



## City of Palmer, Alaska

Basic Financial Statements, Required  
Supplementary Information, Supplementary  
Information, and Single Audit Reports  
Year Ended December 31, 2022

Steve Carrington  
Mayor

John Moosey  
City Manager

Prepared by  
Finance Department

Gina Davis  
Finance Director

## **City of Palmer, Alaska**

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# City of Palmer, Alaska

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

3601 C Street, Suite 600  
Anchorage, AK 99503

## Independent Auditor's Report

Honorable Mayor and  
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, 2022, 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, 2022, 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.

#### *Emphasis of Matter*

As discussed in Note 7 to the financial statements, the City of Palmer adopted the provisions of Governmental Accounting Standards Board Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.

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### ***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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-18, the budgetary comparison information on page 70, and the Schedules of Net Pension and Other Postemployment Benefits (OPEB) Liability (Assets) and Pension and OPEB Contributions on pages 71-74, 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.

### ***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), Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, for the year ended December 31, 2022, 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 combining and individual fund financial statements and schedules, and the Schedule of Expenditures of Federal Awards, and Detailed Schedule of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2022.



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, 2021 (not presented herein), and have issued our report thereon dated August 31, 2022, 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, 2021 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 2021 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2021 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, 2021.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023 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, P.C.

Anchorage, Alaska  
September 28, 2023

## **Management's Discussion and Analysis**

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# CITY OF PALMER, ALASKA

## Management's Discussion and Analysis

Year Ended December 31, 2022

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, 2022. 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 2022 fiscal year by \$110,850,871 (total net position). Of the total net position, \$14,877,147 is Unrestricted Net Position.
- During 2022, the City implemented GASB 87 Leases adding \$3,465,233 in lease receivables and \$3,412,870 deferred inflows to the Statement of Net Position.
- As of December 31, 2022, the City's governmental funds reported combined ending fund balances of \$16,908,994, an increase of \$3,285,257.
- The fund balance is comprised of Nonspendable, Restricted, Committed, Assigned and Unassigned classifications. Unassigned fund balance for the General Fund was \$9,815,781 or 82.13% of total General Fund expenditures. The Nonspendable fund balance was \$3,677,810 which consists of prepaid insurance, inventory, and advances to other funds. The committed fund balance was \$2,993,848, which consist of funds committed to capital projects, public safety, and parks. Restricted fund balance was \$607. The remaining balance, \$420,948, was assigned for vested unpaid vacation and sick leave.
- At year end the City's outstanding loans and bonds payable totaled \$6,241,600 a net decrease of \$636,894 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.

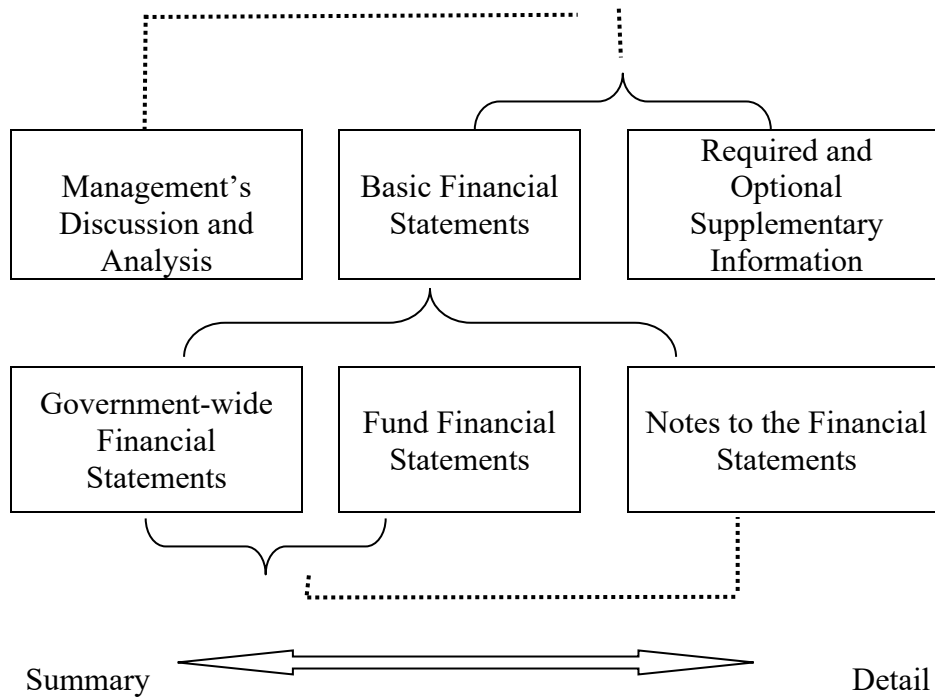
- The Government-wide Financial Statements provide both long-term and short-term information about the City's overall financial status.
- The Fund Financial Statements focus on individual parts of Palmer's government, reporting the City's operations in more detail than the Government-wide Statements.
- 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**

<b>Illustration A-2</b>			
<b>Major Features of City of Palmer’s Government-wide and Fund Financial Statements</b>			
	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 and economic resources measurement focus
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 eight individual governmental funds. 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, considered a major fund. 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 83-84 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 34-70 of this report.

### **Government-wide Financial Analysis**

At the close of the 2022 fiscal year, the City's net position (assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources) totaled \$110,850,871 (see Table A-1). Of this amount \$95,973,117, or 86.6%, 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 and unrestricted. The restricted amount of \$607 is obligated to public safety. The unrestricted amount totals \$14,877,147 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, 2022 and 2021**

	Governmental Activities		Business-type Activities		Total Activities	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 20,885,704	18,498,091	6,389,525	3,319,001	27,275,229	21,817,092
Capital assets	17,827,859	19,093,520	84,538,172	83,129,254	102,366,031	102,222,774
Deferred outflows	<u>804,252</u>	<u>608,121</u>	<u>84,187</u>	<u>63,675</u>	<u>888,439</u>	<u>671,796</u>
Total assets and deferred outflows	<u>39,517,815</u>	<u>38,199,732</u>	<u>91,011,884</u>	<u>86,511,930</u>	<u>130,529,699</u>	<u>124,711,662</u>
Long-term liabilities outstanding	7,188,057	6,055,382	6,682,833	6,871,478	13,870,890	12,926,860
Other liabilities	1,060,110	1,022,472	1,039,525	2,076,145	2,099,635	3,098,617
Deferred Inflows	<u>577,413</u>	<u>4,581,411</u>	<u>3,130,890</u>	<u>510,242</u>	<u>3,708,303</u>	<u>5,091,653</u>
Total liabilities and deferred Inflows	<u>8,825,580</u>	<u>11,659,265</u>	<u>10,853,248</u>	<u>9,457,865</u>	<u>19,678,828</u>	<u>21,117,130</u>
Net position:						
Net investment in capital assets	17,723,541	18,782,953	78,249,576	75,522,952	95,973,117	94,305,905
Restricted	607	5,455	-	-	607	5,455
Unrestricted	<u>12,968,087</u>	<u>7,752,059</u>	<u>1,909,060</u>	<u>1,531,113</u>	<u>14,877,147</u>	<u>9,283,172</u>
Total net position	<u>\$ 30,692,235</u>	<u>26,540,467</u>	<u>80,158,636</u>	<u>77,054,065</u>	<u>110,850,871</u>	<u>103,594,532</u>

As reflected in Table A-2, the City's net position increased by \$7,256,338 as a result of current year activity. Revenues exceeded expenditures and transfers in the governmental activities by \$4,151,768 and in the business-type activities, revenues exceeded expenses by \$3,104,570.

**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, 2022 and 2021**

	Governmental Activities		Business-type Activities		Total Activities	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Program revenues:						
Charges for services	\$ 2,463,669	1,898,260	5,745,227	5,827,222	8,208,896	7,725,482
Operating grants and contributions	149,336	1,529,102	(14,419)	125	134,917	1,529,227
Capital grants and contributions	179,651	71,409	5,068,204	1,787,771	5,247,855	1,859,180
General revenues:						
Property taxes	1,600,582	1,373,607	-	-	1,600,582	1,373,607
Sales taxes	10,780,741	9,456,566	-	-	10,780,741	9,456,566
Other	570,364	262,274	47,308	-	617,672	262,274
<b>Total revenues</b>	<u>15,744,343</u>	<u>14,591,218</u>	<u>10,846,320</u>	<u>7,615,118</u>	<u>26,590,663</u>	<u>22,206,336</u>
Expenses:						
General government	2,968,061	2,988,601	-	-	2,968,061	2,988,601
Public safety	4,172,794	5,033,041	-	-	4,172,794	5,033,041
Public works	2,469,789	2,226,555	-	-	2,469,789	2,226,555
Community services	2,129,464	1,693,376	-	-	2,129,464	1,693,376
Water and sewer utility	-	-	4,753,574	4,678,020	4,753,574	4,678,020
Airport	-	-	1,434,400	1,413,143	1,434,400	1,413,143
Nonmajor enterprise funds	-	-	1,403,624	1,386,559	1,403,624	1,386,559
Interest expense	2,619	5,218	-	-	2,619	5,218
<b>Total expenses</b>	<u>11,742,727</u>	<u>11,946,791</u>	<u>7,591,598</u>	<u>7,477,722</u>	<u>19,334,325</u>	<u>19,424,513</u>
Increase in net position before transfers	4,001,616	2,644,427	3,254,722	137,396	7,256,338	2,781,823
Transfers	150,152	274,525	(150,152)	(274,525)	-	-
Increase (decrease) in net position	4,151,768	2,918,952	3,104,570	(137,129)	7,256,338	2,781,823
Beginning net position	26,540,467	23,621,515	77,054,066	77,191,194	103,594,533	100,812,709
<b>Ending net position</b>	<u>\$ 30,692,235</u>	<u>26,540,467</u>	<u>80,158,636</u>	<u>77,054,065</u>	<u>110,850,871</u>	<u>103,594,532</u>

# CITY OF PALMER, ALASKA

## Management's Discussion and Analysis

### Governmental Activities

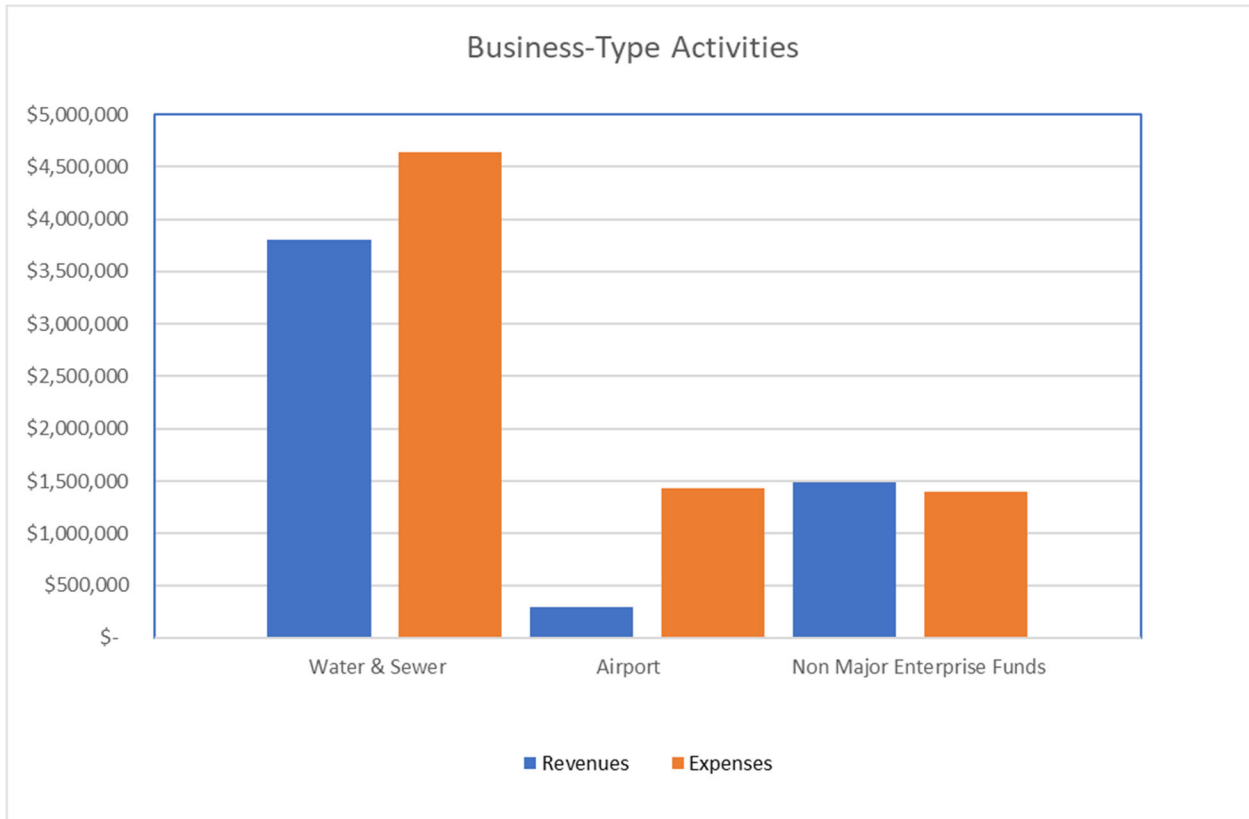
Governmental activities increased the City of Palmer's net position by \$4,151,768. Property taxes increased by \$226,975 and sales tax collections increased by \$1,324,175. The City's expenses decreased in the amount of \$204,064. Net transfers from business-type activities was \$150,152.

### Business-Type Activities

The City's business-type activities had an increase of \$3,104,570 in net position. This was due to an increase in capital grants and contributions primarily in the Water and Sewer Fund.

The following graph shows expenses and operating revenues for all of the business-type activities in 2022. Not included in the revenues are capital grants, contributions, insurance recoveries, and investment earnings. As reflected in the graph, the major funds had expenses in excess of service revenues. If depreciation expense were removed from the analysis, the Water & Sewer Fund operating revenues would exceed operating expenses. The 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, 2022, the City's governmental funds reported combined ending fund balances of \$16,908,994, an increase of \$3,285,257. Of the ending balance, \$9,815,781, 58.1% 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 attributed to the decrease of expenditures primarily due to open positions, delay of equipment purchased, delay of projects and the increase of revenues.

- 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 Funds reported an overall increase of fund balance in 2022 due to additional capital projects and equipment funded in 2022 that have been delayed for various reasons.

**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 \$1,105,438, an increase of \$310,097 from 2021. This is due to decreased operating expenses and increase in revenues.

The Airport Fund unrestricted net position shows a deficit of \$130,330 compared to a deficit of \$282,209 at the end of 2021. The decrease in the deficit is due to a combination of insurance recovery funds, miscellaneous income, interest income, and capital contributions.

The Refuse Fund unrestricted net position is \$626,059, a decrease of \$162,069 from that amount in 2021, this is primarily due to the purchase of a new garbage truck in 2022.

The Golf Course unrestricted net position shows a deficit of \$349,841 compared to a deficit of \$427,881 at the end of 2021. Operating revenues exceeded operating expense by \$49,028. Depreciation constitutes \$40,165 of those expenses.

The unrestricted net position stayed the same for the Land Development Fund due to no activity in 2022.

**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 \$1,854,918. However, the final adopted budget projected an overall increase to the fund balance of \$1,140,745.

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

- Transfers in were increased by \$289,682 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 \$517,955 to account for capital costs with the Equipment Fund and for operating costs with the Narcotics Grant Fund. Revenues were increased by \$3,052,812 which included increases for MTA Events Center, Motor Vehicle Tax, Sales Tax, Municipal Aid, Grants Administrative Overhead, and PERS relief. PERS relief funding is funding provided by the State to political subdivisions to offset the unfunded state pension liability.
- The final budget increased expenditures by \$167,386 primarily due to PERS relief.

**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, 2022, totals \$102,366,031 (net of accumulated depreciation). This amount represents a \$143,257 increase over the previous year.

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

	Governmental Activities		Business-type Activities		Total Activities	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,855,738	1,855,738	3,002,073	3,002,073	4,857,811	4,857,811
Buildings	1,082,921	1,405,424	41,112	54,353	1,124,033	1,459,777
Improvements other than buildings	11,145,339	11,776,266	71,496,147	75,011,847	82,641,486	86,788,113
Machinery and equipment	3,410,276	3,265,124	1,798,393	1,516,779	5,208,669	4,781,903
Intangible right to use leases	6,903	-	-	-	6,903	-
Construction work in progress	<u>326,682</u>	<u>790,968</u>	<u>8,200,447</u>	<u>3,544,202</u>	<u>8,527,129</u>	<u>4,335,170</u>
<b>Total capital assets</b>	<b><u>\$ 17,827,859</u></b>	<b><u>19,093,520</u></b>	<b><u>84,538,172</u></b>	<b><u>83,129,254</u></b>	<b><u>102,366,031</u></b>	<b><u>102,222,774</u></b>

Additional information on the City’s capital assets can be found in Note 5 on pages 44-50 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, 2022.

**Table A-4**

**City of Palmer's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total Activities	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
GO bonds	\$ -	330,454	-	-	-	330,454
Loans payable	-	-	6,241,600	6,548,040	6,241,600	6,548,040
<b>Total</b>	<b>-</b>	<b>330,454</b>	<b>6,241,600</b>	<b>6,548,040</b>	<b>6,241,600</b>	<b>6,878,494</b>
Compensated absences	420,948	404,170	47,008	65,104	467,956	469,274
Capital lease payable	7,074	-	-	-	7,074	-
Net pension liability	7,184,287	5,819,928	752,019	629,877	7,936,306	6,449,805
<b>Total long-term debt</b>	<b>\$ <u>7,612,309</u></b>	<b><u>6,554,552</u></b>	<b><u>7,040,627</u></b>	<b><u>7,243,021</u></b>	<b><u>14,652,936</u></b>	<b><u>13,797,573</u></b>

**Capital Asset and Debt Administration, continued**

In 2022 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 2022, State of Alaska bond bank credit ratings were: Moody’s Investors Service, Inc., ‘A1’ and an ‘A+’ rating from S&P Global Ratings. The City of Palmer paid off the MTA Events Center bonded debt through the State of Alaska Municipal Bond Bank in December of 2022.

Additional information on the City’s long-term debt can be found in Note 7 on pages 47-50 of this report.

## CITY OF PALMER, ALASKA

### Management's Discussion and Analysis

#### **Economic Factors and Next Year's Budgets (2023) and Rates**

- Sales tax remains the primary source of revenue for the General Fund accounting for approximately 70% 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 continues to fund more than the required 10% of the General Fund unassigned fund balance for capital items. For 2023 these capital items include a new fire engine and road paving.
- 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 2023 annual budget. The annual budget is adopted for the General, Enterprise, Special Revenue and Capital Projects Funds. Major aspects of the adopted 2023 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 2022 at 3%.
- Budgeted expenditures in the General Fund increased by \$740,821 from 2022 excluding transfers.

#### **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](mailto:financedepatment@palmerak.org)



## Basic Financial Statements

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## City of Palmer, Alaska

## Statement of Net Position

<i>December 31, 2022</i>	Governmental Activities	Business-type Activities	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Cash and investments	\$ 12,349,704	\$ 3,849,291	\$ 16,198,995
Receivables, net of allowance for uncollectibles:			
Grants and shared revenues	112,980	884,362	997,342
Sales taxes	1,187,820	-	1,187,820
Property taxes	171,227	-	171,227
Accounts	91,136	550,185	641,321
Leases	316,340	3,148,893	3,465,233
Assessments	65,845	-	65,845
Unbilled revenue	-	517,326	517,326
Prepaid insurance	410,787	-	410,787
Internal balances	3,248,053	(3,248,053)	-
Inventories	18,970	165,204	184,174
Land held for sale	-	217,414	217,414
Net other postemployment benefits asset	2,912,842	304,903	3,217,745
Capital assets not being depreciated	2,182,420	11,202,520	13,384,940
Capital assets, net of accumulated depreciation	15,645,439	73,335,652	88,981,091
<b>Total Assets</b>	<b>38,713,563</b>	<b>90,927,697</b>	<b>129,641,260</b>
<b>Deferred Outflows of Resources</b>			
Related to pensions	535,381	56,042	591,423
Related to other postemployment benefits	268,871	28,145	297,016
<b>Total Deferred Outflows of Resources</b>	<b>804,252</b>	<b>84,187</b>	<b>888,439</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 39,517,815</b>	<b>\$ 91,011,884</b>	<b>\$ 130,529,699</b>

*See accompanying notes to basic financial statements.*

**City of Palmer, Alaska**  
**Statement of Net Position, continued**

<i>December 31, 2022</i>	Governmental Activities	Business-type Activities	Total
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>			
<b>Liabilities</b>			
Accounts payable	\$ 250,546	\$ 151,911	\$ 402,457
Capital related accounts payable	97,244	46,996	144,240
Accrued payroll and employee benefits	198,665	24,093	222,758
Customer deposits	23,189	306,644	329,833
Accrued interest payable	-	21,693	21,693
Unearned revenue	66,214	130,394	196,608
Noncurrent liabilities:			
Due within one year:			
Vested unpaid vacation and sick leave	420,948	47,008	467,956
Lease payable	3,304	-	3,304
Loans payable	-	310,786	310,786
Due in more than one year:			
Lease payable	3,770	-	3,770
Loans payable	-	5,930,814	5,930,814
Net pension liability	7,184,287	752,019	7,936,306
<b>Total Liabilities</b>	<b>8,248,167</b>	<b>7,722,358</b>	<b>15,970,525</b>
<b>Deferred Inflows of Resources</b>			
Related to leases	309,974	3,102,896	3,412,870
Related to other postemployment benefits	267,439	27,994	295,433
<b>Total Deferred Inflow of Resources</b>	<b>577,413</b>	<b>3,130,890</b>	<b>3,708,303</b>
<b>Net Position</b>			
Net investment in capital assets	17,723,541	78,249,576	95,973,117
Restricted	607	-	607
Unrestricted	12,968,087	1,909,060	14,877,147
<b>Total Net Position</b>	<b>30,692,235</b>	<b>80,158,636</b>	<b>110,850,871</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$39,517,815</b>	<b>\$91,011,884</b>	<b>\$130,529,699</b>

*See accompanying notes to basic financial statements.*

## City of Palmer, Alaska

## Statement of Activities

Year Ended December 31, 2022	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	
<b>Governmental Activities</b>							
General government	\$ 2,968,061	\$ 917,861	\$ 141,709	\$ -	\$ (1,908,491)	\$ -	\$ (1,908,491)
Public safety	4,172,794	794,389	(36,990)	103,630	(3,311,765)	-	(3,311,765)
Public works	2,469,789	354,213	59,511	-	(2,056,065)	-	(2,056,065)
Community services	2,129,464	397,206	(14,894)	76,021	(1,671,131)	-	(1,671,131)
Unallocated interest	2,619	-	-	-	(2,619)	-	(2,619)
<b>Total Governmental Activities</b>	<b>11,742,727</b>	<b>2,463,669</b>	<b>149,336</b>	<b>179,651</b>	<b>(8,950,071)</b>	<b>-</b>	<b>(8,950,071)</b>
<b>Business-type Activities</b>							
Water and sewer	4,753,574	3,807,451	(10,446)	4,510,935	-	3,554,366	3,554,366
Airport	1,434,400	450,277	(1,948)	506,292	-	(479,779)	(479,779)
Refuse	783,014	817,861	(2,025)	3,055	-	35,877	35,877
Golf course	620,610	669,638	-	47,922	-	96,950	96,950
<b>Total Business-type Activities</b>	<b>7,591,598</b>	<b>5,745,227</b>	<b>(14,419)</b>	<b>5,068,204</b>	<b>-</b>	<b>3,207,414</b>	<b>3,207,414</b>
<b>Totals</b>	<b>\$ 19,334,325</b>	<b>\$ 8,208,896</b>	<b>\$ 134,917</b>	<b>\$ 5,247,855</b>	<b>(8,950,071)</b>	<b>3,207,414</b>	<b>(5,742,657)</b>
<b>General Revenues</b>							
Property taxes					1,600,582	-	1,600,582
Sales taxes					10,780,741	-	10,780,741
Grants and entitlements not restricted to a specific purpose					315,332	-	315,332
Investment income					46,010	-	46,010
Gain on sale of capital assets					121,764	47,308	169,072
Other					87,258	-	87,258
<b>Transfers</b>					150,152	(150,152)	-
<b>Total General Revenues and Transfers</b>					<b>13,101,839</b>	<b>(102,844)</b>	<b>12,998,995</b>
<b>Change in Net Position</b>					<b>4,151,768</b>	<b>3,104,570</b>	<b>7,256,338</b>
<b>Net Position, beginning</b>					<b>26,540,467</b>	<b>77,054,066</b>	<b>103,594,533</b>
<b>Net Position, ending</b>					<b>\$ 30,692,235</b>	<b>\$ 80,158,636</b>	<b>\$ 110,850,871</b>

See accompanying notes to basic financial statements.

**City of Palmer, Alaska**  
**Governmental Funds**  
**Balance Sheet**

	<u>Major Fund</u>	Nonmajor	Total
<i>December 31, 2022</i>	General	Funds	Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 9,342,327	\$ 3,007,377	\$ 12,349,704
Receivables, net of allowance for uncollectibles:			
Grants and shared revenues	-	112,980	112,980
Sales taxes	1,187,820	-	1,187,820
Property taxes	171,227	-	171,227
Accounts	91,136	-	91,136
Leases	316,340	-	316,340
Assessments	65,845	-	65,845
Prepaid insurance	410,787	-	410,787
Inventory	18,970	-	18,970
Due from other funds	28,658	-	28,658
Advances to other funds	3,248,053	-	3,248,053
<b>Total Assets</b>	<b>\$ 14,881,163</b>	<b>\$ 3,120,357</b>	<b>\$ 18,001,520</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 250,546	\$ 97,244	\$ 347,790
Accrued payroll and employee benefits	198,665	-	198,665
Deposits	23,189	-	23,189
Due to other funds	-	28,658	28,658
Unearned revenue	60,435	-	60,435
<b>Total Liabilities</b>	<b>532,835</b>	<b>125,902</b>	<b>658,737</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to leases	309,974	-	309,974
Deferred property taxes	52,192	-	52,192
Deferred assessments	71,623	-	71,623
<b>Total Deferred Inflows of Resources</b>	<b>433,789</b>	<b>-</b>	<b>433,789</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>966,624</b>	<b>125,902</b>	<b>1,092,526</b>
<b>Fund Balances</b>			
Nonspendable:			
Prepaid insurance and inventory	429,757	-	429,757
Advances to other funds	3,248,053	-	3,248,053
Restricted for public safety	-	607	607
Committed:			
Capital projects and equipment	-	2,892,150	2,892,150
Public safety	-	44,059	44,059
Parks	-	57,639	57,639
Assigned for vested unpaid vacation and sick leave	420,948	-	420,948
Unassigned	9,815,781	-	9,815,781
<b>Total Fund Balances</b>	<b>13,914,539</b>	<b>2,994,455</b>	<b>16,908,994</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 14,881,163</b>	<b>\$ 3,120,357</b>	<b>\$ 18,001,520</b>

*See accompanying notes to basic financial statements.*

**City of Palmer, Alaska**  
**Reconciliation of Governmental Funds**  
**Balance Sheet to Statement of Net Position**  
**December 31, 2022**

Total fund balances for governmental funds		\$ 16,908,994
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	326,682	
Buildings	11,409,245	
Improvements other than buildings	25,270,373	
Machinery and equipment	12,052,833	
Intangible right to use leases	10,217	
Accumulated depreciation	<u>(33,097,229)</u>	
Total capital assets		17,827,859
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	65,844	
Delinquent property taxes receivable	52,192	
Net other postemployment benefits asset	<u>2,912,842</u>	
Total long-term assets		3,030,878
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:		
Vested unpaid vacation and sick leave	(420,948)	
Lease payable	(7,074)	
Net pension liability	<u>(7,184,287)</u>	
Total long-term liabilities		(7,612,309)
Deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefits are applicable to future periods and therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions	535,381	
Deferred outflows of resources related to other postemployment benefits	268,871	
Deferred inflows of resources related to other postemployment benefits	<u>(267,439)</u>	
Total deferred pension and OPEB items		<u>536,813</u>
<b>Total Net Position of Governmental Activities</b>		<b><u>\$ 30,692,235</u></b>

*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, 2022	Major Fund		Total
	General	Nonmajor Funds	Governmental Funds
<b>Revenues</b>			
Taxes	\$ 12,381,323	\$ -	\$ 12,381,323
Licenses and permits	227,664	-	227,664
Fines and forfeitures	84,040	-	84,040
Intergovernmental	712,252	276,329	988,581
Special assessments	20,716	-	20,716
Charges for services	1,932,386	-	1,932,386
Miscellaneous	98,268	37,400	135,668
<b>Total Revenues</b>	<b>15,456,649</b>	<b>313,729</b>	<b>15,770,378</b>
<b>Expenditures</b>			
Current:			
General government	3,082,616	-	3,082,616
Public safety	5,031,061	196,184	5,227,245
Public works	1,980,256	-	1,980,256
Community services	1,535,612	-	1,535,612
Debt service:			
Principal	303,143	-	303,143
Interest	18,186	-	18,186
Capital outlay	-	835,942	835,942
<b>Total Expenditures</b>	<b>11,950,874</b>	<b>1,032,126</b>	<b>12,983,000</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,505,775</b>	<b>(718,397)</b>	<b>2,787,378</b>
<b>Other Financing Sources (Uses)</b>			
Sale of capital assets	121,764	-	121,764
Other financing sources related to leases	10,217	-	10,217
Insurance recoveries	215,746	-	215,746
Transfers in	288,152	2,030,409	2,318,561
Transfers out	(2,168,409)	-	(2,168,409)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,532,530)</b>	<b>2,030,409</b>	<b>497,879</b>
<b>Net Change in Fund Balances</b>	<b>1,973,245</b>	<b>1,312,012</b>	<b>3,285,257</b>
<b>Fund Balances, beginning</b>	<b>11,941,294</b>	<b>1,682,443</b>	<b>13,623,737</b>
<b>Fund Balances, ending</b>	<b>\$ 13,914,539</b>	<b>\$ 2,994,455</b>	<b>\$ 16,908,994</b>

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, 2022**

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Net change in fund balances - total governmental funds		\$ 3,285,257
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 (\$2,021,498) exceeds net capital outlays (\$725,837) and capital contributions (\$30,000).		
		(1,265,661)
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.		
		(19,283)
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	\$ 300,000	
Increase in leases payable	(7,074)	
Decrease in unamortized bond premium	30,454	
Decrease in unamortized loss on refunding	(19,887)	
	303,493	
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	5,000	
Vested unpaid vacation and sick leave	(16,778)	
Net pension liability and related accounts	983,325	
Net other postemployment benefits asset and related accounts	876,415	
	1,847,962	
<b>Change in Net Position of Governmental Activities</b>		<b>\$ 4,151,768</b>

*See accompanying notes to basic financial statements.*



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

<i>December 31, 2022</i>	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Proprietary Funds
	Water and Sewer	Airport		
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and investments	\$ 2,871,061	\$ -	\$ 978,230	\$ 3,849,291
Receivables:				
Accounts	407,977	12,506	129,702	550,185
Leases	-	3,148,893	-	3,148,893
Grants	698,818	185,544	-	884,362
Inventory	165,204	-	-	165,204
Unbilled revenue	452,443	-	64,883	517,326
<b>Total Current Assets</b>	<b>4,595,503</b>	<b>3,346,943</b>	<b>1,172,815</b>	<b>9,115,261</b>
<b>Noncurrent Assets</b>				
Land held for sale	-	-	217,414	217,414
Capital assets:				
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	1,923,031	1,341,376	1,632,476	4,896,883
Improvements other than buildings	94,355,009	28,403,952	676,033	123,434,994
Construction work in progress	7,369,447	831,000	-	8,200,447
Total capital assets	103,752,718	32,498,375	4,184,235	140,435,328
Less accumulated depreciation	(34,911,565)	(19,172,189)	(1,813,402)	(55,897,156)
Net capital assets	68,841,153	13,326,186	2,370,833	84,538,172
Other asset - net other postemployment benefits asset	220,895	41,187	42,821	304,903
<b>Total Noncurrent Assets</b>	<b>69,062,048</b>	<b>13,367,373</b>	<b>2,631,068</b>	<b>85,060,489</b>
<b>Total Assets</b>	<b>73,657,551</b>	<b>16,714,316</b>	<b>3,803,883</b>	<b>94,175,750</b>
<b>Deferred Outflows of Resources</b>				
Related to pensions	40,601	7,570	7,871	56,042
Related to other postemployment benefits	20,390	3,802	3,953	28,145
<b>Total Deferred Outflows of Resources</b>	<b>60,991</b>	<b>11,372</b>	<b>11,824</b>	<b>84,187</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 73,718,542</b>	<b>\$ 16,725,688</b>	<b>\$ 3,815,707</b>	<b>\$ 94,259,937</b>

*See accompanying notes to basic financial statements.*

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

<i>December 31, 2022</i>	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Proprietary Funds
	Water and Sewer	Airport		
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 89,921	\$ 21,993	\$ 39,997	\$ 151,911
Capital related accounts payable	24,776	22,220	-	46,996
Accrued payroll and employee benefits	13,903	1,375	8,815	24,093
Current portion of loans payable	310,786	-	-	310,786
Vested unpaid vacation and sick leave	33,506	1,305	12,197	47,008
Unearned revenue	-	83,792	46,602	130,394
Accrued interest payable	21,693	-	-	21,693
Customer deposits	306,644	-	-	306,644
<b>Total Current Liabilities</b>	<b>801,229</b>	<b>130,685</b>	<b>107,611</b>	<b>1,039,525</b>
<b>Long-term Liabilities</b>				
Loans payable	5,930,814	-	-	5,930,814
Advances from other fund	2,741,184	213,106	293,763	3,248,053
Net pension liability	544,819	101,584	105,616	752,019
<b>Total Long-term Liabilities</b>	<b>9,216,817</b>	<b>314,690</b>	<b>399,379</b>	<b>9,930,886</b>
<b>Total Liabilities</b>	<b>10,018,046</b>	<b>445,375</b>	<b>506,990</b>	<b>10,970,411</b>
<b>Deferred Inflows of Resources</b>				
Related to leases	-	3,102,896	-	3,102,896
Related to other postemployment benefits	20,281	3,781	3,932	27,994
<b>Total Deferred Inflows of Resources</b>	<b>20,281</b>	<b>3,106,677</b>	<b>3,932</b>	<b>3,130,890</b>
<b>Net Position</b>				
Net investment in capital assets	62,574,777	13,303,966	2,370,833	78,249,576
Unrestricted (deficit)	1,105,438	(130,330)	933,952	1,909,060
<b>Total Net Position</b>	<b>63,680,215</b>	<b>13,173,636</b>	<b>3,304,785</b>	<b>80,158,636</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 73,718,542</b>	<b>\$ 16,725,688</b>	<b>\$ 3,815,707</b>	<b>\$ 94,259,937</b>

*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, 2022	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Proprietary Funds
	Water and Sewer	Airport		
<b>Operating Revenues</b>	\$ 3,800,073	\$ 296,899	\$ 1,487,499	\$ 5,584,471
<b>Operating Expenses</b>				
Salaries and employee benefits	415,365	58,980	72,955	547,300
Administrative services	586,056	101,659	556,228	1,243,943
Other operating expenses	1,037,371	190,182	640,075	1,867,628
Depreciation	2,604,598	1,083,579	134,366	3,822,543
<b>Total Operating Expenses</b>	4,643,390	1,434,400	1,403,624	7,481,414
<b>Operating Income (Loss)</b>	(843,317)	(1,137,501)	83,875	(1,896,943)
<b>Nonoperating Revenues (Expenses)</b>				
State PERS relief	(10,446)	(1,948)	(2,025)	(14,419)
Interest income	-	126,326	-	126,326
Miscellaneous income	7,378	27,052	-	34,430
Gain on sale of capital assets	-	-	47,308	47,308
Insurance recoveries	340,563	22,644	50,977	414,184
Interest expense	(110,184)	-	-	(110,184)
<b>Total Nonoperating Revenues (Expenses)</b>	227,311	174,074	96,260	497,645
<b>Income (Loss) Before Contributions and Transfers</b>	(616,006)	(963,427)	180,135	(1,399,298)
Capital contributions	4,170,372	483,648	-	4,654,020
Transfers in	-	138,000	-	138,000
Transfers out	(204,782)	-	(83,370)	(288,152)
<b>Change in Net Position</b>	3,349,584	(341,779)	96,765	3,104,570
<b>Net Position, beginning</b>	60,330,631	13,515,415	3,208,020	77,054,066
<b>Net Position, ending</b>	\$63,680,215	\$13,173,636	\$ 3,304,785	\$ 80,158,636

See accompanying notes to basic financial statements.

## City of Palmer, Alaska

Proprietary Funds  
Statement of Cash Flows

Year Ended December 31, 2022	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Proprietary Funds
	Water and Sewer	Airport		
<b>Cash Flows from (for) Operating Activities</b>				
Cash receipts from customers and users	\$ 3,752,534	\$ 378,966	\$ 1,481,242	\$ 5,612,742
Payments to suppliers	(1,046,688)	(178,012)	(1,055,189)	(2,279,889)
Payments to employees	(526,519)	(133,479)	(122,280)	(782,278)
Payments for interfund services used	(586,056)	(101,659)	(139,228)	(826,943)
Net cash flows from (for) operating activities	1,593,271	(34,184)	164,545	1,723,632
<b>Cash Flows for Noncapital Financing Activities</b>				
Increase in advances from other funds	-	(195,651)	-	(195,651)
Transfers out	(204,782)	-	(83,370)	(288,152)
Net cash flows for noncapital financing activities	(204,782)	(195,651)	(83,370)	(483,803)
<b>Cash Flows from (for) Capital and Related Financing Activities</b>				
Capital contributions received	4,057,374	659,112	-	4,716,486
Purchase of capital assets	(5,337,645)	(589,921)	(375,152)	(6,302,718)
Sale of capital assets	-	-	107,300	107,300
Insurance recoveries	340,563	22,644	50,977	414,184
Transfers in	-	138,000	-	138,000
Increase (decrease) in advances from other funds	161,184	-	(84,531)	76,653
Principal payments on loans payable	(306,440)	-	-	(306,440)
Interest paid	(110,184)	-	-	(110,184)
Net cash flows from (for) capital and related financing activities	(1,195,148)	229,835	(301,406)	(1,266,719)
<b>Net Increase (Decrease) in Cash and Investments</b>	193,341	-	(220,231)	(26,890)
<b>Cash and Investments, beginning</b>	2,677,720	-	1,198,461	3,876,181
<b>Cash and Investments, ending</b>	\$ 2,871,061	\$ -	\$ 978,230	\$ 3,849,291

See accompanying notes to basic financial statements.

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

<i>Year Ended December 31, 2022</i>	Major Enterprise Funds		Nonmajor	Total
	Water and	Airport	Enterprise	Proprietary
	Sewer		Funds	Funds
<b>Reconciliation of Operating Income (Loss) to Net</b>				
<b>Cash Flows from (for) Operating Activities</b>				
Operating income (loss)	\$ (843,317)	\$ (1,137,501)	\$ 83,875	\$ (1,896,943)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:				
Depreciation	2,604,598	1,083,579	134,366	3,822,543
Noncash expense - PERS relief	(10,446)	(1,948)	(2,025)	(14,419)
Other revenues	7,378	153,378	-	160,756
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable	(34,589)	2,682	(8,096)	(40,003)
Leases receivable	-	50,554	-	50,554
Unbilled revenue	(21,138)	-	80	(21,058)
Inventories	4,125	-	-	4,125
Net other postemployment benefits asset	100,936	44,687	19,324	164,947
Deferred outflows of resources related to pension	(3,643)	2,327	(658)	(1,974)
Deferred outflows of resources related to other postemployment benefits	(13,810)	(2,046)	(2,682)	(18,538)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	(13,442)	12,170	1,886	614
Accrued payroll and employee benefits	5,653	(149)	7,704	13,208
Vested unpaid vacation and sick leave	4,745	(19,488)	(3,353)	(18,096)
Unearned revenue	-	(27,996)	1,759	(26,237)
Customer deposits	810	-	-	810
Net pension liability	134,629	(8,407)	(4,080)	122,142
Deferred inflows of resources related to leases	-	(96,551)	-	(96,551)
Deferred inflows of resources related to pensions	(176,549)	(47,108)	(34,091)	(257,748)
Deferred inflows of resources related to other postemployment benefits	(152,669)	(42,367)	(29,464)	(224,500)
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 1,593,271</b>	<b>\$ (34,184)</b>	<b>\$ 164,545</b>	<b>\$ 1,723,632</b>
<b>Noncash Capital and Related Financing Activities</b>				
Purchase of capital assets on account	\$ 24,776	\$ 22,220	\$ -	\$ 46,996

*See accompanying notes to basic financial statements.*

# City of Palmer, Alaska

## Notes to Basic Financial Statements Year Ended December 31, 2022

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### 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 statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise funds and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *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

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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.

**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.

***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.

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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### *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.

### *Leases*

*Lessee:* The City is party to a lease of a nonfinancial asset as a lessee. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

*Lessor:* The City has leased to third-parties multiple nonfinancial assets. The City recognizes a lease receivable and a deferred inflow of resources in both the government-wide and governmental fund financial statements where applicable.

At the commencement of the lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments receivable. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.



# City of Palmer, Alaska

## Notes to Basic Financial Statements

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Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### ***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.

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

### ***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).

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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### *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.

*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.

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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### ***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 liabilities 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.

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.

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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### *Pensions and Other Postemployment Benefits (OPEB)*

For purposes of measuring the net pension liability and net OPEB asset, 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.
- 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.

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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### 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, 2022.

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Cash and cash equivalents	\$ 13,248,977
Investments	2,950,018
<b>Total Cash and Investments</b>	<b>\$ 16,198,995</b>

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#### *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.

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.

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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Investment maturities at December 31, 2022 are as follows:

<i>Investment Type</i>	Investment Maturities (in Years)		Total
	Less than 1	1-5	
Certificates of deposit	\$ 702,876	\$ 494,431	\$ 1,197,307
AMLIP pooled investments	1,752,711	-	1,752,711
<b>Total Investments</b>	<b>\$ 2,455,587</b>	<b>\$ 494,431</b>	<b>\$ 2,950,018</b>

### ***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, 2022, 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.

### ***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 year-end.

### ***Fair Value Measurement***

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

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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The City has the following fair value measurements as of December 31, 2022:

- Certificate of deposits of \$434,431 are valued using information from market sources, integrated relative credit information, observed market movement, and sector news into the evaluated pricing applications and models (Level 2 inputs)

The City's investment in AMLIP of \$1,752,711 is measured at net asset value, as of December 31, 2022. Management believes this approximates fair value.

The City has investments in certificates of deposit totaling \$702,876 that are not held at fair value but are instead recorded at amortized costs. Management believes that these approximate fair value.

### ***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.

### ***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, 2022 because investments were held by a custodian in the name of the City.

## **4. Deferred Inflows of Resources, Deferred Outflows of Resources and Unearned Revenue**

Governmental funds report deferred inflows in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds report acquisitions of net position by the governmental funds that are applicable to a future reporting period as deferred inflows of resources and consumption of net position that are applicable to a future period as deferred outflows. At December 31, 2022, the various components of unearned revenue, deferred inflows of resources, and deferred outflows of resources reported at the fund level and the government-wide level were as follows:

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Deferred inflows of resources:	
Delinquent property taxes receivable - General Fund	\$ 52,192
Special assessments not yet due and delinquent - General Fund	71,623
Lease	309,974
<b>Total Deferred Inflows of Resources</b>	<b>\$ 433,789</b>
<b>Unearned Revenue - grant drawdowns</b>	<b>\$ 60,435</b>

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# City of Palmer, Alaska

## Notes to Basic Financial Statements

### 5. Capital Assets

The following summarizes the changes in capital assets for the year ended December 31, 2022:

<b>Governmental Activities</b>	Balance January 1, 2022	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2022
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 1,855,738	\$ -	\$ -	\$ 1,855,738
Construction in progress	790,968	210,562	(674,848)	326,682
<b>Total assets not being depreciated and amortized</b>	<b>2,646,706</b>	<b>210,562</b>	<b>(674,848)</b>	<b>2,182,420</b>
<i>Capital assets being depreciated and amortized:</i>				
Buildings	11,382,558	26,687	-	11,409,245
Improvements other than buildings	25,009,165	261,208	-	25,270,373
Machinery and equipment	11,734,276	922,011	(603,454)	12,052,833
Intangible right to use leases	-	10,217	-	10,217
<b>Total assets being depreciated</b>	<b>48,125,999</b>	<b>1,220,123</b>	<b>(603,454)</b>	<b>48,742,668</b>
<i>Less accumulated depreciation and amortization for:</i>				
Buildings	9,977,134	349,190	-	10,326,324
Improvements other than buildings	13,232,899	892,135	-	14,125,034
Machinery and equipment	8,469,152	776,859	(603,454)	8,642,557
Intangible right to use leases	-	3,314	-	3,314
<b>Total accumulated depreciation and amortization</b>	<b>31,679,185</b>	<b>2,021,498</b>	<b>(603,454)</b>	<b>33,097,229</b>
<b>Total capital assets being depreciated and amortized, net</b>	<b>16,446,814</b>	<b>(801,375)</b>	<b>-</b>	<b>15,645,439</b>
<b>Governmental Activity Capital Assets, net</b>	<b>\$ 19,093,520</b>	<b>\$ (590,813)</b>	<b>\$ (674,848)</b>	<b>\$ 17,827,859</b>

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# City of Palmer, Alaska

## Notes to Basic Financial Statements

	Balance January 1, 2022	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2022
<b>Business-type Activities</b>				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 3,002,073	\$ -	\$ -	\$ 3,002,073
Construction work in progress	3,544,202	4,656,245	-	8,200,447
<b>Total assets not being depreciated</b>	<b>6,546,275</b>	<b>4,656,245</b>	<b>-</b>	<b>11,202,520</b>
<i>Capital assets being depreciated:</i>				
Buildings	900,931	-	-	900,931
Improvements other than buildings	123,426,196	23,224	(14,426)	123,434,994
Machinery and equipment	4,599,039	611,984	(314,140)	4,896,883
<b>Total assets being depreciated</b>	<b>128,926,166</b>	<b>635,208</b>	<b>(328,566)</b>	<b>129,232,808</b>
Less accumulated depreciation for:				
Buildings	846,578	13,241	-	859,819
Improvements other than buildings	48,414,349	3,538,924	(14,426)	51,938,847
Machinery and equipment	3,082,260	270,378	(254,148)	3,098,490
<b>Total accumulated depreciation</b>	<b>52,343,187</b>	<b>3,822,543</b>	<b>(268,574)</b>	<b>55,897,156</b>
<b>Total capital assets being depreciated, net</b>	<b>76,582,979</b>	<b>(3,187,335)</b>	<b>(59,992)</b>	<b>73,335,652</b>
<b>Business-type Activity Capital Assets, net</b>	<b>\$ 83,129,254</b>	<b>\$ 1,468,910</b>	<b>(59,992)</b>	<b>\$ 84,538,172</b>
Depreciation and amortization expense was charged to the functions as follows for the year ended December 31, 2022:				
<b>Governmental Activities</b>				
General government				\$ 95,425
Public safety				768,144
Public works				728,410
Community services				429,519
<b>Total Governmental Activities</b>				<b>\$ 2,021,498</b>
<b>Business-type Activities</b>				
Water and sewer				\$ 2,604,598
Airport				1,083,579
Refuse				94,201
Golf course				40,165
<b>Total Business-type Activities</b>				<b>\$ 3,822,543</b>

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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### *Construction Commitments*

The City has various active construction projects as of December 31, 2022. At year-end, the City's commitments with contractors totaled \$9,950,291.

### **6. Interfund Receivables, Payables, and Transfers**

A schedule of interfund balances and transfers as of and for the year ended December 31, 2022, follows:

#### **Due to the General Fund from:**

Nonmajor governmental fund for operating costs	\$ 28,658
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#### **Advances from the General Fund to:**

Water and Sewer Enterprise Fund for capital costs	\$ 2,741,184
Airport Enterprise Fund for operating costs	213,106
Nonmajor enterprise fund for operating costs	293,763

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<b>Total Advances to Other Funds</b>	<b>\$ 3,248,053</b>
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Transfers between funds are typically for payment in lieu of tax, for operating subsidies, or for capital funding requirements.

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#### **Transfers**

##### To General Fund from:

Water and Sewer Enterprise Fund for payment in lieu of tax	\$ 204,782
Nonmajor enterprise funds for payment in lieu of tax	83,370

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<b>Total to General Fund</b>	<b>288,152</b>
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##### From General Fund to:

Nonmajor governmental funds to cover operating and capital costs	2,030,409
Airport Enterprise Fund to cover capital costs	138,000

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<b>Total from General Fund</b>	<b>2,168,409</b>
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<b>Total Transfers</b>	<b>\$ 2,456,561</b>
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# City of Palmer, Alaska

## Notes to Basic Financial Statements

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### 7. Leases

#### *Lease Payable*

During the current year, the City entered into a three-year lease agreement as a lessee for a postage machine. The lease went into effect on January 1, 2022. An initial lease liability was recorded in the amount of \$10,217 during the current year. As of December 31, 2022, the outstanding balance on the lease was \$7,074. The City is required to make monthly principal and lease payments of \$299. The lease has an interest rate of 5%. The postage machine has a three-year estimated useful life. No direct costs paid during the current year to place the postage machine into service. The value of the right-to-use asset as of December 31, 2022 was \$10,217 and had accumulated amortization of \$3,314.

The future principal and interest lease payments as of December 31, 2022, were as follows:

<i>Year Ending December 31,</i>	Principal	Interest	Total
2023	\$ 3,304	\$ 279	\$ 3,583
2024	3,473	110	3,583
2025	297	1	298
<b>Total</b>	<b>\$ 7,074</b>	<b>\$ 390</b>	<b>\$ 7,464</b>

#### *Lease Receivable*

During the current year, the City, as lessor, entered into several multiple-year lease agreements to third parties for various nonfinancial assets. The lengths of the lease terms vary, and the City used estimated incremental borrowing rate of 4% when there was no stated interest rate in the lease contracts. The City received payments totaling \$246,226 for the fiscal year ended December 31, 2022. The City recognized \$158,467 in lease revenue and \$140,122 in interest revenue for the fiscal year ended December 31, 2022. As of December 31, 2022, the City's receivable for lease payments was \$3,465,233. The City recognized a deferred inflow of resources associated with the leases of \$3,412,870 on December 31, 2022, that will be recognized as revenue over the remainder of the lease terms.

### 8. Long-term Liabilities

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.

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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 changes in long-term liabilities of the City for Governmental Activities for the year ended December 31, 2022, follows:

<b>Governmental Activities</b>	Balance January 1, 2022	Additions	Retired	Balance December 31, 2022	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	\$ 300,000	\$ -	\$ (300,000)	\$ -	-
Unamortized premium on Ice Rink GO bonds	30,454	-	(30,454)	-	-
Vested unpaid vacation and sick leave	404,170	438,698	(421,920)	420,948	420,948
<b>Net pension liability</b>	<b>5,819,928</b>	<b>1,364,359</b>	<b>-</b>	<b>7,184,287</b>	<b>-</b>
<b>Total Governmental Activities</b>	<b>\$ 6,554,552</b>	<b>\$ 1,803,057</b>	<b>\$ (752,374)</b>	<b>\$ 7,605,235</b>	<b>\$ 420,948</b>

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

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# City of Palmer, Alaska

## Notes to Basic Financial Statements

A summary of changes in long-term liabilities of the City for Business-type Activities for the year ended December 31, 2022, follows:

<b>Business-type Activities</b>	Balance January 1, 2022	Additions	Retired	Balance December 31, 2022	Due Within One Year
\$411,000 State of Alaska Water Utility loan, annual installments of \$24,202 through 2025, plus interest at 1.5%	\$ 94,086	\$ -	\$ (22,528)	\$ 71,558	\$ 22,866
\$604,000 State of Alaska Water Utility loan, annual installments of \$34,230 through 2024, plus interest at 1.5%	99,682	-	(32,735)	66,947	33,226
\$782,000 State of Alaska Water Utility loan, annual installments of \$39,100 through 2027, plus interest at 1.5%	234,600	-	(39,100)	195,500	39,100
\$1,518,000 State of Alaska Sewer Utility loan, annual installments of \$88,417 through 2027, plus interest at 1.5%	503,727	-	(80,861)	422,866	82,074
\$1,071,429 State of Alaska Water Utility loan, annual installments of \$55,679 through 2037, plus interest at 1.5%	786,808	-	(43,876)	742,932	44,535
\$1,285,714 (\$964,286 forgiven) State of Alaska Water Utility loan currently in drawdown phase. Maximum repayment amount of \$321,428 through 2037, plus interest at 1.5%	305,948	-	-	305,948	-
\$4,816,000 Department of Agriculture Community Facilities Loans and Grant Program loan, semi-annual installments of \$85,870 through 2058, plus interest at 1.875%	4,523,189	-	(87,340)	4,435,849	88,985
Vested unpaid vacation and sick leave	65,104	40,667	(58,763)	47,008	47,008
Net pension liability	629,877	122,142	-	752,019	-
<b>Total Business-type Activities</b>	<b>\$ 7,243,021</b>	<b>\$ 162,809</b>	<b>\$ (365,203)</b>	<b>\$ 7,040,627</b>	<b>\$ 357,794</b>

# City of Palmer, Alaska

## Notes to Basic Financial Statements

Annual debt service requirements to maturity for the loans follow:

<b>Business-type Activities</b>	<b>Loans Payable</b>		
<i>Year Ending December 31,</i>	Principal	Interest	Total
2023	\$ 310,786	\$ 105,250	\$ 416,036
2024	314,975	100,473	415,448
2025	287,381	95,176	382,557
2026	265,595	90,512	356,107
2027	269,361	86,167	355,528
2028-2032	753,951	383,142	1,137,093
2033-2037	822,858	314,234	1,137,092
2038-2042	611,027	247,673	858,700
2043-2047	670,814	187,886	858,700
2048-2052	736,399	122,301	858,700
2053-2057	808,544	50,156	858,700
2058	83,961	786	84,747
	5,935,652	\$ 1,783,756	\$ 7,719,408
Loan not in repayment status	305,948		
<b>Total Business-type Activities Loans Payable</b>	<b>\$ 6,241,600</b>		

### ***Debt Covenants***

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.

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# City of Palmer, Alaska

## Notes to Basic Financial Statements

### 9. 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
<b>Nonspendable:</b>			
Prepaid insurance and inventory	\$ 429,757	\$ -	\$ 429,757
Advances to other funds	3,248,053	-	3,248,053
<b>Total nonspendable</b>	<b>3,677,810</b>	<b>-</b>	<b>3,677,810</b>
<b>Restricted for public safety</b>	<b>-</b>	<b>607</b>	<b>607</b>
<b>Committed:</b>			
Public safety	-	44,059	44,059
Parks	-	57,639	57,639
Capital projects and equipment	-	2,892,150	2,892,150
<b>Total committed</b>	<b>-</b>	<b>2,993,848</b>	<b>2,993,848</b>
Assigned for vested unpaid vacation and sick leave	420,948	-	420,948
<b>Unassigned</b>	<b>9,815,781</b>	<b>-</b>	<b>9,815,781</b>
<b>Total Fund Balances</b>	<b>\$ 13,914,539</b>	<b>\$ 2,994,455</b>	<b>\$ 16,908,994</b>

### 10. Pension and Other Postemployment Benefits 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 <https://drb.alaska.gov/docs/reports/#pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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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.

### ***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.



# City of Palmer, Alaska

## Notes to Basic Financial Statements

**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 2022 calendar year were as follows:

<i>January 1, 2022 to June 30, 2022</i>	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	20.89%	8.11%
Postemployment healthcare (ARHCT)	3.12%	-%
Defined contribution - Pension	6.10%	-%
<b>Total Contribution Rates</b>	<b>30.11%</b>	<b>8.11%</b>
<i>July 1, 2022 to December 31, 2022</i>	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	18.38%	2.79%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.41%	-%
<b>Total Contribution Rates</b>	<b>24.79%</b>	<b>2.79%</b>

Alaska Statute 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the period from January 1, 2022 to June 30, 2022 the employer rate is 15.54% for pension and 6.46% for ARHCT and for the period from July 1, 2022 to December 31, 2022 the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the City are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

# City of Palmer, Alaska

## Notes to Basic Financial Statements

In 2022, the City was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2021 to June 30, 2022	City Fiscal Year January 1, 2022 to December 31, 2022
Employer contributions (including DBUL)	\$ 616,635	\$ 678,465
Nonemployer contributions (on-behalf)	379,836	261,274
<b>Total Contributions</b>	<b>\$ 996,471</b>	<b>\$ 939,739</b>

In addition, employee contributions to the Plan totaled \$93,223 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, 2022, 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:

	2022
City proportionate share of NPL	\$ 7,936,306
State’s proportionate share of NPL associated with the City	2,196,161
<b>Total Net Pension Liability</b>	<b>\$ 10,132,467</b>

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 and adjusted to reflect updated assumptions 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, 2022 measurement date, the City’s proportion was 0.15571 percent, which was a decrease of 0.02011 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City recognized pension expense of \$196,052 and on-behalf revenue of \$379,836 for support provided by the State. At December 31, 2022, 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
Net difference between projected and actual earnings on pension plan investments	\$ 226,902	\$ -
City contributions subsequent to the measurement date	364,521	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 591,423</b>	<b>\$ -</b>

# City of Palmer, Alaska

## Notes to Basic Financial Statements

The \$364,521 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, 2023. 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,*

2023	\$ (26,976)
2024	(69,143)
2025	(165,986)
2026	489,007
<hr/>	
<b>Total Amortization</b>	<b>\$ 226,902</b>

### ***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

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 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 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	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality
Peace officer/firefighter	

# City of Palmer, Alaska

## Notes to Basic Financial Statements

rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

All others

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Other

See the experience study report dated July 15, 2022.

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

### ***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 2.88%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Broad domestic equity	27%	+/- 6%	6.51%
Global equity (non-U.S.)	18%	+/- 4%	5.70%
Aggregate bonds	21%	+/- 10%	0.31%
Opportunistic	6%	+/- 4%	-%
Real assets	14%	+/- 7%	3.71%
Private equity	14%	+/- 6%	9.61%
Cash equivalents	-%	-%	(0.50)%

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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### ***Discount Rate***

The discount rate used to measure the total pension liability was 7.25%. The discount rate used changed 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 7.25%, 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability	0.15571%	\$ 10,683,974	\$ 7,936,306	\$ 5,619,455

### ***Pension Plan Fiduciary Net Position***

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

#### ***(b) Defined Contribution (DC) Pension Plan***

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

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the 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.

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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### ***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, 2022 to cover a portion of the City's employer match contributions. For the year ended December 31, 2022, forfeitures reduced pension expense by \$31,328.

### ***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 Rates***

For the year ended December 31, 2022, 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, 2022 were \$172,180 and \$275,489, 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).

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 annual comprehensive financial report for PERS, at the following website, <https://drb.alaska.gov/docs/reports/#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, 2022 were as follows:

<i>January 1, 2022 to June 30, 2022</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability	0.31%	0.68%
<b>Total Contribution Rates</b>	<b>7.84%</b>	<b>8.21%</b>

# City of Palmer, Alaska

## Notes to Basic Financial Statements

<i>July 1, 2022 to December 31, 2022</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.10%	1.10%
Occupational Death and Disability	0.30%	0.68%
<b>Total Contribution Rates</b>	<b>1.40%</b>	<b>1.78%</b>

In 2022, the City was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2021 to June 30, 2022		City Fiscal Year January 1, 2022 to December 31, 2022
Employer contributions - ARHCT	\$ 81,494	\$	41,544
Employer contributions - RMP	36,282		37,363
Employer contributions - ODD	13,463		13,627
<b>Total Contributions</b>	<b>\$ 131,239</b>	<b>\$</b>	<b>92,534</b>

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

At December 31, 2022, 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	\$ 3,040,980
City's proportionate share of NOA - RMP	74,472
City's proportionate share of NOA - ODD	102,293
<b>Total City's Proportionate Share of NOA</b>	<b>\$ 3,217,745</b>
State's proportionate share of the ARHCT NOA associated with the City	870,284
<b>Total Net OPEB Asset</b>	<b>\$ 4,088,029</b>

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# City of Palmer, Alaska

## Notes to Basic Financial Statements

The total OPEB asset for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 and adjusted to reflect updated assumptions to calculate the net OPEB asset as of that date. The City's proportion of the net OPEB asset was 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, 2021 Measurement Date Employer Proportion	June 30, 2022 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB asset:			
ARHCT	0.17657%	0.15456%	(0.02201)%
RMP	0.21202%	0.21443%	0.00241 %
ODD	0.23169%	0.23334%	0.00165 %

For the year ended December 31, 2022, the City recognized OPEB expense/on-behalf expense of \$(1,064,318). Of this amount, \$(295,629) was recorded as on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense/on-behalf expense and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB Expense/ On-behalf Expense	On-behalf Revenue
ARHCT	\$ (1,131,143)	\$ (295,629)
RMP	53,766	-
ODD	13,059	-
<b>Total</b>	<b>\$ (1,064,318)</b>	<b>\$ (295,629)</b>

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# City of Palmer, Alaska

## Notes to Basic Financial Statements

At December 31, 2022, 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	\$ -	\$ 3,692	\$ -	\$ 3,692
Changes in assumptions	-	14,420	-	14,420
Difference between projected and actual investment earnings	172,526	10,622	3,464	186,612
Changes in proportion and differences between City contributions and proportionate share of contributions	58,624	1,524	6,331	66,479
City contributions subsequent to the measurement date	-	18,949	6,864	25,813
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 231,150</b>	<b>\$ 49,207</b>	<b>\$ 16,659</b>	<b>\$ 297,016</b>

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (21,524)	\$ (2,926)	\$ (33,558)	\$ (58,008)
Changes in assumptions	(139,555)	(89,294)	(651)	(229,500)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(3,208)	(4,717)	(7,925)
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (161,079)</b>	<b>\$ (95,428)</b>	<b>\$ (38,926)</b>	<b>\$ (295,433)</b>

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 asset in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending December 31,</i>	ARHCT	RMP	ODD	Total
2023	\$ (131,430)	\$ (10,914)	\$ (6,230)	\$ (148,574)
2024	(60,505)	(11,434)	(6,403)	(78,342)
2025	(136,302)	(13,074)	(6,954)	(156,330)
2026	398,308	1,034	(1,890)	397,452
2027	-	(13,918)	(3,400)	(17,318)
Thereafter	-	(16,864)	(4,254)	(21,118)
<b>Total Amortization</b>	<b>\$ 70,071</b>	<b>\$ (65,170)</b>	<b>\$ (29,131)</b>	<b>\$ (24,230)</b>

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total OPEB asset for each plan was determined by actuarial valuations as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022:

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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 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 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	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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	<p>table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
All others (ARHCT and RMP Plans)	<p>Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
(ODD Plan)	<p>Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
(ARHCT and ODD Plans)	<p>Deaths are assumed to result from occupational causes 35% of the time.</p>
Participation (ARHCT)	<p>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.</p>
Other	<p>See the experience study report dated July 15, 2022.</p>

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# City of Palmer, Alaska

## Notes to Basic Financial Statements

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The total OPEB asset for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. 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 2.88% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Broad domestic equity	27%	+/- 6%	6.51%
Global equity (non-U.S.)	18%	+/- 4%	5.70%
Aggregate bonds	21%	+/- 10%	0.31%
Opportunistic	6%	+/- 4%	-%
Real assets	14%	+/- 7%	3.71%
Private equity	14%	+/- 6%	9.61%
Cash equivalents	-%	-%	(0.50)%

### ***Discount Rate***

The discount rate used to measure the total OPEB asset for each plan as of June 30, 2022 was 7.25%. The discount rate used changed 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 for 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 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 7.25%, 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net OPEB asset:				
ARHCT	0.15456%	\$ 1,806,781	\$ 3,040,980	\$ 4,075,967
RMP	0.21443%	\$ (13,698)	\$ 74,472	\$ 141,709
ODD	0.23334%	\$ 96,359	\$ 102,293	\$ 106,935

### *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 2021 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	0.15456%	\$ 4,197,721	\$ 3,040,980	\$ 1,659,609
RMP	0.21443%	\$ 150,943	\$ 74,472	\$ (28,528)
ODD	0.23334%	\$ n/a	\$ n/a	\$ n/a

### *OPEB Plan Fiduciary Net Position*

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

#### *(d) Defined Contribution OPEB Plans*

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

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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### ***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, 2022, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,237 per year for each full-time employee, and \$1.43 per hour for part-time employees.

### ***Annual Postemployment Healthcare Cost***

In 2022, the City contributed \$105,678 in DC OPEB costs. This amount has been recognized as expense/expenditures.

## **11. 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, 2022.

## **12. 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.

## **13. 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

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### *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-cs-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 July 13, 2023.

## **14. New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were considered and/or implemented by the Authority for 2022 reporting:

*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. The City analyzed all active leases to determine which leases applied to GASB 87, then accounted for those leases accordingly.

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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*GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for year-end December 31, 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The City evaluated the impacts of GASB 89 and determined there to be no impact to the City's financial statements for the current fiscal year.

*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. The City evaluated the impacts of GASB 92 and determined there to be no impact to the City's financial statements for the current fiscal year.

*GASB Statement No. 93 - Replacement of Interbank Offered Rates* - The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end December 31, 2021. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end December 31, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The City evaluated the impacts of GASB 93 and determined there to be no impact to the City's financial statements for the current fiscal year.

*GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* - Effective for year-end December 31, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end December 31, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The City evaluated the impacts of GASB 97 and determined there to be no impact to the City's financial statements for the current fiscal year.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). 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. 91 - Conduit Debt Obligations* - Effective for year-end December 31, 2023. 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

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*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 (SBITAs) for government end users. This statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

*GASB Statement No. 99 - Omnibus 2022* - Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end December 31, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end December 31, 2024.

*GASB Statement No. 100 - Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62 - Effective for year-end December 31, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

*GASB Statement No. 101 - Compensated Absences* - Effective for year-end December 31, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

### 15. Subsequent Events

In January 2022, the City experienced a damaging wind event. Most of the repairs to damaged property that occurred during the January 2022 wind event were repaired in 2022. The City received insurance reimbursement for the damages. Final repairs to City property took place in the summer of 2023 to include Reservoir 4 and the Fire Training Center buildings.

# City of Palmer, Alaska

## Notes to Basic Financial Statements

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On the early evening of February 15, 2023, the City of Palmer's Public Library roof collapsed over the children's section due to the weight of heavy snow buildup on the roof. Water pipes burst within the library and parts of the roof was exposed to the elements. The Palmer Public Library building has been closed since the roof collapsed. The library staffed salvaged artwork, books and equipment that were not damaged. The Palmer Public Library is operating out of a temporary location at 137 E Arctic Avenue in Palmer. The City is working with our insurance company, pursuing grants from outside agencies and nonprofit organizations and has a ballot proposition for bonding purposes going to the voters in October 2023. The City hired a local architecture firm to determine the options available to restore, restore and add on or construct a new Palmer Public Library. The architecture firm will present the three scenarios to the City Council and a Library Building Committee the end of October 2023.

The City has evaluated events and transactions for potential recognition or disclosure through September 28, 2023, the date on which the financial statements were available to be issued.

### **16. Change in Accounting Principle**

In 2022, the City adopted the provisions of GASB Statement No. 87 *Leases*, which among other accounting and reporting criteria, requires the City to recognize the lease liability/asset and related deferred inflow/outflow accounts, as of the beginning of the City's fiscal year. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The effect on beginning net position of adopting GASB 87 in the City's financial statements for the year ended December 31, 2022, is zero, since the balances for leases liability and intangible right-to-use asset, and receivable and deferred inflow of resources related to leases are the same. As a result of the implementation of this statement, the City has recorded no opening balance adjustments.

## Required Supplementary Information

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## City of Palmer, Alaska

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

Year Ended December 31, 2022	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 9,803,000	\$ 12,240,158	\$ 12,381,323	\$ 141,165
Licenses and permits	192,300	223,434	227,664	4,230
Fines and forfeitures	68,000	84,040	84,040	-
Intergovernmental	492,682	715,853	712,252	(3,601)
Special assessments	-	4,715	20,716	16,001
Charges for services	1,594,045	1,937,554	1,932,386	(5,168)
Miscellaneous	87,100	84,185	98,268	14,083
<b>Total Revenues</b>	<b>12,237,127</b>	<b>15,289,939</b>	<b>15,456,649</b>	<b>166,710</b>
<b>Expenditures</b>				
General government	3,270,133	3,240,250	3,082,616	157,634
Public safety	5,148,373	5,157,559	5,031,061	126,498
Public works	2,400,529	2,234,823	1,980,256	254,567
Community services	1,622,556	1,658,595	1,535,612	122,983
Debt service:				
Principal	-	300,000	303,143	(3,143)
Interest	-	17,750	18,186	(436)
<b>Total Expenditures</b>	<b>12,441,591</b>	<b>12,608,977</b>	<b>11,950,874</b>	<b>658,103</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(204,464)</b>	<b>2,680,962</b>	<b>3,505,775</b>	<b>824,813</b>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	-	122,764	121,764	(1,000)
Other financing sources related to leases	-	-	10,217	10,217
Insurance recoveries	-	215,746	215,746	-
Transfers in	-	289,682	288,152	(1,530)
Transfers out	(1,650,454)	(2,168,409)	(2,168,409)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,650,454)</b>	<b>(1,540,217)</b>	<b>(1,532,530)</b>	<b>7,687</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,854,918)</b>	<b>\$ 1,140,745</b>	<b>1,973,245</b>	<b>\$ 832,500</b>
<b>Fund Balance, beginning</b>			<b>11,941,294</b>	
<b>Fund Balance, ending</b>			<b>\$ 13,914,539</b>	

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>	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.15571%	0.17582%	0.14280%	0.12553%	0.14197%	0.13696%	0.16745%	0.15223%
City's Proportionate Share of the of the Net Pension Liability	\$ 7,936,306	\$ 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	2,196,161	873,921	3,489,508	2,732,694	2,042,764	2,638,507	1,181,359	1,977,456
<b>Total Net Pension Liability</b>	<b>\$ 10,132,467</b>	<b>\$ 7,323,726</b>	<b>\$ 11,916,285</b>	<b>\$ 9,604,600</b>	<b>\$ 9,097,421</b>	<b>\$ 9,718,501</b>	<b>\$ 10,540,898</b>	<b>\$ 9,360,460</b>
City's Covered Payroll	\$ 4,638,391	\$ 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	171.10%	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	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

**Schedule of City's Contributions**

<i>Years Ended December 31,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 678,465	\$ 587,035	\$ 508,085	\$ 508,283	\$ 510,983	\$ 521,201	\$ 467,070	\$ 446,116
Contributions Relative to the Contractually Required Contribution	678,465	587,035	508,085	508,283	510,983	521,201	467,070	446,116
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 4,766,287	\$ 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	14.23%	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 - ARHCT OPEB Plan**  
**Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)**

<i>Years Ended December 31,</i>	ARHCT				
	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.15456%	0.17657%	0.14278%	0.12550%	0.14190%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (3,040,980)	\$ (4,529,560)	\$ (646,570)	\$ 186,265	\$ 1,456,787
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(870,284)	(592,705)	(268,248)	74,117	423,018
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (3,911,264)</b>	<b>\$ (5,122,265)</b>	<b>\$ (914,818)</b>	<b>\$ 260,382</b>	<b>\$ 1,879,805</b>
City's Covered Payroll	\$ 1,295,543	\$ 1,312,604	\$ 1,399,025	\$ 1,535,877	\$ 1,662,402
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-234.73%	-345.08%	-46.22%	12.13%	87.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.51%	135.54%	106.15%	98.13%	88.12%

**Schedule of City's Contributions**

<i>Years Ended December 31,</i>	ARHCT				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 41,544	\$ 88,273	\$ 140,340	\$ 193,006	\$ 166,459
Contributions Relative to the Contractually Required Contribution	41,544	88,273	140,340	193,006	166,459
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 1,322,324	\$ 1,268,761	\$ 1,290,703	\$ 1,507,347	\$ 1,564,407
Contributions as a Percentage of Covered Payroll	3.14%	6.96%	10.87%	12.80%	10.64%

*See accompanying notes to Required Supplementary Information.*

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

<i>Years Ended December 31,</i>	RMP				
	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.21443%	0.21202%	0.22114%	0.23802%	0.22752%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (74,472)	\$ (56,910)	\$ 15,685	\$ 56,944	\$ 28,951
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (74,472)</b>	<b>\$ (56,910)</b>	<b>\$ 15,685</b>	<b>\$ 56,944</b>	<b>\$ 28,951</b>
City's Covered Payroll	\$ 3,342,848	\$ 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	-2.23%	-1.84%	0.53%	2.01%	1.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	120.08%	115.10%	95.23%	83.17%	88.71%

**Schedule of City's Contributions**

<i>Years Ended December 31,</i>	RMP				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 37,363	\$ 37,830	\$ 39,235	\$ 33,444	\$ 26,371
Contributions Relative to the Contractually Required Contribution	37,363	37,830	39,235	33,444	26,371
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 3,443,963	\$ 3,241,733	\$ 3,030,150	\$ 2,961,515	\$ 2,691,773
Contributions as a Percentage of Covered Payroll	1.08%	1.17%	1.29%	1.13%	0.98%

*See accompanying notes to Required Supplementary Information.*

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

<i>Years Ended December 31,</i>	ODD				
	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.23334%	0.23169%	0.24545%	0.27434%	0.22752%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (102,293)	\$ (102,113)	\$ (66,911)	\$ (66,515)	\$ (44,188)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (102,293)</b>	<b>\$ (102,113)</b>	<b>\$ (66,911)</b>	<b>\$ (66,515)</b>	<b>\$ (44,188)</b>
City's Covered Payroll	\$ 3,342,848	\$ 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	-3.06%	-3.30%	-2.26%	-2.35%	-1.65%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	348.80%	374.22%	283.80%	297.43%	270.62%

**Schedule of City's Contributions**

<i>Years Ended December 31,</i>	ODD				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 13,627	\$ 12,972	\$ 11,399	\$ 10,996	\$ 8,272
Contributions Relative to the Contractually Required Contribution	13,627	12,972	11,399	10,996	8,272
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 3,443,963	\$ 3,241,733	\$ 3,030,150	\$ 2,961,515	\$ 2,691,773
Contributions as a Percentage of Covered Payroll	0.40%	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, 2022

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### 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](http://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, 2022, the Plan measurement date is June 30, 2022.

#### *Changes in Assumptions:*

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

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

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, 2022

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### *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, 2022, the Plan measurement date is June 30, 2022.

#### *Changes in Assumptions:*

The total OPEB liability and asset for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. 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 2022, the discount rate was lowered from 7.38% to 7.25%.

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

GASB requires ten years of information be presented. However, until a full 10 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.

## Supplementary Information

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## **Nonmajor Governmental Funds**

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**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, 2022</i>								
<b>Assets</b>								
Cash and investments	\$ 39,262	\$ -	\$ 57,639	\$ 607	\$ 609,161	\$ 1,464,323	\$ 836,385	\$3,007,377
Grants receivable	-	33,455	-	-	13,588	65,937	-	112,980
<b>Total Assets</b>	<b>\$ 39,262</b>	<b>\$ 33,455</b>	<b>\$ 57,639</b>	<b>\$ 607</b>	<b>\$ 622,749</b>	<b>\$ 1,530,260</b>	<b>\$ 836,385</b>	<b>\$3,120,357</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 9,935	\$ 75,146	\$ 12,163	\$ 97,244
Due to other funds	-	28,658	-	-	-	-	-	28,658
<b>Total Liabilities</b>	<b>-</b>	<b>28,658</b>	<b>-</b>	<b>-</b>	<b>9,935</b>	<b>75,146</b>	<b>12,163</b>	<b>125,902</b>
<b>Fund Balances</b>								
Restricted for public safety	-	-	-	607	-	-	-	607
Committed:								
Capital projects and equipment	-	-	-	-	612,814	1,455,114	824,222	2,892,150
Public safety	39,262	4,797	-	-	-	-	-	44,059
Parks	-	-	57,639	-	-	-	-	57,639
<b>Total Fund Balances</b>	<b>39,262</b>	<b>4,797</b>	<b>57,639</b>	<b>607</b>	<b>612,814</b>	<b>1,455,114</b>	<b>824,222</b>	<b>2,994,455</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 39,262</b>	<b>\$ 33,455</b>	<b>\$ 57,639</b>	<b>\$ 607</b>	<b>\$ 622,749</b>	<b>\$ 1,530,260</b>	<b>\$ 836,385</b>	<b>\$3,120,357</b>

**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, 2022</i>								
<b>Revenues</b>								
Intergovernmental:								
Federal government	\$ 7,414	\$ -	\$ -	\$ -	\$ -	\$ 73,630	\$ -	\$ 81,044
State of Alaska	-	-	-	-	76,021	-	-	76,021
Matanuska-Susitna Borough School District	-	119,264	-	-	-	-	-	119,264
<b>Total intergovernmental</b>	<b>7,414</b>	<b>119,264</b>	<b>-</b>	<b>-</b>	<b>76,021</b>	<b>73,630</b>	<b>-</b>	<b>276,329</b>
Miscellaneous	-	-	2,400	-	35,000	-	-	37,400
<b>Total Revenues</b>	<b>7,414</b>	<b>119,264</b>	<b>2,400</b>	<b>-</b>	<b>111,021</b>	<b>73,630</b>	<b>-</b>	<b>313,729</b>
<b>Expenditures</b>								
Public safety	72,073	119,263	-	4,848	-	-	-	196,184
Capital outlay	-	-	-	-	207,843	331,114	296,985	835,942
<b>Total Expenditures</b>	<b>72,073</b>	<b>119,263</b>	<b>-</b>	<b>4,848</b>	<b>207,843</b>	<b>331,114</b>	<b>296,985</b>	<b>1,032,126</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(64,659)</b>	<b>1</b>	<b>2,400</b>	<b>(4,848)</b>	<b>(96,822)</b>	<b>(257,484)</b>	<b>(296,985)</b>	<b>(718,397)</b>
<b>Other Financing Sources</b>								
Transfers in	54,471	-	-	-	349,074	1,226,864	400,000	2,030,409
<b>Net Change in Fund Balances</b>	<b>(10,188)</b>	<b>1</b>	<b>2,400</b>	<b>(4,848)</b>	<b>252,252</b>	<b>969,380</b>	<b>103,015</b>	<b>1,312,012</b>
<b>Fund Balances, beginning</b>	<b>49,450</b>	<b>4,796</b>	<b>55,239</b>	<b>5,455</b>	<b>360,562</b>	<b>485,734</b>	<b>721,207</b>	<b>1,682,443</b>
<b>Fund Balances, ending</b>	<b>\$ 39,262</b>	<b>\$ 4,797</b>	<b>\$ 57,639</b>	<b>\$ 607</b>	<b>\$ 612,814</b>	<b>\$ 1,455,114</b>	<b>\$ 824,222</b>	<b>\$ 2,994,455</b>

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## **Nonmajor Enterprise Funds**

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

<i>December 31, 2022</i>	Refuse	Golf Course	Land Development	Total Nonmajor Enterprise Funds
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and investments	\$ 537,910	\$ -	\$ 440,320	\$ 978,230
Accounts receivable	129,702	-	-	129,702
Unbilled revenue	64,883	-	-	64,883
<b>Total Current Assets</b>	<b>732,495</b>	<b>-</b>	<b>440,320</b>	<b>1,172,815</b>
<b>Noncurrent Assets</b>				
Land held for sale	-	-	217,414	217,414
Capital assets:				
Land and land improvements	-	1,544,620	-	1,544,620
Buildings	52,667	278,439	-	331,106
Machinery and equipment	1,139,052	493,424	-	1,632,476
Improvements other than buildings	-	676,033	-	676,033
Total capital assets	1,191,719	2,992,516	-	4,184,235
Less accumulated depreciation	(606,591)	(1,206,811)	-	(1,813,402)
Net capital assets	585,128	1,785,705	-	2,370,833
Other asset - net other postemployment benefits asset	42,821	-	-	42,821
<b>Total Noncurrent Assets</b>	<b>627,949</b>	<b>1,785,705</b>	<b>217,414</b>	<b>2,631,068</b>
<b>Total Assets</b>	<b>1,360,444</b>	<b>1,785,705</b>	<b>657,734</b>	<b>3,803,883</b>
<b>Deferred Outflows of Resources</b>				
Related to pensions	7,871	-	-	7,871
Related to other postemployment benefits	3,953	-	-	3,953
<b>Total Deferred Outflows of Resources</b>	<b>11,824</b>	<b>-</b>	<b>-</b>	<b>11,824</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,372,268</b>	<b>\$ 1,785,705</b>	<b>\$ 657,734</b>	<b>\$ 3,815,707</b>

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

<i>December 31, 2022</i>	Refuse	Golf Course	Land Development	Total Nonmajor Enterprise Funds
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 30,521	\$ 9,476	\$ -	\$ 39,997
Accrued payroll and employee benefits	8,815	-	-	8,815
Vested unpaid vacation and sick leave	12,197	-	-	12,197
Unearned revenue	-	46,602	-	46,602
<b>Total Current Liabilities</b>	<b>51,533</b>	<b>56,078</b>	<b>-</b>	<b>107,611</b>
<b>Long-term Liabilities</b>				
Net pension liability	105,616	-	-	105,616
Advance from other fund	-	293,763	-	293,763
<b>Total Long-term Liabilities</b>	<b>105,616</b>	<b>293,763</b>	<b>-</b>	<b>399,379</b>
<b>Total Liabilities</b>	<b>157,149</b>	<b>349,841</b>	<b>-</b>	<b>506,990</b>
<b>Deferred Inflows of Resources</b>				
Related to other postemployment benefits	3,932	-	-	3,932
<b>Net Position</b>				
Investment in capital assets	585,128	1,785,705	-	2,370,833
Unrestricted (deficit)	626,059	(349,841)	657,734	933,952
<b>Total Net Position</b>	<b>1,211,187</b>	<b>1,435,864</b>	<b>657,734</b>	<b>3,304,785</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 1,372,268</b>	<b>\$ 1,785,705</b>	<b>\$ 657,734</b>	<b>\$ 3,815,707</b>

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

<i>Year Ended December 31, 2022</i>	Refuse	Golf Course	Land Development	Total Nonmajor Enterprise Funds
<b>Operating Revenues</b>	\$ 817,861	\$ 669,638	\$ -	\$ 1,487,499
<b>Operating Expenses</b>				
Salaries and employee benefits	72,955	-	-	72,955
Administrative services	139,228	417,000	-	556,228
Other operating expenses	476,630	163,445	-	640,075
Depreciation	94,201	40,165	-	134,366
<b>Total Operating Expenses</b>	783,014	620,610	-	1,403,624
<b>Operating Income</b>	34,847	49,028	-	83,875
<b>Nonoperating Revenues</b>				
State PERS relief	(2,025)	-	-	(2,025)
Gain on sale of capital assets	47,308	-	-	47,308
Insurance recoveries	3,055	47,922	-	50,977
<b>Total Nonoperating Revenues</b>	48,338	47,922	-	96,260
<b>Income Before Transfers</b>	83,185	96,950	-	180,135
Transfers out	(47,520)	(35,850)	-	(83,370)
<b>Change in Net Position</b>	35,665	61,100	-	96,765
<b>Net Position, beginning</b>	1,175,522	1,374,764	657,734	3,208,020
<b>Net Position, ending</b>	\$ 1,211,187	\$ 1,435,864	\$ 657,734	\$ 3,304,785

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

<i>Year Ended December 31, 2022</i>	Refuse	Golf Course	Land Development	Total Nonmajor Enterprise Funds
<b>Cash Flows from Operating Activities</b>				
Cash receipts from customers and users	\$ 809,845	\$ 671,397	\$ -	\$1,481,242
Payments to suppliers	(479,476)	(575,713)	-	(1,055,189)
Payments to employees	(122,280)	-	-	(122,280)
Payments for interfund services used	(139,228)	-	-	(139,228)
<b>Net cash flows from operating activities</b>	<b>68,861</b>	<b>95,684</b>	<b>-</b>	<b>164,545</b>
<b>Cash Flows for Noncapital Financing Activities</b>				
Transfers out	(47,520)	(35,850)	-	(83,370)
<b>Cash Flows for Capital and Related Financing Activities</b>				
Decrease in advances from other funds	-	(84,531)	-	(84,531)
Sale of capital assets	107,300	-	-	107,300
Insurance recoveries	3,055	47,922	-	50,977
Purchase of capital assets	(351,927)	(23,225)	-	(375,152)
<b>Net cash flows for capital and related financing activities</b>	<b>(241,572)</b>	<b>(59,834)</b>	<b>-</b>	<b>(301,406)</b>
<b>Net Decrease in Cash and Investments</b>	<b>(220,231)</b>	<b>-</b>	<b>-</b>	<b>(220,231)</b>
Cash and Investments, beginning	758,141	-	440,320	1,198,461
<b>Cash and Investments, ending</b>	<b>\$ 537,910</b>	<b>\$ -</b>	<b>\$ 440,320</b>	<b>\$ 978,230</b>
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>				
Operating income	\$ 34,847	\$ 49,028	\$ -	\$ 83,875
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	94,201	40,165	-	134,366
Noncash expense - PERS relief	(2,025)	-	-	(2,025)
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable	(8,096)	-	-	(8,096)
Unbilled revenue	80	-	-	80
Net other postemployment benefits asset	19,324	-	-	19,324
Deferred outflows of resources related to pensions	(658)	-	-	(658)
Deferred outflows of resources related to other postemployment benefits	(2,682)	-	-	(2,682)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	(2,846)	4,732	-	1,886
Unearned revenue	-	1,759	-	1,759
Accrued payroll and employee benefits	7,704	-	-	7,704
Vested unpaid vacation and sick leave	(3,353)	-	-	(3,353)
Net pension liability	(4,080)	-	-	(4,080)
Deferred inflows of resources related to pensions	(34,091)	-	-	(34,091)
Deferred inflows of resources related to other postemployment benefits	(29,464)	-	-	(29,464)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 68,861</b>	<b>\$ 95,684</b>	<b>\$ -</b>	<b>\$ 164,545</b>

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## **General Fund**

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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>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 9,342,327	\$ 7,313,952
Receivables, net of allowance for uncollectibles:		
Sales taxes	1,187,820	1,109,575
Property taxes	171,227	90,603
Accounts	91,136	176,547
Leases	316,340	-
Assessments:		
Current	3,515	3,735
Delinquent	19,785	34,891
Deferred	42,545	46,501
Prepaid insurance	410,787	370,551
Inventory	18,970	20,025
Due from other funds	28,658	26,181
Advances to other funds	3,248,053	3,367,051
<b>Total Assets</b>	<b>\$ 14,881,163</b>	<b>\$ 12,559,612</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 250,546	\$ 263,712
Accrued payroll and employee benefits	198,665	124,220
Deposits	23,189	23,004
Unearned revenue	60,435	70,063
<b>Total Liabilities</b>	<b>532,835</b>	<b>480,999</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to lease	309,974	-
Deferred property taxes	52,192	52,192
Deferred assessments	71,623	85,127
<b>Total Deferred Inflows of Resources</b>	<b>433,789</b>	<b>137,319</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>966,624</b>	<b>618,318</b>
<b>Fund Balance</b>		
Nonspendable:		
Prepaid insurance and inventory	429,757	390,576
Advances to other funds	3,248,053	3,367,051
Assigned for vested unpaid vacation and sick leave	420,948	404,170
Unassigned	9,815,781	7,779,497
<b>Total Fund Balance</b>	<b>13,914,539</b>	<b>11,941,294</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 14,881,163</b>	<b>\$ 12,559,612</b>



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

<i>Years Ended December 31,</i>	2022			2021	
	Budget	Actual	Variance with Budget	Actual	
<b>Revenues</b>					
Taxes:					
Sales taxes	\$10,639,576	\$ 10,780,741	\$ 141,165	\$ 9,456,566	
Real and personal property taxes	1,600,582	1,600,582	-	1,373,607	
<b>Total taxes</b>	<b>12,240,158</b>	<b>12,381,323</b>	<b>141,165</b>	<b>10,830,173</b>	
Licenses and permits:					
Business licenses	87,560	91,930	4,370	53,900	
Permits	135,874	135,734	(140)	146,850	
<b>Total licenses and permits</b>	<b>223,434</b>	<b>227,664</b>	<b>4,230</b>	<b>200,750</b>	
<b>Fines and forfeitures</b>	<b>84,040</b>	<b>84,040</b>	<b>-</b>	<b>62,574</b>	
Intergovernmental:					
Community assistance	215,431	215,431	-	100,797	
Liquor licenses	15,000	19,200	4,200	13,500	
Electric and telephone co-op tax	99,900	99,901	1	114,853	
State PERS relief	235,148	236,516	1,368	338,626	
Library grants	18,225	11,490	(6,735)	8,735	
Public safety grants	9,149	9,149	-	726	
Motor vehicle tax	123,000	120,565	(2,435)	121,815	
<b>Total intergovernmental</b>	<b>715,853</b>	<b>712,252</b>	<b>(3,601)</b>	<b>699,052</b>	
<b>Special assessments</b>	<b>4,715</b>	<b>20,716</b>	<b>16,001</b>	<b>7,466</b>	
Charges for services:					
Administrative service charges - other funds	642,529	642,529	-	643,665	
Grant administration fees	183,402	183,402	-	-	
Fire protection	507,016	508,433	1,417	435,792	
Community center fees	40,000	43,005	3,005	37,510	
Library fees	11,000	11,260	260	8,288	

**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>	2022		2021	
	Budget	Actual	Variance with Budget	Actual
<b>Revenues, continued:</b>				
Charges for services, continued:				
Dispatch	\$ 90,000	\$ 90,000	\$ -	\$ 90,000
Ice rink revenues	340,357	340,541	184	294,394
Building rental	70,750	61,916	(8,834)	69,345
Planning and zoning	2,500	1,300	(1,200)	1,550
Public safety	50,000	50,000	-	50,000
<b>Total charges for services</b>	<b>1,937,554</b>	<b>1,932,386</b>	<b>(5,168)</b>	<b>1,630,544</b>
Miscellaneous:				
Investment income (loss)	11,010	11,010	-	(744)
Interest income from leases	-	13,796	13,796	-
Property and equipment sales	-	-	-	1,113
Other	73,175	73,462	287	45,817
<b>Total miscellaneous</b>	<b>84,185</b>	<b>98,268</b>	<b>14,083</b>	<b>46,186</b>
<b>Total Revenues</b>	<b>15,289,939</b>	<b>15,456,649</b>	<b>166,710</b>	<b>13,476,745</b>
<b>Expenditures</b>				
General government:				
Mayor/Council/Clerk:				
Salaries and benefits	266,759	236,475	30,284	244,932
Audit	51,055	51,053	2	43,226
Advertising	6,500	6,425	75	8,582
Dues and subscriptions	9,110	9,107	3	8,251
Travel	5,500	4,821	679	3,965
Education and training	6,000	5,703	297	2,760
Legal fees	25,000	23,621	1,379	45,634
Services	5,500	4,896	604	19,638
Telephone	11,255	11,252	3	8,405
Insurance	11,000	9,802	1,198	9,166
Operating supplies	1,100	802	298	1,010
Services - Sister City program	1,950	310	1,640	310
Council donations	14,500	6,071	8,429	9,935

**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>	2022			2021	
	Budget	Actual	Variance with Budget	Actual	
<b>Expenditures, continued:</b>					
General government, continued:					
Mayor/Council/Clerk, continued:					
Website and broadcasting	\$ 3,000	\$ 3,000	\$ -	\$ 3,250	
Computer services	2,200	2,043	157	4,903	
Election	34,785	34,782	3	14,917	
Office equipment	6,500	6,467	33	3,030	
Codification consulting services	13,700	13,303	397	14,143	
Repairs and maintenance	1,000	-	1,000	144	
Office supplies	5,500	3,756	1,744	1,940	
<b>Total Mayor/Council/Clerk</b>	<b>481,914</b>	<b>433,689</b>	<b>48,225</b>	<b>448,141</b>	
Administration:					
Salaries and employee benefits	970,341	967,464	2,877	1,107,381	
Advertising	500	278	222	95	
Dues and subscriptions	118,775	118,509	266	101,528	
Travel	750	661	89	-	
Education and training	600	570	30	857	
Legal fees	5,950	5,453	497	10,152	
Services	66,575	66,544	31	22,411	
Telephone	2,450	2,442	8	3,446	
Insurance	19,096	21,449	(2,353)	18,825	
Operating supplies	5,850	5,812	38	5,068	
Repairs and maintenance	30	25	5	796	
Office equipment	6,400	6,390	10	2,323	
Computer services	62,750	62,627	123	59,438	
Miscellaneous	500	394	106	-	
<b>Total administration</b>	<b>1,260,567</b>	<b>1,258,618</b>	<b>1,949</b>	<b>1,332,320</b>	
Buildings:					
Services	7,528	3,944	3,584	6,649	
Power	15,915	15,910	5	16,276	
Heat	2,710	2,708	2	2,798	
Water and sewer	2,000	1,807	193	1,674	

**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>	2022			2021	
	Budget	Actual	Variance with Budget	Actual	
<b>Expenditures, continued:</b>					
General government, continued:					
Buildings, continued:					
Insurance	\$ 6,427	\$ 6,427	\$ -	\$ 6,003	
Telephone	17,050	17,048	2	17,046	
Operating supplies	1,500	1,237	263	1,013	
Office supplies	6,230	6,226	4	6,491	
Capital outlay leases	-	10,217	(10,217)	-	
Repairs and maintenance	13,625	13,624	1	8,747	
Miscellaneous	4,015	3,559	456	7,299	
<b>Total buildings</b>	<b>77,000</b>	<b>82,707</b>	<b>(5,707)</b>	<b>73,996</b>	
City manager:					
Salaries and employee benefits	472,856	453,647	19,209	412,988	
Advertising	25,105	25,104	1	12,677	
Dues and subscriptions	2,695	2,693	2	2,999	
Travel	4,055	4,053	2	1,801	
Education and training	3,978	3,978	-	2,923	
Legal fees	8,500	3,669	4,831	33,272	
Services	12,470	10,036	2,434	2,171	
Telephone	3,250	2,987	263	3,144	
Insurance	13,902	13,848	54	12,365	
Operating supplies	-	-	-	219	
Small tools and equipment	5,000	2,008	2,992	2,106	
Discretionary	5,110	5,109	1	1,147	
Fuel	1,877	1,875	2	1,453	
Repairs and maintenance	185,931	185,898	33	121,901	
Office supplies	1,993	1,643	350	4,332	
Board stipends	6,200	850	5,350	1,200	
Miscellaneous	2,500	1,270	1,230	1,450	
<b>Total city manager</b>	<b>755,422</b>	<b>718,668</b>	<b>36,754</b>	<b>618,148</b>	
Community development:					
Salaries and employee benefits	571,339	517,368	53,971	522,532	
Advertising	2,000	1,374	626	2,513	
Dues and subscriptions	2,415	2,413	2	1,096	

**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>	2022			2021
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued:</b>				
General government, continued:				
Community development, continued:				
Education and training	\$ 3,000	\$ 1,195	\$ 1,805	\$ 1,416
Legal fees	7,500	2,797	4,703	4,523
Travel	3,000	27	2,973	-
Services	5,531	1,366	4,165	9,819
Telephone	3,898	3,896	2	3,552
Power	8,055	8,051	4	6,867
Heat	2,735	2,734	1	2,895
Water and sewer	1,727	1,726	1	1,655
Insurance	16,725	16,725	-	14,245
Operating supplies	1,570	1,191	379	664
Equipment	2,382	2,004	378	2,053
Fuel	3,120	3,117	3	1,661
Repairs and maintenance	1,500	803	697	907
Annexation and community planning	15,000	11,024	3,976	35,716
Rental and lease	3,000	2,684	316	2,507
Office supplies	2,300	2,115	185	3,879
Board stipends	3,800	1,600	2,200	2,250
Miscellaneous	4,750	4,724	26	4,176
Total community development	665,347	588,934	76,413	624,926
Total general government	3,240,250	3,082,616	157,634	3,097,531
Public safety:				
Police department:				
Salaries and employee benefits	3,304,520	3,285,666	18,854	2,373,930
Advertising	500	404	96	-
Dues and subscriptions	1,197	1,196	1	1,295
Travel	30,757	30,744	13	26,572
Education and training	22,127	22,031	96	17,645
Legal fees	9,000	3,427	5,573	6,218
Services	176,741	176,238	503	141,805
Telephone	24,560	22,884	1,676	22,509
Power	34,000	32,697	1,303	37,492

**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>	2022			2021	
	Budget	Actual	Variance with Budget	Actual	
<b>Expenditures, continued:</b>					
Public safety, continued:					
Police department, continued:					
Heat	\$ 20,921	\$ 20,845	\$ 76	\$ 19,061	
Water and sewer	15,548	15,546	2	13,781	
Fuel	49,710	49,709	1	31,881	
Insurance	83,536	82,672	864	79,675	
Vehicle insurance	28,000	27,380	620	26,867	
Office supplies	6,225	6,124	101	6,646	
Uniform purchases and allowances	20,944	20,634	310	15,847	
Operating supplies	19,000	18,519	481	17,919	
Repairs and maintenance	41,787	41,738	49	22,423	
Community planning	4,716	4,716	-	3,027	
Janitorial supplies	2,700	2,219	481	3,613	
Equipment	72,509	72,183	326	62,751	
Rowland Memorial Fund	2,000	1,000	1,000	2,000	
Miscellaneous	3,500	2,918	582	3,604	
<b>Total police department</b>	<b>3,974,498</b>	<b>3,941,490</b>	<b>33,008</b>	<b>2,936,561</b>	
Fire department:					
Salaries and employee benefits	483,515	453,986	29,529	352,278	
Volunteer firemen salaries and benefits	338,022	291,400	46,622	185,473	
Dues and subscriptions	6,585	6,584	1	6,149	
Education and training	18,000	17,325	675	20,170	
Services	25,725	24,062	1,663	20,008	
Telephone	12,605	12,604	1	10,528	
Power	13,000	11,159	1,841	11,274	
Heat	9,500	7,620	1,880	7,440	
Water and sewer	4,500	2,786	1,714	3,099	
Fuel	43,877	43,875	2	28,244	
Legal	2,000	882	1,118	2,224	
Rental and lease	22,700	22,700	-	22,700	
Insurance	21,070	21,070	-	17,396	
Vehicle insurance	17,300	17,223	77	17,650	
Office supplies	4,000	2,024	1,976	2,228	

**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>	2022			2021	
	Budget	Actual	Variance with Budget	Actual	
<b>Expenditures, continued:</b>					
Public safety, continued:					
Fire department, continued:					
Vehicle supplies	\$ 33,788	\$ 33,786	\$ 2	\$ 15,124	
Uniform purchases and allowances	7,800	7,758	42	18,233	
Operating supplies	8,765	8,764	1	4,781	
Repairs and maintenance	45,385	45,354	31	25,343	
Small tools	10,834	10,829	5	7,374	
Janitorial supplies	1,500	333	1,167	397	
Equipment	52,550	47,444	5,106	40,367	
Miscellaneous	40	3	37	8	
<b>Total fire department</b>	<b>1,183,061</b>	<b>1,089,571</b>	<b>93,490</b>	<b>818,488</b>	
<b>Total public safety</b>	<b>5,157,559</b>	<b>5,031,061</b>	<b>126,498</b>	<b>3,755,049</b>	
Public works:					
Administration:					
Salaries and employee benefits	657,622	627,741	29,881	606,066	
Advertising	500	-	500	292	
Travel	500	-	500	-	
Education and training	1,000	278	722	-	
Legal fees	4,570	4,570	-	3,696	
Services	69,875	69,792	83	60,851	
Telephone	7,300	7,202	98	7,079	
Power	16,050	16,048	2	16,535	
Heat	14,700	14,605	95	16,610	
Water and sewer	12,320	12,319	1	11,743	
Insurance	51,610	51,603	7	40,660	
Vehicle insurance	20,000	19,293	707	19,663	
Repairs and maintenance	13,500	13,402	98	15,211	
Small tools	400	296	104	1,148	
Janitorial supplies	1,500	1,152	348	484	
Equipment	10,438	10,238	200	3,701	
Office supplies	3,490	3,122	368	3,371	
Christmas lighting	2,000	1,706	294	9,434	
Computer services	500	-	500	4,831	
Operating supplies	1,080	1,080	-	347	
<b>Total administration</b>	<b>888,955</b>	<b>854,447</b>	<b>34,508</b>	<b>821,722</b>	

**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>	2022		2021	
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures, continued:</b>				
Public works, continued:				
Roads:				
Salaries and employee benefits	\$ 453,189	\$ 387,244	\$ 65,945	\$ 400,465
Services	96,036	96,035	1	49,169
Operating supplies	9,600	9,542	58	14,423
Repairs and maintenance	75,500	62,771	12,729	42,573
Rental and lease	9,208	9,207	1	8,617
Dust control and chemicals	6,500	6,480	20	8,550
Road salt and sand	120,000	117,514	2,486	76,398
Crack sealing	35,000	34,988	12	29,115
Safety equipment	2,400	2,397	3	1,167
<b>Total roads</b>	<b>807,433</b>	<b>726,178</b>	<b>81,255</b>	<b>630,477</b>
Engineering	5,122	5,121	1	-
Street lighting:				
Power	105,000	101,101	3,899	100,101
Operating supplies	5,000	644	4,356	3,781
Repairs and maintenance	47,500	6,937	40,563	16,329
<b>Total street lighting</b>	<b>157,500</b>	<b>108,682</b>	<b>48,818</b>	<b>120,211</b>
Motor vehicle maintenance:				
Salaries and employee benefits	234,473	145,296	89,177	139,819
Fuel	64,555	64,553	2	37,907
Vehicle supplies	18,700	18,401	299	26,582
Repairs and maintenance	33,058	33,057	1	20,336
Small tools and equipment	25,027	24,521	506	23,593
<b>Total motor vehicle maintenance</b>	<b>375,813</b>	<b>285,828</b>	<b>89,985</b>	<b>248,237</b>
<b>Total public works</b>	<b>2,234,823</b>	<b>1,980,256</b>	<b>254,567</b>	<b>1,820,647</b>



**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>	2022			2021	
	Budget	Actual	Variance with Budget	Actual	
<b>Expenditures, continued:</b>					
Community services:					
Tourist center:					
Services	\$ 186,746	\$ 186,746	\$ -	\$ 177,125	
Telephone	2,249	2,248	1	2,267	
Heat	2,528	2,527	1	2,645	
Power	3,386	3,385	1	3,201	
Water and sewer	2,179	2,179	-	1,966	
Insurance	4,511	4,511	-	4,119	
Janitorial supplies	1,913	1,913	-	1,111	
Repairs and maintenance	18,426	18,426	-	343	
<b>Total tourist center</b>	<b>221,938</b>	<b>221,935</b>	<b>3</b>	<b>192,777</b>	
Community center building:					
Services	10,296	9,296	1,000	7,580	
Power	4,600	3,875	725	4,449	
Heat	5,220	5,220	-	5,058	
Water and sewer	4,695	4,695	-	3,318	
Insurance	2,033	2,033	-	1,872	
Operating supplies	10,700	7,019	3,681	5,391	
Rental and lease	876	875	1	500	
Repairs and maintenance	5,628	3,757	1,871	3,517	
<b>Total community center building</b>	<b>44,048</b>	<b>36,770</b>	<b>7,278</b>	<b>31,685</b>	
Parks and recreation:					
Salaries and employee benefits	90,466	82,104	8,362	83,771	
Fuel	5,660	5,659	1	4,690	
Operating supplies	5,200	3,363	1,837	15,366	
Power	1,256	1,255	1	1,094	
Water, sewer and garbage	-	-	-	608	
Services	200	-	200	98	
Repairs and maintenance	11,440	11,438	2	12,657	
<b>Total parks and recreation</b>	<b>114,222</b>	<b>103,819</b>	<b>10,403</b>	<b>118,284</b>	
Arena:					
Salaries and employee benefits	251,303	238,193	13,110	130,305	
Advertising	200	-	200	200	
Services	24,488	23,516	972	6,740	

**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>	2022			2021	
	Budget	Actual	Variance with Budget	Actual	
<b>Expenditures, continued:</b>					
Community services, continued:					
Arena, continued:					
Telephone	\$ 4,000	\$ 3,827	\$ 173	\$ 3,703	
Power	100,724	100,723	1	89,577	
Heat	33,300	33,294	6	30,222	
Water and sewer	10,700	9,574	1,126	8,892	
Rental and lease	200	-	200	-	
Fuel	9,080	9,074	6	2,839	
Insurance	13,906	13,906	-	11,253	
Operating supplies	26,557	26,555	2	8,127	
Janitorial supplies	4,000	3,709	291	3,407	
Small tools and equipment	4,627	4,614	13	1,778	
Repairs and maintenance	29,148	25,578	3,570	17,821	
<b>Total arena</b>	<b>512,233</b>	<b>492,563</b>	<b>19,670</b>	<b>314,864</b>	
Library:					
Salaries and employee benefits	578,897	514,197	64,700	471,684	
Advertising	-	-	-	128	
Subscriptions and dues	810	810	-	200	
Travel	7,820	70	7,750	70	
Education and training	3,155	589	2,566	913	
Services	33,685	31,269	2,416	27,214	
Telephone	7,500	7,059	441	6,856	
Power	22,500	22,443	57	21,752	
Heat	8,000	6,163	1,837	6,088	
Water and sewer	4,570	4,568	2	4,415	
Rental and lease	324	324	-	\$324	
Insurance	15,808	15,783	25	14,374	
Books and subscriptions	43,460	39,804	3,656	45,837	

## City of Palmer, Alaska

## General Fund

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

Years Ended December 31,	2022		Variance with Budget	2021
	Budget	Actual		Actual
<b>Expenditures, continued:</b>				
Community services, continued:				
Library, continued:				
Operating supplies	\$ 20,740	\$ 19,522	\$ 1,218	\$ 12,983
Repairs and maintenance	4,700	4,622	78	7,254
Equipment	8,000	7,114	886	9,135
Miscellaneous	6,185	6,188	(3)	6,141
<b>Total library</b>	<b>766,154</b>	<b>680,525</b>	<b>85,629</b>	<b>635,368</b>
<b>Total community services</b>	<b>1,658,595</b>	<b>1,535,612</b>	<b>122,983</b>	<b>1,292,978</b>
Debt service on bonds:				
Principal	300,000	303,143	(3,143)	90,000
Interest	17,750	18,186	(436)	18,600
<b>Total debt service on bonds</b>	<b>317,750</b>	<b>321,329</b>	<b>(3,579)</b>	<b>108,600</b>
<b>Total Expenditures</b>	<b>12,608,977</b>	<b>11,950,874</b>	<b>658,103</b>	<b>10,074,805</b>
<b>Excess of Revenues Over Expenditures</b>	<b>2,680,962</b>	<b>3,505,775</b>	<b>824,813</b>	<b>3,401,940</b>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	122,764	121,764	(1,000)	-
Other financing sources related to leases	-	10,217	10,217	-
Insurance recoveries	215,746	215,746	-	-
Transfers in	289,682	288,152	(1,530)	274,525
Transfers out	(2,168,409)	(2,168,409)	-	(523,433)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,540,217)</b>	<b>(1,532,530)</b>	<b>7,687</b>	<b>(248,908)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,140,745</b>	<b>1,973,245</b>	<b>\$ 832,500</b>	<b>3,153,032</b>
<b>Fund Balance, beginning</b>		<b>11,941,294</b>		<b>8,788,262</b>
<b>Fund Balance, ending</b>		<b>\$ 13,914,539</b>		<b>\$ 11,941,294</b>

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## Special Revenue Funds

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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**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**

<i>Years Ended December 31,</i>	2022	2021
<b>Revenues</b>		
Intergovernmental - federal government passed through the State of Alaska	\$ -	\$ 1,166,268
Miscellaneous - investment income	-	438
<b>Total Revenues</b>	-	1,166,706
<b>Expenditures</b>		
General government:		
COVID-19 mitigation	-	9,727
Salaries and employee benefits	-	714
COVID-19 recovery	-	83,109
<b>Total general government</b>	-	93,550
Public safety:		
COVID-19 mitigation	-	1,361
Salaries and employee benefits	-	1,011,576
COVID-19 recovery	-	149
<b>Total public safety</b>	-	1,013,086
Public works:		
Salaries and employee benefits	-	1,892
Community services:		
COVID-19 mitigation	-	1,061
Salaries and employee benefits	-	2,016
Housing assistance grants	-	55,466
<b>Total community services</b>	-	58,543
<b>Total Expenditures</b>	-	1,167,071
<b>Net Change in Fund Balance</b>	-	(365)
<b>Fund Balance, beginning</b>	-	365
<b>Fund Balance, ending</b>	\$ -	\$ -

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

<i>December 31,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 39,262	\$ 49,181
Grants receivable	-	269
<b>Total Assets</b>	<b>\$ 39,262</b>	<b>\$ 49,450</b>
<b>Fund Balance</b>		
Committed for public safety	\$ 39,262	\$ 49,450

**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>	2022			2021	
	Budget	Actual	Variance with Budget	Actual	
<b>Revenues</b>					
Intergovernmental - federal government	\$ -	\$ 7,414	\$ 7,414	\$ 13,998	
Miscellaneous	-	-	-	75,000	
<b>Total Revenues</b>	-	7,414	7,414	88,998	
<b>Expenditures</b>					
Public safety - salaries and employee benefits	119,471	72,073	47,398	120,271	
<b>Excess of Revenues Over (Under) Expenditures</b>	(119,471)	(64,659)	54,812	(31,273)	
<b>Other Financing Sources - transfers in</b>	54,471	54,471	-	71,000	
<b>Net Change in Fund Balance</b>	<u>\$ (65,000)</u>	(10,188)	<u>\$ 54,812</u>	39,727	
<b>Fund Balance, beginning</b>		<u>49,450</u>		<u>9,723</u>	
<b>Fund Balance, ending</b>		<u>\$ 39,262</u>		<u>\$ 49,450</u>	



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

<i>December 31,</i>	2022	2021
<b>Assets</b>		
Grants receivable	\$ 33,455	\$ 30,977
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Due to other funds	\$ 28,658	\$ 26,181
<b>Fund Balance</b>		
Committed for public safety	4,797	4,796
<b>Total Liabilities and Fund Balance</b>	<b>\$ 33,455</b>	<b>\$ 30,977</b>

**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>	2022			2021	
	Budget	Actual	Variance with Budget	Actual	
<b>Revenues</b>					
Intergovernmental:					
Federal government	\$ -	\$ -	\$ -	\$ 19,400	
Matanuska-Susitna Borough School District	122,650	119,264	(3,386)	107,908	
<b>Total Revenues</b>	122,650	119,264	(3,386)	127,308	
<b>Expenditures</b>					
Public safety:					
Salaries and employee benefits	109,150	112,579	(3,429)	116,152	
Travel	2,000	2,213	(213)	3,060	
Training	2,000	715	1,285	1,604	
Supplies	4,500	1,602	2,898	3,624	
Fuel	5,000	2,154	2,846	2,868	
<b>Total Expenditures</b>	122,650	119,263	3,387	127,308	
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	1	<u>\$ 1</u>	-	
<b>Fund Balance, beginning</b>		<u>4,796</u>		<u>4,796</u>	
<b>Fund Balance, ending</b>		<u>\$ 4,797</u>		<u>\$ 4,796</u>	

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

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<i>December 31,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 57,639	\$ 55,239
<b>Fund Balance</b>		
Committed for parks	\$ 57,639	\$ 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>	2022	2021
<b>Revenues</b>		
Miscellaneous - development fees	\$ 2,400	\$ 3,000
<b>Net Change in Fund Balance</b>	2,400	3,000
<b>Fund Balance, beginning</b>	55,239	52,239
<b>Fund Balance, ending</b>	\$ 57,639	\$ 55,239

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

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<i>December 31,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 607	\$ 5,455
<b>Fund Balance</b>		
Restricted for public safety	\$ 607	\$ 5,455

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

<i>Years Ended December 31,</i>	2022	2021
<b>Revenues</b>		
Miscellaneous - state forfeiture funds	\$ -	\$ 624
<b>Expenditures</b>		
Public safety - equipment	4,848	-
<b>Net Change in Fund Balance</b>	<b>(4,848)</b>	<b>624</b>
<b>Fund Balance, beginning</b>	<b>5,455</b>	<b>4,831</b>
<b>Fund Balance, ending</b>	<b>\$ 607</b>	<b>\$ 5,455</b>

## **Capital Project Funds**

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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>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 609,161	\$ 397,865
Grants receivable	13,588	-
<b>Total Assets</b>	<b>\$ 622,749</b>	<b>\$ 397,865</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 9,935	\$ -
Unearned revenue	-	37,303
<b>Total Liabilities</b>	<b>9,935</b>	<b>37,303</b>
<b>Fund Balance</b>		
Committed for capital projects	612,814	360,562
<b>Total Liabilities and Fund Balance</b>	<b>\$ 622,749</b>	<b>\$ 397,865</b>



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

<i>Years Ended December 31,</i>	2022			2021	
	Budget	Actual	Variance with Budget		
				Budget	Actual
<b>Revenues</b>					
Intergovernmental:					
Library grants	\$ 38,303	\$ 38,303	\$ -	\$ 1,992	
State of Alaska	42,081	37,718	(4,363)		-
<b>Total intergovernmental</b>	<b>80,384</b>	<b>76,021</b>	<b>(4,363)</b>		<b>1,992</b>
Miscellaneous	35,000	35,000	-		-
<b>Total Revenues</b>	<b>115,384</b>	<b>111,021</b>	<b>(4,363)</b>		<b>1,992</b>
<b>Expenditures</b>					
Capital outlay:					
Resurface tennis courts	75,000	66,372	8,628		-
Community services	26,687	26,687	-		-
Ice arena equipment	86,244	14,950	71,294		14,910
Library	108,303	37,033	71,270		1,992
Restoration construction	17,372	17,372	-		-
Property acquisition	210,463	-	210,463		1,028
Building maintenance	88,965	7,711	81,254		-
Health & Equitable Communities project	42,081	37,718	4,363		-
Public safety	130,015	-	130,015		-
<b>Total Expenditures</b>	<b>785,130</b>	<b>207,843</b>	<b>577,287</b>		<b>17,930</b>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<b>(669,746)</b>	<b>(96,822)</b>	<b>572,924</b>		<b>(15,938)</b>
<b>Other Financing Sources</b>					
Transfers in	349,074	349,074	-		-
<b>Net Change in Fund Balance</b>	<b><u>\$ (320,672)</u></b>	<b>252,252</b>	<b><u>\$ 572,924</u></b>		<b>(15,938)</b>
<b>Fund Balance, beginning</b>		<b><u>360,562</u></b>			<b><u>376,500</u></b>
<b>Fund Balance, ending</b>		<b><u>\$ 612,814</u></b>			<b><u>\$ 360,562</u></b>

**City of Palmer, Alaska**  
**Equipment Capital Project Fund**  
**Balance Sheet**

<i>December 31,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 1,464,323	\$ 485,734
Grants receivable	65,937	-
<b>Total Assets</b>	<b>\$ 1,530,260</b>	<b>\$ 485,734</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 75,146	\$ -
<b>Fund Balance</b>		
Committed for equipment replacement	1,455,114	485,734
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,530,260</b>	<b>\$ 485,734</b>

**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>	2022			2021
	Budget	Actual	Variance with Budget	Actual
<b>Revenues</b>				
Intergovernmental - federal government	\$ 397,972	\$ 73,630	\$ (324,342)	\$ 69,417
<b>Expenditures</b>				
Capital outlay:				
Clerk/council equipment	215	-	215	4,699
Com dev equipment	50,612	11,378	39,234	45,360
Admin equipment	40,000	8,427	31,573	5,000
Police equipment	612,221	150,292	461,929	256,154
Public works equipment	856,286	87,387	768,899	275,197
Fire equipment	160,000	73,630	86,370	-
<b>Total Expenditures</b>	1,719,334	331,114	1,388,220	586,410
<b>Excess of Revenues Over (Under) Expenditures</b>	(1,321,362)	(257,484)	1,063,878	(516,993)
<b>Other Financing Sources - transfers in</b>	1,226,864	1,226,864	-	452,433
<b>Net Change in Fund Balance</b>	<u>\$ (94,498)</u>	969,380	<u>\$ 1,063,878</u>	(64,560)
<b>Fund Balance, beginning</b>		<u>485,734</u>		<u>550,294</u>
<b>Fund Balance, ending</b>		<u>\$ 1,455,114</u>		<u>\$ 485,734</u>

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

<i>December 31,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 836,385	\$ 721,207
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 12,163	\$ -
<b>Fund Balance</b>		
Committed for roads and streets	824,222	721,207
<b>Total Liabilities and Fund Balance</b>	<b>\$ 836,385</b>	<b>\$ 721,207</b>

**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>	2022		2021	
	Budget	Actual	Variance with Budget	Actual
<b>Expenditures</b>				
Capital outlay	\$1,121,208	\$ 296,985	\$ 824,223	\$ 8,462
<b>Other Financing Sources - transfers in</b>	400,000	400,000	-	-
<b>Net Change in Fund Balance</b>	<u>\$ (721,208)</u>	103,015	<u>\$ 824,223</u>	(8,462)
<b>Fund Balance, beginning</b>		<u>721,207</u>		<u>729,669</u>
<b>Fund Balance, ending</b>		<u>\$ 824,222</u>		<u>\$ 721,207</u>

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## **Enterprise Funds**

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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>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 2,871,061	\$ 2,677,720
Receivables:		
Grants	698,818	585,820
Accounts	407,977	373,388
Unbilled revenue	452,443	431,305
Inventories - materials and supplies	165,204	169,329
<b>Total Current Assets</b>	<b>4,595,503</b>	<b>4,237,562</b>
<b>Noncurrent Assets</b>		
Capital assets:		
Land	45,164	45,164
Buildings	60,067	60,067
Machinery and equipment	1,923,031	1,662,976
Improvements other than buildings	94,355,009	94,355,010
Construction work in progress	7,369,447	3,205,212
Total capital assets	103,752,718	99,328,429
Less accumulated depreciation	(34,911,565)	(32,306,967)
Net capital assets	68,841,153	67,021,462
Other asset - net other postemployment benefits asset	220,895	321,831
<b>Total Noncurrent Assets</b>	<b>69,062,048</b>	<b>67,343,293</b>
<b>Total Assets</b>	<b>73,657,551</b>	<b>71,580,855</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	40,601	36,958
Related to other postemployment benefits	20,390	6,580
<b>Total Deferred Outflows of Resources</b>	<b>60,991</b>	<b>43,538</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 73,718,542</b>	<b>\$ 71,624,393</b>



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

<i>December 31,</i>	2022	2021
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 89,921	\$ 103,363
Capital related accounts payable	24,776	938,132
Accrued payroll and employee benefits	13,903	8,250
Vested unpaid vacation and sick leave	33,506	28,761
Current portion of loans payable	310,786	306,439
Accrued interest payable	21,693	21,693
Customer deposits	306,644	305,834
<b>Total Current Liabilities</b>	<b>801,229</b>	<b>1,712,472</b>
<b>Long-term Liabilities</b>		
Loans payable	5,930,814	6,241,601
Advance from other fund	2,741,184	2,580,000
Net pension liability	544,819	410,190
<b>Total Long-term Liabilities</b>	<b>9,216,817</b>	<b>9,231,791</b>
<b>Total Liabilities</b>	<b>10,018,046</b>	<b>10,944,263</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	-	176,549
Related to other postemployment benefits	20,281	172,950
<b>Total Deferred Inflows of Resources</b>	<b>20,281</b>	<b>349,499</b>
<b>Net Position</b>		
Net investment in capital assets	62,574,777	59,535,290
Unrestricted	1,105,438	795,341
<b>Total Net Position</b>	<b>63,680,215</b>	<b>60,330,631</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 73,718,542</b>	<b>\$ 71,624,393</b>

**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>	2022		2021	
	Budget	Actual	Variance with Budget	Actual
<b>Operating Revenues</b>				
Water sales	\$ 1,670,600	\$1,810,382	\$ 139,782	\$ 1,733,355
Sewer services	1,742,440	1,910,769	168,329	1,687,234
Connection fees	30,400	30,940	540	28,700
Miscellaneous	47,982	47,982	-	39,122
<b>Total Operating Revenues</b>	<b>3,491,422</b>	<b>3,800,073</b>	<b>308,651</b>	<b>3,488,411</b>
<b>Operating Expenses Excluding Depreciation</b>				
Water:				
Salaries and employee benefits	391,613	224,159	167,454	269,474
Administrative services	539,706	378,108	161,598	195,346
Audit	13,440	13,438	2	11,383
Advertising	2,500	2,099	401	2,149
Travel	820	819	1	54
Education and training	4,000	2,065	1,935	1,234
Legal	5,000	-	5,000	-
Engineering	6,000	-	6,000	2,189
Services	56,291	43,683	12,608	61,482
Telephone	10,987	10,987	-	10,975
Power	136,800	136,798	2	146,388
Heat	10,000	7,607	2,393	7,225
Fuel	12,485	12,483	2	6,089
Equipment rental	1,000	-	1,000	-
Insurance	33,680	33,580	100	26,582
Office supplies	2,500	2,071	429	2,245
Operating supplies	10,940	10,940	-	10,990
Repairs and maintenance	74,610	77,979	(3,369)	32,667
Small tools	3,000	2,077	923	6,730
Chemicals	17,580	17,575	5	13,002
Permits	10,256	10,255	1	9,466
Equipment	19,000	6,037	12,963	10,235
Miscellaneous	10,680	10,581	99	7,639
<b>Total water</b>	<b>1,372,888</b>	<b>1,003,341</b>	<b>369,547</b>	<b>833,544</b>

**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>	2022		2021	
	Budget	Actual	Variance with Budget	Actual
<b>Operating Expenses Excluding Depreciation, continued</b>				
Sewer:				
Salaries and employee benefits	\$ 399,380	\$ 191,206	\$ 208,174	\$ 283,267
Administrative services	207,948	207,948	-	208,340
Audit	12,320	12,318	2	10,566
Education and training	3,180	615	2,565	3,273
Legal	25,000	10,109	14,891	56,115
Engineering	20,000	-	20,000	1,410
Services	78,200	49,261	28,939	66,497
Telephone	12,000	10,515	1,485	10,462
Power	344,955	344,954	1	333,310
Heat	25,000	23,656	1,344	23,925
Fuel	14,455	14,455	-	12,355
Equipment rental	8,000	4,717	3,283	9,309
Insurance	50,874	50,181	693	47,017
Office supplies	4,500	1,963	2,537	3,475
Operating supplies	29,310	29,307	3	10,112
Repairs and maintenance	65,000	54,989	10,011	40,099
Small tools	7,633	6,669	964	4,590
Equipment	7,000	4,766	2,234	10,682
Permits	12,000	10,255	1,745	9,622
Chemicals	7,500	3,276	4,224	11,289
Miscellaneous	4,300	4,291	9	3,251
<b>Total sewer</b>	<b>1,338,555</b>	<b>1,035,451</b>	<b>303,104</b>	<b>1,158,966</b>
<b>Total Operating Expenses Excluding Depreciation</b>	<b>2,711,443</b>	<b>2,038,792</b>	<b>672,651</b>	<b>1,992,510</b>
<b>Operating Income Before Depreciation</b>	<b>779,979</b>	<b>1,761,281</b>	<b>981,302</b>	<b>1,495,901</b>
Depreciation	-	2,604,598	(2,604,598)	2,570,465
<b>Operating Income (Loss)</b>	<b>779,979</b>	<b>(843,317)</b>	<b>(1,623,296)</b>	<b>(1,074,564)</b>

**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>	2022		2021	
	Budget	Actual	Variance with Budget	Actual
<b>Nonoperating Revenues (Expenses)</b>				
State PERS relief	\$ 17,832	\$ (10,446)	\$ (28,278)	\$ 86
Miscellaneous income	7,381	7,378	(3)	13,302
Insurance recoveries	340,563	340,563	-	-
Interest expense	(110,484)	(110,184)	300	(115,045)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>255,292</b>	<b>227,311</b>	<b>(27,981)</b>	<b>(101,657)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>1,035,271</b>	<b>(616,006)</b>	<b>(1,651,277)</b>	<b>(1,176,221)</b>
Capital contributions	7,218,932	4,170,372	(3,048,560)	1,485,730
Transfers out	(204,782)	(204,782)	-	(193,605)
<b>Change In Net Position</b>	<b><u>\$ 8,049,421</u></b>	<b>3,349,584</b>	<b><u>\$ (4,699,837)</u></b>	<b>115,904</b>
<b>Net Position, beginning</b>		<b><u>60,330,631</u></b>		<b><u>60,214,727</u></b>
<b>Net Position, ending</b>		<b><u>\$ 63,680,215</u></b>		<b><u>\$ 60,330,631</u></b>

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

<i>Years Ended December 31,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Cash receipts from customers and users	\$ 3,752,534	\$ 3,434,659
Payments to suppliers	(1,046,688)	(1,029,862)
Payments to employees	(526,519)	(536,580)
Payments for interfund services used	(586,056)	(403,686)
<b>Net cash flows from operating activities</b>	<b>1,593,271</b>	<b>1,464,531</b>
<b>Cash Flows for Noncapital Financing Activities</b>		
Transfers out	(204,782)	(193,605)
<b>Cash Flows for Capital and Related Financing Activities</b>		
Capital contributions received	4,057,374	910,803
Purchase of capital assets	(5,337,645)	(2,611,530)
Insurance recoveries	340,563	-
Advances from other funds	161,184	1,580,000
Principal payments on loans payable	(306,440)	(302,165)
Interest paid	(110,184)	(115,045)
<b>Net cash flows for capital and related financing activities</b>	<b>(1,195,148)</b>	<b>(537,937)</b>
<b>Net Increase in Cash and Investments</b>	<b>193,341</b>	<b>732,989</b>
<b>Cash and Investments, beginning</b>	<b>2,677,720</b>	<b>1,944,731</b>
<b>Cash and Investments, ending</b>	<b>\$ 2,871,061</b>	<b>\$ 2,677,720</b>

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

<i>Years Ended December 31,</i>	2022	2021
<b>Reconciliation of Operating Loss to Net</b>		
<b>Cash Flows from Operating Activities</b>		
Operating loss	\$ (843,317)	\$(1,074,564)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	2,604,598	2,570,465
Noncash expense - PERS relief	(10,446)	86
Other revenues	7,378	13,302
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(34,589)	(63,956)
Unbilled revenue	(21,138)	(34,098)
Inventories	4,125	(8,802)
Net other postemployment benefits asset	100,936	(271,848)
Deferred outflows of resources related to pensions	(3,643)	16,327
Deferred outflows of resources related to other postemployment benefits	(13,810)	21,252
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(13,442)	15,023
Accrued payroll and employee benefits	5,653	4,809
Vested unpaid vacation and sick leave	4,745	8,384
Customer deposits	810	31,000
Net pension liability	134,629	(70,635)
Net other postemployment benefits liability	-	(1,099)
Deferred inflows of resources related to pensions	(176,549)	176,549
Deferred inflows of resources related to other postemployment benefits	(152,669)	132,336
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 1,593,271</b>	<b>\$ 1,464,531</b>
<b>Noncash Capital and Related Financing Activities</b>		
Purchase of capital assets on account	\$ 24,776	\$ 938,132

## City of Palmer, Alaska

Airport Enterprise Fund  
Statement of Net Position

<i>December 31,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Receivables:		
Accounts	\$ 12,506	\$ 15,188
Leases	3,148,893	-
Grants	185,544	361,008
<b>Total Current Assets</b>	<b>3,346,943</b>	<b>376,196</b>
<b>Noncurrent Assets</b>		
Capital assets:		
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	831,000	338,990
Total capital assets	32,498,375	32,006,365
Less accumulated depreciation	(19,172,189)	(18,088,611)
Net capital assets	13,326,186	13,917,754
Other asset - net other postemployment benefits asset	41,187	85,874
<b>Total Noncurrent Assets</b>	<b>13,367,373</b>	<b>14,003,628</b>
<b>Total Assets</b>	<b>16,714,316</b>	<b>14,379,824</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	7,570	9,897
Related to other postemployment benefits	3,802	1,756
<b>Total Deferred Outflows of Resources</b>	<b>11,372</b>	<b>11,653</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 16,725,688</b>	<b>\$ 14,391,477</b>

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

<i>December 31,</i>	2022	2021
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 21,993	\$ 9,823
Capital related accounts payable	22,220	120,130
Accrued payroll and employee benefits	1,375	1,524
Vested unpaid vacation and sick leave	1,305	20,793
Unearned revenue	83,792	111,788
<b>Total Current Liabilities</b>	<b>130,685</b>	<b>264,058</b>
<b>Long-term Liabilities</b>		
Advance from other fund	213,106	408,757
Net pension liability	101,584	109,991
<b>Total Long-term Liabilities</b>	<b>314,690</b>	<b>518,748</b>
<b>Total Liabilities</b>	<b>445,375</b>	<b>782,806</b>
<b>Deferred Inflows of Resources</b>		
Related to leases	3,102,896	-
Related to pensions	-	47,108
Related to other postemployment benefits	3,781	46,148
<b>Total Deferred Inflows of Resources</b>	<b>3,106,677</b>	<b>93,256</b>
<b>Net Position</b>		
Net investment in capital assets	13,303,966	13,797,624
Unrestricted (deficit)	(130,330)	(282,209)
<b>Total Net Position</b>	<b>13,173,636</b>	<b>13,515,415</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 16,725,688</b>	<b>\$ 14,391,477</b>



**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>	2022		2021	
	Budget	Actual	Variance with Budget	Actual
<b>Operating Revenues</b>				
Aviation fuel - revenue sharing	\$ 22,416	\$ 22,085	\$ (331)	\$ 15,039
Tiedown fees	60,732	60,732	-	59,849
Land leases	233,535	154,532	(79,003)	229,761
Agricultural land leases	7,987	7,987	-	7,443
Miscellaneous	52,581	51,563	(1,018)	54,643
<b>Total Operating Revenues</b>	<b>377,251</b>	<b>296,899</b>	<b>(80,352)</b>	<b>366,735</b>
<b>Operating Expenses Excluding Depreciation</b>				
Salaries and employee benefits	136,683	58,980	77,703	128,288
Administrative services	100,647	101,659	(1,012)	102,995
Audit	2,319	2,318	1	1,988
Advertising	476	475	1	-
Subscriptions and dues	323	323	-	275
Education and training	6,573	6,572	1	-
Legal fees	13,317	13,317	-	1,801
Services	11,791	16,365	(4,574)	5,269
Telephone	6,555	6,555	-	3,738
Power	22,566	22,565	1	18,327
Heat	5,843	5,843	-	5,678
Water, sewer and garbage	490	490	-	474
Fuel	13,495	13,494	1	6,041
Insurance	20,445	20,445	-	18,177
Operating supplies	1,628	1,626	2	439
Repairs and maintenance	57,667	57,667	-	26,543
Building and improvements	9,620	9,620	-	-
Engineering	10,647	10,646	1	7,453
Office equipment	564	564	-	1,772
Small tools and equipment	1,145	1,147	(2)	5
Board stipends	150	150	-	300
<b>Total Operating Expenses Excluding Depreciation</b>	<b>422,944</b>	<b>350,821</b>	<b>72,123</b>	<b>329,563</b>

**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>	2022		Variance with Budget	2021
	Budget	Actual		Actual
<b>Operating Income (Loss) Before Depreciation</b>	\$ (45,693)	\$ (53,922)	\$ (8,229)	\$ 37,172
Depreciation	-	1,083,579	(1,083,579)	1,083,580
<b>Operating Loss</b>	(45,693)	(1,137,501)	(1,091,808)	(1,046,408)
<b>Nonoperating Revenues</b>				
State PERS relief	3,325	(1,948)	(5,273)	23
Interest income	-	126,326	126,326	-
Miscellaneous income	26,953	27,052	99	24,166
Insurance recoveries	22,644	22,644	-	-
<b>Total Nonoperating Revenues</b>	52,922	174,074	121,152	24,189
<b>Income (Loss) Before Contributions and Transfers</b>	7,229	(963,427)	(970,656)	(1,022,219)
Capital contributions	9,716,765	483,648	(9,233,117)	302,041
Transfers in	140,054	138,000	(2,054)	-
<b>Change in Net Position</b>	<u>\$9,864,048</u>	(341,779)	<u>\$ (10,205,827)</u>	(720,178)
<b>Net Position, beginning</b>		<u>13,515,415</u>		<u>14,235,593</u>
<b>Net Position, ending</b>		<u>\$ 13,173,636</u>		<u>\$ 13,515,415</u>

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

Years Ended December 31,	2022	2021
<b>Cash Flows from (for) Operating Activities</b>		
Cash receipts from customers and users	\$ 378,966	\$ 412,536
Payments to suppliers	(178,012)	(93,865)
Payments to employees	(133,479)	(127,982)
Payments for interfund services used	(101,659)	(102,995)
<b>Net cash flows from (for) operating activities</b>	<b>(34,184)</b>	<b>87,694</b>
<b>Cash Flows for Noncapital Financing Activities</b>		
Decrease in advances from other fund	(195,651)	-
<b>Cash Flows from (for) Capital and Related Financing Activities</b>		
Capital contributions received	659,112	200,498
Insurance recoveries	22,644	-
Transfers in	138,000	-
Decrease in due to other funds	-	(70,060)
Decrease in advances from other fund	-	(45,903)
Purchase of capital assets	(589,921)	(172,229)
<b>Net cash flows from (for) capital and related financing activities</b>	<b>229,835</b>	<b>(87,694)</b>
<b>Net increase in Cash and Investments</b>	<b>-</b>	<b>-</b>
<b>Cash and Investments, beginning</b>	<b>-</b>	<b>-</b>
<b>Cash and Investments, ending</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Operating Loss to Net</b>		
<b>Cash Flows from (for) Operating Activities</b>		
Operating loss	\$ (1,137,501)	\$ (1,046,407)
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:		
Depreciation	1,083,579	1,083,579
Noncash expense - PERS relief	(1,948)	23
Other revenues	153,378	24,166
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	2,682	5,111
Leases receivable	50,554	-
Net other postemployment benefits asset	44,687	(72,630)
Deferred outflows of resources related to pensions	2,327	4,428
Deferred outflows of resources related to other postemployment benefits	(2,046)	5,619
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	12,170	4,415
Accrued payroll and employee benefits	(149)	384
Vested unpaid vacation and sick leave	(19,488)	209
Unearned revenue	(27,996)	16,524
Net pension liability	(8,407)	(19,930)
Net other postemployment benefits liability	-	(291)
Deferred inflows of resources related to leases	(96,551)	-
Deferred inflows of resources related to pensions	(47,108)	47,108
Deferred inflows of resources related to other postemployment benefits	(42,367)	35,386
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ (34,184)</b>	<b>\$ 87,694</b>
<b>Noncash Capital and Related Financing Activities</b>		
Purchase of capital assets on account	\$ 22,220	\$ 120,130

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

<i>December 31,</i>	2022	2021
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 537,910	\$ 758,141
Accounts receivable	129,702	121,606
Unbilled revenue	64,883	64,963
<b>Total Current Assets</b>	<b>732,495</b>	<b>944,710</b>
<b>Noncurrent Assets</b>		
Capital assets:		
Buildings	52,667	52,667
Machinery and equipment	1,139,052	1,101,263
Total capital assets	1,191,719	1,153,930
Less accumulated depreciation	(606,591)	(766,536)
Net capital assets	585,128	387,394
Other asset - net other postemployment benefits asset	42,821	62,145
<b>Total Noncurrent Assets</b>	<b>627,949</b>	<b>449,539</b>
<b>Total Assets</b>	<b>1,360,444</b>	<b>1,394,249</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	7,871	7,213
Related to other postemployment benefits	3,953	1,271
<b>Total Deferred Outflows of Resources</b>	<b>11,824</b>	<b>8,484</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,372,268</b>	<b>\$ 1,402,733</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 30,521	\$ 33,367
Accrued payroll and employee benefits	8,815	1,111
Vested unpaid vacation and sick leave	12,197	15,550
<b>Total Current Liabilities</b>	<b>51,533</b>	<b>50,028</b>
<b>Long-term Liabilities</b>		
Net pension liability	105,616	109,696
<b>Total Liabilities</b>	<b>157,149</b>	<b>159,724</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	-	34,091
Related to other postemployment benefits	3,932	33,396
<b>Total Deferred Inflows of Resources</b>	<b>3,932</b>	<b>67,487</b>
<b>Net Position</b>		
Net investment in capital assets	585,128	387,394
Unrestricted	626,059	788,128
<b>Total Net Position</b>	<b>1,211,187</b>	<b>1,175,522</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 1,372,268</b>	<b>\$ 1,402,733</b>

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

Years Ended December 31,	2022		2021	
	Budget	Actual	Variance with Budget	Actual
<b>Operating Revenues</b>				
Solid waste collection fees	\$ 903,775	\$ 817,861	\$ (85,914)	\$ 816,720
<b>Operating Expenses Excluding Depreciation</b>				
Salaries and employee benefits	134,350	72,955	61,395	67,809
Administrative services	139,228	139,228	-	139,475
Advertising	500	-	500	-
Audit	2,402	2,402	-	2,308
Services	408,816	408,815	1	433,447
Fuel	21,245	21,244	1	13,243
Insurance	15,273	14,701	572	12,977
Vehicle insurance	6,800	6,756	44	6,400
Operating supplies	5,000	4,127	873	2,443
Repairs and maintenance	11,790	8,084	3,706	12,996
Equipment	386,500	7,771	378,729	6,467
Miscellaneous	2,800	2,730	70	2,118
<b>Total Operating Expenses Excluding Depreciation</b>	<b>1,134,704</b>	<b>688,813</b>	<b>445,891</b>	<b>699,683</b>
<b>Operating Income (Loss) Before Depreciation</b>	<b>(230,929)</b>	<b>129,048</b>	<b>359,977</b>	<b>117,037</b>
Depreciation	-	94,201	(94,201)	78,329
<b>Operating Income (Loss)</b>	<b>(230,929)</b>	<b>34,847</b>	<b>265,776</b>	<b>38,708</b>
<b>Nonoperating Revenues</b>				
State PERS relief	3,457	(2,025)	(5,482)	16
Gain on sale of capital assets	-	47,308	47,308	-
Insurance recoveries	3,055	3,055	-	-
<b>Total Nonoperating Revenues</b>	<b>6,512</b>	<b>48,338</b>	<b>41,826</b>	<b>16</b>
<b>Income (Loss) Before Transfers</b>	<b>(224,417)</b>	<b>83,185</b>	<b>307,602</b>	<b>38,724</b>
Transfers out	(47,520)	(47,520)	-	(45,070)
<b>Change in Net Position</b>	<b>\$ (271,937)</b>	<b>35,665</b>	<b>\$ 307,602</b>	<b>(6,346)</b>
<b>Net Position, beginning</b>		<b>1,175,522</b>		<b>1,181,868</b>
<b>Net Position, ending</b>		<b>\$ 1,211,187</b>		<b>\$ 1,175,522</b>

## City of Palmer, Alaska

Refuse Enterprise Fund  
Statement of Cash Flows

Years Ended December 31,	2022	2021
<b>Cash Flows from Operating Activities</b>		
Cash receipts from customers and users	\$ 809,845	\$ 813,960
Payments to suppliers	(479,476)	(491,733)
Payments to employees	(122,280)	(124,262)
Payments for interfund services used	(139,228)	(139,475)
<b>Net cash flows from operating activities</b>	<b>68,861</b>	<b>58,490</b>
<b>Cash Flows for Noncapital Financing Activities</b>		
Transfers out	(47,520)	(45,070)
<b>Cash Flows for Capital and Related Financing Activities</b>		
Sale of capital assets	107,300	-
Insurance recoveries	3,055	-
Purchase of capital assets	(351,927)	(9,650)
<b>Net cash flows for capital and related financing activities</b>	<b>(241,572)</b>	<b>(9,650)</b>
<b>Net Increase (Decrease) in Cash and Investments</b>	<b>(220,231)</b>	<b>3,770</b>
<b>Cash and Investments, beginning</b>	<b>758,141</b>	<b>754,371</b>
<b>Cash and Investments, ending</b>	<b>\$ 537,910</b>	<b>\$ 758,141</b>
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>		
Operating income	\$ 34,847	\$ 38,708
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	94,201	78,329
Noncash expense - PERS relief	(2,025)	16
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(8,096)	(1,816)
Unbilled revenue	80	(944)
Net other postemployment benefits asset	19,324	(52,484)
Deferred outflows of resources related to pensions	(658)	3,307
Deferred outflows of resources related to other postemployment benefits	(2,682)	4,108
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(2,846)	666
Accrued payroll and employee benefits	7,704	275
Vested unpaid vacation and sick leave	(3,353)	3,515
Net pension liability	(4,080)	(74,615)
Net other postemployment benefits liability	-	(212)
Deferred inflows of resources related to pensions	(34,091)	34,091
Deferred inflows of resources related to other postemployment benefits	(29,464)	25,546
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 68,861</b>	<b>\$ 58,490</b>

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

<i>December 31,</i>	2022	2021
<b>Assets</b>		
<b>Noncurrent Assets</b>		
Capital assets:		
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	676,033	667,234
Total capital assets	2,992,516	2,983,717
Less accumulated depreciation	(1,206,811)	(1,181,072)
Net capital assets	1,785,705	1,802,645
<b>Total Assets</b>	<b>\$ 1,785,705</b>	<b>\$ 1,802,645</b>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 9,476	\$ 4,744
Unearned revenue	46,602	44,843
<b>Total Current Liabilities</b>	<b>56,078</b>	<b>49,587</b>
<b>Long-term Liabilities</b>		
Advance from other fund	293,763	378,294
<b>Total Liabilities</b>	<b>349,841</b>	<b>427,881</b>
<b>Net Position</b>		
Investment in capital assets	1,785,705	1,802,645
Unrestricted (deficit)	(349,841)	(427,881)
<b>Total Net Position</b>	<b>1,435,864</b>	<b>1,374,764</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,785,705</b>	<b>\$ 1,802,645</b>

**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>	2022		2021	
	Budget	Actual	Variance with Budget	Actual
<b>Operating Revenues</b>				
Green fees	\$ 435,000	\$ 463,662	\$ 28,662	\$ 480,152
Driving range fees	50,000	60,636	10,636	51,236
Golf cart rentals and trail fees	138,000	145,340	7,340	146,549
<b>Total Operating Revenues</b>	<b>623,000</b>	<b>669,638</b>	<b>46,638</b>	<b>677,937</b>
<b>Operating Expenses Excluding Depreciation</b>				
Golf management contract	417,000	417,000	-	416,970
Audit	3,122	3,121	1	2,999
Services	29,270	29,267	3	27,931
Power	19,400	19,371	29	20,970
Heat	1,780	1,779	1	1,707
Water and sewer	4,340	4,339	1	3,323
Rental and lease	10,694	10,692	2	10,697
Insurance	13,757	13,756	1	11,771
Vehicle insurance	320	310	10	310
Operating supplies	725	725	-	1,639
Legal fees	500	-	500	-
Repairs and maintenance	126,242	61,465	64,777	37,772
Equipment	25,000	18,620	6,380	24,096
<b>Total Operating Expenses Excluding Depreciation</b>	<b>652,150</b>	<b>580,445</b>	<b>71,705</b>	<b>560,185</b>
<b>Operating Income (Loss) Before Depreciation</b>	<b>(29,150)</b>	<b>89,193</b>	<b>118,343</b>	<b>117,752</b>



**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>	2022			2021	
	Budget	Actual	Variance with Budget	Actual	
Depreciation	\$ -	\$ 40,165	\$ (40,165)	\$ 48,361	
Operating Income (Loss)	(29,150)	49,028	78,178	69,391	
<b>Nonoperating Revenues</b>					
Insurance recoveries	47,922	47,922	-	-	
Income Before Transfers	18,772	96,950	78,178	69,391	
Transfers out	(35,850)	(35,850)	-	(35,850)	
<b>Change in Net Position</b>	<u>\$ (17,078)</u>	61,100	<u>\$ 78,178</u>	33,541	
Net Position, beginning		<u>1,374,764</u>		<u>1,341,223</u>	
Net Position, ending		<u>\$ 1,435,864</u>		<u>\$ 1,374,764</u>	

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

<i>Years Ended December 31,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Cash receipts from customers and users	\$ 671,397	\$ 685,572
Payments to suppliers	(575,713)	(560,023)
<b>Net cash flows from operating activities</b>	<b>95,684</b>	<b>125,549</b>
<b>Cash Flows for Noncapital Financing Activities</b>		
Transfers out	(35,850)	(35,850)
<b>Cash Flows for Capital and Related Financing Activities</b>		
Decrease in advances from other funds	(84,531)	(89,699)
Insurance recoveries	47,922	-
Purchase of capital assets	(23,225)	-
<b>Net cash flows for capital and related financing activities</b>	<b>(59,834)</b>	<b>(89,699)</b>
<b>Net Increase in Cash and Investments</b>	<b>-</b>	<b>-</b>
<b>Cash and Investments, beginning</b>	<b>-</b>	<b>-</b>
<b>Cash and Investments, ending</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>		
Operating income	\$ 49,028	\$ 69,391
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	40,165	48,361
(Increase) decrease in assets:		
Prepaid expenses	-	700
Increase (decrease) in liabilities:		
Accounts payable	4,732	(538)
Unearned revenue	1,759	7,635
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 95,684</b>	<b>\$ 125,549</b>

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

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<i>Years Ended December 31,</i>	2022	2021
<b>Assets</b>		
Cash and investments	\$ 440,320	\$ 440,320
Land held for sale	217,414	217,414
<b>Total Assets</b>	<b>\$ 657,734</b>	<b>\$ 657,734</b>
<b>Net Position - Unrestricted</b>	<b>\$ 657,734</b>	<b>\$ 657,734</b>

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**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>	2022		2021	
	Budget	Actual	Variance with Budget	Actual
<b>Operating Revenues</b>				
Land sales	\$ -	\$ -	\$ -	\$ 439,951
<b>Change in Net Position</b>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	439,951
<b>Net Position, beginning</b>		<u>657,734</u>		<u>217,783</u>
<b>Net Position, ending</b>		<u>\$ 657,734</u>		<u>\$ 657,734</u>

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

<i>Years Ended December 31,</i>	2022	2021
<b>Cash Flows from Operating Activities</b>		
Cash receipts from land sales	\$ -	\$ 439,951
<b>Net Increase in Cash and Investments</b>	-	439,951
<b>Cash and Investments, beginning</b>	440,320	369
<b>Cash and Investments, ending</b>	\$ 440,320	\$ 440,320

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## Schedule of Federal Expenditures

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**City of Palmer, Alaska**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2022**

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
<b>Department of Transportation</b>				
Airport Improvement Program 2020	20.106		\$ -	\$ 5,880
Airport Improvement Program 2021	20.106		-	50,723
Airport Improvement Program 2021	20.106		-	264,518
Airport Improvement Program 2022	20.106		-	10,348
Airport Improvement Program 2022	20.106		-	152,179
Total Department of Transportation			-	483,648
<b>Department of Justice</b>				
Public Safety Partnership and Community Policing Grants: DEA Opiate Task Force (Overtime) 2022	16.710		-	7,414
<b>Department of Homeland Security</b>				
Passed through State of Alaska Department of Homeland Security and Emergency Management - Homeland Security Grant Program	97.067	20SHSP-GY21	-	73,630
<b>Department of Agriculture</b>				
Passed through State of Alaska Department of Natural Resources - Cooperative Forestry Assistance - 2021 Volunteer Fire Assistance Grant	10.664	N/A	-	4,149
Cooperative Forestry Assistance - 2022 Volunteer Fire Assistance Grant	10.664	N/A	-	5,000
Total Department of Agriculture			-	9,149
<b>Institute of Museum and Library Services</b>				
Grants to States - Passed through State of Alaska Department of Education and Early Development - Grants to States	45.310	EASY22-062	-	4,536
COVID-19 - Grants to States	45.310	ARPA35	-	37,033
Continuing Education Grant	45.310	CED22-014-SKOW	-	225
Total Institute of Museum and Library Services			-	41,794
<b>Department of the Treasury</b>				
Passed through State of Alaska Department of Commerce, Community and Economic Development: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	NEU AK0100	-	318,932
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 934,567</b>

*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, 2022

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### 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, 2022. 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.

**City of Palmer, Alaska**  
**Schedule of State Financial Assistance**  
**Year Ended December 31, 2022**

State Agency/Program Title	Award Number	Total Award Amount	Passed Through to Subre- cipients	State Expenditures
<b>Department of Commerce, Community and Economic Development</b>				
* Wastewater Treatment Plant Improvements Phase 2	23-DC-037	\$ 6,900,000	\$ -	\$ 3,851,440
<b>Department of Health and Social Services</b>				
Health and Equitable Communities	CO622-584-P	42,081	-	37,718
<b>Department of Education and Early Development</b>				
Public Library Assistance Grant	PLA 22-759-01	7,000	-	7,000
<b>Total State Financial Assistance</b>			<b>\$ -</b>	<b>\$ 3,896,158</b>

\* Denotes a major program

*See accompanying notes to Schedule of State Financial Assistance.*

# City of Palmer, Alaska

## Notes to Schedule of State Financial Assistance Year Ended December 31, 2022

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### 1. Basis of Presentation

The accompanying Schedule of State Financial Assistance (the “Schedule”) includes the state grant activity of the City of Palmer, Alaska under programs of the State of Alaska for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City of Palmer, Alaska, it is not intended to and does not present the financial position, changes in net position or cash flows of City of Palmer, Alaska.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

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## Single Audit Section

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

3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report 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, 2022, 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 September 28, 2023.

### **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 City of Palmer'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 City of Palmer'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 City of Palmer's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska  
September 28, 2023



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

3601 C Street, Suite 600  
Anchorage, AK 99503

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

Honorable Mayor and  
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, 2022. 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, 2022.

#### ***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.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on the major federal program is not modified with respect to these matters.

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



## Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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

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

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

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

BDO USA, P.C.

Anchorage, Alaska  
September 28, 2023



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

3601 C Street, Suite 600  
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## **Independent Auditor’s Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits***

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

### **Report on Compliance for each Major State Program**

#### ***Opinion on Each Major State Program***

We have audited City of Palmer’s, (the City’s), compliance with the types of compliance requirements identified as subject to audit in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the City’s major state programs for the year ended December 31, 2022. The City’s major state programs are identified in the accompanying Schedule of State Financial Assistance.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2022.

#### ***Basis for Opinion on Each Major State 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 (Government Auditing Standards); and the audit requirements in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Our responsibilities under those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 on compliance for each major state program. Our audit does not provide a legal determination of the City’s compliance with the 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 the City's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City'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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* requirements will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City'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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of the City'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 state 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 state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska  
September 28, 2023



# City of Palmer, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2022

### 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

<b>Finding 2022-001</b>	<b>Significant Deficiency in Internal Control Over Compliance, Noncompliance - Reporting</b>
<i>Agency</i>	Department of the Treasury
<i>ALN</i>	21.027
<i>Program Name</i>	Coronavirus State and Local Fiscal Recovery Funds
<i>Award Year</i>	Reporting period was for March 03, 2021 - March 30, 2022
<i>Pass-Through Agency</i>	State of Alaska Department of Commerce, Community, and Economic Development
<i>Pass-Through Entity Identifying Number</i>	NEU AK0100
<i>Criteria</i>	Recipients of federal awards must establish verifiable controls over reports that are prepared and submitted.
<i>Condition</i>	Report submitted within the year had significant errors, including the improper reporting of contract agreements as subrecipient awards and reporting the incorrect total expenditures that occurred within the reporting period. In addition, there were insufficient controls in place to prevent the identified reporting errors.
<i>Cause</i>	The City's internal controls over reporting were not designed appropriately to ensure timely and accurate reporting.
<i>Effect or Potential Effect</i>	Information submitted to the granting agency might be incomplete or inaccurate.
<i>Questioned costs</i>	None
<i>Context</i>	A sample of one annual report was tested specific to the major program. This report included significant errors in the initial submission and no amended report had been filed within FY 2022.
<i>Identification as a repeat finding</i>	No
<i>Recommendation</i>	Review process should also be established to ensure accurate reporting. A policy should be established and enforced to ensure that grant reports contain accurate data prior to submission, and to ensure evidence of controls performed over applicable compliance requirements is maintained.
<i>Views of Responsible Officials</i>	Management agrees with this finding. All grant reporting is to be reviewed for accuracy by the Finance Director or the Controller prior to submittal.

# City of Palmer, Alaska

## Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2022

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<b>Section IV - State Award Findings and Questioned Costs</b>
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There were no findings and questioned costs for State awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.





## DEPARTMENT OF FINANCE

Gina Davis  
Finance Director

Phone: (907) 745-3271  
Direct: (907) 761-1314  
Fax: (907) 745-0930  
Email: [gdavis@palmerak.org](mailto:gdavis@palmerak.org)  
231 W. Evergreen Ave.,  
Palmer, Alaska 99645-6952  
[www.palmerak.org](http://www.palmerak.org)

City of Palmer, Alaska

### Corrective Action Plan Year Ended December 31, 2022

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Name of Contact Person:  
Gina Davis  
Finance Director  
907-761-1314

**Finding 2022-001**

Significant Deficiency in Internal Control over  
Compliance, Noncompliance – Reporting

*Corrective Action  
Implementation*

All grant reporting is to be reviewed for accuracy by the Finance Director  
or the Controller prior to submittal.

*Anticipated Completion Date*

We plan on having the CSLFRF report updated on the Treasury website  
by 12/31/2023.