension Liability

<i>Years Ended December 31,</i>	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.17582%	0.14280%	0.12553%	0.14197%	0.13696%	0.16745%	0.15223%
City's Proportionate Share of the Net Pension Liability	\$ 6,449,805	\$ 8,426,777	\$ 6,871,906	\$ 7,054,657	\$ 7,079,994	\$ 9,359,539	\$ 7,383,004
State of Alaska Proportionate Share of the Net Pension Liability	\$ 873,921	\$ 3,489,508	\$ 2,732,694	\$ 2,042,764	\$ 2,638,507	\$ 1,181,359	\$ 1,977,456
Total Net Pension Liability	\$ 7,323,726	\$ 11,916,285	\$ 9,604,600	\$ 9,097,421	\$ 9,718,501	\$ 10,540,898	\$ 9,360,460
City's Covered Payroll	\$ 4,411,008	\$ 4,394,858	\$ 4,362,521	\$ 4,337,274	\$ 4,418,351	\$ 4,413,785	\$ 4,476,197
City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	146.22%	191.74%	157.52%	162.65%	160.24%	212.05%	164.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

Schedule of City Contributions

<i>Years Ended December 31,</i>	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 587,035	\$ 508,085	\$ 508,283	\$ 510,983	\$ 521,201	\$ 467,070	\$ 446,116
Contributions Relative to the Contractually Required Contribution	\$ 587,035	\$ 508,085	\$ 508,283	\$ 510,983	\$ 521,201	\$ 467,070	\$ 446,116
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 4,510,494	\$ 4,320,853	\$ 4,468,862	\$ 4,256,180	\$ 4,418,368	\$ 4,418,334	\$ 4,406,408
Contributions as a Percentage of Covered Payroll	13.01%	11.76%	11.37%	12.01%	11.80%	10.57%	10.12%

See accompanying notes to Required Supplementary Information.

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

Years Ended December 31,	ARHCT				RMP				ODD			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.17657%	0.14278%	0.12550%	0.14190%	0.21202%	0.22114%	0.23802%	0.22752%	0.23169%	0.24545%	0.27434%	0.22752%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (4,529,560)	\$ (646,570)	\$ 186,265	\$ 1,456,787	\$ (56,910)	\$ 15,685	\$ 56,944	\$ 28,951	\$ (102,113)	\$ (66,911)	\$ (66,515)	\$ (44,188)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	\$ (592,705)	\$ (268,248)	\$ 74,117	\$ 423,018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net OPEB Liability (Asset)	\$ (5,122,265)	\$ (914,818)	\$ 260,382	\$ 1,879,805	\$ (56,910)	\$ 15,685	\$ 56,944	\$ 28,951	\$ (102,113)	\$ (66,911)	\$ (66,515)	\$ (44,188)
City's Covered Payroll	\$ 1,312,604	\$ 1,399,025	\$ 1,535,877	\$ 1,662,402	\$ 3,098,404	\$ 2,955,833	\$ 2,826,644	\$ 2,674,808	\$ 3,098,404	\$ 2,955,833	\$ 2,826,644	\$ 2,674,808
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-345.08%	-46.22%	12.13%	87.63%	-1.84%	0.53%	2.01%	1.08%	-3.30%	-2.26%	-2.35%	-1.65%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	135.54%	106.15%	98.13%	88.12%	115.10%	95.23%	83.17%	88.71%	374.22%	283.80%	297.43%	270.62%

Schedule of City Contributions

Years Ended December 31,	ARHCT				RMP				ODD			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
Contractually Required Contributions	\$ 88,273	\$ 140,340	\$ 193,006	\$ 166,459	\$ 37,830	\$ 39,235	\$ 33,444	\$ 26,371	\$ 12,972	\$ 11,399	\$ 10,996	\$ 8,272
Contributions Relative to the Contractually Required Contribution	88,273	140,340	193,006	166,459	37,830	39,235	33,444	26,371	12,972	11,399	10,996	8,272
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 1,268,761	\$ 1,290,703	\$ 1,507,347	\$ 1,564,407	\$ 3,241,733	\$ 3,030,150	\$ 2,961,515	\$ 2,691,773	\$ 3,241,733	\$ 3,030,150	\$ 2,961,515	\$ 2,691,773
Contributions as a Percentage of Covered Payroll	6.96%	10.87%	12.80%	10.64%	1.17%	1.29%	1.13%	0.98%	0.40%	0.38%	0.37%	0.31%

See accompanying notes to Required Supplementary Information.

City of Palmer, Alaska

Notes to Required Supplementary Information December 31, 2021

1. Budgetary Comparison Schedules

An operating budget is adopted each fiscal year for the major governmental funds on a modified accrual basis used to reflect actual revenues and expenditures. Appropriations lapse at year-end to the extent that they have not been expended or encumbered.

The City follows these procedures in establishing the budgetary data reflected in the required budgetary comparison schedules:

- a. On or before October 15th of each year, the City Manager submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted by the City to obtain taxpayer comments.
- c. Not less than 10 days prior to December 31, the budget is legally enacted through passage of a resolution at a regular meeting.
- d. The City Manager is authorized to transfer budgeted amounts within a department; however, any revisions that alter the total expenditures of any fund or department within a fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.

The City publishes its annual budget document and it is available on the City's website at: www.palmerak.org

2. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For December 31, 2021, the Plan measurement date is June 30, 2021.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 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, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 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 City will present only those years for which information is available.

City of Palmer, Alaska

Notes to Required Supplementary Information, continued December 31, 2021

Schedule of City Contributions

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

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

3. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For December 31, 2021, the Plan measurement date is June 30, 2021.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 to CY 21.
3. 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 largest 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 City will present only those years for which information is available.

Schedule of City Contributions

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

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

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Supplementary Information

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Nonmajor Governmental Funds

City of Palmer, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds				Capital Project Funds			Total Nonmajor Govern- mental Funds
	Narcotics Grant	Police Grants	Neighborhood Parks Development	Asset Forfeiture	Capital Projects	Equipment	Road Improve- ments	
<i>December 31, 2021</i>								
Assets								
Cash and investments	\$ 49,181	\$ -	\$ 55,239	\$ 5,455	\$ 397,865	\$ 485,734	\$ 721,207	\$1,714,681
Grants receivable	269	30,977	-	-	-	-	-	31,246
Total Assets	\$ 49,450	\$ 30,977	\$ 55,239	\$ 5,455	\$ 397,865	\$ 485,734	\$ 721,207	\$1,745,927
Liabilities and Fund Balances								
Liabilities								
Due to other funds	\$ -	\$ 26,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,181
Unearned revenue	-	-	-	-	37,303	-	-	37,303
Total Liabilities	-	26,181	-	-	37,303	-	-	63,484
Fund Balances								
Restricted for public safety	-	-	-	5,455	-	-	-	5,455
Committed:								
Capital projects and equipment	-	-	-	-	360,562	485,734	721,207	1,567,503
Public safety	49,450	4,796	-	-	-	-	-	54,246
Parks	-	-	55,239	-	-	-	-	55,239
Total Fund Balances	49,450	4,796	55,239	5,455	360,562	485,734	721,207	1,682,443
Total Liabilities and Fund Balances	\$ 49,450	\$ 30,977	\$ 55,239	\$ 5,455	\$ 397,865	\$ 485,734	\$ 721,207	\$1,745,927

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

	Special Revenue Funds				Capital Project Funds			Total Nonmajor Govern- mental Funds
	Narcotics Grant	Police Grants	Neighborhood Parks Development	Asset Forfeiture	Capital Projects	Equipment	Road Improve- ments	
<i>Year Ended December 31, 2021</i>								
Revenues								
Federal government	\$ 13,998	\$ 19,400	\$ -	\$ -	\$ -	\$ 69,417	\$ -	\$ 102,815
State of Alaska	-	-	-	624	1,992	-	-	2,616
Miscellaneous	75,000	107,908	3,000	-	-	-	-	185,908
Total Revenues	88,998	127,308	3,000	624	1,992	69,417	-	291,339
Expenditures								
Public safety	120,271	127,308	-	-	-	-	-	247,579
Capital outlay	-	-	-	-	17,930	586,410	8,462	612,802
Total Expenditures	120,271	127,308	-	-	17,930	586,410	8,462	860,381
Excess of Revenues Over (Under) Expenditures	(31,273)	-	3,000	624	(15,938)	(516,993)	(8,462)	(569,042)
Other Financing Sources								
Transfers in	71,000	-	-	-	-	452,433	-	523,433
Net Change in Fund Balances	39,727	-	3,000	624	(15,938)	(64,560)	(8,462)	(45,609)
Fund Balances, beginning	9,723	4,796	52,239	4,831	376,500	550,294	729,669	1,728,052
Fund Balances, ending	\$ 49,450	\$ 4,796	\$ 55,239	\$ 5,455	\$ 360,562	\$ 485,734	\$ 721,207	\$ 1,682,443

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Nonmajor Enterprise Funds

City of Palmer, Alaska
Nonmajor Enterprise Funds
Combining Statement of Net Position

<i>December 31, 2021</i>	Refuse	Golf Course	Land Development	Total Nonmajor Enterprise Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 758,141	\$ -	\$ 440,320	\$ 1,198,461
Accounts receivable	121,606	-	-	121,606
Unbilled revenue	64,963	-	-	64,963
Total Current Assets	944,710	-	440,320	1,385,030
Land Held for Sale	-	-	217,414	217,414
Property, Plant and Equipment				
Land and land improvements	-	1,544,620	-	1,544,620
Buildings	52,667	278,439	-	331,106
Machinery and equipment	1,101,263	493,424	-	1,594,687
Improvements other than buildings	-	667,234	-	667,234
Total property, plant and equipment	1,153,930	2,983,717	-	4,137,647
Less accumulated depreciation	(766,537)	(1,181,072)	-	(1,947,609)
Net Property, Plant and Equipment	387,393	1,802,645	-	2,190,038
Other Asset - Net Other Postemployment Benefits Asset	62,145	-	-	62,145
Total Assets	1,394,248	1,802,645	657,734	3,854,627
Deferred Outflows of Resources				
Related to pensions	7,213	-	-	7,213
Related to other postemployment benefits	1,271	-	-	1,271
Total Deferred Outflows of Resources	8,484	-	-	8,484
Total Assets and Deferred Outflows of Resources	\$ 1,402,732	\$ 1,802,645	\$ 657,734	\$ 3,863,111
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	\$ 33,367	\$ 4,744	\$ -	\$ 38,111
Accrued payroll and employee benefits	1,111	-	-	1,111
Vested unpaid vacation and sick leave	15,550	-	-	15,550
Unearned revenue	-	44,843	-	44,843
Total Current Liabilities	50,028	49,587	-	99,615
Long-term Liabilities				
Net pension liability	109,696	-	-	109,696
Advance from other fund	-	378,294	-	378,294
Total Long-term Liabilities	109,696	378,294	-	487,990
Total Liabilities	159,724	427,881	-	587,605
Deferred Inflows of Resources				
Related to pensions	34,091	-	-	34,091
Related to other postemployment benefits	33,396	-	-	33,396
Total Deferred Inflows of Resources	67,487	-	-	67,487
Net Position				
Investment in capital assets	387,393	1,802,645	-	2,190,038
Unrestricted (deficit)	788,128	(427,881)	657,734	1,017,981
Total Net Position	1,175,521	1,374,764	657,734	3,208,019
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,402,732	\$ 1,802,645	\$ 657,734	\$ 3,863,111

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

<i>Year Ended December 31, 2021</i>	Refuse	Golf Course	Land Development	Total Nonmajor Enterprise Funds
Operating Revenues	\$ 816,720	\$ 677,937	\$ 439,951	\$ 1,934,608
Operating Expenses				
Salaries and employee benefits	67,809	-	-	67,809
Administrative services	139,475	416,970	-	556,445
Other operating expenses	492,399	143,215	-	635,614
Depreciation	78,330	48,361	-	126,691
Total Operating Expenses	778,013	608,546	-	1,386,559
Operating Income	38,707	69,391	439,951	548,049
Nonoperating Revenues				
State PERS relief	16	-	-	16
Income Before Transfers	38,723	69,391	439,951	548,065
Transfers out	(45,070)	(35,850)	-	(80,920)
Change in Net Position	(6,347)	33,541	439,951	467,145
Net Position, beginning	1,181,868	1,341,223	217,783	2,740,874
Net Position, ending	\$ 1,175,521	\$ 1,374,764	\$ 657,734	\$ 3,208,019

City of Palmer, Alaska
Nonmajor Enterprise Funds
Combining Statement of Cash Flows

<i>Year Ended December 31, 2021</i>	Refuse	Golf Course	Land Development	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities				
Cash receipts from customers and users	\$ 813,960	\$ 685,572	\$ 439,951	\$1,939,483
Payments to suppliers	(491,733)	(560,023)	-	(1,051,756)
Payments to employees	(124,262)	-	-	(124,262)
Payments for interfund services used	(139,475)	-	-	(139,475)
Net cash flows from operating activities	58,490	125,549	439,951	623,990
Cash Flows for Noncapital Financing Activities				
Transfers out	(45,070)	(35,850)	-	(80,920)
Cash Flows for Capital and Related Financing Activities				
Decrease in advances from other funds	-	(89,699)	-	(89,699)
Purchase of property, plant and equipment	(9,650)	-	-	(9,650)
Net cash flows for capital and related financing activities	(9,650)	(89,699)	-	(99,349)
Net Increase in Cash and Investments	3,770	-	439,951	443,721
Cash and Investments, beginning	754,371	-	369	754,740
Cash and Investments, ending	\$ 758,141	\$ -	\$ 440,320	\$1,198,461
Reconciliation of Operating Income to Net Cash Flows from Operating Activities				
Operating income	\$ 38,707	\$ 69,391	\$ 439,951	\$ 548,049
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	78,330	48,361	-	126,691
Noncash expense - PERS relief	16	-	-	16
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable	(1,816)	-	-	(1,816)
Unbilled revenue	(944)	-	-	(944)
Prepaid expenses	-	700	-	700
Net other postemployment benefits asset	(52,484)	-	-	(52,484)
Deferred outflows of resources related to pensions	3,307	-	-	3,307
Deferred outflows of resources related to other postemployment benefits	4,108	-	-	4,108
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	666	(538)	-	128
Unearned revenue	-	7,635	-	7,635
Accrued payroll and employee benefits	275	-	-	275
Vested unpaid vacation and sick leave	3,515	-	-	3,515
Net pension liability	(74,615)	-	-	(74,615)
Net other postemployment benefits liability	(212)	-	-	(212)
Deferred inflows of resources related to pensions	34,091	-	-	34,091
Deferred inflows of resources related to other postemployment benefits	25,546	-	-	25,546
Net Cash Flows from Operating Activities	\$ 58,490	\$ 125,549	\$ 439,951	\$ 623,990

General Fund

The General Fund is established to account for the financial operations of the City of Palmer which are not accounted for in any other fund.

Revenues for this fund are recorded by source. Principal sources of revenues are property taxes, sales taxes, intergovernmental revenue and charges for services.

Expenditures are recorded first by function, then by activity and object of expenditure. General Fund expenditures are made primarily for the operations of basic municipal services such as police and fire protection, public works, library, legal and administrative services.

City of Palmer, Alaska

General Fund
Balance Sheet

<i>December 31,</i>	2021	2020
Assets		
Cash and investments	\$ 7,313,952	\$ 5,165,840
Receivables, net of allowance for uncollectibles:		
Sales taxes	1,109,575	916,035
Property taxes	90,603	155,024
Accounts	176,547	35,509
Assessments:		
Current	3,735	4,360
Delinquent	34,891	34,498
Deferred	46,501	52,343
Prepaid insurance	370,551	310,513
Inventory	20,025	14,695
Due from other funds	26,181	789,043
Advances to other funds	3,367,051	1,922,653
Total Assets	\$ 12,559,612	\$ 9,400,513
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities		
Accounts payable	\$ 263,712	\$ 302,912
Accrued payroll and employee benefits	124,220	106,352
Deposits	23,004	8,236
Unearned revenue	70,063	51,358
Total Liabilities	480,999	468,858
Deferred Inflows of Resources		
Deferred property taxes	52,192	52,192
Deferred assessments	85,127	91,201
Total Deferred Inflows of Resources	137,319	143,393
Total Liabilities and Deferred Inflows of Resources	618,318	612,251
Fund Balance		
Nonspendable:		
Prepaid insurance and inventory	390,576	325,208
Advances to other funds	3,367,051	1,922,653
Assigned for vested unpaid vacation and sick leave	404,170	418,089
Unassigned	7,779,497	6,122,312
Total Fund Balance	11,941,294	8,788,262
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 12,559,612	\$ 9,400,513

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

<i>Years Ended December 31,</i>	2021		2020	
	Budget	Actual	Variance with Budget	Actual
Revenues				
Taxes:				
Sales taxes	\$ 9,301,000	\$ 9,456,566	\$ 155,566	\$ 7,602,129
Real and personal property taxes	1,350,000	1,373,607	23,607	1,355,828
Total taxes	10,651,000	10,830,173	179,173	8,957,957
Licenses and permits:				
Business licenses	57,000	53,900	(3,100)	60,910
Permits	146,135	146,850	715	96,129
Total licenses and permits	203,135	200,750	(2,385)	157,039
Fines and forfeitures	62,574	62,574	-	74,542
Intergovernmental:				
Community assistance	100,797	100,797	-	77,979
Liquor licenses	17,000	13,500	(3,500)	17,200
Electric and telephone co-op tax	114,853	114,853	-	130,362
State PERS relief	338,626	338,626	-	313,397
Library grants	8,735	8,735	-	7,000
Public safety grants	726	726	-	-
Motor vehicle tax	124,000	121,815	(2,185)	123,785
Total intergovernmental	704,737	699,052	(5,685)	669,723
Special assessments	10,223	7,466	(2,757)	11,693
Charges for services:				
Administrative service charges - other funds	643,665	643,665	-	644,172
Grant administration fees	5,000	-	(5,000)	4,390
Fire protection	453,291	435,792	(17,499)	332,652
Community center fees	40,000	37,510	(2,490)	23,700
Library fees	9,800	8,288	(1,512)	7,629

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

Years Ended December 31,	2021			2020	
	Budget	Actual	Variance with Budget		
				Actual	
Revenues, continued:					
Charges for services, continued:					
Dispatch	\$ 90,000	\$ 90,000	\$ -	\$ 90,000	
Ice rink revenues	294,432	294,394	(38)	187,631	
Building rental	69,345	69,345	-	68,823	
Planning and zoning	3,000	1,550	(1,450)	2,419	
Public safety	50,000	50,000	-	50,000	
Total charges for services	1,658,533	1,630,544	(27,989)	1,411,416	
Miscellaneous:					
Investment income (loss)	10,000	(744)	(10,744)	51,190	
Property and equipment sales	1,114	1,113	(1)	2,097	
Other	45,815	45,817	2	52,352	
Total miscellaneous	56,929	46,186	(10,743)	105,639	
Total Revenues	13,347,131	13,476,745	129,614	11,388,009	
Expenditures					
General government:					
Mayor/Council/Clerk:					
Salaries and benefits	279,693	244,932	34,761	265,770	
Audit	43,500	43,226	274	36,343	
Advertising	8,585	8,582	3	4,090	
Dues and subscriptions	8,850	8,251	599	7,356	
Travel	4,500	3,965	535	4,492	
Education and training	3,000	2,760	240	3,969	
Legal fees	45,635	45,634	1	34,056	
Services	19,850	19,638	212	311	
Telephone	8,600	8,405	195	8,961	
Insurance	9,550	9,166	384	8,059	
Operating supplies	2,000	1,010	990	1,442	
Services - Sister City program	3,500	310	3,190	345	
Council donations	11,830	9,935	1,895	13,700	

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

<i>Years Ended December 31,</i>	2021			2020
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued:				
General government, continued:				
Mayor/Council/Clerk, continued:				
Website and broadcasting	\$ 3,250	\$ 3,250	\$ -	\$ 3,000
Computer services	5,000	4,903	97	4,791
Election	15,000	14,917	83	15,915
Office equipment	4,000	3,030	970	3,007
Codification consulting services	14,550	14,143	407	10,253
Repairs and maintenance	1,000	144	856	225
Office supplies	2,800	1,940	860	2,234
Total Mayor/Council/Clerk	494,693	448,141	46,552	428,319
Administration:				
Salaries and employee benefits	1,116,517	1,107,381	9,136	1,054,190
Advertising	500	95	405	126
Dues and subscriptions	101,550	101,528	22	48,212
Travel	800	-	800	-
Education and training	1,500	857	643	223
Legal fees	10,285	10,152	133	5,980
Services	30,000	22,411	7,589	4,640
Telephone	6,000	3,446	2,554	3,720
Insurance	19,480	18,825	655	12,858
Operating supplies	8,500	5,068	3,432	6,216
Repairs and maintenance	1,500	796	704	-
Office equipment	10,982	2,323	8,659	2,791
Computer services	91,000	59,438	31,562	72,007
Miscellaneous	-	-	-	324
Total administration	1,398,614	1,332,320	66,294	1,211,287
Buildings:				
Services	6,660	6,649	11	5,347
Power	16,955	16,276	679	16,400
Heat	2,800	2,798	2	3,002
Water and sewer	2,000	1,674	326	1,600

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

<i>Years Ended December 31,</i>	2021			2020	
	Budget	Actual	Variance with Budget		
				Budget	Actual
Expenditures, continued:					
General government, continued:					
Buildings, continued:					
Insurance	\$ 6,055	\$ 6,003	\$ 52	\$ 5,053	
Telephone	17,950	17,046	904		16,826
Operating supplies	1,800	1,013	787		318
Office supplies	7,800	6,491	1,309		7,793
Repairs and maintenance	8,750	8,747	3		5,173
Miscellaneous	7,800	7,299	501		6,015
Total buildings	78,570	73,996	4,574		67,527
City manager:					
Salaries and employee benefits	443,009	412,988	30,021		378,836
Advertising	14,479	12,677	1,802		20,777
Dues and subscriptions	3,000	2,999	1		610
Travel	2,000	1,801	199		95
Education and training	2,950	2,923	27		3,714
Legal fees	33,275	33,272	3		9,398
Services	4,950	2,171	2,779		2,910
Telephone	3,150	3,144	6		3,943
Insurance	13,190	12,365	825		10,584
Operating supplies	220	219	1		-
Small tools and equipment	2,108	2,106	2		1,948
Discretionary	2,000	1,147	853		-
Fuel	1,455	1,453	2		1,061
Repairs and maintenance	140,828	121,901	18,927		134,351
Office supplies	4,335	4,332	3		2,325
Board stipends	6,700	1,200	5,500		1,500
Miscellaneous	3,300	1,450	1,850		2,022
Total city manager	680,949	618,148	62,801		574,074
Community development:					
Salaries and employee benefits	557,323	522,532	34,791		476,142
Advertising	2,520	2,513	7		1,585
Dues and subscriptions	2,200	1,096	1,104		2,026

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

<i>Years Ended December 31,</i>	2021			2020
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued:				
General government, continued:				
Community development, continued:				
Education and training	\$ 4,000	\$ 1,416	\$ 2,584	\$ 855
Legal fees	7,500	4,523	2,977	33,635
Services	9,975	9,819	156	3,654
Telephone	3,560	3,552	8	3,076
Power	7,000	6,867	133	6,714
Heat	2,900	2,895	5	3,742
Water and sewer	1,660	1,655	5	1,564
Insurance	14,960	14,245	715	12,516
Operating supplies	1,060	664	396	1,266
Equipment	6,000	2,053	3,947	2,261
Fuel	1,670	1,661	9	1,485
Repairs and maintenance	1,193	907	286	1,255
Annexation and community planning	56,500	35,716	20,784	106,064
Rental and lease	3,000	2,507	493	1,692
Office supplies	3,928	3,879	49	2,973
Board stipends	3,800	2,250	1,550	1,450
Miscellaneous	4,225	4,176	49	4,559
Total community development	694,974	624,926	70,048	668,514
Total general government	3,347,800	3,097,531	250,269	2,949,721
Public safety:				
Police department:				
Salaries and employee benefits	3,195,252	2,373,930	821,322	1,107,023
Advertising	500	-	500	240
Dues and subscriptions	1,296	1,295	1	329
Travel	26,573	26,572	1	8,185
Education and training	18,529	17,645	884	18,579
Legal fees	8,306	6,218	2,088	5,474
Services	141,071	141,805	(734)	141,329
Telephone	26,221	22,509	3,712	19,922
Power	37,545	37,492	53	32,752

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

<i>Years Ended December 31,</i>	2021			2020	
	Budget	Actual	Variance with Budget		
				Budget	Actual
Expenditures, continued:					
Public safety, continued:					
Police department, continued:					
Heat	\$ 19,220	\$ 19,061	\$ 159	\$	19,576
Water and sewer	14,000	13,781	219		12,144
Fuel	35,000	31,881	3,119		21,173
Insurance	84,125	79,675	4,450		65,489
Vehicle insurance	28,000	26,867	1,133		26,553
Office supplies	9,375	6,646	2,729		7,638
Uniform purchases and allowances	16,928	15,847	1,081		26,903
Operating supplies	20,740	17,919	2,821		16,016
Repairs and maintenance	33,002	22,423	10,579		22,360
Community planning	3,028	3,027	1		577
Janitorial supplies	5,000	3,613	1,387		3,465
Equipment	62,759	62,751	8		82,291
Rowland Memorial Fund	2,000	2,000	-		2,000
Miscellaneous	3,605	3,604	1		3,819
Total police department	3,792,075	2,936,561	855,514		1,643,837
Fire department:					
Salaries and employee benefits	382,360	352,278	30,082		169,663
Volunteer firemen salaries and benefits	306,000	185,473	120,527		155,591
Dues and subscriptions	6,149	6,149	-		976
Education and training	20,576	20,170	406		7,485
Services	27,832	20,008	7,824		29,380
Telephone	10,528	10,528	-		9,276
Power	11,275	11,274	1		11,882
Heat	7,441	7,440	1		7,168
Water and sewer	3,731	3,099	632		3,080
Fuel	28,244	28,244	-		17,050
Legal	2,224	2,224	-		108
Rental and lease	22,700	22,700	-		19,295
Insurance	18,191	17,396	795		14,411
Vehicle insurance	19,000	17,650	1,350		17,600
Office supplies	2,419	2,228	191		3,516

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

<i>Years Ended December 31,</i>	2021			2020	
	Budget	Actual	Variance with Budget	Actual	
Expenditures, continued:					
Public safety, continued:					
Fire department, continued:					
Vehicle supplies	\$ 25,000	\$ 15,124	\$ 9,876	\$	22,938
Uniform purchases and allowances	18,234	18,233	1		7,945
Operating supplies	4,781	4,781	-		3,640
Repairs and maintenance	36,780	25,343	11,437		45,531
Small tools	14,726	7,374	7,352		9,781
Janitorial supplies	1,500	397	1,103		712
Equipment	43,186	40,367	2,819		57,011
Miscellaneous	9	8	1		-
Total fire department	1,012,886	818,488	194,398		614,039
Total public safety	4,804,961	3,755,049	1,049,912		2,257,876
Public works:					
Administration:					
Salaries and employee benefits	640,582	606,066	34,516		627,902
Advertising	500	292	208		-
Travel	1,000	-	1,000		53
Education and training	1,000	-	1,000		99
Legal fees	3,700	3,696	4		2,601
Services	60,950	60,851	99		60,149
Telephone	7,200	7,079	121		7,050
Power	16,535	16,535	-		15,930
Heat	17,500	16,610	890		19,127
Water and sewer	11,750	11,743	7		11,757
Insurance	42,288	40,660	1,628		32,610
Vehicle insurance	20,070	19,663	407		17,368
Repairs and maintenance	15,215	15,211	4		11,636
Small tools	1,150	1,148	2		873
Janitorial supplies	560	484	76		620
Equipment	4,600	3,701	899		23,949
Office supplies	3,740	3,371	369		3,251
Christmas lighting	10,000	9,434	566		9,130
Computer expense	4,835	4,831	4		5,563
Operating supplies	350	347	3		418
Total administration	863,525	821,722	41,803		850,086

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

<i>Years Ended December 31,</i>	2021			2020	
	Budget	Actual	Variance with Budget		
				Budget	Actual
Expenditures, continued:					
Public works, continued:					
Roads:					
Salaries and employee benefits	\$ 435,309	\$ 400,465	\$ 34,844	\$ 394,128	
Services	54,000	49,169	4,831	70,420	
Operating supplies	14,425	14,423	2	3,565	
Repairs and maintenance	43,375	42,573	802	30,471	
Rental and lease	8,619	8,617	2	7,541	
Dust control and chemicals	10,000	8,550	1,450	6,970	
Road salt and sand	106,240	76,398	29,842	79,295	
Crack sealing	30,000	29,115	885	8,955	
Safety equipment	1,500	1,167	333	884	
Total roads	703,468	630,477	72,991	602,229	
Engineering	5,000	-	5,000	909	
Street lighting:					
Power	110,000	100,101	9,899	102,370	
Operating supplies	4,000	3,781	219	1,601	
Repairs and maintenance	16,000	16,329	(329)	15,578	
Total street lighting	130,000	120,211	9,789	119,549	
Motor vehicle maintenance:					
Salaries and employee benefits	222,017	139,819	82,198	142,460	
Fuel	37,950	37,907	43	39,459	
Vehicle supplies	20,776	26,582	(5,806)	16,312	
Repairs and maintenance	20,400	20,336	64	28,261	
Small tools and equipment	24,238	23,593	645	19,424	
Total motor vehicle maintenance	325,381	248,237	77,144	245,916	
Total public works	2,027,374	1,820,647	206,727	1,818,689	

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

<i>Years Ended December 31,</i>	2021			2020	
	Budget	Actual	Variance with Budget		
				Budget	Actual
Expenditures, continued:					
Community services:					
Tourist center:					
Services	\$ 177,125	\$ 177,125	\$ -	\$	175,870
Telephone	2,268	2,267	1		2,241
Heat	2,645	2,645	-		3,135
Power	3,250	3,201	49		2,937
Water and sewer	1,968	1,966	2		1,444
Insurance	4,255	4,119	136		3,486
Janitorial supplies	1,169	1,111	58		946
Repairs and maintenance	350	343	7		2,406
Total tourist center	193,030	192,777	253		192,465
Community center building:					
Services	9,580	7,580	2,000		5,993
Power	5,500	4,449	1,051		5,393
Heat	5,060	5,058	2		5,338
Water and sewer	3,320	3,318	2		3,440
Insurance	1,905	1,872	33		1,338
Operating supplies	10,700	5,391	5,309		4,003
Rental and lease	500	500	-		500
Repairs and maintenance	6,435	3,517	2,918		3,926
Total community center building	43,000	31,685	11,315		29,931
Parks and recreation:					
Salaries and employee benefits	117,756	83,771	33,985		103,122
Fuel	4,690	4,690	-		2,619
Operating supplies	17,000	15,366	1,634		11,572
Power	1,095	1,094	1		1,123
Water, sewer and garbage	700	608	92		760
Services	100	98	2		-
Repairs and maintenance	12,865	12,657	208		2,377
Total parks and recreation	154,206	118,284	35,922		121,573
Arena:					
Salaries and employee benefits	247,968	130,305	117,663		208,774
Advertising	1,500	200	1,300		\$24
Services	24,400	6,740	17,660		9,947

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

<i>Years Ended December 31,</i>	2021			2020	
	Budget	Actual	Variance with Budget		
				Budget	Actual
Expenditures, continued:					
Community services, continued:					
Arena, continued:					
Telephone	\$ 3,750	\$ 3,703	\$ 47	\$	3,848
Power	90,000	89,577	423		93,400
Heat	40,000	30,222	9,778		37,300
Water and sewer	10,000	8,892	1,108		8,673
Rental and lease	1,000	-	1,000		-
Fuel	3,500	2,839	661		2,123
Insurance	12,350	11,253	1,097		9,815
Operating supplies	9,250	8,127	1,123		5,780
Janitorial supplies	3,650	3,407	243		1,275
Small tools and equipment	2,550	1,778	772		1,435
Repairs and maintenance	25,000	17,821	7,179		23,494
Total arena	474,918	314,864	160,054		405,888
Library:					
Salaries and employee benefits	545,124	471,684	73,440		450,404
Advertising	128	128	-		-
Subscriptions and dues	400	200	200		-
Travel	4,000	70	3,930		125
Education and training	3,000	913	2,087		605
Services	29,210	27,214	1,996		15,161
Telephone	7,500	6,856	644		7,446
Power	38,000	21,752	16,248		22,746
Heat	7,900	6,088	1,812		7,078
Water and sewer	4,415	4,415	-		3,829
Rental and lease	324	324	-		\$324
Insurance	14,891	14,374	517		12,375
Books and subscriptions	47,000	45,837	1,163		45,494

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

<i>Years Ended December 31,</i>	2021			2020	
	Budget	Actual	Variance with Budget	Actual	
Expenditures, continued:					
Community services, continued:					
Library, continued:					
Operating supplies	\$ 17,235	\$ 12,983	\$ 4,252	\$	15,053
Repairs and maintenance	8,829	7,254	1,575		7,437
Equipment	9,125	9,135	(10)		2,264
Miscellaneous	6,112	6,141	(29)		5,005
Total library	743,193	635,368	107,825		595,346
Total community services	1,608,347	1,292,978	315,369		1,345,203
Debt service on bonds:					
Principal	90,000	90,000	-		85,000
Interest	18,600	18,600	-		22,850
Total debt service on bonds	108,600	108,600	-		107,850
Total Expenditures	11,897,082	10,074,805	1,822,277		8,479,339
Excess of Revenues Over Expenditures	1,450,049	3,401,940	1,951,891		2,908,670
Other Financing Sources (Uses)					
Transfers in	276,645	274,525	(2,120)		299,448
Transfers out	(523,433)	(523,433)	-		(545,300)
Total Other Financing Sources (Uses)	(246,788)	(248,908)	(2,120)		(245,852)
Net Change in Fund Balance	<u>\$ 1,203,261</u>	3,153,032	<u>\$ 1,949,771</u>		2,662,818
Fund Balance, beginning		<u>8,788,262</u>			<u>6,125,444</u>
Fund Balance, ending		<u>\$ 11,941,294</u>			<u>\$ 8,788,262</u>

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Special Revenue Funds

Special Revenue Funds are used to account for revenues from specific sources, which are restricted to finance particular functions and activities. Primary funding sources include grants and operating transfers from other funds.

CARES Act

This fund accounts for the activity of the City related to expenditures of the federal funding received under the CARES Act program.

Narcotics Grant

This fund accounts for grants from the federal government and State of Alaska to assist with salaries and other related costs associated with narcotics investigations.

Police Grants

This fund accounts for various federal and State grants to assist the police department.

Neighborhood Parks Development

This fund accounts for neighborhood park development fees which shall be expended for the acquisition of land and the development of neighborhood parks.

Asset Forfeiture

This fund accounts for federal, State and local asset forfeitures. Funds are restricted to support narcotics operations.

City of Palmer, Alaska
CARES Act Special Revenue Fund
Balance Sheet

<i>December 31,</i>	2021	2021
Assets		
Grants receivable	\$ -	\$ 653,661
Prepaid insurance	-	140,303
Total Assets	\$ -	\$ 793,964
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ -	\$ 93,291
Due to other funds	-	700,308
Total Liabilities	-	793,599
Fund Balance (Deficit)		
Nonspendable - prepaid insurance	-	140,303
Unassigned (deficit)	-	(139,938)
Total Fund Balance	-	365
Total Liabilities and Fund Balance	\$ -	\$ 793,964

City of Palmer, Alaska
CARES Act Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance

<i>Year Ended December 31,</i>	2021	2020
Revenues		
Intergovernmental - federal government passed through the State of Alaska	\$ 1,166,268	\$ 6,400,278
Miscellaneous - investment income	438	365
Total Revenues	1,166,706	6,400,643
Expenditures		
General government:		
COVID-19 mitigation	9,727	92,564
Salaries and employee benefits	714	25,126
COVID-19 recovery	83,109	235,333
Total general government	93,550	353,023
Public safety:		
COVID-19 mitigation	1,361	30,195
Salaries and employee benefits	1,011,576	2,225,975
COVID-19 recovery	149	430,151
Total public safety	1,013,086	2,686,321
Public works:		
COVID-19 mitigation	-	6,901
Salaries and employee benefits	1,892	4,549
Total public works	1,892	11,450
Community services:		
COVID-19 mitigation	1,061	22,275
Salaries and employee benefits	2,016	19,152
COVID-19 recovery	-	115,509
Small business grants	-	2,061,799
Nonprofit grants	-	975,000
Housing assistance grants	55,466	109,697
Utility assistance grants	-	46,052
Total community services	58,543	3,349,484
Total Expenditures	1,167,071	6,400,278
Net Change in Fund Balance	(365)	365
Fund Balance, beginning	365	-
Fund Balance, ending	\$ -	\$ 365

City of Palmer, Alaska
Narcotics Grant Special Revenue Fund
Balance Sheet

<i>December 31,</i>	2021	2020
Assets		
Cash and investments	\$ 49,181	\$ 45,125
Grants receivable	269	2,098
Total Assets	\$ 49,450	\$ 47,223
Liabilities and Fund Balance		
Liabilities		
Unearned revenue	\$ -	\$ 37,500
Fund Balance		
Committed for public safety	49,450	9,723
Total Liabilities and Fund Balance	\$ 49,450	\$ 47,223

City of Palmer, Alaska
Narcotics Grant Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Years Ended December 31,</i>	2021		Variance with	2020
	Budget	Actual	Budget	Actual
Revenues				
Intergovernmental - federal government	\$ -	\$ 13,998	\$ 13,998	\$ 17,019
Miscellaneous income	75,000	75,000	-	130,000
Total Revenues	75,000	88,998	13,998	147,019
Expenditures				
Public safety - salaries and employee benefits	145,677	120,271	25,406	168,479
Excess of Revenues Over (Under) Expenditures	(70,677)	(31,273)	39,404	(21,460)
Other Financing Sources - transfers in	71,000	71,000	-	-
Net Change in Fund Balance	<u>\$ 323</u>	39,727	<u>\$ 39,404</u>	(21,460)
Fund Balance, beginning		<u>9,723</u>		<u>31,183</u>
Fund Balance, ending		<u>\$ 49,450</u>		<u>\$ 9,723</u>

City of Palmer, Alaska
Police Grants Special Revenue Fund
Balance Sheet

<i>December 31,</i>	2021	2020
Assets		
Grants receivable	\$ 30,977	\$ 23,851
Liabilities and Fund Balance		
Liabilities		
Due to other funds	\$ 26,181	\$ 18,675
Accounts payable	-	380
Total Liabilities	26,181	19,055
Fund Balance		
Committed for public safety	4,796	4,796
Total Liabilities and Fund Balance	\$ 30,977	\$ 23,851

City of Palmer, Alaska
Police Grants Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Years Ended December 31,</i>	2021			2020	
	Budget	Actual	Variance with Budget	Actual	
Revenues					
Intergovernmental - federal government	\$ 21,840	\$ 19,400	\$ (2,440)	\$ 8,213	
Miscellaneous income	119,537	107,908	(11,629)	86,341	
Total Revenues	141,377	127,308	(14,069)	94,554	
Expenditures					
Public safety:					
Salaries and employee benefits	125,617	116,152	9,465	92,582	
Travel	1,500	3,060	(1,560)	-	
Training	2,500	1,604	896	180	
Supplies	5,000	3,624	1,376	412	
Fuel	6,760	2,868	3,892	1,381	
Total Expenditures	141,377	127,308	14,069	94,555	
Net Change in Fund Balance	\$ -	-	\$ -	(1)	
Fund Balance, beginning		4,796		4,797	
Fund Balance, ending		\$ 4,796		\$ 4,796	

City of Palmer, Alaska
Neighborhood Parks Development Special Revenue Fund
Balance Sheet

<i>December 31,</i>	2021	2020
Assets		
Cash and investments	\$ 55,239	\$ 52,239
Fund Balance		
Committed for parks	\$ 55,239	\$ 52,239

City of Palmer, Alaska
Neighborhood Parks Development Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance

<i>Years Ended December 31,</i>	2021	2020
Revenues		
Development fees	\$ 3,000	\$ 3,200
Net Change in Fund Balance	3,000	3,200
Fund Balance, beginning	52,239	49,039
Fund Balance, ending	\$ 55,239	\$ 52,239

City of Palmer, Alaska
Asset Forfeiture Special Revenue Fund
Balance Sheet

<i>December 31,</i>	2021	2020
Assets		
Cash and investments	\$ 5,455	\$ 4,831
Fund Balance		
Restricted for public safety	\$ 5,455	\$ 4,831

City of Palmer, Alaska
Asset Forfeiture Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance

<i>Years Ended December 31,</i>	2021	2020
Revenues		
State forfeiture funds	\$ 624	\$ 4,830
Expenditures		
Public safety - equipment	-	14,424
Net Change in Fund Balance	624	(9,594)
Fund Balance, beginning	4,831	14,425
Fund Balance, ending	\$ 5,455	\$ 4,831

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Capital Project Funds

Capital Project Funds are established to account for the resources expended to acquire assets of a relatively permanent nature. These funds evolved from the need for special accounting for bond proceeds, grants and contributions for the acquisition of capital assets.

Capital Project Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose, and further enables them to report to creditors and other grantors of Capital Project Fund revenue that their requirements regarding the use of the revenue were fully satisfied.

Capital Projects

This fund accounts for the City's various capital improvement projects. Funding is provided primarily through federal and state grants and is supplemented by the City.

Equipment

This fund accounts for the purchase of major equipment. Funding is provided primarily through federal and state grants and is supplemented by the City.

Road Improvements

The Road Improvements Capital Project Fund accounts for revenues and expenditures relating to road local improvement districts. Funding is primarily from the General Fund.

City of Palmer, Alaska
Capital Projects Capital Project Fund
Balance Sheet

<i>December 31,</i>	2021	2020
Assets		
Cash and investments	\$ 397,865	\$ 376,500
Liabilities and Fund Balance		
Liabilities		
Unearned revenue	\$ 37,303	\$ -
Fund Balance		
Committed for capital projects	360,562	376,500
Total Liabilities and Fund Balance	\$ 397,865	\$ 376,500

City of Palmer, Alaska
Capital Projects Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Years Ended December 31,	2021			2020	
	Budget	Actual	Variance with Budget	Actual	
Revenues					
Intergovernmental - Library grants	\$ 39,295	\$ 1,992	\$ (37,303)	\$	-
Expenditures					
Capital outlay:					
Park improvements	99,104	-	99,104	1,100	1,100
Public video	30,423	-	30,423	9,194	9,194
Ice arena equipment	36,154	14,910	21,244	-	-
Library	39,295	1,992	37,303	-	-
Crosswalk project	5,699	-	5,699	2,075	2,075
ADA sidewalk	70,029	-	70,029	783	783
Property acquisition	1,029	1,028	1	-	-
Parking lot updates	930	-	930	-	-
Palmer bike rack project	461	-	461	-	-
Building maintenance	88,965	-	88,965	-	-
Depot updates piping	3,817	-	3,817	6,738	6,738
Total Expenditures	375,906	17,930	357,976	19,890	19,890
Excess of Revenues Over (Under)					
Expenditures	(336,611)	(15,938)	320,673	(19,890)	(19,890)
Other Financing Sources (Uses)					
Transfers in	-	-	-	81,700	81,700
Transfers out	-	-	-	(35,694)	(35,694)
Total Other Financing Sources	-	-	-	46,006	46,006
Net Change in Fund Balance	<u>\$ (336,611)</u>	(15,938)	<u>\$ 320,673</u>	26,116	26,116
Fund Balance, beginning		<u>376,500</u>		<u>350,384</u>	350,384
Fund Balance, ending		<u>\$ 360,562</u>		<u>\$ 376,500</u>	376,500

City of Palmer, Alaska
Equipment Capital Project Fund
Balance Sheet

<i>December 31,</i>	2021	2020
Assets		
Cash and investments	\$ 485,734	\$ 550,294
Fund Balance		
Committed for equipment replacement	\$ 485,734	\$ 550,294

City of Palmer, Alaska
Equipment Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Years Ended December 31,</i>	2021		2020	
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental -				
Federal government	\$ 145,472	\$ 69,417	\$ (76,055)	\$ -
Expenditures - capital outlay:				
Clerk/Council equipment	4,915	4,699	216	-
Com Dev equipment	60,592	45,360	15,232	-
Admin equipment	5,000	5,000	-	-
Police equipment	341,312	256,154	85,158	168,905
Public works equipment	345,145	275,197	69,948	102,776
Fire equipment	-	-	-	33,900
Total Expenditures	756,964	586,410	170,554	305,581
Excess of Revenues Over (Under) Expenditures	(611,492)	(516,993)	94,499	(305,581)
Other Financing Sources - transfers in	452,433	452,433	-	275,000
Net Change in Fund Balance	<u>\$ (159,059)</u>	(64,560)	<u>\$ 94,499</u>	(30,581)
Fund Balance, beginning		<u>550,294</u>		<u>580,875</u>
Fund Balance, ending		<u>\$ 485,734</u>		<u>\$ 550,294</u>

City of Palmer, Alaska
Road Improvements Capital Project Fund
Balance Sheet

<i>December 31,</i>	2021	2020
Assets		
Cash and investments	\$ 721,207	\$ 729,669
Fund Balance		
Committed for roads and streets	\$ 721,207	\$ 729,669

City of Palmer, Alaska
Road Improvements Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Years Ended December 31,</i>	2021			2020
	Budget	Actual	Variance with Budget	Actual
Expenditures				
Capital outlay	\$ 729,669	\$ 8,462	\$ 721,207	\$ 29,108
Other Financing Sources - transfers in	-	-	-	135,000
Net Change in Fund Balance	<u>\$ (729,669)</u>	(8,462)	<u>\$ 721,207</u>	105,892
Fund Balance, beginning		<u>729,669</u>		<u>623,777</u>
Fund Balance, ending		<u>\$ 721,207</u>		<u>\$ 729,669</u>

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Enterprise Funds

Enterprise Funds are established to account for the financing of self-supporting activities of governmental units, which render services to the general public on a user-charge basis. Enterprise Funds are maintained on the accrual basis of accounting.

Water and Sewer

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

Airport

This fund accounts for the operations of the City-owned airport.

Refuse

This fund accounts for the operations of the solid waste collection services.

Golf Course

This fund accounts for the operations of the City-owned golf course.

Land Development

This fund accounts for the sale of various parcels of land owned by the City.

City of Palmer, Alaska
Water and Sewer Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 2,677,720	\$ 1,944,731
Receivables:		
Grants and loans	585,820	10,893
Accounts	373,388	309,432
Unbilled revenue	431,305	397,207
Inventories - materials and supplies	169,329	160,527
Total Current Assets	4,237,562	2,822,790
Property, Plant and Equipment		
Land	45,164	45,164
Buildings	60,067	60,067
Machinery and equipment	1,662,976	1,637,128
Improvements other than buildings	94,355,010	93,903,753
Construction work in progress	3,205,212	135,247
Total property, plant and equipment	99,328,429	95,781,359
Less accumulated depreciation	(32,306,967)	(29,736,502)
Net Property, Plant and Equipment	67,021,462	66,044,857
Other Asset - Net other postemployment benefits asset	321,831	49,983
Total Assets	71,580,855	68,917,630
Deferred Outflows of Resources		
Related to pensions	36,958	53,285
Related to other postemployment benefits	6,580	27,832
Total Deferred Outflows of Resources	43,538	81,117
Total Assets and Deferred Outflows of Resources	\$ 71,624,393	\$ 68,998,747

City of Palmer, Alaska
Water and Sewer Enterprise Fund
Statement of Net Position, continued

<i>December 31,</i>	2021	2020
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 103,363	\$ 88,340
Capital related accounts payable	938,132	2,592
Accrued payroll and employee benefits	8,250	3,441
Vested unpaid vacation and sick leave	28,761	20,377
Current portion of loans payable	306,439	302,165
Accrued interest payable	21,693	21,693
Customer deposits	305,834	274,834
Total Current Liabilities	1,712,472	713,442
Long-term Liabilities, net of current portion		
Loans payable	6,241,601	6,548,040
Advance from other fund	2,580,000	1,000,000
Net pension liability	410,190	480,825
Net other postemployment benefits liability	-	1,099
Total Long-term Liabilities	9,231,791	8,029,964
Total Liabilities	10,944,263	8,743,406
Deferred Inflows of Resources		
Related to pensions	176,549	-
Related to other postemployment benefits	172,950	40,614
Total Deferred Inflows of Resources	349,499	40,614
Net Position		
Net investment in capital assets	59,535,290	59,192,060
Unrestricted	795,341	1,022,667
Total Net Position	60,330,631	60,214,727
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 71,624,393	\$ 68,998,747

City of Palmer, Alaska
Water and Sewer Enterprise Fund
Schedule of Revenues, Expenses and Changes
in Net Position - Budget and Actual

<i>Years Ended December 31,</i>	2021		2020	
	Budget	Actual	Variance with Budget	Actual
Operating Revenues				
Water sales	\$ 1,620,000	\$1,733,355	\$ 113,355	\$ 1,609,463
Sewer services	1,555,750	1,687,234	131,484	1,484,998
Connection fees	28,500	28,700	200	28,410
Miscellaneous	39,122	39,122	-	24,148
Total Operating Revenues	3,243,372	3,488,411	245,039	3,147,019
Operating Expenses Excluding Depreciation				
Water:				
Salaries and employee benefits	409,208	269,474	139,734	296,218
Administrative services	195,346	195,346	-	195,712
Audit	11,401	11,383	18	9,955
Advertising	2,150	2,149	1	-
Travel	55	54	1	600
Education and training	1,250	1,234	16	2,673
Engineering	6,000	2,189	3,811	4,483
Services	62,986	61,482	1,504	31,219
Telephone	10,976	10,975	1	10,499
Power	146,388	146,388	-	136,604
Heat	7,230	7,225	5	7,731
Fuel	6,090	6,089	1	4,192
Insurance	27,194	26,582	612	22,635
Office supplies	2,248	2,245	3	2,125
Operating supplies	10,991	10,990	1	11,154
Repairs and maintenance	49,900	32,667	17,233	60,482
Small tools	6,730	6,730	-	1,651
Chemicals	13,003	13,002	1	9,889
Permits	9,466	9,466	-	9,312
Equipment	3,000	10,235	(7,235)	18,246
Miscellaneous	7,640	7,639	1	16,921
Total water	989,252	833,544	155,708	852,301

City of Palmer, Alaska
Water and Sewer Enterprise Fund
Schedule of Revenues, Expenses and Changes
in Net Position - Budget and Actual, continued

<i>Years Ended December 31,</i>	2021		Variance	2020
	Budget	Actual	with	Actual
			Budget	
Operating Expenses Excluding Depreciation, continued				
Sewer:				
Salaries and employee benefits	\$ 390,085	\$ 283,267	\$ 106,818	\$ 361,015
Administrative services	208,340	208,340	-	208,471
Audit	11,000	10,566	434	9,242
Education and training	3,300	3,273	27	2,562
Legal	56,115	56,115	-	11,387
Engineering	48,000	1,410	46,590	1,270
Services	70,870	66,497	4,373	47,725
Telephone	10,500	10,462	38	11,113
Power	333,310	333,310	-	286,276
Heat	23,925	23,925	-	25,212
Fuel	12,360	12,355	5	7,989
Equipment rental	9,310	9,309	1	4,940
Insurance	47,757	47,017	740	39,134
Office supplies	3,505	3,475	30	1,565
Operating supplies	10,115	10,112	3	20,146
Repairs and maintenance	49,600	40,099	9,501	39,563
Small tools	4,625	4,590	35	3,670
Equipment	15,000	10,682	4,318	4,210
Permits	12,000	9,622	2,378	9,312
Chemicals	11,295	11,289	6	-
Miscellaneous	4,000	3,251	749	3,614
Total sewer	1,335,012	1,158,966	176,046	1,098,416
Total Operating Expenses Excluding Depreciation	2,324,264	1,992,510	331,754	1,950,717
Operating Income Before Depreciation	919,108	1,495,901	576,793	1,196,302
Depreciation	-	2,570,465	(2,570,465)	2,052,692
Operating Income (Loss)	919,108	(1,074,564)	(1,993,672)	(856,390)

City of Palmer, Alaska
Water and Sewer Enterprise Fund
Schedule of Revenues, Expenses and Changes
in Net Position - Budget and Actual, continued

<i>Years Ended December 31,</i>	2021		2020	
	Budget	Actual	Variance with Budget	Actual
Nonoperating Revenues (Expenses)				
State PERS relief	\$ 25,833	\$ 86	\$ (25,747)	\$ 31,591
Miscellaneous income	7,173	13,302	6,129	8,381
Interest expense	(117,766)	(115,045)	2,721	(120,076)
Total Nonoperating Expenses	(84,760)	(101,657)	(16,897)	(80,104)
Income (Loss) Before Contributions and Transfers	834,348	(1,176,221)	(2,010,569)	(936,494)
Capital contributions	899,910	1,485,730	585,820	92,203
Transfers in	1,705,000	-	(1,705,000)	-
Transfers out	(1,898,605)	(193,605)	1,705,000	(185,274)
Change In Net Position	<u>\$ 1,540,653</u>	115,904	<u>\$ (1,424,749)</u>	(1,029,565)
Net Position, beginning		<u>60,214,727</u>		<u>61,244,292</u>
Net Position, ending		<u>\$ 60,330,631</u>		<u>\$ 60,214,727</u>

City of Palmer, Alaska
Water and Sewer Enterprise Fund
Statement of Cash Flows

<i>Years Ended December 31,</i>	2021	2020
Cash Flows from Operating Activities		
Cash receipts from customers and users	\$ 3,434,659	\$ 3,128,102
Payments to suppliers	(1,029,862)	(891,710)
Payments to employees	(536,580)	(561,329)
Payments for interfund services used	(403,686)	(404,183)
Net cash flows from operating activities	1,464,531	1,270,880
Cash Flows for Noncapital Financing Activities		
Transfers out	(193,605)	(185,274)
Cash Flows for Capital and Related Financing Activities		
Capital contributions received	910,803	211,840
Purchase of property, plant and equipment and construction work in progress	(2,611,530)	(356,466)
Advances from other funds	1,580,000	-
Principal payments on loans payable	(302,165)	(297,720)
Interest paid	(115,045)	(120,076)
Net cash flows for capital and related financing activities	(537,937)	(562,422)
Net Increase in Cash and Investments	732,989	523,184
Cash and Investments, beginning	1,944,731	1,421,547
Cash and Investments, ending	\$ 2,677,720	\$ 1,944,731

City of Palmer, Alaska
Water and Sewer Enterprise Fund
Statement of Cash Flows, continued

<i>Years Ended December 31,</i>	2021	2020
Reconciliation of Operating Loss to Net		
Cash Flows from Operating Activities		
Operating loss	\$ (1,074,564)	\$ (856,390)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	2,570,465	2,052,692
Noncash expense - PERS relief	86	31,591
Other revenues	13,302	8,381
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(63,956)	(19,170)
Unbilled revenue	(34,098)	(27,668)
Inventories - materials and supplies	(8,802)	5,375
Net other postemployment benefits asset	(271,848)	(45,620.00)
Deferred outflows of resources related to pensions	16,327	(21,569)
Deferred outflows of resources related to other postemployment benefits	21,252	288
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	15,023	(7,784)
Accrued payroll and employee benefits	4,809	(13,836)
Vested unpaid vacation and sick leave	8,384	(3,111)
Customer deposits	31,000	19,540
Net pension liability	(70,635)	163,684
Net other postemployment benefits liability	(1,099)	(16,710)
Deferred inflows of resources related to pensions	176,549	(19,082)
Deferred inflows of resources related to other postemployment benefits	132,336	20,269
Net Cash Flows from Operating Activities	\$ 1,464,531	\$ 1,270,880
Noncash Capital and Related Financing Activities		
Purchase of capital assets on account	\$ 938,132	\$ 2,592

City of Palmer, Alaska
Airport Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Receivables:		
Accounts	\$ 15,188	\$ 20,299
Grants	361,008	259,465
Total Current Assets	376,196	279,764
Property, Plant and Equipment		
Land	1,412,289	1,412,289
Buildings	509,758	509,758
Machinery and equipment	1,341,376	1,341,376
Improvements other than buildings	28,403,952	28,403,952
Construction work in progress	338,990	54,316
Total property, plant and equipment	32,006,365	31,721,691
Less accumulated depreciation	(18,088,611)	(17,005,031)
Net Property, Plant and Equipment	13,917,754	14,716,660
Other Asset - Net other postemployment benefits asset	85,874	13,244
Total Assets	14,379,824	15,009,668
Deferred Outflows of Resources		
Related to pensions	9,897	14,325
Related to other postemployment benefits	1,756	7,375
Total Deferred Outflows of Resources	11,653	21,700
Total Assets and Deferred Outflows of Resources	\$ 14,391,477	\$ 15,031,368

City of Palmer, Alaska
Airport Enterprise Fund
Statement of Net Position, continued

<i>December 31,</i>	2021	2020
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 9,823	\$ 5,408
Capital related accounts payable	120,130	7,685
Accrued payroll and employee benefits	1,524	1,140
Vested unpaid vacation and sick leave	20,793	20,584
Due to other funds	-	70,060
Unearned revenue	111,788	95,264
Total Current Liabilities	264,058	200,141
Long-term Liabilities		
Advance from other fund	408,757	454,660
Net pension liability	109,991	129,921
Net other postemployment benefits liability	-	291
Total Long-term Liabilities	518,748	584,872
Total Liabilities	782,806	785,013
Deferred Inflows of Resources		
Related to pensions	47,108	-
Related to other postemployment benefits	46,148	10,762
Total Deferred Inflows of Resources	93,256	10,762
Net Position		
Net investment in capital assets	13,797,624	14,708,975
Unrestricted (deficit)	(282,209)	(473,382)
Total Net Position	13,515,415	14,235,593
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 14,391,477	\$ 15,031,368

City of Palmer, Alaska
Airport Enterprise Fund
Schedule of Revenues, Expenses and Changes
in Net Position - Budget and Actual

<i>Years Ended December 31,</i>	2021		2020	
	Budget	Actual	Variance with Budget	Actual
Operating Revenues				
Aviation fuel - revenue sharing	\$ 10,000	\$ 15,039	\$ 5,039	\$ 10,674
Tiedown fees	50,636	59,849	9,213	49,889
Land leases	229,461	229,761	300	199,495
Agricultural land leases	8,095	7,443	(652)	8,096
Miscellaneous	54,152	54,643	491	204,163
Total Operating Revenues	352,344	366,735	14,391	472,317
Operating Expenses Excluding Depreciation				
Salaries and employee benefits	146,505	128,288	18,217	153,867
Administrative services	100,504	102,995	(2,491)	92,153
Audit	2,070	1,988	82	1,739
Advertising	400	-	400	1,332
Subscriptions and dues	300	275	25	-
Education and training	750	-	750	-
Legal fees	1,900	1,801	99	28,160
Services	7,100	5,269	1,831	7,450
Telephone	3,740	3,738	2	3,732
Power	18,330	18,327	3	18,601
Heat	5,680	5,678	2	6,088
Water, sewer and garbage	475	474	1	467
Fuel	6,042	6,041	1	1,481
Insurance	18,452	18,177	275	17,357
Operating supplies	450	439	11	256
Repairs and maintenance	27,000	26,543	457	80,331
Building and improvements	300	-	300	-
Engineering	7,500	7,453	47	5,380
Office equipment	2,000	1,772	228	947
Small tools and equipment	250	5	245	3,788
Board stipends	328	300	28	150
Total Operating Expenses Excluding Depreciation	350,076	329,563	20,513	423,279

City of Palmer, Alaska
Airport Enterprise Fund
Schedule of Revenues, Expenses and Changes
in Net Position - Budget and Actual, continued

<i>Years Ended December 31,</i>	2021			2020	
	Budget	Actual	Variance with Budget	Actual	
Operating Income Before Depreciation	\$ 2,268	\$ 37,172	\$ 34,904	\$ 49,038	
Depreciation	-	1,083,580	(1,083,580)	634,176	
Operating Income (Loss)	2,268	(1,046,408)	(1,048,676)	(585,138)	
Nonoperating Revenues					
State PERS relief	6,893	23	(6,870)	8,371	
Miscellaneous income	24,166	24,166	-	21,777	
Total Nonoperating Revenues	31,059	24,189	(6,870)	30,148	
Income (Loss) Before Contributions and Transfers	33,327	(1,022,219)	(1,055,546)	(554,990)	
Capital contributions	938,041	302,041	(636,000)	710,773	
Transfers in	60,000	-	(60,000)	16,600	
Transfers out	(60,000)	-	60,000	-	
Change in Net Position	<u>\$ 971,368</u>	(720,178)	<u>\$ (1,691,546)</u>	172,383	
Net Position, beginning		<u>14,235,593</u>		<u>14,063,210</u>	
Net Position, ending		<u>\$ 13,515,415</u>		<u>\$ 14,235,593</u>	

City of Palmer, Alaska
Airport Enterprise Fund
Statement of Cash Flows

<i>Years Ended December 31,</i>	2021	2020
Cash Flows from Operating Activities		
Cash receipts from customers and users	\$ 412,536	\$ 517,573
Payments to employees	(127,982)	(127,538)
Payments to suppliers	(93,865)	(175,032)
Payments for interfund services used	(102,995)	(92,153)
Net cash flows from operating activities	87,694	122,850
Cash Flows for Capital and Related Financing Activities		
Capital contributions received	200,498	683,632
Transfers in	-	16,600
Decrease in due to other funds	(70,060)	(109,708)
Decrease in advances from other fund	(45,903)	-
Purchase of property, plant and equipment and construction work in progress	(172,229)	(713,374)
Net cash flows for capital and related financing activities	(87,694)	(122,850)
Net increase in Cash and Investments	-	-
Cash and Investments, beginning	-	-
Cash and Investments, ending	\$ -	\$ -
Reconciliation of Operating Loss to Net		
Cash Flows from Operating Activities		
Operating loss	\$ (1,046,408)	\$ (585,138)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	1,083,580	634,176
Noncash expense - PERS relief	23	8,371
Other revenues	24,166	21,777
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	5,111	(12,617)
Net other postemployment benefits asset	(72,630)	(12,091)
Deferred outflows of resources related to pensions	4,428	(5,611)
Deferred outflows of resources related to other postemployment benefits	5,619	29
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	4,415	2,227
Accrued payroll and employee benefits	384	(3,422)
Vested unpaid vacation and sick leave	209	1,725
Unearned revenue	16,524	36,096
Net pension liability	(19,930)	42,116
Net other postemployment benefits liability	(291)	(4,317)
Deferred inflows of resources related to pensions	47,108	(5,895)
Deferred inflows of resources related to other postemployment benefits	35,386	5,424
Net Cash Flows from Operating Activities	\$ 87,694	\$ 122,850
Noncash Capital and Related Financing Activities		
Purchase of capital assets on account	\$ 120,130	\$ 7,685

City of Palmer, Alaska
Refuse Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2021	2020
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 758,141	\$ 754,371
Accounts receivable	121,606	119,790
Unbilled revenue	64,963	64,019
Total Current Assets	944,710	938,180
Property, Plant and Equipment		
Buildings	52,667	52,667
Machinery and equipment	1,101,263	1,091,613
Total property, plant and equipment	1,153,930	1,144,280
Less accumulated depreciation	(766,537)	(688,207)
Net Property, Plant and Equipment	387,393	456,073
Other Asset - Net other postemployment benefits asset	62,145	9,661
Total Assets	1,394,248	1,403,914
Deferred Outflows of Resources		
Related to pensions	7,213	10,520
Related to other postemployment benefits	1,271	5,379
Total Deferred Outflows of Resources	8,484	15,899
Total Assets and Deferred Outflows of Resources	\$ 1,402,732	\$ 1,419,813
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 33,367	\$ 32,701
Accrued payroll and employee benefits	1,111	836
Vested unpaid vacation and sick leave	15,550	12,035
Total Current Liabilities	50,028	45,572
Long-term Liabilities		
Net pension liability	109,696	184,311
Net other postemployment benefits liability	-	212
Total Long-term Liabilities	109,696	184,523
Total Liabilities	159,724	230,095
Deferred Inflows of Resources		
Related to pensions	34,091	-
Related to other postemployment benefits	33,396	7,850
Total Deferred Inflows of Resources	67,487	7,850
Net Position		
Investment in capital assets	387,393	456,073
Unrestricted	788,128	725,795
Total Net Position	1,175,521	1,181,868
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,402,732	\$ 1,419,813

City of Palmer, Alaska
Refuse Enterprise Fund
Schedule of Revenues, Expenses and Changes
in Net Position - Budget and Actual

Years Ended December 31,	2021		2020	
	Budget	Actual	Variance with Budget	Actual
Operating Revenues - solid waste collection fees	\$ 791,133	\$ 816,720	\$ 25,587	\$ 789,247
Operating Expenses Excluding Depreciation				
Salaries and employee benefits	130,432	67,809	62,623	103,971
Administrative services	139,475	139,475	-	143,139
Advertising	779	-	779	-
Audit	2,402	2,308	94	2,018
Services	433,450	433,447	3	402,533
Fuel	13,250	13,243	7	9,658
Insurance	13,670	12,977	693	10,724
Vehicle insurance	6,400	6,400	-	4,810
Operating supplies	2,450	2,443	7	1,943
Repairs and maintenance	12,998	12,996	2	7,729
Equipment	16,200	6,467	9,733	1,845
Miscellaneous	2,120	2,118	2	2,365
Total Operating Expenses Excluding Depreciation	773,626	699,683	73,943	690,735
Operating Income Before Depreciation	17,507	117,037	99,530	98,512
Depreciation	-	78,330	(78,330)	76,754
Operating Income	17,507	38,707	21,200	21,758
Nonoperating Revenues				
State PERS relief	4,988	16	(4,972)	6,106
Income Before Transfers	22,495	38,723	16,228	27,864
Transfers out	(45,090)	(45,070)	20	(45,630)
Change in Net Position	\$ (22,595)	(6,347)	\$ 16,248	(17,766)
Net Position, beginning		1,181,868		1,199,634
Net Position, ending		\$ 1,175,521		\$ 1,181,868

City of Palmer, Alaska

Refuse Enterprise Fund
Statement of Cash Flows

<i>Years Ended December 31,</i>	2021	2020
Cash Flows from Operating Activities		
Cash receipts from customers and users	\$ 813,960	\$ 790,618
Payments to suppliers	(491,733)	(440,892)
Payments to employees	(124,262)	(128,542)
Payments for interfund services used	(139,475)	(143,139)
Net cash flows from operating activities	58,490	78,045
Cash Flows for Noncapital Financing Activities		
Transfers out	(45,070)	(45,630)
Cash Flows for Capital and Related Financing Activities		
Purchase of property, plant and equipment	(9,650)	(34,160)
Net Increase (Decrease) in Cash and Investments	3,770	(1,745)
Cash and Investments, beginning	754,371	756,116
Cash and Investments, ending	\$ 758,141	\$ 754,371
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating income	\$ 38,707	\$ 21,758
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	78,330	76,754
Noncash expense - PERS relief	16	6,106
(Increase) decrease in assets and deferred outflows of resources:		
Prepaid expenses	-	34,455
Accounts receivable	(1,816)	5,076
Unbilled revenue	(944)	(3,705)
Net other postemployment benefits asset	(52,484)	(8,802)
Deferred outflows of resources related to pensions	3,307	(4,059)
Deferred outflows of resources related to other postemployment benefits	4,108	1
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	666	(31,722)
Accrued payroll and employee benefits	275	(2,508)
Vested unpaid vacation and sick leave	3,515	1,820
Net pension liability	(74,615)	(14,050)
Net other postemployment benefits liability	(212)	(2,743)
Deferred inflows of resources related to pensions	34,091	(4,399)
Deferred inflows of resources related to other postemployment benefits	25,546	4,063
Net Cash Flows from Operating Activities	\$ 58,490	\$ 78,045

City of Palmer, Alaska
Golf Course Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2021	2020
Assets		
Current Assets		
Prepaid expenses	\$ -	\$ 700
Total Current Assets	-	700
Property, Plant and Equipment		
Land and land improvements	1,544,620	1,544,620
Buildings	278,439	278,439
Machinery and equipment	493,424	493,424
Improvements other than buildings	667,234	667,234
Total property, plant and equipment	2,983,717	2,983,717
Less accumulated depreciation	(1,181,072)	(1,132,711)
Net Property, Plant and Equipment	1,802,645	1,851,006
Total Assets	\$ 1,802,645	\$ 1,851,706
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 4,744	\$ 5,282
Unearned revenue	44,843	37,208
Total Current Liabilities	49,587	42,490
Long-term Liabilities		
Advance from other fund	378,294	467,993
Total Liabilities	427,881	510,483
Net Position		
Investment in capital assets	1,802,645	1,851,006
Unrestricted (deficit)	(427,881)	(509,783)
Total Net Position	1,374,764	1,341,223
Total Liabilities and Net Position	\$ 1,802,645	\$ 1,851,706

City of Palmer, Alaska
Golf Course Enterprise Fund
Schedule of Revenues, Expenses and Changes
in Net Position - Budget and Actual

<i>Years Ended December 31,</i>	2021		Variance with	2020
	Budget	Actual	Budget	Actual
Operating Revenues				
Green fees	\$ 480,152	\$ 480,152	\$ -	\$ 473,590
Driving range fees	51,236	51,236	-	52,341
Golf cart rentals and trail fees	146,549	146,549	-	148,752
Total Operating Revenues	677,937	677,937	-	674,683
Operating Expenses Excluding Depreciation				
Golf management contract	417,000	416,970	30	417,000
Audit	3,122	2,999	123	2,623
Services	27,931	27,931	-	25,926
Power	20,970	20,970	-	23,031
Heat	1,708	1,707	1	1,831
Water and sewer	3,325	3,323	2	2,301
Rental and lease	10,697	10,697	-	11,473
Insurance	12,271	11,771	500	9,939
Vehicle insurance	310	310	-	300
Operating supplies	1,639	1,639	-	-
Legal fees	500	-	500	237
Repairs and maintenance	37,775	37,772	3	20,598
Merchandise	-	-	-	1,365
Equipment	24,472	24,096	376	13,597
Total Operating Expenses Excluding Depreciation	561,720	560,185	1,535	530,221
Operating Income Before Depreciation	116,217	117,752	1,535	144,462

City of Palmer, Alaska
Golf Course Enterprise Fund
Schedule of Revenues, Expenses and Changes
in Net Position - Budget and Actual, continued

<i>Years Ended December 31,</i>	2021			2020
	Budget	Actual	Variance with Budget	Actual
Depreciation	\$ -	\$ 48,361	\$ (48,361)	\$ 50,850
Operating Income Before Transfers	116,217	69,391	(46,826)	93,612
Transfers in	-	-	-	37,000
Transfers out	(35,850)	(35,850)	-	(32,850)
Change in Net Position	<u>\$ 80,367</u>	33,541	<u>\$ (46,826)</u>	97,762
Net Position, beginning		<u>1,341,223</u>		<u>1,243,461</u>
Net Position, ending		<u>\$ 1,374,764</u>		<u>\$ 1,341,223</u>

City of Palmer, Alaska
Golf Course Enterprise Fund
Statement of Cash Flows

<i>Years Ended December 31,</i>	2021	2020
Cash Flows from Operating Activities		
Cash receipts from customers and users	\$ 685,572	\$ 675,268
Payments to suppliers	(560,023)	(530,439)
Net cash flows from operating activities	125,549	144,829
Cash Flows for Noncapital Financing Activities		
Transfers out	(35,850)	(32,850)
Cash Flows for Capital and Related Financing Activities		
Decrease in advances from other funds	(89,699)	(153,865)
Transfers in	-	37,000
Purchase of property, plant and equipment	-	(37,000)
Net cash flows for capital and related financing activities	(89,699)	(153,865)
Net Decrease in Cash and Investments	-	(41,886)
Cash and Investments, beginning	-	41,886
Cash and Investments, ending	\$ -	\$ -
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating income	\$ 69,391	\$ 93,612
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	48,361	50,850
(Increase) decrease in assets:		
Prepaid expenses	700	(700)
Inventories - materials and supplies	-	1,365
Increase (decrease) in liabilities:		
Accounts payable	(538)	(883)
Unearned revenue	7,635	585
Net Cash Flows from Operating Activities	\$ 125,549	\$ 144,829

City of Palmer, Alaska
Land Development Enterprise Fund
Statement of Net Position

<i>Years Ended December 31,</i>	2021	2020
Assets		
Cash and investments	\$ 440,320	\$ 369
Land held for sale	217,414	217,414
Total Assets	\$ 657,734	\$ 217,783
Net Position - Unrestricted	\$ 657,734	\$ 217,783

City of Palmer, Alaska
Land Development Enterprise Fund
Schedule of Revenues, Expenses and Changes
in Net Position - Budget and Actual

<i>Years Ended December 31,</i>	2021			2020	
	Budget	Actual	Variance with Budget		
				Budget	Actual
Operating Revenues -					
Land sales	\$ 440,535	\$ 439,951	\$ 584	\$	-
Change in Net Position	<u>\$ 440,535</u>	439,951	<u>\$ 584</u>		-
Net Position, beginning		<u>217,783</u>			<u>217,783</u>
Net Position, ending		<u>\$ 657,734</u>			<u>\$ 217,783</u>

City of Palmer, Alaska
Land Development Enterprise Fund
Statement of Cash Flows

<i>Years Ended December 31,</i>	2021	2020
Cash Flows from Operating Activities		
Cash receipts from land sales	\$ 439,951	\$ -
Net Increase in Cash and Investments	439,951	-
Cash and Investments, beginning	369	369
Cash and Investments, ending	\$ 440,320	\$ 369

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Schedule of Federal Expenditures

City of Palmer, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subre- cipients	Total Federal Expend- itures
Department of Transportation				
Airport Improvement Program 2020	20.106		\$ -	\$ 43,572
Airport Improvement Program 2021	20.106		-	13,000
Airport Improvement Program 2021	20.106		-	84,485
Airport Improvement Program 2021 - CRRSA Act Grant	20.106		-	160,984
Total Assistance Listing 20.106			-	302,041
Highway Safety Cluster -				
Passed through State of Alaska Department of Transportation:				
National Priority Safety Programs - ASTEP DUI Enforcement	20.616	405d M5HVE-21-01-FA(A)-10	-	17,154
State and Community Highway Safety	20.600	402 PT-21-06-FA(A)-8	-	2,246
Total Passed through State of Alaska Department of Transportation			-	19,400
Total Department of Transportation			-	321,441
Department of Justice				
Public Safety Partnership and Community Policing Grants:				
DEA Opiate Task Force (Overtime) 2021	16.710		-	13,729
DEA Opiate Task Force (Overtime) 2022	16.710		-	269
Total Assistance Listing 16.710			-	13,998
Bulletproof Vest Partnership Program	16.607		-	2,776
Total Department of Justice			-	16,774
Department of Homeland Security				
Passed through State of Alaska Department of Homeland Security and Emergency Management -				
Homeland Security Grant Program	97.067	20SHSP-GY18	-	69,417
Department of Agriculture				
Passed through State of Alaska Department of Natural Resources -				
Cooperative Forestry Assistance	10.664	N/A	-	726
Institute of Museum and Library Services				
Passed through State of Alaska Department of Education and Early Development -				
Grants to States	45.310	EASY22-062	-	1,735
Grants to States	45.310	ARPA35	-	1,992
Total Institute of Museum and Library Services			-	3,727
Department of the Treasury				
Passed through State of Alaska Department of Commerce, Community and Economic Development:				
COVID-19 - Coronavirus Relief Fund	21.019	20-CRF-159	-	1,166,268
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	NEU AK0100	-	1,485,730
Total Department of the Treasury			-	2,651,998
Total Expenditures of Federal Awards			\$ -	\$ 3,064,083

See accompanying notes to Schedule of Expenditures of Federal Awards.

City of Palmer, Alaska

Notes to Schedule of Expenditures of Federal Awards Year Ended December 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of City of Palmer under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Palmer, it is not intended to and does not present the financial position, changes in net position or cash flows of City of Palmer.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

3. Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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Single Audit Section



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

Honorable Mayor and
Members of the City Council
City of Palmer, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Palmer, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Palmer's basic financial statements, and have issued our report thereon dated August 31, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Palmer's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
August 31, 2022



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3601 C Street, Suite 600
Anchorage, AK 99503

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

Honorable Mayor and
Members of the City Council
City of Palmer, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited City of Palmer's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Palmer's major federal programs for the year ended December 31, 2021. City of Palmer's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Palmer complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Palmer and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of City of Palmer's compliance with the types of compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Palmer's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Palmer's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Palmer's compliance with the requirements of the federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Palmer's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of City of Palmer's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Palmer's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

BDO USA, LLP

Anchorage, Alaska
August 31, 2022

City of Palmer, Alaska

Schedule of Findings and Questioned Costs Year Ended December 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes (none reported)
Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes (none reported)

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

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

Identification of major federal programs:

Assistance Listing

Number	Name of Federal Program or Cluster	Agency
21.019	Coronavirus Relief Fund	Department of the Treasury
21.027	Coronavirus State and Local Fiscal Recovery Funds	Department of the Treasury

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516 (a)) that are required to be reported.