



CITY OF SAXMAN, ALASKA -- FINANCIAL STATEMENTS

For the Year Ended June 30, 2022  
Together with Independent Auditor's Report

CITY OF SAXMAN

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of the City of Saxman  
Saxman, Alaska

**Report on the Audit of the Financial Statements**

***Opinions***

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saxman (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my opinion, the 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 as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Responsibilities of Management for the Financial Statements***

The City's 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's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

My 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 my 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 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, I:

- 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'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and pension and other post-employment schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial

statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

The combining and individual nonmajor fund financial statements are 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. Such information has been subjected to the auditing procedures applied on the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script, appearing to read 'MEM'.

January 4, 2023

## CITY OF SAXMAN

**STATEMENT OF NET POSITION**

June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 604,875	\$ 285,062	\$ 889,937
Receivables	165,457	49,314	214,771
Internal balances, net	(153,258)	153,258	-
Current portion of lease receivable	660	-	660
Inventory	762	-	762
<b>Total Current Assets</b>	<b>618,496</b>	<b>487,634</b>	<b>1,106,130</b>
<b>RESTRICTED ASSETS</b>			
Revenue bond debt service			
Cash and cash equivalents	-	34,141	34,141
<b>NONCURRENT ASSETS</b>			
Lease receivable, net of current portion	43,213	-	43,213
Capital assets, net	9,054,002	6,408,507	15,462,509
Net OPEB asset	145,624	119,349	264,973
<b>Total Assets</b>	<b>9,861,335</b>	<b>7,049,631</b>	<b>16,910,966</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>55,370</b>	<b>8,896</b>	<b>64,266</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>9,916,705</b>	<b>7,058,527</b>	<b>16,975,232</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	6,609	85,385	91,994
Accrued and other liabilities	42,320	36,482	78,802
Unearned revenue	255,853	-	255,853
Current portion of long-term obligations	17,910	6,875	24,785
<b>Total Current Liabilities</b>	<b>322,692</b>	<b>128,742</b>	<b>451,434</b>
<b>NONCURRENT LIABILITIES</b>			
Bonds and loans payable	494,694	136,986	631,680
Net pension liability	168,086	139,460	307,546
<b>Total Liabilities</b>	<b>985,472</b>	<b>405,188</b>	<b>1,390,660</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension and OPEB	149,154	121,760	270,914
Leases receivable	43,873	-	43,873
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>1,178,499</b>	<b>526,948</b>	<b>1,705,447</b>
<b>NET POSITION</b>			
Net investment in capital assets	8,541,398	6,264,646	14,806,044
Restricted for:			
Tourism, cultural and educational	63,664	-	63,664
Debt service	-	34,141	34,141
Unrestricted net position (deficit)	133,144	232,792	365,936
<b>Total Net Position</b>	<b>\$ 8,738,206</b>	<b>\$ 6,531,579</b>	<b>\$ 15,269,785</b>

The accompanying notes to financial statements are an integral part of these statements.

## CITY OF SAXMAN

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2022

	Program Revenues				Net Revenue (Expense) and Change in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 357,679	\$ 44,848	\$ -	\$ -	\$ (312,831)	\$ -	\$ (312,831)
Public works and streets	212,076	85,828	-	-	(126,248)	-	(126,248)
Public safety	202,947	-	8,589	-	(194,358)	-	(194,358)
Educational and youth	2,447	-	-	-	(2,447)	-	(2,447)
Tourism and cultural	249,719	85,413	-	-	(164,306)	-	(164,306)
Interest on long-term debt	16,740	-	-	-	(16,740)	-	(16,740)
<b>Total Governmental Activities</b>	<b>1,041,608</b>	<b>216,089</b>	<b>8,589</b>	<b>-</b>	<b>(816,930)</b>	<b>-</b>	<b>(816,930)</b>
<b>Business-Type Activities</b>							
Water and sewer	517,312	270,045	20,472	-	-	(226,795)	(226,795)
Saxman seaport	148,292	144,729	232	-	-	(3,331)	(3,331)
<b>Total Business-Type Activities</b>	<b>665,604</b>	<b>414,774</b>	<b>20,704</b>	<b>-</b>	<b>-</b>	<b>(230,126)</b>	<b>(230,126)</b>
<b>Total Primary Government</b>	<b>\$ 1,707,212</b>	<b>\$ 630,863</b>	<b>\$ 29,293</b>	<b>\$ -</b>	<b>(816,930)</b>	<b>(230,126)</b>	<b>(1,047,056)</b>
<b>General Revenue and Transfers</b>							
Sales taxes					149,672	-	149,672
Intergovernmental revenue not restricted to specific programs					417,344	-	417,344
Interest income					25,725	88	25,813
Transfers					91,862	(91,862)	-
<b>Total General Revenue and Transfers</b>					<b>684,603</b>	<b>(91,774)</b>	<b>592,829</b>
Change in Net Position					(132,327)	(321,900)	(454,227)
Net Position, Beginning of Year					8,870,533	6,853,479	15,724,012
<b>Net Position, End of Year</b>					<b>\$ 8,738,206</b>	<b>\$ 6,531,579</b>	<b>\$ 15,269,785</b>

CITY OF SAXMAN

**BALANCE SHEETS - GOVERNMENTAL FUNDS**

June 30, 2022

	General Fund	CARES ACT and ARPA Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 175,522	\$ 429,353	\$ -	\$ -	\$ 604,875
Accounts receivables	102,941	-	-	-	102,941
Due from other funds	-	-	-	88,002	88,002
Grants receivable	15,923	46,593	-	-	62,516
Lease receivable	43,873	-	-	-	43,873
Inventory	762	-	-	-	762
Prepaid expenses	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 339,021</b>	<b>\$ 475,946</b>	<b>\$ -</b>	<b>\$ 88,002</b>	<b>\$ 902,969</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 6,609	\$ -	\$ -	\$ -	\$ 6,609
Accrued expenses	42,320	-	-	-	42,320
Due to other funds	17,387	223,873	-	-	241,260
Unearned revenue	1,000	252,073	-	2,780	255,853
<b>Total Liabilities</b>	<b>67,316</b>	<b>475,946</b>	<b>-</b>	<b>2,780</b>	<b>546,042</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - leases receivable	43,873	-	-	-	43,873
<b>Total Deferred Inflow of Resources</b>	<b>43,873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,873</b>
<b>Fund Balances (Deficits)</b>					
Nonspendable	762	-	-	-	762
Restricted for educational and cultural activities	-	-	-	63,664	63,664
Assigned to capital projects	-	-	-	21,558	21,558
Unassigned	227,070	-	-	-	227,070
<b>Total Fund Balances</b>	<b>227,832</b>	<b>-</b>	<b>-</b>	<b>85,222</b>	<b>313,054</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 339,021</b>	<b>\$ 475,946</b>	<b>\$ -</b>	<b>\$ 88,002</b>	
Net position reported for governmental activities is different from fund balances due to:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					9,054,002
Net OPEB assets are not available to pay for current prior expenditures and therefore are not reported in the funds.					145,624
Contributions to the defined pension and OPEB plan and other related items in the current fiscal year are deferred outflows on the Statement of Net Position					55,370
Pension and OPEB related deferred inflows are not recognized immediately and, therefore, are not reported in the funds. These items are amortized over time.					(149,154)
Long-term liabilities are not due in the current period, and are not reported in the funds:					
Loans payable					(512,604)
Net pension and OPEB liability					(168,086)
<b>Net Position of Governmental Activities</b>					<b>\$ 8,738,206</b>



CITY OF SAXMAN

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2022

	General Fund	CARES ACT and ARPA Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Sales tax	\$ 149,672	\$ -	\$ -	\$ -	\$ 149,672
Intergovernmental	92,829	333,104	-	-	425,933
Charges for services	216,089	-	-	-	216,089
Contributions and other	-	25,725	-	-	25,725
<b>Total Revenues</b>	<b>458,590</b>	<b>358,829</b>	<b>-</b>	<b>-</b>	<b>817,419</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	319,432	-	-	-	319,432
Public works and streets	206,513	-	-	-	206,513
Public safety	42,096	134,956	-	-	177,052
Tourism and cultural	13,866	-	-	6,095	19,961
<b>Debt service</b>					
Principal	-	-	19,695	-	19,695
Interest	-	-	16,740	-	16,740
<b>Capital outlay</b>	<b>2,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,700</b>
<b>Total Expenditures</b>	<b>584,607</b>	<b>134,956</b>	<b>36,435</b>	<b>6,095</b>	<b>762,093</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(126,017)	223,873	(36,435)	(6,095)	55,326
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	315,735	-	36,435	57,500	409,670
Transfers out	(93,935)	(223,873)	-	-	(317,808)
<b>Total Other Financing Sources (Uses)</b>	<b>221,800</b>	<b>(223,873)</b>	<b>36,435</b>	<b>57,500</b>	<b>91,862</b>
<b>Net Change in Fund Balances</b>	<b>95,783</b>	<b>-</b>	<b>-</b>	<b>51,405</b>	<b>147,188</b>
Fund Balances, Beginning of Year	132,049	-	-	33,817	165,866
<b>Fund Balances, End of Year</b>	<b>\$ 227,832</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 85,222</b>	<b>\$ 313,054</b>

CITY OF SAXMAN

**RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds		\$ 147,188
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are capitalized and are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlays	2,700	
Depreciation expense	<u>(282,600)</u>	(279,900)
<p>Issuance of long-term debt provides current financial resources to funds, while the repayment of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position.</p>		
Principal payments	<u>19,695</u>	19,695
Pension and other post-employment (expense) benefit, net of pension and other post-employment contributions reflected in the governmental funds		(19,310)
<b>Change in Net Position of Governmental Activities</b>		<b>\$ (132,327)</b>

## CITY OF SAXMAN

**BALANCE SHEETS - PROPRIETARY FUNDS**

June 30, 2022

	Water and Sewer	Saxman Seaport	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 202,789	\$ 82,273	\$ 285,062
Receivables	46,444	2,870	49,314
Due from other funds	153,258	-	153,258
<b>Total Current Assets</b>	<b>402,491</b>	<b>85,143</b>	<b>487,634</b>
<b>RESTRICTED ASSETS</b>			
Revenue bond debt service cash and cash equivalents	-	34,141	34,141
<b>Total Restricted Assets</b>	<b>-</b>	<b>34,141</b>	<b>34,141</b>
<b>OTHER ASSETS</b>			
Capital Assets			
Land	-	153,427	153,427
Buildings and improvements, net of accumulated depreciation	4,747,665	1,507,415	6,255,080
<b>Total Capital Assets</b>	<b>4,747,665</b>	<b>1,660,842</b>	<b>6,408,507</b>
Net OPEB asset	-	119,349	119,349
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	8,896	8,896
<b>Total Assets and Deferred Outflows of Resources</b>	<b>5,150,156</b>	<b>1,908,371</b>	<b>7,058,527</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	77,725	7,660	85,385
Bond payable - current	-	6,875	6,875
Accrued and other liabilities	21,867	14,615	36,482
<b>Total Current Liabilities</b>	<b>99,592</b>	<b>29,150</b>	<b>128,742</b>
<b>NONCURRENT LIABILITIES</b>			
Revenue bonds payable	-	136,986	136,986
Net pension liability	-	139,460	139,460
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>276,446</b>	<b>276,446</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	121,760	121,760
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>99,592</b>	<b>427,356</b>	<b>526,948</b>
<b>NET POSITION</b>			
Net investment in capital assets	4,747,665	1,516,981	6,264,646
Restricted for debt service	-	34,141	34,141
Unrestricted	302,899	(70,107)	232,792
<b>Total Net Position</b>	<b>\$ 5,050,564</b>	<b>\$ 1,481,015</b>	<b>\$ 6,531,579</b>

The accompanying notes to financial statements are an integral part of these statements.

## CITY OF SAXMAN

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS**

For the Year Ended June 30, 2022

	Water and Sewer	Saxman Seaport	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 270,045	\$ 144,729	\$ 414,774
<b>GENERAL REVENUES</b>			
Intergovernmental - State of Alaska	20,472	232	20,704
<b>Total Operating and General Revenue</b>	<b>290,517</b>	<b>144,961</b>	<b>435,478</b>
<b>OPERATING EXPENSES</b>			
Depreciation	257,381	87,040	344,421
Salaries and benefits expense (benefit)	50,435	(6,064)	44,371
Utilities	83,000	24,367	107,367
Banking and insurance	18,104	18,261	36,365
Materials and supplies	20,226	812	21,038
Professional services	20,369	7,023	27,392
Repairs and maintenance	63,835	12,681	76,516
Vehicle	2,455	-	2,455
Advertising, dues and subscriptions	1,507	125	1,632
<b>Total Operating Expenses</b>	<b>517,312</b>	<b>144,920</b>	<b>662,232</b>
Operating Income (Loss)	(226,795)	41	(226,754)
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Interest income	25	63	88
Interest expense	-	(3,372)	(3,372)
<b>Total Nonoperating Revenue (Expense)</b>	<b>25</b>	<b>(3,309)</b>	<b>(3,284)</b>
Loss Before Transfers	(226,770)	(3,268)	(230,038)
Transfers In	-	-	-
Transfers out	-	(91,862)	(91,862)
<b>Change in Net Position</b>	<b>(226,770)</b>	<b>(95,130)</b>	<b>(321,900)</b>
Net Position, Beginning of Year	5,277,334	1,576,145	6,853,479
<b>Net Position, End of Year</b>	<b>\$ 5,050,564</b>	<b>\$ 1,481,015</b>	<b>\$ 6,531,579</b>

The accompanying notes to financial statements are an integral part of these statements.

## CITY OF SAXMAN

**STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS**

For the Year Ended June 30, 2022

	Water and Sewer	Saxman Seaport	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 274,195	\$ 152,451	\$ 426,646
Cash paid to suppliers	(205,226)	(50,222)	(255,448)
Cash paid to employees	(50,309)	(9,537)	(59,846)
Net cash repaid to general fund	(34,317)	(15,563)	(49,880)
<b>Net Cash Flows Provided by (Used for) Operating Activities</b>	<b>(15,657)</b>	<b>77,129</b>	<b>61,472</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of fixed assets	(20,656)	-	(20,656)
Net cash transferred from other funds	-	(91,862)	(91,862)
Interest on bonds payable	-	(3,372)	(3,372)
Repayment of bonds payable	-	(8,252)	(8,252)
<b>Net Cash Flows Used for Capital and Related Financing Activities</b>	<b>(20,656)</b>	<b>(103,486)</b>	<b>(124,142)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings on depository balances	25	51	76
<b>Net Cash Provided by Investing Activities</b>	<b>25</b>	<b>51</b>	<b>76</b>
<b>Change in Cash and Cash Equivalents</b>	<b>(36,288)</b>	<b>(26,306)</b>	<b>(62,594)</b>
Cash and Cash Equivalents, Beginning of Year	239,077	108,579	347,656
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 202,789</b>	<b>\$ 82,273</b>	<b>\$ 285,062</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (226,795)	\$ 41	\$ (226,754)
Adjustments to reconcile operating loss to net cash flows provided by operating activities			
Depreciation	257,381	87,040	344,421
Pension and Other Post-Employment Benefit related	-	(6,096)	(6,096)
Changes in operating assets and liabilities			
Receivables	(16,322)	7,490	(8,832)
Due to/from other funds	(34,317)	(15,563)	(49,880)
Prepaid expenses	-	16,238	16,238
Accounts payable	4,270	(2,516)	1,754
Accrued and other liabilities	126	(9,505)	(9,379)
<b>Total adjustments</b>	<b>211,138</b>	<b>77,088</b>	<b>288,226</b>
<b>Net Cash Flows Provided by (Used for) Operating Activities</b>	<b>\$ (15,657)</b>	<b>\$ 77,129</b>	<b>\$ 61,472</b>

The accompanying notes to financial statements are an integral part of these statements.

## CITY OF SAXMAN

### NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Reporting Entity

The City of Saxman ("the City") was incorporated in 1929. The City is incorporated under the laws of the State of Alaska as a second-class city. The City operates under a Manager-City Council form of government and provides a variety of municipal services, including general administration, fire, recreation, public works, ports and harbors, and water and sewer utilities.

##### Component Units

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt. Based upon this criterion, the reporting entity has no component units.

##### Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City. These statements include the financial activities of the overall government. For the most part, the effect of interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City, and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

## CITY OF SAXMAN

### NOTES TO FINANCIAL STATEMENTS

The City reports the following major governmental funds:

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

*CARES Act and ARPA Special Revenue Fund* – Accounts for revenues and expenditures related to the City's CARES Act, Coronavirus Relief Fund (CRF) pass-through grants from the State of Alaska, Ketchikan Gateway Borough (KGB) and the Organized Village of Saxman (OVS), and the American Rescue Plan Act (ARPA) pass-through grant from the State of Alaska.

*Debt Service Fund* – Accounts for the principal, interest, and other charges on all general obligation debt, except for debt attributable to the proprietary fund types. Revenues are from interfund transfers from the general fund.

The City reports the following major proprietary funds:

*Water and Sewer Fund* – Accounts for activities of providing water and sewer utility services to the residents of the City.

*Saxman Seaport Fund* – Accounts for the operation and maintenance of warehousing and port facilities owned and controlled by the City through a separate corporation.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when financial activities are recognized in the accounts and reported in the financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments (if any), are recorded only when payment is due.

Sales taxes, licenses, 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. Other revenue items are considered to be measurable and available only when cash is received by the government. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

## CITY OF SAXMAN

### NOTES TO FINANCIAL STATEMENTS

Proprietary (or enterprise) 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 City's enterprise funds are charges to customers for sales and services. The Water and Sewer fund also recognizes as operating revenue fees intended to recover the cost of connecting new customers to the systems.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are classified as nonoperating revenues and expenses.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

#### **Assets, Liabilities, Deferred Inflows and Outflows of Resources, Net Position and Fund Balance**

#### Deposits

Cash deposits are maintained in multiple financial institutions and are carried at cost. The City considers all investments in money market funds and highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The City pools most of its cash resources of its various funds to facilitate the management of cash. The majority of the cash balances are recorded in the general fund with amounts allocated to the appropriate funds; however, separate bank accounts are maintained for the Water and Sewer Fund and Saxman Seaport Fund. The City has also established a separate bank account for CARES Act Special Revenue Fund activity.

#### Receivables and Leases Receivable

All receivables are reported at gross value and, if appropriate, are reduced by the estimated portion that is expected to be uncollectible. The lease receivable is recorded at its net present value of future lease noncancellable lease payments, including all reasonably certain extensions, discounted at the City's estimated lending rate, which approximates its borrowing rate. Leases receivable are offset by a corresponding deferred inflow of resources until the related lease inflows are available.

#### Due to and Due from Other Funds

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

#### Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.



CITY OF SAXMAN

NOTES TO FINANCIAL STATEMENTS

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or do not materially extend asset lives are not capitalized.

All reported capital assets are depreciated except for land, tidelands, rights-of-way and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Life
Land improvements	20 to 50 years
Buildings and structures	20 to 50 years
Vehicles	5 to 25 years
Equipment	5 to 25 years
Water and sewer utility plant	25 to 50 years
Port facilities	25 to 50 years

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Unearned Revenue

Amounts received from grants and other sources, but not yet spent for their restricted purpose, are shown on the balance sheet as unearned revenue on both the government-wide and fund financial statements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund balance sheets.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Alaska Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as PERS, assuming the State's pension support

## CITY OF SAXMAN

### NOTES TO FINANCIAL STATEMENTS

under AS 39.35.280 is a “Special Funding Situation” as defined by GASB 68. 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.

#### Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Alaska Public Employees’ Retirement System (PERS) and additions to/deductions from PERS’s fiduciary net position have been determined on the same basis as PERS, and assuming the State’s OPEB support under AS 39.35.280 is a “Special Funding Situation” as defined by GASB 75. 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.

#### Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consist of capital assets, net of accumulated depreciation, and related debt. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City Council or through external restriction imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources as budgeted by the City Council and then unrestricted resources as they are needed.

#### Fund Balance

Generally, fund balance represents the difference between the assets and liabilities. The City classifies its fund balances in accordance with GASB Statement No. 54 as nonspendable, restricted, committed, assigned, or unassigned fund balance categories. See Note 6 for further information on the City’s fund balance classifications.

In governmental funds, the City’s policy regarding when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available is to consider restricted amounts to be reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, then committed amounts would be reduced first, followed by assigned and then unassigned amounts.

The City has not formally adopted a policy with respect to the minimum fund balance amount.

CITY OF SAXMAN

NOTES TO FINANCIAL STATEMENTS

Date of Subsequent Review

The City has evaluated subsequent events through the date of the Independent Auditor’s Report, which is commensurate with the date the financial statements were available to be issued.

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

The appropriated budget is prepared by fund, function, and department using the modified accrual basis of accounting. The City adopts an annual operating budget for the general fund and each enterprise fund. The budget resolution reflects the total of each department's appropriation. The budgets for the enterprise funds are adopted for management purposes and are not reported in these financial statements. Generally, a project budget is adopted for each capital projects fund. Budgets for grant-driven special revenue funds are adopted as part of the application for and acceptance of the grant funding. Capital project budgets are on a project basis but annual budgets may also be used if the project is expected to span multiple years.

Before June 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. The budget is a line item budget, and upon approval by ordinance, cannot be modified except by ordinance. The City Council made supplemental budgetary appropriations during the year. The significant supplemental budgetary appropriations made were related to wage and related expenses, and other operating expenses.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation) is not utilized by the City. All unexpended annual appropriations lapse at year-end.

Deficit Fund Balances

The following individual fund had a deficit fund balance at the fund reporting level at June 30, 2022:

<u>Fund</u>	<u>Deficit Amount</u>
Youth Reach Program Fund	\$ 1,784

Excess of Expenditures over Appropriations

For the year ended June 30, 2022 the City had no departments that incurred expenditures in excess of their appropriations.

*This section left intentionally blank.*

**CITY OF SAXMAN**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The City follows the practice of pooling cash equivalents of its various funds. The financial activity of the pooled cash and cash equivalents is accounted for in the General Fund. In some instances, funds may overdraw their available cash balance in the general fund. Specific fund overdrafts are treated as short-term loans and are included on the balance sheets as liabilities in “due to other funds.” Funds’ interest in pooled cash and cash equivalents is included on the balance sheets as assets in “due from other funds”. Interest income from pooled cash equivalents is allocated ratably over the various funds.

At June 30, 2022, the carrying amount of the City's cash balances was \$924,078, while the bank and other institution balances were \$951,378. These balances are categorized as follows:

	Bank Balance
Amount insured by the FDIC (up to \$250,000) or collateralized with securities held by the bank or other institutions in the City's name	\$ 951,378
Uncollateralized/uninsured	-
	\$ 951,378

The following is the reconciliation of various components of cash to amounts presented in the statement of net position:

	Carrying Amount
Reconciliation to statement of net position- Cash and cash equivalents	889,937
Restricted assets: Revenue bond debt service reserve instruments	34,141
	\$ 924,078

**NOTE 4 - RECEIVABLES, DEFERRED INFLOW OF RESOURCES, AND UNEARNED REVENUE**

Receivables at June 30, 2022, for the individual major and aggregate nonmajor funds were as follows:

	Accounts Receivable	Customer Charges	Lease Receivable	State Government	Local Government	Total
<i>Governmental funds:</i>						
General fund	\$ 102,941	\$ -	\$ 43,873	\$ -	15,923	\$ 162,737
CARES ACT and ARPA Special Revenue Fund	-	-	-	46,593	-	46,593
<i>Enterprise funds:</i>						
Water and sewer fund	-	46,444	-	-	-	46,444
Saxman Seaport	-	2,870	-	-	-	2,870
<b>Total</b>	<b>\$ 102,941</b>	<b>\$ 49,314</b>	<b>\$ 43,873</b>	<b>\$ 46,593</b>	<b>\$ 15,923</b>	<b>\$ 258,644</b>
Reconciliation to statement of net position:						
Current receivables						214,771
Leases receivable, net of current portion						43,213
Current portion of Leases receivable						660
						<b>\$ 258,644</b>

All receivables other than leases are expected to be collected within one year. The City’s lease receivable is further described in Note 10.

**CITY OF SAXMAN**

**NOTES TO FINANCIAL STATEMENTS**

Governmental funds report deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also recognize unearned revenue, a liability, in connection with resources that have been received, but not yet earned. At June 30 2022, The City had deferred inflow of resources in connection with its lease receivable. Unearned revenue amounts reported in the governmental funds relate to advance payments and grant receipts that will be available early in the next fiscal year.

**NOTE 5 - CAPITAL ASSETS**

Capital assets for the year ended June 30, 2022 were as follows:

<i>Governmental activities</i>	Balance, June 30, 2021	Increases	Transfers/ Decreases	Balance, June 30, 2022
Capital assets not being depreciated:				
Land and improvements	\$ 934,050	\$ -	\$ -	\$ 934,050
Tidelands	617,008	-	-	617,008
Construction in progress	147,851	-	-	147,851
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,698,909</b>	<b>-</b>	<b>-</b>	<b>1,698,909</b>
Other capital assets:				
Land improvements	1,019,673	-	-	1,019,673
Buildings and structures	9,848,246	-	-	9,848,246
Vehicles	240,005	-	-	240,005
Equipment	484,682	2,700	-	487,382
<b>Total Other Capital Assets</b>	<b>11,592,606</b>	<b>2,700</b>	<b>-</b>	<b>11,595,306</b>
Less: Accumulated Depreciation	3,957,613	282,600	-	4,240,213
<b>Other Capital Assets, net</b>	<b>7,634,993</b>	<b>(279,900)</b>	<b>-</b>	<b>7,355,093</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 9,333,902</b>	<b>\$ (279,900)</b>	<b>\$ -</b>	<b>\$ 9,054,002</b>
<i>Business-type activities</i>				
Other capital assets:				
Water and sewer utility plant	\$ 8,385,715	\$ 20,656	\$ -	\$ 8,406,371
Port facilities	4,894,577	-	-	4,894,577
<b>Total Other Capital Assets</b>	<b>13,280,292</b>	<b>20,656</b>	<b>-</b>	<b>13,300,948</b>
Less: Accumulated Depreciation for:				
Water and sewer utility plant	3,401,325	257,381	-	3,658,706
Port facilities	3,146,695	87,040	-	3,233,735
<b>Total Accumulated Depreciation</b>	<b>6,548,020</b>	<b>344,421</b>	<b>-</b>	<b>6,892,441</b>
<b>Business-type Activities Capital Assets, net</b>	<b>\$ 6,732,272</b>	<b>\$ (323,765)</b>	<b>\$ -</b>	<b>\$ 6,408,507</b>

Depreciation expense was charged to functions/programs of the City as follows:

<i>Governmental activities</i>	
General government	\$ 18,937
Public works and streets	5,563
Public safety	25,895
Educational and youth	2,447
Tourism and cultural	229,758
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 282,600</b>

CITY OF SAXMAN

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FUND BALANCES – GOVERNMENTAL FUNDS

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – Nonspendable fund balance is that portion of fund equity that cannot be spent either because it is in a nonspendable form or because it is legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balance is that portion of fund equity that has constraints placed upon the use of the resources either by an external party or imposed by law.

Committed Fund Balance – Committed fund balance is that portion of fund equity that can only be used for specific purposes determined by a formal action by the City Council. Formal action by the City Council is required to establish, modify or rescind a fund balance commitment.

Assigned Fund Balance – Assigned fund balance is that portion of fund equity that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent can be expressed by the governing body itself or by the City Manager or his designee to whom the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is that portion of fund balances not included in other spendable classifications.

As of June 30, 2022, fund balances are composed of the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable			
Inventory	\$ 762	\$ -	\$ 762
Total Nonspendable	762	-	762
Restricted			
Educational and cultural	-	63,664	63,664
Total Restricted	-	63,664	63,664
Assigned			
Capital projects	-	21,558	21,558
Total Assigned	-	21,558	21,558
Unassigned	227,070	-	227,070
Total Fund Balances	\$ 227,832	\$ 85,222	\$ 313,054

*This section left intentionally blank.*

CITY OF SAXMAN

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT

The City’s long-term debt includes general obligation debt and notes payable. General obligation bonds and notes are direct obligations of the City and the City has pledged its full faith and credit to their repayment. All debt is direct borrowing or direct placement.

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Balance, June 30, 2021	Additions	Reductions	Balance, June 30, 2022	Amounts Due Within One Year
<b>Governmental Activities</b>					
Notes payable:					
AHFC duplex permanent financing	\$ 170,717	\$ -	\$ (4,150)	\$ 166,567	\$ 4,287
Duplex refinancing	360,599	-	(14,562)	346,037	13,623
<b>Governmental Activities Long-term Liabilities</b>	<b>\$ 531,316</b>	<b>\$ -</b>	<b>\$ (18,712)</b>	<b>\$ 512,604</b>	<b>\$ 17,910</b>
<b>Business-type Activities</b>					
Bonds and notes payable:					
Saxman Seaport bonds	\$ 135,000	\$ -	\$ (5,000)	\$ 130,000	\$ 5,000
Bond premium	17,113	-	(3,252)	13,861	1,875
<b>Business-type Activities Long-term Liabilities</b>	<b>\$ 152,113</b>	<b>\$ -</b>	<b>\$ (8,252)</b>	<b>\$ 143,861</b>	<b>\$ 6,875</b>

Bonds and notes payable at June 30, 2022, are comprised of the following individual issues:

<b>Governmental Activities:</b>	
\$376,000 bank loan originated in 2021, due in monthly installments of \$2,233, plus interest at a fixed rate of 3.86% through September 2040, collateralized by real property.	\$ 346,037
\$184,530 bank loan originated in fiscal year 2018, due in monthly installments of \$803, plus interest at 3.25% until maturity in 2039, collateralized by real property.	166,567
Total governmental activities bonds payable	512,604
Less current portion	(17,910)
<b>Governmental activities long-term bonds payable</b>	<b>\$ 494,694</b>
<b>Business-type Activities:</b>	
\$165,000 general obligation bond, due in annual installments of \$5,000 through 2023, then \$10,000 payments through fiscal year 2036 at 5% per annum.	\$ 130,000
Total business-type activities bond payable	130,000
Unamortized premium	13,861
Total business-type activities bond and note payable debt	143,861
Less current portion	(6,875)
<b>Business-type activities long-term bond and note payable debt</b>	<b>\$ 136,986</b>

**CITY OF SAXMAN**

**NOTES TO FINANCIAL STATEMENTS**

The debt service annual requirements to amortize bond and notes payable debt outstanding as of June 30, 2022, are as follows:

<b>Governmental Activities:</b>			
Year Ending June 30	Principal	Interest	Total
2023	\$ 17,910	\$ 18,525	\$ 36,435
2024	18,537	17,898	36,435
2025	19,287	17,148	36,435
2026	20,016	16,419	36,435
2027	20,772	15,663	36,435
2028-2032	116,179	65,996	182,175
2033-2037	139,949	42,226	182,175
2038-2042	112,971	15,608	128,579
2043-2047	43,797	4,389	48,186
Thereafter	3,186	34	3,220
	<b>\$ 512,604</b>	<b>\$ 213,906</b>	<b>\$ 726,510</b>

<b>Business-type Activities:</b>			
Year Ending June 30	Principal	Interest	Total
2023	\$ 5,000	\$ 6,375	\$ 11,375
2024	10,000	6,000	16,000
2025	10,000	5,500	15,500
2026	10,000	5,000	15,000
2027	10,000	4,500	14,500
2028-2032	50,000	16,000	66,000
2033-2037	35,000	3,750	38,750
	<b>\$ 130,000</b>	<b>\$ 47,125</b>	<b>\$ 177,125</b>

**NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances represent cash collected or disbursed on behalf of another fund. The composition of interfund balances as of June 30, 2022, was as follows:

	Interfund Balances	
	Due from other funds	Due to other funds
General Fund	\$ -	\$ 17,387
CARES Act Special Revenue Fund	-	223,873
Carving Center Expansion	21,558	-
Water and Sewer	153,258	-
Youth Reach Program	996	-
Totem Pole Restoration	65,448	-
	<b>\$ 241,260</b>	<b>\$ 241,260</b>



**CITY OF SAXMAN**

**NOTES TO FINANCIAL STATEMENTS**

Interfund transfers result from the City budget and are as follows for the year ended June 30, 2022:

	Transfers In			
	General Fund	Totem Pole Restoration	Debt Service Fund	Total
Transfers out:				
General fund	\$ -	\$ 57,500	\$ 36,435	\$ 93,935
CARES ACT and ARPA Special Revenue fund	223,873		-	223,873
Saxman Seaport	91,862		-	91,862
<b>Total</b>	<b>\$ 315,735</b>	<b>\$ 57,500</b>	<b>\$ 36,435</b>	<b>\$ 409,670</b>

Transfers between funds are in accordance with the City Code and budgetary authorizations, and are generally used for capital outlay, debt service and operations.

**NOTE 9 – RETIREMENT PLANS**

The City and Saxman Seaport (referred to collectively for this note as the “City” except where otherwise separately presented) participate in the State of Alaska Public Employees’ Retirement System (PERS) under separate participation agreements with the State of Alaska. PERS is governed by the Alaska Retirement Management Board (the “Board” or the “System”), which consists of nine trustees, as follows: the Commissioner of the Department of Administration, the Commissioner of the Department of Revenue, two trustees who are members of the general public, one trustee who is employed as a finance officer for a political subdivision participating in either the PERS or Teachers’ Retirement System (TRS), two trustees who are members of PERS, and two trustees who are members of TRS. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. PERS issues a publicly available financial report that can be obtained at <http://doa.alaska.gov/drb/pers/employee/resources/index.html>.

Description of Plans Available to Employees

The City provides three types of plans to its employees through its participation in PERS. A cost-sharing multiple-employer defined benefit (DB) pension plan administered by the State of Alaska is provided, which includes a defined benefit health plan under the State of Alaska Retiree Healthcare Trust (ARHCT), a healthcare trust fund of the State of Alaska. The DB, including ARHCT, was closed to all new members effective July 1, 2006.

A Defined Contribution Pension Plan (DC Plan) provides retirement benefits for eligible employees hired after July 1, 2006, as described in the Defined Contribution Pension Plan section below. PERS also includes a Retiree Medical Plan (RMP) which provides major medical coverage to all employees of the DC Plan.

An Occupational Death and Disability (ODD) plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. Together the ARHCT, RMP and ODD plans are referred to as Other Postemployment Benefits (“OPEB”), which are further described in the Defined Benefit Other Postemployment Benefit Plans (OPEB) section below.

State of Alaska PERS Defined Benefit Plan

Benefits Provided

PERS provides retirement, disability, death, and postemployment health benefits. Benefits vest with five years of credited service. Employees enrolled prior to July 1, 1986 with five or more years of credited

## CITY OF SAXMAN

### NOTES TO FINANCIAL STATEMENTS

service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for Police/Fire members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

The percentage multipliers for police/fire personnel are 2.00% for the first ten years of service and 2.50% for all service over 10 years. The percentage multipliers for all other participants are 2.00% for the first 10 years, 2.25% for the next 10 years, and 2.50% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2.00%.

Postemployment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986 and who have not reached age 60 may elect to pay for major medical benefits; thereafter they are provided without cost.

The Plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the Plan's Administrator if the funding ratio of the Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

#### Contributions

Contribution requirements of the active plan members and the participating employers are actuarially determined and approved by the Board as an amount that, when combined, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The DB Plans members' contribution rates are 7.5% for peace officers and firefighters, 9.6% for some school district employees, and 6.75% for general DB Plan members, as required by statute. The City's effective contribution rate is 22.00% of annual payroll. Alaska Statute 39.35.280 states that the State of Alaska, as a non-employer contributing entity, shall contribute each July 1, or as soon after July 1 for the ensuing fiscal year, an amount that when combined with the total employer contributions is sufficient to pay the System's past service liability at the actuarially determined contribution rate adopted by the Board for that fiscal year. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Retirement (DC) Plan payroll. The DBUL amount is computed as the difference between:

- (A) The amount calculated for the 22.00% statutory employer contribution rate on eligible salary, less
- (B) The total of the employer contributions for
  - (1) the defined contribution employer matching amount,
  - (2) major medical,
  - (3) occupational death & disability, and
  - (4) health reimbursement arrangement.

The difference is deposited based on an actuarial allocation into the DB Plan's pension and healthcare

**CITY OF SAXMAN**

**NOTES TO FINANCIAL STATEMENTS**

funds.

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

At June 30, 2022, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

	City	Saxman Seaport
Proportionate share of the net pension liability	\$ 168,086	\$ 139,460
State's proportionate share of the net pension liability associated the City and Saxman Seaport	27,158	22,020
<b>Total Net Pension Liability</b>	<b>\$ 195,244</b>	<b>\$ 161,480</b>

The City will record the entire net pension liability, including the State's proportionate share, if the State of Alaska no longer contributes its proportionate share as measured by the annual State contributions and provided under Alaska Statute 39.35.280. By changing the existing statute to a higher rate above and up to the actuarially determined rate, the City may be required to record some or all of the State's proportion and its contribution amounts will increase accordingly.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation 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 employers and the State, actuarially determined. At June 30, 2021, the City and Saxman Seaport's proportion were .00458% and .00380%, respectively, which was a change of .00194% and .00102%, respectively from their proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City and Saxman Seaport recognized a net pension expense of \$71,279 and \$37,068, respectively, including revenue of \$39 and \$32, respectively, for support provided by the State. At June 30, 2022, the City and Saxman Seaport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City of Saxman		Saxman Seaport	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions	\$ 16,877	\$ -	\$ 7,487	\$ -
Differences between expected and actual experience	-	745	-	618
Differences between projected and actual investment earnings	-	66,284	-	54,996
Contributions subsequent to measurement date	32,620	-	-	-
<b>Total</b>	<b>\$ 49,497</b>	<b>\$ 67,029</b>	<b>\$ 7,487</b>	<b>\$ 55,614</b>

**CITY OF SAXMAN**

**NOTES TO FINANCIAL STATEMENTS**

Of the total amount reported as deferred outflows of resources related to pensions, \$32,620 and \$-0- resulting from City and Saxman Seaport contributions subsequent to the measurement date, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the measurement year (fiscal year) as follows:

	City	Saxman Seaport	
Year ended June 30:			
2022 (2023)	\$ 729	\$ (5,912)	
2023 (2024)	(15,183)	(12,597)	
2024 (2025)	(16,424)	(13,627)	
2025 (2026)	(19,274)	(15,991)	

Pursuant to AS 39.35.255, employers are required to contribute to PERS every payroll period an amount calculated by applying a rate of 22 percent to the greater of the total of all base salaries (1) paid by the employer to employees who are active members of PERS, or (2) paid by the employer to employees who were active members of the system during the corresponding payroll period for the fiscal year ending June 30, 2008. During fiscal year 2021, for the City, salary amounts were not less than the 2008 base. For Saxman Seaport, salary amounts were \$9,562 less than the 2008 base; therefore, \$2,104 in additional contributions were due by December 31, 2021. Of the amount paid, \$2,104 related to pension. These amounts will be included in deferred outflow for fiscal year 2022.

Actuarial Assumptions

The total pension liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service. Graded service, from 6.75% to 2.75% for all others
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/ firefighters, 40% of the time for all others.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

CITY OF SAXMAN

NOTES TO FINANCIAL STATEMENTS

The long-term expected rate of return on 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 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 adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2021 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%):

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	28.00%	6.63%
Global ex-US equity	19.00	5.41
Aggregate bonds	22.00	0.76
Opportunistic	6.00	4.39
Real assets	13.00	3.16
Private equity	12.00	9.29
Cash equivalents	-	0.13

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.38 percent, 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 1-percentage-point lower (6.38 percent) or 1-percentage-point higher (8.38 percent) than the current rate:

	1% Decrease (6.38%)	Current Discount rate (7.38%)	1% Increase (8.38%)
City’s proportionate share of the net pension liability			
City	\$ 248,959	\$ 168,086	\$ 100,143
Saxman Seaport	206,560	139,460	83,088

Pension Plan Fiduciary Net Position

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

## CITY OF SAXMAN

### NOTES TO FINANCIAL STATEMENTS

#### Defined Contribution Pension Plan

##### Plan Description

The City and Saxman Seaport also participate in the State of Alaska Defined Contribution Pension Plan (DC Plan), Tier 4, which provides pension benefits and certain Other Postemployment Benefits (OPEB) benefits similar to those of the defined benefit plan for eligible employees hired after July 1, 2006. The State of Alaska Healthcare Reimbursement Arrangement Plan is also provided to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. The OPEB benefits are described further below. Additionally, certain active members of the DB Plan were eligible to transfer to the DC Plan if that member had not vested in the DB Plan. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The DC Plan is administered by the System.

##### Pension Benefits

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf, and the related earnings, in the ratio of (a) 25% with two years of service; (b) 50% with three years of service; (c) 75% with four years of service; and (d) 100% with five years of service.

##### Contributions

Alaska statutes require an 8.0% contribution rate for DC Plan members. Employers are required to contribute 5.0% of the member's compensation. For the year ended June 30, 2022, employee contributions for the City and Saxman Seaport totaled \$6,898 and \$-0-, respectively, and the City and Saxman Seaport recognized pension expense of \$4,312 and \$-0- respectively.

##### Refunds

A member is eligible to elect distribution of their account 60 days after termination of employment.

##### Participant Accounts

Participant accounts under the DC Plan are self-directed with respect to investment options.

Each participant designates how contributions are to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds.

Record-keeping/administrative fees, consisting of a fixed amount, applied in a lump sum each calendar year, and a variable amount, applied monthly, are deducted from each participant's account, applied pro rata to all the funds in which the employee participates. This fee is for all costs incurred by the record keeper and by the State. The investment management fees are netted out of the funds' performance.

#### Defined Benefit Other Postemployment Benefit Plans (OPEB)

##### OPEB Benefits Provided

Major medical benefits under ARHCT are provided to retirees and their surviving spouses at no premium cost for all members hired before July 1, 1986 (Tier 1), and disabled retirees. Members hired after June

## CITY OF SAXMAN

### NOTES TO FINANCIAL STATEMENTS

30, 1986 (Tier 2), and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996 (Tier 3)) must pay the full monthly premium if they are under age 60 and will receive benefits at no premium cost if they are over age 60. Tier 3 members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 members with less than five years of credited service are not eligible for postemployment healthcare benefits. Tier 2 members who are receiving a conditional benefit and are age eligible are eligible for postemployment healthcare benefits. In addition, peace officers and their surviving spouses with 25 years of peace officer membership service and all other members and their surviving spouses with 30 years of membership service receive benefits at no premium cost, regardless of their age or date of hire. Peace officers/firefighters who are disabled and retire between 20 and 25 years must pay the full monthly premium.

The Occupational Death and Disability Plan (ODD) provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System.

The Retiree Medical Plan (RMP) provides major medical coverage to retirees of the DC Plan. The RMP is self-insured. Members are not eligible to use this plan until they have at least 10 years of service, and are Medicare age eligible.

#### Contributions

Employer contribution rates for major medical OPEB benefits to the ARHCT are actuarially determined and adopted by the Board as described in the PERS defined pension plan above. The 2022 employer effective contribution rate is 22.00% of member's compensation.

Employer contribution for the ODD plan are to each member's account based on the member's compensation. For fiscal year 2022, the rates are 0.31% for occupational death and disability for peace officers and firefighters, and 0.26% for occupational death and disability all other members.

Employer contribution rates for the RMP plan are actuarially determined and adopted by the Alaska Retirement Management Board (Board). For fiscal year 2022, the employer rate is 1.27% of member's compensation.

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**CITY OF SAXMAN**

**NOTES TO FINANCIAL STATEMENTS**

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2022, the City reported a liability (asset) for its proportionate share of the net OPEB liability (asset) for each OPEB plan which reflected a reduction for State OPEB support provided to the City. The amount recognized by the City as its proportionate share of the net OPEB liability (asset), the related State support, and the total portion of the net OPEB liability (asset) that was associated with the City and Saxman Seaport were as follows:

	ARHCT	ODD	RMP	Total
Proportionate share of the net OPEB liability (asset)				
City	\$ (139,993)	\$ (3,279)	\$ (2,352)	\$ (145,624)
Saxman Seaport	(116,661)	(1,565)	(1,123)	(119,349)
State's proportionate share of the net OPEB liability (asset) associated with:				
City	-	-	-	-
Saxman Seaport	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (255,654)</b>	<b>\$ (4,844)</b>	<b>\$ (3,473)</b>	<b>\$ (264,973)</b>

The City will record the entire net ARHCT OPEB liability, including the State's proportionate share, if the State of Alaska no longer contributes its proportionate share as measured by the annual State contributions and provided under Alaska Statute 39.35.280. By changing the existing statute to a higher rate above and up to the actuarially determined rate, the City may be required to record some or all of the State's proportion and its contribution amounts will increase accordingly.

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability (asset) was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2021, the City's proportion was .00550% for ARHCT and .00742% for ODD and .00883% for RM, which was an increase of .00000% for ARHCT, .00740% for ODD and .000910% for RM from its proportion measured as of June 30, 2020. At June 30, 2021, Saxman Seaport's proportion was .00450% for ARHCT and .007425% for ODD and .00880% for RM, which was an increase of .00000% for ARHCT, .00008% for ODD and .00003% for RM from its proportion measured as of June 30, 2020.

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**CITY OF SAXMAN**

**NOTES TO FINANCIAL STATEMENTS**

For the year ended June 30, 2022, the City and Saxman Seaport recognized a net OPEB (expense) benefit of \$49,365 and \$23,033, respectively, including revenue of \$6,284 and \$10,474, respectively, for support provided by the State. At June 30, 2022, the City and Saxman Seaport reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	City of Saxman		Saxman Seaport	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and differences between employer contributions	\$ 1,191	\$ 4,796	\$ 977	\$ 3,508
Differences between expected and actual experience	175	2,478	83	1,705
Changes in Assumptions	731	6,713	348	5,087
Differences between projected and actual investment earnings	-	68,139	-	55,845
Contributions subsequent to measurement date	3,777	-	-	-
<b>Total</b>	<b>\$ 5,874</b>	<b>\$ 82,126</b>	<b>\$ 1,408</b>	<b>\$ 66,145</b>

Of the total amount reported as deferred outflows of resources related to OPEB, \$3,777 and \$0- resulting from City and Saxman Seaport contributions subsequent to the measurement date and before the end of the fiscal year, respectively, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense in the measurement year (fiscal year) as follows:

	City	Saxman Seaport
Year ended June 30:		
2022 (2023)	\$ (26,748)	\$ (21,258)
2023 (2024)	(15,897)	(12,790)
2024 (2025)	(17,037)	(13,724)
2025 (2026)	(19,797)	(17,045)
2026 (2027)	(205)	(14)
Thereafter	(345)	94

**Actuarial Assumptions**

The total OPEB liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50% per year
Salary increases	Graded by service, from 7.75% to 2.75% for peace officer/firefighter Graded by service, from 6.75% to 2.75% for all others

## CITY OF SAXMAN

### NOTES TO FINANCIAL STATEMENTS

Investment rate of return	7.38%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% Employee Group Waiver Plan (EGWP): 8.5% grading down to 4.5%
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
Participation	100% of system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible. 20% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience.

The long-term expected rate of return on 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 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 adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%):

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	28.00%	6.63%
Global ex-US equity	19.00	5.41
Aggregate bonds	22.00	0.76
Opportunistic	6.00	4.39
Real assets	13.00	3.16
Private equity	12.00	9.29
Cash equivalents	-	0.13

CITY OF SAXMAN

NOTES TO FINANCIAL STATEMENTS

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer and non-employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB Statement No. 67, *Financial Reporting for Pension Plans*.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38 percent) or 1-percentage-point higher (8.38 percent) than the current rate:

	1% Decrease (6.38%)	Current Discount rate (7.38%)	1% Increase (8.38%)
City			
ARHCT	\$ (91,553)	\$ (139,993)	\$ (180,218)
ODD	(1,900)	(3,279)	(5,120)
RMP	1,535	(2,352)	(5,287)
Saxman Seaport			
ARHCT	\$ (76,294)	\$ (116,661)	\$ (150,182)
ODD	(601)	(1,565)	(1,786)
RMP	732	(1,121)	(2,522)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) for the ARHCT and ODD plans as of June 30, 2022, calculated using the healthcare cost trend rates as summarized in the 2021 actuarial valuation report, as well as what the respective amount for each plan's net OPEB liability would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates (trend not provided for ODD as healthcare is not a component of the measurement of the liability or asset):

	1% Decrease	Current Trend Rate	1% Increase
City			
ARHCT	\$ (35,528)	\$ (139,993)	\$ 15,852
RMP	(2,272)	(2,352)	4,618
Saxman Seaport			
ARHCT	\$ (184,927)	\$ (116,661)	\$ (85,769)
RMP	(2,722)	(1,121)	1,059

## CITY OF SAXMAN

### NOTES TO FINANCIAL STATEMENTS

#### OPEB Plan Fiduciary Net Position

The separately issued PERS financial report has more information about the OPEB plan's net position.

#### Total Deferred Outflows of Resources and Inflows of Resources

Total deferred outflows of resources and deferred inflows of resources presented in the Statement of Net Position consists of the following at June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Related	\$ 56,984	\$ 122,643
OPEB Related	7,282	148,271
<b>Total</b>	<b>\$ 64,266</b>	<b>\$ 270,914</b>

#### **NOTE 10 – LEASES AND OPERATING AGREEMENTS**

##### Lease Receivable - CCTHITA Head Start

The City leases land to Central Council Tlingit & Haida Indian Tribes of Alaska (CCTHITA) to operate a Head Start program. The lease commenced in fiscal 2002 for a term of 50 years. The initial monthly lease was \$150 and the lease provides for annual increases based on the U.S. Department of Labor Consumer Price Index for Anchorage, AK. The current monthly amount is \$237. Property covered by this lease is land valued at \$32,935. Annual inflows related to the lease were \$2,854 in the fiscal year ended June 30, 2022. The City has recorded a lease receivable in the General Fund for the discounted cash flows of expected future lease payments of \$43,873. A corresponding deferred inflow of resources is recording pending the lease payments becoming available in future periods.

##### Cape Fox Corporation Tourism Operating Agreement

The City and Cape Fox Corporation (Cape Fox), an unrelated entity, entered into an agreement dated March 29, 2019, and amended on April 7, 2022, for the period from April 2019 through November 2030 that provides for Cape Fox to operate as the manager and operator of the City's tourism-related facilities, and grants Cape Fox Tours the exclusive right to market the Saxman Native Village Tour and exclude customers of outside tours from access to the interior of the tourism-related buildings from mid-April to October 1 each year. The Agreement called for Cape Fox to pay the City a base fee of \$40,000 under the agreement for the summer of 2022, plus \$1 per visitor to the City's Native Village for 0 to 25,000 visitors, \$1.50 per visitor for 25,001 to 50,000 visitors, and \$2 per visitor for over 50,000 visitors. Due to the pandemic described in Note 14, there was no tourism season for the summers of 2020 and 2021; therefore, no payments were made. Tourism returned in the summer of 2022. In addition, Cape Fox pays the City \$7,500 per year for restoration and replacement of totem poles in the Native Village.

The agreement is exclusive only for tourism-related activities during the five-month tour season and, as to the Community Hall, only covers approximately one-fourth of the building. The property covered by the lease is used by the City for other purposes in the non-tourism hours during the tour season. Property covered by this lease are buildings valued at \$5,663,005 less accumulated depreciation of \$1,421,949.

##### THRHA Senior Center Cost-Free Lease Agreements

The City leases land to Tlingit & Haida Regional Housing Authority (THRHA) to construct and operate two Senior Housing Centers. The lease commenced in fiscal 2010 for a term of 50 years with an option to

## CITY OF SAXMAN

### NOTES TO FINANCIAL STATEMENTS

renew for another 50 years. No lease fee is charged for the leasehold estate. Consideration for the lease is THRHA's performance in constructing and operating the senior housing centers now located on the land. Property covered by this lease is land valued at \$48,612.

#### Short-Term Marina Rental Agreements

The City, through Saxman Seaport, leases indoor and outdoor space at its marina and provides access to tidelands and its marina infrastructure to various entities. All leases are on a month-to-month or short-term basis up to one-year. Property held for leasing is the entire Saxman Seaport facility in the Saxman Seaport enterprise fund with a cost of \$4,894,577 and accumulated depreciation of \$3,233,735.

#### Short-Term Land Lease for Communications Tower

The City, through Saxman Seaport, leases space to a communications corporation under an annually renewable lease which commenced in fiscal 2010 and was extended in fiscal year 2022 through May 2023. The current agreement calls for payments of \$1,573 per month. The tower is on land owned by Saxman Seaport which is included in the total value as listed above.

### NOTE 11 – ECONOMIC DEPENDENCY AND CONCENTRATIONS

The City is economically dependent on tourism, which provides over one-third of its non-grant governmental revenues and provides additional indirect revenues such as sales taxes. As described in Note 14, the City's tourism revenue has been significantly negatively affected by the pandemic. The Saxman Seaport has five customers who accounted for approximately 59% of the Seaport revenue. These customers engage in a variety of economic activity.

### NOTE 12 – RISK MANAGEMENT

Saxman City is exposed to numerous risks of loss associated with the operations of a government. These potential losses include, but are not limited to, employee relations and injuries, contracts, theft, loss or damage of property, natural disasters and general liability. The City manages its risks from these potential losses by participating in the Alaska Municipal League Joint Insurance Association (a governmental insurance pool), as well by purchasing commercial insurance coverage. This insurance has provided the City with adequate coverage in the past. The City's insurance is on a claims-occurred basis, except for public officials' coverage which is on a claims-made basis. There were no significant changes in insurance coverage obtained and there were no claims or settlements that exceeded insurance coverage in any of the past three fiscal years.

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

### NOTE 13 – CONTINGENT LIABILITIES

The City participates in a variety of State and Federal assistance grant programs. These programs are subject to program compliance reviews by the grantors or their representatives. The audits of these programs for and including the year ended June 30, 2022, have not yet been finalized. Accordingly, compliance with applicable grant requirements by the City will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects any such unrecorded amounts, if any, to be immaterial.

**CITY OF SAXMAN**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 - PANDEMIC**

On March 11, 2020, Governor Dunleavy declared a public health disaster emergency under State law, as a result of COVID-19. During fiscal year 2020 and 2021, the federal and state governments extended and retracted emergency declarations and refined emergency orders to allow for a measured expansion of economic and social activities in the State and its municipalities. Travel restrictions were modified and then eliminated to allow for more travelers to enter the state for work, commerce, tourism, and other purposes. City facilities, businesses, recreational, cultural, and other facilities have reopened with restrictions and new measures designed to preserve the public health.

On March 27, 2020, the "Coronavirus Aid, Relief and Economic Security (CARES) Act" was signed into law. The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. In December 2020, the "Consolidated Appropriations Act" was signed, extending the period of availability for CARES Act funds and providing other funding. In March 2021, the American Rescue Plan Act (ARPA) was enacted, providing more funds for State and local governments.

The City has been awarded, received and expended amounts from the federal government in fiscal years 2020 through 2022, which were passed through the State of Alaska and other governments, as follows:

	Awarded	Received	Expended
<b>CARES – Coronavirus Relief Fund (CRF):</b>			
Passed through the State of Alaska	\$ 293,120	\$ 293,120	\$ 293,120
Passed through Ketchikan Gateway Borough	387,775	387,775	387,775
Passed through the Organized Village of Saxman	30,000	30,000	30,000
<b>ARPA –</b>			
Passed through the State of Alaska	522,289	475,821	270,216
Passed through the Organized Village of Saxman	105,225	100,642	100,642
<b>Total</b>	<b>\$ 1,338,409</b>	<b>\$ 1,287,358</b>	<b>\$ 1,081,753</b>

The City made significant reductions to its budgets for fiscal years 2020, 2021 and 2022 as a result of the pandemic. Tourism revenue in the summers of 2020 and 2021, were virtually zero due to restrictions on cruise ship and other tourism opportunities in the Ketchikan Gateway Borough. The financial and social impact of the pandemic continues to evolve through the date of this report, and so it is uncertain as to the full magnitude the pandemic will have on the City's current and future operations, financial condition and liquidity. City management continues to monitor the pandemic and is working to reduce its impact to the extent practical.

**NOTE 15 – NEW ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates. The following new standards were implemented by the City during the current fiscal year:

## CITY OF SAXMAN

### NOTES TO FINANCIAL STATEMENTS

GASB 87 - Leases - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Through its implementation of the new standard, the City recorded one general governmental lease receivable in which the City leases real property to a tribal entity. See also Note 10.

GASB 96 – Subscription-based Information Technology Arrangements – Through its implementation of the new standard, City management reviewed its existing contracts to determine if any met the criteria for reporting as subscription-based information technology arrangements (SBITAs) under the new standards. No such contracts were identified.

The following standards are required to be implemented in coming financial reporting periods. Management has not fully evaluated the potential effects of these statements.

GASB 91 – Conduit Debt Obligations – Effective for fiscal year 2023, the primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB 94 – Public-private and Public-public Partnerships and Availability Payment Arrangements – Effective for fiscal year 2023, the objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB 101 – Compensated Absences – Effective for fiscal year 2024, 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. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB 101 also establishes guidance for measuring a liability for leave that has not been used.

#### NOTE 15 – SUBSEQUENT EVENT

Subsequent to year-end, the City received a \$100,000 license fee from an unrelated corporation under a agreement which enables the unrelated corporation to begin modifying a warehouse building and property owned by Saxman Seaport in which the corporation plans to operate a retail business. The license fee will be applied to rental costs for the building and property if the City and the corporation enter into a lease for the property that is under negotiation. If the parties fail to enter into a lease, the City will retain the license fee as compensation for lost rents during the term of the license. All work by the Corporation commenced subsequent to year-end.

REQUIRED SUPPLEMENTARY INFORMATION



**REQUIRED SUPPLEMENTARY INFORMATION****BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND**

For the Year Ended June 30, 2022

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Sales tax	\$ 121,700	\$ 131,700	\$ 149,672	\$ 17,972
Intergovernmental	75,000	76,867	92,829	15,962
Charges for services	218,662	149,378	216,089	66,711
<b>Total Revenues</b>	<b>415,362</b>	<b>357,945</b>	<b>458,590</b>	<b>100,645</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	319,880	330,070	319,432	10,638
Public works and streets	167,457	284,392	206,513	77,879
Public Safety	44,272	48,784	42,096	6,688
Tourism and cultural	15,723	16,223	13,866	2,357
<b>Capital outlay</b>	<b>-</b>	<b>3,182</b>	<b>2,700</b>	<b>482</b>
<b>Total Expenditures</b>	<b>547,332</b>	<b>682,651</b>	<b>584,607</b>	<b>98,044</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(131,970)	(324,706)	(126,017)	198,689
<b>Other financing sources (uses)</b>				
Transfers in	156,500	309,141	315,735	6,594
Transfers out	(36,435)	(51,435)	(93,935)	(42,500)
<b>Total Other Financing Sources</b>	<b>120,065</b>	<b>257,706</b>	<b>221,800</b>	<b>(35,906)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (11,905)</b>	<b>\$ (67,000)</b>	<b>\$ 95,783</b>	<b>\$ 162,783</b>

**Note:**

A budget was not adopted for the City of Saxman's CARES Act and ARPA Major Special Revenue Fund because it is not legally required and, therefore, presentation of budgetary comparison information is not required.

CITY OF SAXMAN

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULES OF THE CITY OF SAXMAN'S AND SAXMAN SEAPORT'S PROPORTIONATE SHARE OF THE NET PENSION AND OTHER POSTEMPLOYMENT BENEFIT LIABILITIES**

Fiscal Years 2015 through 2022 for Pension and Fiscal Year 2018 through 2022 for OPEB

	2022	2021	2020	2019	2018	2017	2016	2015
<b>PENSION</b>								
Proportion of the net pension liability:								
City of Saxman	0.00458%	0.00264%	0.00136%	0.00266%	0.00264%	0.00950%	0.00670%	0.00300%
Saxman Seaport	0.00380%	0.00278%	0.00281%	0.00135%	0.00153%	0.00200%	0.00200%	0.00200%
Proportionate share of the net pension liability								
City of Saxman	\$ 168,086	\$ 155,876	\$ 74,517	\$ 132,059	\$ 136,705	\$ 531,375	\$ 325,995	\$ 141,691
Saxman Seaport	139,460	164,143	153,692	67,077	79,346	111,494	95,022	91,381
State's proportionate share of the net pension liability associated with:								
City of Saxman	27,158	64,949	31,437	34,587	50,667	69,980	86,870	134,539
Saxman Seaport	22,020	67,310	61,709	23,058	28,679	18,978	-	-
<b>Totals:</b>								
City of Saxman	\$ 195,244	\$ 220,825	\$ 105,954	\$ 166,646	\$ 187,372	\$ 601,355	\$ 412,865	\$ 276,230
Saxman Seaport	\$ 161,480	\$ 231,453	\$ 215,401	\$ 90,135	\$ 108,025	\$ 130,472	\$ 95,022	\$ 91,381
Covered payroll								
City of Saxman	\$ 86,235	\$ 128,030	\$ 118,958	\$ 58,069	\$ 54,162	\$ 3,420	\$ 7,105	\$ 6,659
Saxman Seaport	\$ -	\$ 61,723	\$ 98,691	\$ 87,488	\$ 54,589	\$ -	\$ -	\$ -
Proportionate share of the net pension liability as a percentage of its covered employee Payroll								
City of Saxman	194.92%	121.75%	62.64%	227.42%	252.40%	15537.28%	4588.25%	2127.81%
Saxman Seaport	0.00%	265.93%	155.73%	76.67%	145.35%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability								
	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB 68 was implemented in the fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, the City of Saxman has only presented information for the years in which information is available.

**OTHER POSTEMPLOYMENT BENEFIT**

Proportion of the net OPEB liability (asset)					
City of Saxman	0.00271%	0.00642%	0.00278%	0.00266%	0.00266%
Saxman Seaport	0.00289%	0.00560%	0.00480%	0.00141%	0.00156%
Proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll					
City of Saxman	\$ (145,624)	\$ (13,664)	\$ 2,182	\$ 27,145	\$ 21,888
Saxman Seaport	\$ (119,349)	\$ (14,154)	\$ 4,513	\$ 14,116	\$ 12,487
State's proportionate share of the net OPEB liability (asset) associated with the City of Saxman					
City of Saxman	-	(4,740)	972	7,749	7,654
Saxman Seaport	-	(5,091)	1,621	4,579	5,760
<b>Total</b>					
City of Saxman	\$ (145,624)	\$ (18,404)	\$ 3,154	\$ 34,894	\$ 29,542
Saxman Seaport	\$ (119,349)	\$ (19,245)	\$ 6,134	\$ 18,695	\$ 18,247
Covered payroll					
City of Saxman	\$ 86,235	\$ 128,030	\$ 118,958	\$ 58,069	\$ 54,162
Saxman Seaport	\$ 0	\$ 61,723	\$ 98,691	\$ 87,488	\$ 54,589
Proportionate share of the net OPEB liability (asset) as a percentage of covered employee payroll					
City of Saxman	-168.87%	-10.67%	1.83%	46.75%	40.41%
Saxman Seaport	0.00%	-22.93%	4.57%	16.13%	22.87%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)					
	135.54%	106.15%	98.13%	88.12%	89.68%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in the fiscal year ended June 30, 2018, and, until a full 10-year trend is compiled, the City of Saxman has only presented information for the years in which information is available.

CITY OF SAXMAN

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULES OF CITY OF SAXMAN AND SAXMAN SEAPORT CONTRIBUTIONS**

Fiscal Years 2015 through 2022 for Pension and Fiscal Years 2018 through 2022 for OPEB

	2022	2021	2020	2019	2018	2017	2016	2015
<b>PENSION</b>								
Contractually required contribution								
City of Saxman	\$ 32,620	\$ 15,901	\$ 22,921	\$ 15,922	\$ 11,354	\$ 752	\$ 1,563	\$ 1,465
Saxman Seaport	\$ -	\$ 7,666	\$ 12,257	\$ 13,944	\$ 4,554	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution								
City of Saxman	32,620	15,901	22,921	15,922	11,354	9,658	17,772	17,200
Saxman Seaport	-	7,666	12,257	13,944	4,554	8,523	2,656	2,508
Contribution deficiency (excess)								
City of Saxman	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,906)	\$ (16,209)	\$ (15,735)
Saxman Seaport	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,523)	\$ (2,656)	\$ (2,508)
Covered payroll								
City of Saxman	\$ 86,235	\$ 128,030	\$ 118,958	\$ 58,069	\$ 54,162	\$ 3,420	\$ 7,105	\$ 6,659
Saxman Seaport	\$ -	\$ 61,723	\$ 98,691	\$ 87,488	\$ 54,589	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll								
City of Saxman	37.83%	12.42%	19.27%	27.42%	20.96%	21.99%	22.00%	22.00%
Saxman Seaport	0.00%	12.42%	12.42%	15.94%	8.34%	-	-	-

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, the City of Saxman has only presented information for the years in which information is available.

**OTHER POSTEMPLOYMENT BENEFIT**

Contractually required contribution						
City of Saxman	\$ 4,312	\$ 5,864	\$ 8,388	\$ 4,877	\$ 4,807	
Saxman Seaport	\$ -	\$ 2,827	\$ 4,520	\$ 4,457	\$ 1,948	
Contributions in relation to the contractually required contribution						
City of Saxman	4,312	5,864	8,388	4,877	4,807	
Saxman Seaport	-	2,827	4,520	4,457	1,948	
Contribution deficiency (excess)						
City of Saxman	\$ -	\$ -	\$ -	\$ -	\$ -	
Saxman Seaport	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll						
City of Saxman	\$ 86,235	\$ 128,030	\$ 118,958	\$ 58,069	\$ 54,162	
Saxman Seaport	\$ -	\$ 61,723	\$ 98,691	\$ 87,488	\$ 54,589	
Contributions as a percentage of covered employee payroll						
City of Saxman	5.00%	4.58%	7.05%	8.40%	8.88%	
Saxman Seaport	0.00%	4.58%	4.58%	5.09%	3.57%	

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in the fiscal year ended June 30, 2018, and, until a full 10-year trend is compiled, the City of Saxman has only presented information for the years in which information is available.

SUPPLEMENTARY INFORMATION

CITY OF SAXMAN

**COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Due from other funds	\$ 66,444	\$ 21,558	\$ 88,002
<b>Total Assets</b>	<b>\$ 66,444</b>	<b>\$ 21,558</b>	<b>\$ 88,002</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Unearned revenue	\$ 2,780	\$ -	\$ 2,780
<b>Total Liabilities</b>	<b>2,780</b>	<b>-</b>	<b>2,780</b>
<b>Fund Balances (Deficits)</b>			
Restricted for educational and cultural activities	63,664	-	63,664
Assigned to capital projects		21,558	21,558
<b>Total Fund Balances</b>	<b>63,664</b>	<b>21,558</b>	<b>85,222</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 66,444</b>	<b>\$ 21,558</b>	<b>\$ 88,002</b>

CITY OF SAXMAN

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ -
Contributions and other	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>			
Current			
Tourism and cultural	6,095	-	6,095
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
<b>Total Expenditures</b>	<b>6,095</b>	<b>-</b>	<b>6,095</b>
Excess (Deficiency) of Revenues (Over) Under Expenditures	(6,095)	-	(6,095)
<b>Other Financing Sources</b>			
Transfers in	57,500	-	57,500
<b>Total Other Financing Sources</b>	<b>57,500</b>	<b>-</b>	<b>57,500</b>
<b>Net Change in Fund Balances</b>	<b>51,405</b>	<b>-</b>	<b>51,405</b>
Fund Balances, Beginning of Year	12,259	21,558	33,817
<b>Fund Balances, End of Year</b>	<b>\$ 63,664</b>	<b>\$ 21,558</b>	<b>\$ 85,222</b>

CITY OF SAXMAN

**COMBINING BALANCE SHEETS - NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2022

	Youth Reach Program	Totem Pole Restoration	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>			
Due from other funds	\$ 996	\$ 65,448	\$ 66,444
<b>Total Assets</b>	<b>\$ 996</b>	<b>\$ 65,448</b>	<b>\$ 66,444</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
<b>Liabilities</b>			
Unearned revenue	\$ 2,780	\$ -	\$ 2,780
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b>2,780</b>	<b>-</b>	<b>2,780</b>
<b>Fund Balances (Deficits)</b>			
Restricted for educational and cultural activities	(1,784)	65,448	63,664
<b>Total Fund Balances (Deficits)</b>	<b>(1,784)</b>	<b>65,448</b>	<b>63,664</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 996</b>	<b>\$ 65,448</b>	<b>\$ 66,444</b>

CITY OF SAXMAN

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2022

	Youth Reach Program	Totem Pole Restoration	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>			
Contributions and other	\$ -	\$ -	\$ -
LID payments	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>			
Current			
Educational and youth	-	-	-
Tourism and cultural	-	6,095	6,095
<b>Total Expenditures</b>	<b>-</b>	<b>6,095</b>	<b>6,095</b>
Excess of Revenues Over Expenditures	-	(6,095)	(6,095)
<b>Other Financing Sources (Uses)</b>			
Transfers in		57,500	57,500
Transfers out			-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>57,500</b>	<b>57,500</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>51,405</b>	<b>51,405</b>
Fund Balances (Deficits), Beginning of Year	(1,784)	14,043	12,259
<b>Fund Balances (Deficits), End of Year</b>	<b>\$ (1,784)</b>	<b>\$ 65,448</b>	<b>\$ 63,664</b>



CITY OF SAXMAN

**COMBINING BALANCE SHEETS - NONMAJOR CAPITAL PROJECTS FUNDS**

June 30, 2022

	Carving Center Expansion	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>		
Due from other funds	\$ 21,558	\$ 21,558
<b>Total Assets</b>	<b>\$ 21,558</b>	<b>\$ 21,558</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balances</b>		
Assigned to capital projects	21,558	21,558
<b>Total Fund Balances</b>	<b>21,558</b>	<b>21,558</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 21,558</b>	<b>\$ 21,558</b>

CITY OF SAXMAN

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS**

For the Year Ended June 30, 2022

	Carving Center Expansion	Total Nonmajor Capital Projects Funds
<b>REVENUES</b>		
Intergovernmental	\$ -	\$ -
<b>Total Revenues</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>		
Capital outlay	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over Expenditures	-	-
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>
Fund Balances, Beginning of Year	21,558	21,558
<b>Fund Balances, End of Year</b>	<b>\$ 21,558</b>	<b>\$ 21,558</b>