

Regular City Council Meeting
August 27, 2024 6:00pm
City of Palmer, Alaska
Palmer City Council Chambers
231 W Evergreen Avenue Palmer, Alaska 99645
www.palmerak.org



Mayor Steven J. Carrington
Deputy Mayor Carolina Anzilotti
Council Member John Alcantra
Council Member Richard W. Best
Council Member Jim Cooper
Council Member Pamela Melin
Council Member Joshua Tudor

City Manager Stephen Jellie
City Clerk Shelly M. Acteson, CMC
City Attorney Sarah Heath, Esq.

- A. CALL TO ORDER
- B. ROLL CALL
- C. PLEDGE OF ALLEGIANCE
- D. APPROVAL OF AGENDA
 - 1. Approval of Consent Agenda
 - 2. Approval of Minutes of Previous Meetings
 - A. July 17, 2024, Special Meeting
 - B. July 18, 2024, Special Meeting
 - C. July 23, 2024, Regular Meeting
 - D. August 6, 2024, Special Meeting
- E. COMMUNICATIONS AND APPEARANCE REQUESTS
 - 1. Elected Officials in Attendance
 - 2. Board/Commission Members in Attendance
 - 3. City of Palmer 2023 Audit Presentation by Joy Merriner, Managing Partner, BDO USA
- F. REPORTS
 - 1. City Manager's Report
 - 2. Mayor's Report
 - 3. City Clerk's Report
 - 4. City Attorney's Report

G. AUDIENCE PARTICIPATION

H. PUBLIC HEARINGS

1. **Resolution No. 24-034:** A Resolution of the Palmer City Council Authorizing the City Manager to Allocate Additional Funds in An Amount Not to Exceed \$97,332 from the General Fund Unassigned Fund Balance for the Rehabilitation of Lighting at Warren "Bud" Woods Palmer Municipal Airport.
2. **Resolution No. 24-035:** A Resolution of the Palmer City Council Appointing Election Officials for the City of Palmer Regular Election on Tuesday, October 1, 2024

I. ACTION MEMORANDA

1. **Action Memorandum No. 24-048:** Authorizing the City Manager to Negotiate and Enter into a Contract with Northern Gravel & Trucking, LLC for the Purchase and Delivery of 180 Tons of Road Salt in the Amount Not to Exceed \$30,600
2. **Action Memorandum No. 24-050:** Authorizing Utility Water Connection for 12301 E. Woodstock Dr. Located Outside of Palmer City Limits
3. **Action Memorandum No. 24-051:** Authorizing the City Manager to Purchase an Exmark Lazer Z Lawn Mower from Alaska Electric & Control Inc. DBA Jewell Equipment for an Amount not to Exceed \$18,000 for the Palmer Municipal Golf Course
4. **Action Memorandum No. 24-052:** Authorizing the City Manager to Issue a Contract to Perform Additional Interior Demolition at The Palmer Public Library to Determine the Full Scope of Structural Damagewith Steppers Construction Inc. for an Amount Not to Exceed \$44,844

J. UNFINISHED BUSINESS

K. NEW BUSINESS

L. RECORD OF ITEMS PLACED ON THE TABLE

M. AUDIENCE PARTICIPATION

N. COUNCIL MEMBER COMMENTS

O. ADJOURNMENT



Palmer City Council Meeting
Meeting Date: 08/27/2024
Department: City Clerk's Office

D. 2.

Subject

Approval of Minutes of Previous Meetings

- A. July 17, 2024, Special Meeting
- B. July 18, 2024, Special Meeting
- C. July 23, 2024, Regular Meeting
- D. August 6, 2024, Special Meeting

Summary Statement/Background

Administration's Recommendation:

Attachments

- 07.17 Special Meeting Minutes
 - 07.18 Special Meeting Minutes
 - 07.23 Regular Meeting Minutes
 - 08.06 Special Meeting Minutes
-

A. CALL TO ORDER

A special meeting of the Palmer City Council was held on July 17, 2024, at 5:15 p.m. in the Council Chambers, Palmer, Alaska. Mayor Carrington called the meeting to order at 5:15 p.m.

B. ROLL CALL

Comprising a quorum of the Council, the following were present:

- Mayor Steve Carrington
- Deputy Mayor Carolina Anzilotti
- John Alcantra
- Richard W. Best
- Jim Cooper
- Pam Melin
- Joshua Tudor

Staff in attendance:
Shelly Acteson, CMC, City Clerk
Sarah Heath, City Attorney
Benji Johnson, Deputy City Clerk
Elizabeth Dorris, Human Resources Manager

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

D. APPROVAL OF AGENDA

Main Motion: To Approve the Agenda

Moved by:	Best
Seconded by:	Melin
Vote:	Unanimous Consent
Action:	Motion Carried

E. NEW BUSINESS

1. City Council Interview Process Discussion

Elizabeth Dorris, Human Resources Manager gave a brief overview.

The Council was provided with a list of interview questions.

2. City Manager Interviews
 - a. Kim David Zimmerman - 5:30 pm (on Zoom)

Mayor Carrington asked the candidate the interview questions. Candidate Kim Zimmerman answered the questions.

Mayor Carrington called a break at 6:00 pm.
The special meeting reconvened at 6:14 pm.

b. Stephen Jellie – 6:15 pm (on Zoom)

Mayor Carrington asked the candidate the interview questions. Candidate Stephen Jellie answered the questions.

Mayor Carrington called a break at 6:44 pm.
The special meeting reconvened at 6:59 pm.

c. Kolby Hickel - 7:00 pm (on Zoom)

Mayor Carrington asked the candidate the interview questions. Candidate Kolby Hickel answered the questions.

F. AUDIENCE PARTICIPATION

Mayor Carrington opened audience participation, seeing no one come forward, he closed audience participation.

G. ADJOURNMENT

With no further business before the Council, the meeting was adjourned at 7:28 p.m.

Approved this 27th day of August 2024.

Steve Carrington, Mayor

Shelly M. Acteson, CMC, City Clerk

A. CALL TO ORDER

A special meeting of the Palmer City Council was held on July 18, 2024, at 5:15 p.m. in the Council Chambers, Palmer, Alaska. Mayor Carrington called the meeting to order at 5:15 p.m.

B. ROLL CALL

Comprising a quorum of the Council, the following were present:

Mayor Steve Carrington
Deputy Mayor Carolina Anzilotti
John Alcantra
Richard W. Best
Jim Cooper
Pam Melin
Joshua Tudor

Staff in attendance:

Shelly Acteson, City Clerk
Sarah Heath, City Attorney
Benji Johnson, Deputy City Clerk
Elizabeth Dorris, Human Resources Manager

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

D. APPROVAL OF AGENDA

Main Motion: To Approve the Agenda

Moved by:	Melin
Seconded by:	Anzilotti
Vote:	Unanimous Consent
Action:	Motion Carried

E. NEW BUSINESS

1. City Council Interview Process Discussion

Short discussion ensued regarding process

2. City Manager Interviews
 - a. Samuel Sulkosky - 5:30 pm (on Zoom)

Mayor Carrington asked the candidate the interview questions. Candidate Samuel Sulkosky answered the questions.

Mayor Carrington called a break at 6:11 p.m.
Special meeting reconvened at 6:15 p.m.

- b. Randy Robertson – 6:15 pm (on Zoom)

Mayor Carrington asked the candidate the interview questions. Candidate Randy Robertson answered the questions.

Mayor Carrington called a break at 6:54 p.m.
Special meeting reconvened at 7:00 p.m.

c. Susana Stinnett - 7:00 pm (on Zoom)

Mayor Carrington asked the candidate the interview questions. Candidate Randy Robertson answered the questions.

Mayor Carrington called a break at 7:26 p.m.
Special meeting reconvened at 7:33 p.m.

Main Motion: To Suspend the Rules to Move Audience Participation before Executive Session

Moved by:	Alcantra
Seconded by:	Cooper
Vote:	Unanimous
Action:	Motion Carried

Clerk's Note: Agenda Item G. Audience Participation took place before Agenda Item F. Executive Session

F. EXECUTIVE SESSION

1. Subjects That Tend to Prejudice the Reputation and Character of Any Person – City Manager Candidates (Note: All city manager candidates may be discussed during the Executive Session. Personnel action regarding the City Manager Candidates may be taken following the Executive Session)

Main Motion: To Enter in Executive Session on Subjects That Tend to Prejudice the Reputation and Character of Any Person – City Manager Candidates

Moved by:	Anzilotti
Seconded by:	Melin
Vote:	Unanimous
Action:	Motion Carried

The Council invited Elizabeth Dorris, Human Resources Manager and Sarah Heath, City Attorney to participate in the Executive Session.

The Council entered Executive Session at 7:45 p.m.
The Council exited Executive Session by unanimous consent at 9:26 p.m.

Main Motion: Direct the Mayor and Human Resources Director to Enter into Negotiations with the Selected Candidate with the City Attorney in an Advisory Capacity

Moved by:	Best
Seconded by:	Alcantra
Vote:	Unanimous
Action:	Motion Carried

Clerk's Note: Agenda Item G. Audience Participation took place before Agenda Item F. Executive Session

G. AUDIENCE PARTICIPATION

Heidi Deadman:

- Spoke to her top three Manager candidates based on the interviews that took place.

Mike Chmielewski:

- Spoke to the previous City Managers and the current Manger candidates.

H. ADJOURNMENT

With no further business before the Council, the meeting was adjourned at 9:27 p.m.

Approved this 27th day of August 2024.

Steve Carrington, Mayor

Shelly M. Acteson, CMC, City Clerk

A. CALL TO ORDER

A regular meeting of the Palmer City Council was held on July 23, 2024, at 6:00 p.m. in the Council Chambers, Palmer, Alaska. Mayor Carrington called the meeting to order at 6:00 p.m.

B. ROLL CALL

Comprising a quorum of the Council, the following were present:

Mayor Steve Carrington
John Alcantra
Jim Cooper
Richard W. Best
Pam Melin
Alternate Deputy Mayor Joshua Tudor

Absent and excused:

Deputy Mayor Carolina Anzilotti

Staff in attendance:

Gina Davis, Interim City Manager
Shelly M. Acteson, CMC, City Clerk
Benji Johnson, Deputy City Clerk
Jude Bilafer, Public Works Director
Chad Cameron, Palmer Fire Chief

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

D. APPROVAL OF AGENDA

1. Approval of Consent Agenda
2. Approval of Minutes of Previous Meetings
 - A. June 25, 2024, Special Meeting
 - B. June 25, 2024, Regular Meeting

Main Motion: To Approve the Agenda as presented

Moved by:	Best
Seconded by:	Alcantra
Vote:	Unanimous
Action:	Motion Carried

E. COMMUNICATIONS AND APPEARANCE REQUESTS

1. Elected Officials in Attendance
2. Board/Commission Members in Attendance

F. REPORTS

1. City Manager's Report
 - No report at this time.

2. Mayor's Report
 - Referenced the written report.
 - Reminded Council about the Celebrate Palmer event this Friday.
 - Commented on the Bike with the Blue event.
3. City Clerk's Report
 - Provided an election update, and reminded Council the deadline to file for office is 4 pm Friday.
4. City Attorney's Report
 - Provided an update of current projects.

G. AUDIENCE PARTICIPATION

Jackie Goforth:

- Commented on the books in the library and Mat-Su Moms for Justice.

Heidi Deadmond:

- Thanked Council for moving audience participation during the last Thursday's meeting and reiterated that the books in the library mirror the community.

Linda Spawn:

- Commented on the Republican Party Conference, Tucker Carlson, and libraries.

Travis Friesen:

- Commented on Alaska Plastic Recovery who repurposes discarded plastic.

Karen Lewis:

- Commented on a forming a library committee, books in the library, and protecting the children.

Prudence McKinney, President of Friends of the Palmer Public Library:

- Invited everyone to the Summer Reading Program conclusion party, July 30, 2024.

Frank Bell:

- Commented on parallels between communism and what is happening in society right now.

Mike Chmielewski:

- Commented on broadcasting live from Friday Fling on Friday.

H. PUBLIC HEARINGS

1. **Resolution No. 24-027:** Authorizing the City Manager to Approve the Reclassification of the Library Director Position and Amend the City of Palmer Employee Pay Plan by Reclassifying the Library Director

A staff report was provided by Interim Manager Gina Davis.

Mayor Carrington opened the public hearing.

Heidi Deadman:

- Spoke in support of Resolution No. 24-027.

Linda Spawn:

- Spoke against Resolution No. 24-027.

Karen Lewis:

- Spoke against Resolution No. 24-027.

Mayor Carrington closed the public hearing.

Discussion ensued.

Main Motion: To Adopt Resolution No. 24-027

Moved by:	Cooper
Seconded by:	Alcantra
Vote:	Unanimous
Action:	Motion Carried

2. **Resolution No. 24-028:** Authorizing the City Manager to Approve the Reclassification of the Technology Administrator, Library Specialist and Library Services Coordinator and Amend the City of Palmer Employee Pay Plan

A staff report was provided by Interim Manager Gina Davis.

Mayor Carrington opened the public hearing.

Karen Lewis:

- Spoke in partially/conditionally in favor of Resolution No. 24-028.

Linda Spawn:

- Spoke in opposition to Resolution No. 24-028.

Council Member Cooper called a point of order, which was addressed by the Mayor.

Heidi Deadmond:

- Spoke in favor of Resolution No. 24-028.

Jacki Goforth:

- Spoke against Resolution No. 24-028.

Mayor Carrington closed the public hearing.

Main Motion: To Adopt Resolution No. 24-028

Moved by:	Alcantra
Seconded by:	Tudor
Vote:	Unanimous
Action:	Motion Carried

3. **Resolution No. 24-029:** Authorizing the City Manager to Approve the Reclassification of Three Public Works Personnel and Amend the City of Palmer Pay Plan

A staff report was provided by Interim Manager Gina Davis.

Mayor Carrington opened the public hearing.

No comments were made, and Mayor Carrington closed the public hearing.

Main Motion: To Adopt Resolution No. 24-029

Moved by:	Tudor
Seconded by:	Best
Vote:	Unanimous
Action:	Motion Carried

- Resolution No. 24-031:** Accepting and Appropriating the FY2024 State of Alaska High Visibility Enforcement DUI Events Grant 405d FA M5HVE-24-01-FA(A)-4 in the Amount of \$1,760 to be Used for DUI Enforcement Activities by the Palmer Police Department

Mayor Carrington opened the public hearing, and no comments were made.

Mayor Carrington closed the public hearing.

Main Motion: To Adopt Resolution No. 24-031

Moved by:	Melin
Seconded by:	Best
Vote:	Unanimous
Action:	Motion Carried

I. ACTION MEMORANDA

- Action Memorandum No. 24-039:** Authorizing the City Manager to Execute Contract Extension Number 2 with White Knight Services in the Amount of Not to Exceed \$2,004 per Complete Call Out for Snow Removal at City Facilities

A staff report was provided by Jude Bilafer, Public Works Director.

Main Motion: To Adopt Action Memorandum No. 24-039

Moved by:	Tudor
Seconded by:	Alcantra
Vote:	Unanimous
Action:	Motion Carried

- Action Memorandum No. 24-040:** Authorizing the City Manager to Negotiate a Contract with Dirtworks, Inc. in an Amount Not to Exceed \$87,870 for the Fire Training Center Drainage Improvements Project

A staff report was provided by Jude Bilafer, Public Works Director.

Main Motion: To Adopt Action Memorandum No. 24-040

Moved by:	Melin
Seconded by:	Tudor
Vote:	Unanimous
Action:	Motion Carried

- Action Memorandum No. 24-041:** Authorizing the City Manager to Execute the Second Contract extension with Eagle View Excavation for City Snow Haul Services in an Amount Not to Exceed \$90 Per Hour Per Truck

Main Motion: To Adopt Action Memorandum No. 24-041

Moved by:	Best
Seconded by:	Melin
Vote:	Unanimous
Action:	Motion Carried

4. **Action Memorandum No. 24-043:** Confirmation of Mayoral Appointment of Erik Anderson to the Planning and Zoning Commission, Seat G, with a term expiring October 2025

Main Motion: To Adopt Action Memorandum No. 24-043

Moved by:	Alcantra
Seconded by:	Tudor
Vote:	Unanimous
Action:	Motion Carried

J. UNFINISHED BUSINESS

K. NEW BUSINESS

L. RECORD OF ITEMS PLACED ON THE TABLE

Document from Jackie Goforth
Document from Karen Lewis

M. AUDIENCE PARTICIPATION

Karen Lewis:

- Spoke about creating a committee to review the books at the Palmer Library and said a gratitude.

Mark Spawn:

- Spoke about politics nationwide and expressed concerns regarding certain books in the library.

Jackie Goforth:

- Spoke about business license and APOC requirements.

Heidi Deadmond:

- Spoke about Friday Fling, and suggested a map if the vendors were located all over town in the future instead of just downtown.

Travis Friesen:

- Stated that the public piano needs to be tuned.

Frank Bell:

- Spoke in support of getting the piano tuned.

N. COUNCIL COMMENTS

Council Member Cooper:

- Commented on the upcoming RFP for the Museum.

Council Member Tudor:

- Invites everyone to come out on Friday for Celebrate Palmer Day.

Council Member Best:

- Commented on Alaska Plastic Recovery and invited everyone to come out on Friday.

Council Member Melin:

- Commented on the RFP for the Museum and recommended that the RFP go to bid 6 months prior to expiration, spoke to the Pay Plan process, and reminded everyone that the Chamber of Commerce operates the Friday Fling, not the City.

O. ADJOURNMENT

With no further business before the Council, the meeting was adjourned at 7:21 p.m.

Approved this 27th day of August 2024.

Steve Carrington, Mayor

Shelly M. Acteson, CMC, City Clerk

A. CALL TO ORDER

A special meeting of the Palmer City Council was held on August 6, 2024, at 6:00 p.m. in the Council Chambers, Palmer, Alaska. Mayor Carrington called the meeting to order at 6:00 p.m.

B. ROLL CALL

Comprising a quorum of the Council, the following were present:

Mayor Steve Carrington
Deputy Mayor Anzilotti
John Alcantra
Jim Cooper
Richard W. Best
Alternate Deputy Mayor Joshua Tudor

Absent and excused:

Pam Melin

Staff in attendance:

Gina Davis, Interim City Manager
Shelly M. Acteson, CMC, City Clerk
Benji Johnson, Deputy City Clerk
Jude Bilafer, Public Works Director
Chad Cameron, Palmer Fire Chief

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

D. APPROVAL OF AGENDA

Main Motion: To Approve the Agenda as Presented

Moved by:	Anzilotti
Seconded by:	Alcantra
Vote:	Unanimous
Absent:	Melin
Action:	Motion Carried

E. AUDIENCE PARTICIPATION

Jackie Goforth:

- Commented on the Friends of the Palmer Public Library, non-profit formation requirements, and money laundering.

Claire McKay:

- Commented on personal beliefs and not insisting that others share the same beliefs, library card acquisition by parents, and books in the library reflect the community.

Janel Gagnon:

- Commented on the offensive protest during the end of summer celebration event at the Depot.

Meggie Aube:

- Commented on the offensive and aggressive protest during the event at the Depot.

Carol Aube:

- Commented on the harassing and aggressive behavior of the protesters during the event at the Depot.

Heidi Deadmond:

- Provided a summary of summer reading program at the Library.

Peter House:

- Spoke in support of the library.

Frank Bell

- Commented on the attendance and the protesters at the Depot event.

Mike Chmielewski:

- Encouraged the Council to act and find a solution based on recent comments about certain books.

F. PUBLIC HEARINGS

1. **Resolution No. 24-032:** Authorizing the City Manager to Accept and Appropriate an In-kind Donation from Backcountry Bike and Ski to Upgrade the Palmer Bike Patrol E-Bikes Seats, Remote Levers and Pedals

Mayor Carrington opened the public hearing, seeing no one come forward, Mayor Carrington closed the public hearing.

Main Motion: To Adopt Resolution No. 24-032

Moved by:	Alcantra
Seconded by:	Cooper
Vote:	Unanimous
Absent:	Melin
Action:	Motion Carried

2. **Resolution No. 24-033:** Authorizing and Appropriating Funds from the General Fund in the Principal Amount Not to Exceed \$21,487.21 for Repairs by TCM Restoration to the Alaska State Trooper Evidence Freezer Room

Mayor Carrington opened the public hearing, seeing no one come forward, Mayor Carrington closed the public hearing.

Public Works Director Jude Bilafer responded to Council questions.

Main Motion: To Adopt Resolution No. 24-033

Moved by:	Tudor
Seconded by:	Alcantra
Vote:	Unanimous
Absent:	Melin
Action:	Motion Carried

G. ACTION MEMORANDA

1. **Action Memorandum No. 24-042:** Directing the City Manager to Authorize Northern Plumbing and Heating LLC to Renovate the Collapsed Drain Lines at the Palmer Police Department in the

Amount Not to Exceed \$34,500

Main Motion: To Adopt Action Memorandum No. 24-042

Moved by:	Best
Seconded by:	Anzilotti
Vote:	Unanimous
Absent	Melin
Action:	Motion Carried

2. **Action Memorandum No. 24-044:** Directing the City Manager to Notify the State of Alaska of the City Council's Statement of Non-objection of the Package Store License renewal for Iron Horse Liquor #1195

Council Member Best requested to combine action on Action Memorandums No. 24-044, 24-045, and 24-046. There were no objections.

Main Motion: To Adopt Action Memorandum No. 24-044, 24-045, and 24-046

Moved by:	Best
Seconded by:	Alcantra
Vote:	Unanimous
Absent	Melin
Action:	Motion Carried

3. **Action Memorandum No. 24-045:** Directing the City Manager to Notify the State of Alaska of the City Council's Statement of Non-Objection of the Beverage Dispensary License #1194 for Caboose Lounge
4. **Action Memorandum No. 24-046:** Directing the City Manager to Notify the State of Alaska of the City Council's Statement of Non-Objection of the combined Package Store #119 and Beverage Dispensary License Renewal for Palmer Alehouse
5. **Action Memorandum No. 24-049:** Authorizing the Mayor to Execute the City Manager's Employment Agreement with Stephen Jellie

Main Motion: To Adopt Action Memorandum No. 24-049

Moved by:	Best
Seconded by:	Anzilotti
Vote:	Unanimous
Absent	Melin
Action:	Motion Carried

Minimal discussion followed.

H. ADJOURNMENT

With no further business before the Council, the meeting was adjourned at 6:52 p.m.

Approved this 27th day of August 2024.

Steve Carrington, Mayor

Shelly M. Acteson, CMC, City Clerk



E. 3.

Palmer City Council Meeting
Meeting Date: 08/27/2024
Department: City Clerk's Office

Subject
City of Palmer 2023 Audit Presentation by Joy Merriner, Managing Partner, BDO USA

Summary Statement/Background

Administration's Recommendation:

Attachments

Wrap Up
Audit Report

REPORT TO HONORABLE MAYOR AND MEMBERS OF THE CITY
COUNCIL

CITY OF PALMER

AUDIT WRAP UP:
YEAR ENDED DECEMBER
31, 2023

Welcome

August 27, 2024

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

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On April 2, 2024 we presented an overview of our plan for the audit of the financial statements of City of Palmer, Alaska the City as of and for the year ended December 31, 2023, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the City's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the City and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.



JOY MERRINER
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QUICK ACCESS TO THE
FULL REPORT

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The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management of the Entity, and is not intended and should not be used by anyone other than these specified parties.



Executive Summary

Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended December 31, 2023. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications
- ▶ We issued an unmodified opinion on the financial statements and released our report on August 9, 2024.
- ▶ We issued an unmodified opinion on Palmer's Federal and State of Alaska Single Audit report, including the Schedule of Expenditures of Federal Awards (SEFA) and Schedule of State Financial Assistance (SSFA) and released our report on August 9, 2024.
- ▶ In planning and performing our audit of the SEFA and SSFA, we considered the City's internal control over compliance with requirements that could have a direct and material effect on its major federal programs to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of Alaska Single Audit, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.
- ▶ Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of the City's personnel throughout the course of our work.



Results of the Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND SIGNIFICANT UNUSUAL TRANSACTIONS

The following summarizes the more significant required communications related to our audit concerning the City’s accounting practices, policies, estimates, and significant unusual transactions:

The City’s significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- ▶ A summary of recently issued accounting pronouncements is included in Note 13 to the City’s financial statements.
- ▶ In 2023, the City adopted GASB Statement No. 96 - Subscription-Based Information Technology Arrangements - Effective for year-end June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. The City evaluated the impacts of this standard and determined there to be no significant impact to the City’s financial statements for the current fiscal year as no significant arrangements were found.
- ▶ There were no other changes in significant accounting policies and practices during 2023.

- ▶ Significant estimates are those that require management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The City’s significant accounting estimates, including a description of management’s processes and significant assumptions used in development of the estimates, are disclosed in Note 1 of the financial statements. There are no significant estimates identified as significant in 2023.

Significant Accounting Estimates

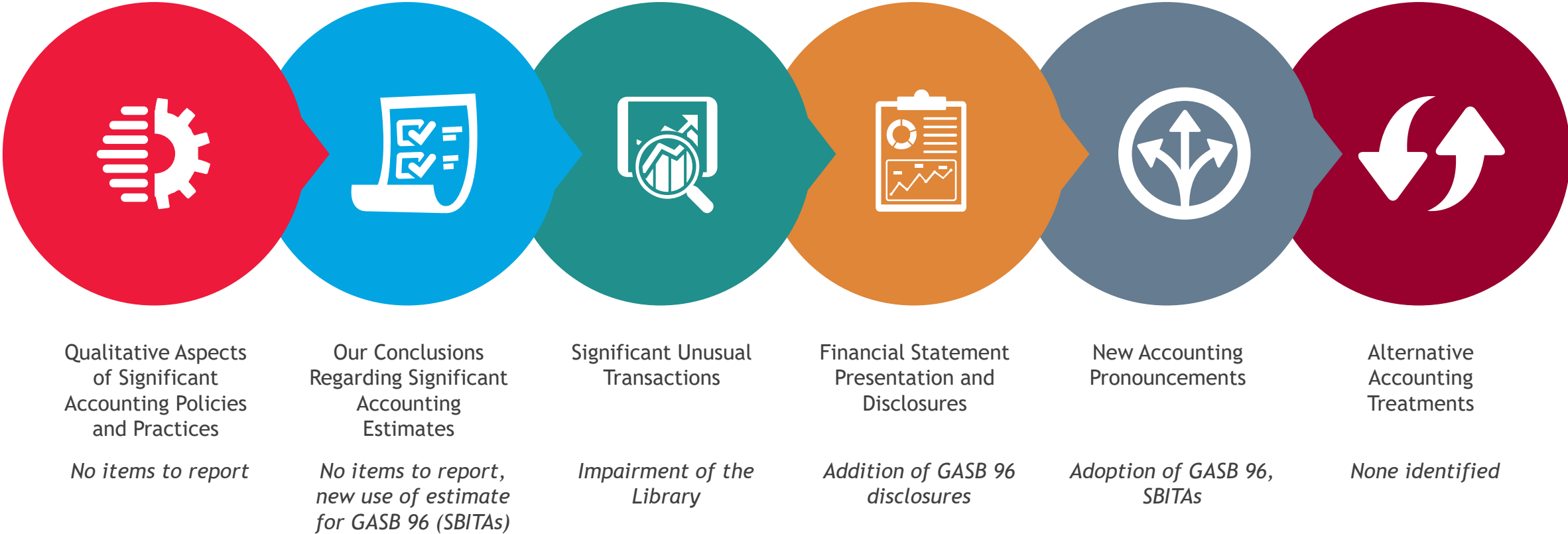
- Capital Asset Impairment and Depreciable Lives
- Accounts Receivable and Allowances
- Discount Rate- Related to lease receivables and payable
- Self-insured Liabilities
- Pension and Other Postemployment Benefits

- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2023.

Results of the Audit

QUALITY OF THE CITY'S FINANCIAL REPORTING

A discussion will be held regarding the quality of the City's financial reporting, which included:



Results of the Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.

There was a single uncorrected misstatement, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management. We concur with management’s assessment that the effects of not recording such adjustment is, both individually and in aggregate, immaterial to the financials statements taken as a whole, considering both qualitative and quantitative factors. This related to the implantation of GASB 96 SBITA liabilities and assets of \$124,633, as the City elected not to implement the standard due to the immaterial nature of the effect.





Internal Control Over Financial Reporting

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the City’s internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected, on a timely basis.

Internal Control Over Financial Reporting

In conjunction with our audit, we noted the following:

- ▶ We have communicated to management of the City control deficiencies and provided suggestions for improvement of those deficiencies that were identified as a result of our audit that we did not consider to be material weaknesses or significant deficiencies.

Control Deficiency	Comments
IT User Access Reviews	User reviews are periodically reviewed throughout the year and when an employee terms or is hired. City of Palmer does not maintain a log of reviews. We recommend a log maintained to document the review is occurring during the year.
Superuser Risk	The Finance Director and Controller have administrative access to add or disable users in the Incode/ERP Pro User Application. However, the City has mitigating controls for review of the financial information and other reconciliations. We recommend that the City continue robust detective controls to ensure financial information is properly captured.



Additional Required Communications

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the City:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risks of material misstatement, including fraud risks; or tips or complaints regarding the City’s financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of requirements of an applicable financial reporting framework.
If applicable, significant matters identified by component auditors	During the component auditor’s procedures, there were no significant matters identified that were deemed necessary to bring to group management’s attention.
Significant findings and issues arising during the audit in connection with the City’s related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the City:

Requirement	Discussion Point
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the City's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.

Independence

Our engagement letter to you dated March 13, 2024, describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the City with respect to independence as agreed to by the City. Please refer to that letter for further information.



Audit Firm System of Quality Management

An audit firm's system of quality control (aka system of quality management) is essential to how the firm conducts audits and is in place to protect investors, shareholders and other users of financial statements.

QUALITY MANAGEMENT STANDARDS

In June 2022, the AICPA Auditing Standards Board (ASB) issued the following interrelated standards on audit quality management (collectively, the QM standards), which are designed to improve a CPA firm's risk assessment and audit quality. The effective date of the QM standards is December 15, 2025.

Statement on Quality Management Standards (SQMS) No. 1	Statement on Quality Management Standards (SQMS) No. 2	Statement on Auditing Standards (SAS) No. 146
<i>A Firm's System of Quality Management</i>	<i>Engagement Quality Reviews</i>	<i>Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards</i>

BDO has assessed the requirements of the QM standards and has analyzed our firm's current system of quality management to identify changes and improvements necessary for compliance. This includes the identification of quality objectives, quality risks and the assessment of those quality risks, and responses to address those risks. We are further working with BDO Global to appropriately integrate processes deployed at a global level into our firm's system of quality management.

2020 BDO AUDIT QUALITY REPORT

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TO BUILD
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We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO's system of quality control within our annual [Audit Quality Reports](#), the most recent of which is accessible [here](#).



Appendix



Gina Davis
Finance Director/ Interim City Manager

August 9, 2024

City of Palmer
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Palmer, Alaska 99645-6952
907-761-1314
gdavis@palmerak.org
www.palmerak.org

BDO USA, P.C.
3601 C Street, Suite 600
Anchorage, AK 99503

Ladies and gentlemen:

We are providing this letter in connection with your audit(s) of the financial statements of City of Palmer (the City), which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, as entered on the first page, the following representations made to you during your audit(s):

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 13, 2024, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, 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.
- (3) The financial statements include all properly classified funds and other financial information of the primary government and all component units required to be included in the financial reporting entity by accounting principles generally accepted in the United States of America. All funds required to be presented as major funds are identified and presented as such.

- (4) We have made available to you:
- (a) All financial records, and related data and federal awards (including amendments, if any, and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities), including the names of all related parties and all relationships and transactions with related parties, as agreed upon in the terms of the aforementioned audit engagement letter.
 - (b) All additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) Minutes of the meetings of City Council that were held from January 1, 2023 to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practice.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or schedule of expenditures of federal awards (SEFA) or schedule of state financial assistance (SSFA). The financial statement adjustments relating to accounts and disclosures identified and discussed with us in the course of the audit (as technical assistance related to nonaudit services, not corrected misstatements) that are included in the attached schedule of corrected misstatements, which we have initialed and dated, have been corrected. We have evaluated the propriety of these adjustments based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.
- (7) The financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit that are listed immediately below have not been corrected. In our opinion, the effects of not correcting such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements of the Government taken as a whole.

Uncorrected Misstatements

Item #	Account Name and Adjustment Description	Debit	Credit	Impact on Net Position
PAJE1	SBITA assets	\$ 124,633		
	SBITA liabilities		\$ 124,633	\$ 124,633
	GASB 96 adjustment			
Current year cumulative uncorrected misstatements				\$ 124,633

Description of Uncorrected Disclosure Misstatements
GASB 96 disclosures related to future payments and closing balance of SBITA asset and SBITA liability.

- (8) You have identified and discussed with us in the course of the audit the deficiencies in our internal control over financial reporting listed immediately below

Control Deficiencies Other Than Material Weaknesses or Significant Deficiencies
IT access and reviews - the Finance Director and Finance Manager are set up with administrator-level access in the financial reporting system (Incode). In addition, user access review documentation is not retained. It is recommended the City Council continue monitoring and oversight efforts outside of the software platform as compensating controls.

- (9) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud or noncompliance. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud or noncompliance. We have no knowledge of any:

(a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.

(b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.

(c) Allegations of fraud or suspected fraud affecting the Government received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or others.

(d) Instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.

- (10) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

- (11) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:

(a) The identity of all related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

(b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.

(c) Guarantees, whether written or oral, under which the Government is contingently liable.

(d) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with accounting principles generally accepted in the United States of America. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances. The methods, significant assumptions, and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, and disclosure that is in accordance with accounting principles generally accepted in the United States of America.

(e) The effects of all known actual or possible litigation, claims, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America, including:

- Pending or anticipated tax refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
- Written or oral guarantees, endorsements, or unused letters of credit;
- Unusual guarantees; or
- Labor claims or negotiations.

Accounting principles generally accepted in the United States of America require loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.

(f) Commitments, such as:

- Major capital asset purchase agreements;
- More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
- Deferred compensation, bonuses, pensions plans, or severance pay; or
- Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;

- (g) Joint ventures or other participations, the detailed transactions of which are not carried on our books.
- (12) There are no:
- (a) Violations or possible violations of budget ordinances, laws or regulations and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects could be material to the financial statements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
 - (c) Side agreements or other arrangements (either written or oral) that have not been disclosed to you.
 - (d) Restrictions of net position that were not properly authorized and approved, or reclassifications of net position that have not been properly reflected in the financial statements.
- (13) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.
- (14) We agree with the findings of specialists in evaluating the pension and other postemployment benefit assets and liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- (15) The Government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (16) We have appropriately disclosed the Government's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.
- (17) Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.

- (18) We have complied with all aspects of contractual agreements, including debt covenants, that would have a material effect on the financial statements in the event of noncompliance. We have also complied with the SEC disclosure rules for reporting annual financial information and material events to repositories in accordance with SEC Rule N.240, 15c2-12.
- (19) No discussions have taken place with your firm's personnel regarding employment with the Government.
- (20) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
- (21) Components of net position (net investment in capital assets, restricted and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- (22) Revenues are appropriately classified in the statement of activities within program revenues, contributions, and general revenues. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- (23) In regards to the financial statement and SF-SAC Data Collection Form drafting services performed by you, and assistance with GASB 34, Pension/OPEB activity, and GASB Lease entries and related footnote disclosure services performed by you, we have: (1) assumed all management responsibilities, (2) designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services, (3) evaluated the adequacy and results of the services performed, and (4) accepted responsibility for the results of the services.
- (24) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United State of America and we believe it is fairly presented. The methods of measurement and presentation of the supplementary information have not changed from the prior period and we have disclosed to you any significant assumptions underlying the measurement and presentation of the supplementary information.
- (25) Required supplementary information is measured and presented in accordance with prescribed guidelines.
- (26) With respect to federal award programs:

(a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), including requirements relating to the preparation of the schedule of expenditures of federal awards (SEFA).

(b) We have, in accordance with the Uniform Guidance, identified and disclosed to you in the schedule of expenditures of federal awards (SEFA), expenditures made during the audit period for all government programs and related activities provided by federal agencies in the form of federal awards, grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

(c) We acknowledge our responsibility for the preparation of the SEFA and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

(d) We have notified you of federal awards and funding increments that were received for awards received before December 26, 2014, and differentiated those awards from awards received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.

(e) We will include the auditor's report on the SEFA in any document that contains the SEFA and that indicates you have reported on such information.

(f) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

(g) We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions considered to have a direct and material effect on each federal program.

(h) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as

intended. Also, subsequent to the date of the auditor's report as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and material weaknesses in internal control over compliance as reported in the schedule of findings and questioned costs.

(i) We have made available to you all federal award contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to each major federal program and related activities that have taken place with federal agencies or pass-through entities.

(j) We have received no requests from a federal agency to audit one or more specific programs as a major program.

(k) We have complied, in all material respects, with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material requirements of federal awards, including the results of other audits or program reviews. or confirmed that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.

(l) We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

(m) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance [and OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments, and OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, if applicable.

(n) We have disclosed to you our interpretations of compliance requirements that are subject to varying interpretations, if any.

(o) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

(p) We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

- (q) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the schedule of expenditures of federal awards.
- (r) The copies of federal program financial reports provided to you are true copies of the reports submitted or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- (s) We have charged costs to federal awards in accordance with applicable cost principles.
- (t) We are responsible for, and have accurately completed, the appropriate sections of the Data Collection Form as required by the Uniform Guidance. The final version of the applicable audit reporting package, which includes your signed auditor's reports, that we will submit to the Federal Audit Clearinghouse (FAC) will be identical to the final version of such documents that you provided to us.
- (u) We have identified and disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, internal or external monitoring, and other studies directly related to the audit objectives of the compliance audit, including findings received and corrective actions taken from the end of the audit period covered by the compliance audit report to the date of the auditor's report.
- (v) We have provided views on your reported findings, conclusions, and recommendations. We are responsible for taking corrective action on audit findings and we are responsible for preparing and implementing a corrective action plan for each audit finding that meets the requirements of the Uniform Guidance.
- (w) We are responsible for, and have accurately prepared, the summary schedule of prior audit findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- (x) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- (27) There have been no known or suspected breaches of sensitive information (e.g., personnel files) caused by cyber-attack or other means, or other cybersecurity incidents, where the breach or other incident could have a material effect on the financial statements
- (28) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:


- We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
 - If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
 - We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.
 - We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
 - If the electronic financial statements are generally made available to the public on our web site, we will include a notification to the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.
- (29) We have considered climate-related events and conditions when preparing the financial statements and necessary disclosures, and have communicated to you such matters, if any, and their impact on our financial reporting.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Very truly yours,



Gina Davis, Finance Director and Acting City Manager



At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes – for our people, our clients and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax and advisory services for a diverse range of clients.

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City of Palmer, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information, and Single Audit Reports
Year Ended December 31, 2023

Steve Carrington
Mayor

John Moosey
City Manager

Prepared by
Finance Department

Gina Davis
Finance Director

City of Palmer, Alaska

**Basic Financial Statements, Required Supplementary Information,
Supplementary Information, and Single Audit Reports
Year Ended December 31, 2023**

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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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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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



Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Palmer's ability to continue as a going concern 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 69, and the Schedules of Net Pension and Other Postemployment Benefits (OPEB) Liability (Assets) and Pension and OPEB Contributions on pages 70-73, 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 for the year ended December 31, 2023 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* 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 for the year ended December 31, 2023 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, the Schedule of Expenditures of Federal Awards, and 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, 2023.



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, 2022 (not presented herein), and have issued our report thereon dated September 28, 2023, 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 for the year ended December 31, 2022 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 2022 financial statements. The individual fund financial statements have been subjected to the auditing procedures applied in the audit of the 2022 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 are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2024 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
August 9, 2024

Management's Discussion and Analysis

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Year Ended December 31, 2023

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, 2023. 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 2023 fiscal year by \$118,983,165 (total net position). Of the total net position, \$19,138,613 is Unrestricted Net Position.
- The total net position increased by \$8,132,294 during the fiscal year due to an increase in assets and deferred outflows of resources, which offset a lesser increase in liabilities and deferred inflows of resources.
- As of December 31, 2023, the City's governmental funds reported combined ending fund balances of \$19,076,297, an increase of \$2,167,303.
- The fund balance is comprised of Nonspendable, Restricted, Committed, Assigned and Unassigned classifications. Unassigned fund balance for the General Fund was \$7,696,301 or 57.24% of total General Fund expenditures. The Nonspendable fund balance was \$5,777,125 which consists of prepaid insurance, inventory, and advances to other funds. The committed fund balance was \$5,116,891, which consist of funds committed to capital projects, public safety, and parks. Restricted fund balance was \$19,225. The remaining balance, \$466,755, was assigned for vested unpaid vacation and sick leave.
- At year end the City's outstanding loans and bonds payable totaled \$5,930,536 a net decrease of \$311,064 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.

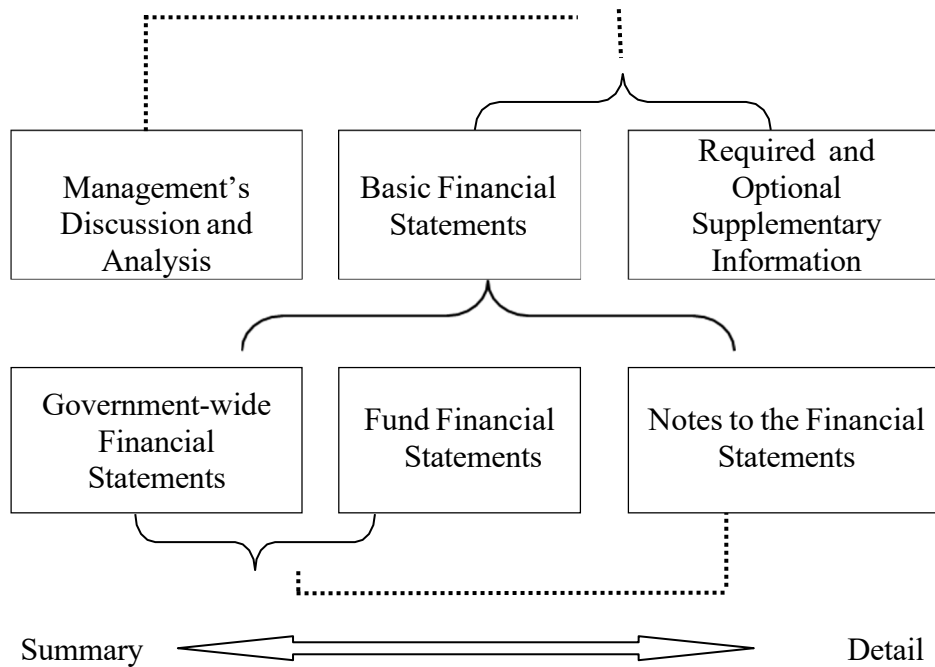
- The Government-wide Financial Statements provide both long-term and short-term information about the City's overall financial status.
- The Fund Financial Statements focus on individual parts of Palmer's government, reporting the City's operations in more detail than the Government-wide Statements.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

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

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



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

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Overview of Financial Statements, continued

Illustration A-2			
Major Features of City of Palmer's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government	The activities of the City that are not proprietary, such as general government, police, fire, public works, and community services	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 and long-term debt 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 20-22 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 and Capital Equipment Projects Fund, considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. The six nonmajor governmental funds include Special Revenue Funds: Narcotics Grant, Police Grants, Neighborhood Parks Development, and Asset Forfeiture; and Capital Projects Funds: Capital Projects and Road Improvements. The Governmental Funds financial statements are located on pages 23-26 of the report. The combining statements for the nonmajor funds can be found on pages 79-80 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 27-31 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 32-67 of this report.

Government-wide Financial Analysis

At the close of the 2023 fiscal year, the City's net position (assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources) totaled \$118,983,165 (see Table A-1). Of this amount \$99,825,327, or 83.90%, 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 \$19,225 is obligated to public safety. The unrestricted amount totals \$19,138,613 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, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total Activities	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 23,524,786	20,885,704	7,801,224	6,389,525	31,326,010	27,275,229
Capital assets	18,453,964	17,827,859	88,474,459	84,538,172	106,928,423	102,366,031
Deferred outflows	<u>773,443</u>	<u>804,252</u>	<u>76,384</u>	<u>84,187</u>	<u>849,827</u>	<u>888,439</u>
Total assets and deferred outflows	<u>42,752,193</u>	<u>39,517,815</u>	<u>96,352,067</u>	<u>91,011,884</u>	<u>139,104,260</u>	<u>130,529,699</u>
Long-term liabilities outstanding	7,196,541	7,188,057	6,297,029	6,682,833	13,493,570	13,870,890
Other liabilities	1,358,652	1,060,110	1,775,357	1,039,525	3,134,009	2,099,635
Deferred Inflows	<u>421,815</u>	<u>577,413</u>	<u>3,071,701</u>	<u>3,130,890</u>	<u>3,493,516</u>	<u>3,708,303</u>
Total liabilities and deferred Inflows	<u>8,977,008</u>	<u>8,825,580</u>	<u>11,144,087</u>	<u>10,853,248</u>	<u>20,121,095</u>	<u>19,678,828</u>
Net position:						
Net investment in capital assets	18,021,505	17,723,541	81,803,822	78,249,576	99,825,327	95,973,117
Restricted	19,225	607	-	-	19,225	607
Unrestricted	<u>15,734,455</u>	<u>12,968,087</u>	<u>3,404,158</u>	<u>1,909,060</u>	<u>19,138,613</u>	<u>14,877,147</u>
Total net position	<u>\$ 33,775,185</u>	<u>30,692,235</u>	<u>85,207,980</u>	<u>80,158,636</u>	<u>118,983,165</u>	<u>110,850,871</u>

As reflected in Table A-2, the City's net position increased by \$8,132,294 as a result of current year activity. Revenues exceeded expenditures and transfers in the governmental activities by \$3,082,950 and in the business-type activities, revenues exceeded expenses by \$5,049,344.

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, 2023 and 2022**

	Governmental Activities		Business-type Activities		Total Activities	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program revenues:						
Charges for services	\$ 2,341,343	2,463,669	6,093,187	5,745,227	8,434,530	8,208,896
Operating grants and contributions	470,473	149,336	7,862	(14,419)	478,335	134,917
Capital grants and contributions	2,320,269	179,651	7,499,514	5,068,204	9,819,783	5,247,855
General revenues:						
Property taxes	1,854,799	1,600,582	-	-	1,854,799	1,600,582
Sales taxes	10,905,091	10,780,741	-	-	10,905,091	10,780,741
Other	<u>565,940</u>	<u>570,364</u>	<u>(352,114)</u>	<u>47,308</u>	<u>213,826</u>	<u>617,672</u>
Total revenue	<u>18,457,915</u>	<u>15,744,343</u>	<u>13,248,449</u>	<u>10,846,320</u>	<u>31,706,364</u>	<u>26,590,663</u>
Expenses:						
General Government	3,541,967	2,968,061	-	-	3,541,967	2,968,061
Public safety	7,002,098	4,172,794	-	-	7,002,098	4,172,794
Public Works	3,126,514	2,469,789	-	-	3,126,514	2,469,789
Community services	1,995,184	2,129,464	-	-	1,995,184	2,129,464
Water and sewer utility	-	-	4,938,265	4,753,574	4,938,265	4,753,574
Airport	-	-	1,537,012	1,434,400	1,537,012	1,434,400
Nonmajor enterprise funds	-	-	1,419,133	1,403,624	1,419,133	1,403,624
Interest expense	<u>13,897</u>	<u>2,619</u>	<u>-</u>	<u>-</u>	<u>13,897</u>	<u>2,619</u>
Total expense	<u>15,679,660</u>	<u>11,742,727</u>	<u>7,894,410</u>	<u>7,591,598</u>	<u>23,574,070</u>	<u>19,334,325</u>
Increase in net position before transfers	2,778,255	4,001,616	5,354,039	3,254,720	8,132,294	7,256,338
Transfers	<u>304,695</u>	<u>150,152</u>	<u>(304,695)</u>	<u>(150,152)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	3,082,950	4,151,768	5,049,344	3,104,570	8,132,294	7,256,338
Beginning net position	<u>30,692,235</u>	<u>26,540,467</u>	<u>80,158,636</u>	<u>77,054,066</u>	<u>110,850,871</u>	<u>103,594,533</u>
Ending net position	<u>\$ 33,775,185</u>	<u>30,692,235</u>	<u>85,207,980</u>	<u>80,158,636</u>	<u>118,983,165</u>	<u>110,850,871</u>

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Governmental Activities

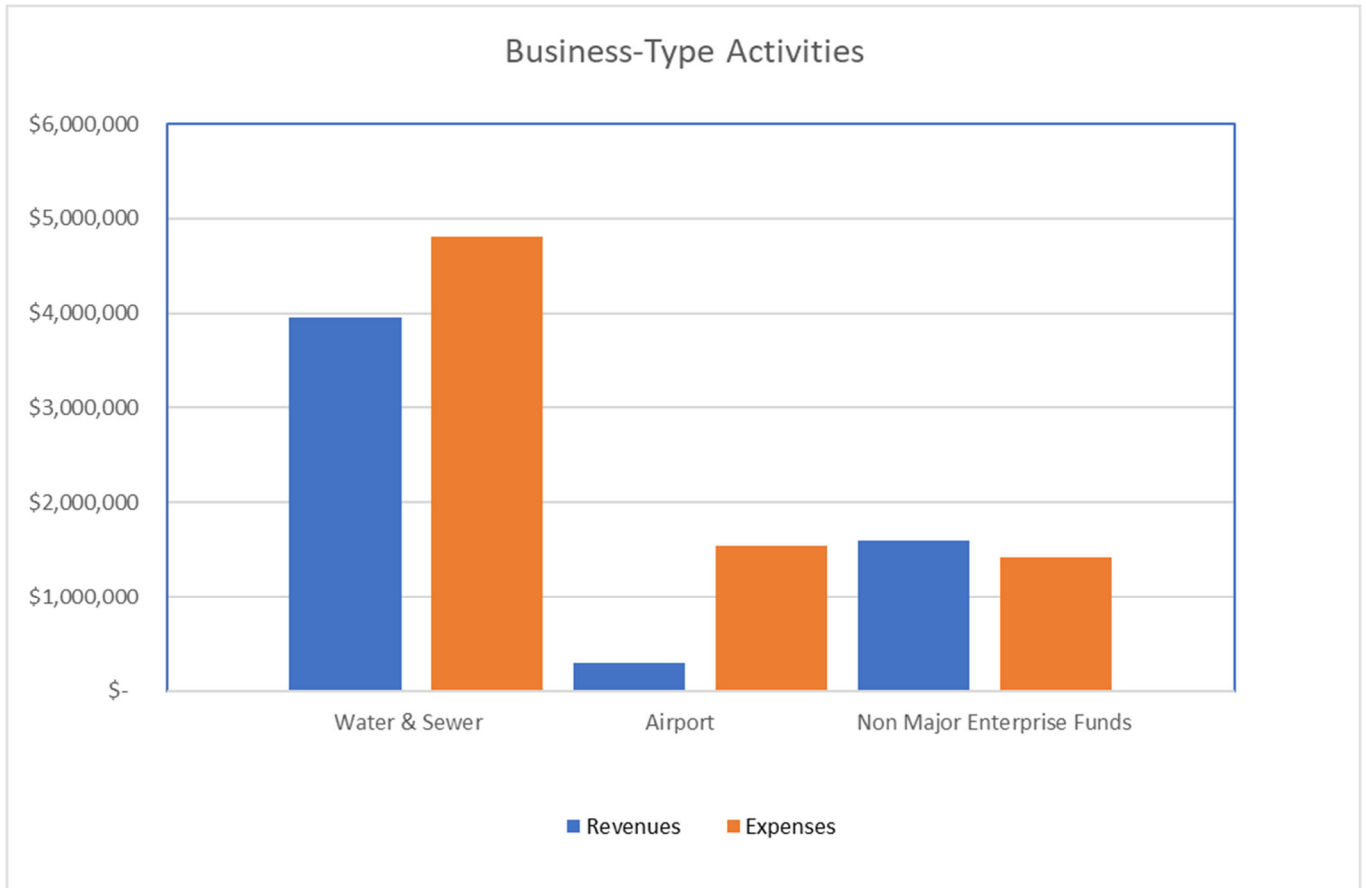
Governmental activities increased the City of Palmer's net position by \$3,082,950. Property taxes increased by \$254,217 and sales tax collections increased by \$124,350. The City's expenses increased in the amount of \$3,936,933. Net transfers from business-type activities was \$304,695.

Business-Type Activities

The City's business-type activities had an increase of \$5,049,344 in net position. This was due to an increase in capital grants and contributions in the Airport Fund and the Water and Sewer Fund.

The following graph shows expenses and operating revenues for all of the business-type activities in 2023. 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, 2023, the City's governmental funds reported combined ending fund balances of \$19,076,297, an increase of \$2,167,303. Of the ending balance, \$7,696,301, 40.34% 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 insurance recoveries from a damaging wind event that occurred in January 2022 and the partial roof collapse of the Palmer Public Library in February 2023.

- 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 2023 due to additional capital projects and equipment funded in 2023 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 \$1,868,203, an increase of \$762,765 from 2022. This is due to an increase in revenues.

The Airport Fund unrestricted net position shows an increase of \$550,727 compared to a deficit of \$130,330 at the end of 2022. The increase in unrestricted is due to a combination of miscellaneous income and interest income.

The Refuse Fund unrestricted net position is \$671,913, an increase of \$45,854 from that amount in 2022, this is primarily due to an increase in revenues.

The Golf Course unrestricted net position shows a deficit of \$221,184 compared to a deficit of \$349,841 at the end of 2022. Operating revenues exceeded operating expenses by \$135,132. Depreciation constitutes \$38,900 of those expenses.

The unrestricted net position increased by the investment income of \$7,095 for the Land Development Fund as of year-end 2023.

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 \$2,260,313. However, the final adopted budget projected an overall decrease to the fund balance of \$699,713.

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

- Transfers out were increased by \$713,339 to account for capital costs with the Capital Equipment Fund and for operating costs with the Narcotics Grant Fund. Revenues were increased by \$2,609,800 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 \$452,291. This was due to additional expenditures needed for setting up a temporary Library due to the roof collapse including rent for long term book storage and library space, additional IT support and 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, 2023, totals \$106,928,423 (net of accumulated depreciation). This amount represents a \$4,562,392 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 1,855,738	1,855,738	3,002,073	3,002,073	4,857,811	4,857,811
Buildings	729,861	1,082,921	28,449	41,112	758,310	1,124,033
Improvements other than buildings	10,234,788	11,145,339	67,968,426	71,496,147	78,203,214	82,641,486
Machinery and equipment	4,507,980	3,410,276	1,854,988	1,798,393	6,362,968	5,208,669
Intangible right-to-use leases	277,891	6,903	-	-	277,891	6,903
Construction work in progress	<u>847,706</u>	<u>326,682</u>	<u>15,620,523</u>	<u>8,200,447</u>	<u>16,468,229</u>	<u>8,527,129</u>
Total capital assets	<u>\$ 18,453,964</u>	<u>17,827,859</u>	<u>88,474,459</u>	<u>84,538,172</u>	<u>106,928,423</u>	<u>102,366,031</u>

Additional information on the City’s capital assets can be found in Note 5 on pages 42-44 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 on December 31, 2023.

**Table A-4
City of Palmer's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total Activities	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue bonds payable	\$ -	-	4,346,864	-	4,346,864	-
Loans payable	-	-	<u>1,583,672</u>	<u>6,241,600</u>	<u>1,583,672</u>	<u>6,241,600</u>
Total bonds and loans	-	-	<u>5,930,536</u>	<u>6,241,600</u>	<u>5,930,536</u>	<u>6,241,600</u>
Compensated absences	466,755	420,948	36,297	47,008	503,052	467,956
Lease payable	283,178	7,074	-	-	283,178	7,074
Net pension liability	<u>7,033,684</u>	<u>7,184,287</u>	<u>694,622</u>	<u>752,019</u>	<u>7,728,306</u>	<u>7,936,306</u>
Total long-term debt	<u>\$ 7,783,617</u>	<u>7,612,309</u>	<u>6,661,455</u>	<u>7,040,627</u>	<u>14,445,072</u>	<u>14,652,936</u>

Capital Asset and Debt Administration, continued

In 2023 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. In March 2018, the City refunded this loan by issuing a Utility Revenue Refunding Bond 2018 in the amount of \$4,816,000, with the USDA as the bondholder. The City continues to make scheduled payments to USDA. The Utility Revenue Refunding Bond bears interest at 1.875% through 2058.

Additional information on the City's long-term debt can be found in Note 8 on pages 45-49 of this report.

CITY OF PALMER, ALASKA

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets (2024) 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 2024 these capital items include Police vehicles 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 2024 annual budget. The annual budget is adopted for the General, Enterprise, Special Revenue and Capital Projects Funds. Major aspects of the adopted 2024 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 2023 at 3%.
- Budgeted expenditures in the General Fund increased by \$1,784,906 from 2023 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

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Basic Financial Statements

City of Palmer, Alaska

Statement of Net Position

<i>December 31, 2023</i>	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 12,118,560	\$ 4,717,154	\$ 16,835,714
Receivables, net of allowance for uncollectibles:			
Grants and shared revenues	331,443	2,834,569	3,166,012
Sales taxes	1,197,931	-	1,197,931
Property taxes	324,048	-	324,048
Accounts	134,063	1,062,356	1,196,419
Leases	258,528	3,165,995	3,424,523
Assessments	61,933	-	61,933
Unbilled revenue	-	539,915	539,915
Prepaid insurance	555,415	-	555,415
Internal balances	5,221,618	(5,221,618)	-
Inventories	11,729	158,603	170,332
Land held for sale	-	217,414	217,414
Net other postemployment benefits asset	3,309,518	326,836	3,636,354
Capital assets not being depreciated	2,703,444	18,622,596	21,326,040
Capital assets, net of accumulated depreciation	15,750,520	69,851,863	85,602,383
Total Assets	41,978,750	96,275,683	138,254,433
Deferred Outflows of Resources			
Related to pensions	554,451	54,756	609,207
Related to other postemployment benefits	218,992	21,628	240,620
Total Deferred Outflows of Resources	773,443	76,384	849,827
Total Assets and Deferred Outflows of Resources	\$ 42,752,193	\$ 96,352,067	\$ 139,104,260

See accompanying notes to basic financial statements.

City of Palmer, Alaska

Statement of Net Position, continued

<i>December 31, 2023</i>	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Accounts payable	\$ 376,288	\$ 171,829	\$ 548,117
Capital related accounts payable	149,281	740,101	889,382
Accrued payroll and employee benefits	153,420	13,390	166,810
Customer deposits	22,869	313,734	336,603
Accrued interest payable	1,219	21,693	22,912
Unearned revenue	68,499	150,184	218,683
Noncurrent liabilities:			
Due within one year:			
Vested unpaid vacation and sick leave	466,755	36,297	503,052
Lease payable	120,321	-	120,321
Loans payable	-	237,693	237,693
Revenue bonds payable	-	90,436	90,436
Due in more than one year:			
Lease payable	162,857	-	162,857
Loans payable	-	1,345,979	1,345,979
Revenue bonds payable	-	4,256,428	4,256,428
Net pension liability	7,033,684	694,622	7,728,306
Total Liabilities	8,555,193	8,072,386	16,627,579
Deferred Inflows of Resources			
Related to leases	254,489	3,055,176	3,309,665
Related to other postemployment benefits	167,326	16,525	183,851
Total Deferred Inflow of Resources	421,815	3,071,701	3,493,516
Net Position			
Net investment in capital assets	18,021,505	81,803,822	99,825,327
Restricted	19,225	-	19,225
Unrestricted	15,734,455	3,404,158	19,138,613
Total Net Position	33,775,185	85,207,980	118,983,165
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 42,752,193	\$ 96,352,067	\$ 139,104,260

See accompanying notes to basic financial statements.

City of Palmer, Alaska

Statement of Activities

Year Ended December 31, 2023	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	
Governmental Activities							
General government	\$ 3,541,967	\$ 786,874	\$ 120,410	\$ -	\$ (2,634,683)	\$ -	\$ (2,634,683)
Public safety	7,002,098	907,494	230,175	321,885	(5,542,544)	-	(5,542,544)
Public works	3,126,514	171,800	111,109	-	(2,843,605)	-	(2,843,605)
Community services	1,995,184	475,175	8,779	1,998,384	487,154	-	487,154
Unallocated interest	13,897	-	-	-	(13,897)	-	(13,897)
Total Governmental Activities	15,679,660	2,341,343	470,473	2,320,269	(10,547,575)	-	(10,547,575)
Business-type Activities							
Water and sewer	4,938,265	4,036,487	5,536	1,157,579	-	261,337	261,337
Airport	1,537,012	460,675	1,178	6,341,935	-	5,266,776	5,266,776
Refuse	811,643	853,403	1,148	-	-	42,908	42,908
Golf course	607,490	742,622	-	-	-	135,132	135,132
Total Business-type Activities	7,894,410	6,093,187	7,862	7,499,514	-	5,706,153	5,706,153
Totals	\$ 23,574,070	\$ 8,434,530	\$ 478,335	\$ 9,819,783	(10,547,575)	5,706,153	(4,841,422)
General Revenues							
Property taxes					1,854,799	-	1,854,799
Sales taxes					10,905,091	-	10,905,091
Grants and entitlements not restricted to a specific purpose					246,797	-	246,797
Investment income					224,170	81,535	305,705
Loss on asset impairment					-	(433,649)	(433,649)
Other					94,973	-	94,973
Transfers					304,695	(304,695)	-
Total General Revenues and Transfers					13,630,525	(656,809)	12,973,716
Change in Net Position					3,082,950	5,049,344	8,132,294
Net Position, beginning					30,692,235	80,158,636	110,850,871
Net Position, ending					\$ 33,775,185	\$ 85,207,980	\$ 118,983,165

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Governmental Funds
Balance Sheet

<i>December 31, 2023</i>	Major Fund			Total Governmental Funds
	General	Equipment Capital Projects	Nonmajor Funds	
Assets				
Cash and investments	\$ 7,100,345	\$ 1,680,293	\$ 3,337,922	\$ 12,118,560
Receivables, net of allowance for uncollectibles:				
Grants and shared revenues	-	103	331,340	331,443
Sales taxes	1,197,931	-	-	1,197,931
Property taxes	324,048	-	-	324,048
Accounts	134,063	-	-	134,063
Leases	258,528	-	-	258,528
Assessments	61,933	-	-	61,933
Prepaid insurance	555,415	-	-	555,415
Inventory	11,729	-	-	11,729
Due from other funds	75,307	-	-	75,307
Advances to other funds	5,209,981	-	-	5,209,981
Total Assets	\$ 14,929,280	\$ 1,680,396	\$ 3,669,262	\$ 20,278,938
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 376,146	\$ 1,086	\$ 148,337	\$ 525,569
Accrued payroll and employee benefits	153,420	-	-	153,420
Deposits	22,869	-	-	22,869
Due to other funds	-	-	63,670	63,670
Unearned revenue	68,050	-	449	68,499
Total Liabilities	620,485	1,086	212,456	834,027
Deferred Inflows of Resources				
Deferred inflows related to leases	254,489	-	-	254,489
Deferred property taxes	52,192	-	-	52,192
Deferred assessments	61,933	-	-	61,933
Total Deferred Inflows of Resources	368,614	-	-	368,614
Total Liabilities and Deferred Inflows of Resources	989,099	1,086	212,456	1,202,641
Fund Balances				
Nonspendable:				
Prepaid insurance and inventory	567,144	-	-	567,144
Advances to other funds	5,209,981	-	-	5,209,981
Restricted for public safety	-	-	19,225	19,225
Committed:				
Capital projects and equipment	-	1,679,310	3,325,311	5,004,621
Public safety	-	-	43,754	43,754
Parks	-	-	68,516	68,516
Assigned for vested unpaid vacation and sick leave	466,755	-	-	466,755
Unassigned	7,696,301	-	-	7,696,301
Total Fund Balances	13,940,181	1,679,310	3,456,806	19,076,297
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,929,280	\$ 1,680,396	\$ 3,669,262	\$ 20,278,938

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Reconciliation of Governmental Funds
Balance Sheet to Statement of Net Position
December 31, 2023

Total fund balances for governmental funds		\$ 19,076,297
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	847,706	
Buildings	9,498,248	
Improvements other than buildings	25,129,128	
Machinery and equipment	13,695,155	
Intangible right to use leases	379,391	
Accumulated depreciation	<u>(32,951,402)</u>	
Total capital assets		18,453,964
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	61,933	
Delinquent property taxes receivable	52,192	
Net other postemployment benefits asset	<u>3,309,518</u>	
Total long-term assets		3,423,643
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	(466,755)	
Lease payable	(283,178)	
Accrued interest payable	(1,219)	
Net pension liability	<u>(7,033,684)</u>	
Total long-term liabilities		(7,784,836)
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	554,451	
Deferred outflows of resources related to other postemployment benefits	218,992	
Deferred inflows of resources related to other postemployment benefits	<u>(167,326)</u>	
Total deferred pension and OPEB items		<u>606,117</u>
Total Net Position of Governmental Activities		<u>\$ 33,775,185</u>

See accompanying notes to basic financial statements.

City of Palmer, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended December 31, 2023	Major Fund		Nonmajor Funds	Total Governmental Funds
	General	Equipment Capital Projects		
Revenues				
Taxes	\$ 12,759,890	\$ -	\$ -	\$ 12,759,890
Licenses and permits	241,544	-	-	241,544
Fines and forfeitures	53,244	-	-	53,244
Intergovernmental	533,703	321,885	755,328	1,610,916
Special assessments	5,730	-	-	5,730
Charges for services	2,034,186	-	-	2,034,186
Investment income	-	-	419	419
Miscellaneous	303,391	15,333	10,550	329,274
Total Revenues	15,931,688	337,218	766,297	17,035,203
Expenditures				
Current:				
General government	3,485,100	-	-	3,485,100
Public safety	5,548,053	-	382,266	5,930,319
Public works	2,261,374	-	-	2,261,374
Community services	1,676,758	-	-	1,676,758
Debt service:				
Principal	93,070	-	-	93,070
Interest	12,678	-	-	12,678
Capital outlay	369,174	1,865,278	1,528,032	3,762,484
Total Expenditures	13,446,207	1,865,278	1,910,298	17,221,783
Excess of Revenues Over (Under) Expenditures	2,485,481	(1,528,060)	(1,144,001)	(186,580)
Other Financing Sources (Uses)				
Other financing sources related to leases	369,174	-	-	369,174
Insurance recoveries	146,429	-	1,533,585	1,680,014
Transfers in	304,695	1,752,256	1,527,881	3,584,832
Transfers out	(3,280,137)	-	-	(3,280,137)
Total Other Financing Sources (Uses)	(2,459,839)	1,752,256	3,061,466	2,353,883
Net Change in Fund Balances	25,642	224,196	1,917,465	2,167,303
Fund Balances, beginning	13,914,539	1,455,114	1,539,341	16,908,994
Fund Balances, ending	\$ 13,940,181	\$ 1,679,310	\$ 3,456,806	\$ 19,076,297

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, 2023

Net change in fund balances - total governmental funds		\$ 2,167,303
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 net capital outlay (\$3,018,040) exceeds depreciation expense (\$2,193,783) less loss on disposal and impairment of capital assets (\$198,152).		
		626,105
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.		
		(3,911)
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.		
Increase in leases payable		
		(276,104)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These are the decreases (increases) in:		
Accrued interest	\$ (1,219)	
Vested unpaid vacation and sick leave	(45,807)	
Net pension liability and related accounts	169,673	
Net other postemployment benefits asset and related accounts	446,910	
	<u>446,910</u>	
		<u>569,557</u>
Change in Net Position of Governmental Activities		\$ 3,082,950

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Proprietary Funds
Statement of Net Position

<i>December 31, 2023</i>	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Proprietary Funds
	Water and Sewer	Airport		
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 3,708,399	\$ -	\$ 1,008,755	\$ 4,717,154
Receivables:				
Accounts	924,924	-	137,432	1,062,356
Leases	-	3,165,995	-	3,165,995
Grants	611,752	2,222,817	-	2,834,569
Inventory	158,603	-	-	158,603
Unbilled revenue	472,837	-	67,078	539,915
Total Current Assets	5,876,515	5,388,812	1,213,265	12,478,592
Noncurrent Assets				
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	2,171,075	1,376,853	1,677,543	5,225,471
Improvements other than buildings	94,365,309	28,403,952	676,033	123,445,294
Construction work in progress	8,387,454	7,233,069	-	15,620,523
Total capital assets	105,029,069	38,935,921	4,229,302	148,194,292
Less accumulated depreciation	(37,526,578)	(20,262,127)	(1,931,128)	(59,719,833)
Net capital assets	67,502,491	18,673,794	2,298,174	88,474,459
Other asset - net other postemployment benefits asset	230,130	48,988	47,718	326,836
Total Noncurrent Assets	67,732,621	18,722,782	2,563,306	89,018,709
Total Assets	73,609,136	24,111,594	3,776,571	101,497,301
Deferred Outflows of Resources				
Related to pensions	38,555	8,207	7,994	54,756
Related to other postemployment benefits	15,228	3,242	3,158	21,628
Total Deferred Outflows of Resources	53,783	11,449	11,152	76,384
Total Assets and Deferred Outflows of Resources	\$ 73,662,919	\$ 24,123,043	\$ 3,787,723	\$ 101,573,685

See accompanying notes to basic financial statements.

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

<i>December 31, 2023</i>	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Proprietary Funds
	Water and Sewer	Airport		
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	\$ 102,105	\$ 27,760	\$ 41,964	\$ 171,829
Capital related accounts payable	86,322	653,779	-	740,101
Accrued payroll and employee benefits	9,794	2,019	1,577	13,390
Current portion of loans payable	237,693	-	-	237,693
Current portion of revenue bonds payable	90,436	-	-	90,436
Vested unpaid vacation and sick leave	19,504	1,322	15,471	36,297
Unearned revenue	-	100,714	49,470	150,184
Due to other funds	-	11,637	-	11,637
Accrued interest payable	21,693	-	-	21,693
Customer deposits	313,734	-	-	313,734
Total Current Liabilities	881,281	797,231	108,482	1,786,994
Long-term Liabilities				
Loans payable	1,345,979	-	-	1,345,979
Revenue bonds payable	4,256,428	-	-	4,256,428
Advances from other fund	3,324,666	1,723,633	161,682	5,209,981
Net pension liability	489,094	104,114	101,414	694,622
Total Long-term Liabilities	9,416,167	1,827,747	263,096	11,507,010
Total Liabilities	10,297,448	2,624,978	371,578	13,294,004
Deferred Inflows of Resources				
Related to leases	-	3,055,176	-	3,055,176
Related to other postemployment benefits	11,635	2,477	2,413	16,525
Total Deferred Inflows of Resources	11,635	3,057,653	2,413	3,071,701
Net Position				
Net investment in capital assets	61,485,633	18,020,015	2,298,174	81,803,822
Unrestricted	1,868,203	420,397	1,115,558	3,404,158
Total Net Position	63,353,836	18,440,412	3,413,732	85,207,980
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 73,662,919	\$ 24,123,043	\$ 3,787,723	\$ 101,573,685

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31, 2023</i>	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Proprietary Funds
	Water and Sewer	Airport		
Operating Revenues	\$ 3,949,403	\$ 300,837	\$ 1,596,025	\$ 5,846,265
Operating Expenses				
Salaries and employee benefits	496,022	126,303	128,819	751,144
Administrative services	459,726	141,165	560,245	1,161,136
Other operating expenses	1,241,761	179,606	612,342	2,033,709
Depreciation	2,615,012	1,089,938	117,727	3,822,677
Total Operating Expenses	4,812,521	1,537,012	1,419,133	7,768,666
Operating Income (Loss)	(863,118)	(1,236,175)	176,892	(1,922,401)
Nonoperating Revenues (Expenses)				
State PERS relief	5,536	1,178	1,148	7,862
Investment income	61,963	-	19,572	81,535
Interest income	-	126,251	-	126,251
Miscellaneous income	87,084	33,587	-	120,671
Insurance recoveries	73,548	-	-	73,548
Loss on asset impairment	(433,649)	-	-	(433,649)
Interest expense	(125,744)	-	-	(125,744)
Total Nonoperating Revenues (Expenses)	(331,262)	161,016	20,720	(149,526)
Income (Loss) Before Contributions and Transfers	(1,194,380)	(1,075,159)	197,612	(2,071,927)
Capital contributions	1,084,031	6,341,935	-	7,425,966
Transfers out	(216,030)	-	(88,665)	(304,695)
Change in Net Position	(326,379)	5,266,776	108,947	5,049,344
Net Position, beginning	63,680,215	13,173,636	3,304,785	80,158,636
Net Position, ending	\$ 63,353,836	\$ 18,440,412	\$ 3,413,732	\$ 85,207,980

See accompanying notes to basic financial statements.

City of Palmer, Alaska
Proprietary Funds
Statement of Cash Flows

<i>Year Ended December 31, 2023</i>	Major Enterprise Funds		Nonmajor Enterprise Funds	Total Proprietary Funds
	Water and Sewer	Airport		
Cash Flows from (for) Operating Activities				
Cash receipts from customers and users	\$ 3,994,563	\$ 425,281	\$ 1,588,968	\$ 6,008,812
Payments to suppliers	(1,222,976)	(173,839)	(1,035,490)	(2,432,305)
Payments to employees	(574,995)	(131,116)	(141,581)	(847,692)
Payments for interfund services used	(459,726)	(141,165)	(135,130)	(736,021)
Net cash flows from (for) operating activities	1,736,866	(20,839)	276,767	1,992,794
Cash Flows from (for) Noncapital Financing Activities				
Increase in advances from other funds	-	1,510,527	-	1,510,527
Increase in due to other funds	-	11,637	-	11,637
Transfers out	(216,030)	-	(88,665)	(304,695)
Net cash flows from (for) noncapital financing activities	(216,030)	1,522,164	(88,665)	1,217,469
Cash Flows for Capital and Related Financing Activities				
Capital contributions received	1,171,097	4,304,662	-	5,475,759
Purchase of capital assets	(2,136,780)	(5,805,987)	(45,068)	(7,987,835)
Insurance recoveries	73,548	-	-	73,548
Increase (decrease) in advances from other funds	583,482	-	(132,081)	451,401
Principal payments on loans payable	(311,064)	-	-	(311,064)
Interest paid	(125,744)	-	-	(125,744)
Net cash flows for capital and related financing activities	(745,461)	(1,501,325)	(177,149)	(2,423,935)
Cash Flows from Investing Activities - investment income	61,963		19,572	81,535
Net Increase in Cash and Investments	837,338	-	30,525	867,863
Cash and Investments, beginning	2,871,061	-	978,230	3,849,291
Cash and Investments, ending	\$ 3,708,399	\$ -	\$ 1,008,755	\$ 4,717,154

See accompanying notes to basic financial statements.

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

<i>Year Ended December 31, 2023</i>	Major Enterprise Funds		Nonmajor	Total
	Water and	Airport	Enterprise	Proprietary
	Sewer		Funds	Funds
Reconciliation of Operating Income (Loss) to Net Cash Flows from (for) Operating Activities				
Operating income (loss)	\$ (863,118)	\$ (1,236,175)	\$ 176,892	\$ (1,922,401)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	2,615,012	1,089,938	117,727	3,822,677
Noncash expense - PERS relief	5,536	1,178	1,148	7,862
Other revenues	87,084	159,838	-	246,922
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable	(28,620)	12,506	(7,730)	(23,844)
Leases receivable	-	(17,102)	-	(17,102)
Unbilled revenue	(20,394)	-	(2,195)	(22,589)
Inventories	6,601	-	-	6,601
Net other postemployment benefits asset	(9,235)	(7,801)	(4,897)	(21,933)
Deferred outflows of resources related to pension	2,046	(637)	(123)	1,286
Deferred outflows of resources related to other postemployment benefits	5,162	560	795	6,517
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	12,184	5,767	1,967	19,918
Accrued payroll and employee benefits	(4,109)	644	(7,238)	(10,703)
Vested unpaid vacation and sick leave	(14,002)	17	3,274	(10,711)
Unearned revenue	-	16,922	2,868	19,790
Customer deposits	7,090	-	-	7,090
Net pension liability	(55,725)	2,530	(4,202)	(57,397)
Deferred inflows of resources related to leases	-	(47,720)	-	(47,720)
Deferred inflows of resources related to other postemployment benefits	(8,646)	(1,304)	(1,519)	(11,469)
Net Cash Flows from (for) Operating Activities	\$ 1,736,866	\$ (20,839)	\$ 276,767	\$ 1,992,794
Noncash Capital and Related Financing Activities				
Purchase of capital assets on account	\$ 86,322	\$ 653,779	\$ -	\$ 740,101

See accompanying notes to basic financial statements.

City of Palmer, Alaska

Notes to Basic Financial Statements Year Ended December 31, 2023

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

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

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

The City reports the following major funds:

Major governmental funds:

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

The *Equipment Capital Projects Fund* is used to account for the purchases of major equipment.

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.

City of Palmer, Alaska

Notes to Basic Financial Statements

Cash and Cash Equivalents

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

Inventory

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

Prepaid Items

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

Land Held for Sale

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

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

City of Palmer, Alaska

Notes to Basic Financial Statements

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.

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

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

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

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

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, 2023.

Cash and cash equivalents	\$ 11,671,190
Investments	5,164,524
Total Cash and Investments	\$ 16,835,714

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

Investment maturities at December 31, 2023 are as follows:

<i>Investment Type</i>	Investment Maturities (in Years)		Total
	Less than 1	1-5	
Certificates of deposit	\$ 735,663	\$ 492,751	\$ 1,228,414
AMLIP pooled investments	3,936,110	-	3,936,110
Total Investments	\$ 4,671,773	\$ 492,751	\$ 5,164,524

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, 2023, 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

The City has the following fair value measurements as of December 31, 2023:

- Certificate of deposits of \$492,751 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 \$3,936,110 is measured at net asset value, as of December 31, 2023. Management believes this approximates fair value.

The City has investments in certificates of deposit totaling \$735,663 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. To limit its exposure to custodial credit risk, the City's policy requires that deposit-type securities shall be collateralized for any amount exceeding FDIC or any other federal deposit insurance limits. As of December 31, 2023, the City had balances of \$10,377,615 which exceeded FDIC insurance, but was covered by a third-party collateralization agreement.

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, 2023 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, 2023, 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:

Deferred inflows of resources:	
Delinquent property taxes receivable - General Fund	\$ 52,192
Special assessments not yet due and delinquent - General Fund	61,933
Leases - General Fund	254,489
<hr/>	
Total Deferred Inflows of Resources	\$ 368,614
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Unearned Revenue - grant drawdowns	\$ 68,499

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, 2023:

Governmental Activities	Balance January 1, 2023	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2023
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 1,855,738	\$ -	\$ -	\$ 1,855,738
Construction in progress	326,682	633,743	(112,719)	847,706
Total assets not being depreciated and amortized	2,182,420	633,743	(112,719)	2,703,444
<i>Capital assets being depreciated and amortized:</i>				
Buildings	11,409,245	-	(1,910,997)	9,498,248
Improvements other than buildings	25,270,373	98,025	(239,270)	25,129,128
Machinery and equipment	12,052,833	2,029,817	(387,495)	13,695,155
Intangible right to use leases	10,217	369,174	-	379,391
Total assets being depreciated	48,742,668	2,497,016	(2,537,762)	48,701,922
<i>Less accumulated depreciation and amortization for:</i>				
Buildings	10,326,324	303,520	(1,861,457)	8,768,387
Improvements other than buildings	14,125,034	888,206	(118,900)	14,894,340
Machinery and equipment	8,642,557	903,871	(359,253)	9,187,175
Intangible right to use leases	3,314	98,186	-	101,500
Total accumulated depreciation and amortization	33,097,229	2,193,783	(2,339,610)	32,951,402
Total capital assets being depreciated and amortized, net	15,645,439	303,233	(198,152)	15,750,520
Governmental Activity Capital Assets, net	\$ 17,827,859	\$ 936,976	\$ (310,871)	\$ 18,453,964

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City of Palmer, Alaska

Notes to Basic Financial Statements

	Balance January 1, 2023	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2023
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 3,002,073	\$ -	\$ -	\$ 3,002,073
Construction work in progress	8,200,447	8,383,742	(963,666)	15,620,523
Total assets not being depreciated	11,202,520	8,383,742	(963,666)	18,622,596
<i>Capital assets being depreciated:</i>				
Buildings	900,931	-	-	900,931
Improvements other than buildings	123,434,994	10,300	-	123,445,294
Machinery and equipment	4,896,883	328,588	-	5,225,471
Total assets being depreciated	129,232,808	338,888	-	129,571,696
Less accumulated depreciation for:				
Buildings	859,819	12,663	-	872,482
Improvements other than buildings	51,938,847	3,538,021	-	55,476,868
Machinery and equipment	3,098,490	271,993	-	3,370,483
Total accumulated depreciation	55,897,156	3,822,677	-	59,719,833
Total capital assets being depreciated, net	73,335,652	(3,483,789)	-	69,851,863
Business-type Activity Capital Assets, net	\$ 84,538,172	\$ 4,899,953	(963,666)	\$ 88,474,459
Depreciation and amortization expense was charged to the functions as follows for the year ended December 31, 2023:				
Governmental Activities				
General government				\$ 189,445
Public safety				815,339
Public works				806,866
Community services				382,133
Total Governmental Activities				\$ 2,193,783
Business-type Activities				
Water and sewer				\$ 2,615,012
Airport				1,089,938
Refuse				78,827
Golf course				38,900
Total Business-type Activities				\$ 3,822,677

City of Palmer, Alaska

Notes to Basic Financial Statements

Construction Commitments

The City has various active construction projects as of December 31, 2023. At year-end, the City's commitments with contractors totaled \$4,871,718.

Asset Impairments

In February 2023, the Palmer Public Library roof collapsed due to heavy snow load, causing substantial structural damage. It was determined in December 2023 to be more cost effective to tear down the existing structure and build a new library. As of December 31, 2023, the carrying value of the assets impaired, including the building, improvements and equipment was \$106,598. The insurance recoveries received for the damage to the library assets was \$1,176,307.

In January 2022, a wind event caused damage to Reservoir 4. The reservoir asset was impaired, and the damage repaired in 2023. Insurance recoveries were also received in 2023. The carrying value of Reservoir 4 that was impaired as of December 31, 2023 was \$921,975. The City received \$488,327 in insurance recoveries and recorded a loss on impairment of \$433,649 at December 31, 2023.

6. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers as of and for the year ended December 31, 2023, follows:

Due to the General Fund from:

Airport Enterprise Fund for operating costs	\$	11,637
Nonmajor governmental fund for operating costs		63,670
Total Due to Other Funds		75,307

Advances from the General Fund to:

Water and Sewer Enterprise Fund for capital costs	\$	3,324,666
Airport Enterprise Fund for operating costs		1,723,633
Nonmajor enterprise fund for operating costs		161,682
Total Advances to Other Funds		\$ 5,209,981

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City of Palmer, Alaska

Notes to Basic Financial Statements

Transfers between funds are typically for payment in lieu of tax, for operating subsidies, or for capital funding requirements.

Transfers

To General Fund from:

Water and Sewer Enterprise Fund for payment in lieu of tax	\$	216,030
Nonmajor enterprise funds for payment in lieu of tax		88,665
Total to General Fund		304,695

From General Fund to:

Equipment Capital Project Fund to cover capital costs		1,752,256
Nonmajor governmental funds to cover operating and capital costs		1,527,881
Total from General Fund		3,280,137

Total Transfers **\$ 3,584,832**

7. Leases

Lease Payable

The City, as lessee, entered into two 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 5% when there was no stated interest rate in the lease contracts. The initial lease liability added to the existing balance was recorded in the amount of \$369,174 during the current year. As of December 31, 2023, the outstanding balance on the leases was \$283,178. The City is required to make monthly principal and lease payments of \$11,267. The value of the right-to-use assets as of December 31, 2023 was \$379,391 and had accumulated amortization of \$101,500.

The future principal and interest lease payments as of December 31, 2023, were as follows:

<i>Year Ending December 31,</i>	Principal	Interest	Total
2024	\$ 123,760	\$ 11,439	\$ 135,199
2025	126,788	5,126	131,914
2026	32,630	275	32,905
Total	\$ 283,178	\$ 16,840	\$ 300,018

Lease Receivable

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 \$249,106 for the fiscal year ended December 31, 2023. The City recognized \$159,772 in lease revenue and \$137,784 in interest revenue for the fiscal year ended December 31, 2023. As of December 31, 2023, the City's receivable for lease payments was \$3,424,523. The City

City of Palmer, Alaska

Notes to Basic Financial Statements

recognized a deferred inflow of resources associated with the leases of \$3,309,665 on December 31, 2023, that will be recognized as revenue over the remainder of the lease terms.

8. Long-term Liabilities

In July 2005, the City signed the Alaska Clean Water loan agreement to fund the Southwest Sanitary Sewer Interceptor. The terms include 1.5 percent interest and 20-year repayment in the amount of \$1,518,000.

In September 2005, the City signed the Alaska Drinking Water Loan Agreement to fund the Southwest Water Main Extension. The term includes 1.5 percent interest and 20-year repayment, in the amount of \$782,000.

In April 2007, the City signed the Alaska Drinking Water Loan Agreement to fund the Water System Upgrade Phase I. The term includes 1.5 percent interest and 18-year repayment, in the amount of \$411,000.

In November 2010, the City signed the Alaska Drinking Water Loan Agreement to fund the Steel Water Main Replacement. The term includes 2.5 percent interest and 14-year repayment, in the amount of \$604,000.

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 March 2018, the City issued a Utility Revenue Refunding Bond 2018 in the amount of \$4,816,000 to the Rural Utility Services (RUS), United States Department of Agriculture. This bond refunded the Utility Revenue Bond 2017 that was issued to fund improvements to the City's wastewater treatment plant. The refunding revenue bond is payable in semiannual installments of \$45,007 to \$84,288 including interest at 1.875 percent for 40 years beginning on December 21, 2018.

The City has the following authorized but unissued general obligation bonds and revenue bonds at December 31, 2023:

	Approved Date	Amount Authorized	Amount Issued	Remaining Authorized
Revenue Bonds	October 2016	\$ 5,000,000	\$ 3,887,429	\$ 1,112,571
Revenue Bonds	October 2020	8,000,000	-	8,000,000
General Obligation Bonds	October 2023	10,000,000	-	10,000,000

City of Palmer, Alaska

Notes to Basic Financial Statements

A summary of changes in long-term liabilities of the City for Governmental Activities for the year ended December 31, 2023, follows:

Governmental Activities	Balance January 1, 2023	Additions	Retired	Balance December 31, 2023	Due Within One Year
Vested unpaid vacation and sick leave	\$ 420,948	\$ 467,716	\$ (421,909)	\$ 466,755	\$ 466,755
Lease liability	7,074	369,174	(93,070)	283,178	120,321
Net pension liability	7,184,287	-	(150,603)	7,033,684	-
Total Governmental Activities	\$ 7,612,309	\$ 836,890	\$ (665,582)	\$ 7,783,617	\$ 587,076

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, 2023, follows:

Business-type Activities	Balance January 1, 2023	Additions	Retired	Balance December 31, 2023	Due Within One Year
Revenue Bonds:					
\$4,816,000 Utility Revenue Refunding Bond 2018, semi-annual installments of \$45,007 to \$84,288 through 2058, plus interest at 1.875%	\$ 4,435,849	\$ -	\$ (88,985)	\$ 4,346,864	\$ 90,436
Direct Borrowings:					
\$411,000 State of Alaska Water Utility loan, annual installments of \$23,213 to \$25,215 through 2025, plus interest at 1.5%	71,558	-	(23,130)	48,428	23,213
\$604,000 State of Alaska Water Utility loan, annual installments of \$33,724 through 2024, plus interest at 2.5%	66,947	-	(33,226)	33,721	33,724
\$782,000 State of Alaska Water Utility loan, annual installments of \$39,100 through 2027, plus interest at 1.5%	195,500	-	(39,100)	156,400	39,100
\$1,518,000 State of Alaska Sewer Utility loan, annual installments of \$83,303 to \$87,116 through 2027, plus interest at 1.5%	422,866	-	(82,074)	340,792	83,305
\$1,071,429 State of Alaska Water Utility loan, annual installments of \$45,203 to \$54,856 through 2037, plus interest at 1.5%	742,932	-	(44,535)	698,397	45,203
\$1,285,714 (\$964,286 forgiven) State of Alaska Water Utility loan currently in drawdown phase. Maximum "loan" amount of \$321,428 repayment in fixed increments through 2037, plus interest at 1.5%	305,948	-	(14)	305,934	13,148
Total Direct Borrowings	1,805,751	-	(222,079)	1,583,672	237,693
Vested unpaid vacation and sick leave	47,008	42,272	(52,983)	36,297	36,297
Net pension liability	752,019	-	(57,397)	694,622	-
Total Business-type Activities	\$ 7,040,627	\$ 42,272	\$ (421,444)	\$ 6,661,455	\$ 364,426

City of Palmer, Alaska

Notes to Basic Financial Statements

Annual debt service requirements to maturity for the loans follow:

Business-type Activities	Revenue Bonds Payable		
	Principal	Interest	Total
<i>Year Ending December 31,</i>			
2024	\$ 90,436	\$ 81,304	\$ 171,740
2025	92,365	79,375	171,740
2026	94,105	77,635	171,740
2027	95,880	75,862	171,742
2028	97,478	74,262	171,740
2029-2033	516,516	342,184	858,700
2034-2038	567,053	291,647	858,700
2039-2043	622,537	236,163	858,700
2044-2048	683,367	175,333	858,700
2049-2053	750,355	108,345	858,700
2054-2058	736,772	34,935	771,707
Total Revenue Bonds Payable	\$ 4,346,864	\$ 1,577,045	\$ 5,923,909

Business-type Activities	Direct Borrowing Loans Payable		
	Principal	Interest	Total
<i>Year Ending December 31,</i>			
2024	\$ 237,693	\$ 23,728	\$ 261,421
2025	208,092	20,166	228,258
2026	185,036	17,040	202,076
2027	189,142	14,265	203,407
2028	61,931	11,456	73,387
2029-2033	323,872	43,062	366,934
2034-2038	293,224	18,034	311,258
2039-2043	84,682	3,588	88,270
Total Direct Borrowing Loans Payable	\$ 1,583,672	\$ 151,339	\$ 1,735,011

Debt Covenants

The City's net revenues in its Water and Sewer Enterprise Fund have been pledged for repayment of its Utility Refunding Revenue Bonds. Net revenues are comprised of all gross revenues net of operating expenses.

All of the remaining Water and Sewer Enterprise Fund operating revenues, after the above pledge, 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	Equipment Capital Projects Fund	Nonmajor Funds	Totals
Nonspendable:				
Prepaid insurance and inventory	\$ 567,144	\$ -	\$ -	\$ 567,144
Advances to other funds	5,209,981	-	-	5,209,981
Total nonspendable	5,777,125	-	-	5,777,125
Restricted for public safety	-	-	19,225	19,225
Committed:				
Public safety	-	-	43,754	43,754
Parks	-	-	68,516	68,516
Capital projects and equipment	-	1,679,310	3,325,311	5,004,621
Total committed	-	1,679,310	3,437,581	5,116,891
Assigned for vested unpaid vacation and sick leave	466,755	-	-	466,755
Unassigned	7,696,301	-	-	7,696,301
Total Fund Balances	\$ 13,940,181	\$ 1,679,310	\$ 3,456,806	\$ 19,076,297

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

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.

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,

City of Palmer, Alaska

Notes to Basic Financial Statements

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 2023 calendar year were as follows:

<i>January 1, 2023 to June 30, 2023</i>	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	18.38%	2.79%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.41%	-%
Total Contribution Rates	24.79%	2.79%

<i>July 1, 2023 to December 31, 2023</i>	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	18.47%	3.10%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.63%	-%
Total Contribution Rates	25.10%	3.10%

Alaska Statue 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, 2023 to June 30, 2023 as well as the period July 1, 2023 to December 31, 2023, the employer rate was 22.00% for pension and 0.00% for ARHCT. The contribution requirements and 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 2023, the City was credited with the following contributions to the pension plan.

	Measurement Period	City Fiscal Year
	July 1, 2022	January 1, 2023
	to	to
	June 30, 2023	December 31, 2023
Employer contributions (including DBUL)	\$ 745,564	\$ 788,529
Nonemployer contributions (on-behalf)	133,204	148,164
Total Contributions	\$ 878,768	\$ 936,693

In addition, employee contributions to the Plan totaled \$111,012 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, 2023, 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:

	2023
City proportionate share of NPL	\$ 7,728,306
State's proportionate share of NPL associated with the City	2,577,201
Total Net Pension Liability	\$ 10,305,507

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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, 2023 measurement date, the City's proportion was 0.14904 percent, which was a decrease of 0.00667 from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the City recognized pension expense of \$1,038,970 and on-behalf revenue of \$133,204 for support provided by the State. At December 31, 2023, 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	\$ 201,721	\$ -
City contributions subsequent to the measurement date	407,486	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 609,207	\$ -

City of Palmer, Alaska

Notes to Basic Financial Statements

The \$407,486 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, 2024. 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,

2024	\$ (76,506)
2025	(169,203)
2026	457,752
2027	(10,322)
<hr/>	
Total Amortization	\$ 201,721

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

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 officer/firefighter, 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, 2023 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 2024 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 Peace officer/firefighter	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

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.

The total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.82%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.17 %
Global equity (non-U.S.)	18%	+/- 4%	6.55 %
Aggregate bonds	19%	+/- 10%	1.63 %
Multi-asset	8%	+/- 4%	- %
Real assets	14%	+/- 7%	4.87 %
Private equity	14%	+/- 7%	11.57 %
Cash equivalents	-%	-%	0.49 %

City of Palmer, Alaska

Notes to Basic Financial Statements

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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	0.14904%	\$ 10,375,228	\$ 7,728,306	\$ 5,492,437

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.

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

City of Palmer, Alaska

Notes to Basic Financial Statements

forfeitures were applied in the year ended December 31, 2023 to cover a portion of the City's employer match contributions. For the year ended December 31, 2023, forfeitures reduced pension expense by \$1,289.

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended December 31, 2023, 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, 2023 were \$287,876 and \$179,923, 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>.

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City of Palmer, Alaska

Notes to Basic Financial Statements

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, 2023 were as follows:

<i>January 1, 2023 to June 30, 2023</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.10%	1.10%
Occupational Death and Disability Benefits	0.30%	0.68%
Total Contribution Rates	1.40%	1.78%

<i>July 1, 2023 to December 31, 2023</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.01%	1.01%
Occupational Death and Disability Benefits	0.30%	0.68%
Total Contribution Rates	1.31%	1.69%

In 2023, the City was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2022 to June 30, 2023	City Fiscal Year January 1, 2023 to December 31, 2023
Employer contributions - RMP	\$ 38,151	\$ 37,915
Employer contributions - ODD	13,608	14,278
Total Contributions	\$ 51,759	\$ 52,193

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City of Palmer, Alaska

Notes to Basic Financial Statements

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

At December 31, 2023, 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	\$ 3,423,814
City's proportionate share of NOA - RMP	96,601
City's proportionate share of NOA - ODD	115,939
Total City's Proportionate Share of NOA	\$ 3,636,354
<hr/>	
State's proportionate share of the ARHCT NOA associated with the City	1,151,195
Total Net OPEB Asset	\$ 4,787,549

The total OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The City's proportion of the net OPEB assets were based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2022 Measurement Date Employer Proportion	June 30, 2023 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB assets:			
ARHCT	0.15456%	0.14880%	(0.00576)%
RMP	0.21443%	0.20344%	(0.01099)%
ODD	0.23334%	0.22599%	(0.00735)%

For the year ended December 31, 2023, the City recognized OPEB expense (benefit) of \$(565,461). Of this amount, \$(196,181) was recorded as on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB Expense (Benefit)	On-behalf Revenue
ARHCT	\$ (627,661)	\$ (196,181)
RMP	50,017	-
ODD	12,183	-
Total	\$ (565,461)	\$ (196,181)

City of Palmer, Alaska

Notes to Basic Financial Statements

At December 31, 2023, 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	\$ 7,109	\$ 2,945	\$ -	\$ 10,054
Changes in assumptions	-	10,388	-	10,388
Difference between projected and actual investment earnings	155,835	8,095	2,677	166,607
Changes in proportion and differences between City contributions and proportionate share of contributions	18,673	1,580	7,071	27,324
City contributions subsequent to the measurement date	-	18,713	7,534	26,247
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 181,617	\$ 41,721	\$ 17,282	\$ 240,620

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ (3,118)	\$ (32,576)	\$ (35,694)
Changes in assumptions	(63,006)	(78,554)	(482)	(142,042)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(2,587)	(3,528)	(6,115)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (63,006)	\$ (84,259)	\$ (36,586)	\$ (183,851)

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 assets in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

<i>Year Ending December 31,</i>	ARHCT	RMP	ODD	Total
2024	\$ (105,017)	\$ (12,478)	\$ (6,951)	\$ (124,446)
2025	(140,769)	(14,034)	(7,484)	(162,287)
2026	373,938	(664)	(2,570)	370,704
2027	(9,541)	(14,847)	(4,022)	(28,410)
2028	-	(10,476)	(3,201)	(13,677)
Thereafter	-	(8,752)	(2,610)	(11,362)
Total Amortization	\$ 118,611	\$ (61,251)	\$ (26,838)	\$ 30,522

City of Palmer, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2023:

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 officer/firefighter, 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, 2023 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 2024 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: 6.7% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.2% grading down to 4.5% Rx/EGWP: 7.2% grading down to 4.5% Initial trend rates are from FY 2024 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. Deaths are assumed to result from occupation causes 70% of the time. 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. Deaths are assumed to result from

City of Palmer, Alaska

Notes to Basic Financial Statements

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 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
(ARHCT and RMP Plans)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-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 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.

(ODD Plan)

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.

Participation (ARHCT)

100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.

Peace officer/firefighter

20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

All others

25% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

City of Palmer, Alaska

Notes to Basic Financial Statements

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2022 actuarial valuation.

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 OPEB 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 2.82%, for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.17 %
Global equity (non-U.S.)	18%	+/- 4%	6.55 %
Aggregate bonds	19%	+/- 10%	1.63 %
Multi-asset	8%	+/- 4%	- %
Real assets	14%	+/- 7%	4.87 %
Private equity	14%	+/- 7%	11.57 %
Cash equivalents	-%	-%	0.49 %

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2023 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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:

City of Palmer, Alaska

Notes to Basic Financial Statements

	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	0.14880%	\$ 2,275,787	\$ 3,423,814	\$ 4,388,220
RMP	0.20344%	\$ 3,357	\$ 96,601	\$ 167,831
ODD	0.22599%	\$ 108,936	\$ 115,939	\$ 121,390

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 2022 actuarial valuation reports as well as what the City's proportionate share of the respective plan's net OPEB asset (liability) 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 (liability):				
ARHCT	0.14880%	\$ 4,498,534	\$ 3,423,814	\$ 2,144,116
RMP	0.20344%	\$ 177,390	\$ 96,601	\$ (11,917)
ODD	0.22599%	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

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

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, 2023, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,303 per year for each full-time employee, and \$1.48 per hour for part-time employees.

City of Palmer, Alaska

Notes to Basic Financial Statements

Annual Postemployment Healthcare Cost

In 2023, the City contributed \$108,009 in DC OPEB costs. These amounts have 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, 2023.

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.

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

City of Palmer, Alaska

Notes to Basic Financial Statements

a former pro se litigant who sought damages from the City due to alleged airport noise. See Ray Briggs v. City of Palmer, Alaska, Case No. 3PA-07-001480 Civil.

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

Water and Sewer

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

The City has been in ongoing communication with the Alaska Department of Environmental Conservation, the U.S. Environmental Protection Agency, and the U.S. Department of Justice regarding compliance with wastewater utility discharge permit requirements based on Clean Water Act standards and the City's Alaska Pollution Discharge Elimination System (AKPDES) and National Pollution Discharge Elimination System Permits. The City agreed to a Consent Decree to include a \$192,000 plus interest monetary penalty along with a schedule to upgrade the wastewater treatment plant to attain Clean Water Act compliance. The Consent Decree was filed on October 26, 2016. The Court approved the Consent Decree on December 22, 2016. On January 19, 2021, the parties filed with the U.S. District Court of Alaska a First Material Modification to Consent Decree. Pursuant to the Reporting Requirements, the City has continued to file its Quarterly Reports in accordance with US DOJ Issued City of Palmer Federal Consent Decree with its last report filed on January 4, 2024 for the quarter ending December 31, 2023.

14. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the City for 2023 reporting:

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 provide guidance for accounting and financial reporting for availability payment arrangements (APA). The City evaluated the impacts of GASB Statement 94 and determined there to be no impact to the City's financial statements in the current fiscal year.

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. The City evaluated the impacts of GASB Statement 96 and determined there to be no impact to the City's financial statements in the current fiscal year.

GASB Statement No. 99 - Omnibus 2022 - Provisions of this Statement address requirements 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

City of Palmer, Alaska

Notes to Basic Financial Statements

and Statement No. 63, which 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. The City evaluated the impacts of GASB Statement 99 and determined there to be no impact to the City's financial statements in the current fiscal year.

The GASB has issued new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 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, 2024. 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.

GASB Statement No. 102 - *Certain Risk Disclosures* - Effective for year-end December 31, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

GASB Statement No. 103 - *Financial Reporting Model Improvements* - Effective for year-end December 31, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

15. Subsequent Events

The City Council made the determination to construct a new Palmer Public Library on the original site in December 2023. The Administration is still working with the insurance company for the final numbers, a \$10 million dollar bond proposition was approved by the voters in October 2023 and the City is pursuing grants from outside agencies. Final concept drawings were presented to the City Council in June 2024. The City plans to have the final budget and funding sources determined by the end of 2024.

The City has evaluated events and transactions for potential recognition or disclosure through August 9, 2024, the date on which the financial statements were available to be issued.

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Required Supplementary Information

City of Palmer, Alaska

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

Year Ended December 31, 2023	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 10,785,000	\$ 12,767,800	\$ 12,759,890	\$ (7,910)
Licenses and permits	202,300	241,504	241,544	40
Fines and forfeitures	60,000	53,245	53,244	(1)
Intergovernmental	315,000	538,655	533,703	(4,952)
Special assessments	8,150	8,150	5,730	(2,420)
Charges for services	1,930,775	2,042,435	2,034,186	(8,249)
Miscellaneous	32,000	291,236	303,391	12,155
Total Revenues	13,333,225	15,943,025	15,931,688	(11,337)
Expenditures				
General government	3,299,842	3,580,489	3,485,100	95,389
Public safety	5,736,028	5,777,968	5,548,053	229,915
Public works	2,421,101	2,422,712	2,261,374	161,338
Community services	1,862,827	2,020,920	1,676,758	344,162
Debt service:				
Principal	-	-	93,070	(93,070)
Interest	-	-	12,678	(12,678)
Capital outlay - leases	-	-	369,174	(369,174)
Total Expenditures	13,319,798	13,802,089	13,446,207	355,882
Excess of Revenues Over (Under) Expenditures	13,427	2,140,936	2,485,481	344,545
Other Financing Sources (Uses)				
Other financing sources related to leases	-	-	369,174	369,174
Insurance recoveries	-	146,430	146,429	(1)
Transfers in	304,695	304,695	304,695	-
Transfers out	(2,578,435)	(3,291,774)	(3,280,137)	11,637
Total Other Financing Sources (Uses)	(2,273,740)	(2,840,649)	(2,459,839)	380,810
Net Change in Fund Balance	\$ (2,260,313)	\$ (699,713)	25,642	\$ 725,355
Fund Balance, beginning			13,914,539	
Fund Balance, ending			\$ 13,940,181	

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>	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.14904%	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	\$ 7,728,306	\$ 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	2,577,201	2,196,161	873,921	3,489,508	2,732,694	2,042,764	2,638,507	1,181,359	1,977,456
Total Net Pension Liability	\$ 10,305,507	\$ 10,132,467	\$ 7,323,726	\$ 11,916,285	\$ 9,604,600	\$ 9,097,421	\$ 9,718,501	\$ 10,540,898	\$ 9,360,460
City's Covered Payroll	\$ 4,947,350	\$ 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	156.21%	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	68.23%	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>	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 788,529	\$ 678,465	\$ 587,035	\$ 508,085	\$ 508,283	\$ 510,983	\$ 521,201	\$ 467,070	\$ 446,116
Contributions Relative to the Contractually Required Contribution	788,529	678,465	587,035	508,085	508,283	510,983	521,201	467,070	446,116
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 5,128,413	\$ 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	15.38%	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					
	2023	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.14880%	0.15456%	0.17657%	0.14278%	0.12550%	0.14190%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (3,423,814)	\$ (3,040,980)	\$ (4,529,560)	\$ (646,570)	\$ 186,265	\$ 1,456,787
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(1,151,195)	(870,284)	(592,705)	(268,248)	74,117	423,018
Total Net OPEB Liability (Asset)	\$ (4,575,009)	\$ (3,911,264)	\$ (5,122,265)	\$ (914,818)	\$ 260,382	\$ 1,879,805
City's Covered Payroll	\$ 1,426,377	\$ 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	-240.04%	-234.73%	-345.08%	-46.22%	12.13%	87.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	133.96%	128.51%	135.54%	106.15%	98.13%	88.12%

Schedule of City's Contributions

<i>Years Ended December 31,</i>	ARHCT					
	2023	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	\$ 1,530,431	\$ 1,322,324	\$ 1,268,761	\$ 1,290,703	\$ 1,507,347	\$ 1,564,407
Contributions as a Percentage of Covered Payroll	0.00%	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					
	2023	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.20344%	0.21443%	0.21202%	0.22114%	0.23802%	0.22752%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (96,601)	\$ (74,472)	\$ (56,910)	\$ 15,685	\$ 56,944	\$ 28,951
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (96,601)	\$ (74,472)	\$ (56,910)	\$ 15,685	\$ 56,944	\$ 28,951
City's Covered Payroll	\$ 3,520,972	\$ 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	-2.74%	-2.23%	-1.84%	0.53%	2.01%	1.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	124.29%	120.08%	115.10%	95.23%	83.17%	88.71%

Schedule of City's Contributions

<i>Years Ended December 31,</i>	RMP					
	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 37,915	\$ 37,363	\$ 37,830	\$ 39,235	\$ 33,444	\$ 26,371
Contributions Relative to the Contractually Required Contribution	37,915	37,363	37,830	39,235	33,444	26,371
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 3,597,982	\$ 3,443,963	\$ 3,241,733	\$ 3,030,150	\$ 2,961,515	\$ 2,691,773
Contributions as a Percentage of Covered Payroll	1.05%	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					
	2023	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.22599%	0.23334%	0.23169%	0.24545%	0.27434%	0.22752%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (115,939)	\$ (102,293)	\$ (102,113)	\$ (66,911)	\$ (66,515)	\$ (44,188)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (115,939)	\$ (102,293)	\$ (102,113)	\$ (66,911)	\$ (66,515)	\$ (44,188)
City's Covered Payroll	\$ 3,520,972	\$ 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	-3.29%	-3.06%	-3.30%	-2.26%	-2.35%	-1.65%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	349.24%	348.80%	374.22%	283.80%	297.43%	270.62%

Schedule of City's Contributions

<i>Years Ended December 31,</i>	ODD					
	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 14,278	\$ 13,627	\$ 12,972	\$ 11,399	\$ 10,996	\$ 8,272
Contributions Relative to the Contractually Required Contribution	14,278	13,627	12,972	11,399	10,996	8,272
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 3,597,982	\$ 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%	0.40%	0.38%	0.37%	0.31%

See accompanying notes to Required Supplementary Information.

City of Palmer, Alaska

Notes to Required Supplementary Information December 31, 2023

1. Budgetary Comparison Schedules

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

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

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

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

2. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For December 31, 2023, the Plan measurement date is June 30, 2023.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

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, 2023

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 Liability (Asset)

These tables are presented based on the Plan measurement date. For December 31, 2023, the Plan measurement date is June 30, 2023.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2022 actuarial valuation.

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 larger 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

These tables are 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

City of Palmer, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>December 31, 2023</i>	Special Revenue Funds				Capital Project Funds		Total Nonmajor Govern- mental Funds
	Narcotics Grant	Police Grants	Neighborhood Parks Development	Asset Forfeiture	Capital Projects	Road Improve- ments	
Assets							
Cash and investments	\$ 26,185	\$ -	\$ 68,516	\$ 19,225	\$ 2,378,155	\$ 845,841	\$ 3,337,922
Grants receivable	13,079	68,751	-	-	249,510	-	331,340
Total Assets	\$ 39,264	\$ 68,751	\$ 68,516	\$ 19,225	\$ 2,627,665	\$ 845,841	\$ 3,669,262
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 142	\$ -	\$ -	\$ 133,329	\$ 14,866	\$ 148,337
Due to other funds	-	63,670	-	-	-	-	63,670
Unearned revenue	-	449	-	-	-	-	449
Total Liabilities	-	64,261	-	-	133,329	14,866	212,456
Fund Balances							
Restricted for public safety	-	-	-	19,225	-	-	19,225
Committed:							
Capital projects and equipment	-	-	-	-	2,494,336	830,975	3,325,311
Public safety	39,264	4,490	-	-	-	-	43,754
Parks	-	-	68,516	-	-	-	68,516
Total Fund Balances	39,264	4,490	68,516	19,225	2,494,336	830,975	3,456,806
Total Liabilities and Fund Balances	\$ 39,264	\$ 68,751	\$ 68,516	\$ 19,225	\$ 2,627,665	\$ 845,841	\$ 3,669,262

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

<i>Year Ended December 31, 2023</i>	Special Revenue Funds				Capital Project Funds		Total Nonmajor Govern- mental Funds
	Narcotics Grant	Police Grants	Neighborhood Parks Development	Asset Forfeiture	Capital Projects	Road Improve- ments	
Revenues							
Intergovernmental:							
Federal government	\$ 29,430	\$ 10,740	\$ -	\$ -	\$ -	\$ -	\$ 40,170
State of Alaska	-	-	-	18,526	516,522	-	535,048
Matanuska-Susitna Borough School District	-	180,110	-	-	-	-	180,110
Total intergovernmental	29,430	190,850	-	18,526	516,522	-	755,328
Investment income	-	-	327	92	-	-	419
Miscellaneous	-	-	10,550	-	-	-	10,550
Total Revenues	29,430	190,850	10,877	18,618	516,522	-	766,297
Expenditures							
Public safety	191,109	191,157	-	-	-	-	382,266
Capital outlay	-	-	-	-	1,034,785	493,247	1,528,032
Total Expenditures	191,109	191,157	-	-	1,034,785	493,247	1,910,298
Excess of Revenues Over (Under) Expenditures	(161,679)	(307)	10,877	18,618	(518,263)	(493,247)	(1,144,001)
Other Financing Sources							
Insurance recoveries	-	-	-	-	1,533,585	-	1,533,585
Transfers in	161,681	-	-	-	866,200	500,000	1,527,881
Net Change in Fund Balances	2	(307)	10,877	18,618	1,881,522	6,753	1,917,465
Fund Balances, beginning	39,262	4,797	57,639	607	612,814	824,222	1,539,341
Fund Balances, ending	\$ 39,264	\$ 4,490	\$ 68,516	\$ 19,225	\$ 2,494,336	\$ 830,975	\$ 3,456,806

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Nonmajor Enterprise Funds

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

<i>December 31, 2023</i>	Refuse	Golf Course	Land Development	Total Nonmajor Enterprise Funds
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 561,340	\$ -	\$ 447,415	\$ 1,008,755
Accounts receivable	137,432	-	-	137,432
Unbilled revenue	67,078	-	-	67,078
Total Current Assets	765,850	-	447,415	1,213,265
Noncurrent Assets				
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	1,174,704	502,839	-	1,677,543
Improvements other than buildings	-	676,033	-	676,033
Total capital assets	1,227,371	3,001,931	-	4,229,302
Less accumulated depreciation	(685,418)	(1,245,710)	-	(1,931,128)
Net capital assets	541,953	1,756,221	-	2,298,174
Other asset - net other postemployment benefits asset	47,718	-	-	47,718
Total Noncurrent Assets	589,671	1,756,221	217,414	2,563,306
Total Assets	1,355,521	1,756,221	664,829	3,776,571
Deferred Outflows of Resources				
Related to pensions	7,994	-	-	7,994
Related to other postemployment benefits	3,158	-	-	3,158
Total Deferred Outflows of Resources	11,152	-	-	11,152
Total Assets and Deferred Outflows of Resources	\$ 1,366,673	\$ 1,756,221	\$ 664,829	\$ 3,787,723

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

<i>December 31, 2023</i>	Refuse	Golf Course	Land Development	Total Nonmajor Enterprise Funds
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	\$ 31,932	\$ 10,032	\$ -	\$ 41,964
Accrued payroll and employee benefits	1,577	-	-	1,577
Vested unpaid vacation and sick leave	15,471	-	-	15,471
Unearned revenue	-	49,470	-	49,470
Total Current Liabilities	48,980	59,502	-	108,482
Long-term Liabilities				
Net pension liability	101,414	-	-	101,414
Advance from other fund	-	161,682	-	161,682
Total Long-term Liabilities	101,414	161,682	-	263,096
Total Liabilities	150,394	221,184	-	371,578
Deferred Inflows of Resources				
Related to other postemployment benefits	2,413	-	-	2,413
Net Position				
Investment in capital assets	541,953	1,756,221	-	2,298,174
Unrestricted (deficit)	671,913	(221,184)	664,829	1,115,558
Total Net Position	1,213,866	1,535,037	664,829	3,413,732
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,366,673	\$ 1,756,221	\$ 664,829	\$ 3,787,723

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

<i>Year Ended December 31, 2023</i>	Refuse	Golf Course	Land Development	Total Nonmajor Enterprise Funds
Operating Revenues	\$ 853,403	\$ 742,622	\$ -	\$ 1,596,025
Operating Expenses				
Salaries and employee benefits	128,819	-	-	128,819
Administrative services	135,130	425,115	-	560,245
Other operating expenses	468,867	143,475	-	612,342
Depreciation	78,827	38,900	-	117,727
Total Operating Expenses	811,643	607,490	-	1,419,133
Operating Income	41,760	135,132	-	176,892
Nonoperating Revenues				
State PERS relief	1,148	-	-	1,148
Investment income	9,226	3,251	7,095	19,572
Total Nonoperating Revenues	10,374	3,251	7,095	20,720
Income Before Transfers	52,134	138,383	7,095	197,612
Transfers out	(49,455)	(39,210)	-	(88,665)
Change in Net Position	2,679	99,173	7,095	108,947
Net Position, beginning	1,211,187	1,435,864	657,734	3,304,785
Net Position, ending	\$ 1,213,866	\$ 1,535,037	\$ 664,829	\$ 3,413,732

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

<i>Year Ended December 31, 2023</i>	Refuse	Golf Course	Land Development	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities				
Cash receipts from customers and users	\$ 843,478	\$ 745,490	\$ -	\$ 1,588,968
Payments to suppliers	(467,456)	(568,034)	-	(1,035,490)
Payments to employees	(141,581)	-	-	(141,581)
Payments for interfund services used	(135,130)	-	-	(135,130)
Net cash flows from operating activities	99,311	177,456	-	276,767
Cash Flows for Noncapital Financing Activities- transfers out				
	(49,455)	(39,210)	-	(88,665)
Cash Flows for Capital and Related Financing Activities				
Decrease in advances from other funds	-	(132,081)	-	(132,081)
Purchase of capital assets	(35,652)	(9,416)	-	(45,068)
Net cash flows for capital and related financing activities	(35,652)	(141,497)	-	(177,149)
Cash Flows from Investing Activities - investment income				
	9,226	3,251	7,095	19,572
Net Increase in Cash and Investments	23,430	-	7,095	30,525
Cash and Investments, beginning	537,910	-	440,320	978,230
Cash and Investments, ending	\$ 561,340	\$ -	\$ 447,415	\$ 1,008,755
Reconciliation of Operating Income to Net				
Cash Flows from Operating Activities				
Operating income	\$ 41,760	\$ 135,132	\$ -	\$ 176,892
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	78,827	38,900	-	117,727
Noncash expense - PERS relief	1,148	-	-	1,148
(Increase) decrease in assets and deferred outflows of resources:				
Accounts receivable	(7,730)	-	-	(7,730)
Unbilled revenue	(2,195)	-	-	(2,195)
Net other postemployment benefits asset	(4,897)	-	-	(4,897)
Deferred outflows of resources related to pensions	(123)	-	-	(123)
Deferred outflows of resources related to other postemployment benefits	795	-	-	795
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	1,411	556	-	1,967
Unearned revenue	-	2,868	-	2,868
Accrued payroll and employee benefits	(7,238)	-	-	(7,238)
Vested unpaid vacation and sick leave	3,274	-	-	3,274
Net pension liability	(4,202)	-	-	(4,202)
Deferred inflows of resources related to other postemployment benefits	(1,519)	-	-	(1,519)
Net Cash Flows from Operating Activities	\$ 99,311	\$ 177,456	\$ -	\$ 276,767

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General Fund

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

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

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

City of Palmer, Alaska

General Fund
Balance Sheet

<i>December 31,</i>	2023	2022
Assets		
Cash and investments	\$ 7,100,345	\$ 9,342,327
Receivables, net of allowance for uncollectibles:		
Sales taxes	1,197,931	1,187,820
Property taxes	324,048	171,227
Accounts	134,063	91,136
Leases	258,528	316,340
Assessments:		
Current	3,223	3,515
Delinquent	20,375	19,785
Deferred	38,335	42,545
Prepaid insurance	555,415	410,787
Inventory	11,729	18,970
Due from other funds	75,307	28,658
Advances to other funds	5,209,981	3,248,053
Total Assets	\$ 14,929,280	\$ 14,881,163
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities		
Accounts payable	\$ 376,146	\$ 250,546
Accrued payroll and employee benefits	153,420	198,665
Deposits	22,869	23,189
Unearned revenue	68,050	60,435
Total Liabilities	620,485	532,835
Deferred Inflows of Resources		
Deferred inflows related to lease	254,489	309,974
Deferred property taxes	52,192	52,192
Deferred assessments	61,933	71,623
Total Deferred Inflows of Resources	368,614	433,789
Total Liabilities and Deferred Inflows of Resources	989,099	966,624
Fund Balance		
Nonspendable:		
Prepaid insurance and inventory	567,144	429,757
Advances to other funds	5,209,981	3,248,053
Assigned for vested unpaid vacation and sick leave	466,755	420,948
Unassigned	7,696,301	9,815,781
Total Fund Balance	13,940,181	13,914,539
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 14,929,280	\$ 14,881,163

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

<i>Years Ended December 31,</i>	2023		2022	
	Budget	Actual	Variance with Budget	Actual
Revenues				
Taxes:				
Sales taxes	\$ 10,913,001	\$ 10,905,091	\$ (7,910)	\$ 10,780,741
Real and personal property taxes	1,854,799	1,854,799	-	1,600,582
Total taxes	12,767,800	12,759,890	(7,910)	12,381,323
Licenses and permits:				
Business licenses	74,088	74,088	-	91,930
Permits	167,416	167,456	40	135,734
Total licenses and permits	241,504	241,544	40	227,664
Fines and forfeitures	53,245	53,244	(1)	84,040
Intergovernmental:				
Community assistance	151,702	151,701	(1)	215,431
Liquor licenses	15,000	14,100	(900)	19,200
Electric and telephone co-op tax	95,096	95,096	-	99,901
State PERS relief	134,848	134,847	(1)	236,516
Library grants	13,250	12,535	(715)	11,490
Public safety grants	5,759	5,759	-	9,149
Motor vehicle tax	123,000	119,665	(3,335)	120,565
Total intergovernmental	538,655	533,703	(4,952)	712,252
Special assessments	8,150	5,730	(2,420)	20,716
Charges for services:				
Administrative service charges - other funds	659,853	659,853	-	642,529
Grant administration fees	52,934	52,933	(1)	183,402
Fire protection	597,022	596,472	(550)	508,433
Community center fees	52,500	52,500	-	43,005
Library fees	10,500	7,167	(3,333)	11,260

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>	2023			2022
	Budget	Actual	Variance with Budget	Actual
Revenues, continued:				
Charges for services, continued:				
Dispatch	\$ 144,000	\$ 144,000	\$ -	\$ 90,000
Ice rink revenues	402,476	404,958	2,482	340,541
Building rental	70,750	63,778	(6,972)	61,916
Planning and zoning	2,400	2,525	125	1,300
Public safety	50,000	50,000	-	50,000
Total charges for services	2,042,435	2,034,186	(8,249)	1,932,386
Miscellaneous:				
Investment income (loss)	208,419	208,418	(1)	11,010
Interest income from leases	-	11,533	11,533	13,796
Other	82,817	83,440	623	73,462
Total miscellaneous	291,236	303,391	12,155	98,268
Total Revenues	15,943,025	15,931,688	(11,337)	15,456,649
Expenditures				
General government:				
Mayor/Council/Clerk:				
Salaries and benefits	335,557	313,186	22,371	236,475
Audit	54,238	54,238	-	51,053
Advertising	5,500	5,453	47	6,425
Dues and subscriptions	15,550	15,522	28	9,107
Travel	10,000	9,654	346	4,821
Education and training	4,900	4,860	40	5,703
Legal fees	43,100	43,008	92	23,621
Services	8,450	8,019	431	4,896
Telephone	9,500	9,329	171	11,252
Insurance	13,379	13,379	-	9,802
Operating supplies	500	97	403	802
Services - Sister City program	8,000	7,659	341	310
Council donations	13,300	12,917	383	6,071

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>	2023			2022
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued:				
General government, continued:				
Mayor/Council/Clerk, continued:				
Website and broadcasting	\$ 3,000	\$ 2,875	\$ 125	\$ 3,000
Computer services	-	-	-	2,043
Election	17,000	16,261	739	34,782
Office equipment	5,680	5,677	3	6,467
Codification consulting services	4,000	847	3,153	13,303
Office supplies	4,000	1,900	2,100	3,756
Total Mayor/Council/Clerk	555,654	524,881	30,773	433,689
Administration:				
Salaries and employee benefits	992,547	988,767	3,780	967,464
Advertising	500	120	380	278
Books and subscriptions	124,400	124,059	341	118,509
Travel	1,635	1,634	1	661
Education and training	1,000	785	215	570
Legal fees	5,500	4,272	1,228	5,453
Services	66,700	66,667	33	66,544
Telephone	4,400	4,269	131	2,442
Insurance	24,070	24,070	-	21,449
Office supplies	6,300	6,207	93	5,812
Repairs and maintenance	500	160	340	25
Office equipment	7,500	7,362	138	6,390
Computer services	115,617	115,170	447	62,627
Miscellaneous	-	-	-	394
Total administration	1,350,669	1,343,542	7,127	1,258,618
Buildings:				
Services	4,360	4,359	1	3,944
Power	15,964	15,963	1	15,910
Heat	3,242	3,241	1	2,708
Water and sewer	2,000	1,998	2	1,807

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>	2023			2022	
	Budget	Actual	Variance with Budget	Actual	
Expenditures, continued:					
General government, continued:					
Buildings, continued:					
Insurance	\$ 6,694	\$ 7,004	\$ (310)	\$ 6,427	
Telephone	28,541	28,541	-	17,048	
Operating supplies	1,168	1,167	1	1,237	
Office supplies	5,325	5,460	(135)	6,226	
Rental and leases	3,585	-	3,585	10,217	
Repairs and maintenance	8,575	8,565	10	13,624	
Miscellaneous	4,355	4,354	1	3,559	
Total buildings	83,809	80,652	3,157	82,707	
City manager:					
Salaries and employee benefits	536,417	501,439	34,978	453,647	
Advertising	16,994	16,993	1	25,104	
Books and subscriptions	9,670	9,669	1	2,693	
Travel	4,091	4,090	1	4,053	
Education and training	3,908	3,908	-	3,978	
Legal fees	14,089	14,088	1	3,669	
Services	30,071	30,071	-	10,036	
Telephone	11,312	11,312	-	2,987	
Insurance	15,491	18,817	(3,326)	13,848	
Office equipment	3,609	3,609	-	2,008	
Discretionary	6,830	6,830	-	5,109	
Fuel	1,868	1,867	1	1,875	
Repairs and maintenance	182,840	177,937	4,903	185,898	
Office supplies	2,316	2,316	-	1,643	
Board stipends	2,850	1,400	1,450	850	
Miscellaneous	3,002	3,000	2	1,270	
Total city manager	845,358	807,346	38,012	718,668	
Community development:					
Salaries and employee benefits	621,149	614,037	7,112	517,368	
Advertising	1,650	1,635	15	1,374	
Dues and subscriptions	1,095	1,093	2	2,413	

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>	2023			2022	
	Budget	Actual	Variance with Budget	Actual	
Expenditures, continued:					
General government, continued:					
Community development, continued:					
Education and training	\$ 2,250	\$ 2,209	\$ 41	\$ 1,195	
Legal fees	4,900	4,834	66	2,797	
Travel	2,400	2,390	10	27	
Services	31,950	31,562	388	1,366	
Telephone	4,370	4,369	1	3,896	
Power	7,852	7,851	1	8,051	
Heat	3,148	3,148	-	2,734	
Water and sewer	2,160	2,156	4	1,726	
Insurance	23,366	23,366	-	16,725	
Operating supplies	800	757	43	1,191	
Equipment	2,500	2,319	181	2,004	
Fuel	2,430	2,428	2	3,117	
Repairs and maintenance	1,205	1,203	2	803	
Annexation and community planning	17,619	10,297	7,322	11,024	
Rental and lease	3,325	3,323	2	2,684	
Office supplies	3,050	2,948	102	2,115	
Board stipends	3,000	2,000	1,000	1,600	
Miscellaneous	4,780	4,754	26	4,724	
Total community development	744,999	728,679	16,320	588,934	
Total general government	3,580,489	3,485,100	95,389	3,082,616	
Public safety:					
Police department:					
Salaries and employee benefits	3,612,641	3,545,043	67,598	3,285,666	
Advertising	500	-	500	404	
Dues and subscriptions	995	993	2	1,196	
Travel	35,000	26,311	8,689	30,744	
Education and training	15,430	11,227	4,203	22,031	
Legal fees	22,491	18,816	3,675	3,427	
Services	184,295	182,613	1,682	176,238	
Telephone	29,752	29,543	209	22,884	
Power	34,000	31,790	2,210	32,697	

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>	2023		2022	
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued:				
Public safety, continued:				
Police department, continued:				
Heat	\$ 23,475	\$ 20,464	\$ 3,011	\$ 20,845
Water and sewer	17,645	16,543	1,102	15,546
Fuel	50,087	50,086	1	49,709
Insurance	117,871	117,869	2	82,672
Vehicle insurance	26,300	26,074	226	27,380
Office supplies	9,500	8,516	984	6,124
Uniform purchases and allowances	29,240	25,847	3,393	20,634
Operating supplies	21,000	20,202	798	18,519
Repairs and maintenance	40,378	21,380	18,998	41,738
Community planning	5,585	5,582	3	4,716
Janitorial supplies	5,000	3,140	1,860	2,219
Equipment	104,351	103,904	447	72,183
Rowland Memorial Fund	2,000	2,000	-	1,000
Miscellaneous	3,000	2,912	88	2,918
Total police department	4,390,536	4,270,855	119,681	3,941,490
Fire department:				
Salaries and employee benefits	598,716	560,824	37,892	453,986
Volunteer firemen salaries and benefits	354,995	339,677	15,318	291,400
Dues and subscriptions	6,587	6,459	128	6,584
Education and training	30,585	30,581	4	17,325
Services	49,205	42,125	7,080	24,062
Telephone	20,892	20,892	-	12,604
Power	13,000	11,888	1,112	11,159
Heat	9,500	7,883	1,617	7,620
Water and sewer	5,000	3,071	1,929	2,786
Fuel	40,000	35,323	4,677	43,875
Legal	1,539	1,325	214	882
Rental and lease	22,700	22,700	-	22,700
Insurance	31,760	31,760	-	21,070
Vehicle insurance	18,500	17,450	1,050	17,223
Office supplies	5,000	2,576	2,424	2,024

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>	2023			2022	
	Budget	Actual	Variance with Budget	Actual	
Expenditures, continued:					
Public safety, continued:					
Fire department, continued:					
Vehicle supplies	\$ 27,061	\$ 27,060	\$ 1	\$	33,786
Uniform purchases and allowances	20,275	20,271	4		7,758
Operating supplies	14,388	13,366	1,022		8,764
Repairs and maintenance	37,047	26,165	10,882		45,354
Small tools	29,311	17,112	12,199		10,829
Janitorial supplies	1,500	373	1,127		333
Equipment	49,871	38,317	11,554		47,444
Miscellaneous	-	-	-		3
Total fire department	1,387,432	1,277,198	110,234		1,089,571
Total public safety	5,777,968	5,548,053	229,915		5,031,061
Public works:					
Administration:					
Salaries and employee benefits	705,345	704,455	890		627,741
Advertising	500	214	286		-
Education and training	4,930	4,429	501		278
Legal fees	4,246	4,246	-		4,570
Services	66,450	66,365	85		69,792
Telephone	10,140	10,136	4		7,202
Power	16,000	15,864	136		16,048
Heat	16,600	16,522	78		14,605
Water and sewer	12,500	12,447	53		12,319
Insurance	68,092	68,092	-		51,603
Vehicle insurance	21,326	21,326	-		19,293
Repairs and maintenance	8,000	9,334	(1,334)		13,402
Small tools	2,000	1,175	825		296
Janitorial supplies	1,500	816	684		1,152
Equipment	3,100	3,056	44		10,238
Office supplies	4,845	4,374	471		3,122
Christmas lighting	11,886	11,885	1		1,706
Operating supplies	3,225	3,222	3		1,080
Total administration	960,685	957,958	2,727		854,447

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>	2023			2022
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued:				
Public works, continued:				
Roads:				
Salaries and employee benefits	\$ 445,514	\$ 417,944	\$ 27,570	\$ 387,244
Services	177,629	177,628	1	96,035
Operating supplies	8,100	8,012	88	9,542
Repairs and maintenance	107,760	107,706	54	62,771
Rental and lease	8,400	8,347	53	9,207
Dust control and chemicals	8,000	7,950	50	6,480
Road salt and sand	123,460	123,290	170	117,514
Crack sealing	40,340	39,713	627	34,988
Safety equipment	2,540	2,538	2	2,397
Total roads	921,743	893,128	28,615	726,178
Engineering	5,000	-	5,000	5,121
Street lighting:				
Power	115,000	105,527	9,473	101,101
Operating supplies	5,000	-	5,000	644
Repairs and maintenance	16,000	8,608	7,392	6,937
Total street lighting	136,000	114,135	21,865	108,682
Motor vehicle maintenance:				
Salaries and employee benefits	260,984	160,266	100,718	145,296
Fuel	49,900	49,848	52	64,553
Vehicle supplies	35,635	35,635	-	18,401
Repairs and maintenance	31,200	31,134	66	33,057
Small tools and equipment	21,565	19,270	2,295	24,521
Total motor vehicle maintenance	399,284	296,153	103,131	285,828
Total public works	2,422,712	2,261,374	161,338	1,980,256

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>	2023			2022	
	Budget	Actual	Variance with Budget	Actual	
Expenditures, continued:					
Community services:					
Tourist center:					
Services	\$ 189,034	\$ 187,106	\$ 1,928	\$ 186,746	
Telephone	2,315	2,312	3	2,248	
Heat	2,905	2,903	2	2,527	
Power	3,550	3,529	21	3,385	
Water and sewer	2,375	2,373	2	2,179	
Insurance	5,754	5,754	-	4,511	
Janitorial supplies	1,585	827	758	1,913	
Repairs and maintenance	2,020	2,004	16	18,426	
Total tourist center	209,538	206,808	2,730	221,935	
Community center building:					
Services	11,500	8,120	3,380	9,296	
Power	5,500	5,161	339	3,875	
Heat	6,000	5,970	30	5,220	
Water and sewer	4,300	4,295	5	4,695	
Insurance	2,244	2,244	-	2,033	
Operating supplies	15,400	7,195	8,205	7,019	
Rental and lease	625	500	125	875	
Repairs and maintenance	7,000	864	6,136	3,757	
Total community center building	52,569	34,349	18,220	36,770	
Parks and recreation:					
Salaries and employee benefits	103,870	102,629	1,241	82,104	
Fuel	5,500	5,184	316	5,659	
Operating supplies	11,922	11,194	728	3,363	
Power	1,290	1,288	2	1,255	
Repairs and maintenance	6,931	2,084	4,847	11,438	
Total parks and recreation	129,513	122,379	7,134	103,819	
Arena:					
Salaries and employee benefits	349,326	270,218	79,108	238,193	
Advertising	3,000	360	2,640	-	
Education and training	1,500	96	1,404	-	
Services	19,340	14,477	4,863	23,516	

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

<i>Years Ended December 31,</i>	2023			2022
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued:				
Community services, continued:				
Arena, continued:				
Telephone	\$ 4,165	\$ 4,163	\$ 2	\$ 3,827
Power	110,582	110,582	-	100,723
Heat	37,400	37,323	77	33,294
Water and sewer	11,000	9,863	1,137	9,574
Rental and lease	2,750	527	2,223	-
Fuel	10,080	9,596	484	9,074
Insurance	17,241	16,602	639	13,906
Operating supplies	30,425	30,420	5	26,555
Vehicle insurance	141	140	1	-
Equipment	8,929	7,240	1,689	-
Janitorial supplies	4,075	4,074	1	3,709
Small tools and equipment	7,135	6,351	784	4,614
Repairs and maintenance	24,128	22,813	1,315	25,578
Total arena	641,217	544,845	96,372	492,563
Library:				
Salaries and employee benefits	638,954	573,703	65,251	514,197
Advertising	92	92	-	-
Subscriptions and dues	300	275	25	810
Travel	4,048	1,430	2,618	70
Education and training	1,982	1,493	489	589
Legal fees	800	756	44	-
Services	48,323	48,319	4	31,269
Telephone	10,100	10,076	24	7,059
Power	30,000	3,396	26,604	22,443
Heat	7,000	2,411	4,589	6,163
Fuel	300	188	112	-
Water and sewer	4,400	2,065	2,335	4,568
Rental and lease	102,489	324	102,165	\$324
Insurance	20,537	20,433	104	15,783
Books and subscriptions	54,258	43,750	10,508	39,804

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

Years Ended December 31,	2023			2022
	Budget	Actual	Variance with Budget	Actual
Expenditures, continued:				
Community services, continued:				
Library, continued:				
Operating supplies	\$ 15,750	\$ 14,436	\$ 1,314	\$ 19,522
Repairs and maintenance	19,250	19,235	15	4,622
Equipment	18,000	17,902	98	7,114
Miscellaneous	11,500	8,093	3,407	6,188
Total library	988,083	768,377	219,706	680,525
Total community services	2,020,920	1,676,758	344,162	1,535,612
Debt service on leases:				
Principal	-	93,070	(93,070)	303,143
Interest	-	12,678	(12,678)	18,186
Total debt service on bonds	-	105,748	(105,748)	321,329
Capital outlay - leases	-	369,174	(369,174)	-
Total Expenditures	13,802,089	13,446,207	355,882	11,950,874
Excess of Revenues Over Expenditures	2,140,936	2,485,481	344,545	3,505,775
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	121,764
Other financing sources related to leases	-	369,174	369,174	10,217
Insurance recoveries	146,430	146,429	(1)	215,746
Transfers in	304,695	304,695	-	288,152
Transfers out	(3,291,774)	(3,280,137)	11,637	(2,168,409)
Total Other Financing Sources (Uses)	(2,840,649)	(2,459,839)	380,810	(1,532,530)
Net Change in Fund Balance	\$ (699,713)	25,642	\$ 725,355	1,973,245
Fund Balance, beginning		13,914,539		11,941,294
Fund Balance, ending		\$ 13,940,181		\$ 13,914,539

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Special Revenue Funds

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

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
Narcotics Grant Special Revenue Fund
Balance Sheet

<i>December 31,</i>	2023	2022
Assets		
Cash and investments	\$ 26,185	\$ 39,262
Grants receivable	13,079	-
Total Assets	\$ 39,264	\$ 39,262
Fund Balance		
Committed for public safety	\$ 39,264	\$ 39,262

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>	2023			2022	
	Budget	Actual	Variance with Budget	Actual	
Revenues					
Intergovernmental - federal government	\$ 29,430	\$ 29,430	\$ -	\$ 7,414	
Expenditures					
Public safety - salaries and employee benefits	191,111	191,109	2	72,073	
Excess of Revenues Under Expenditures	(161,681)	(161,679)	(2)	(64,659)	
Other Financing Sources - transfers in	161,681	161,681	-	54,471	
Net Change in Fund Balance	<u>\$ -</u>	2	<u>\$ (2)</u>	(10,188)	
Fund Balance, beginning		<u>39,262</u>		<u>49,450</u>	
Fund Balance, ending		<u>\$ 39,264</u>		<u>\$ 39,262</u>	

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

<i>December 31,</i>	2023	2022
Assets		
Grants receivable	\$ 68,751	\$ 33,455
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 142	\$ -
Due to other funds	63,670	28,658
Unearned revenue	449	-
Total Liabilities	64,261	28,658
Fund Balance		
Committed for public safety	4,490	4,797
Total Liabilities and Fund Balance	\$ 68,751	\$ 33,455

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>	2023		2022	
	Budget	Actual	Variance with Budget	Actual
Revenues				
Intergovernmental:				
Federal government	\$ 20,160	\$ 10,740	\$ (9,420)	\$ -
Matanuska-Susitna Borough School District	194,628	180,110	(14,518)	119,264
Total Revenues	214,788	190,850	(23,938)	119,264
Expenditures				
Public safety:				
Salaries and employee benefits	171,723	175,724	(4,001)	112,579
Travel	5,000	4,165	835	2,213
Education and training	2,600	548	2,052	715
Supplies	6,200	2,372	3,828	1,602
Fuel	5,680	2,704	2,976	2,154
Equipment	17,335	4,333	13,002	-
Miscellaneous	5,250	1,311	3,939	-
Total Expenditures	213,788	191,157	22,631	119,263
Net Change in Fund Balance	\$ 1,000	(307)	\$ (1,307)	1
Fund Balance, beginning		4,797		4,796
Fund Balance, ending		\$ 4,490		\$ 4,797

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

<i>December 31,</i>	2023	2022
Assets		
Cash and investments	\$ 68,516	\$ 57,639
Fund Balance		
Committed for parks	\$ 68,516	\$ 57,639

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>	2023	2022
Revenues		
Miscellaneous - development fees	\$ 10,550	\$ 2,400
Investment income	327	-
Total Revenues	10,877	2,400
Net Change in Fund Balance	10,877	2,400
Fund Balance, beginning	57,639	55,239
Fund Balance, ending	\$ 68,516	\$ 57,639

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

<i>December 31,</i>	2023	2022
Assets		
Cash and investments	\$ 19,225	\$ 607
Fund Balance		
Restricted for public safety	\$ 19,225	\$ 607

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

<i>Years Ended December 31,</i>	2023	2022
Revenues		
Miscellaneous - state forfeiture funds	\$ 18,526	\$ -
Investment income	92	-
Total Revenues	18,618	-
Expenditures		
Public safety - equipment	-	4,848
Net Change in Fund Balance	18,618	(4,848)
Fund Balance, beginning	607	5,455
Fund Balance, ending	\$ 19,225	\$ 607

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Capital Project Funds

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

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

Capital Projects

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

Equipment

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

Road Improvements

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

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

<i>December 31,</i>	2023	2022
Assets		
Cash and investments	\$ 2,378,155	\$ 609,161
Grants receivable	249,510	13,588
Total Assets	\$ 2,627,665	\$ 622,749
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 133,329	\$ 9,935
Fund Balance		
Committed for capital projects	2,494,336	612,814
Total Liabilities and Fund Balance	\$ 2,627,665	\$ 622,749

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

Years Ended December 31,	2023			2022	
	Budget	Actual	Variance with Budget	Budget	Actual
Revenues					
Intergovernmental:					
Library grants	\$ -	\$ -	\$ -	\$ -	\$ 38,303
State of Alaska	1,393,440	516,522	(876,918)	-	37,718
Total intergovernmental	1,393,440	516,522	(876,918)	-	76,021
Miscellaneous	-	-	-	-	35,000
Total Revenues	1,393,440	516,522	(876,918)	-	111,021
Expenditures					
Capital outlay:					
Resurface tennis courts	-	-	-	-	66,372
Public Video	30,423	11,425	18,998	-	-
Community services	258,193	130	258,063	-	26,687
Ice arena equipment	211,494	14,902	196,592	-	14,950
Library	1,552,307	261,875	1,290,432	-	37,033
Restoration construction	-	-	-	-	17,372
Public works	121,728	42,323	79,405	-	-
Police grant	1,299,999	461,838	838,161	-	-
Building maintenance	230,071	47,156	182,915	-	7,711
Health & Equitable Communities project	93,441	54,684	38,757	-	37,718
Public safety	573,223	140,452	432,771	-	-
Total Expenditures	4,370,879	1,034,785	3,336,094	-	207,843
Excess of Revenues Over (Under)					
Expenditures	(2,977,439)	(518,263)	2,459,176	-	(96,822)
Other Financing Sources					
Insurance recoveries	1,538,585	1,533,585	(5,000)	-	-
Transfers in	866,200	866,200	-	-	349,074
Total Other Financing Sources	2,404,785	2,399,785	(5,000)	-	349,074
Net Change in Fund Balance	\$ (572,654)	1,881,522	\$ 2,454,176	-	252,252
Fund Balance, beginning		612,814			360,562
Fund Balance, ending		\$ 2,494,336			\$ 612,814

City of Palmer, Alaska
Equipment Capital Project Fund
Balance Sheet

<i>December 31,</i>	2023	2022
Assets		
Cash and investments	\$ 1,680,293	\$ 1,464,323
Grants receivable	103	65,937
Total Assets	\$ 1,680,396	\$ 1,530,260
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 1,086	\$ 75,146
Fund Balance		
Committed for equipment replacement	1,679,310	1,455,114
Total Liabilities and Fund Balance	\$ 1,680,396	\$ 1,530,260

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>	2023			2022	
	Budget	Actual	Variance with Budget	Actual	
Revenues					
Intergovernmental - federal government	\$ 426,695	\$ 321,885	\$ (104,810)	\$ 73,630	
Miscellaneous	15,333	15,333	-	-	
Total Revenues	442,028	337,218	(104,810)	73,630	
Expenditures					
Capital outlay:					
Clerk/council equipment	215	-	215	-	
Com dev equipment	39,234	33,800	5,434	11,378	
Admin equipment	70,000	-	70,000	8,427	
Police vehicle replacement	105,957	79,037	26,920	-	
Police equipment	442,028	332,334	109,694	150,292	
Public works equipment	1,390,728	1,284,658	106,070	87,387	
Fire equipment	1,210,000	135,449	1,074,551	73,630	
Total Expenditures	3,258,162	1,865,278	1,392,884	331,114	
Excess of Revenues Under Expenditures	(2,816,134)	(1,528,060)	(1,497,694)	(257,484)	
Other Financing Sources - transfers in	1,752,256	1,752,256	-	1,226,864	
Net Change in Fund Balance	<u>\$ (1,063,878)</u>	224,196	<u>\$ (1,497,694)</u>	969,380	
Fund Balance, beginning		<u>1,455,114</u>		<u>485,734</u>	
Fund Balance, ending		<u>\$ 1,679,310</u>		<u>\$ 1,455,114</u>	

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

<i>December 31,</i>	2023	2022
Assets		
Cash and investments	\$ 845,841	\$ 836,385
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 14,866	\$ 12,163
Fund Balance		
Committed for capital projects and equipment	830,975	824,222
Total Liabilities and Fund Balance	\$ 845,841	\$ 836,385

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>	2023			2022
	Budget	Actual	Variance with Budget	Actual
Expenditures				
Capital outlay	\$1,324,222	\$ 493,247	\$ 830,975	\$ 296,985
Other Financing Sources - transfers in	500,000	500,000	-	400,000
Net Change in Fund Balance	<u>\$ (824,222)</u>	6,753	<u>\$ 830,975</u>	103,015
Fund Balance, beginning		<u>824,222</u>		<u>721,207</u>
Fund Balance, ending		<u>\$ 830,975</u>		<u>\$ 824,222</u>

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Enterprise Funds

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

Water and Sewer

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

Airport

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

Refuse

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

Golf Course

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

Land Development

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

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

<i>December 31,</i>	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 3,708,399	\$ 2,871,061
Receivables:		
Grants	611,752	698,818
Accounts	924,924	407,977
Unbilled revenue	472,837	452,443
Inventories - materials and supplies	158,603	165,204
Total Current Assets	5,876,515	4,595,503
Noncurrent Assets		
Capital assets:		
Land	45,164	45,164
Buildings	60,067	60,067
Machinery and equipment	2,171,075	1,923,031
Improvements other than buildings	94,365,309	94,355,009
Construction work in progress	8,387,454	7,369,447
Total capital assets	105,029,069	103,752,718
Less accumulated depreciation	(37,526,578)	(34,911,565)
Net capital assets	67,502,491	68,841,153
Other asset - net other postemployment benefits asset	230,130	220,895
Total Noncurrent Assets	67,732,621	69,062,048
Total Assets	73,609,136	73,657,551
Deferred Outflows of Resources		
Related to pensions	38,555	40,601
Related to other postemployment benefits	15,228	20,390
Total Deferred Outflows of Resources	53,783	60,991
Total Assets and Deferred Outflows of Resources	\$ 73,662,919	\$ 73,718,542

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

<i>December 31,</i>	2023	2022
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 102,105	\$ 89,921
Capital related accounts payable	86,322	24,776
Accrued payroll and employee benefits	9,794	13,903
Vested unpaid vacation and sick leave	19,504	33,506
Current portion of loans payable	237,693	310,786
Current portion of revenue bonds payable	90,436	-
Accrued interest payable	21,693	21,693
Customer deposits	313,734	306,644
Total Current Liabilities	881,281	801,229
Long-term Liabilities		
Loans payable	1,345,979	5,930,814
Revenue bonds payable	4,256,428	-
Advance from other fund	3,324,666	2,741,184
Net pension liability	489,094	544,819
Total Long-term Liabilities	9,416,167	9,216,817
Total Liabilities	10,297,448	10,018,046
Deferred Inflows of Resources		
Related to other postemployment benefits	11,635	20,281
Net Position		
Net investment in capital assets	61,485,633	62,574,777
Unrestricted	1,868,203	1,105,438
Total Net Position	63,353,836	63,680,215
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 73,662,919	\$ 73,718,542

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>	2023		2022	
	Budget	Actual	Variance with Budget	Actual
Operating Revenues				
Water sales	\$ 1,760,000	\$1,858,818	\$ 98,818	\$ 1,810,382
Sewer services	1,840,500	1,985,397	144,897	1,910,769
Connection fees	55,880	55,880	-	30,940
Miscellaneous	49,300	49,308	8	47,982
Total Operating Revenues	3,705,680	3,949,403	243,723	3,800,073
Operating Expenses Excluding Depreciation				
Water:				
Salaries and employee benefits	298,879	221,736	77,143	224,159
Administrative services	197,908	197,908	-	378,108
Audit	13,258	13,258	-	13,438
Advertising	2,500	2,286	214	2,099
Travel	45	43	2	819
Education and training	5,152	5,152	-	2,065
Legal	1,000	-	1,000	-
Engineering	6,000	-	6,000	-
Services	58,333	54,412	3,921	43,683
Telephone	9,417	9,417	-	10,987
Power	147,530	147,524	6	136,798
Heat	7,800	7,717	83	7,607
Fuel	12,690	12,687	3	12,483
Insurance	51,160	51,160	-	33,580
Office supplies	2,655	2,654	1	2,071
Operating supplies	10,838	10,838	-	10,940
Repairs and maintenance	160,685	140,388	20,297	77,979
Small tools	1,900	(8,438)	10,338	2,077
Chemicals	14,000	13,804	196	17,575
Permits	9,900	9,812	88	10,255
Equipment	23,840	19,916	3,924	6,037
Miscellaneous	10,910	10,909	1	10,581
Total water	1,046,400	923,183	123,217	1,003,341

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>	2023		2022	
	Budget	Actual	Variance with Budget	Actual
Operating Expenses Excluding Depreciation, continued				
Sewer:				
Salaries and employee benefits	\$ 417,711	\$ 274,286	\$ 143,425	\$ 191,206
Administrative services	210,197	261,818	(51,621)	207,948
Audit	14,464	14,464	-	12,318
Education and training	4,519	4,019	500	615
Legal	5,000	-	5,000	10,109
Engineering	10,000	-	10,000	-
Services	78,570	75,448	3,122	49,261
Telephone	13,000	11,393	1,607	10,515
Power	310,000	306,475	3,525	344,954
Heat	27,000	26,086	914	23,656
Fuel	12,500	11,317	1,183	14,455
Rental and lease	1,000	-	1,000	-
Travel	1,000	-	1,000	-
Equipment rental	-	-	-	4,717
Insurance	73,385	73,384	1	50,181
Office supplies	4,500	1,751	2,749	1,963
Operating supplies	31,640	31,639	1	29,307
Repairs and maintenance	151,615	144,596	7,019	54,989
Small tools	11,900	11,897	3	6,669
Equipment	9,765	8,359	1,406	4,766
Permits	10,000	9,812	188	10,255
Chemicals	3,800	2,894	906	3,276
Miscellaneous	4,688	4,688	-	4,291
Total sewer	1,406,254	1,274,326	131,928	1,035,451
Total Operating Expenses Excluding Depreciation	2,452,654	2,197,509	255,145	2,038,792
Operating Income Before Depreciation	1,253,026	1,751,894	498,868	1,761,281
Depreciation	-	2,615,012	(2,615,012)	2,604,598
Operating Income (Loss)	1,253,026	(863,118)	(2,116,144)	(843,317)

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>	2023			2022
	Budget	Actual	Variance with Budget	Actual
Nonoperating Revenues (Expenses)				
State PERS relief	\$ 9,377	\$ 5,536	\$ (3,841)	\$ (10,446)
Investment income	61,963	61,963	-	-
Miscellaneous income	133,214	87,084	(46,130)	7,378
Insurance recoveries	73,548	73,548	-	340,563
Loss on asset impairment	-	(433,649)	(433,649)	-
Interest expense	(125,745)	(125,744)	1	(110,184)
Total Nonoperating Revenues (Expenses)	152,357	(331,262)	(483,619)	227,311
Income (Loss) Before Contributions and Transfers	1,405,383	(1,194,380)	(2,599,763)	(616,006)
Capital contributions	(1,610,490)	1,084,031	2,694,521	4,170,372
Transfers out	(216,030)	(216,030)	-	(204,782)
Change In Net Position	<u>\$ (421,137)</u>	(326,379)	<u>\$ 94,758</u>	3,349,584
Net Position, beginning		<u>63,680,215</u>		<u>60,330,631</u>
Net Position, ending		<u>\$ 63,353,836</u>		<u>\$ 63,680,215</u>

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

<i>Years Ended December 31,</i>	2023	2022
Cash Flows from Operating Activities		
Cash receipts from customers and users	\$ 3,994,563	\$ 3,752,534
Payments to suppliers	(1,222,976)	(1,046,688)
Payments to employees	(574,995)	(526,519)
Payments for interfund services used	(459,726)	(586,056)
Net cash flows from operating activities	1,736,866	1,593,271
Cash Flows for Noncapital Financing Activities- transfers out	(216,030)	(204,782)
Cash Flows for Capital and Related Financing Activities		
Capital contributions received	1,171,097	4,057,374
Purchase of capital assets	(2,136,780)	(5,337,645)
Insurance recoveries	73,548	340,563
Advances from other funds	583,482	161,184
Principal payments on loans and bonds payable	(311,064)	(306,440)
Interest paid	(125,744)	(110,184)
Net cash flows for capital and related financing activities	(745,461)	(1,195,148)
Cash Flows from Investing Activities- investment income	61,963	-
Net Increase in Cash and Investments	837,338	193,341
Cash and Investments, beginning	2,871,061	2,677,720
Cash and Investments, ending	\$ 3,708,399	\$ 2,871,061

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

<i>Years Ended December 31,</i>	2023	2022
Reconciliation of Operating Loss to Net		
Cash Flows from Operating Activities		
Operating loss	\$ (863,118)	\$ (843,317)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	2,615,012	2,604,598
Noncash expense - PERS relief	5,536	(10,446)
Other revenues	87,084	7,378
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(28,620)	(34,589)
Unbilled revenue	(20,394)	(21,138)
Inventories	6,601	4,125
Net other postemployment benefits asset	(9,235)	100,936
Deferred outflows of resources related to pensions	2,046	(3,643)
Deferred outflows of resources related to other postemployment benefits	5,162	(13,810)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	12,184	(13,442)
Accrued payroll and employee benefits	(4,109)	5,653
Vested unpaid vacation and sick leave	(14,002)	4,745
Customer deposits	7,090	810
Net pension liability	(55,725)	134,629
Deferred inflows of resources related to pensions	-	(176,549)
Deferred inflows of resources related to other postemployment benefits	(8,646)	(152,669)
Net Cash Flows from Operating Activities	\$ 1,736,866	\$ 1,593,271
Noncash Capital and Related Financing Activities		
Purchase of capital assets on account	\$ 86,322	\$ 24,776

City of Palmer, Alaska

Airport Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Receivables:		
Accounts	\$ -	\$ 12,506
Leases	3,165,995	3,148,893
Grants	2,222,817	185,544
Total Current Assets	5,388,812	3,346,943
Noncurrent Assets		
Capital assets:		
Land	1,412,289	1,412,289
Buildings	509,758	509,758
Machinery and equipment	1,376,853	1,341,376
Improvements other than buildings	28,403,952	28,403,952
Construction work in progress	7,233,069	831,000
Total capital assets	38,935,921	32,498,375
Less accumulated depreciation	(20,262,127)	(19,172,189)
Net capital assets	18,673,794	13,326,186
Other asset - net other postemployment benefits asset	48,988	41,187
Total Noncurrent Assets	18,722,782	13,367,373
Total Assets	24,111,594	16,714,316
Deferred Outflows of Resources		
Related to pensions	8,207	7,570
Related to other postemployment benefits	3,242	3,802
Total Deferred Outflows of Resources	11,449	11,372
Total Assets and Deferred Outflows of Resources	\$ 24,123,043	\$ 16,725,688

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

<i>December 31,</i>	2023	2022
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 27,760	\$ 21,993
Capital related accounts payable	653,779	22,220
Accrued payroll and employee benefits	2,019	1,375
Vested unpaid vacation and sick leave	1,322	1,305
Unearned revenue	100,714	83,792
Due to other funds	11,637	-
Total Current Liabilities	797,231	130,685
Long-term Liabilities		
Advance from other fund	1,723,633	213,106
Net pension liability	104,114	101,584
Total Long-term Liabilities	1,827,747	314,690
Total Liabilities	2,624,978	445,375
Deferred Inflows of Resources		
Related to leases	3,055,176	3,102,896
Related to other postemployment benefits	2,477	3,781
Total Deferred Inflows of Resources	3,057,653	3,106,677
Net Position		
Net investment in capital assets	18,020,015	13,303,966
Unrestricted (deficit)	420,397	(130,330)
Total Net Position	18,440,412	13,173,636
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 24,123,043	\$ 16,725,688

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>	2023		2022	
	Budget	Actual	Variance with Budget	Actual
Operating Revenues				
Aviation fuel - revenue sharing	\$ 17,014	\$ 17,015	\$ 1	\$ 22,085
Tiedown fees	50,000	52,035	2,035	60,732
Land leases	234,787	150,677	(84,110)	154,532
Agricultural land leases	7,987	7,987	-	7,987
Miscellaneous	73,128	73,123	(5)	51,563
Total Operating Revenues	382,916	300,837	(82,079)	296,899
Operating Expenses Excluding Depreciation				
Salaries and employee benefits	149,610	126,303	23,307	58,980
Administrative services	116,618	141,165	(24,547)	101,659
Audit	2,772	2,772	-	2,318
Advertising	778	777	1	475
Subscriptions and dues	-	-	-	323
Travel	1,500	1,457	43	-
Education and training	-	-	-	6,572
Legal fees	11,746	11,746	-	13,317
Services	9,282	9,282	-	16,365
Telephone	9,269	9,269	-	6,555
Power	24,990	24,990	-	22,565
Heat	7,055	7,054	1	5,843
Water, sewer and garbage	500	492	8	490
Fuel	12,663	12,662	1	13,494
Insurance	25,728	25,728	-	20,445
Operating supplies	9,303	9,285	18	1,626
Repairs and maintenance	53,718	53,717	1	57,667
Building and improvements	1,886	1,885	1	9,620
Engineering	3,535	3,535	-	10,646
Office equipment	4,801	4,800	1	564
Small tools and equipment	35	31	4	1,147
Board stipends	1,000	124	876	150
Total Operating Expenses Excluding Depreciation	446,789	447,074	(285)	350,821

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>	2023		2022	
	Budget	Actual	Variance with Budget	Actual
Operating Loss Before Depreciation	\$ (63,873)	\$ (146,237)	\$ (82,364)	\$ (53,922)
Depreciation	-	1,089,938	(1,089,938)	1,083,579
Operating Loss	(63,873)	(1,236,175)	(1,172,302)	(1,137,501)
Nonoperating Revenues				
State PERS relief	1,996	1,178	(818)	(1,948)
Interest income	-	126,251	126,251	126,326
Miscellaneous income	33,857	33,587	(270)	27,052
Insurance recoveries	-	-	-	22,644
Total Nonoperating Revenues	35,853	161,016	125,163	174,074
Loss Before Contributions and Transfers	(28,020)	(1,075,159)	(1,047,139)	(963,427)
Capital contributions	9,231,103	6,341,935	(2,889,168)	483,648
Transfers in	11,637	-	(11,637)	138,000
Change in Net Position	<u>\$9,214,720</u>	5,266,776	<u>\$ (3,947,944)</u>	(341,779)
Net Position, beginning		<u>13,173,636</u>		<u>13,515,415</u>
Net Position, ending		<u>\$ 18,440,412</u>		<u>\$ 13,173,636</u>

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

<i>Years Ended December 31,</i>	2023	2022
Cash Flows for Operating Activities		
Cash receipts from customers and users	\$ 425,281	\$ 378,966
Payments to suppliers	(173,839)	(178,012)
Payments to employees	(131,116)	(133,479)
Payments for interfund services used	(141,165)	(101,659)
Net cash flows for operating activities	(20,839)	(34,184)
Cash Flows from (for) Noncapital Financing Activities		
Increase in due to other funds	11,637	-
Increase in advances from other fund	1,510,527	(195,651)
Net cash from (for) noncapital financing activities	1,522,164	(195,651)
Cash Flows from (for) Capital and Related Financing Activities		
Capital contributions received	4,304,662	659,112
Insurance recoveries	-	22,644
Transfers in	-	138,000
Purchase of capital assets	(5,805,987)	(589,921)
Net cash flows from (for) capital and related financing activities	(1,501,325)	229,835
Net increase in Cash and Investments	-	-
Cash and Investments, beginning	-	-
Cash and Investments, ending	\$ -	\$ -
Reconciliation of Operating Loss to Net		
Cash Flows for Operating Activities		
Operating loss	\$ (1,236,175)	\$ (1,137,501)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	1,089,938	1,083,579
Noncash expense - PERS relief	1,178	(1,948)
Other revenues	159,838	153,378
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	12,506	2,682
Leases receivable	(17,102)	50,554
Net other postemployment benefits asset	(7,801)	44,687
Deferred outflows of resources related to pensions	(637)	2,327
Deferred outflows of resources related to other postemployment benefits	560	(2,046)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	5,767	12,170
Accrued payroll and employee benefits	644	(149)
Vested unpaid vacation and sick leave	17	(19,488)
Unearned revenue	16,922	(27,996)
Net pension liability	2,530	(8,407)
Deferred inflows of resources related to leases	(47,720)	(96,551)
Deferred inflows of resources related to pensions	-	(47,108)
Deferred inflows of resources related to other postemployment benefits	(1,304)	(42,367)
Net Cash Flows for Operating Activities	\$ (20,839)	\$ (34,184)
Noncash Capital and Related Financing Activities		
Purchase of capital assets on account	\$ 653,779	\$ 22,220

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

<i>December 31,</i>	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 561,340	\$ 537,910
Accounts receivable	137,432	129,702
Unbilled revenue	67,078	64,883
Total Current Assets	765,850	732,495
Noncurrent Assets		
Capital assets:		
Buildings	52,667	52,667
Machinery and equipment	1,174,704	1,139,052
Total capital assets	1,227,371	1,191,719
Less accumulated depreciation	(685,418)	(606,591)
Net capital assets	541,953	585,128
Other asset - net other postemployment benefits asset	47,718	42,821
Total Noncurrent Assets	589,671	627,949
Total Assets	1,355,521	1,360,444
Deferred Outflows of Resources		
Related to pensions	7,994	7,871
Related to other postemployment benefits	3,158	3,953
Total Deferred Outflows of Resources	11,152	11,824
Total Assets and Deferred Outflows of Resources	\$ 1,366,673	\$ 1,372,268
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 31,932	\$ 30,521
Accrued payroll and employee benefits	1,577	8,815
Vested unpaid vacation and sick leave	15,471	12,197
Total Current Liabilities	48,980	51,533
Long-term Liabilities		
Net pension liability	101,414	105,616
Total Liabilities	150,394	157,149
Deferred Inflows of Resources		
Related to other postemployment benefits	2,413	3,932
Net Position		
Net investment in capital assets	541,953	585,128
Unrestricted	671,913	626,059
Total Net Position	1,213,866	1,211,187
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,366,673	\$ 1,372,268

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

Years Ended December 31,	2023			2022
	Budget	Actual	Variance with Budget	Actual
Operating Revenues				
Solid waste collection fees	\$ 854,592	\$ 853,403	\$ (1,189)	\$ 817,861
Operating Expenses Excluding Depreciation				
Salaries and employee benefits	139,771	128,819	10,952	72,955
Administrative services	135,130	135,130	-	139,228
Audit	2,652	2,652	-	2,402
Services	412,178	403,579	8,599	408,815
Fuel	21,000	17,142	3,858	21,244
Insurance	16,754	16,728	26	14,701
Vehicle insurance	7,100	6,950	150	6,756
Operating supplies	5,000	2,102	2,898	4,127
Repairs and maintenance	16,000	15,789	211	8,084
Equipment	45,600	860	44,740	7,771
Miscellaneous	3,070	3,065	5	2,730
Total Operating Expenses Excluding Depreciation	804,255	732,816	71,439	688,813
Operating Income Before Depreciation	50,337	120,587	70,250	129,048
Depreciation	-	78,827	(78,827)	94,201
Operating Income	50,337	41,760	(8,577)	34,847
Nonoperating Revenues				
State PERS relief	1,945	1,148	(797)	(2,025)
Investment income	9,226	9,226	-	-
Gain on sale of capital assets	-	-	-	47,308
Insurance recoveries	-	-	-	3,055
Total Nonoperating Revenues	11,171	10,374	(797)	48,338
Income Before Transfers	61,508	52,134	(9,374)	83,185
Transfers out	(49,455)	(49,455)	-	(47,520)
Change in Net Position	\$ 12,053	2,679	\$ (9,374)	35,665
Net Position, beginning		1,211,187		1,175,522
Net Position, ending		\$ 1,213,866		\$ 1,211,187

City of Palmer, Alaska

Refuse Enterprise Fund
Statement of Cash Flows

Years Ended December 31,	2023	2022
Cash Flows from Operating Activities		
Cash receipts from customers and users	\$ 843,478	\$ 809,845
Payments to suppliers	(467,456)	(479,476)
Payments to employees	(141,581)	(122,280)
Payments for interfund services used	(135,130)	(139,228)
Net cash flows from operating activities	99,311	68,861
Cash Flows for Noncapital Financing Activities- transfers out		
	(49,455)	(47,520)
Cash Flows for Capital and Related Financing Activities		
Sale of capital assets	-	107,300
Insurance recoveries	-	3,055
Purchase of capital assets	(35,652)	(351,927)
Net cash flows for capital and related financing activities	(35,652)	(241,572)
Cash Flows from Investing Activities- investment income		
	9,226	-
Net Increase (Decrease) in Cash and Investments	23,430	(220,231)
Cash and Investments, beginning	537,910	758,141
Cash and Investments, ending	\$ 561,340	\$ 537,910
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating income	\$ 41,760	\$ 34,847
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	78,827	94,201
Noncash expense - PERS relief	1,148	(2,025)
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(7,730)	(8,096)
Unbilled revenue	(2,195)	80
Net other postemployment benefits asset	(4,897)	19,324
Deferred outflows of resources related to pensions	(123)	(658)
Deferred outflows of resources related to other postemployment benefits	795	(2,682)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	1,411	(2,846)
Accrued payroll and employee benefits	(7,238)	7,704
Vested unpaid vacation and sick leave	3,274	(3,353)
Net pension liability	(4,202)	(4,080)
Deferred inflows of resources related to pensions	-	(34,091)
Deferred inflows of resources related to other postemployment benefits	(1,519)	(29,464)
Net Cash Flows from Operating Activities	\$ 99,311	\$ 68,861

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

<i>December 31,</i>	2023	2022
Assets		
Noncurrent Assets		
Capital assets:		
Land and land improvements	\$ 1,544,620	\$ 1,544,620
Buildings	278,439	278,439
Machinery and equipment	502,839	493,424
Improvements other than buildings	676,033	676,033
Total capital assets	3,001,931	2,992,516
Less accumulated depreciation	(1,245,710)	(1,206,811)
Net capital assets	1,756,221	1,785,705
Total Assets	\$ 1,756,221	\$ 1,785,705
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 10,032	\$ 9,476
Unearned revenue	49,470	46,602
Total Current Liabilities	59,502	56,078
Long-term Liabilities		
Advance from other fund	161,682	293,763
Total Liabilities	221,184	349,841
Net Position		
Investment in capital assets	1,756,221	1,785,705
Unrestricted (deficit)	(221,184)	(349,841)
Total Net Position	1,535,037	1,435,864
Total Liabilities and Net Position	\$ 1,756,221	\$ 1,785,705

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>	2023		2022	
	Budget	Actual	Variance with Budget	Actual
Operating Revenues				
Green fees	\$ 518,654	\$ 520,256	\$ 1,602	\$ 463,662
Driving range fees	60,000	58,732	(1,268)	60,636
Golf cart rentals and trail fees	163,967	163,634	(333)	145,340
Total Operating Revenues	742,621	742,622	1	669,638
Operating Expenses Excluding Depreciation				
Golf management contract	425,115	425,115	-	417,000
Audit	3,616	3,616	-	3,121
Services	39,160	39,157	3	29,267
Power	20,000	19,957	43	19,371
Heat	2,025	2,023	2	1,779
Water and sewer	5,265	5,263	2	4,339
Legal fees	500	-	500	-
Rental and lease	9,427	9,427	-	10,692
Insurance	18,333	18,333	-	13,756
Vehicle insurance	300	300	-	310
Operating supplies	-	-	-	725
Repairs and maintenance	39,400	39,302	98	61,465
Equipment	24,804	6,097	18,707	18,620
Total Operating Expenses Excluding Depreciation	587,945	568,590	19,355	580,445
Operating Income Before Depreciation	154,676	174,032	19,356	89,193

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>	2023			2022	
	Budget	Actual	Variance with Budget	Actual	
Depreciation	\$ -	\$ 38,900	\$ (38,900)	\$	40,165
Operating Income (Loss)	154,676	135,132	(19,544)		49,028
Nonoperating Revenues					
Investment income	2,382	3,251	869		-
Insurance recoveries	-	-	-		47,922
Income (Loss) Before Transfers	157,058	138,383	(18,675)		96,950
Transfers out	(39,210)	(39,210)	-		(35,850)
Change in Net Position	<u>\$ 117,848</u>	99,173	<u>\$ (18,675)</u>		61,100
Net Position, beginning		<u>1,435,864</u>			<u>1,374,764</u>
Net Position, ending		<u>\$ 1,535,037</u>			<u>\$ 1,435,864</u>

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

<i>Years Ended December 31,</i>	2023	2022
Cash Flows from Operating Activities		
Cash receipts from customers and users	\$ 745,490	\$ 671,397
Payments to suppliers	(568,034)	(575,713)
Net cash flows from operating activities	177,456	95,684
Cash Flows for Noncapital Financing Activities- transfers out	(39,210)	(35,850)
Cash Flows for Capital and Related Financing Activities		
Decrease in advances from other funds	(132,081)	(84,531)
Insurance recoveries	-	47,922
Purchase of capital assets	(9,416)	(23,225)
Net cash flows for capital and related financing activities	(141,497)	(59,834)
Cash Flows from Investing Activities- investment income	3,251	-
Net Increase in Cash and Investments	-	-
Cash and Investments, beginning	-	-
Cash and Investments, ending	\$ -	\$ -
Reconciliation of Operating Income to Net Cash Flows from Operating Activities		
Operating income	\$ 135,132	\$ 49,028
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	38,900	40,165
Increase in liabilities:		
Accounts payable	556	4,732
Unearned revenue	2,868	1,759
Net Cash Flows from Operating Activities	\$ 177,456	\$ 95,684

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

<i>Years Ended December 31,</i>	2023	2022
Assets		
Cash and investments	\$ 447,415	\$ 440,320
Land held for sale	217,414	217,414
Total Assets	\$ 664,829	\$ 657,734
Net Position - Unrestricted	\$ 664,829	\$ 657,734

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>	2023		2022	
	Budget	Actual	Variance with Budget	Actual
Nonoperating Revenue				
Investment income	\$ -	\$ 7,095	\$ (7,095)	\$ -
Change in Net Position	<u>\$ -</u>	7,095	<u>\$ (7,095)</u>	-
Net Position, beginning		<u>657,734</u>		<u>657,734</u>
Net Position, ending		<u>\$ 664,829</u>		<u>\$ 657,734</u>

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

<i>Years Ended December 31,</i>	2023	2022
Cash Flows from Investing Activities- investment income	\$ 7,095	\$ -
Net Increase in Cash and Investments	7,095	-
Cash and Investments, beginning	440,320	440,320
Cash and Investments, ending	\$ 447,415	\$ 440,320

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Schedule of Federal Expenditures

City of Palmer, Alaska
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subre- cipients	Total Federal Expend- itures
Department of Transportation				
Airport Improvement Program 2021	20.106		\$ -	\$ 25,058
Airport Improvement Program 2021	20.106		-	24
Airport Improvement Program 2022	20.106		-	5,245,361
Airport Improvement Program 2022	20.106		-	1,071,516
			<u>-</u>	<u>1,071,516</u>
Total ALN 20.106			-	6,341,959
			<u>-</u>	<u>6,341,959</u>
Passed through State of Alaska Department of Transportation - Alaska Highway Safety Office:				
Highway Safety Cluster				
National Priority Safety Programs	20.616	405DM5HVE2301FAA10001	-	9,573
State and Community Highway Safety	20.600	402 BIL PT-23-06-BL(A)-3	-	1,167
			<u>-</u>	<u>1,167</u>
Total Highway Safety Cluster			-	10,740
			<u>-</u>	<u>10,740</u>
Total Department of Transportation			-	6,352,699
			<u>-</u>	<u>6,352,699</u>
Department of Justice				
Bullet Proof Vest and Body Armor Safety Initiative	16.607		-	623
Bullet Proof Vest and Body Armor Safety Initiative	16.607		-	2,072
			<u>-</u>	<u>2,072</u>
Total ALN 16.607			-	2,695
			<u>-</u>	<u>2,695</u>
Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838		-	461,838
			<u>-</u>	<u>461,838</u>
Public Safety Partnership and Community Policing Grants:				
DEA Opiate Task Force (Overtime) 2022	16.710		-	19,841
DEA Opiate Task Force (Overtime) 2023	16.710		-	9,590
			<u>-</u>	<u>9,590</u>
Total ALN 16.710			-	29,431
			<u>-</u>	<u>29,431</u>
Total Department of Justice			-	493,964
			<u>-</u>	<u>493,964</u>
Department of Homeland Security				
Passed through State of Alaska Department of Homeland Security and Emergency Management:				
Homeland Security Grant Program	97.067	22-SHSP-GY22	-	321,885
			<u>-</u>	<u>321,885</u>
Department of Agriculture				
Passed through State of Alaska Department of Natural Resources - Cooperative Forestry Assistance:				
2023 Volunteer Fire Assistance Grant	10.664	N/A	-	5,759
			<u>-</u>	<u>5,759</u>
Institute of Museum and Library Services				
Grants to States - Passed through State of Alaska Department of Education and Early Development:				
Continuing Education Grant	45.310	CED23-019-SKOW	-	1,250
			<u>-</u>	<u>1,250</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 7,175,557</u>

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, 2023

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, 2023. 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, 2023

State Agency/Program Title	Award Number	Total Award Amount	Passed Through to Subre- cipients	State Expenditures
Department of Commerce, Community and Economic Development				
* Wastewater Treatment Plant Improvements Phase 2	23-DC-037	\$ 6,900,000	\$ -	\$ 1,084,031
Department of Health and Social Services				
Health and Equitable Communities	CO622-584-P	131,159	-	54,684
Department of Education and Early Development				
Public Library Assistance Grant	PLA 23-Palme	7,000	-	7,000
Total State Financial Assistance			\$ -	\$ 1,145,715

* 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, 2023

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, 2023. 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



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, 2023, and the related notes to the financial statements, which collectively comprise City of Palmer’s basic financial statements, and have issued our report thereon dated August 9, 2024.

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
August 9, 2024



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 Each Major Federal 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 *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, 2023. The 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, the 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, 2023.

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 for each major federal program. Our audit does not provide a legal determination of the City of Palmer’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 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 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 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 each major 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 the City of Palmer'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 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 the City of Palmer's internal control over compliance. Accordingly, no such opinion is expressed.

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



Report on Internal Control Over Compliance

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

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

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

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

BDO USA, P.C.

Anchorage, Alaska
August 9, 2024



**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* that could have a direct and material effect on each of the City’s major state programs for the year ended December 31, 2023. 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, 2023.

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 (*Governmental Auditing Standards*); and the audit requirements in the *State of Alaska Audit Guide*. Our responsibilities under those standards and the *State of Alaska Audit* 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 that 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* 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*, 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* requirements, 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
August 9, 2024

City of Palmer, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2023

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

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

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in section 2 CFR 200,516(a)) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

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



Gina Davis
Finance Director

City of Palmer
231 W. Evergreen Avenue
Palmer, Alaska 99645-6952
907-761-1314
gdavis@palmerak.org
www.palmerak.org

City of Palmer, Alaska

Summary Schedule of Prior Audit Findings Year Ended December 31, 2023

Name of Contact Person: Gina Davis
Finance Director
gdavis@palmerak.org
907-761-1314

Federal Award Findings

Finding 2022-001	Significant Deficiency in Internal Control Over Compliance, Noncompliance - Reporting
Information on Federal Program	21.027 Coronavirus State and Local Fiscal Recovery Funds
<i>Prior Year Finding</i>	Recipients of federal awards must establish verifiable controls over reports that are prepared and submitted.
<i>Status</i>	This finding has been corrected in the current year.



F. 2.

Palmer City Council Meeting
Meeting Date: 08/27/2024
Department: City Clerk's Office


Subject
Mayor's Report

Summary Statement/Background

Administration's Recommendation:

Attachments

Mayor's Report



Palmer Mayor's Report

August 27, 2024, Council Meeting

New Palmer City Manager Stephen Jellie

Please join me in welcoming to Palmer, City Manager Stephen Jellie and his family! Even in all the reviewing of applications, interviewing and negotiating with Mr. Jellie, I missed an interesting youtube video where he was recognized for helping to revive Ogdensburg, NY. Here's that link:

City of Ogdensburg, NY - Reviving a City with Reality-Based Leadership

<https://www.youtube.com/watch?v=xxhvTr4GCVg>


Also we are having a Meet & Greet for him at the Palmer Depot Aug. 28 from 2-4 p.m. Please join us for light refreshments and welcoming Stephen Jellie and his family to be part of our Palmer family. Wednesday, August 28, 2024 2-4 p.m. at the Palmer Depot (Community Center) in downtown Palmer.

MPO Update:

MatSu Valley Planning *for* Transportation: Metropolitan Planning Organization

The MVP for Transportation has updated various documents for the MPO .

- The **Title VI Plan** was updated in May 2024 and released for a 71-day public comment period until Aug 2. The MVP4T approved the Title VI plan at the Aug. 20, 2024 meeting.
- The MVP4T also released the **Unified Planning Work Program** (UPWP) for a 45-day public comment period until Aug. 2, 2024. The MVP4T approved the UPWP plan at their Aug. 20, 2024 meeting.




Palmer Mayor's Report

- The MVP4T released the **Social Media policy** that was presented to the Policy Board in May and comments were requested between July 16 and July 31. The MVP4T approved the Social Media policy at the Aug. 20, 2024 meeting.
- The MVP4T Policy Board reviewed the **Fiscal Policy** in May. MVP4T staff met with a Foraker CPA and reviewed the policy, and edits were made based on their recommendation. Comments were requested between July 16 and July 31. The MVP4T Policy Board approved the Fiscal Policy at the Aug. 20, 2024 meeting.
- The MVP4T **Bylaws** were amended based on the recommendation of the Respec Consultant Teams Council. Technical Committee and Policy Board reviewed the Fiscal Policy in May. Policy Board officer roles and responsibilities, officer elections, technical committee at-large appointments, meeting agendas, conflict of interest, and indemnification. Comments were requested between July 16 and July 31. The MVP4T Policy Board approved the amended bylaws at the Aug. 20, 2024 meeting.
- The **Conflict-of-Interest Policy Certification** is a written policy that prevents directors with conflicts from participating in discussions, reporting or voting on any issue where there is a real or perceived conflict. The purpose of this policy is to protect MVP's tax-exempt interest when contemplating transactions or arrangement that might benefit the private interest of an officer or director. This policy was drafted as part of the Bylaws update. The Respec Consultant Teams Council reviewed the Policy and form, and no edits were made. Comments were requested by the Policy Board between July 16 and July 31. No comments were received. The MVP4T Policy Board approved the Conflict-of-Interest Policy Certification at the Aug. 20, 2024 meeting.
- The **Whistleblower Policy** is a policy that encourages staff, board, and committee members to come forward with credible information on illegal practices or policy violations. The policy specifies that MVP will protect the individual from retaliation. The Whistleblower Policy was drafted as part of the Fiscal Policy. The Respec Consultant Teams Council reviewed the Policy, and no edits were made. The Policy Board requested comments between July 16 and July 31. No comments were received. The MVP4T Policy Board approved the Whistleblower Policy Certification at the Aug. 20, 2024 meeting.

Most of these documents should be available at: <https://www.mvpmpo.com/>

Also the MVP4T sent a letter to **Support for the DOT&PF's WCPP Glenn Highway Wildlife Vehicle Collision Mitigation Study**



Palmer Mayor's Report

At the MSB website is the Comprehensive Safety Action Plan Community Survey:

<https://survey123.arcgis.com/share/3f44fe80920b4fc4b5275d0b9e80ea53?portalUrl=https://MSB.maps.arcgis.com>

Meeting Agenda Highlights:

Approval of minutes from previous meetings:

- July 17, 2024, Special Meeting
- July 18, 2024, Special Meeting
- July 23, 2024, Regular Meeting
- August 6, 2024, Special Meeting

Communications

City of Palmer 2023 Audit Presentation by Joy Merriner, Managing Partner, BDO USA.

Public Hearings


We have two public hearings for this meeting:

- A resolution to allocate funds (no more than \$97,332) for rehabilitation of airport lighting.
- A resolution to appoint election officials for the Oct. 1 Regular Palmer Election.

Action Memoranda

We have four action memoranda:

- An action memorandum for city manager to arrange for purchase and delivery of 180 tons of road salt (no more than \$30,600)
- An action memorandum to authorize utility water connection outside city limits for 12301 E. Woodstock Dr.



Palmer Mayor's Report

- An action memorandum for city manager to purchase lawn mower for golf course (no more than \$18,000).
- An action memorandum for city manager to issue a contract to perform additional demolition at the library to determine full scope of structural damage (no more than \$44,844).

Mayor Steve Carrington



Palmer City Council Meeting
Meeting Date: 08/27/2024
Department: City Clerk's Office

F. 3.

Subject
City Clerk's Report

Summary Statement/Background

Administration's Recommendation:

Attachments

Clerk's Report



Shelly M. Acteson, CMC
City Clerk

Direct: (907) 761-1301
Fax: (907) 745-0930

231 W. Evergreen Ave.
Palmer, Alaska 99645-6952
www.cityofpalmer.org

TO: Mayor Carrington and Council Members
FROM: Shelly M. Acteson
DATE: August 21, 2024
SUBJECT: Report for August 27, 2024, meeting packet

October 1, 2024, Election:

Candidate List for October 1, 2024, election:

Council Member
Two Seats (Three-Year Term, expires 2027)
(Arranged in alphabetical order by last name)

Name	Phone:	Date Certified
Alcantra, John	907-354-3765	7/25/24
Bradford, Nathan	907-315-0114	7/30/24
Corbin, Jameson R.	360-442-9192	7/26/24
Hudson, Victoria M.	253-263-0572	7/22/24
Jackson, Aundra "Omega"	907-746-2780	7/25/24

Early In Person Voting begins on Monday, September 16 and ends on Monday, September 30.

The location is City Hall, 8 am to 5 pm, Monday through Friday.



H. 1.

Palmer City Council Meeting

Meeting Date: 08/27/2024

Submitted For: John Diument, Airport Superintendent

Department: City Manager's Office

Agenda Category: Resolution

Subject

Resolution No. 24-034: A Resolution of the Palmer City Council Authorizing the City Manager to Allocate Additional Funds in An Amount Not to Exceed \$97,332 from the General Fund Unassigned Fund Balance for the Rehabilitation of Lighting at Warren "Bud" Woods Palmer Municipal Airport.

Summary Statement/Background

Resolution 24-010 allocated \$115,086 from the general fund, combined with \$82,500 of unused funds from the Apron E construction project, for funding of a lighting rehabilitation design project not to exceed \$197,586.

Additional funding of \$97,332 is requested to provide for unanticipated labor and expenses associated with changes to the scope of the project, for a total allocation of \$294,918.

One of the major changes to the project was demolition and replacement of the existing Electrical Equipment Building (EEB). The existing building will not be large enough to comply with the National Electrical Code once the project is complete. A new EEB will be required.

There are multiple other scope and design changes to the project, to include:

- Splitting of taxiway electrical circuit to facilitate troubleshooting
- Replacing wind cones (lighted wind socks)
- Separation of lighting circuits
- Conversion of rotating beacon to LED
- Lighting protection for load centers
- Water drainage for areas with known problems
- Runway designation change from 34/16 to 35/17 compensating for magnetic declination
- Additive alternate for new Heliport lighting

To incorporate these design changes, additional site visits and labor was necessary for the engineering consultants that were not foreseen at the beginning of the project.

The funds allocated to this project are anticipated to be refunded to the City at a 93.75% rate when a construction grant is awarded in FY25.

Construction costs on the project are still projected to total \$3.2 million, with the City's share estimated to be \$237,000.

Administration's Recommendation:

Recommend allocating \$97,332 for the completion of the work.

Fiscal Impact

Total Amount of funds listed in this legislation: \$97,332

Legislation creates expenditure in the amount of: \$97,332

Budgeted Y/N?: N

Line Item(s): 01-01-70-6078 Transfers Out; 30-00-00-3673 Transfers In; 30-30-10-6055 Airport Lighting

Attachments

Reso 24-034
Lighting Proposal

LEGISLATIVE HISTORY

Introduced by:

Date:

Action:

Vote:

Yes:

No:

CITY OF PALMER, ALASKA

Resolution No. 24-034

A Resolution of the Palmer City Council Authorizing the City Manager to Allocate Additional Funds in An Amount Not to Exceed \$97,332 from the General Fund Unassigned Fund Balance for the Rehabilitation of Lighting at the Warren "Bud" Woods Palmer Municipal Airport.

WHEREAS, the Palmer City council approved Resolution 24-010 to commence design and environmental work at the Warren "Bud" Woods Palmer Municipal Airport; and

WHEREAS, during the scoping of the project, additional issues were found with the existing system as well as other items requiring an upgrade, requiring additional labor; and

WHEREAS, the cost of the additional work is \$97,332.

NOW, THEREFORE, BE IT RESOLVED by the Palmer City Council hereby Authorizing the City Manager to allocate \$97,332 to complete the design and scoping project for the rehabilitation of lighting at the Warren "Bud" Woods Palmer Municipal Airport.

Approved by the Palmer City Council this 27th day of August, 2024.

Steven J Carrington, Mayor

Shelly Acteson, MMC, City Clerk

July 25, 2024

John Diumentì, Airport Superintendent
City of Palmer
231 W. Evergreen Avenue
Palmer, Alaska 99645

Civil
Engineering

Subject: Amendment 1 – Rehabilitate Airfield Lighting and NavAids - Design
Palmer Municipal Airport

Geotechnical
Engineering

Mr. Diumentì:

Transportation
Engineering

HDL requests Amendment 1 to the Airfield Lighting and NavAids Design project. This amendment will provide additional funding for unanticipated labor and expenses associated with changes in scope related to airfield lighting. This letter provides background and information to support the amendment request. The following tasks are affected:

Aviation
Engineering

- Task 1.2 – Engineer’s Design Report
- Task 1.4 – Environmental Document
- Task 1.5 – Plans, Specifications, and Estimate

W/WW
Engineering

Scope of Work

Changes in the scope of the project were identified through site visits and consultation with the City during the 35% design phase. Scope changes to be incorporated in this amendment include the following:

Environmental
Services

- Replace the Electrical Equipment Building
- Split the taxiway circuits into two and add a regulator for one of the taxiway circuits
- Replace four supplemental wind cones
- Replace four load centers with step down transformers
- Separate the RW 16/34 home run from the taxiway lighting conduit and install in own conduit
- Replace rotating beacon with LED
- Install lightning protection for load centers
- Install drain conduits in areas with known water problems
- Install drywells in areas with known water problems
- Repair damaged handhole on the east side of RW 16/34, across from TW D
- Adjust or replace jacked or damaged runway and taxiway light bases
- Additive Alternate for new Heliport lighting to be funded by the City
- RW 16/34 designation striping

Surveying &
Mapping

Construction
Administration

Material
Testing

Specific impacts for each affected task are summarized by the following:

Task 1.2 – Engineer’s Design Report

The following documents the effort associated with updating the EDR to reflect added project scope.

Site Visits and Meetings: Additional site visits were necessary to assess PAQ’s lighting and NAVAID rehabilitation requirements. These meetings were not initially planned within the original project scope.

35% Design: Additional effort was required to incorporate the additional scope items into the 35% plans and estimate.

EDR Development: Additional sections and revisions to existing section throughout the EDR were required to encompass the revised project scope.

Task 1.4 – Environmental Document

The following documents changes to the original scope of work and the effort associated with updating environmental documentation to reflect added project scope.

Environmental Document: HDL updated the draft Categorical Exclusion to describe added scope elements and sufficiently assess their associated impacts.

Section 106 Consultation: HDL coordinated with the FAA regarding the additional scope to ensure sufficient documentation of ground disturbing activities for assessment of cultural and historic resources.

Permitting & Specialty Studies: Environmental permits are not anticipated for the project. In addition, specialty studies, such as a wetland delineation or cultural resource assessment, are not needed. If permits or specialty studies are necessary, preparation of appropriate documentation will be added by contract amendment.

Task 1.5 – Plans, Specifications, and Estimate

The following outlines the expected effort required to incorporate changes into the original scope within the Plans, Specifications, and Estimate:

Plans: Additional sheets for the following are required to incorporate the added scope into the project:

- Demolition and layout sheets for the EEB
- Detail sheets for the EEB, regulators, wind cones, load center, step down transformers, rotating beacon, drains, drywells, Heliport lighting, and runway markings.
- Grading sheet for the EEB

Specifications: Updates are required to include the additional construction specifications for electrical, NAVAID, and striping components not included in the original scope.

Estimate: Additional quantity and cost calculations will be integrated for each additional scope item.

Schedule

Finalizing the project scope delayed the project design by approximately 3 months. The project is anticipated to be ready to advertise in January 2025.

Assumptions

No changes to the assumptions from the original contract, dated December 22, 2023 are required for this amendment.

Cost Proposal

We propose to provide the aforementioned services on a time and expenses basis using our published hourly labor rates and receiving direct reimbursement for subconsultants and any project expenses for an amount not to exceed **\$97,332**.

We appreciate the opportunity to work with the City of Palmer on this project. If you have any questions, please contact me.

Sincerely,
HDL Engineering Consultants, LLC



Mark Swenson, PE
Principal Engineer
e: MSwenson@HDLalaska.com | c: 907.564.2104

Attach: Budget Worksheet (dated 7/25/24)
MBA Proposal (dated 7/25/24)

MBA Consulting Engineers, Inc.

16515 Centerfield Dr., Ste 101, Eagle River, AK 99577
(907) 274-2622 ■ Direct: (907) 759-5545

July 25, 2024

HDL Engineering Consultants, LLC.
3335 Arctic Blvd, #100
Anchorage, AK 99503

Attention: David Darrington
Re: PAQ Lighting Rehab 2023
Subject: Electrical Fee Proposal - Added Scope

Dear David,

MBA Consulting Engineers is pleased to provide the following fee proposal for Palmer Airport Lighting Rehabilitation project. The City of Palmer has had a lighting rehab project on their CIP for 2027, but wants to accelerate the timing. From the initial investigation it was determined that the two runways and taxiway lights are to be replaced with LED lights including the conductors and transformers. The plan is to reuse the existing light base cans and conduit where possible. The plan is to use the salvaged bulbs to keep the taxiways illuminated.

From your May 22, 2024 meeting we understand the added scope to be:

- Replacing EEB.
- Replacing two Run Ways Lighting.
- Adding another (4th) taxiway regulator and splitting the taxiway into 2 circuits.
- Replacing 4 supplemental wind cones.
- Replacing 4 5kv load centers with step down transformers.
- Additional crossing for revised 16-34 home run.
- New LED Rotating Beacon
- Install lightning protection for load centers.
- Install drain conduits in water problem areas (approximately 6-8).
- Installing drywells in water problem areas (approximately 3).
- Repair damaged Handholes.
- Adjust or replace jacked or damaged runway and taxiway light bases.
- Add Alt for new heliport lighting to be purchased by city and installed during project.

The proposal is based on the May 22, 2024 concept meeting and clarification emails.

Our proposal for the added scope is:

	Electrical
Task 1.2 EDR (35% Design)	\$25,042
Task 1.5 PS&E (65, 95, 100% Design)	\$48,200

A detailed breakdown is attached. This is a time and materials proposal. Expenses are included in the proposal.

PAQ Lighting Rehab – Design-Added Scope

July 25, 2024

Page 2 of 2

Note this estimate is in addition to the Tasks 1.2 and 1.5 as approved in AMD #2 Signed on April 15, 2024.

We added two site visits to help trouble shoot the existing system.

This Scope of Work does not include correction of any existing code violations other than those specifically related to the work included in this project.

Our proposal is based on a project schedule of as identified in your email. The proposal includes time for cost estimating. MBA will provide reproducible to you for printing. We understand that HDL will provide civil / site plans to us in DWG format.

The proposal includes attendance at three design team review meetings and three Owner review meetings.

Other services we can provide which are not included at this time include Construction Administration, Commissioning Assistance, Preparation of Record Drawings, Operation and Maintenance Manual Review, Warranty Inspections, etc. These services can be provided on an hourly basis. A copy of our standard hourly rates are indicated on our detailed fee sheet.

Thank you for inviting us to work with you on the project. Please call if there are any questions.

Sincerely,

MBA CONSULTING ENGINEERS, INC.



Edward Carlson P.E.

Senior Electrical Engineer

tah/attachment



H. 2.

Palmer City Council Meeting

Meeting Date: 08/27/2024

Submitted For: Shelly Acteson, City Clerk

Department: City Clerk's Office

Agenda Category: Resolution

Subject

Resolution No. 24-035: A Resolution of the Palmer City Council Appointing Election Officials for the City of Palmer Regular Election on Tuesday, October 1, 2024

Summary Statement/Background

Palmer Municipal Code 18.22.020(B) states, "the clerk shall recommend to the council at least three election officials for each precinct to constitute the election board for that precinct. The council shall, by resolution, appoint the election officials...".

Administration's Recommendation:

Adopt Resolution No. 24-035.

Fiscal Impact

Total Amount of funds listed in this legislation: \$3100.00

Legislation creates expenditure in the amount of: \$3100.00

Budgeted Y/N?: Y

Line Item(s): 01-02-10-6099 Election Expenses

Attachments

Resolution 24-035

LEGISLATIVE HISTORY

Introduced by: Mayor Carrington by
Request of City Clerk
Acteson

Date: August 27, 2024

Action:

Vote:

Yes:

No:

CITY OF PALMER, ALASKA

Resolution No. 24-035

A Resolution of the Palmer City Council Appointing Election Officials for the City of Palmer Regular Election on Tuesday, October 1, 2024

WHEREAS, in accordance with Section 18.22.020 of the Palmer Municipal Code, the following persons have been deemed qualified and have agreed to serve as Election Officials for the City of Palmer Regular Election on Tuesday, October 1, 2024:

Poll Election Officials:

Precinct 25-320 Mat-Su Borough Building - Chambers	Precinct 25-325 Mat-Su Administration Bldg.
Temple Christiansen (Co-chair)	Jo Weller (Chair)
Chuck Gear (Co-chair)	Kathleen Shoop
Barbara Entsminger	Ginger Sweeney
Katherine Bishop	

NOW, THEREFORE BE IT RESOLVED that the Palmer City Council confirms the appointment of these individuals as Election Officials for the October 1, 2024, City of Palmer Regular Election.

Approved by the Palmer City Council this 27th day of August, 2024.

Steve Carrington, Mayor

Shelly M. Acteson, CMC, City Clerk



Palmer City Council Meeting

I. 1.

Meeting Date: 08/27/2024

Submitted For: Jude Bilafer, Public Works Director

Department: Public Works

Agenda Category: Action Memorandum

Subject

Action Memorandum No. 24-048: Authorizing the City Manager to Negotiate and Enter into a Contract with Northern Gravel & Trucking, LLC for the Purchase and Delivery of 180 Tons of Road Salt in the Amount Not to Exceed \$30,600

Summary Statement/Background

This Action Memorandum authorizes the City's annual purchase of salt that is mixed with sand for winter street maintenance and ice control.

This purchase will utilize the governmental procurement provision of City code (PMC 3.21.230). This allows the city, without the use of the competitive bidding procedure, to use another governmental bid process through bid extension.

PMC 3.21.230 Governmental and proprietary procurements

A. The purchasing officer may contract, without the use of the competitive source selection procedures of this chapter, for the following supplies, services, professional services or construction:

1. For contracts, including reimbursable agreements, with federal, state or local units of government or utility provider where the city has a financial responsibility or beneficial interest in entering into an agreement.
2. For contracts issued pursuant to any federal, state, or local government contract where the city is an authorized user, or where the resulting contractor agrees to extend the same terms, conditions, and pricing to the city as those awarded under the original contract, all in accordance with PMC 3.21.240. Such agreements shall be limited to those contracts where the award is issued pursuant to a formally advertised solicitation.
3. For contracts where the purchasing officer determines in writing that the city's requirements reasonably limit the source for the supplies, services, professional service or construction to one person.

In this case, the State of Alaska solicited bids for the supply of Type 1 sodium chloride in bulk. Northern Gravel & Trucking, LLC was awarded the contract. Under that contract, the City will purchase 180 tons of road salt at a per ton cost of \$170.00 delivered to Palmer, for a total cost of \$30,600.

Administration's Recommendation:

To approve Action Memorandum No. 24-048 to purchase Bulk Road Salt for 2024-2025 Winter Season.

	Fiscal Impact
Total Amount of funds listed in this legislation:	\$30,600.00
Legislation creates expenditure in the amount of:	\$30,600.00
Budgeted Y/N?:	Y
Line Item(s):	01-17-40-6066

Attachments

Road Salt Estimate
SOA NOIA Bulk Sodium Chloride



6940 Rosewood Street
 Anchorage, Alaska 99518
 907-522-9505
 northerngravelandtrucking@gmail.com

Estimate

Date	Estimate #
7/17/24	126

Name / Address
City of Palmer, Public Works Attn: Greg Wickham 316 S. Bonanza Palmer AK 99645

Project

Description	Qty	Cost	Total
Salt delivered-2024 sodium chloride	180	170.00	30,600.00
Total			\$30,600.00



Notice of Intent To Award a Contract

THIS IS NOT AN ORDER

DATE ISSUED: July 8, 2024

NB NO.: 2524H060

BB OPENING DATE: July 3, 2024

BB SUBJECT: Bulk Sodium Chloride

CONTRACTING OFFICER: Chris Hunt

SIGNATURE:

This is notice of the state's intent to award a contract. The figures shown here are a tabulation of the apparent low bidder(s). A bidder who wishes to protest this Notice of Intent must file the protest within ten calendar days following the date this notice is issued. If the tenth day falls on a weekend or holiday, the last day of the protest period is the first working day following the tenth day. **Bidders, identified here as the apparent low responsive bidders, are instructed not to proceed until a Purchase Order, Contract Award, or other form of notice is given by the Contracting Officer.** A company or person who proceeds prior to receiving a Purchase Order, Contract Award, or other form of notice of Award does so without a contract and at their own risk. AS 36.30.365.

LOT NO.	PRICE	AWARD	COMMENTS	RESPONSIVE YES / NO / ?	BIDDER
1	\$4,187,176.00	@	5% Alaska Bidders Preference applied to bid cost. 15% Employment Program Preference.	Yes	Northern Gravel & Trucking LLC
1	\$4,436,200.00		5% Alaska Bidders Preference applied to bid cost. 15% Employment Program Preference.	?	Bering Marine Corporation
1					No Further Bids

LEGEND: @ - AWARD TO BIDDER ? - BID NOT EVALUATED BECAUSE THERE WAS A LOWER RESPONSIVE BID

SUMMARY

This is the State's Notice of Intent to Award a Contract to:

Northern Gravel & Trucking LLC
6940 Rosewood Street
Anchorage, AK 99518

Award of Contract is contingent on the receipt of the following within ten (10) days:

- Proof of insurance coverage (NB page 19)
- Performance Bond in the amount of the total contract value. (NB page 18 & 19)

Bid Guarantees will be returned as soon as possible.

Bid Abstract for NB 2523H060 Bulk Sodium Chloride –See next page.

Bid Abstract for NB 2523H060 Bulk Sodium Chloride

DESCRIPTION	QTY	UNIT	VENDOR/CONTACT		VENDOR/CONTACT		VENDOR/CONTACT	
			LOT COST	EXTENDED COST	LOT COST	EXTENDED COST	LOT COST	EXTENDED COST
Lot 1A - Sodium Chloride (Bulk) Central Region	1	Lot	\$891,870.00	\$891,870.00	\$959,000.00	\$959,000.00		
Total Lot 1(A)				\$891,870.00		\$959,000.00		
Lot 1B - Sodium Chloride (Bulk) Central Region	1	Lot	\$2,333,509.50	\$2,333,509.50	\$2,509,150.00	\$2,509,150.00		
Total Lot 1(B)				\$2,333,509.50		\$2,509,150.00		
Lot 1C - Sodium Chloride (Bulk) Southcoast Region	1	Lot	\$329,687.50	\$329,687.50	\$298,350.00	\$298,350.00		
Total Lot 1(C)				\$329,687.50		\$298,350.00		
Lot 1D - Sodium Chloride (Bulk) Northern Region	1	Lot	\$564,900.00	\$564,900.00	\$601,700.00	\$601,700.00		
Total Lot 1(D)				\$564,900.00		\$601,700.00		
Lot 1E - Sodium Chloride (Bulk) Northern Region Future Years	1	Lot	\$32,550.00	\$32,550.00	\$35,000.00	\$35,000.00		
Total Lot 1(E)				\$32,550.00		\$35,000.00		
Lot 1F - Sodium Chloride (Bulk) As-Needed Quantities	1	Lot	\$34,650.00	\$34,650.00	\$33,000.00	\$33,000.00		
Total Lot 1(F)				\$34,650.00		\$33,000.00		
SUBTOTAL ALL LOTS				\$4,187,167.00		\$4,436,200.00		
5% AK Bidder's Preference				\$209,368.35		\$221,610.00		
Employment Program Preference (15%)				\$628,075.05		\$665,430.00		
Alaskan Veterans Preference (5% / Max \$5,000.00)				N/A		N/A		
Evaluated Total All Lots				\$3,349,733.60		\$3,548,960.00		
COMMENTS:								
ITB 2524H040 Bulk Sodium Chloride								
Northern Gravel & Trucking LLC, & Bering Marine Corporation requested, qualified for and received the 5% Alaska Bidders Preference.								
Northern Gravel & Trucking LLC, & Bering Marine Corporation requested, qualified for and received the 15% Employment Program Preference.								
AWARDED TO:								
Northern Gravel & Trucking LLC								
PREPARED BY: Chris Hunt								
Date 7/8/2024								



I. 2.

Palmer City Council Meeting

Meeting Date: 08/27/2024

Submitted For: Jude Bilafer, Public Works Director

Department: Public Works

Agenda Category: Action Memorandum

Subject

Action Memorandum No. 24-050: Authorizing Utility Water Connection for 12301 E. Woodstock Dr. Located Outside of Palmer City Limits

Summary Statement/Background

Owners of a single family home located at 12301 E. Woodstock Dr. are requesting permission to connect to the City of Palmer water system. This property is outside City of Palmer city limits. Public Works supports this request as it will be a benefit to the City's water enterprise operation.

Administration's Recommendation:

Approve Action Memorandum No. 24-050.

Fiscal Impact

Total Amount of funds listed in this legislation: Unknown

Line Item(s): Increase in the Water Revenues to the Water-Sewer Fund

Attachments

Utility Request Letter and Map

Map

Cheyenne Guard
10390 E Sherrod Drive
Palmer, Alaska 99645

August 5, 2024

Jude Bilafer
Public Works Director
City of Palmer
231 W. Evergreen Ave.
Palmer, Alaska 99645

RE: Water service to 12301 E Woodstock Dr.

Dear Mr. Bilafer,

We would like to request to be allowed to connect to City of Palmer water service for our single family residence at 12301 E Woodstock Dr. We recently purchased the home and found our well insufficient to maintain the household.

We would like to have our request considered at the next council meeting.

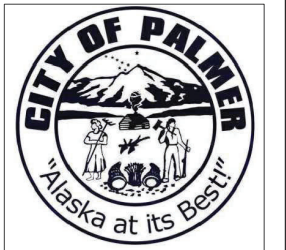
My contacts are: 907-232-6387 or 907 841-7962 ravenhrt@mtaonline.net

Sincere regards,

Cheyenne Guard



INFORMATION AND DATA CONTAINED ON THIS DOCUMENT IS NOT TO BE CONSIDERED TOTALLY ACCURATE AND THE CITY OF PALMER ASSUMES NO LIABILITY FOR DAMAGES OCCURRING AS A RESULT OF USING THIS DOCUMENT. FOR THE LATEST AND MOST UP-TO-DATE INFORMATION YOU ARE URGED TO CONTACT THE CITY OF PALMER PUBLIC WORKS DEPT. AT 745-3925 BEFORE STARTING OPERATIONS.



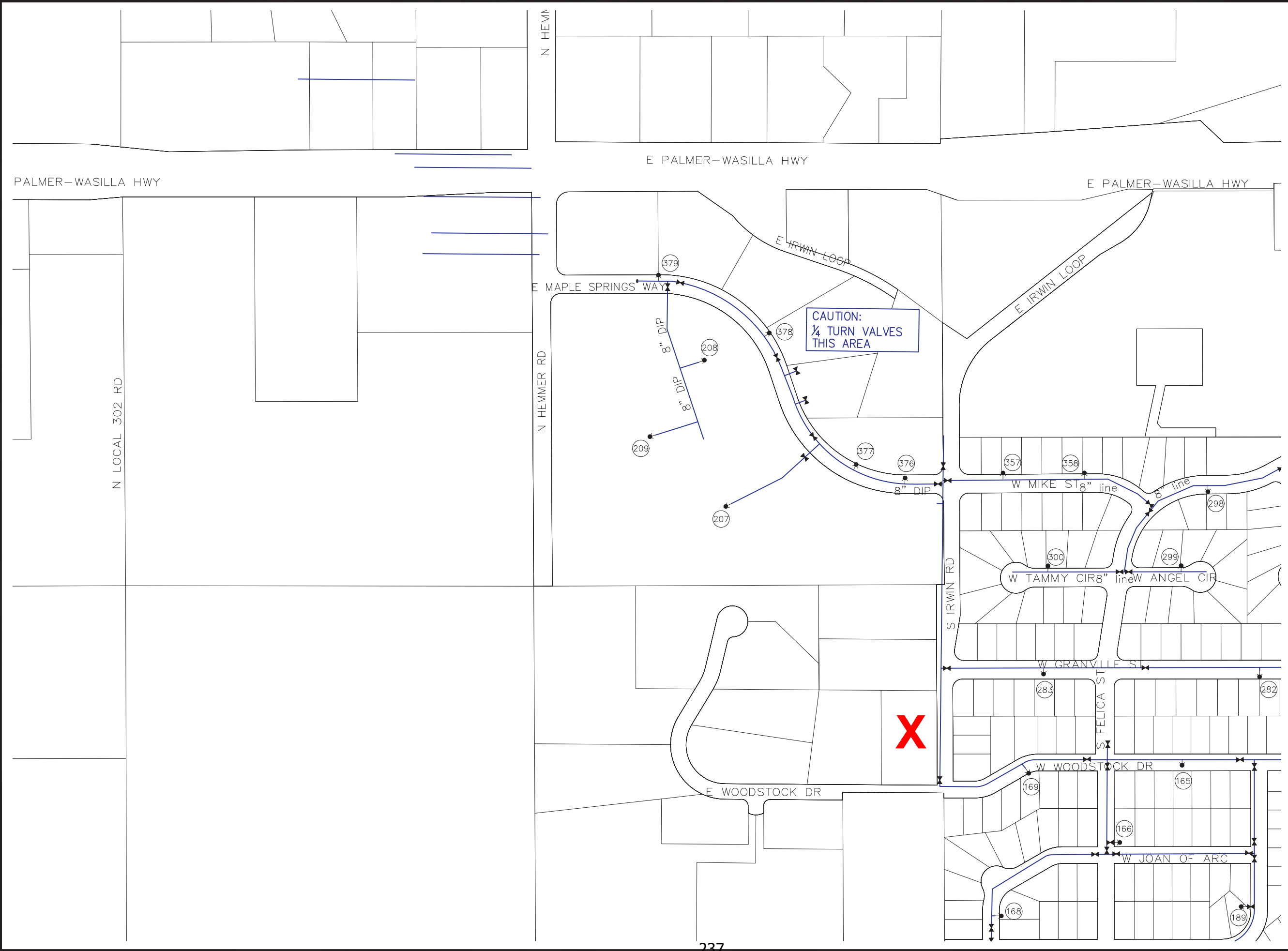
	WATER MAIN
	HYDRANT
	VALVE
AC	ASBESTOS CEMENT
CONC	CONCRETE
CIP	CAST IRON
DIP	DUCTILE IRON
CMP	CORRUGATED METAL
CU	COPPER
STL	STEEL
LEGEND	

CITY OF PALMER, AK

WATER DISTRIBUTION SYSTEM

YEAR 2024 GRID NO. D-5

PRINT DATE: 06-MAY-2024





I. 3.

Palmer City Council Meeting

Meeting Date: 08/27/2024

Submitted For: Brad Hanson, Community Development Director

Department: Community Development

Agenda Category: Consent Agenda

Subject

Action Memorandum No. 24-051: Authorizing the City Manager to Purchase an Exmark Lazer Z Lawn Mower from Alaska Electric & Control Inc. DBA Jewell Equipment for an Amount not to Exceed \$18,000 for the Palmer Municipal Golf Course

Summary Statement/Background

The Palmer City Council in the 2024 Palmer Municipal Golf Course budget appropriated \$50,000 for lawn mowing equipment. In June 2024, the Golf Course enterprise fund spent \$17,081.28 on the same Exmark Model mower from Jewell Equipment. There is still a need for an additional lawn mower at the Golf Course. Golf Course personnel are satisfied with the current Exmark Model's performance.

Administration's Recommendation:

Adopt Action Memorandum 24-051, authorizing the City Manager to Purchase a lawn mower from Alaska Electric & Control Inc. DBA Jewell Equipment in the amount not to exceed \$18,000.

Fiscal Impact

Total Amount of funds listed in this legislation: \$18,000

Legislation creates expenditure in the amount of: \$18,000

Budgeted Y/N?: Y

Line Item(s): 15-01-10-6053

Attachments

Mower Quote

Jewell Equipment Rental
 9761 W Margin Way
 Wasilla, AK 99623-4194 USA
 907-892-4001
 bookkeeper@alaskaelectric.net
 Jewellequipment.com



Estimate

ADDRESS

Brad Hanson
 City of Palmer
 907-354-4523/907-761-1322
 231 W. Evergreen Avenue
 Palmer, AK 99645

ESTIMATE # 3507

DATE 06/05/2024

SALES REP

Nick

ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
LZX921GKA726Q1	Lazer Z X-Series 31 HP* Kaw FX921V w/72" UltraCut Series 6 Deck, Susp Seat & Wide Semi-Pneum w/ Adapt /Quick Rake Normal price: 23,745.28	1	17,731.28	17,731.28

TOTAL

\$17,731.28

Accepted By

Accepted Date



I. 4.

Palmer City Council Meeting

Meeting Date: 08/27/2024

Submitted For: Brad Hanson, Community Development Director

Department: Community Development

Agenda Category: New Business

Subject

Action Memorandum No. 24-052: Authorizing the City Manager to Issue a Contract to Perform Additional Interior Demolition at The Palmer Public Library to Determine the Full Scope of Structural Damagewith Steppers Construction Inc. for an Amount Not to Exceed \$44,844

Summary Statement/Background

On July 9, 2024, City Staff and our representatives, Wolf Architecture, PND Engineers and Combs Insurance conducted a site visit with APEI Insurance, Sedgwick Insurance Adjusters, MKA International to the Palmer Public Library. The purpose of the site visit was for our insurance company and adjusters to fully understand the extent of the structural damage from the roof collapse of February 15, 2023. At Sedgwick Insurance adjusters' request, the City of Palmer prepared a response to their original anticipated claim costs. The cities claim is much higher than what insurance believes is the cost to repair. The council had previously authorized additional expenditures with Wolf Architecture, PND Engineers and Valley Mechanical to determine the full extent of the damage. Our findings indicated that substantially more damage occurred from the collapse and sitting unheated during the rest of the winter than what was being offered for a settlement.

PND's findings indicated additional structural damage and Valley Mechanical found the domestic water supply, heating system and fire suppression system were damaged to the point that completing new systems is necessary.

On July 26, the city sent out a request to quote seven contractors. Three returned quotes to perform the work. Steppers Construction Inc. was the low bidder with a bid of \$44,844. These costs will be covered as a part of the insurance settlement.

Administration's Recommendation:

Authorize the City Manager to issue a contract with Steppers Construction Inc. in the amount not exceed \$44,844.

Fiscal Impact

Total Amount of funds listed in this legislation: \$44,844

Legislation creates expenditure in the amount of: \$44,844

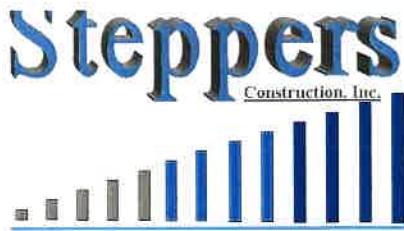
Budgeted Y/N?: N

Line Item(s): 08-01-25-6030 Contractual Services

Attachments

Demolition Quote

City Response to Claim



6382 E Beechcraft Rd
Wasilla, AK 99654
907-746-1880
www.steppers-alaska.com

CONSTRUCTION PROPOSAL & CONTRACT

Name: City of Palmer	Date: August 6, 2024
Address: 645 E Cope Industrial Way	Mobile: 907-745-3709
City/State: Palmer, AK 99645	Email: bahanson@palmerak.org

Project Name: Palmer Public Library Select Interior Demo

Project Location: 137 E Arctic Ave, Palmer, AK 99645

SCOPE OF WORK

Steppers Construction will furnish all material, equipment, and labor to complete the work as follows:

Demolition and removal in specified areas per drawings of the following:

- Gypsum Wall Board at Ceilings and soffit
- Light Gauge metal framing at ceiling
- Light Fixtures
- Electrical Wiring and Conduits
- Batt Insulation
- Ductwork

Remove and Salvage in specified areas per drawings the following:

- Linear Metal Ceiling panels
- Sprinkler Piping

The General Contractor will document the demolition photographically throughout the course of demolition with emphasis on mechanical systems. Reception casework will be kept in place and protected or removed within area of demolition.

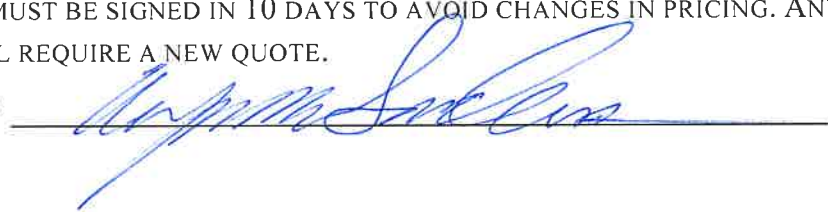
- ADDENDUM 1 ACKNOWLEDGEMENT 07/25/24
- OWNER REQUIRED ITEMS: - CITY OF PALMER TO PROVIDE DUMPSTER AT SITE AND PAY DUMP FEES
- EXCLUSIONS: PERMITTING, SURVEY, BONDING, TESTING, UTILITIES, AND INSPECTIONS. ASBESTOS OR OTHER HAZARDOUS MATERIALS, DEMOLITION OF ANY MATERIAL NOT SPECIFIED IN DEMO SECTION ABOVE. PROTECTION OF FLOORING. LIABILITY OF ANY EXISTING DAMAGE TO FACILITY.
- TOTAL: **\$44,844.00 FORTY-FOUR THOUSAND EIGHT HUNDRED FORTY-FOUR DOLLARS.**
- TERMS: PAYMENT DUE UPON COMPLETION.

➤ SCHEDULE: AUGUST 2024 WITH COMPLETION BY SEPTEMBER 10, 2024.

All work to be completed in a workman like manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Our workers are fully covered by Workmen's Compensation Insurance.

➤ NOTE: THIS PROPOSAL MUST BE SIGNED IN 10 DAYS TO AVOID CHANGES IN PRICING. ANY CHANGES IN DESIGN WILL REQUIRE A NEW QUOTE.

Date and Authorized Signature:



ACCEPTANCE OF PROPOSAL - THE ABOVE PRICES, SPECIFICATIONS AND CONDITIONS ARE SATISFACTORY AND ARE HEREBY ACCEPTED. YOU ARE AUTHORIZED TO DO THE WORK AS SPECIFIED.

Date of Acceptance:

Authorized Signature:

Palmer Public Library Damage Survey and Assessment

May 15, 2024



City of Palmer
231 West Evergreen Avenue
Palmer, Alaska 99645

W O L F
ARCHITECTURE

Table of Contents

I.	Overview and Architectural Assessment	3-7
	a. Support Diagrams	8-11
II.	Valley Mechanical Investigation diagrams	12-13
III.	PND Structural Analysis Report	14-24
IV.	Tonsina Cost Evaluation	25-32

May 13, 2024

City of Palmer
231 W Evergreen
Palmer, Alaska 99645

Attn: Mr. John Moosey, City Manager

Subject: Palmer Library Damage Architectural Assessment

Overview

On February 15, the Palmer Library suffered a partial roof collapse due to drifting snow and presumably the accumulated weight of ice on the roof. The collapse of the roof damaged not only damaged the structure but also the hydronic systems and exposed the interior of the building to the exterior in subzero temperatures and was for months open to the exterior. Assessments of the damage to the structure and hydronic system are a part of this report.

Wolf Architecture was commissioned to provide an overall assessment of the probable cost of repair and reconstruction. Wolf Architecture, along with structural engineers, PND Engineers, Mechanical Engineers, Jernstrom & Associates, Electrical Engineers, EIC Engineering, and Tonsina Estimating developed an assessment of the likely condition of the existing systems and the extent to which the systems could be salvaged along with the probable impact caused by demolition and reconstruction relative to the overall cost of the project. The assessment assumed the project would be either delivered in a traditional design/bid/build or General Contractor/Construction Manager project delivery scenario.

Since that assessment was completed the City of Palmer conducted some additional due diligence, commissioning PND an opportunity to conduct additional investigations with the aid of having access to concealed structural spaces. The engineers were then able to visually inspect the internal damage to the roof structure. In addition, Valley Mechanical, a local commercial mechanical contractor, was engaged to pressure test piping and assess the actual condition of the existing hydronic systems. This report synthesizes these two studies and updates the original architectural and cost assessments.

Structural Assessment

Based on further investigation, PND has determined that the Palmer Library suffered “Substantial Structural Damage” -a code based technical designation denoting the extent of damage a structure may have incurred. The 2021 IBC requires specific repairs/retrofits to buildings meeting the “Substantial Structural Damage” criteria. The PND report outlines the retrofits and repairs which include 1) reinforcing existing exterior masonry shear walls, 2) Improvements to roof diaphragm, and 3) upgrades to structural members and collectors.

Mechanical System Assessment

Valley Mechanical visually inspected, and where possible, pressure tested the existing hydronic systems throughout the facility. The inspections and testing resulted in the following: 1) The cast iron sprinkler system was damaged during the collapse and although some of the system was drained due to the damage, water remained in much of the system damaging the flexible fittings on the piping. 1a) The main water pipe entering the building froze below grade and is believed to be damaged and in need of repair or replacement. 2) The copper heating piping and terminal units, such as base boards and VAV boxes froze rendering the terminal units and piping to the terminal units unusable. 3) The domestic water supply piping throughout the facility froze. The piping would not hold pressure and a variety of broken piping was observed.

Architectural Assessment

The new investigative work confirmed much of the original design assumptions relative to anticipated damage to the structure and hydronic systems. The work required to remove and repair the reported damage will require the following effort.

1) Reinforcement existing exterior masonry shear walls

- a. Excavate existing earth berming to expose exterior wall
- b. Removal exterior siding and interior finishes
- c. Sawcut slab as required to install shear panels
- d. Patch and repair wall to original condition
- e. Reconstruct earthwork and planting to original condition

2) Improvements to roof diaphragm, structural members and collectors

- a. Remove interior ceiling as required to expose structure along grids B,D, 2, & 3.
- b. Removal of some interior walls to expose exterior wall
- c. Remove roofing and roof sheathing at the section of roof bounded by grids B,D, 2, & 3 – Approximately 2,950 sf
- d. Remove and replace standing seam metal roof adjacent to damaged roof panels. – (approximately 14,000 sf)
 - i. It is assumed the entire standing seam roof will need to be replaced as part of this project (=/-18,000 sf total)

3) Repair Water Main

- a. Excavation of existing earth berming
- b. Removal of existing retaining wall
- c. Remove and repair main
- d. Reconstruct retaining wall
- e. Reconstruct berming and landscaping

4) Removal and repair of hydronic systems

- a. Remove approximately 80% of existing ceiling system and some interior walls.

- b. Removal of interior finishes on plumbing walls as required to replace piping
- c. Remove all heating piping, terminal units and 7 VAV units – it is assumed all VAV boxes will be replaced as part of the effort for maintenance considerations.
- d. Reconfigure bathroom to comply with the Americans with Disabilities Act
 - i. Remove and replace all supply waterlines
 - ii. Repair walls damaged as required to replace piping, replace finishes
 - iii. Replace all plumbing fixtures

5) Interior Finishes

The work to expose and repair the identified damage to the existing library is extensive. The construction process will undoubtedly damage the building to an even greater extent than is obvious now. Efforts to minimize the damage to the building will, in turn, increase the overall cost of repair and reconstruction. Further the building will have been exposed to the exterior environment for nearly two years. There is a potential that mold could now be introduced throughout the facility due to the prolonged exposure to moisture in the non-conditioned structure. It is anticipated the following finishes will be required to be replaced throughout the facility.

- a. Flooring in all rooms, except bathrooms and mechanical rooms
- b. Ceilings throughout entire building
- c. Wall Finishes: Patch and repaint all wall surfaces

6) Casework

The work to expose and repair the identified damage to the existing library will necessitate that all the existing casework be removed to minimize further damage to the casework and to allow construction workers complete access to the structure. The casework will need to be stored throughout the course of construction and reinstalled at the conclusion of the repairs.

7) Replace Area under roof collapse

- a. Reconstruct area bounded by grid lines 3, 4, A.2, & D to new condition.

8) Assumptions

- a. Existing Boilers are assumed to be reusable
- b. Existing Electrical system is assumed to be reused except as impacted by other repairs
 - i. Essentially all the ceilings are assumed to be required to be removed and replaced in order to complete the construction activities. It is assumed that all light fixtures will be removed and replaced as part of the work.
- c. Existing AHU to remain “as-is”

- i. A substantial amount of ductwork will be removed and reinstalled. Terminal units will likely be replaced.

Conclusion

The damage to the Palmer Library by the roof collapse is extensive and extends throughout the facility. The structural damage extends beyond the area of immediate collapse as noted in the PND report which triggers remedial repairs far beyond the area of immediate damage.

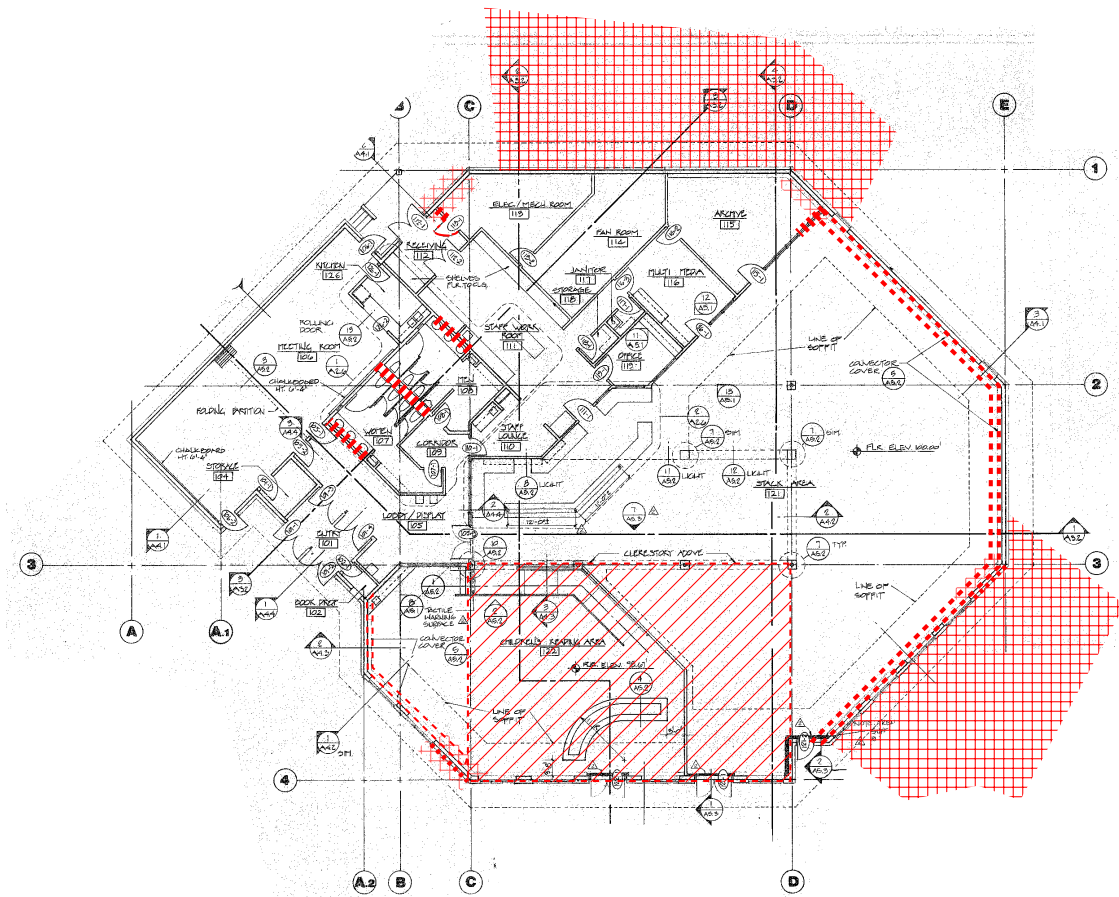
In addition to the structural damage, the exposure to months of sub-freezing temperatures caused systemic damage to all of the hydronic systems, in spite of immediate efforts by the City of Palmer to drain systems and safeguard the facility. The efforts did save the boilers which can be reused.





One additional complication to take into consideration the public construction procurement process and level of risk for all parties who would be engaged in design and reconstruction of the facility. Without the finishes for the entire building being removed such that there was nothing hidden, there would remain a risk that damage to piping or structure was concealed. This fact alone will increase the cost of construction either because 1) a General Contractor will increase his fee because of the risk or 2) the design team will insist on exposing concealed elements to mitigate design risks which will increase the cost of repairs, or 3) the concealed areas remain concealed, and damaged is exposed during or after construction (because of some failure), and additional cost is incurred either through a change in project scope or the cost of repair within an occupied building. In any conception, this repair is going to be extensive and expensive.

Sincerely,



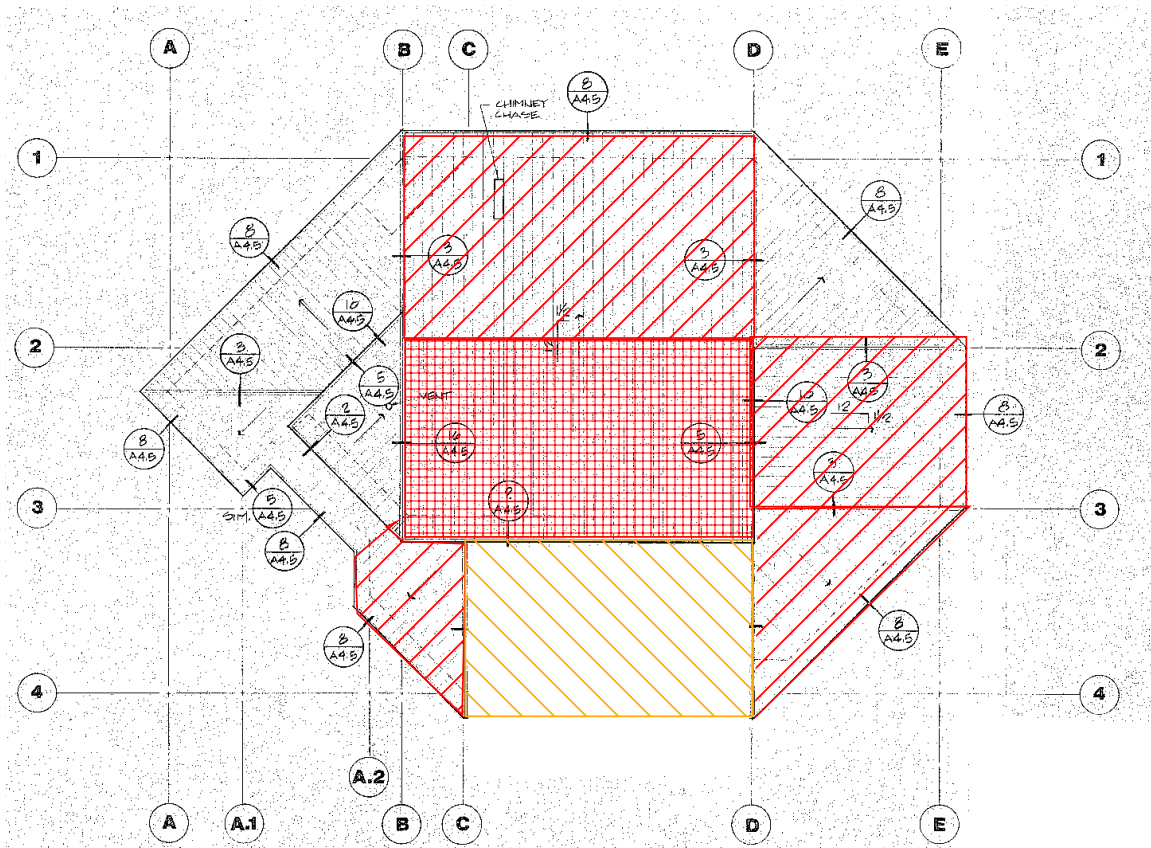
Gary Wolf, AIA
Architect






-  EXISTING BERMING TO BE REMOVED /REPLACED TO FACILITATE STRUCTURAL REPAIR
-  REMOVE AND REPLACE STANDING SEAM ROOFING
-  AREA OF COLLAPSE TO BE REPLACED
-  INTERIOR/EXTERIOR WALL CONSTRUCTION REQUIRE TO REPAIR STRUCTURAL/PLUMBING DAMAGE

W O L F
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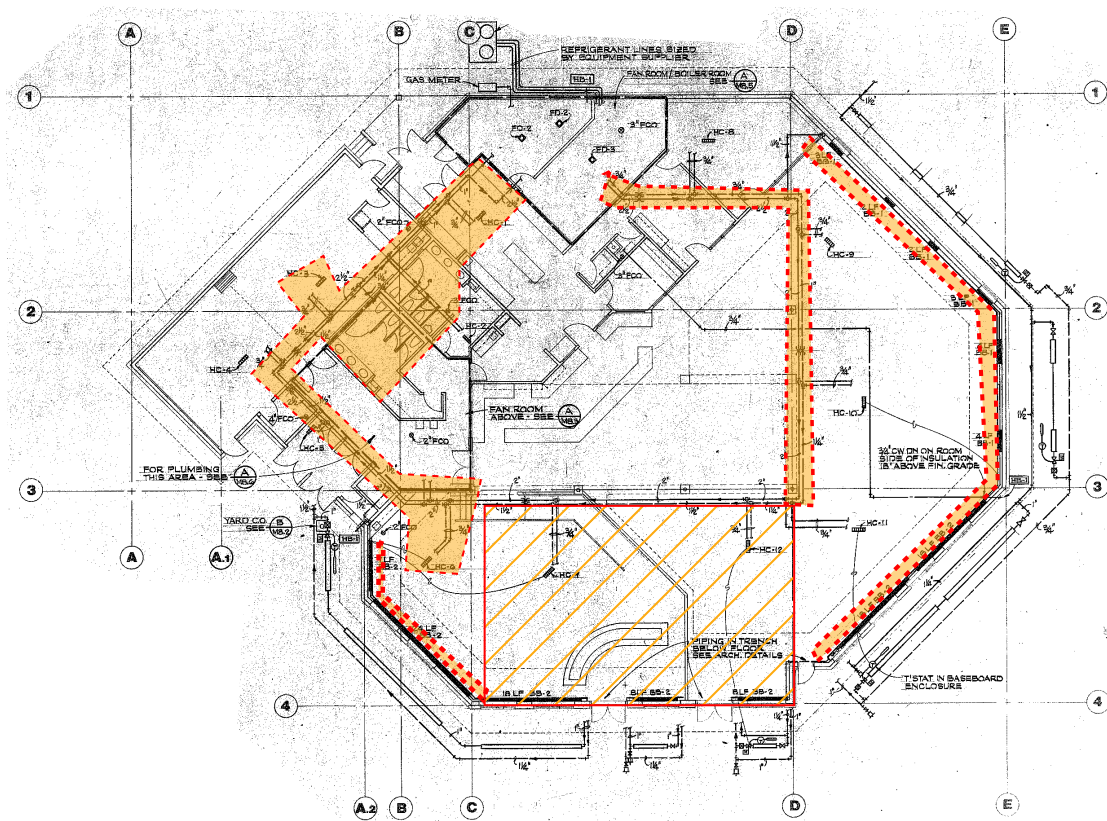
Palmer Public Library
Existing Conditions Damage Assessment
Structural Exterior and Interior Wall Demolition/Repair





- 
1) REPAIR STRUCTURE, 2) REMOVE AND REPLACE SHEATHING, 3) REPLACE ROOFING
- 
REMOVE AND REPLACE STANDING SEAM ROOFING
- 
AREA OF COLLAPSE TO BE REPLACED

W O L F
ARCHITECTURE

Palmer Public Library
Existing Conditions Damage Assessment
Roof Structural Demolition/Repair

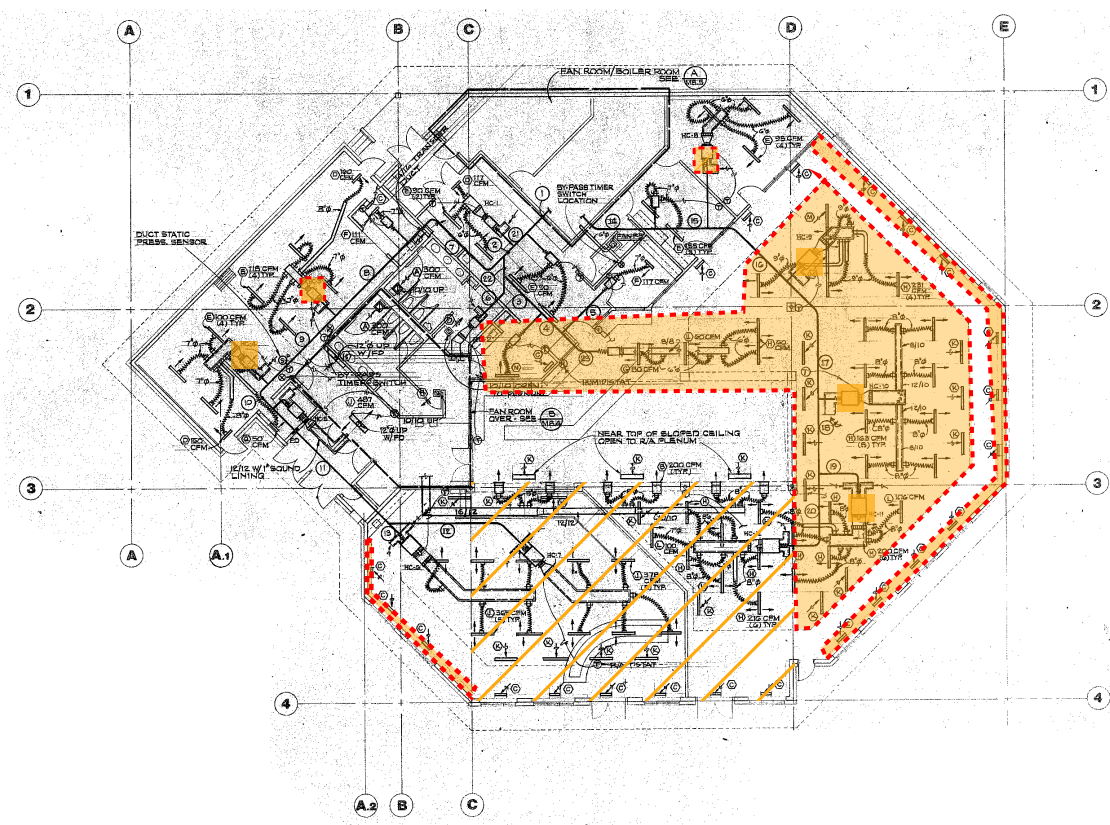



 DAMAGED WATER PIPING TO BE REMOVED AND REPLACED


 AREA OF COLLAPSE TO BE REPLACED

WOLF
ARCHITECTURE

Palmer Public Library
Existing Conditions Damage Assessment
Hydronic System Plan - Demolition/Repair

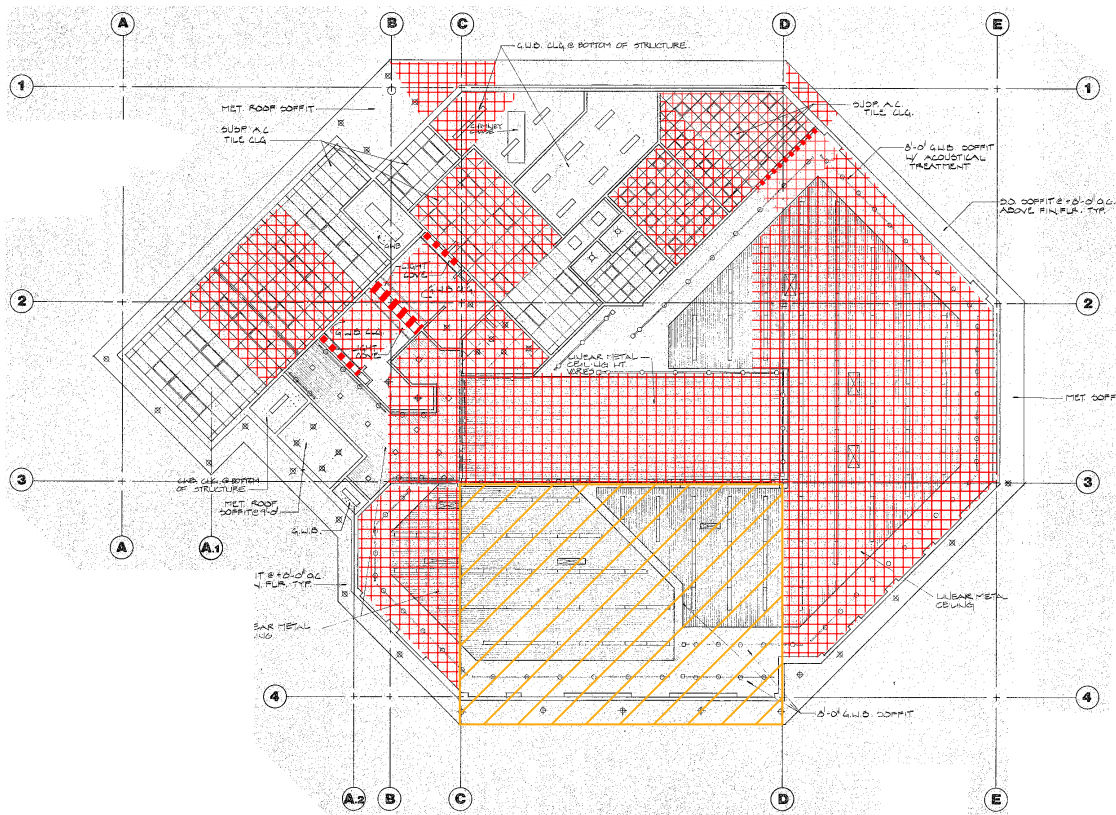




 DAMAGED WATER PIPING / VAV BOXES TO BE REMOVED AND REPLACED

 AREA OF COLLAPSE TO BE REPLACED

WOLF
ARCHITECTURE

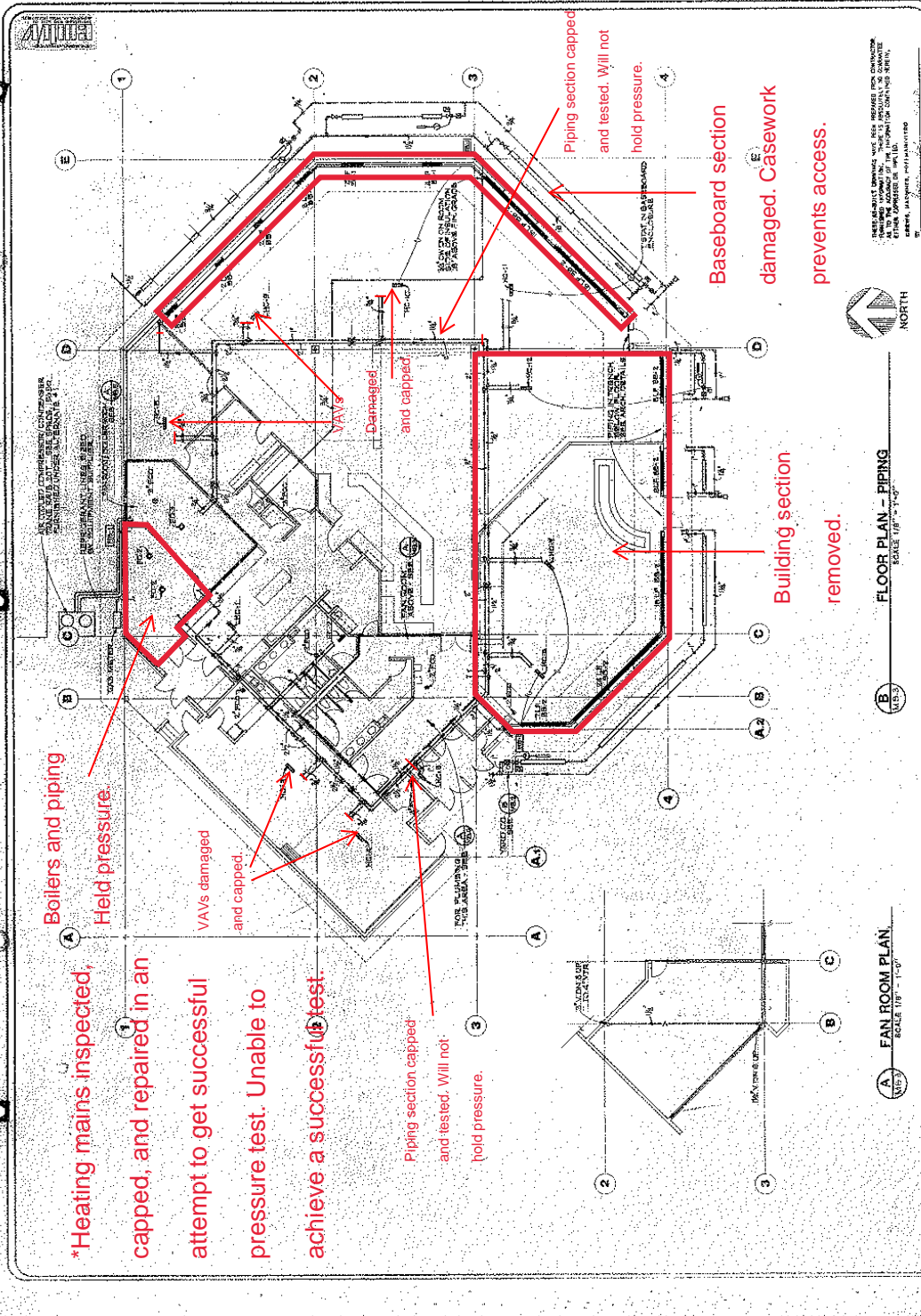
Palmer Public Library
Existing Conditions Damage Assessment
HVAC System Ceiling - Demolition/Repair



-  EXISTING CEILING OR SOFFITING TO BE REMOVED AND REPLACED
-  AREA OF COLLAPSE TO BE REPLACED

W O L F
ARCHITECTURE

Palmer Public Library
Existing Conditions Damage Assessment
Overall Ceiling - Demolition/Repair

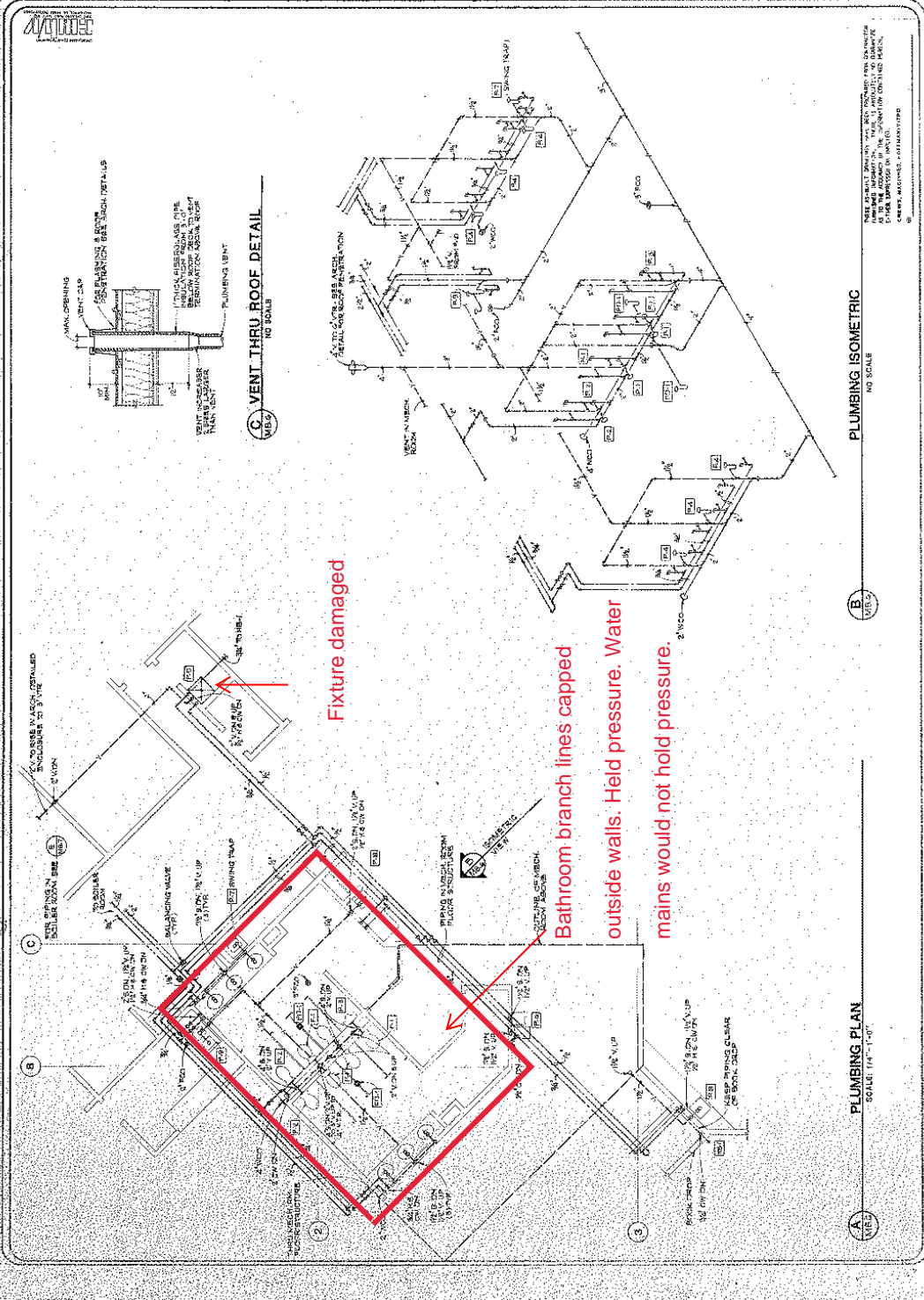




PROJECT NO. 10000
 SHEET TITLE PLUMBING
 DRAWN BY J. WYCOFF

SHEET NO. 6
 OF 8 ISOMETRIC

SHEET NO. M-8.6
 OF 7





PALMER PUBLIC LIBRARY

Structural Analysis Report

April 24, 2024

PND Project Number: 231146

PREPARED FOR:



CITY OF PALMER

**231 West Evergreen Avenue
Palmer, Alaska 99645**

PREPARED BY:



ENGINEERS, INC.

PND ENGINEERS, INC.

**625 South Cobb Street Suite 202
Palmer, Alaska 99645**

PREPARED BY

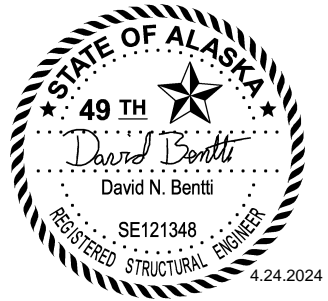
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April 24, 2024

PND Project No.: 231146



PND Engineers, Inc. | Palmer Office

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Principal

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1. INTRODUCTION



Image 1: Palmer Library Roof Collapse

The roof of the Palmer Public Library suffered a partial collapse on February 15, 2023. The collapse occurred mainly over the children’s section of the library. However, surrounding areas were also impacted by the roof collapse. The City of Palmer engaged PND Engineers, Inc. (PND) to analyze the existing structure. PND used the International Existing Building Code (IEBC) to determine the

extents of structural retrofitting that would be code required due to the roof collapse, and to analyze the lateral and gravity systems of the structure to determine the extents of the retrofitting that would be required. This was completed in order to determine the feasibility of repairing the structure versus replacing the structure.

2. BACKGROUND

The Palmer Public Library is a single-story building, designed in 1984, that is approximately 11,500 square feet. The building is founded on a traditional concrete shallow foundation. The building uses a combination of concrete masonry unit (CMU) walls, steel columns and dimensional wood walls to support the wood framed roofs. The roof framing consists of glu-lam beams supporting engineered wood I-joists. The City of Palmer provided PND a complete set of record drawings for use and review. The record drawings indicate that the building was designed in accordance with the 1982 edition of the Uniform Building Code (UBC). The UBC was the building code used in many parts of the United States from 1927 to 1997. The UBC was replaced by the IBC after 1997.

3. BUILDING ANALYSIS

This portion of the report will provide a review of the code required analysis, rehabilitation, and retrofit extents prescribed in the IEBC as well as an analysis of the existing structure and summary of the current deficiencies.

3.1 REVIEW OF IEBC CODE REQUIREMENTS.

The IEBC defines “Substantial Structural Damage” as buildings that meet one of the following three conditions:

- Vertical elements of Lateral system have reduced capacity by more than 33%
- Vertical elements supporting more than 30% of the structure’s gravity loads have been reduced by more than 20% from their pre-damaged state and can no longer support 75% of the current code required loads.
- Vertical elements supporting more than 30% of the structure’s snow loads have been reduced by more than 20% from their pre-damaged state and can no longer support 75% of the current code required loads.

The Palmer library currently meets all three of these requirements. The beam line failure that led to the collapse supported more than 30% of the building’s loads, including snow loads. Additionally, the area between the low and high roof where the collapse occurred is part of the lateral system as it is a transfer area carrying lateral loads from the high roof diaphragm to the low roof diaphragm. Therefore, this structure is considered, by code, to have sustained substantial structural damage. See Figure 1 for a diagram of the extents of the building damage. This figure only identifies the areas of known damage. Additional damage may be discovered as building finishes are removed.

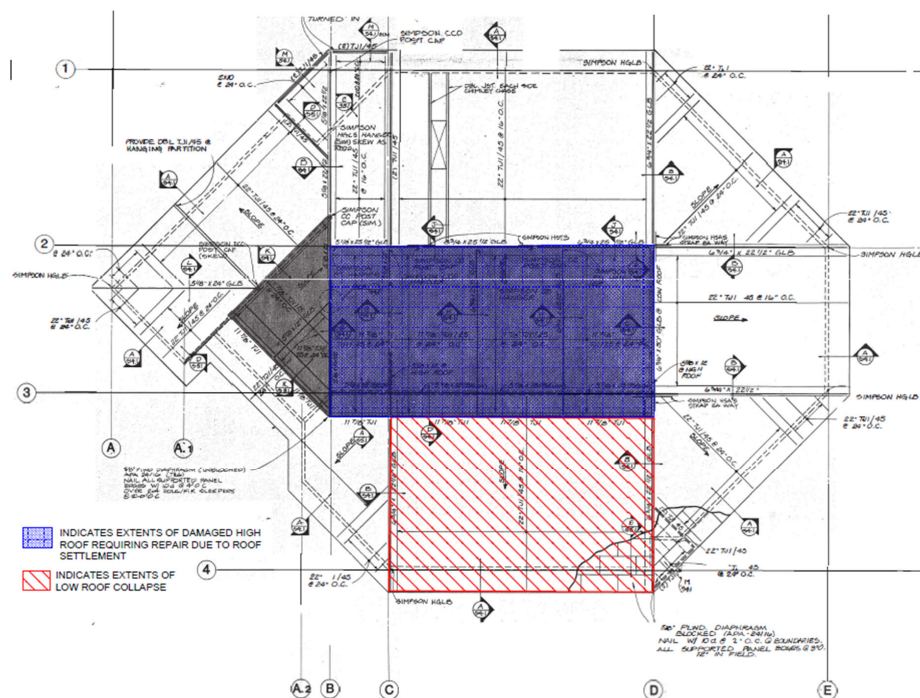


Figure 1: Existing building roof plan with a summary of the damage observed during PND's site visit.

Section 4 of the IEBC discusses the required repairs for significantly damaged structures. Section 405.2.3 states, “A building that has sustained *substantial structural damage* to the vertical elements of its lateral force-resisting system shall be evaluated in accordance with Section 405.2.3.1, and either repaired in accordance with Section 405.2.3.2 or repaired and retrofitted in accordance with Section 405.2.3.3.” Section 405.2.3.1 requires that the building be analyzed under the current code required seismic loads, reduced by a factor of 0.75. PND performed this analysis and the results are contained in the following section. If the building in its original state cannot meet the loads required then the entire structure must be retrofitted per Section 405.2.3.3. Additionally, Section 405.2.1.1 states that any structure that is damaged due to snow loading must be repaired to resist the current code required snow loads. Lastly, section 405.2.4 states that gravity members that sustained damage and the members that support them must be rehabilitated in a manner such that they are capable of supporting the current code required loads.

Therefore, due to the extent of the damage and cause of the damage, all members of the structure that were damaged during the roof collapse and the members supporting them must be replaced with members capable of withstanding the current code required gravity loads. Furthermore, due to the significant damage of the vertical elements of the high to low roof shear wall that provides diaphragm shear load transfer, the entire building must be seismically retrofitted to resist 75% of the current code required loads if the pre-damage state of the structure cannot resist that level of load.

3.2 SEISMIC ANALYSIS OF EXISTING BUILDING

PND performed an analysis of the building’s lateral system using 75% of the current code required seismic loads. Due to the irregular shape of the structure, the walls were modeled using a RAM Structural System software to distribute the lateral forces from the roof diaphragm to the walls throughout the structure. Sensitivity testing was completed to ensure that the results were in line with the expected loads found in hand calculations that would have likely been performed at the time of the building’s construction. The results of the analysis are categorized by building component below.

3.2.1 MASONRY SHEAR WALLS

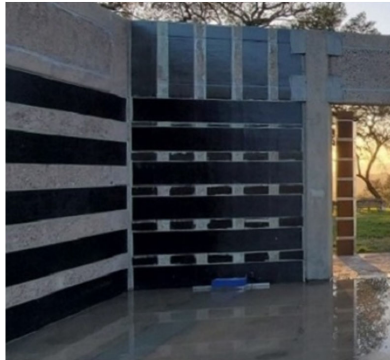


Image 1: FRP Reinforced wall by Simpson

Under the current code the walls would be required to be special reinforced masonry shear walls. An analysis showed that the walls are compliant with all the required aspects of special reinforced shear walls except for one. This item is the requirement that the horizontal bars be hooked around the vertical bars at the wall ends in shear walls. Code section 405.2.3.3 does not require that the walls be updated to meet the current design standard of special reinforced shear walls if they have the capacity to resist the 75% of current code forces.

The masonry walls were analyzed for the forces that were determined using the RAM model of the structure. It was determined that there are 5 walls that are overstressed under the current required design loads. Four of the five walls were overstressed by 120% with the worst case wall at 162% over capacity. The deficient walls are highlighted

in red in the diagram below. These walls must be retrofitted to be brought into compliance. The exterior and interior finishes would need to be removed to expose the walls. A product like Fiber Reinforced Polymer (FRP) could be installed to add additional strength to the walls. Fiber reinforced polymer is composed of strong fibers that are arranged in a matrix that are applied to the surface of existing concrete or masonry walls to add strength to the wall. Image 1 shows an example of FRP applied to a concrete wall using a system by Simpson Strong-Tie.

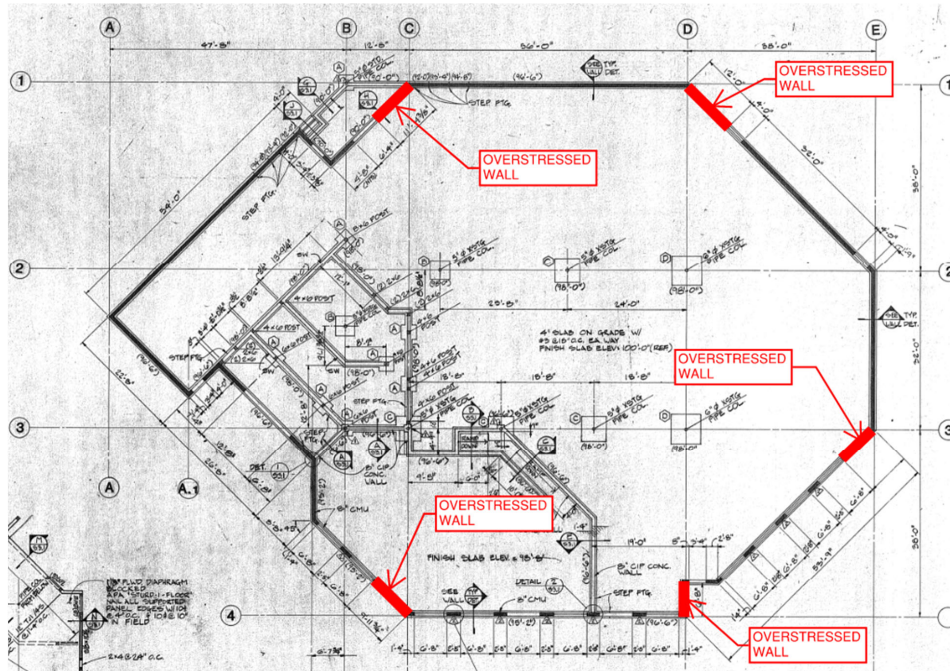


Figure 2: Diagram indicating overstressed walls in red

3.2.2 VERTICAL IRREGULARITY IN DIAPHRAGM

There is a vertical irregularity in the diaphragm along grid 3, where the diaphragm is split to form a low and high roof. This is defined as a type 3 diaphragm discontinuity irregularity in ASCE 7. The diaphragm is the primary element that takes the loads induced in a seismic or wind event and transfers them to the shear walls. The loads accumulate across the building and then must be transferred from the high roof to the low roof. This is referred to as a transfer area. These types of irregularities are often improperly detailed in high seismic areas. In the past it was common to design the diaphragms as two, three sided diaphragms, this assumes that they will act independently from each other. Improvements in the code and design techniques for this type of irregularity have occurred in recent years. It is now understood that it is imperative that the transfer area be designed and detailed to properly tie the two regions together. If the two regions are not tied together properly then there is a high likelihood that during a high lateral load event the two diaphragms will deflect differently putting large stresses on the members, and leading to roof collapses, not unlike the one that has occurred.

The irregularity at the library consists of three bays of windows framed by glu-laminated strut beams, supported on metal studs. See Figure 3 for the elevation at the vertical irregularity. Between grid B and grid C there is a double-sided shear wall that is intended to transfer the shear loads to the diaphragm below. The wall is capable of transferring the required load, however, the glu-laminated struts are not. Per the elevation below, there is a strap on either side of each GLB, this strap has a capacity of approximately 1,900 pounds. Likewise, at the low roof level the load must be transferred out of the shear wall and back into the diaphragm so it can be transferred to the masonry shear walls. The straps used on the beams below provide only 1,875 pounds of resistance. Additionally, due to the likelihood of failure at one of these points the code now requires the elements of this nature be designed for an increased load of 125%. Therefore, a retrofit of the drag struts would need to be designed for approximately 15,000 pounds. The capacity of the straps needs to be increased from the current capacity of a maximum of 1900 pounds to the code required 15,000 pounds.

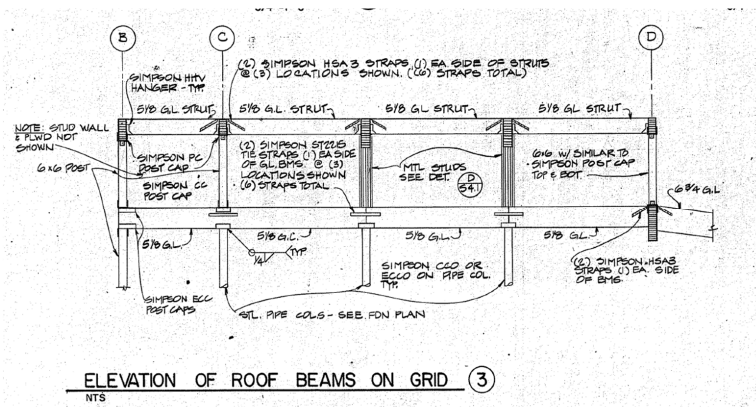


Figure 3: Elevation of vertical irregularity at grid 3

3.2.3 COLLECTORS

Collectors are elements designed to transfer the diaphragm load along a wall or beam line into the shear walls along that line. A recent addition to the code for this type of building construction requires that collector elements be designed for overstrength. The overstrength factor is 2.5 for masonry shear walls. This means that the axial capacity of the members as well as their connections along collector lines must be designed for two and a half times the load that is present in them. The drawings do not indicate any connection of the members along the collector lines indicating that this was not likely considered at the time of the original design. Additionally, glu-laminated members that were analyzed for gravity loads after the collapse were found to have little reserve capacity, and it is unclear if axial collector loads were considered during the original design. All collector beams will need to be further analyzed to determine if they are adequate for the combined axial and lateral forces and straps will need to be designed to tie members together.

3.3 GRAVITY ANALYSIS OF THE BUILDING

3.3.1 SNOW LOAD

The record drawings specify that the roof was designed for a uniform roof snow load of 40 pounds per square foot (psf). It is possible that the original library designers may have considered additional snow loading to account for potential snow drifts. Snow drift loads are applied to the structure in addition to the uniform roof snow load in to account for the extra weight present on the roof in areas where snow drifts are likely to accumulate. There are no notes within the record drawings that indicate snow loads beyond the 40 psf uniform roof snow load were considered. Snow drifts were likely not included in the original analysis as the 1982 UBC did not include specific provisions for snow drift loading. These requirements were not widely recognized as necessary for building safety until later. Under the currently adopted 2021 version of the International Building Code (IBC), the code required uniform roof snow load for Palmer is still 40 psf. However, modern codes also include provisions to account for snow drifts.

PND performed calculations on the existing roof members to evaluate the expected capacity of the members when possible. The record drawings indicate that the low roof joists are Trus Joist TJI 45 series joists spaced at 16" on center. No product data older than 1985 was available for the Trus Joist products. In the absence of this legacy data, approximate calculations were performed the on joists by analyzing the modern-day joists that have the same flange dimensions as the joists observed in the field. The observed TJI 45 joists had 3-1/2" wide flanges which are similar to the modern I90 joists by Boise Cascade. Using this rough approximation, it appears the roof members were likely correctly sized for a uniform roof snow load of 40 psf. The low roof and high roof glu-lam beams were also analyzed, many of the members had very little reserve capacity left available after the application of the building self-weight and uniform snow load. The low roof members were then evaluated with the additional snow drift loading that would be required by the current building code. Current building code requires the application of a tapered snow drift over the 16.5 feet of low roof starting at the step between the high and low roofs along gridline 3. The snow drift adds 59 psf of snow load in addition to the 40 psf uniform snow drift and the tappers to zero over the 16.5 feet. This drift loading was not required in the 1980s when the structure was designed. With the additional snow drift loading, it was found that the 5-1/8" x 18" glu-lam beams supporting the low roof would be at 120% of their bending capacity.

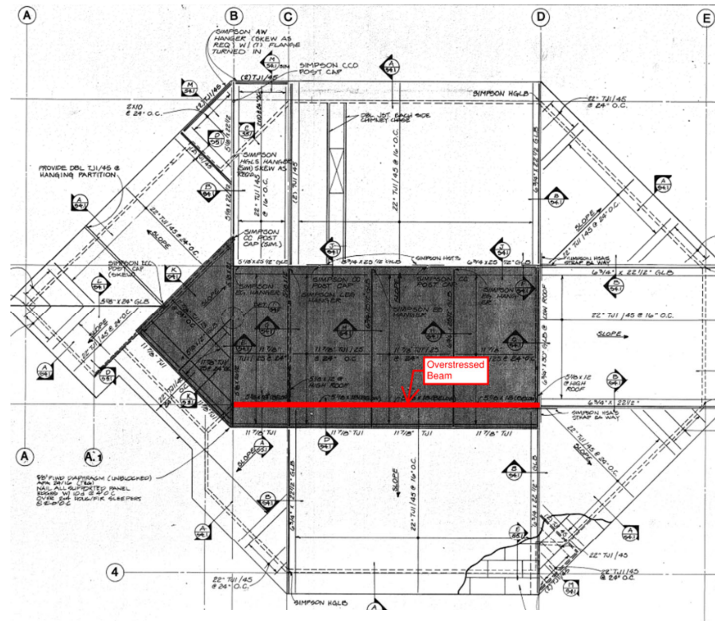


Image 4: FRP Reinforced wall by Simpson

4. RECOMMENDATIONS

The International Existing Building Code requires, if the building is to be repaired, that much of the structure will need to be retrofitted to meet the requirements of the current code standards. The roof joists that were part of the roof collapse region on both the low and high roofs shall be replaced with modern joists that are sized to support the snow drift loads present. Each member that supports the beams and trusses that collapsed will need to be analyzed for damage and for its capacity to support the snow drift loads. This includes the beams, columns, and walls that support the members that failed. It was found that the glu-laminated beams in the portion of the structure that collapsed will need to be replaced with larger beams that can support the full snow load. Additionally, there is no evidence that collectors were considered during the original design of the building. These beams must be sized to adequately transfer seismic axial loads, with an overstrength factor of 2.5, as well as carry the gravity loads. Based on the discovery that many of the beams did not have much reserve capacity, it is possible that beams that form the collector lines in the structure may need to be replaced or reinforced.

Major upgrades need to be completed on the transfer area between the low and high roof. The beams will need to be replaced and sized for the combined gravity and axial loads. Straps need to be provided that are capable of providing adequate resistance on both the high and low roof beams so that the load may be transferred to the shear wall. Additionally, strapping needs to be added to all beams that are part of the collector system in the building. This will require the removal of drywall, ceiling, and other finishes throughout most of the building to gain access to the roof framing members. Lastly, the 5 masonry shear walls that are overstressed will need to be brought up to current code standards. This will require the

removal of finishes and application of a strengthening system such as FRP. Alternatively, openings may be filled in to allow for longer portions of full height shear walls to remove load from the overstressed walls.

Summary of Required Structural Repairs			
Item No	Item	Description	Report Section
1	Roof Joist Replacement	Replace joists that are part of the collapsed portion of the roof with joist sized to withstand current code required loads	3.3.1
2	Roof Girder Replacement	Replaced all damaged or overstressed girders with girders that are sized to withstand current code required loads	3.3.1
3	Collector	Analyze collectors for combined gravity and axial forces add strapping that is capable of withstanding overstrength seismic loads	3.2.3
4	High to Low Roof Transfer Area	Replace beams with members that are capable of resisting the combined axial and gravity loads	3.2.2
5	Drag Strut Strapping	Add strapping to drag struts that are capable of withstanding overstrength seismic loads	3.2.2



May 9, 2024

Mr. Gary Wolf
Wolf Architecture

Subject: Restoration of the Palmer Public Library – Cost Evaluation

NARRATIVE

While an estimator can have an accurate view of the costs of labor and materials for new construction, there are many variables that affect an accurate estimate in a restoration or remodeling project. Most general contractors are loathe to provide hard bids for such work, preferring instead to bill their work on a time and material basis, with a negotiate fee or percentage mark-up. There are too many conditions present in a renovation that fall beyond the expected scope. This leads to change order requests and/or claims, both of which are uncomfortable for both the owner and the contractor.

You have identified similar observations of problematic contracting in your assessment letter to John Moosey, dated May 3, 2024 of which I am in complete agreement.

In the estimate I am providing, I will take this in three parts: 1) The known visual damages caused by the roof failure and evaluation by PND Engineers; 2) The expected damages to other parts of the building that you have identified in your evaluation of work in your aforementioned letter to the City Manager; and 3) The cost of thorough inspections and construction measures necessary to meet my educated expectations of quality assurance measures needed to return the building to public occupancy.

The wage scales are the current (02/23/2024) "Little Davis Bacon" determinations from the State of Alaska with added labor burden for a 50 hour (five ten-hour days) work week. In my current experience, these have NOT kept up with prevailing wages, but I used them for guidance. For my first run at a new library, I used \$105/mh for carpenters, \$112/mh for plumbers, and \$125/mh for electricians. It reflects the "new" reality.

If you see any holes in the attached estimate, please let me know.

Ken Castner, Principal
Tonsina

Palmer Public Library Restoration Project

<i>Part One</i>						
Section 1: Components At Collapsed Area						
PND: Page 8 and Wolf Page 3, Item 7						
		Material	Labor	Equipment	MH	Total
Selective Demolition and Prep for New					93.08/MH	
Prepare Area for New Work			\$ 5,585		60	\$ 5,585
Remove Temporary Protection			\$ 1,862	\$ 1,000	20	\$ 2,862
Temporay Bracing (Screw Shearwalls)	1140	\$ 25,080	\$ 4,815	\$ 1,000	50	\$ 30,895
Remove Temporary Bracing			\$ 4,815	\$ 1,000	50	\$ 5,815
Concrete Cutting Base Reinforcement	5		\$ 1,870	\$ 1,200	17	\$ 3,070
Hand Excavation for Concrete Pour	5			\$ 961	10	\$ 961
Selective Demo					207	\$ 39,341
New Structural Steel / Parallam Beams				Crew	525.00	
149 LF @ GL 3		\$ 69,000	\$ 24,150	\$ 8,500	62	\$ 101,650
140 LF Drag Struts @ GL 3 & 4		\$ 64,400	\$ 22,540	\$ 8,500	59	\$ 95,440
100 VF (5 Columns) on GL 3		\$ 46,000	\$ 16,100	\$ 7,500	45	\$ 69,600
36 VF (3 Col) on GL 4		\$ 16,560	\$ 5,796	\$ 3,000	17	\$ 25,356
36 LF GL 3 to GL 4		\$ 16,560	\$ 5,796	\$ 3,000	17	\$ 25,356
Add for Base Plates & AB's: 10 ea		\$ 3,000	\$ 3,300	\$ 1,000	30	\$ 7,300
Add for Column Caps / Blocking / Bolts	15	\$ 8,600	\$ 1,575	\$ 750	14	\$ 10,925
Add for Drag Strut/Collector Strap	90	\$ 14,400	\$ 9,450	\$ 2,000	86	\$ 25,850
Expanded Concrete footers @ Columns	5	\$ 2,125	\$ 2,889	\$ 50	30	\$ 5,064
Welding Time & Steel Bracing		\$ 8,000	\$ 12,000	\$ 1,450	70	\$ 21,450
Total Structural Steel					360	\$ 361,477
Roof Joists / Sheathing					96.29/MH	
TJI 5.5x18x16	45	\$ 12,240	\$ 1,670	\$ 1,000	17	\$ 14,910
Blocking, Clips and Hangers	90	\$ 3,150	\$ 1,890		20	\$ 5,040
Sheathing SF	2494	\$ 1,680	\$ 4,000		42	\$ 8,174
Roof Joists / Sheathing					79	\$ 28,124
Standing Seam Metal Roof (Replacement)						
Ice & Water Shield	2400	\$ 3,120	\$ 2,080		22	\$ 5,200
Standing Seam Metal Roof	2400	\$ 72,000	\$ 16,177	\$ 1,500	168	\$ 89,677
Roof Insulation	2400	\$ 6,960	\$ 7,164	\$ 750		\$ 14,874
Interior GWB Finishes	2400	\$ 10,200	\$ 5,340	\$ 1,500	55	\$ 17,040
Replacement Roof					190	\$ 126,791
Clerestory	12	\$ 3,000	\$ 1,733	\$ 1,000	18	\$ 5,733
Windows and Doors South Wall	3	\$ 11,400	\$ 867		9	\$ 12,267
Transom Light	1	\$ 325	\$ 120		1	\$ 445
ADA Double Doors	1	\$ 6,800	\$ 433		5	\$ 7,233
Entry Double Door w/ Hardware	1	\$ 5,200	\$ 385		4	\$ 5,585
Doors and Windows South Wall					37	\$ 31,264

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South Wall Framing Assembly/GWB						
South Wall and Clerestory w/ Siding	812	\$ 31,262	\$ 7,703	\$ 750	80	\$ 39,715
Fascia and Soffits	650	\$ 13,000	\$ 1,446	\$ 1,000	15	\$ 15,446
Interior GWB Finishes	812	\$ 3,451	\$ 1,807	\$ 300	19	\$ 5,558
South Wall Framing Assembly/GWB					114	\$ 60,719
Flooring Prep and Replacement						
Prep Grids C to D, 3 to 4	2720	\$ 550	\$ 2,025	\$ 400	22	\$ 2,975
Commercial Carpet Tile Same Area	310	\$ 13,950	\$ 2,985		31	\$ 16,935
Base Trim	220	\$ 440	\$ 424		4	\$ 864
Flooring Prep and Replacement					53	\$ 19,910
						\$ -
Summary of this Area		Material	Labor	Equipment	Line Total	
Subtotals of Work		\$ 472,453	\$ 180,791	\$ 49,111		\$ 702,355
8% General Conditions					758,543	\$ 56,188
15% Estimator's Contingency					872,324	\$ 113,781
12% General Contractor's O,H. & P					977,003	\$ 104,679
12% A & E						\$ 117,240
Total Section 1						\$ 1,094,244

Section 2: Components At Masonry Shear Walls

PND: Page 3, 3.2.1 and Wolf Page 2, Item 1

96.29/MH

		Material	Labor	Equipment	MH	Total
Erterior Excavation and Surface Prep						
Excavation Contractor	50		\$ 1,000	\$ 14,000	16	\$ 15,000
Hand Work for Exterior Surface Prep	5	\$ 75	\$ 5,777	\$ 1,000	60	\$ 6,852
Interior Demo and Surface Prep	5	\$ 240	\$ 5,777	\$ 160	60	\$ 6,177
FRP (Simpson System) Reinforcement	1400	\$ 19,600	\$ 13,481	\$ 450	140	\$ 33,531
New Siding Married to Existing	700	\$ 8,400	\$ 2,427	\$ 625	25	\$ 11,452
Paint Siding	700	\$ 1,680	\$ 1,348	\$ 325	14	\$ 3,353
Interior Furring	700	\$ 455	\$ 2,022	\$ 325	21	\$ 2,802
5/8 GWB - Hang, Tape, Finish, Paint	700	\$ 1,015		\$ 625	28	\$ 1,640
Landscape to Original Condition	1000	\$ 2,425	\$ 2,696	\$ 630	60	\$ 5,751
Erterior Excavation and Surface Prep					424	\$ 86,558
Summary of this Area						
Subtotals of Work		\$ 33,890	\$ 34,528	\$ 18,140		\$ 86,558
8% General Conditions					93,483	\$ 6,925
15% Estimator's Contingency					107,505	\$ 14,022
12% General Contractor's O,H. & P					120,406	\$ 12,901
12% A & E						\$ 14,449
Total Section 2						\$ 134,855

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<i>Part Two</i>						
Section 3: Improvements at High Roof						
Wolf Page 2, Item 2					96.29	
		Material	Labor	Equipment	MH	Total
Demolition						
Interior Ceilings	440		\$ 2,118	\$ 200	22	\$ 2,318
Interior Walls	1000		\$ 4,815	\$ 600	50	\$ 5,415
Temp Support in Section 1						\$ -
5/8 GWB - Hang, Tape, Finish, Paint	1500	\$ 2,175	\$ 5,777	\$ 625	60	\$ 8,577
Demo Roof and Sheath B to D, 2 to 3	3000	\$ 1,200	\$ 11,555	\$ 1,000	120	\$ 13,755
Demolition					132	\$ 30,065
Standing Seam Metal Roof Grids B to D, 2 to 3						
Sheathing SF	2175	\$ 3,477	\$ 4,506		47	\$ 7,983
Ice & Water Shield	3000	\$ 3,900	\$ 2,600		27	\$ 6,500
Standing Seam Metal Roof	3000	\$ 90,000	\$ 20,221	\$ 1,500	210	\$ 111,721
Replacement Roof					237	\$ 118,221
Remaining Roof Replacement						
Demo Roof and Sheath B to D, 2 to 3	14000	\$ 4,200	\$ 26,961	\$ 1,000	280	\$ 32,161
Ice & Water Shield	14000	\$ 18,200	\$ 12,133		126	\$ 30,333
Standing Seam Metal Roof	14000	\$ 420,000	\$ 94,364	\$ 1,500	980	\$ 515,864
Summary of this Area						
		Material	Labor	Equipment		Line Total
Subtotals of Work		\$ 543,152	\$ 185,050	\$ 6,425		\$ 734,627
8% General Conditions					793,397	\$ 58,770
15% Estimator's Contingency					912,406	\$ 119,010
12% General Contractor's O,H. & P					1,021,895	\$ 109,489
12% A & E						\$ 122,627
Total Section 3						\$ 1,144,523
Section 4: New Connection to City Water						
Wolf Page 2, Item 3					96.29	
		Material	Labor	Equipment	MH	Total
Civil Water Work						
Retaining Wall Removal			\$ 1,155	\$ 280	12	\$ 1,435
Curb/Concrete Cut, Water Main Tap, Asphalt, Labor		\$ 21,442	\$ 16,754	\$ 12,840	174	\$ 51,036
Reconstruct Retaining wall		\$ 3,480		\$ 500	24	\$ 3,980
New Landscaping		\$ 700	\$ 5,777	\$ 600	60	\$ 7,077
Civil Water Work						\$ 63,529
Summary of this Area						
		Material	Labor	Equipment		Line Total
Subtotals of Work		\$ 25,622	\$ 23,687	\$ 14,220		\$ 63,529

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8% General Conditions					68,612	\$ 5,082
15% Estimator's Contingency					78,903	\$ 10,292
12% General Contractor's O,H. & P					88,372	\$ 9,468
12% A & E						\$ 10,605
Total Section 4						\$ 98,976

Section 5: Hydronics and Plumbing

Wolf Page 2, Item 4		\$ 100	96.29			
		Material	Labor	Equipment	MH	Total
Demolition						
Interior Ceilings	11200	\$ 1,200	\$ 5,777	\$ 1,800	60	\$ 8,777
Interior Walls	4800	\$ 500	\$ 2,311	\$ 600	24	\$ 3,411
Plumbing Demo	9000	\$ 1,200	\$ 35,896	\$ 2,200	360	\$ 39,296
Fixture Demo	63	\$ 400	\$ 6,910		69	\$ 7,310
Heating Wall Work		\$ 150	\$ 1,994	\$ 600	20	\$ 2,744
Trap and Drain Inspection Replacement		\$ 650	\$ 1,795		18	\$ 2,445
Demolition					551	\$ 61,538
HVAC & Plumbing Renovations						
Plumber's Mob	1	\$ 6,500	\$ 2,393		24	\$ 8,893
Carpentry at Plumbing Walls		\$ 1,650	\$ 2,311		24	\$ 3,961
Insulated Water Line Replacement	1250	\$ 22,000	\$ 31,658		318	\$ 53,658
Bathroom Upgrades and Fixtures	16	\$ 12,992	\$ 9,572		96	\$ 22,564
ADA Compliance	2	\$ 6,000	\$ 1,926		20	\$ 7,926
Bathroom Accessories	2	\$ 4,800	\$ 1,926		20	\$ 6,726
Hydronic Line Replacement	980	\$ 17,248	\$ 24,820		249	\$ 42,068
VAV Boxes	7	\$ 22,400	\$ 1,047	\$ 700	11	\$ 24,147
Sprinkler System						\$ 64,500
Ceiling GWB - Hang, Tape, Finish, Paint	11200	\$ 16,240	\$ 43,138	\$ 625	448	\$ 60,003
Walls GWB - Hang, Tape, Finish, Paint	4800	\$ 6,960	\$ 18,488	\$ 625	192	\$ 26,073
Protection, Final Cleaning - Floors	550	\$ 1,018	\$ 1,155		12	\$ 2,173
Plumber's O, H, & P		\$ 50,781				\$ 50,781
HVAC & Plumbing Renovations					1,389	\$ 373,472
Summary of this Area						
		Material	Labor	Equipment		Line Total
Subtotals of Work		\$ 172,689	\$ 193,116	\$ 7,150		\$ 372,955
8% General Conditions					402,791	\$ 29,836
15% Estimator's Contingency					463,210	\$ 60,419
12% General Contractor's O,H. & P					518,795	\$ 55,585
12% A & E						\$ 62,255
Total Section 4						\$ 581,051

Section 6: Remaining Finishes to Renewed

Wolf Page 2, Item 5		\$ 100	96.29			
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Palmer Public Library Restoration Project

		Material	Labor	Equipment	MH	Total
Other Finishes						
Unseen Wall Areas w/ GWB Removal	7500	\$ 500	\$ -	\$ 600	24	\$ 1,100
Walls GWB - Hang, Tape, Finish, Paint	7500	\$ 10,875	\$ 28,887	\$ 625	300	\$ 40,387
Metal Linear Ceiling	4900	\$ 57,330	\$ 14,700		153	\$ 72,030
Suspended Acoustical Ceiling	2600	\$ 8,450	\$ 7,150		74	\$ 15,600
Other Walls Patched & Painted	8000	\$ 6,880	\$ 16,800	\$ 1,200	174	\$ 24,880
Flooring Removal	9500	\$ 550	\$ 7,074	\$ 400	76	\$ 8,024
Flooring Replacement	9500	\$ 45,600	\$ 91,476		950	\$ 137,076
Base Trim	1450	\$ 2,900	\$ 2,792		29	\$ 5,692
						\$ 304,789
Summary of this Area		Material	Labor	Equipment		Line Total
Subtotals of Work		\$ 133,085	\$ 168,879	\$ 2,825		\$ 304,789
8% General Conditions					329,172	\$ 24,383
15% Estimator's Contingency					378,548	\$ 49,376
12% General Contractor's O,H. & P					423,974	\$ 45,426
12% A & E						\$ 50,877
Total Section 5						\$ 474,851

Section 7: Casework and Shelving

Wolf Page 2, Item 6

\$ 100

96.29

		Material	Labor	Equipment	MH	Total
Remove / Store Casework & Shelving						
Casework Removal			\$ 19,258		200	\$ 19,258
Mark, Palletize, Protect for storage		\$ 22,000	\$ 5,640		60	\$ 27,640
Transport to Storage			\$ 2,068	\$ 1,600	22	\$ 3,668
Storage Costs - 4 months		\$ 2,000				\$ 2,000
Transportback to Job			\$ 2,068	\$ 1,600	22	\$ 3,668
Repair/Reinstall Casework		\$ 850	\$ 19,258		200	\$ 20,108
Misc. Countertop Replacements	100	\$ 5,200	\$ 6,702		70	\$ 11,902
Remove / Store Casework & Shelving					574	\$ 88,244
Summary of this Area		Material	Labor	Equipment		Line Total
Subtotals of Work		\$ 30,050	\$ 54,994	\$ 3,200		\$ 88,244
8% General Conditions					95,303	\$ 7,060
15% Estimator's Contingency					109,599	\$ 14,295
12% General Contractor's O,H. & P					122,751	\$ 13,152
12% A & E						\$ 14,730
Total Section 6						\$ 137,481

Part Three

Section 8: Estimator's Assumptions of Additional Work

96.29

					101.07	
Hazardous Materials						

Palmer Public Library Restoration Project

Haz-Mat Survey		\$ 50,000				\$ 50,000
Black Mold Abatement	6000	\$ 18,000	\$ 4,333		45	\$ 22,333
Hazardous Materials						\$ 72,333
Area Lighting						
Light Fixture Removal	220	\$ 2,200	\$ 13,341	\$ 3,600	132	\$ 19,141
New Light Fixtures	220	\$ 71,500	\$ 20,012	\$ 3,600	198	\$ 95,112
Misc Lock-outs for Wall/Ceiling Work			\$ 2,021		20	\$ 2,021
Misc Wiring Repairs		\$ 2,200	\$ 3,032	\$ 1,200	30	\$ 6,432
Misc. Switch and Recept. Replacement		\$ 2,000	\$ 1,668		17	\$ 3,668
Electrician's Call-outs (@ \$150/hr)	6	\$ 3,600				\$ 3,600
Electrician's Mob		\$ 6,000	\$ 2,426		24	\$ 8,426
Electrician's O, H, & P		\$ 34,600				\$ 34,600
Area Lighting						\$ 173,000
Interior Soffit Work						
Interior Soffit Removals		\$ 600	\$ 2,311	\$ 1,400	24	\$ 4,311
Interior Soffit Replacement		\$ 4,800	\$ 1,926	\$ 1,600	19	\$ 8,326
Walls GWB - Hang, Tape, Finish, Paint	480	\$ 696	\$ 1,849	\$ 625	19	\$ 3,170
Interior Soffit Work						\$ 15,807
Heating System Restart						
Work on Boilers, Tanks and Pumps		\$ 22,000	\$ 11,965		120	\$ 33,965
New Hot Water Heater		\$ 5,000	\$ 2,300		23	\$ 7,300
Plumb O, H, & P		\$ 10,316				\$ 10,316
Heating System Restart						\$ 51,582
Summary of this Area		Material	Labor	Equipment		Line Total
Subtotals of Work		\$ 233,512	\$ 67,184	\$ 12,025		\$ 312,721
8% General Conditions					337,739	\$ 25,018
15% Estimator's Contingency					388,399	\$ 50,661
12% General Contractor's O,H. & P					435,007	\$ 46,608
12% A & E						\$ 52,201
Total Section 7						\$ 487,208
Summary						
Section 1		\$ 1,094,244				
Section 2		\$ 134,855				
Section 3		\$ 1,144,523				
Section 4		\$ 98,976				
Section 5		\$ 581,051				
Section 6		\$ 474,851				
Section 7		\$ 137,481				
Section 8		\$ 487,208				
Grand Total:		\$ 4,153,188				