

City of Seward, Alaska



Annual Comprehensive Financial Report

Year Ended December 31, 2022

Prepared by City of Seward Finance Department

**Annual Comprehensive Financial Report
of the
City of Seward, Alaska**

For the Fiscal Year Ended
December 31, 2022

Sue McClure
Mayor

Norm Regis
Acting City Manager

Prepared by the Finance Department
Sully Jusino
Finance Director

City of Seward, Alaska

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LETTER OF TRANSMITTAL

City of Seward

Address: 410 Adams Street, P.O. Box 167, Seward, Alaska 99664

Phone: 907.224.4050; Fax: 907.224.4038

August 30, 2023

Honorable Members of the Seward City Council
Citizens of the City of Seward:

The City of Seward (City) is required by Alaska Statutes (AS 29.35.120 Annual Audit) and Seward City Code to publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP). Pursuant to these requirements, the Annual Comprehensive Financial Report of the City for year ended December 31, 2022 is hereby submitted.

Management is responsible for ensuring the accuracy, completeness, and fairness of the presentation of this information, including all disclosures. To provide a reasonable basis for making these representations, management has established a comprehensive framework of internal controls designed to protect the government's assets from loss, theft, or misuse and to provide sufficient reliable information upon which to prepare the City's financial statements in accordance with GAAP. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Management asserts that, to the best of our knowledge, this financial report is complete and reliable in all material respects.

Altman, Rogers & Co., a firm of independent certified public accountants, has issued an unmodified (clean) opinion on the City's financial statements for the year ended December 31, 2022. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall presentation of the financial statements. Based on the independent audit, it was concluded that there was a reasonable basis upon which to render an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2022, are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

As a recipient of federal grant awards, the City is required to undergo an audit in accordance with the provisions of the Federal Single Audit Act Requirements of 1996, the related OMB 2 CFR Part 200 (formerly OMB Circular A-133). A schedule of expenditures of federal awards, the independent auditor's report on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs (if any) are prepared under a separate cover.

The City is required to undergo an audit in accordance with the provisions of Alaska State Regulation 2 AAC 45.010 due to the City receiving state grant funding. A schedule of state financial assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs (if any) are prepared as part of the audit in accordance with the State of Alaska *Audit Guide and Compliance Supplement for State Single Audits*.

PROFILE OF THE GOVERNMENT

The City was incorporated on June 1, 1912 and became a first-class City under Alaska Statute's (AS 29.04.010 Home rule) upon adoption of the City Charter by a referendum vote on January 5, 1960. The community is located on the eastern side of the Kenai Peninsula in Southcentral Alaska, 125 highway miles south of Anchorage. Year-round access is available by road, rail, water and two small-aircraft runways. The City has an area of 22 square miles and a population of 2,717 as of the 2020 census.

The form of government established by the Charter is the Council-Manager plan. The Council exercises legislative power and determines all matters of policy for the City. The Council is composed of a Mayor and six council members who are elected at-large on a non-partisan basis. Council members and the Mayor are elected and serve three-year terms. City Council appropriates three positions as follows: City Manager, City Clerk, and the City Attorney. The City Manager is responsible for managing the daily operations of the City. The City Clerk's primary responsibilities involve the safekeeping of public records and the administration of City elections. All other officers and employees of the City are appointed by the City Manager.

The City is empowered to levy a property tax on both real and personal property located within its boundaries. The property tax is an ad valorem tax. Funding for the General Fund, by order of significance, is provided by sales tax, payments in lieu of tax and administrative charges assessed to enterprise funds, intergovernmental revenues, property tax, recreation and camping fees, hotel/motel tax, and land rent and leases. The City provides the following services to its citizens: police, fire, public works, motor vehicle testing and licensing, jail, animal control, building inspection, community development, library and museum, parks and recreation, electric, water, wastewater, port and harbor, library, healthcare (primary care clinic, hospital, emergency room, long-term care facility), road maintenance, parking, and general administrative services.

BUDGETARY CONTROL

The City's budget serves as the foundation for financial planning and control. The City Council approves a Biennial (two-year) budget for the General Fund, eight enterprise funds, and one internal service fund, Motor Pool. Budgets are adopted by fund, function, and object code level. All departments submit budget requests to the City Manager on or before September 1 every odd-numbered year. The City Manager utilizes these requests to formulate a proposed budget and submits the proposed budget to the City Council at a regular meeting in October. The Council holds public hearings on the proposed budget and generally adopts the two-year budget in November. Adjustments to the budget are made throughout the year, as authorized by the City Council. In the second year of the biennial budget, an interim review is conducted, and modifications may be recommended to the City Council. The City Manager is authorized to make transfers between departments and line items within a Fund for amounts up to \$30,000. Council action is required for transfers between funds, for all single-item purchases exceeding \$30,000 (and all purchases of new motor vehicles regardless of cost) and for all new appropriations. Budget-to-actual comparisons are provided in this report for the General Fund, which is the only governmental fund that has a legally adopted budget.

LOCAL ECONOMY

The natural beauty of Seward, its year-around deep-water port, access by road system and rail, and its relatively mild climate combine to make Seward attractive to marine and tourism-related businesses and has remained a destination of choice for tens of thousands of visitors. The cost of living in Seward is relatively low for Alaska, and taxes are low and stable.

Seward has a fairly diversified economy with a thriving tourism industry, which helps drive the local job market and tax revenues, which both peak from May through August annually. Strong tourism, commercial and recreational fishing, boat tours, and recreational opportunities collectively contribute as a healthy revenue source for the City.

Seward has a statewide reputation as a maritime powerhouse due to quality port and harbor infrastructure and healthy growth in marine-related businesses. The City's recent \$25 million investment in Seward Marine Industrial Center (SMIC) expansion resulted in enclosing the basin by constructing a new breakwater, a new fishing pier, lineal moorage, dock upgrades, fencing, marine washdown pad, 10-ton crane, expansion of the 330-ton lift dock and pit, upgrades to electrical infrastructure, conversion of high-mast lights to LED, and other improvements. These investments are encouraging growth in marine transportation, ship repair, commercial fishing, land development and related business activity, and are attracting commercial fishing interests, transportation companies, marine scientists, the US Coast Guard and other large marine vessel operators with interest in expanded commercial facilities.

Seward's downtown corridor continues to experience strong revitalization post the COVID-19 pandemic. Just as many City's across the country experienced, several businesses were closed for all or most of 2020 due to the pandemic. This presented a series of challenges on a scale not seen in years. However, as previously shuttered businesses are purchased, improved, and opened to new ventures, the City remains optimistic and has seen tourism and related revenues bounce back to pre-Covid levels and in some cases even higher than pre-Covid levels.

SHORT-TERM FINANCIAL PICTURE

In 2022, Seward's sales tax revenues came in at \$7.6 million, or around 12% higher than the prior year's \$6.8 million. Despite large fluctuations due to the pandemic, over the past ten years, on average, sales tax revenues have increased steadily and represent 75% of the City's overall tax revenues, and 49% of the overall General Fund revenues. The bulk of Seward's sales tax (around 2/3) is generated during the summer months when the City experiences a large increase in tourism. Given the consistent growth in visitors to Seward it is likely Seward can continue to experience healthy sales tax growth.

The City's top ten property taxpayers have become more diverse over the past few years. The top-ten taxpayers represent various industries including tourism, seafood processing, grocery, hotel/motel, communications, petroleum products, and marine businesses, and account for approximately 23% of all taxable property in the community. The bulk of these entities are visitor-related and drive the City's tourism industry. And since sales tax, bed tax and camping fees are largely tourism-related these types of taxpayers contribute approximately 54% of the General Fund revenue.

FACTORS AFFECTING FINANCIAL CONDITION

LONG-TERM FINANCIAL PLANNING

An improved focus on long-term financial planning has resulted in tangible financial improvements in the short-term. General Fund reserves have risen to the top end of the policy band of between three to six months' expenditures and transfers-out, with Reserve levels remaining around 6 months of expenditures and transfers-out; the Capital Acquisition Fund receives periodic contributions toward general government infrastructure needs; and State revenue sharing funds are used for one-time, non-recurring capital needs.

FINANCIAL CONDITION

The City's fund balance continues to remain financially healthy. The City has worked hard to bring its General Fund unassigned fund balance within the policy band of between three to six months' reserves. Unassigned fund balance increased in 2022 by \$.2 million to \$8.8 million representing 6 months' reserves, down slightly from 2021. Maintaining fund balance levels within the policy band remains a priority since the City frequently relies on reserves to address unanticipated emergencies and unexpected expenses city-wide.

INFRASTRUCTURE CONDITION

The City continues to refine the assessment of capital infrastructure condition and address the most critical and high-risk repair and replacement projects as funding allows. Major improvements in infrastructure condition have resulted from enterprise fund incremental rate increases over the past eight years and aggressive pursuit of grants. Recent infrastructure improvements and corresponding demand for land leases at Seward Marine Industrial Center, have significantly improved the prospects for eliminating annual deficits.

The City has made significant improvements to enterprise fund capital assets based largely on categorizing and prioritizing capital needs as "critical", "high risk" or "moderate risk" and targeting resources to the most critical needs. Nearly \$100 million in capital grants have been deployed over the past ten years, allowing external funds to pay the lion's share of capital improvements, including: \$27 million SMIC expansion; \$6 million electrical upgrades including a new warehouse, automated controls and backup generators; \$2 million Snow River flood mitigation; \$5.5 million new water tank construction and old tank refurbishments; new harbor floats, docks, restrooms, fish cleaning stations, sewer pump-out station, launch ramps and improvements; Wastewater utility dredging of Lowell Point and SMIC sewage lagoons. These improvements came at little cost to the local taxpayers but will have lasting benefits to residents of Seward for decades to come.

MAJOR PROJECTS

In 2022, the City took a thoughtful and thorough approach to major projects and took advantage of funding opportunities for future projects. Construction of the new animal shelter facility was concluded, as well as the continuing redevelopment of the Jesse Lee home site. An infrastructure bond was issued in the Electric Fund that resulted in the approval of significant projects to improve the overall Electric distribution network. In the Harbor replacement of G, K, and L floats neared completion.

Other major capital projects in the works or in the near future, include: 1) ongoing sidewalk replacement and ADA ramp projects; 2) continuing upgrades to the Electric system funded by a \$10 million revenue bond issued in 2022 as well as Electric fund reserves; 3) and various infrastructure projects funded by ARPA grants.

Future capital initiatives which require funding and attention include: a new planned public works facility, replacement of the parks warehouse, a new public safety facility for fire and police services, continued electric system work, water and sewer infrastructure expansion, completion of the heat loop project, replacement of utility piping; and a number of other major capital initiatives.

FINANCIAL AND BUDGET REPORTING AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Seward for its annual comprehensive financial report (ACFR) for the year ended December 31, 2021. This was the first award after a two year break due to pandemic related delays and staffing shortfalls resulting in the City not submitting for the Certificate of Achievement for their 2019 or 2020. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The presentation of this report would not have been possible without the skill, effort, and dedication of the entire staff in the Finance Department. Additional thanks are extended to the other City departments for their assistance in providing necessary information and data to complete the report. Credit is also given to the Mayor and Council members for their interest and support of our efforts in conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Norm Regis
Acting City Manager



Sully Jusino
Deputy Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Seward
Alaska**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO



City of Seward

LIST OF PRINCIPAL OFFICIALS

COUNCIL MEMBERS

		<u>Term Expires</u>
Sue McClure	Mayor	2025
John Osenga	Vice Mayor	2024
Bob Barnwell	Council Member	2023
Mike Calhoun	Council Member	2024
Liz DeMoss	Council Member	2023
Randy Wells	Council Member	2025
Kevin Finch	Council Member	2025

ADMINISTRATION

Norm Regis	Acting City Manager
Sully Jusino	Finance Director
Alan Nickell	Chief of Police
Clinton Crites	Fire Chief
Robin Montgomery	Manager of Electric Utility
Doug Schoessler	Public Works Director
Norman Regis	Harbormaster
Jason Bickling	Community Development Director
Melanie Hauze	Parks & Recreation Director
Bailey Saylor	Library Director

CITY CLERK

Kris Peck	City Clerk
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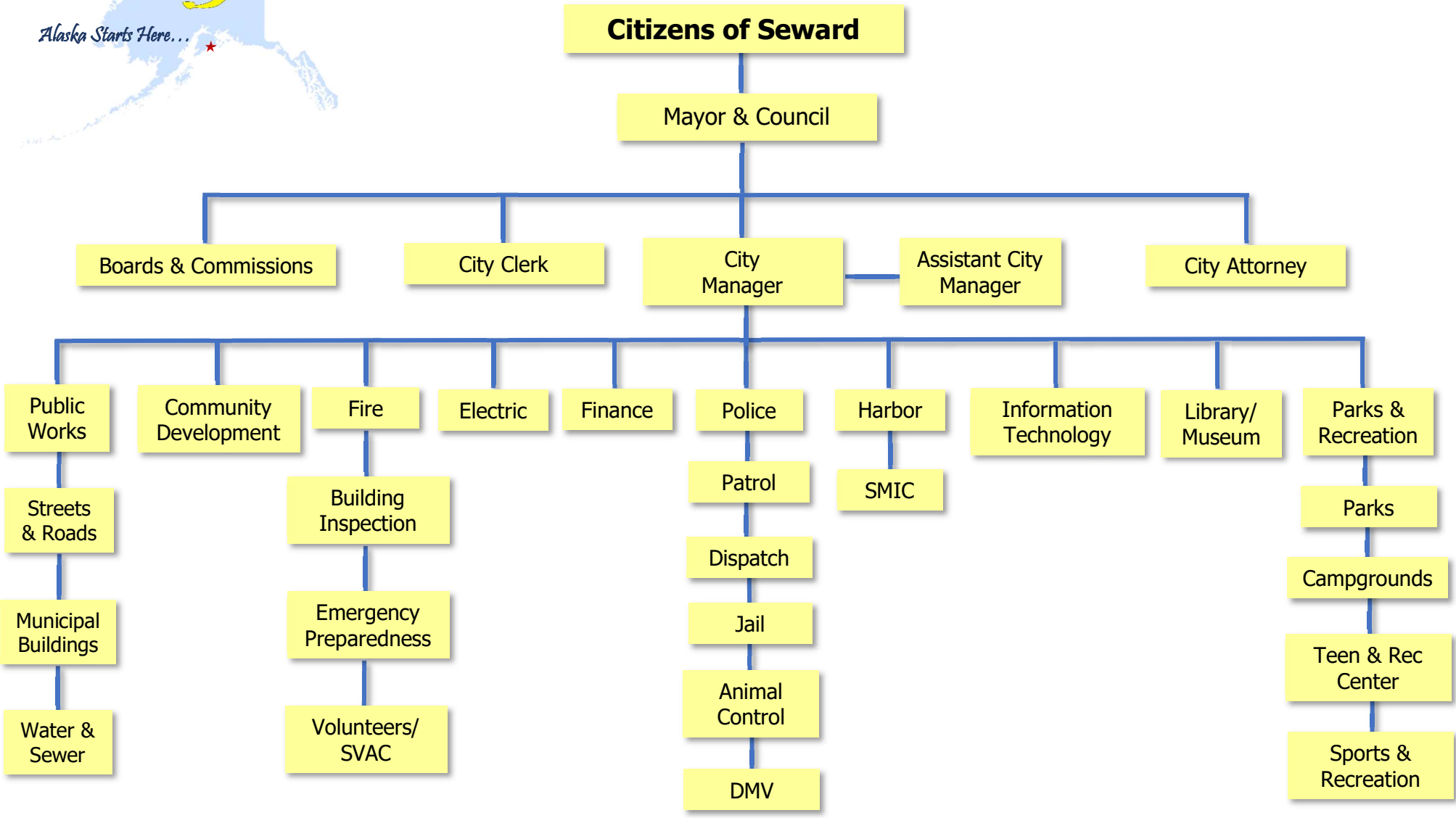
CITY ATTORNEY

Brooks Chandler	City Attorney, Boyd, Chandler, Falconer & Munson, LLP
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The City of Seward is a home-rule city with a council-manager form of government. Legislative powers of the City of Seward are vested in a council consisting of a mayor and six council members. The mayor and each council member are elected from the city at large. The term of office is three years. The appointed officers of the City include the city manager, city clerk and the city attorney. The city council generally meets on the second and fourth Mondays of each month in the City Council Chambers located in the City Hall Building at 410 Adams Street in Seward, Alaska.



City of Seward 2022 Organization Chart



Independent Auditor's Report

Honorable Mayor and City Council
City of Seward
Seward, Alaska

Report on the Audit of the Financial Statements

Opinions

We 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 Seward, Alaska (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Seward, Alaska's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seward, Alaska, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Providence Seward Medical and Care Center (PSMCC) which represent 38%, 29%, and 100% respectively, of the assets and deferred outflows of resources, net position and revenues of the Healthcare Facilities Enterprise Fund, and 7%, 3%, and 57% respectively, of the assets and deferred outflows of resources, net position and revenues of the business-type activities as of December 31, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the financial statements of the PSMCC, is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 16 to the financial statements, in 2022, the City implemented GASB Statement No. 87, *Leases*, which established standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement apply to financial statements of all state and local governments.

The new standard requires the City to recognize certain lease assets and liabilities for leases. It establishes a single model for lease accounting based on the underlying principle that leases are financings of the right to use an underlying asset for a period of time. Under this Statement, a lessee is required to recognize a liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the City's leasing activities. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Seward, Alaska's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-16, budgetary comparison schedule on page 68, Schedules of Net Pension and OPEB Liabilities (Assets) and Contributions for the Public Employees' Retirement System and International Brotherhood of Electrical Workers Plan, and notes to the required supplementary information on pages 69-75 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seward, Alaska's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023, on our consideration of the City of Seward, Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Seward, Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Seward, Alaska's internal control over financial reporting and compliance.



Anchorage, Alaska
August 30, 2023

Management Discussion and Analysis

This section of the Annual Comprehensive Financial Report provides a narrative overview and analysis of the financial activities of the City of Seward for the fiscal year ended December 31, 2022. It is designed to focus on significant financial matters, provide an overview of the City's financial activities, highlight changes in the City's financial position, identify material changes from the original budget and explain any important subjects. In addition to this management's discussion and analysis (MD&A), readers are encouraged to read the Letter of Transmittal found on pages I-V of this report, which provides additional summary information.

FINANCIAL HIGHLIGHTS

- At December 31, 2022, the City of Seward's assets and deferred outflows exceeded liabilities and deferred inflows by \$213.8 million (net position). Of this amount, \$159.2 million represents net investment in capital assets, \$2.2 million is restricted for commercial passenger vessel tax, and the remaining \$52.4 million represents unrestricted net position. Unrestricted net position does not necessarily reflect a surplus of resources, since a portion of net position can be designated for capital grants, capital replacement, or other purposes determined by the City Council.
- Excluding business-type activities, the assets of the primary government exceeded liabilities by \$58.3 million. Of this amount, \$11.1 million in unrestricted net position is legally unreserved and available to meet the government's ongoing financial obligations, although Council has earmarked a portion of these funds for specific purposes.
- The City's total net position increased by \$7.7 million. Governmental activities increased by \$0.6 million and business-type activities increased by \$7.1 million.
- The City's governmental funds reported combined ending fund balances of \$14.6 million representing an increase of \$0.3 million compared to the prior year. While \$13.7 million of the fund balance is legally available for spending, only \$8.0 million has not already been earmarked for specific purposes (*unassigned fund balance*). This reflects a decrease in available unassigned fund balance of \$0.5 million as compared to 2021.
- The total debt of governmental activities decreased by \$267 thousand excluding the effect on net pension liability. The total debt of business-type activities increased by \$9.2 million, this includes the issuance of the 2022 Electric revenue bonds that were issued for electric system infrastructure improvements. Net pension liability of governmental activities increased by \$2.2 million and increased business-type activities in the amount of \$308 thousand for combined total net pension liability debt increase of \$2.5 million.

OVERVIEW OF FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the City's basic financial statements, which include 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required supplementary information. The basic financial statements include two types of statements reflecting different views of the City's financial activities; the government-wide financial statements, and the fund financial statements.

Government-wide Financial Statements

The government-wide financial statements are intended to provide a comprehensive look at all financial activities of the City. These statements summarize the City's overall financial condition and contain both short-term and long-term information about the City's entity-wide finances, similar to a private-sector business. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

City of Seward

The **Statement of Net Position** examines, on an entity-wide basis, the difference between the City's assets and deferred outflows, and its liabilities and deferred inflows, resulting in net position. Over time, increases or decreases in net position may indicate whether the City's financial position is improving or deteriorating. The purpose of this statement is to present the overall financial position of the City. There are other non-financial factors, such as the condition of public facilities, the timely investment in roads and infrastructure, and the level of maintenance funding that should be considered in evaluating the City's overall financial condition.

The **Statement of Activities** demonstrates how the City's net position changed as a result of the current year's activities. This statement reflects expenses for various programs and functions of the City, as offset by program revenue. Program revenues include fees, fines, and charges for services, as well as operating grants, capital grants, and contributions. Revenues and expenses are reported when incurred, regardless of the timing of the related cash flows. Therefore, revenues and expenses may be reported in this statement for items that will result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the City of Seward that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Seward include general government, public safety, public works, parks and recreation, library/museum, the Seward Community Health Center (clinic) and the Alaska Sealife Center. The business-type activities of the City include the hospital and long-term care facilities (healthcare facilities), harbor, marine industrial center, electric, water, wastewater, and parking. The government-wide financial statements can be found on pages 17-19 of this report.

Fund Financial Statements

Fund financial statements focus on specific areas of City operations and provide more detail than the government-wide statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or purposes. The City of Seward, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal requirements. The funds of the City of Seward are divided into three categories: governmental funds, proprietary funds, and fiduciary funds, each of which is further described below.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, which provide a broad overview and include short-term and long-term information, the governmental funds' financial statements focus on near-term inflows and outflows of resources, and on the balance of spendable resources available at the end of the year. Such information is useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds, with similar information presented for governmental activities in the government-wide financial statements. Such a comparison enables the reader to better understand the long-term impact of a government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

City of Seward

The City of Seward maintains sixteen individual governmental funds. The General Fund is the only Major Governmental Fund presented as a distinct column on the Governmental Funds Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances, with the other fifteen governmental funds aggregated and shown in the Non-major Funds column on these same two statements. Individual fund information for the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report (see pages 82-85).

The City of Seward adopts a 2-year budget for the General Fund. A budgetary comparison statement (page 68) demonstrates compliance with the budget, and a list of budgetary highlights is found later in this document. The basic governmental fund financial statements are found on pages 20-23 of this report.

Proprietary Funds

The City of Seward maintains two types of proprietary funds; enterprise funds and internal service funds. Enterprise funds are used to report the same functions identified as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for healthcare facilities (Providence Seward Medical & Care Center), harbor, Seward Marine Industrial Center, electric utility, water utility, wastewater utility, and parking operations. Information for each of these funds is presented in the individual fund statements found on pages 24-28 and 86-88 of this report.

Internal service funds accumulate and allocate costs internally among the various functions of the City. The City utilizes two internal service funds to account for its motor pool equipment replacement program and compensated annual leave resources. The motor pool benefits both the governmental and business-type functions. As a result, its activities have been allocated among both the governmental and business-type activities in the government-wide financial statements. Accrued leave that is earned in the governmental funds is accounted for in the Compensated Annual Leave Internal Service Fund. Individual fund data for the internal service funds can be found on pages 89-91 of this report.

Notes to the Basic Financial Statements

The notes provide additional information essential to a complete understanding of the data in the government-wide and fund financial statements. The notes can be found on pages 29-67 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information* on the City's retirement plans on pages 69-75 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

City of Seward

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

At December 31, 2022, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$213.8 million. A significant portion of the City's net position (74%) reflects its investment in capital assets, less any outstanding debt used to acquire those assets. Capital assets are not liquid and are not available for future spending. Since the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table provides a summary of the City's net position:

Table 1
Statement of Net Position
As of December 31, 2021 and 2022

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Current and other assets	20,424,224	22,903,818	53,554,347	71,916,977	73,978,571	94,820,795
Capital assets	<u>53,189,682</u>	<u>52,262,664</u>	<u>129,327,007</u>	<u>133,643,554</u>	<u>182,516,689</u>	<u>185,906,218</u>
Total assets	<u>73,613,906</u>	<u>75,166,482</u>	<u>182,881,354</u>	<u>205,560,531</u>	<u>256,495,260</u>	<u>280,727,013</u>
Deferred outflows	<u>597,589</u>	<u>780,496</u>	<u>1,742,204</u>	<u>1,715,765</u>	<u>2,339,793</u>	<u>2,496,261</u>
Total assets & deferred outflows	<u>74,211,495</u>	<u>75,946,978</u>	<u>184,623,558</u>	<u>207,276,296</u>	<u>258,835,053</u>	<u>283,223,274</u>
Long-term liabilities outstanding	10,612,175	13,509,858	26,263,784	35,751,937	36,875,959	49,261,795
Other liabilities	<u>1,751,398</u>	<u>3,155,262</u>	<u>8,706,302</u>	<u>10,283,964</u>	<u>10,457,700</u>	<u>13,439,226</u>
Total liabilities	<u>12,363,573</u>	<u>16,665,120</u>	<u>34,970,086</u>	<u>46,035,901</u>	<u>47,333,659</u>	<u>62,701,021</u>
Deferred inflows	<u>4,071,795</u>	<u>924,669</u>	<u>1,284,416</u>	<u>5,762,260</u>	<u>5,356,211</u>	<u>6,686,929</u>
Total liabilities & deferred inflows	<u>16,435,368</u>	<u>17,589,789</u>	<u>36,254,502</u>	<u>51,798,161</u>	<u>52,689,870</u>	<u>69,387,950</u>
Net position:						
Net investment in capital assets	47,873,119	47,109,476	111,642,392	112,121,255	159,515,511	159,230,731
Restricted	-	-	2,036,464	2,220,386	2,036,464	2,220,386
Unrestricted	<u>9,903,008</u>	<u>11,247,713</u>	<u>34,690,200</u>	<u>41,136,494</u>	<u>44,593,208</u>	<u>52,384,207</u>
Total net position	<u>57,776,127</u>	<u>58,357,189</u>	<u>148,369,056</u>	<u>155,478,135</u>	<u>206,145,183</u>	<u>213,835,324</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

City of Seward

Statement of Activities

The City's total revenues and expenses for governmental and business-type activities are reflected in the following table.

Table 2
Change in Net Position
For the Years Ended December 31, 2021 and 2022

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	2,670,162	2,576,008	51,292,519	52,580,559	53,962,681	55,156,567
Operating grants / contributions	3,166,769	1,840,221	1,673,325	264,035	4,840,094	2,104,256
Capital grants / contributions	1,763,029	1,147,823	388,239	4,750,241	2,151,268	5,898,064
General revenues:						
Sales taxes	6,861,114	7,635,648	-	-	6,861,114	7,635,648
Property taxes	1,636,727	1,705,639	-	-	1,636,727	1,705,639
Payments in lieu of tax	89,061	11,027	-	-	89,061	11,027
Other	<u>1,108,352</u>	<u>1,863,765</u>	<u>(104,961)</u>	<u>(508,997)</u>	<u>1,003,391</u>	<u>1,354,768</u>
Total revenues	<u>17,295,214</u>	<u>16,780,131</u>	<u>53,249,122</u>	<u>57,085,838</u>	<u>70,544,336</u>	<u>73,865,969</u>
Expenses:						
General government	2,682,966	2,537,226	-	-	2,630,377	2,537,226
Public safety	4,371,314	4,819,285	-	-	4,312,925	4,819,285
Public works	3,447,427	3,835,674	-	-	3,434,392	3,835,674
Parks and recreation	1,269,771	1,683,508	-	-	1,263,134	1,683,508
Library	881,107	927,788	-	-	878,900	927,788
Clinic	2,121,653	1,928,031	-	-	2,121,653	1,928,031
Unallocated interest	171,623	144,521	-	-	171,623	144,521
Alaska Sealife Center	1,396,490	1,313,755	-	-	1,396,490	1,313,755
Electric	-	-	12,435,907	13,399,889	12,435,907	13,399,889
Water	-	-	1,398,746	1,536,791	1,398,746	1,536,791
Wastewater	-	-	1,305,684	1,315,450	1,305,684	1,315,450
Harbor	-	-	3,689,010	3,971,031	3,689,010	3,971,031
SMIC	-	-	2,212,217	2,477,022	2,212,217	2,477,022
Healthcare Facilities	-	-	24,903,943	26,174,009	24,903,943	26,174,009
Parking	-	-	90,237	111,848	90,237	111,848
Total expenses	<u>16,342,351</u>	<u>17,189,788</u>	<u>46,035,744</u>	<u>48,986,040</u>	<u>62,378,095</u>	<u>66,175,828</u>
Increase (decrease) in net assets before transfers	952,863	(409,657)	7,213,378	8,099,798	8,166,241	7,690,141
Transfers	<u>850,387</u>	<u>990,719</u>	<u>(850,387)</u>	<u>(990,719)</u>	-	-
Change in net position	<u>1,803,250</u>	<u>581,062</u>	<u>6,362,991</u>	<u>7,109,079</u>	<u>8,166,241</u>	<u>7,690,141</u>
Beginning net position	<u>55,972,877</u>	<u>57,776,127</u>	<u>142,006,065</u>	<u>148,369,056</u>	<u>197,978,942</u>	<u>206,145,183</u>
Ending net position	<u>57,776,127</u>	<u>58,357,189</u>	<u>148,369,056</u>	<u>155,478,135</u>	<u>206,145,183</u>	<u>213,835,324</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

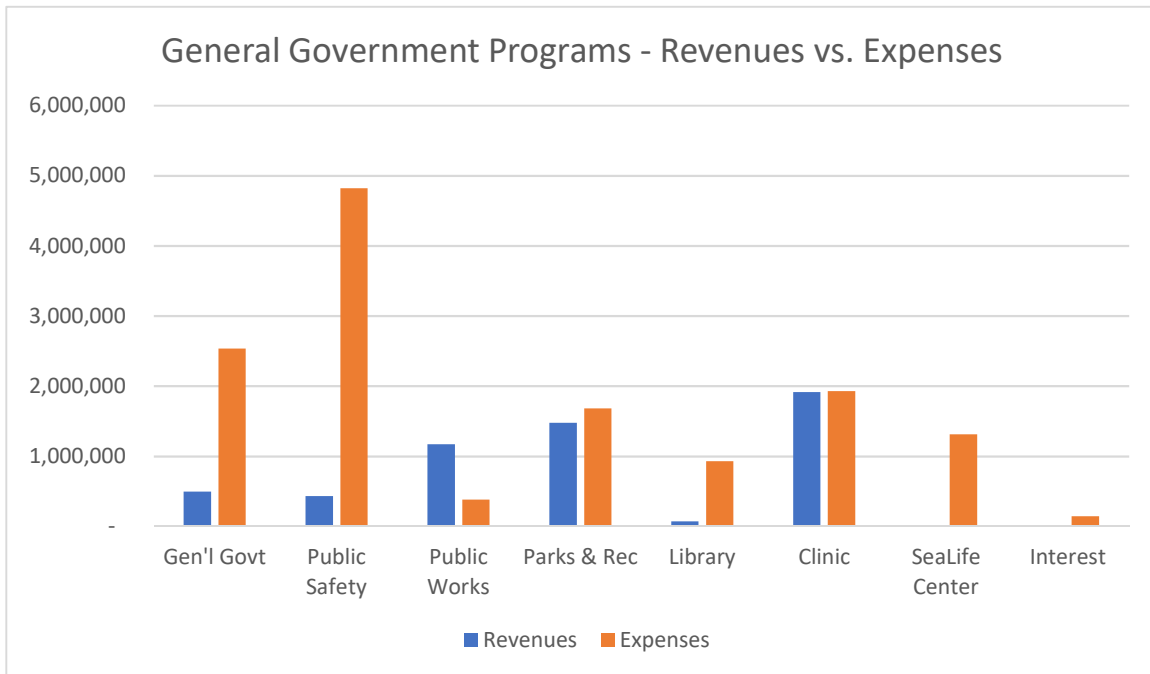
City of Seward

Governmental Activities

The City of Seward's net position in Governmental activities increased by \$0.6 million. The following items are of particular note:

- Overall revenues for governmental activities were down by around \$500 thousand or 3% compared with the prior year, due to some large one-time operating grants in 2021 which were not received in 2022.
- Overall expenses were higher by around \$850 thousand or 5%. Expenditures were higher in most departments and functions and the increase was primarily due to increased operating costs driven by inflation.
- Sales tax revenue increased by \$800 thousand or 11% due to a continued bounce back from the impact of COVID-19 and an overall strong tourism industry.
- The City does not generate sufficient tax revenues to cover depreciation on general government assets. To replace capital assets in the future, the City will need to rely on external financing sources such as grants, or incurring debt to finance construction.

The following graph reflects the revenues and expenses associated with each of the general government's primary programs:



Business-type Activities

Business-type activities increased the net position of the City by \$7.1 million. As is the case with governmental activities, a substantial portion (72%) of the \$155.5 million in net position is invested in capital assets. The increase in net position is comprised of the following:

Net position decreased in two major enterprise funds: Seward Marine Industrial Center Fund by \$1.6 million; and Electric Enterprise Fund by \$.85 million. Net position increased in two major enterprise funds – Harbor Enterprise Fund by \$4.2 million and Healthcare Facilities Enterprise Fund by \$5.8 million. Overall net position in Nonmajor Enterprise Funds decreased by \$.7 million.

- The Electric Enterprise Fund experienced earnings from operations of \$1.4 million, an increase of \$1.1 million from the prior year. Operating revenues were \$1.7 million higher than the prior year and operating costs were up by only \$0.6 million. The operating performance was impacted by a net decrease of \$0.1 million in investment income and an increase of \$.3 million in interest expense as well as an overall decrease in nonoperating revenue of around \$.5 million.
- The net decrease in Seward Marine Industrial Center (SMIC) net position of \$1.6 million is a result of a net operating loss of \$1.6 million which was driven by a continuing large depreciation expense due to the \$26 million expansion project coming online. Operating revenues increased by around \$.1 million but this was offset by an increase in operating expenses of \$.02 million which resulted in a \$.1 million larger loss than the previous year.
- The net increase in Healthcare Facilities Enterprise Fund net position of \$5.8 million is mainly result of positive operating income of \$4.4 million and net operating transfer-in in the amount of \$1.8 million. Due to those factors, Healthcare Facilities Enterprise Funds presents positive net position at the end of 2022 in the amount of \$18.0 million compared to \$12.1 million in 2021.
- The net increase in Harbor Enterprise Fund net position of \$4.2 million is due to large grants and contributions resulting in a nonoperating income of around \$4.5 million which offset the operating loss of nearly \$.4 million. The Harbor saw a decrease of \$.2 million in operating revenues and an increase of \$.3 million in operating expenses. The Harbor Enterprise Fund ended the year with a cash balance of \$4.6 million, but the amount of cash set aside for debt service reserves is \$0.4 million.
- Other nonmajor enterprise funds experienced the following: 1) decrease in Parking Enterprise Fund net position of \$0.4 million; 2) a decrease in Wastewater Enterprise Fund net position of \$0.2 million; and 3) a decrease in Water Enterprise Fund net position of \$0.1 million. These are all decreases as compared to the prior year primarily due to one-time grant receipts in 2021.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**Governmental Funds**

The City of Seward's governmental funds focus on near-term inflows, outflows, and balances of spendable resources; long-term capital assets and long-term debt are not displayed on the governmental funds' individual fund financial statements. This focus on near-term inflows and outflows assesses whether the City is generating sufficient revenues in the current year to pay current-year obligations. However, it does not indicate whether there are sufficient funds available to cover long-term operations. The level of *unassigned fund balance* is an important indicator of net resources available for spending at the end of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

City of Seward

At the end of the year, the City of Seward's governmental funds reported combined ending fund balances of \$14.6 million. Of this amount: \$0.8 million is *nonspendable* (prepaid items); none is currently *restricted*; \$2.0 has been *committed* by the City Council for working capital and the hospital line of credit; \$3.7 million has been *assigned* by the administration (primarily for capital projects); and \$8.0 million is *unassigned*, and legally available for spending. These classifications of fund balance promulgated in GASB Statement No. 54, reflect efforts to create a hierarchy of fund balance to enable the reader of the financial statements to understand the extent to which fund balance reserves are available for spending. The hierarchy lists, in order, the least spendable to the most spendable fund balance; first are resources which are not available for spending (*nonspendable*), then resources which are restricted by legislation or external agencies (*restricted*), next resources which the City Council has *committed* to spend for a specific purpose by way of enabling legislation, and then resources which have been *assigned* for a specific use but don't meet the definition of *restricted* or *committed*, and finally, the *unassigned* fund balance which remains available for spending. Fund balances in the governmental funds increased by \$.3 million.

The overall net increase in fund balance is due to the following:

General Fund

General Fund revenues were \$.8 million higher than expenditures, but after subtracting net transfers out of \$0.1 million, fund balance increased by \$.6 million. General Fund revenues came in \$.4 million higher than in 2021, mainly due to the continued increase in sales tax revenues. This was more than offset by expenditures, which came in \$1.6 million higher.

The General Fund's fund balance must be able to meet unforeseen needs and emergencies as well as future spending needs. The City's fund balance policy is to maintain *unassigned fund balance* equal to between three to six-months' expenditures and routine transfers-out to other funds. The General Fund unassigned fund balance at the end of 2022 is \$8.8 million, equal to approximately 6.0 months' reserves, which is down from 6.4 months at the end of 2021 due to an increase in annual expenditures despite the increase in unassigned fund balance. In the City's case, an adequate level of fund balance is between \$4.4 million and \$8.8 million, which results in the General Fund currently being on the high end of the range of the desired level of unassigned fund balance.

Special Revenue Funds

Special revenue funds experienced an increase in fund balance of \$251 in 2022, there was limited activity in the special revenue funds during the year.

Capital Project Funds

All capital project funds combined experienced a net decrease in fund balance of \$.3 million in 2022. This was due to a decrease from the construction of the new animal shelter of around \$1.6 million and an increase to the capital acquisition fund from a excess fund balance transfer from the General Fund and the sale of City land resulting in an increase of \$1.4 million. All but one capital project funds maintained a positive fund balance in 2022, as follows: Capital Acquisition Fund \$2.0 million; Street and Sidewalks Fund \$0.07 million; Energy Efficiency Fund \$0.1 million; Animal Shelter Fund (\$0.8) million and the Developer Reimbursement \$.9 million.

Proprietary Funds

The City of Seward maintains two types of proprietary funds; enterprise funds and internal service funds. The City's seven enterprise funds (healthcare facilities, harbor, electric, water, wastewater, parking, and SMIC) report the same functions presented as business-type activities in the government-wide financial statements, but individual fund statements are presented in more detail. Enterprise funds reported total net position of \$149.5 million with \$109.5 million invested in capital assets net of related debt, leaving unrestricted net position of approximately \$37.8 million and restricted net position of \$2.2 million. Of the unrestricted net position, \$13.6 million is restricted cash (bond reserve funds, bond proceeds, etc.) not available for appropriation, and current liabilities total \$12.1 million. The most material current liability is \$3.8 million due in the Healthcare Enterprise Fund to Providence Health and Services. More specific factors influencing net position of the enterprise funds are addressed above in the discussion of the City's business-type activities.

The City maintains two internal service funds; the motor pool and compensated annual leave funds. The Motor Pool Internal Service Fund accumulates cash for replacement of City vehicles and heavy equipment. Departments contribute to the motor pool to purchase vehicles and pay into the motor pool to forward-fund vehicle replacement. This funding mechanism spreads the vehicle costs over the life of the vehicle in each program's annual budget, rather than incur one-time expenses in the year of vehicle/equipment purchases. The cash balance in the motor pool is \$2.6 million, reflecting a decrease of \$1.1 million due to an interfund loan made from the fund during the year.

However, the Motor Pool maintains outstanding loans receivable from the Healthcare Facilities Enterprise Fund of \$0.3 million related to the payoff of prior hospital PERS liabilities and an outstanding loan receivable from the Animal Shelter Capital Project Fund of \$0.9 million related to the construction the new animal shelter facility. The Compensated Annual Leave Fund accumulates cash reserves to pay annual leave cash-outs for governmental funds. The balance of cash in this fund at the end of 2021 is \$0.5 million.

General Fund Budgetary Highlights

On a budgetary basis, General Fund revenues came in \$1,903,298 or 14% higher than budget primarily due to a continued strong sales tax revenue stream which exceeded the budget by \$1.6 million. Intergovernmental revenues were above budget by \$416,850, investment income was lower by \$205,606, charges for services were higher by \$80,048 and licenses and permits by \$39,471, other revenues were under budget by \$69,247, and fines and bails exceeded budget by \$13,059.

General Fund Actual Highlights

General Fund revenues exceeded expenditures by \$765,305, and after transfers between funds were accounted for, there was a net increase in fund balance of \$617,451.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

City of Seward

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2022, the City had \$185.9 million invested in capital assets net of accumulated depreciation, representing an overall increase of \$2.6 million from the previous year.

Table 3
City of Seward Capital Assets
(in thousands, net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Land and improvements	5,509	5,509	30,703	30,703	36,212	36,212
Buildings	34,614	34,853	15,113	14,049	49,727	48,902
Improvements other than buildings	10,985	10,358	30,848	27,602	41,833	37,960
Machinery and equipment	1,658	1,452	7,651	8,515	9,309	9,967
Infrastructure	-	-	44,060	46,678	44,060	46,678
Right-to-use asset	-	-	786	1,197	786	1,197
Construction in progress	<u>424</u>	<u>91</u>	<u>952</u>	<u>4,899</u>	<u>1,376</u>	<u>4,990</u>
Total net capital assets	<u>53,190</u>	<u>52,263</u>	<u>130,113</u>	<u>133,643</u>	<u>183,303</u>	<u>185,906</u>

Additional information regarding the City of Seward's capital assets can be found in Footnote 5 on pages 42-44.

Long-term Debt

As of December 31, 2022, the City had total debt outstanding of \$43.79 million, excluding unamortized bond premiums. Of this amount, \$4.4 million represents outstanding general obligation bonds backed by the full faith and credit of the City for construction of the library/museum and a road improvement bond. An additional \$27.9 million represents: revenue bonds backed by operating revenues from the harbor enterprise fund (\$1.5 million), the electric enterprise fund (\$13.0 million), and long-term care facility (\$13.4 million). The remaining debt represents water and wastewater loans (\$1.6 million), compensated absences (\$0.7 million), and net pension and OPEB liabilities (\$9.2 million).

Table 4
City of Seward Outstanding Debt
(in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
General obligation bonds	4,660	4,445	-	-	4,660	4,445
Revenue bonds	-	-	20,510	27,855	20,510	27,855
Loans	-	-	1,802	1,600	1,802	1,600
Compensated absences	465	500	158	204	623	704
Net pension liability	<u>4,830</u>	<u>7,052</u>	<u>1,828</u>	<u>2,137</u>	<u>6,658</u>	<u>9,189</u>
Total outstanding debt	<u>9,955</u>	<u>11,997</u>	<u>24,298</u>	<u>31,796</u>	<u>34,253</u>	<u>43,793</u>

Further detail regarding the City's long-term outstanding debt can be found on pages 46-49.

Economic Factors and Next Year's Budget and Rates

The past several years have seen strong economic growth in Seward, interrupted in 2020 by the COVID-19 pandemic. This growth has been driven largely by increased visitors and expansion of marine repair-related business. Growth has positively impacted nightly lodging businesses, charter and tour boat operators, and local retailers, and has driven up the cost of residential homes. The downtown business district has seen more retail activity and aesthetic improvements to some store fronts. The harbor is bustling, and there is growing interest in land leases at the Seward Marine Industrial Center on the east side of Resurrection Bay.

The General Fund's primary source of revenue, sales tax, was greatly impacted in 2020 but saw a strong recovery in 2021 and shows promise to continue to be strong in the future. The City continues to be conservative with spending as the 2023 summer season progresses to see where sales tax and bed tax revenues come in and to deal with any operating interruptions. Based on 2022 sales tax numbers, the Administration increased the 2023 sales tax budget by \$500,000 but still kept it below the 2022 actual sales tax receipts. Property tax revenues are budgeted to remain level in 2023. Parks and recreation revenues are budgeted to increase just under \$200 thousand, based solely on increased campground rates and continued high utilization.

On the General Fund cost side, expenditures were budgeted at \$16,035,835. The General Fund budget was balanced largely due to ongoing revenue enhancements (increased property, bed tax, and grant revenue due to steady increases in construction activity) and continued monitoring of expenditures.

Tax rates are maintained at 2022 levels after the increase in property tax rates from 3.12 to 3.84 mills to cover a general obligation bond for community-wide road improvements. The City sales tax rate remains at 4.0% and the hotel/motel bed tax rate remains at 4.0%. The harbor tariffs include a 1.2% rate increase in 2022 and .8% in 2023, equal to the consumer price index for Anchorage averaged over the five previous full years.

The electric tariff rates resumed approved increases of 1.2% in 2022 and .8% in 2023. A seasonal rate was implemented to provide rate relief to year-round residents by increasing rates in the summer when residential consumption tends to be lower and reducing rates in the winter. The City council continues to review the sustainability of the Electric fund operations after a referendum to sell the utility failed to pass. A rate study will be done in 2023 to determine the long-term rates necessary to maintain the infrastructure of the utility with some large increases anticipated beginning in 2024.

The water tariff increased 1.2% in 2022 as funds are needed to repay \$159K annual debt on the Third Avenue Water Main upgrade. In 2023, the tariff will increase .8%. The Water Fund has not contributed toward replacement of aging infrastructure in a number of years, as all funds are needed to cover new debt payments and is undergoing a rate study to determine if any changes are needed to continue to fund ongoing infrastructure and operational needs.

The wastewater tariff increased rates 1.2% in 2022 and .8% in 2023 with rate increases critical to the financial solvency of the Fund due to the unavoidable need to incur new debt related to the replacement of the two sewage lagoons in 2019, at an annual new debt service requirement of more than \$75,000 per year. These rate levels do not address critical or high-risk wastewater capital infrastructure needs and the City is in the process of undergoing a rate study.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

City of Seward

In the future, enterprise fund tariffs are expected to provide annual incremental rate increases equal to the CPI, enabling them to keep pace with the increased cost of goods and services, preventing further erosion of financial stability of those Funds.

Requests for Information

The City of Seward's financial statements and the accompanying information are designed to present users (citizens, taxpayers, elected officials, customers, investors, and creditors) with a general overview of the City's finances, and to demonstrate accountability to taxpayers and ratepayers. Questions concerning the information in this report, or requests for additional information, can be addressed to the City of Seward, Attention: Finance Director, P.O. Box 167, Seward, Alaska 99664.

Basic Financial Statements - Overview

These financial statements provide a summary of the financial position and results of operations of all funds of the City, aggregated at the government-wide and the major fund level. The following statements are included in this section:

Government-wide - Statement of Net Position

Government-wide - Statement of Activities

Governmental Funds - Balance Sheet

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

Governmental Funds - Statement of Revenues, Expenditures and Change in Fund Balances

Reconciliation of the Changes in Fund Balances of Governmental Funds to Statement of Activities

Proprietary Funds - Statement of Net Position

Proprietary Funds - Statement of Revenues, Expenses and Change in Net Position

Proprietary Funds - Statement of Cash Flows

Statement of Fiduciary Assets and Liabilities

Notes to Basic Financial Statements

City of Seward, Alaska

Statement of Net Position

<i>December 31, 2022</i>	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Cash and investments	\$ 15,569,249	39,619,509	55,188,758
Receivables, net of allowance for doubtful accounts:			
Taxes	925,837	-	925,837
Accounts	312,532	7,597,066	7,909,598
Grants, shared revenues, and loans	1,324,907	1,773,641	3,098,548
Interfund loans	-	899,483	899,483
Leases	600,707	5,833,960	6,434,667
Accrued interest	96,011	5,454	101,465
Other	-	1,009,358	1,009,358
Prepaid items	814,310	232,998	1,047,308
Inventory	-	808,200	808,200
Restricted cash and investments	-	13,581,849	13,581,849
Other assets	-	77,000	77,000
Internal balances	390,853	(390,853)	-
Capital assets not being depreciated	5,599,670	35,602,192	41,201,862
Capital assets being depreciated, net of depreciation	46,662,994	98,041,362	144,704,356
Net pension and OPEB assets	2,869,412	869,312	3,738,724
Total Assets	75,166,482	205,560,531	280,727,013
Deferred Outflows of Resources			
Pension and OPEB related	780,496	236,457	1,016,953
Unamortized deferred loss on refunding	-	1,479,308	1,479,308
Total Deferred Outflows of Resources	780,496	1,715,765	2,496,261
Total Assets and Deferred Outflows of Resources	\$ 75,946,978	207,276,296	283,223,274

(continued)

City of Seward, Alaska
Statement of Net Position, Continued

<i>December 31, 2022</i>	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities			
Accounts payable	\$ 683,457	2,024,166	2,707,623
Payable to Providence Health and Services - Washington	-	3,842,000	3,842,000
Due to contractual agencies	-	166,000	166,000
Accrued payroll and related liabilities	403,113	1,407,712	1,810,825
Accrued interest	23,097	328,457	351,554
Other accrued liabilities	110,582	-	110,582
Customer deposits	16,730	570,353	587,083
Unearned revenue	1,918,283	1,945,276	3,863,559
Noncurrent Liabilities			
Due within one year:			
Accrued compensated absences	101,935	68,471	170,406
Lease liability	-	113,000	113,000
Notes payable	-	205,477	205,477
Bonds payable	230,000	1,570,000	1,800,000
Interfund loans	31,016	-	31,016
Due in more than one year:			
Accrued compensated absences	398,246	135,178	533,424
Lease liability	-	1,157,000	1,157,000
Notes payable	-	1,394,434	1,394,434
Bonds payable	4,827,792	28,971,789	33,799,581
Interfund loans	868,467	-	868,467
Net pension and OPEB liabilities	7,052,402	2,136,588	9,188,990
Total Liabilities	16,665,120	46,035,901	62,701,021
Deferred Inflows of Resources			
Related to leases	558,373	5,680,190	6,238,563
Pension and OPEB related	270,900	82,070	352,970
Unamortized deferred gain on refunding	95,396	-	95,396
Total Deferred Inflows of Resources	924,669	5,762,260	6,686,929
Total Liabilities and Deferred Inflows of Resources	17,589,789	51,798,161	69,387,950
Net Position			
Net investment in capital assets	47,109,476	112,121,255	159,230,731
Restricted for commercial passenger vessel tax	-	2,220,386	2,220,386
Unrestricted	11,247,713	41,136,494	52,384,207
Total Net Position	58,357,189	155,478,135	213,835,324
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 75,946,978	207,276,296	283,223,274

See accompanying notes to basic financial statements.

City of Seward, Alaska

Statement of Activities

Year Ended December 31, 2022	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	
Governmental Activities							
General government	\$ 2,537,226	536,378	(42,176)	-	(2,043,024)	-	(2,043,024)
Public safety	4,819,285	496,511	(62,081)	-	(4,384,855)	-	(4,384,855)
Public works	3,835,674	29,638	(6,317)	1,147,823	(2,664,530)	-	(2,664,530)
Parks and recreation	1,683,508	1,484,294	(8,669)	-	(207,883)	-	(207,883)
Library	927,788	29,187	42,350	-	(856,251)	-	(856,251)
Clinic	1,928,031	-	1,917,114	-	(10,917)	-	(10,917)
SeaLife Center	1,313,755	-	-	-	(1,313,755)	-	(1,313,755)
Interest on long-term debt	144,521	-	-	-	(144,521)	-	(144,521)
Total Governmental Activities	17,189,788	2,576,008	1,840,221	1,147,823	(11,625,736)	-	(11,625,736)
Business-type Activities							
Electric	13,399,889	14,448,657	(6,404)	-	-	1,042,364	1,042,364
Water	1,536,791	1,679,399	(6,662)	-	-	135,946	135,946
Wastewater	1,315,450	1,277,389	(6,299)	-	-	(44,360)	(44,360)
Harbor	3,971,031	3,782,483	(18,207)	4,738,641	-	4,531,886	4,531,886
SMIC	2,477,022	966,262	(3,151)	11,600	-	(1,502,311)	(1,502,311)
Healthcare Facilities	26,174,009	30,034,000	305,000	-	-	4,164,991	4,164,991
Parking	111,848	392,369	(242)	-	-	280,279	280,279
Total Business-type Activities	48,986,040	52,580,559	264,035	4,750,241	-	8,608,795	8,608,795
Total	\$ 66,175,828	55,156,567	2,104,256	5,898,064	(11,625,736)	8,608,795	(3,016,941)
General Revenues							
Taxes:							
Sales taxes					7,635,648	-	7,635,648
Property taxes					1,705,639	-	1,705,639
Other taxes					804,511	-	804,511
Payment in lieu of taxes					11,027	-	11,027
Grants and entitlements not restricted to a specific purpose					523,958	-	523,958
Investment income (loss)					(128,204)	(508,997)	(637,201)
Gain on disposal of capital assets					663,500	-	663,500
Transfers					990,719	(990,719)	-
Total General Revenues and Transfers					12,206,798	(1,499,716)	10,707,082
Changes in net position					581,062	7,109,079	7,690,141
Net Position, beginning of year					57,776,127	148,369,056	206,145,183
Net Position, end of year					\$ 58,357,189	\$155,478,135	\$ 213,835,324

See accompanying notes to basic financial statements.

City of Seward, Alaska

Governmental Funds
Balance Sheet

<i>December 31, 2022</i>	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 9,993,997	5,075,071	15,069,068
Receivables, net of allowance for doubtful accounts:			
Taxes	925,837	-	925,837
Accounts	312,532	-	312,532
Grants, shared revenues, and loans	59,981	1,264,926	1,324,907
Leases	600,707	-	600,707
Accrued interest	96,011	-	96,011
Prepaid items	814,310	-	814,310
Due from other funds	1,140,724	-	1,140,724
Total Assets	\$ 13,944,099	6,339,997	20,284,096
Liabilities and Fund Balances			
Liabilities			
Accounts payable	542,489	140,968	683,457
Accrued payroll and related liabilities	403,113	-	403,113
Accrued liabilities	110,582	-	110,582
Deposits	16,730	-	16,730
Due to other funds	-	1,140,724	1,140,724
Unearned revenue	111,867	1,806,416	1,918,283
Interfund loans payable	-	899,483	899,483
Total Liabilities	1,184,781	3,987,591	5,172,372
Deferred Inflows of Resources			
Related to leases	558,373	-	558,373
Total Liabilities and Deferred Inflows of Resources	1,743,154	3,987,591	5,730,745
Fund Balances			
Nonspendable:			
Prepaid items	814,310	-	814,310
Committed:			
Working capital	1,500,000	-	1,500,000
Hospital line of credit	500,000	-	500,000
Assigned:			
Insurance	597,995	-	597,995
Capital projects	-	3,147,327	3,147,327
Public works	-	2,499	2,499
Unassigned (deficit)	8,788,640	(797,420)	7,991,220
Total Fund Balances	12,200,945	2,352,406	14,553,351
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,944,099	\$ 6,339,997	\$ 20,284,096

See accompanying notes to basic financial statements.

City of Seward, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

December 31, 2022

Total fund balances for governmental funds		\$	14,553,351
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>			
Land	\$	5,509,589	
Construction in progress		90,081	
Buildings		72,592,708	
Improvements other than buildings		29,294,548	
Machinery and equipment		10,804,328	
Accumulated depreciation		<u>(66,028,590)</u>	
Total capital assets			52,262,664
<p>Other long-term assets are not available to pay for current period expenditures and therefore, are unavailable in the funds:</p>			
Proportionate share of the collective net OPEB assets			2,869,412
<p>Deferred outflows of resources related to pensions and OPEB liabilities (assets) are not deemed available to pay current period expenditures and therefore are not reported as governmental fund assets.</p>			
			780,496
<p>Deferred inflows of resources related to pensions and OPEB liabilities (assets) are not deemed available to pay current period expenditures and therefore are not reported as governmental fund liabilities.</p>			
			(270,900)
<p>An internal service fund is used by the City to charge the cost of accrued compensated absences for the governmental funds. The net position of the internal service fund attributable to governmental activities is included in the governmental column of the Statement of Net Position.</p>			
Net position related to governmental activities		390,853	
Plus amount reported with long-term liabilities		<u>500,181</u>	891,034
<p>Long-term liabilities are not deemed due and payable in the current period and therefore are not reported as governmental fund liabilities. These long-term liabilities consist of:</p>			
	<u>Governmental</u>	<u>Internal</u>	
		<u>Service</u>	
General obligation bonds payable	\$ (4,445,000)	-	
Accrued interest on bonds	(23,097)	-	
Unamortized bond premium	(612,792)	-	
Deferred gain on refunding	(95,396)	-	
Accrued compensated absences	-	(500,181)	
Proportionate share of the collective net pension and OPEB liabilities	<u>(7,052,402)</u>	-	
Total long-term liabilities	<u>\$ (12,228,687)</u>	<u>(500,181)</u>	<u>(12,728,868)</u>
Total Net Position of Governmental Activities			\$ 58,357,189

See accompanying notes to basic financial statements.

City of Seward, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

<i>Year Ended December 31, 2022</i>	General Fund	Nonmajor Funds	Total Governmental Funds
Revenues			
Taxes	\$ 10,160,723	-	10,160,723
Licenses and permits	205,996	-	205,996
Intergovernmental	1,298,852	3,057,838	4,356,690
Charges for services	3,849,457	-	3,849,457
Fines and bails	28,759	-	28,759
Investment income (loss)	(128,106)	(98)	(128,204)
Other revenues	199,613	14,648	214,261
Total Revenues	15,615,294	3,072,388	18,687,682
Expenditures			
Current:			
General government	4,780,624	228,020	5,008,644
Public safety	5,219,660	-	5,219,660
Public works	1,964,534	1,359,576	3,324,110
Parks and recreation	1,707,417	-	1,707,417
Library	766,273	-	766,273
Clinic	-	1,917,114	1,917,114
Debt service:			
Principal payments	215,000	-	215,000
Interest payments	196,481	-	196,481
Capital outlay	-	1,654,915	1,654,915
Total Expenditures	14,849,989	5,159,625	20,009,614
Excess of revenues over (under) expenditures	765,305	(2,087,237)	(1,321,932)
Other Financing Sources (Uses)			
Proceeds from sale of assets	-	663,500	663,500
Transfers in	2,649,411	1,359,568	4,008,979
Transfers out	(2,797,265)	(220,995)	(3,018,260)
Total Other Financing Sources (Uses)	(147,854)	1,802,073	1,654,219
Change in Fund Balances	617,451	(285,164)	332,287
Fund Balances, beginning of year	11,583,494	2,637,570	14,221,064
Fund Balances, end of year	\$ 12,200,945	2,352,406	14,553,351

See accompanying notes to basic financial statements.

City of Seward, Alaska

Reconciliation of Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended December 31, 2022

Net change in fund balances - total governmental funds \$ 332,287

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which depreciation (\$2,580,448) exceeded capital outlays (\$1,653,430). (927,018)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$ 1,375	
Change in the proportionate share of the unfunded net pension and OPEB liabilities (assets)	<u>(3,095,100)</u>	(3,093,725)

Changes in deferred inflows and outflows of resources are the results of timing differences in the actuarial report and adjustments to reflect employee and non-employee contributions based on the measurement date.

Change in deferred inflows and outflows of resources related to pension and OPEB liabilities (assets)		3,881,592
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position:

Principal repayments	215,000	
Amortization of deferred gain on bond refunding	6,814	
Bond premium amortization	<u>43,771</u>	265,585

An internal service fund is used by the City to charge the cost of vehicles and heavy equipment to individual funds. A portion of the net revenue of these activities is reported with governmental activities.

122,341

Change in Net Position of Governmental Activities \$ 581,062

See accompanying notes to basic financial statements.

City of Seward, Alaska

Proprietary Funds
Statement of Net Position

December 31, 2022	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric	Harbor	SMIC	Healthcare Facilities			
Assets and Deferred Outflows of Resources							
Current Assets							
Cash and investments	\$ 7,194,423	1,096,848	280,265	19,747,830	8,651,860	36,971,226	3,148,464
Receivables, net of allowance for doubtful accounts:							
Accounts	1,548,878	156,905	59,955	5,471,000	360,328	7,597,066	-
Accrued interest	-	-	-	-	5,454	5,454	18,245
Interfund loans	-	-	-	-	66,416	66,416	111,347
Grants	577,195	607,650	11,600	-	577,196	1,773,641	-
Leases	-	4,192,159	1,641,801	-	-	5,833,960	-
Other	687,866	-	-	310,000	11,492	1,009,358	-
Prepaid items	232,998	-	-	-	-	232,998	-
Inventory	739,121	-	-	-	69,079	808,200	-
Total Current Assets	10,980,481	6,053,562	1,993,621	25,528,830	9,741,825	54,298,319	3,278,056
Noncurrent Assets							
Restricted cash and investments	8,697,195	3,491,704	-	1,392,950	-	13,581,849	-
Other assets	-	-	-	77,000	-	77,000	-
Interfund loans, net of current portion	-	-	-	-	594,719	594,719	1,135,663
Property, plant and equipment:							
Capital assets not being depreciated	2,223,975	20,937,365	12,033,421	196,000	211,431	35,602,192	-
Capital assets being depreciated, net of depreciation	18,010,119	19,734,815	32,205,308	12,804,850	12,631,767	95,386,859	2,654,503
Net pension and OPEB assets	135,906	386,363	66,882	-	280,161	869,312	-
Total Noncurrent Assets	29,067,195	44,550,247	44,305,611	14,470,800	13,718,078	146,111,931	3,790,166
Total Assets	40,047,676	50,603,809	46,299,232	39,999,630	23,459,903	200,410,250	7,068,222
Deferred Outflows of Resources							
Related to pensions and OPEB	36,967	105,093	18,192	-	76,205	236,457	-
Unamortized deferred loss on refunding	334,455	64,703	-	1,080,150	-	1,479,308	-
Total Deferred Outflows of Resources	371,422	169,796	18,192	1,080,150	76,205	1,715,765	-
Total Assets and Deferred Outflows of Resources	\$ 40,419,098	50,773,605	46,317,424	41,079,780	23,536,108	202,126,015	7,068,222

(continued)

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

December 31, 2022	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric	Harbor	SMIC	Healthcare Facilities			
Liabilities, Deferred Inflows of Resources, and Net Position							
Current Liabilities							
Accounts payable	\$ 647,233	99,635	18,105	1,018,000	21,754	1,804,727	219,439
Payable to Providence Health and Services - Washington	-	-	-	3,842,000	-	3,842,000	-
Due to contractual agencies	-	-	-	166,000	-	166,000	-
Accrued payroll and related liabilities	83,444	56,908	4,004	1,219,000	44,356	1,407,712	-
Accrued interest	97,208	22,292	-	214,498	12,704	346,702	-
Current portion:							
Accrued compensated absences	20,553	18,108	3,345	-	26,465	68,471	101,935
Bonds payable	200,000	370,000	-	1,000,000	-	1,570,000	-
Notes payable	-	-	-	-	205,477	205,477	-
Interfund loans	-	66,416	-	80,331	-	146,747	-
Lease liability	-	-	-	113,000	-	113,000	-
Customer deposits	529,953	24,100	16,300	-	-	570,353	-
Unearned revenue	-	646,086	21,444	600,998	676,748	1,945,276	-
Total Current Liabilities	1,578,391	1,303,545	63,198	8,253,827	987,504	12,186,465	321,374
Noncurrent Liabilities, net of current portion							
Accrued compensated absences	16,429	78,235	1,934	-	38,580	135,178	398,246
Bonds payable, including unamortized premium	14,308,560	1,277,687	-	13,385,542	-	28,971,789	-
Notes payable	-	-	-	-	1,394,434	1,394,434	-
Interfund loans	-	594,719	-	267,196	-	861,915	-
Lease liability	-	-	-	1,157,000	-	1,157,000	-
Net pension and OPEB liability	334,029	949,599	164,382	-	688,578	2,136,588	-
Total Noncurrent Liabilities	14,659,018	2,900,240	166,316	14,809,738	2,121,592	34,656,904	398,246
Total Liabilities	16,237,409	4,203,785	229,514	23,063,565	3,109,096	46,843,369	719,620
Deferred Inflows of Resources							
Related to leases	-	4,080,799	1,599,391	-	-	5,680,190	-
Related to pensions and OPEB	12,831	36,476	6,314	-	26,449	82,070	-
Total Liabilities and Deferred Inflows of Resources	16,250,240	8,321,060	1,835,219	23,063,565	3,135,545	52,605,629	719,620
Net Position							
Net investment in capital assets	14,757,184	39,532,094	44,238,729	(304,542)	11,243,287	109,466,752	2,654,503
Restricted for commercial passenger vessel tax	-	2,220,386	-	-	-	2,220,386	-
Unrestricted	9,411,674	700,065	243,476	18,320,757	9,157,276	37,833,248	3,694,099
Total Net Position	24,168,858	42,452,545	44,482,205	18,016,215	20,400,563	149,520,386	6,348,602
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 40,419,098	50,773,605	46,317,424	41,079,780	23,536,108	7,068,222	7,068,222
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						5,957,749	
Net Position of Business-type Activities						\$ 155,478,135	

See accompanying notes to basic financial statements.

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

Year Ended December 31, 2022	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric	Harbor	SMIC	Healthcare Facilities			
Operating Revenues							
Charges for services	\$ 14,424,290	3,545,830	887,087	30,034,000	3,309,024	52,200,231	-
Vehicle rental and interfund charges	-	-	-	-	-	-	1,202,111
Total Operating Revenues	14,424,290	3,545,830	887,087	30,034,000	3,309,024	52,200,231	1,202,111
Operating Expenses							
Salaries and employee benefits	1,131,129	1,077,541	277,392	18,431,000	764,661	21,681,723	500,181
Services and supplies	8,818,755	873,319	270,895	4,783,000	883,314	15,629,283	14,788
Administration	1,421,513	431,173	278,231	628,504	506,136	3,265,557	-
Depreciation	1,583,678	1,544,067	1,650,504	1,813,449	791,874	7,383,572	380,198
Total Operating Expenses	12,955,075	3,926,100	2,477,022	25,655,953	2,945,985	47,960,135	895,167
Income (Loss) from Operations	1,469,215	(380,270)	(1,589,935)	4,378,047	363,039	4,240,096	306,944
Nonoperating Revenues (Expenses)							
Intergovernmental - PERS on-behalf	(6,404)	(18,207)	(3,151)	-	(13,203)	(40,965)	-
Intergovernmental - Provider relief fund	-	-	-	305,000	-	305,000	-
Interest income	-	215,495	79,175	-	16,321	310,991	18,245
Investment income (loss)	(159,137)	(77,750)	(4,441)	(151,821)	(115,848)	(508,997)	(52,440)
(Loss) on sale of capital assets	-	-	-	-	-	-	-
Interest expense	(472,921)	(69,800)	-	(521,056)	(25,107)	(1,088,884)	-
Bond issuance costs	(90,380)	-	-	-	-	(90,380)	-
Nonoperating grant revenue	-	-	-	-	-	-	-
Other revenue (expenses)	24,367	21,158	-	3,000	23,763	72,288	-
Total Nonoperating Revenues (Expenses)	(704,475)	70,896	71,583	(364,877)	(114,074)	(1,040,947)	(34,195)
Income (Loss) Before Contributions and Transfers	764,740	(309,374)	(1,518,352)	4,013,170	248,965	3,199,149	272,749
Capital contributions:							
Federal sources	-	2,899,553	11,600	-	-	2,911,153	-
State of Alaska	-	1,535,263	-	-	-	1,535,263	-
Kenai Peninsula Borough	-	303,825	-	-	-	303,825	-
Transfers in	-	608,962	-	1,839,744	39,869	2,488,575	-
Transfers out	(1,614,003)	(785,598)	(116,872)	-	(962,821)	(3,479,294)	-
Change in net position	(849,263)	4,252,631	(1,623,624)	5,852,914	(673,987)	6,958,671	272,749
Net Position, beginning of year	25,018,121	38,199,914	46,105,829	12,163,301	21,074,550		6,075,853
Net Position, end of year	\$ 24,168,858	42,452,545	44,482,205	18,016,215	20,400,563		6,348,602
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						150,408	
Change in Net Position of Business-type Activities						\$ 7,109,079	

See accompanying notes to basic financial statements.

City of Seward, Alaska
Proprietary Funds
Statement of Cash Flows

Year Ended December 31, 2022	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric	Harbor	SMIC	Healthcare Facilities			
Cash Flows from (for) Operating Activities							
Receipts from customers and users	\$ 13,901,564	3,618,899	861,529	31,658,998	4,549,833	54,590,823	-
Payments to suppliers	(9,317,630)	(858,531)	(389,635)	(4,462,504)	(912,655)	(15,940,955)	138,770
Payments to employees	(1,837,403)	(1,153,815)	(174,140)	(18,318,000)	(813,504)	(22,296,862)	(465,145)
Payments for interfund services used	(1,305,392)	(515,488)	(147,212)	-	(469,170)	(2,437,262)	-
Receipts from vehicle rentals and interfund charges	-	-	-	-	-	-	1,202,111
Net cash flows from operating activities	1,441,139	1,091,065	150,542	8,878,494	2,354,504	13,915,744	875,736
Cash Flows from (for) Noncapital Financing Activities							
Transfers in	-	608,962	-	1,839,744	39,869	2,488,575	-
Transfers out	(1,614,003)	(785,598)	(116,872)	-	(962,821)	(3,479,294)	-
Net cash flows from (for) noncapital financing activities	(1,614,003)	(176,636)	(116,872)	1,839,744	(922,952)	(990,719)	-
Cash Flows from (for) Capital and Related Financing Activities							
Issuance of bonds payable	10,092,211	-	-	-	-	10,092,211	-
Leases	-	104,135	36,765	(325,000)	-	(184,100)	-
Bond issuance costs	(90,380)	-	-	-	-	(90,380)	-
Principal payments on long-term debt	(190,000)	(350,000)	-	(950,000)	(202,441)	(1,692,441)	-
Interest payments on long-term debt	(432,998)	(84,850)	-	(518,507)	(27,036)	(1,063,391)	-
Acquisition of property, plant and equipment	(1,534,499)	(7,178,878)	(11,600)	(1,456,287)	(145,052)	(10,326,316)	(1,059,001)
Capital contributions	-	4,130,991	-	-	-	4,130,991	-
Proceeds from interfund loans	-	733,212	-	-	-	733,212	-
Principal payments on interfund loans	-	(72,077)	-	(76,324)	-	(148,401)	-
Interfund interest payments	-	(10,867)	-	(22,252)	-	(33,119)	-
Net cash flows from (for) capital and related financing activities	7,844,334	(2,728,334)	25,165	(3,348,370)	(374,529)	1,418,266	(1,059,001)
Cash Flows from (for) Investing Activities							
Investment income (loss)	(159,137)	(77,750)	(4,441)	(151,821)	(115,848)	(508,997)	(52,440)
Interfund loans disbursed	-	-	-	-	(733,212)	(733,212)	(930,500)
Interfund loan receipts	-	-	-	-	72,077	72,077	107,341
Interfund interest received	-	-	-	-	10,867	10,867	22,252
Net cash flows from (for) investing activities	(159,137)	(77,750)	(4,441)	(151,821)	(766,116)	(1,159,265)	(853,347)
Net change in cash and investments	7,512,333	(1,891,655)	54,394	7,218,047	290,907	13,184,026	(1,036,612)
Cash and Investments, beginning of year	8,379,285	6,480,207	225,871	13,922,733	8,360,953	37,369,049	4,185,076
Cash and Investments, end of year	\$ 15,891,618	4,588,552	280,265	21,140,780	8,651,860	50,553,075	3,148,464
Reconciliation of cash and investments to the Statement of Net Position:							
Cash and investments	\$ 7,194,423	1,096,848	280,265	19,747,830	8,651,860	36,971,226	3,148,464
Restricted cash and investments	8,697,195	3,491,704	-	1,392,950	-	13,581,849	-
Total cash and investments	\$ 15,891,618	4,588,552	280,265	21,140,780	8,651,860	50,553,075	3,148,464

(continued)

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

<i>Year Ended December 31, 2022</i>	Major Enterprise Funds				Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Electric	Harbor	SMIC	Healthcare Facilities			
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:							
Income (loss) from operations	\$ 1,469,215	(380,270)	(1,589,935)	4,378,047	363,039	4,240,096	306,944
Adjustments to reconcile earnings (loss) from operations to net cash flow from (for) operating activities:							
Depreciation	1,583,678	1,544,067	1,650,504	1,813,449	791,874	7,383,572	380,198
Other nonoperating revenues (expenses)	24,367	21,158	-	3,000	23,763	72,288	-
Noncash expense - PERS on-behalf	(6,404)	(18,207)	(3,151)	-	(13,203)	(40,965)	-
Increase (decrease) in allowance for doubtful accounts	(2,221)	18,752	-	(254,000)	(828)	(238,297)	-
(Increase) decrease in assets and deferred outflows of resources:							
Customer receivables	(643,069)	(51,223)	(18,608)	1,378,000	541,077	1,206,177	-
Prepaid expenses	(225,922)	-	-	-	-	(225,922)	-
Inventory	(17,874)	-	-	-	24,213	6,339	-
Other assets	-	-	-	(7,000)	-	(7,000)	-
Net pension and OPEB assets	16,562	137,528	43,791	-	46,376	244,257	-
Deferred outflows of resources - pension and OPEB	(41,592)	(21,430)	(24,896)	-	(20,917)	(108,835)	-
Increase (decrease) in liabilities and deferred inflows of resources:							
Accounts payable	(138,958)	(69,527)	12,279	(252,000)	(16,539)	(464,745)	153,558
Other payables	-	-	-	1,205,000	-	1,205,000	-
Accrued payroll and related liabilities	(6,030)	20,204	277	113,000	10,770	138,221	35,036
Accrued compensated absences	16,083	25,814	(4,544)	-	8,218	45,571	-
Customer deposits	98,197	(1,500)	(1,000)	-	-	95,697	-
Unearned revenue	-	85,882	(5,950)	500,998	676,748	1,257,678	-
Net pension and OPEB liabilities	(380,925)	287,229	164,382	-	238,272	308,958	-
Deferred inflows of resources - pension and OPEB	(303,968)	(507,412)	(72,607)	-	(318,359)	(1,202,346)	-
Net Cash Flows from Operating Activities	\$ 1,441,139	1,091,065	150,542	8,878,494	2,354,504	13,915,744	875,736

See accompanying notes to basic financial statements.

City of Seward, Alaska
Notes to Basic Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Seward, Alaska (the City) was incorporated June 1, 1912 as a home-rule city and operates under a Council-Manager form of government. The City provides the full range of municipal services as provided for by Alaska Statute. This includes police and fire protection, electric, water and wastewater services, library, parks and recreation, public improvements, planning and zoning, port and harbor, hospital and long-term care, and general administrative services.

The City reports the Providence Seward Medical Care Center (PSMCC) as an enterprise fund in accordance with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. In 2013, the City entered into a contractual agreement with a nonprofit organization as co-signees to a federally funded health clinic program. The nonprofit organization is legally separate and does not meet the criteria under GASB Statement No. 61 for inclusion as a component unit. However, many activities associated with the clinic are reported in the SCHC Special Revenue Fund as the City is the named grantee on the primary operating grant.

The hospital and long-term care facilities (the PSMCC) are owned by the City of Seward. The facilities are managed by Providence Health & Services - Washington, a nonprofit corporation (the Corporation), under a management and operating agreement. Under the operating agreement, the Corporation is responsible for day-to-day management of the hospital and long-term care facilities in exchange for a management fee. All financial risks and rewards from the operations of the hospital and long-term care facilities accrue to the City. The City is responsible for debt obligations, including payment of revenue bonds through revenues generated at the PSMCC. The City pays for all capital costs of the healthcare facilities and is legally obligated to finance potential deficits.

Government-Wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are only reported in the fund financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise funds and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Notes to Basic Financial Statements, Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income 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. The remaining governmental and enterprise funds are being aggregated and reported as nonmajor funds. The internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Notes to Basic Financial Statements, Continued

The City reports the following major funds based on the required quantitative criteria:

Major Governmental Funds:

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

Major Enterprise Funds:

The *Electric Enterprise Fund* accounts for all activities related to the operation of the City's electric utility.

The *Harbor Enterprise Fund* accounts for the marine-related activities of the City's harbor.

The *Seward Marine Industrial Center (SMIC) Enterprise Fund* accounts for marine-related services on the east side of Resurrection Bay.

The *Healthcare Facilities Enterprise Fund* accounts for the healthcare facilities, local hospital and long-term care facilities.

Additionally, the City also reports the following funds:

Special Revenue Funds - account for revenue sources that are legally restricted or committed to expenditure for specific purposes.

Capital Project Funds - account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

Internal Service Funds - the City reports two Internal Service Funds which account for the activities relating to the City's motor pool activities of the other funds and compensated absences of the governmental funds. The Motor Pool Internal Service Fund reports revenues charged to the other funds based on rental fees and capital lease payments designed to cover the cost of the lease payments and to fund depreciation. The Compensated Absences Internal Service Fund accounts for the accrual and payment of compensated absences of the governmental activities.

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

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

Notes to Basic Financial Statements, Continued

Estimates

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

Cash and Investments

A central treasury is used to account for the City's cash and investments to maximize investment income. Investment income is allocated among the funds based on their respective cash balances. Investments are stated at fair value. For purposes of the statement of cash flows, the City has defined cash as demand deposits and all investments maintained in the cash management pool, regardless of maturity period, since various funds use the cash management pool essentially as a demand deposit account.

Accounts Receivable

All trade and tax receivables are shown net of an allowance for uncollectible accounts, determined by historical experience. Ambulance receivable allowance is recorded at 30 percent, based on historical recoveries.

Inventory

Inventories are valued at the lower of cost or market in the proprietary funds. Cost is determined by the first-in, first-out method. The cost is recorded as an expenditure or expense at the time individual inventory items are consumed (consumption method).

Restricted Assets

Restricted cash and investments are held in the proprietary funds, and are restricted because their use is limited by bond covenant or grant agreements for the construction of capital assets.

Leases – Lessor Accounting

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

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- a) The City uses its current borrowing rate as the discount rate for leases.
- b) The lease term includes the non-cancellable period of the lease; the term of the lease contract, including options to extend, must be more than 12 months. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Notes to Basic Financial Statements, Continued

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The prepaid items do not reflect available resources and, thus, an equivalent portion of fund balance is classified as nonspendable in the governmental fund financial statements. Cost is recorded as an expenditure or expense as the prepayment is applied (consumption method).

Interfund Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “due to / from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. In the case of the initial capitalization of infrastructure assets, the City chose to include all such items, regardless of their acquisition date.

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

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

Capital assets reimbursed by outside entities, including granting agencies, are recorded as capital contributions in the enterprise funds.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Buildings and improvements	20-40 years
Infrastructure	10-50 years
Machinery and equipment	3-8 years
Improvements other than buildings	3-40 years

Accrued Compensated Absences

The City allows employees to accumulate earned but unused vacation and sick leave benefits. All accrued compensated absences are accrued when incurred in the government-wide, proprietary fund, and governmental fund financial statements. Accrued compensated absences that are earned in the governmental funds are accounted for in the Compensated Absences Internal Service Fund.

Long-term Debt

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds on a straight-line basis, which approximates the effective interest rate method. Bonds payable as reported include amounts of unamortized bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issues are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal payments on debt are reported as debt service expenditures.

Fund Balance and Fund Balance Flow Assumptions

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

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

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

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

Assigned fund balance - This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. City Resolution 2009- 131 delegates authority to assign fund balance to the City Manager and the Finance Director. Assigned fund balances, by default, include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Notes to Basic Financial Statements, Continued

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

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

Net Position and Net Position Flow Assumptions

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

Sometimes the City will fund outlays for a purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund during the year. However, it is the City's policy to stop issuing purchase orders in early December. As a result, there are no outstanding encumbrances at December 31, 2021. Outstanding purchase orders, if any, at December 31, are cancelled and new ones are issued in the subsequent year.

Unearned Revenue

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

Grant and Other Intergovernmental Revenues

In applying the measurable and available concepts to grants and intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are considered "recognizable"; therefore, revenues are recognized based upon expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

Pension Plans

With the exception of certain Electric Fund employees, substantially all other employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska. Certain Electric Fund employees participate in the International Brotherhood of Electrical Workers (IBEW) Defined Benefit Pension Plan.

Pension and Other Postemployment Benefits (OPEB)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Generally, the City reports deferred charges on bond refunding and pension and OPEB related items as deferred outflows of resources. These items are amortized to expense over time.

In addition to the liabilities, the financial statements may also present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until later. The City reports certain pension and OPEB related items as deferred inflows of resources. These items are amortized as a reduction of expense over varying periods of time based on their nature.

Property Taxes

Property taxes are liens on the assessed value of taxable property as of January 1. Pursuant to Alaska Statutes, the City establishes the mill rate and tax levy on or before June 15. The City is located within the Kenai Peninsula Borough, which acts as the City's agent in the billing and collection of property taxes. Tax bills for one-half of the taxes are mailed prior to July 1 and are payable on August 15; tax bills for the second-half of the taxes are mailed by October 1 and are payable on November 15. City property tax revenues are recognized in the fiscal year in which they are collectible and available (collected within sixty days after year-end) to finance expenditures of the fiscal year.

At December 31, any delinquent real and personal property taxes not currently available are reflected as deferred inflows of the General Fund. No amounts were reported as of December 31, 2022.

2. Stewardship, Compliance, and Accountability

Allocation of Sales Tax Revenues

When the City transferred the operations of the Hospital to Providence Seward Medical and Care Center on July 1, 1996, the City agreed to allocate 1% of the sales tax for the benefit of the Hospital. During construction, the allocated sales tax was used to offset losses and transition costs. Subsequent to completion of the construction, the allocated sales tax has been used to fund the debt service on the Hospital general obligation bonds. Upon maturity of hospital bonds, sales tax revenues will be used to fund healthcare capital and operating costs, and debt service on long-term care facility bonds, if necessary. All sales tax revenue is recorded in the General Fund. The allocated portion is then transferred to the Healthcare Facilities Enterprise Fund for debt service.

3. Cash and Investments

The City of Seward maintains a central treasury that is available for use by all funds. Each fund’s portion of the central treasury is displayed on the balance sheet as “cash and investments” or in the case of “negative cash,” is included in “due to other funds.”

Investments

City statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers’ acceptances, repurchase agreements, commercial paper issued by corporations or businesses and having the highest rating of a nationally-recognized rating service and maturing within nine months, certificates of deposit insured by federal depository insurance or secured by eligible collateral held by a third party in the City’s name, and investments through the Alaska Municipal League Investment Pool (AMLIP). The City’s investment policy does not specify a maximum investment maturity, but the City generally invests funds for less than five years from the date of purchase. The City has complied with its investment policy throughout the year. The City’s investments are recorded at fair value.

The AMLIP is an external investment pool. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. On a monthly basis the investments in the Pool are reviewed for fair value by an independent pricing service. The values of investments in the AML Pool are approximately equal to fair value.

Reconciliation of Cash and Investment Balances

The following is a reconciliation of the City’s cash and investment balances to the financial statements as of December 31, 2022:

	Government-Wide Statement of Net Position
Cash and investments	\$ 55,188,758
Restricted cash and investments	13,581,849
Total Cash and Investments	\$ 68,770,607

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

As of December 31, 2022, the City had the following investments:

Investment	Fair Value	Investment Maturities (in Years)		
		Less than 1 year	1 to 5 years	Over 5 years
U.S. treasury securities (SLGS)	\$ 13,893,925	8,502,341	5,391,584	-
U.S. government bonds	4,931,297	1,647,376	3,283,921	-
Total Subject to Interest Rate Risk	18,825,222	10,149,717	8,675,505	-

Carried at Amortized Cost	
Pooled investments / AMLIP	11,410,093
Certificates of deposit	9,354,402
Money market account	3,409,531
Total Investments	42,999,248
Cash	25,771,359
Total Cash and Investments	\$ 68,770,607

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's investments that are classified as Level 2 are valued using third party pricing models provided by brokerages. The City has the following recurring fair value measurements as of December 31, 2022:

	Total	Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. treasury securities (SLGS)	\$ 13,893,925	-	13,893,925	-
U.S. government bonds	4,931,297	-	4,931,297	-
Total investments at fair value	18,825,222	-	18,825,222	-

Investments measured at amortized cost:	
Pooled investments / AMLIP	11,410,093
Certificates of deposit	9,354,402
Money market account	3,409,531
Total investments at amortized cost	24,174,026
Total Investments	\$ 42,999,248

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Restricted Cash and Investments

The City maintains bond redemption and reserve accounts as required by bond covenants. The balances at December 31, 2022 are as follows:

Electric Enterprise Fund	\$ 944,990
Harbor Enterprise Fund	442,898
Healthcare Enterprise Facilities Fund	1,392,950
Total Restricted for Bond Retirement	\$ 2,780,838

The City also includes in restricted cash and investments amounts that have been designated for capital projects. The total amount of restricted cash and investments that has been designated for capital projects follows:

Electric Enterprise Fund	\$ 7,752,205
Harbor Enterprise Fund	3,048,806
Total Restricted for Capital Projects	\$ 10,801,011

Custodial Credit Risk

The fair value of the City's investments at year-end is shown above. GASB Statement No. 3, as amended by GASB Statement 40, establishes categories as an indication of the level of custodial credit risk involved in the investments. All of the City's remaining investments are in the category of least risk and include investments that are insured or registered in the City's name, or securities that are held by the City or its agent in the City's name. All of the United States treasury bills, treasury notes, and United States agency securities are held in custodial accounts in the U.S. Bank and Bank of New York Trust Departments and are recorded in the City's name, in accordance with safekeeping agreements. U.S. Bank and Bank of New York are not counter parties to security transactions. To limit exposure to custodial credit risk, City policy requires that all deposits and investments be fully insured or collateralized. As of December 31, 2022, \$5,745,000 of the Healthcare Facilities Enterprise Fund Cash balance attributable to PSMCC was subject to custodial credit risk.

Interest Rate Risk

The fair value of the City's fixed-income investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those investments. Fair value of interest rate-sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. The City manages interest rate risk by allocating specific percentages of the portfolio over specified time periods, and generally holds investments for less than five years, which minimizes the sensitivity of fair value to changes in market interest rates. The City has no formal policy relating to a specific deposit or interest rate risk.

Option Risk

Option risk is the risk that an investment's counterparty may exercise a right embedded in the investment - an embedded option. The City invests in securities issued by U.S. government agencies that contain call provisions. The exercise of the call option by the counterparty occurs during times of declining interest rates; therefore the City is exposed to the risk of having to reinvest at a lower interest rate. In the table above, securities are categorized according to the final maturity, regardless of call option dates. If call options were exercised at the next possible call date, many of the callable securities would mature in less than one year.

Concentration of Credit Risk

The City's investment policy places no limit on the amount that can be invested in any one issuer. Approximately 7% of the total portfolio is held with the Federal Home Loan Mortgage Corporation.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All of the U.S. Treasuries (SLGS) and Bond investments are rated AAA by Standard and Poor's. AMLIP investments are rated AAAM.

At December 31, 2022, the City's investments in U.S. Treasuries (SLGS) and Bond investments implicitly guaranteed by the U.S. Government were rated AAA.

The City's investment policy specifies the types of investments that can be purchased in order to limit credit risk. The City may invest in obligations of the United States government, its agencies and instrumentalities; insured or collateralized certificates of deposit; savings accounts; collateralized repurchase agreements; commercial paper maturing within nine months issued by corporations having the highest rating of a national rating agency; bankers' acceptances; and the State investment pool. Credit risk is mitigated by limiting the eligible investment options.

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

4. Receivables

Aggregate receivables including applicable allowances for doubtful accounts, are as follows:

	Governmental Funds			Enterprise Funds	
	General Fund	Nonmajor Funds	Total Governmental Funds	Electric	Harbor
Receivables:					
Taxes	\$ 925,837	-	925,837	-	-
Accounts	312,532	-	312,532	1,621,862	215,653
Grants, shared revenues and loans	59,981	1,264,926	1,324,907	577,195	607,650
Accrued interest	96,011	-	96,011	-	-
Leases	600,707	-	600,707	-	4,192,159
Other	-	-	-	687,866	-
Gross receivables	1,995,068	1,264,926	3,259,994	2,886,923	5,015,462
Less: allowance for doubtful accounts	-	-	-	(72,984)	(58,748)
Net receivables	\$ 1,995,068	1,264,926	3,259,994	2,813,939	4,956,714

	Enterprise Funds				
	SMIC	Healthcare Facilities	Nonmajor Enterprise Funds	Total Enterprise Funds	Total Primary Government
Receivables:					
Taxes	\$ -	-	-	-	925,837
Accounts	59,955	7,269,000	375,245	9,541,715	9,854,247
Grants, shared revenues and loans	11,600	-	577,196	1,773,641	3,098,548
Accrued interest	-	-	5,454	5,454	101,465
Leases	1,641,801	-	-	5,833,960	6,434,667
Other	-	310,000	11,492	1,009,358	1,009,358
Gross receivables	1,713,356	7,579,000	969,387	18,164,128	21,424,122
Less: allowance for doubtful accounts	-	(1,798,000)	(14,917)	(1,944,649)	(1,944,649)
Net receivables	\$ 1,713,356	5,781,000	954,470	16,219,479	19,479,473

5. Leases

Leases receivable

The City is the lessor on several multiple year lease agreements with third parties for various nonfinancial assets. The lengths of the lease terms vary, and the City used their estimated incremental borrowing rate of 5% when there was no stated interest rate in the lease contracts. The City recognized \$611,721 in lease revenue and \$312,655 in interest revenue for the fiscal year ended December 31, 2022. As of December 31, 2022, the City's receivables for lease payments were \$6,434,667. The City also recognized deferred inflows of resources associated with lessor agreements of \$6,238,563 at December 31, 2022 that will be recognized as revenue over the remaining lives of the various lease terms.

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

6. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

Governmental Activities	Balance January 1, 2022	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2022
Capital assets not being depreciated:				
Land and land improvements	\$ 5,509,589	-	-	5,509,589
Construction in progress	423,695	1,604,720	(1,938,334)	90,081
Total assets not being depreciated	5,933,284	1,604,720	(1,938,334)	5,599,670
Capital assets being depreciated:				
Buildings and improvements	70,654,374	1,938,334	-	72,592,708
Improvements other than buildings	29,294,548	-	-	29,294,548
Machinery and equipment	10,755,618	48,710	-	10,804,328
Total assets being depreciated	110,704,540	1,987,044	-	112,691,584
Less accumulated depreciation for:				
Buildings and improvements	36,040,365	1,699,422	-	37,739,787
Improvements other than buildings	18,309,753	626,621	-	18,936,374
Machinery and equipment	9,098,024	254,405	-	9,352,429
Total accumulated depreciation	63,448,142	2,580,448	-	66,028,590
Total capital assets being depreciated	47,256,398	(593,404)	-	46,662,994
Governmental Activities Capital Assets, net	\$ 53,189,682	1,011,316	(1,938,334)	52,262,664

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City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Business-type Activities	Balance January 1, 2022	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2022
Capital assets not being depreciated and amortized:				
Land and land improvements	\$ 30,703,256	-	-	30,703,256
Construction in progress	951,818	4,038,118	(91,000)	4,898,936
Total assets not being depreciated and amortized	31,655,074	4,038,118	(91,000)	35,602,192
Capital assets being depreciated: and amortized:				
Buildings and improvements	38,061,267	-	-	38,061,267
Infrastructure	51,185,227	4,609,514	-	55,794,741
Improvements other than buildings	140,189,499	-	-	140,189,499
Right-to-use asset	947,000	618,000	-	1,565,000
Machinery and equipment	30,682,733	2,119,685	-	32,802,418
Total assets being depreciated and amortized:	261,065,726	7,347,199	-	268,412,925
Less accumulated depreciation and amortization for:				
Buildings and improvements	22,948,104	1,064,288	-	24,012,392
Infrastructure	7,125,067	1,991,365	-	9,116,432
Improvements other than buildings	109,341,860	3,245,656	-	112,587,516
Right-to-use asset	161,000	207,000	-	368,000
Machinery and equipment	23,031,762	1,255,461	-	24,287,223
Total accumulated depreciation and amortization	162,607,793	7,763,770	-	170,371,563
Total capital assets being Depreciated and amortized	98,457,933	(416,571)	-	98,041,362
Business-type Activities Capital Assets, net	\$ 130,113,007	3,621,547	(91,000)	133,643,554

* The ending balances include \$9,594,956 and \$6,940,453 of equipment cost and accumulated depreciation and amortization, respectively, related to the Motor Pool Internal Service Fund.

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City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Depreciation and amortization for the year ended December 31, 2022 was charged to the functions as follows:

Governmental Activities		
General government	\$	77,237
Public safety		198,109
Public works		665,795
Parks and recreation		72,207
Library		242,428
Clinic		10,917
SeaLife Center		1,313,755
Total Governmental Activities	\$	2,580,448
Business-type Activities		
Electric	\$	1,583,678
Harbor		1,544,067
SMIC		1,650,504
Healthcare facilities		1,813,449
Water		415,894
Wastewater		349,339
Parking		26,641
In addition, depreciation on capital assets held by the City's Motor Pool internal service fund is charged to the various functions based on their usage of the assets.		380,198
Total Business-type Activities	\$	7,763,770

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City of Seward, Alaska

Notes to Basic Financial Statements, Continued

7. Interfund Receivables, Payables and Transfers

A schedule of interfund balances and transfers as of and for the year ended December 31, 2022, follows. Interfund balances typically result from short-term operating or capital advances. Transfers typically result from capital matching, operating subsidies, and payment in lieu of taxes.

Transfers

<i>From General Fund to:</i>	
Healthcare Facilities Enterprise Fund	\$ 1,839,744
Nonmajor Enterprise Funds	39,869
Nonmajor Governmental Funds	917,652
<hr/>	
Total transfers from General Fund	2,797,265
<i>From Electric Enterprise Fund to:</i>	
General Fund	1,614,003
<i>From Harbor Enterprise Fund to:</i>	
General Fund	557,578
Nonmajor Governmental Funds	228,020
<i>From SMIC Enterprise Fund to:</i>	
General Fund	116,872
<i>From Nonmajor Enterprise Funds to:</i>	
General Fund	353,859
Harbor Enterprise Fund	608,962
<i>From Nonmajor Governmental Funds to:</i>	
General Fund	7,099
Nonmajor Governmental Funds	213,896
<hr/>	
Total Transfers From Other Funds	\$ 3,700,289

The City has the following outstanding interfund loans:

In 2020, the Motor Pool Internal Service Fund issued an interfund loan in the amount of \$565,268 to the Healthcare Facilities Enterprise Fund for the purpose of paying the Seward General Hospital PERS unfunded pension liability. Repayment is scheduled over seven years bearing interest at 5.25%. At December 31, 2022 the outstanding balance of the loan is \$347,527 of which \$80,331 is presented as current. At December 31, 2022 \$18,245 of interest has been accrued on this loan.

In 2022, the Motor Pool Internal Service Fund issued an interfund loan in the amount of \$930,500 to the Animal Shelter Capital Project Fund for the purpose of financing construction of the new animal shelter. Repayment is scheduled over 30 years and is an interest free loan. At December 31, 2022 the outstanding balance of the loan was \$899,483, of which \$31,016 is presented as current.

In 2022, the Parking Enterprise Fund issued an interfund loan in the amount of \$733,212 to the Harbor Enterprise Fund to finance construction of the North East Harbor Launch Ramp and is scheduled to be repaid over ten years bearing interest at 2.5%. At December 31, 2022 the outstanding balance of the loan was \$661,135, of which \$66,416 is presented as current.

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

8. Long-term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended December 31, 2022:

Governmental Activities	Balance at January 1, 2022	Additions	Retirements	Balance at December 31, 2022	Due Within One Year
General obligation bonds -					
\$2,890,000 2018 General Obligation bonds, due in annual installments of \$110,000 to \$200,000, plus interest at 2.5% to 5.0% through May 1, 2037	\$ 2,480,000	-	115,000	2,365,000	120,000
\$2,180,000 2021 General Obligation Refunding Bond, due in annual installments of \$100,000 to \$200,000, plus interest at 4.0% to 5.0% through December 1, 2036	2,180,000	-	100,000	2,080,000	110,000
Net pension and OPEB liabilities	4,830,467	2,221,935	-	7,052,402	-
Accrued compensated absences	465,145	500,181	465,145	500,181	101,935
Total Governmental Activities Long-term Liabilities	\$ 9,955,612	2,722,116	680,145	11,997,583	331,935
Plus unamortized bond premium				612,792	
				<u>\$ 12,610,375</u>	

Liquidation of governmental accrued compensated absences is made by the Compensated Absences Internal Service Fund. All other debt service payments above are made by the General Fund.

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Business-type Activities	Balance at January 1, 2022	Additions	Retirements	Balance at December 31, 2022	Due Within One Year
Revenue bonds:					
\$17,135,000 refunding long-term care facility bonds, due in annual installments of \$870,000 to \$1,405,000, plus interest at 2.0% to 5.0% through August 1, 2033	\$ 14,300,000	-	950,000	13,350,000	1,000,000
\$5,045,000 refunding electric revenue bonds, due in annual installments of \$165,000 to \$330,000, plus interest at 2.0% to 5.0%, through August 1, 2038	4,385,000	-	190,000	4,195,000	200,000
\$8,835,000 electric revenue bonds, due in annual installments of \$150,000 to \$565,000, plus interest at 5.0%, through December 31, 2052	-	8,835,000	-	8,835,000	-
\$830,000 2014 A refunding harbor revenue bonds, due in annual installments of \$65,000 to \$100,000, plus interest at 5.0%, through April 1, 2025	380,000	-	90,000	290,000	95,000
\$2,575,000 2014 B refunding harbor revenue bonds, due in annual installments of \$210,000 to \$320,000, plus interest at 3.0% to 5.0%, through April 1, 2026	1,445,000	-	260,000	1,185,000	275,000
Notes payable:					
\$678,740 sewer note payable to State of Alaska Department of Environmental Conservation, due in annual installments of \$36,688 including interest at 1.5% through September 1, 2035	457,929	-	29,820	428,109	30,267

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Business-type Activities	Balance at January 1, 2022	Additions	Retirements	Balance at December 31, 2022	Due Within One Year
Notes payable, continued:					
\$620,047 sewer note payable to State of Alaska Department of Environmental Conservation, due in annual installments of \$35,944 including interest at 1.5% through September 11, 2035	\$ 450,853	-	29,181	421,672	29,618
\$2,652,849 water note payable to State of Alaska Department of Environmental Conservation, due in annual installments of \$156,844 including interest at 1.5% through April 1, 2027	893,570	-	143,440	750,130	145,592
Net pension and OPEB liabilities	1,827,630	308,958	-	2,136,588	-
Accrued compensated absences	158,078	203,649	158,078	203,649	68,471
Total Business-type Activities					
Long-term Liabilities	\$ 24,298,060	9,347,607	1,850,519	31,795,148	1,843,948
Plus unamortized bond premium				2,686,789	
				<u>\$ 34,481,937</u>	

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City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Annual debt service requirements to maturity on the bonds and notes follow:

<i>General Obligation Bonds</i> Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 230,000	185,606	415,606
2024	235,000	175,544	410,544
2025	245,000	165,232	410,232
2026	255,000	152,856	407,856
2027	265,000	139,952	404,952
2028-2032	1,530,000	520,833	2,050,833
2033-2037	1,685,000	171,532	1,856,532
	\$ 4,445,000	1,511,555	5,956,555

<i>Revenue Bonds</i> Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2023	\$ 1,570,000	1,125,056	2,695,056
2024	1,635,000	1,046,556	2,681,556
2025	1,870,000	964,806	2,834,806
2026	1,860,000	866,506	2,726,506
2027	1,570,000	826,106	2,396,106
2028-2032	8,745,000	3,222,375	11,967,375
2033-2037	4,125,000	1,978,463	6,103,463
2038-2042	1,905,000	1,399,050	3,304,050
2043-2047	2,005,000	952,750	2,957,750
2048-2052	2,570,000	398,000	2,968,000
	27,855,000	12,779,668	40,634,668

<i>Notes Payable</i> Year Ending December 31,	Business- type Activities		
	Principal	Interest	Total
2023	\$ 205,477	23,999	229,476
2024	208,560	20,917	229,477
2025	211,689	17,788	229,477
2026	214,864	14,613	229,477
2027	218,086	11,390	229,476
2028-2032	332,394	30,769	363,163
2033-2035	208,841	6,256	215,097
	\$ 1,599,911	125,732	1,725,643

9. Revenue Bond Requirements

Pledged Revenues

The enterprise funds have pledged future customer revenues, net of specified operating expenses, to repay revenue bonds.

Electric Revenue Bonds

The Electric Enterprise Fund has pledged future electric customer revenues, net of specified operating expenses, to repay Electric Enterprise Fund revenue bonds. Proceeds from the bonds provided financing for construction and other capital improvements. The bonds are payable solely from electric customer net revenues and are payable through 2052. The total principal and interest remaining to be paid on the bonds is \$22,943,625. Principal and interest paid for the current year and total customer net revenues were \$622,998 and \$2,918,123, respectively.

Harbor Revenue Bonds

The Harbor Enterprise Fund has pledged future harbor customer revenues, net of specified operating expenses, to repay Harbor Enterprise Fund revenue bonds. Proceeds from the bonds provided financing for construction and other capital improvements. The bonds are payable solely from harbor customer net revenues and are payable through 2026. The total principal and interest remaining to be paid on the bonds is \$1,625,600. Principal and interest paid for the current year and total customer net revenues were \$434,850 and \$1,107,205, respectively.

Healthcare Revenue Bonds

The Healthcare Enterprise Fund has pledged future healthcare customer revenues, net of specified operating expenses, to repay Healthcare Enterprise Fund revenue bonds. Proceeds from the bonds provided financing for construction and other capital improvements. The bonds are payable solely from healthcare customer net revenues and are payable through 2033. The total principal and interest remaining to be paid on the bonds is \$16,065,444. Principal and interest paid for the current year and total customer net revenues were \$1,468,507 and \$6,039,675, respectively.

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City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Revenue Requirements

The Electric and Harbor revenue bonds also require that rates be maintained at a level that will produce net revenues after certain adjustments, equal to 1.3 and 1.2, respectively, times the amount required each year to pay the principal and interest. The City met these revenue requirements for both bonds in 2022. The bond coverage calculations are as follows:

Electric Revenue Bonds

Total revenues, excluding grants	\$	14,289,520
Total operating expenses, excluding depreciation		(11,371,397)

Available for Debt Service	\$	2,918,123
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Debt service payments:		
Principal	\$	190,000
Interest		432,998

Total Debt Service Payments	\$	622,998
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Debt Coverage	4.68
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Harbor Revenue Bonds

Total revenues, excluding grants	\$	3,704,733
Total operating expenses, excluding depreciation		(2,382,033)

Available for Debt Service	\$	1,322,700
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Debt service payments:		
Principal	\$	350,000
Interest		84,850

Total Debt Service Payments	\$	434,850
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Debt Coverage	3.04
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City of Seward, Alaska

Notes to Basic Financial Statements, Continued

10. Fund Balances

Fund balances, reported for the major funds and the nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	General Fund	Nonmajor Funds	Totals
Nonpendable:			
Prepaid items	\$ 814,310	-	814,310
Committed:			
Working capital	1,500,000	-	1,500,000
Hospital line of credit	500,000	-	500,000
Total committed	2,000,000	-	2,000,000
Assigned:			
Insurance	597,995	-	597,995
Capital projects	-	3,147,327	3,147,327
Public works	-	2,499	2,499
Total assigned	597,995	3,149,826	3,747,821
Unassigned (deficit)	8,788,640	(797,420)	7,991,220
Total Fund Balances	\$ 12,200,945	2,352,406	14,553,351

Deficits of (\$10,576) and (\$786,844) exist in the Teen Council Special Revenue Fund and Animal Shelter Capital Project Fund, respectively. It is expected that these deficits will be eliminated through future revenues or transfers from the General Fund.

11. Employee Retirement Systems and Plans

The City follows *Governmental Accounting Standards Board (GASB) Codification P20, Accounting for Pensions by State and Local Governmental Employees* and *GASB Codification P50, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. *GASB Codification P20* and *GASB Codification P50* establish uniform standards for the measurement, recognition, and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

All full-time employees and certain permanent part-time employees of the City participate in the State of Alaska Public Employees' Retirement System (PERS). In addition to the pension plan, PERS also administers other post-employment benefit (OPEB) plans.

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee.

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Summary of Significant Accounting Policies. The financial statements for PERS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City’s contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

PERS acts as the common investment and administrative agencies for the following multiple-employer plans:

Plan Name	Type of Plan
Defined Benefit Pension Plan (DB)	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan (DC)	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB):	
Occupational Death and Disability Plan	Cost-sharing, Defined Benefit OPEB
Alaska Retiree Healthcare Trust Plan	Cost-sharing, Defined Benefit OPEB
Retiree Medical Plan	Cost-sharing, Defined Benefit OPEB
Defined Contribution Other Postemployment Benefits (DC):	
Healthcare Reimbursement Arrangement Plan	Defined Contribution OPEB

Other Postemployment Benefit Plans (OPEB)

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended December 31, 2022 the employer contribution rate is 0.68% for peace officers and firefighters and 0.31% for all other members.

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2022 (latest available information) employer contributions were 6.46% of annual payroll.

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan 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. For the year ended December 31, 2022 employer contributions were 1.07%.

Notes to Basic Financial Statements, Continued

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% of the average annual compensation of all employees in the plan.

Investments

The Board is the investment oversight authority of the system’s investments. As the fiduciary, the Board has the statutory authority to invest the assets under the Prudent Investor Rule. Fiduciary responsibility for the Board’s invested assets is pursuant to AS 37.10.210.390.

State of Alaska Department of Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the DC Participant-directed Pension plans under the Board’s fiduciary responsibility.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual weighted rate of return, net of investment expense, for the year ended June 30, 2022 (latest available report) for the DB Plans for PERS are: DB Pension 6.00%, ARHCT 6.03%, ODD 6.30%, and RMP is 6.28%.

For additional information on securities lending, interest rates, credit risks, foreign exchange, derivatives, fair value, and counterparty credit risks, see the separately issued report on the Invested Assets of the State of Alaska Retirement and Benefits Plans at:

<http://treasury.dor.alaska.gov/armb/Reports-and-Policies/Annual-Audited-Financial-Schedules.aspx>.

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS plan (rates shown below exclude an annual inflation component of 2.88%):

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	6.51%
Global Equity (non-U.S.)	5.70%
Aggregate Bonds	0.31%
Real Assets	3.71%
Private Equity	9.61%
Cash Equivalents	(0.50)%

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%, which represents a decrease of 0.13% since the prior measurement period. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 4.09% as of June 30, 2022.

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

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to the salary floor, and other termination costs as described below. This rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined benefit plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board (GASB)*. Medicare Part D subsidies are not reflected in this rate. The City uses a 7.25% discount rate.

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Employer Contribution rates for the plan year ended 2022 (measurement period) are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
PERS:			
Pension	22.00%	24.79%	2.79%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	<u>22.00%</u>	<u>24.79%</u>	<u>2.79%</u>

Termination Costs: If the City decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular City function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The City must pay to have a termination study completed. The purpose of the study is to calculate the City’s one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The City must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS Administrator. For plan year ended 2022 (measurement period) the past service rate for PERS is 16.01%.

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2021 (latest available) were determined by an actuarial valuation as of June 30, 2019 which was rolled forward to the measurement date June 30, 2021. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017.

Inflation	2.50% per year.
Salary Increases	Increases range from 2.85% to 8.5% based on service.
Investment return / discount rate	7.25%, net of expenses based on average inflation of 2.50% and a real return of 4.75%.
Mortality	Based upon 2017 - 2021 actual experience study and applicable tables contained in Pub-210, projected with MP-2021 generational improvement.
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5%. Ultimate trend rates reached in FY2050.

Notes to Basic Financial Statements, Continued

The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions related to the ARHCT plan:

1. Per capita claims costs were updated to reflect recent experience.
2. Normal cost for administrative expenses were updated to reflect recent two years of actual administrative expenses paid from plan assets.

The changes of assumptions from the latest experience study significantly reduced deferred inflows of resources attributable to the City, as well as a net OPEB benefit recognized by the City for the State's proportionate share of OPEB plan expense attributable to the City. In some instances the reduction of revenues and expenses reported for the State's proportionate share of OPEB plan expense attributable to the City creates a net negative Pension/OPEB expense (net pension/OPEB benefit) which results in negative operating grants and contributions for certain functions reported on the Statement of Activities.

Alaska Public Employee Retirement System (PERS) - Defined Benefit Plan (DB)

Plan Description. The City participates in the Alaska Public Employees' Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. PERS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The Plan was established and is administered by the State of Alaska, Department of Administration. The Public Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at: <http://doa.alaska.gov/drb/pers>.

Pension Benefits. All tier employee benefits vest with five years of credited service. There are three tiers of employees based on entry date. Tier I employees enrolled prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For Tier II and III employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. All tier employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

The PERS defined benefit plan is closed to new hires enrolled on or after July 1, 2006. New hires after this date participate in the PERS defined contribution plan (DC) described later in these notes.

Currently there are 150 employers participating in PERS defined benefit plan and 151 participating in PERS defined contribution and OPEB plans.

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 peace officers/firefighters 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. The PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

The percentage multipliers for peace officers/firefighters are 2% for the first ten years of service and 2.5% for all service over 10 years. The percentage multipliers for all other participants are 2% for the first ten years, 2.25% for the next ten years, and 2.5% for all remaining service earned on or after July 1, 1986. All service before that date is calculated at 2%.

Post-employment healthcare benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986, but before July 1, 2006, and who have not reached age 60 may elect to pay for major medical benefits.

Post Retirement Pension Adjustments. 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 discretionary PRPA may be granted to eligible recipients by the DB Plan’s administrator if the funding ratio of the DB Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, the retiree is eligible for both adjustments, the one that provides the retiree with the greatest benefit will be paid.

Funding Policy. In April 2008 the Alaska Legislature passed legislation which statutorily capped the employer contribution, established a state funded “on-behalf” contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan (DC) described later in these footnotes. The state legislature capped the rate at 22%, with the State contributing an on-behalf payment for the difference between the actuarial contribution and the cap.

Salary Floor. During the 25th legislation session, Senate Bill 125 passed, which established a June 30, 2008 salary floor under AS 39.35.255(a)(2). The salary floor is the total base salaries paid by an employer to active employees of the system as of the fiscal year ending June 30, 2008. The statute requires the Division of Retirement and Benefits (Division) to collect employer contributions at a minimum based on FY 2008 base salaries.

Employee Contribution Rate. PERS active members are required to contribute 6.75%, 7.5% for peace officers and firefighters, and 9.6% for certain school district employees.

Employer contributions for the year ended December 31, 2022, were:

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ 850,713	116,431	967,144

Public Employees Retirement Plans

For the year ended December 31, 2022 the State of Alaska contributed \$334,033 (100% pension cost) on-behalf of the City, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2022 to a total of (\$176,184), to represent the pension/OPEB expense/(benefit) attributable to the State under the full accrual basis of accounting.

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At December 31, 2022, the City reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the City. The amount recognized by the City as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the City were as follows:

Defined Benefit:		Pension	
City's proportionate share of the net pension liability	\$	9,188,990	
State's proportionate share of the net pension liability		2,542,744	
Total	\$	<u>11,731,734</u>	
		OPEB	
City's proportionate share of the ARHCT OPEB (asset)	\$	(3,520,238)	
State's proportionate share of the ARHCT OPEB (asset)		(1,007,644)	
Total	\$	<u>(4,527,882)</u>	
City's proportionate share of the ODD OPEB (asset)	\$	<u>(124,946)</u>	
City's proportionate share of the RMP OPEB (asset)	\$	<u>(93,540)</u>	
Total City's share of net pension and OPEB liabilities and assets	\$	<u>5,450,266</u>	

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The City's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2023 through FY2039, as determined by projections based on the June 30, 2021 valuation.

The City's proportionate share and changes in the pension and OPEB liabilities and assets were as follows:

	June 30, 2022 Measurement	June 30, 2021 Measurement	Change
Pension	0.1803%	0.1815%	(0.0012)%
OPEB:			
ARHCT	0.1789%	0.1824%	(0.0035)%
ODD	0.2850%	0.2561%	0.0289%
RMP	0.2693%	0.2416%	0.0277%

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2022, the City recognized pension and OPEB expense (benefit) of \$772,746 and (\$1,531,032), respectively, for the year ended December 31, 2022. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	262,716	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	469,551	-
Total	<u>\$ 732,267</u>	<u>-</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(24,916)
Changes of assumptions	-	(161,549)
Net difference between projected and actual earnings on OPEB plan investments	199,715	-
Changes in proportion and differences between City contributions and proportionate share of contributions	5,684	-
City contributions subsequent to the measurement date	-	-
Total	<u>\$ 205,399</u>	<u>(186,465)</u>

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(40,989)
Changes of assumptions	-	(796)
Net difference between projected and actual earnings on OPEB plan investments	4,231	-
Changes in proportion and differences between City contributions and proportionate share of contributions	321	(8,809)
City contributions subsequent to the measurement date	9,228	-
Total	<u>\$ 13,780</u>	<u>(50,594)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,636	(3,676)
Changes of assumptions	18,112	(112,157)
Net difference between projected and actual earnings on OPEB plan investments	13,342	-
Changes in proportion and differences between City contributions and proportionate share of contributions	2,592	(78)
City contributions subsequent to the measurement date	26,825	-
Total	<u>\$ 65,507</u>	<u>(115,911)</u>

\$469,551 and \$36,053 are reported as deferred outflows of resources related to pension and OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended December 31, 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended December 31,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2023	\$ (31,233)	(214,323)	(9,078)	(13,019)
2024	(80,057)	(70,040)	(9,289)	(13,670)
2025	(192,186)	(157,784)	(9,961)	(15,730)
2026	(566,192)	461,081	(4,132)	2,268
2027	-	-	(6,160)	(16,552)
Thereafter	-	-	(7,422)	(20,526)
Total	<u>\$ 262,716</u>	<u>18,934</u>	<u>(46,042)</u>	<u>(77,229)</u>

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

For the year ended December 31, 2022, the City recognized \$6,365 and (\$13,039) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.25%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net pension liability	\$ <u>12,370,356</u>	<u>9,188,990</u>	<u>6,506,442</u>
Net OPEB ARHCT (asset)	\$ <u>(2,091,529)</u>	<u>(3,520,238)</u>	<u>(4,718,338)</u>
Net OPEB ODD (asset)	\$ <u>(117,698)</u>	<u>(124,946)</u>	<u>(130,615)</u>
Net OPEB RMP liability (asset)	\$ <u>17,205</u>	<u>(93,540)</u>	<u>(177,992)</u>

Sensitivity of the City's proportionate share of the Net OPEB liability and assets to changes in the healthcare cost trend rates. The following present the City's proportionate share of the net OPEB liability (asset), as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB ARHCT (asset)	\$ <u>(4,859,281)</u>	<u>(3,520,238)</u>	<u>(1,921,162)</u>
Net OPEB RMP liability (asset)	\$ <u>(189,590)</u>	<u>(93,540)</u>	<u>35,832</u>

Alaska Public Employee Retirement System (PERS) - Defined Contribution Plan (DC)

Plan Description and Funding Requirements. Cities and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.07% for the retiree medical plan (DB), 0.31% and 0.68% (peace officers) for occupational and death and disability benefits (DB) and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is capped at 22% with anything in excess of the previously listed rates being contributed to the Defined Benefit Unfunded Liability (DBUL).

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

- 2 years of service - 25%
- 3 years of service - 50%
- 4 years of service - 75%
- 5 years of service - 100%

The City contributed \$387,815 for the year ended December 31, 2022, which included forfeitures of \$45,965 which have been applied as employer contributions.

12. International Brotherhood of Electrical Workers

Defined Benefit Plan

Certain Electric Fund employees are members of the International Brotherhood of Electrical Workers (IBEW), and participate in a cost-sharing defined benefit plan, *the Alaska Electrical Pension Plan of the Alaska Electrical Pension Fund* (IEBW Plan). The Alaska Electrical Pension Trust (AEPT) Board of Trustees administers the IBEW Plan and has the authority to establish and amend benefit terms and approve changes in employer required contributions. Each year, AEPT issues annual financial reports that can be obtained by writing the plan administrator, Alaska Electrical Pension Trust, 2600 Denali Street, Suite 200, Anchorage, Alaska 99503. The City had six employees covered by the Plan as of December 31, 2022.

The IBEW Plan provides several levels of retirement benefits, including early retirement, normal retirement, late retirement, and disability retirement and includes several options for spouse participation and death benefits. The City contributes to the IBEW Plan for its covered employees according to the terms of its Agreement Covering Terms and Conditions of Employment (Agreement) with the IBEW Local 1547. The current Agreement became effective on July 1, 2022 and expires on June 30, 2025. The Agreement automatically renews for a period of one year from its expiration date and for successive periods of one year each thereafter for so long as there is no proper notification of an intent to negotiate a successor Agreement.

Employer contributions are determined from hours of work reported by participating employers and the contractual employer contribution rate in effect. The City's required contribution to the IBEW Plan for each hour for which compensation is paid to the employee for July 1, 2021 to June 30, 2022 was \$8.96 and July 1, 2022 to December 31, 2022 was \$9.33. The City's total employer contributions to the IBEW Plan for 2022 were \$152,357. These amounts are paid during the normal course of business in the month following each year end. The City is not subject to withdrawal penalties, nor are there any future minimum payments to the IBEW Plan required other than the contribution per hour compensated as required by the Agreement.

Defined Contribution Plan - Money Purchase Plan

The Agreement requires employer contributions to be made in an amount of \$225 per month for eligible employees to the Alaska Electrical Workers Money Purchase Plan (Money Purchase Plan). The City's employer and employee contributions to the Money Purchase Plan during 2022 were \$18,900 and \$47,559, respectively. One hundred percent (100%) of the City's required contributions to the IBEW plans have been made through these contributions to the AETF.

13. Deferred Compensation Plan

The City offers its employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The provisions of the Plan require that all assets and income of the Plan be held in trust for the exclusive benefit of participants and their beneficiaries.

14. Risk Management

The City faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees.

The City is a member of the Alaska Municipal League Joint Insurance Association (JIA), a governmental insurance pool established by the Alaska Municipal League. The JIA provides the City coverage for property, including building and contents, automobiles, mobile equipment, data processing equipment and boiler and machinery; casualty, including general liability, public officials and employees liability, law enforcement professional liability, auto liability and employee benefit liability; workers' compensation, including employers liability; and commercial blanket bond. The City maintains supplemental marine insurance and firefighters group accident coverage with insurance companies placed through JIA. The City has no coverage for potential losses from environmental damages.

The JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based on each member's deposit contribution in comparison to the aggregate deposit contributions of all members. The Association made no supplemental assessments during the year ended December 31, 2022.

The JIA provides loss control services and conducts periodic inspections to ensure safe operations. The City has utilized an established safety committee to review and recommend safety policies and procedures for all departments. The City Council has committed a portion of the General Fund balance to meet potential losses not covered by insurance and insurance deductibles.

The City also participates in the Alaska Public Utilities Insurance Trust, which provides insurance coverage for employee health benefits. The Plan is a public entity risk pool in which risks are shared among the members. Stop loss insurance limits participants' liability for individual and aggregate claims.

There was no significant reduction in the City's major categories of risk insurance coverage from the prior year, and the amount of settlements for the past three fiscal years did not materially exceed the City's insurance coverage.

15. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state and federal government. Any disallowed claims, including any amount already collected, could become a liability of the applicable funds.

The City of Seward is the owner of the Alaska SeaLife Center (“Center”), which is operated on the City’s behalf by the Seward Association for the Advancement of Marine Science (“SAAMS”). The City is obligated to abide by provisions of the Cooperative Agreement (“Agreement”) between the City and the State of Alaska Department of Fish and Game, which served as a significant funding source for the construction of the Center. The City has passed most of its obligations for operating the Center on to SAAMS through a management and operating agreement (“Operating Agreement”), but the City ultimately remains responsible to ensure that provisions of the Agreement with the State are met. The Operating Agreement requires, in part, that SAAMS maintain sufficient termination fund reserves to enable the City to operate the facility for up to one full year in the event SAAMS is unable to meet its obligations under the Operating Agreement. The estimated costs of operating the Center for a full year are not easily measured based on imprecise definitions of the requirements, but could approach \$3 million per year. The Operating Agreement does not require SAAMS to maintain that level of reserves, and to the extent their termination fund reserve levels are inadequate, the City would be expected to cover any shortfall. Should the City be required to cover any shortfall, there could be a material adverse impact on the General Fund undesignated reserves.

Various other claims and lawsuits against the City are pending, but are either covered by insurance or are the types which are normal and reasonable in view of the City’s operations. City management believes the total amount of the liability, if any, which may arise from such claims and lawsuits beyond that which is covered by insurance would not have a material effect on the City’s financial condition or its ability to carry on its activities as now conducted.

16. Change in Accounting Principle

In 2022, the City implemented GASB Statement No. 87, *Leases*, which established standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement apply to financial statements of all state and local governments.

The new standard requires the City to recognize certain lease assets and liabilities for leases. It establishes a single model for lease accounting based on the underlying principle that leases are financings of the right to use an underlying asset for a period of time. Under this Statement, a lessee is required to recognize a liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the City’s leasing activities.

As a result of implementing this new accounting pronouncement, there were no changes in beginning of year net position on fund balance.

17. Subsequent Accounting Pronouncements

The Governmental Accounting Standards Board has issued several new accounting principles with upcoming implementation dates covering several topics as follows:

- GASB 94 *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 96 *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 99 Omnibus 2022. Multiple effective dates.
- GASB 100 Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. Effective for fiscal years beginning after June 15, 2023. Multiple effective dates.
- GASB 101 Compensated Absences. Effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 94 is not expected to have any significant impact on the financial statements of the City.

GASB Statement No. 96 will improve financial reporting by establishing a definition for Subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

GASB Statement No. 99 will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

City of Seward, Alaska

Notes to Basic Financial Statements, Continued

Effective Date: The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

GASB Statement No. 101 unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

Required Supplementary Information

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

<i>Year Ended December 31, 2022</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 8,532,000	8,532,000	10,160,723	1,628,723
Licenses and permits	166,525	166,525	205,996	39,471
Intergovernmental	882,002	882,002	1,298,852	416,850
Charges for services	3,769,409	3,769,409	3,849,457	80,048
Fines and bails	15,700	15,700	28,759	13,059
Investment income (loss)	77,500	77,500	(128,106)	(205,606)
Other	268,860	268,860	199,613	(69,247)
Total Revenues	13,711,996	13,711,996	15,615,294	1,903,298
Expenditures				
Current:				
General government	4,211,376	5,279,258	4,780,624	498,634
Public safety	5,432,351	5,529,295	5,219,660	309,635
Public works	1,840,495	3,073,155	1,964,534	1,108,621
Parks and recreation	2,055,385	2,157,655	1,707,417	450,238
Library	650,689	661,499	766,273	(104,774)
Debt service:				
Principal payments	215,000	215,000	215,000	-
Interest and payments	196,481	242,733	196,481	46,252
Total Expenditures	14,601,777	17,158,595	14,849,989	2,308,606
Excess of Revenues Over (Under) Expenditures	(889,781)	(3,446,599)	765,305	4,211,904
Other Financing Sources (Uses)				
Transfers in	2,453,060	2,453,060	2,649,411	196,351
Transfers out	(1,539,869)	(1,539,869)	(2,797,265)	(1,257,396)
Total Other Financing Sources (Uses)	913,191	913,191	(147,854)	(1,061,045)
Change in Fund Balance	\$ 23,410	(2,533,408)	617,451	3,150,859
Fund Balance, beginning of year			11,583,494	
Fund Balance, end of year			\$ 12,200,945	

See accompanying notes to required supplementary information.

City of Seward, Alaska

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

Public Employees' Retirement System (PERS)

December 31, 2022

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1853%	\$ 8,985,893	\$ 2,408,070	\$ 11,393,963	\$ 5,021,085	179%	63.96%
2016	0.2068%	\$ 11,558,576	\$ 1,457,718	\$ 13,016,294	\$ 5,098,436	227%	59.55%
2017	0.1565%	\$ 8,088,553	\$ 3,013,251	\$ 11,101,804	\$ 4,902,901	165%	63.37%
2018	0.1867%	\$ 9,276,595	\$ 2,687,289	\$ 11,963,884	\$ 5,160,904	180%	65.19%
2019	0.1569%	\$ 8,586,970	\$ 3,409,173	\$ 11,996,143	\$ 5,123,006	168%	63.42%
2020	0.1512%	\$ 8,920,386	\$ 3,692,619	\$ 12,613,005	\$ 4,838,355	184%	61.61%
2021	0.1815%	\$ 6,658,097	\$ 901,089	\$ 7,559,186	\$ 5,588,777	119%	76.46%
2022	0.1803%	\$ 9,188,990	\$ 2,542,744	\$ 11,731,734	\$ 5,779,823	159%	67.97%

See accompanying notes to Required Supplementary Information.

City of Seward, Alaska

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

Public Employees' Retirement System (PERS)

December 31, 2022

Year	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2017	0.1565%	\$ 1,321,817	\$ 492,356	\$ 1,814,173	\$ 4,902,901	26.96%	89.68%
2018	0.1866%	\$ 1,915,028	\$ 556,157	\$ 2,471,185	\$ 5,160,904	37.11%	88.12%
2019	0.1569%	\$ 232,830	\$ 92,538	\$ 325,368	\$ 5,123,006	4.54%	98.13%
2020	0.1511%	\$ (684,490)	\$ (283,697)	\$ (968,187)	\$ 4,838,355	-14.15%	106.15%
2021	0.1824%	\$ (4,678,439)	\$ (610,964)	\$ (5,289,403)	\$ 5,588,777	-83.71%	135.54%
2022	0.1789%	\$ (3,520,238)	\$ (1,007,644)	\$ (4,527,882)	\$ 5,779,823	-60.91%	128.51%
Occupational Death and Disability (ODD):							
2017	0.2280%	\$ (32,352)	\$ -	\$ (32,352)	\$ 4,902,901	-0.66%	212.97%
2018	0.2258%	\$ (43,856)	\$ -	\$ (43,856)	\$ 5,160,904	-0.85%	270.62%
2019	0.2477%	\$ (60,055)	\$ -	\$ (60,055)	\$ 5,123,006	-1.17%	297.43%
2020	0.2547%	\$ (69,440)	\$ -	\$ (69,440)	\$ 4,838,355	-1.44%	283.81%
2021	0.2561%	\$ (112,865)	\$ -	\$ (112,865)	\$ 5,588,777	-2.02%	374.22%
2022	0.2850%	\$ (124,946)	\$ -	\$ (124,946)	\$ 5,779,823	-2.16%	348.80%
Retiree Medical Plan (RMP):							
2017	0.2280%	\$ 11,890	\$ -	\$ 11,890	\$ 1,703,098	0.70%	93.98%
2018	0.2258%	\$ 28,734	\$ -	\$ 28,734	\$ 1,690,592	1.70%	88.71%
2019	0.2275%	\$ 54,424	\$ -	\$ 54,424	\$ 1,306,356	4.17%	83.17%
2020	0.2385%	\$ 16,914	\$ -	\$ 16,914	\$ 1,370,400	1.23%	95.23%
2021	0.2416%	\$ (64,842)	\$ -	\$ (64,842)	\$ 1,489,300	-4.35%	115.10%
2022	0.2693%	\$ (93,540)	\$ -	\$ (93,540)	\$ 1,610,791	-5.81%	120.08%

See accompanying notes to Required Supplementary Information.

City of Seward, Alaska

Schedule of the City's Contributions (Pension)

Public Employees' Retirement System (PERS)

December 31, 2022

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 485,647	\$ (485,647)	\$ -	\$ 5,098,436	9.53%
2016	\$ 541,407	\$ (541,407)	\$ -	\$ 4,902,901	11.04%
2017	\$ 645,662	\$ (645,662)	\$ -	\$ 5,160,904	12.51%
2018	\$ 644,586	\$ (644,586)	\$ -	\$ 5,123,006	12.58%
2019	\$ 550,925	\$ (547,855)	\$ 3,070	\$ 4,838,355	11.39%
2020	\$ 567,373	\$ (570,443)	\$ (3,070)	\$ 4,894,286	11.59%
2021	\$ 703,865	\$ (716,692)	\$ (12,827)	\$ 5,522,664	12.75%
2022	\$ 857,967	\$ (850,713)	\$ 7,254	\$ 6,158,904	13.93%

See accompanying notes to Required Supplementary Information.

City of Seward Alaska

Schedule of the City's Contributions (OPEB)

Public Employees' Retirement System (PERS)

December 31, 2022

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2017	\$ 285,897	\$ (285,897)	\$ -	\$ 5,160,904	5.54%
2018	\$ 207,098	\$ (207,098)	\$ -	\$ 5,123,006	4.04%
2019	\$ 209,371	\$ (209,371)	\$ -	\$ 4,838,355	4.33%
2020	\$ 163,155	\$ (163,155)	\$ -	\$ 4,894,286	3.33%
2021	\$ 110,629	\$ (110,629)	\$ -	\$ 5,522,664	2.00%
2022	\$ 47,816	\$ (47,816)	\$ -	\$ 6,158,904	0.78%
Occupational Death and Disability (ODD):					
2017	\$ 5,285	\$ (5,285)	\$ -	\$ 5,160,904	0.10%
2018	\$ 7,742	\$ (7,742)	\$ -	\$ 5,123,006	0.15%
2019	\$ 10,726	\$ (10,726)	\$ -	\$ 4,838,355	0.22%
2020	\$ 12,097	\$ (12,097)	\$ -	\$ 4,894,286	0.25%
2021	\$ 14,889	\$ (14,889)	\$ -	\$ 5,522,664	0.27%
2022	\$ 17,905	\$ (17,905)	\$ -	\$ 6,158,904	0.29%
Retiree Medical Plan (RMP):					
2017	\$ 26,831	\$ (26,831)	\$ -	\$ 1,703,098	1.58%
2018	\$ 26,770	\$ (26,770)	\$ -	\$ 1,690,592	1.58%
2019	\$ 34,650	\$ (34,650)	\$ -	\$ 1,306,356	2.65%
2020	\$ 42,569	\$ (42,569)	\$ -	\$ 1,370,400	3.11%
2021	\$ 45,130	\$ (45,130)	\$ -	\$ 1,489,300	3.03%
2022	\$ 50,710	\$ (50,710)	\$ -	\$ 1,762,795	2.88%

See accompanying notes to Required Supplementary Information.

City of Seward, Alaska

Schedule of the City's Contributions (Pension)

International Brotherhood of Electrical Workers (IBEW) Defined Benefit Pension Plan

December 31, 2022

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 88,389	\$ (88,389)	\$ -	\$ 719,381	12.29%
2014	\$ 72,669	\$ (72,669)	\$ -	\$ 806,727	9.01%
2015	\$ 81,964	\$ (81,964)	\$ -	\$ 668,257	12.27%
2016	\$ 102,429	\$ (102,429)	\$ -	\$ 752,587	13.61%
2017	\$ 129,627	\$ (129,627)	\$ -	\$ 790,348	16.40%
2018	\$ 103,547	\$ (103,547)	\$ -	\$ 958,591	10.80%
2019	\$ 113,631	\$ (113,631)	\$ -	\$ 862,937	13.17%
2020	\$ 133,453	\$ (133,453)	\$ -	\$ 865,034	15.43%
2021	\$ 127,768	\$ (127,768)	\$ -	\$ 921,477	13.87%
2022	\$ 152,357	\$ (152,357)	\$ -	\$ 992,737	15.35%

See accompanying notes to required supplementary information.

City of Seward, Alaska
Notes to Required Supplementary Information
December 31, 2022

Budgets and Budgetary Accounting

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

- The City manager must submit to the city council by November 15th a proposed operating budget for the next biennial fiscal year commencing the following January 1. The operating budget includes proposed expenditures which shall not exceed the expected revenues of the city.
- The budget proposal of the city manager shall be reviewed by the council and shall be available for public inspection in the office of the city clerk. The Council shall direct that a public hearing on the biennial budget proposal shall be held not less than one week before its final adoption. Notice of the public hearing shall be published in a newspaper by the City clerk at least one week prior to the date of the hearing.
- At a regular meeting held not less than ten days prior to the end of the fiscal year, the council shall, by resolution, adopt a budget for the next two fiscal years and make appropriation of the money needed therefore. If the council does not adopt a biennial budget prior to the third day preceding the commencement of the next fiscal year, it shall be held to make an appropriation therefore, without any further council action.
- Amendments to the budget can occur anytime during the fiscal year through the City Council or administrative action. Generally, the following actions are required at the level of the particular change.
 - The City Council may at any time, amend the budget by passing an appropriating resolution that amends the original budget.
 - Unencumbered appropriation balances may be transferred to any department within the same fund by the city manager at any time. At the request of the city manager, or on its own initiative, the council may transfer unencumbered balances from one fund to another.
- Appropriations lapse at year end to the extent that they have not been expended for all funds, except Capital Projects Funds, which lapse at project completion.
- Budgets adopted by the City Council are in accordance with accounting principles generally accepted in the United States of America.
- The City published a separate 2022-2023 biennial budget document. That document may be obtained from the City of Seward, City Clerk, 410 Adams Street City Hall Building, Seward, AK 99664 or at www.cityofseward.us.

Excess of Expenditures over Appropriations

The Council approves operating budgets and appropriations of direct costs at the function and department level. For the year ended December 31, 2022, expenditures exceeded appropriations in the following General Fund function:

Library	\$ <u>104,774</u>
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Public Employees' Retirement System

Schedule of City's Proportionate Share of Net Pension and OPEB Liability (Asset)

The table is presented based on the Plan measurement date which is six months prior to fiscal year end for all years presented.

Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

- a) **Changes in Methods Since the Prior Valuation - June 30, 2020 to June 30, 2021**
There were no changes in actuarial methods since the prior valuation.
- b) **Changes in Assumptions Since the Prior Valuation - June 30, 2020 to June 30, 2021**
Healthcare claim costs are updated annually. Retired member contributions were updated to reflect the 5% decrease from CY20 to CY21. The amounts included in the normal cost for administrative expenses were changed from \$7,223,000 to \$7,625,000 for pension, and from \$4,934,000 to \$5,531,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.
- c) **Changes in Benefit Provisions Since the Prior Valuation - June 30, 2020 to June 30, 2021**
There were no changes in benefit provisions since the prior valuation.

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan

- a) **Changes in Methods Since the Prior Valuation - June 30, 2020 to June 30, 2021**
There were no changes in actuarial methods since the prior valuation.
- b) **Changes in Assumptions Since the Prior Valuation - June 30, 2020 to June 30, 2021**
Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$1,000 to \$16,000 for occupational death and disability, and from \$20,000 to \$24,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.
- c) **Changes in Benefit Provisions Since the Prior Valuation - June 30, 2020 to June 30, 2021**
There have been no changes in benefit provisions valued since the prior valuation.

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

Schedule of City Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2021 which was rolled forward to June 30, 2022. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Additional Supplementary Information

General Fund

The General Fund is established to account for the revenues and expenditures necessary to carry out basic governmental activities of the City such as fire and police protection, public works, recreation, planning, administrative services, etc. Appropriations are made from the General Fund annually.

Revenue is recorded by source, i.e., taxes, charges for services, intergovernmental. Expenditures are recorded first by function then by activity and object of expenditures.

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

<i>Year Ended December 31,</i>	2022		
	Final Budget	Actual	Variance
Revenues			
Taxes:			
Sales	\$ 6,000,000	7,635,648	1,635,648
Property	1,723,500	1,705,639	(17,861)
Hotel/motel room	675,000	804,511	129,511
Payments in lieu of taxes	130,000	11,027	(118,973)
Penalties and interest	3,500	3,898	398
Total taxes	8,532,000	10,160,723	1,628,723
Licenses and permits:			
Building permits	65,100	106,020	40,920
Taxi permits	1,100	2,179	1,079
Department of Motor Vehicles commissions	75,000	58,422	(16,578)
Animal control licenses	175	85	(90)
Business licenses	22,000	33,120	11,120
Miscellaneous	3,150	6,170	3,020
Total licenses and permits	166,525	205,996	39,471
Intergovernmental:			
Jail contract	368,952	368,952	-
Dispatch contracts	98,800	98,800	-
Raw fish tax	400,000	370,953	(29,047)
Shared fisheries business and landing tax	2,750	9,928	7,178
Library grants	7,000	50,777	43,777
Community assistance program	-	136,622	136,622
PERS relief program	-	256,365	256,365
Other grants	4,500	6,455	1,955
Total intergovernmental	882,002	1,298,852	416,850
Charges for services:			
Administrative	2,063,484	2,179,467	115,983
Rents and leases	124,700	149,972	25,272
Copying charges	5,750	5,180	(570)
Work orders	1,775	1,357	(418)
Recreation	1,547,100	1,484,294	(62,806)
Library	26,600	29,187	2,587
Total charges for services	\$ 3,769,409	3,849,457	80,048

(continued)

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

<i>Year Ended December 31,</i>	2022		
	Final Budget	Actual	Variance
Revenues, continued			
Fines and bails	\$ 15,700	28,759	13,059
Investment income (loss)	77,500	(128,106)	(205,606)
Other revenues:			
Sale of land, equipment and gravel	225,000	80,287	(144,713)
Refuse contract	22,000	28,281	6,281
Insurance recovery	-	44,085	44,085
Interest	-	17,985	17,985
Other	21,860	28,975	7,115
Total other	268,860	199,613	(69,247)
Total Revenues	13,711,996	15,615,294	1,903,298
Expenditures			
General government:			
Mayor and council:			
Salaries	202,300	204,774	(2,474)
Employee benefits	203,310	208,812	(5,502)
Audit	120,175	113,847	6,328
Legal	5,000	-	5,000
Purchased services	66,550	71,902	(5,352)
Supplies and maintenance	10,275	12,016	(1,741)
Legislative representation	177,500	185,171	(7,671)
General and administrative	109,275	55,075	54,200
Total mayor and council	894,385	851,597	42,788
City manager:			
Salaries	390,063	382,766	7,297
Employee benefits	227,037	203,498	23,539
Purchased services	20,850	30,443	(9,593)
Supplies and maintenance	10,575	13,650	(3,075)
General and administrative	60,500	49,287	11,213
Total city manager	709,025	679,644	29,381

(continued)

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

<i>Year Ended December 31,</i>	2022		
	Final Budget	Actual	Variance
Expenditures, continued			
Management information systems:			
Salaries	\$ 241,950	263,955	(22,005)
Employee benefits	157,091	178,298	(21,207)
Purchased services	87,617	92,948	(5,331)
Supplies and maintenance	73,000	40,196	32,804
General and administrative	26,100	23,939	2,161
Total management information systems	585,758	599,336	(13,578)
Finance:			
Salaries	573,345	384,774	188,571
Employee benefits	387,823	302,493	85,330
Purchased services	414,750	443,935	(29,185)
Supplies and maintenance	45,345	47,065	(1,720)
General and administrative	40,750	35,171	5,579
Total finance	1,462,013	1,213,438	248,575
Community development:			
Salaries	204,169	210,822	(6,653)
Employee benefits	178,899	168,717	10,182
Purchased services	735,576	668,806	66,770
Supplies and maintenance	8,151	6,290	1,861
General and administrative	27,100	11,003	16,097
Total community development	1,153,895	1,065,638	88,257
General services:			
Salaries	34,225	15,096	19,129
Employee benefits	7,215	9,041	(1,826)
Purchased services	199,050	121,316	77,734
Supplies and maintenance	10,025	9,108	917
General and administrative	9,950	2,693	7,257
Total general services	260,465	157,254	103,211
Contributions to organizations:			
Senior Citizens	80,000	80,000	-
Chamber of Commerce	108,717	108,717	-
Boys and Girls Club	25,000	25,000	-
Total contributions to organizations	213,717	213,717	-
Total general government	\$ 5,279,258	4,780,624	498,634

(continued)

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

Year Ended December 31,	2022		
	Final Budget	Actual	Variance
Expenditures, continued			
Public safety:			
Police:			
Salaries	\$ 1,506,081	1,370,278	135,803
Employee benefits	1,106,183	987,352	118,831
Purchased services	194,475	215,946	(21,471)
Supplies and maintenance	109,125	102,570	6,555
General and administrative	145,350	123,905	21,445
Capital outlay	-	16,947	(16,947)
Total police	3,061,214	2,816,998	244,216
Jail:			
Salaries	340,304	355,963	(15,659)
Employee benefits	246,818	273,316	(26,498)
Purchased services	61,200	67,159	(5,959)
Supplies and maintenance	23,025	21,215	1,810
General and administrative	119,738	115,747	3,991
Total jail	791,085	833,400	(42,315)
Animal control:			
Salaries	87,700	85,985	1,715
Employee benefits	41,825	42,855	(1,030)
Purchased services	12,575	15,209	(2,634)
Supplies and maintenance	14,550	5,132	9,418
General and administrative	2,600	2,246	354
Capital outlay	31,999	-	31,999
Total animal control	191,249	151,427	39,822
Fire:			
Salaries	225,907	220,069	5,838
Employee benefits	184,750	184,706	44
Purchased services	227,250	220,751	6,499
Supplies and maintenance	158,500	137,736	20,764
General and administrative	84,225	80,036	4,189
Total fire	880,632	843,298	37,334
Volunteer training:			
Employee benefits	16,100	11,004	5,096
Purchased services	35,733	36,680	(947)
Supplies and maintenance	80,192	81,164	(972)
General and administrative	53,100	49,172	3,928
Total volunteer training	\$ 185,125	178,020	7,105

(continued)

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

<i>Year Ended December 31,</i>	2022		
	Final Budget	Actual	Variance
Expenditures, continued			
Public safety, continued:			
Emergency preparedness:			
Purchased services	\$ 17,950	14,438	3,512
Supplies and maintenance	22,250	17,818	4,432
General and administrative	10,000	4,286	5,714
Total emergency preparedness	50,200	36,542	13,658
Building inspection:			
Salaries	163,250	161,736	1,514
Employee benefits	171,495	172,628	(1,133)
Purchased services	12,025	6,804	5,221
Supplies and maintenance	9,620	4,249	5,371
General and administrative	13,400	14,558	(1,158)
Total building inspection	369,790	359,975	9,815
Total public safety	5,529,295	5,219,660	309,635
Public works:			
Roads and streets:			
Salaries	285,994	288,749	(2,755)
Employee benefits	258,287	249,667	8,620
Purchased services	1,335,972	180,980	1,154,992
Supplies and maintenance	219,266	272,502	(53,236)
General and administrative	143,725	145,147	(1,422)
Capital outlay	126,766	24,950	101,816
Total roads and streets	2,370,010	1,161,995	1,208,015
City shop:			
Salaries	127,575	139,712	(12,137)
Employee benefits	84,401	90,948	(6,547)
Purchased services	120,462	146,488	(26,026)
Supplies and maintenance	60,040	78,074	(18,034)
General and administrative	12,075	12,605	(530)
Capital outlay	-	21,570	(21,570)
Total city shop	404,553	489,397	(84,844)
Municipal building:			
Salaries	46,300	47,062	(762)
Employee benefits	29,477	32,463	(2,986)
Purchased services	150,070	218,040	(67,970)
Supplies and maintenance	12,595	15,577	(2,982)
General and administrative	150	-	150
Capital outlay	60,000	-	60,000
Total municipal building	298,592	313,142	(14,550)
Total public works	\$ 3,073,155	1,964,534	1,108,621

(continued)

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

Year Ended December 31,	2022		
	Final Budget	Actual	Variance
Expenditures, continued			
Parks and recreation:			
Salaries	\$ 600,096	457,099	142,997
Employee benefits	301,339	242,781	58,558
Purchased services	744,525	651,290	93,235
Supplies and maintenance	226,570	160,567	66,003
General and administrative	65,125	56,439	8,686
Capital outlay	220,000	139,241	80,759
Total parks and recreation	2,157,655	1,707,417	450,238
Library:			
Salaries	312,270	325,434	(13,164)
Employee benefits	95,619	176,814	(81,195)
Purchased services	123,800	138,258	(14,458)
Supplies and maintenance	118,110	115,599	2,511
General and administrative	11,700	10,168	1,532
Total library	661,499	766,273	(104,774)
Debt service:			
Principal payments	215,000	215,000	-
Interest and other costs	242,733	196,481	46,252
Total debt service	457,733	411,481	46,252
Total Expenditures	17,158,595	14,849,989	2,308,606
Excess of revenues over (under) expenditures	(3,446,599)	765,305	4,211,904
Other Financing Sources (Uses)			
Transfers in	2,453,060	2,649,411	196,351
Transfers out	(1,539,869)	(2,797,265)	(1,257,396)
Total Other Financing Sources (Uses)	913,191	(147,854)	(1,061,045)
Change in fund balance	\$ <u>(2,533,408)</u>	617,451	<u>3,150,859</u>
Fund Balance, beginning of year		<u>11,583,494</u>	
Fund Balance, end of year		\$ <u>12,200,945</u>	

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Nonmajor Special Revenue Funds are used to account for expenditures associated with dedicated or restricted revenue sources.

Teen Council - To account for the funds held by the City on behalf of the local teen council.

Public Education Signage - To account for the costs of installing signage.

SCHC - To account for the costs of running a community health center.

Bus Transportation - To account for city bussing transportation.

Beachfront Erosion - To account for the costs associated with the beachfront erosion.

Nonmajor Capital Project Funds

Nonmajor Capital Project Funds are established to account for the resources expended to acquire or construct assets of a relatively permanent nature.

FEMA Landslide Cat. A - To account for Lowell Point debris removal resulting from a landslide in 2022.

FEMA Landslide Cat. B - To account for hazard mitigation work related to the Lowell Point landslide that occurred in 2022.

Capital Acquisition - To account for purchase of equipment not financed by the Motor Pool Fund and capital improvements and projects of at least \$20,000.

Animal Shelter - To account for all activities related to animal shelter capital costs.

Streets and Sidewalks - to account for all activities related to street and sidewalk capital costs.

Energy Efficiency - To account for all activities related to energy efficiency capital costs.

Utility Improvement - To account for public utility improvements of the approved improvement districts of the City.

Developer Reimbursement - to account for funds to help offset the cost of the development of a new subdivision in the city

Flood Mitigation - To account for flood mitigation projects.

ARPA - To account for American Rescue Plan Act funds that have been committed for capital projects.

Jesse Lee Home - To account for a State Designated Legislative grant for use towards hazardous material removal and site remediation at the Jesse Lee Home.

City of Seward, Alaska
Other Governmental Funds
Combining Balance Sheet

<i>December 31, 2022</i>	Special Revenue Funds				Total Special Revenue Funds	Capital Project Funds		
	Teen Council	Public Education Signage	SCHC	Beachfront Erosion		FEMA Landslide Cat. A	FEMA Landslide Cat. B	Capital Acquisition
Assets								
Cash and investments	\$ 6,189	349	1	2,150	8,689	-	-	2,055,173
Grants receivable	-	-	124,202	-	124,202	1,013,820	126,904	-
Total Assets	\$ 6,189	349	124,203	2,150	132,891	1,013,820	126,904	2,055,173
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 16,765	-	124,203	-	140,968	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	1,013,820	126,904	-
Interfund loan payable	-	-	-	-	-	-	-	-
Total Liabilities	16,765	-	124,203	-	140,968	1,013,820	126,904	-
Fund Balances								
Assigned:								
Capital projects	-	-	-	-	-	-	-	2,055,173
Public works	-	349	-	2,150	2,499	-	-	-
Unassigned (deficit)	(10,576)	-	-	-	(10,576)	-	-	-
Total Fund Balances	(10,576)	349	-	2,150	(8,077)	-	-	2,055,173
Total Liabilities and Fund Balances	\$ 6,189	349	124,203	2,150	132,891	1,013,820	126,904	2,055,173

(continued)

City of Seward, Alaska
Other Governmental Funds
Combining Balance Sheet, continued

<i>December 31, 2022</i>	Capital Project Funds					Total Capital Project Funds	Total Other Governmental Funds
	Animal Shelter	Street and Sidewalks	Energy Efficiency	Developer Reimbursement	ARPA		
Assets							
Cash and investments	\$ 112,639	74,554	93,785	923,815	1,806,416	5,066,382	5,075,071
Grants receivable	-	-	-	-	-	1,140,724	1,264,926
Total Assets	\$ 112,639	74,554	93,785	923,815	1,806,416	6,207,106	6,339,997
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	-	-	-	-	-	140,968
Unearned revenue	-	-	-	-	1,806,416	1,806,416	1,806,416
Due to other funds	-	-	-	-	-	1,140,724	1,140,724
Interfund loans payable	899,483	-	-	-	-	899,483	899,483
Total Liabilities	899,483	-	-	-	1,806,416	3,846,623	3,987,591
Fund Balances							
Assigned:							
Capital projects	-	74,554	93,785	923,815	-	3,147,327	3,147,327
Public works	-	-	-	-	-	-	2,499
Unassigned (deficit)	(786,844)	-	-	-	-	(786,844)	(797,420)
Total Fund Balances	(786,844)	74,554	93,785	923,815	-	2,360,483	2,352,406
Total Liabilities and Fund Balances	\$ 112,639	74,554	93,785	923,815	1,806,416	6,207,106	6,339,997

City of Seward, Alaska
Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended December 31, 2022	Special Revenue Funds					Total Special Revenue Funds	Capital Project Funds		
	Teen Council	Public Education Signage	SCHC	Bus Transportation	Beachfront Erosion		FEMA Landslide Cat. A	FEMA Landslide Cat. B	Capital Acquisition
Revenues									
Intergovernmental	\$ -	-	1,917,114	-	-	1,917,114	1,013,820	126,904	-
Investment income (loss)	(98)	-	-	-	-	(98)	-	-	-
Other	-	7,549	-	-	-	7,549	-	-	-
Total Revenues	(98)	7,549	1,917,114	-	-	1,924,565	1,013,820	126,904	-
Expenditures									
General government	-	-	-	228,020	-	228,020	-	-	-
Public works	-	7,200	-	-	-	7,200	1,013,820	126,904	-
Clinic	-	-	1,917,114	-	-	1,917,114	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	7,200	1,917,114	228,020	-	2,152,334	1,013,820	126,904	-
Excess of revenues over (under) expenditures	(98)	349	-	(228,020)	-	(227,769)	-	-	-
Other Financing Sources (Uses)									
Proceeds from sale of assets	-	-	-	-	-	-	-	-	663,500
Transfers in	-	-	-	228,020	-	228,020	-	-	746,000
Transfers out	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	228,020	-	228,020	-	-	1,409,500
Change in fund balances	(98)	349	-	-	-	251	-	-	1,409,500
Fund Balances, beginning of year	(10,478)	-	-	-	2,150	(8,328)	-	-	645,673
Fund Balances, end of year	\$ (10,576)	349	-	-	2,150	(8,077)	-	-	2,055,173

(continued)

City of Seward, Alaska
Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, continued

Year Ended December 31, 2022	Capital Project Funds							Total Capital Project Funds	Total Other Governmental Funds
	Animal Shelter	Street and Sidewalks	Energy Efficiency	Utility Improvement	Developer Reimbursement	Flood Mitigation	Jesse Lee Home		
Revenues									
Intergovernmental	\$ -	-	-	-	-	-	-	1,140,724	3,057,838
Investment income (loss)	-	-	-	-	-	-	-	-	(98)
Other	-	-	-	-	-	7,099	-	7,099	14,648
Total Revenues	-	-	-	-	-	7,099	-	1,147,823	3,072,388
Expenditures									
General government	-	-	-	-	-	-	-	-	228,020
Public Works	-	-	-	-	-	-	211,652	1,352,376	1,359,576
Clinic	-	-	-	-	-	-	-	-	1,917,114
Capital outlay	1,557,407	-	7,427	-	90,081	-	-	1,654,915	1,654,915
Total Expenditures	1,557,407	-	7,427	-	90,081	-	211,652	3,007,291	5,159,625
Excess of revenues over (under) expenditures	(1,557,407)	-	(7,427)	-	(90,081)	7,099	(211,652)	(1,859,468)	(2,087,237)
Other Financing Sources (Uses)									
Proceeds from sale of assets	-	-	-	-	-	-	-	663,500	663,500
Transfers in	-	-	-	-	213,896	-	171,652	1,131,548	1,359,568
Transfers out	-	-	-	(213,896)	-	(7,099)	-	(220,995)	(220,995)
Net Other Financing Sources (Uses)	-	-	-	(213,896)	213,896	(7,099)	171,652	1,574,053	1,802,073
Change in fund balances	(1,557,407)	-	(7,427)	(213,896)	123,815	-	(40,000)	(285,415)	(285,164)
Fund Balances, beginning of year	770,563	74,554	101,212	213,896	800,000	-	40,000	2,645,898	2,637,570
Fund Balances, end of year	\$ (786,844)	74,554	93,785	-	923,815	-	-	2,360,483	2,352,406

Enterprise Funds and Internal Service Funds

Enterprise Funds

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

Electric - To account for the provision of electrical service to the residents of the City and other areas within the electric service area.

Harbor - To account for the provision of harbor and marine services to the public within the Small Boat Harbor basin.

Seward Marine Industrial Center (SMIC) - To account for the provision of marine-related services to the public on the east side of Resurrection Bay.

Healthcare Facilities - To account for the provision of services provided by Seward Community Health Center, Providence Seward Medical and Care Center (PMSCC) and long-term care facilities.

Water - To account for the provision of water services to the residents of the City.

Wastewater - To account for the provision of sewer services to the residents of the City.

Parking - To account for the provision of public parking services.

Internal Service Funds

Motor Pool - The Motor Pool Internal Service Fund accounts for payments from departments for the use of vehicles, in order to accumulate cash to forward-fund replacement of vehicles. This funding mechanism spreads the cost of the vehicles over the expected life of the vehicle in each program's annual budget, rather than to show the cost of vehicles as a one-time expenditure to each fund in the year of purchase.

Compensated Absences - The Compensated Absences Internal Service Fund was created in 2005 for the purpose of accumulated cash reserves to pay compensated absences cash-outs for governmental funds.

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

<i>December 31, 2022</i>	Water	Wastewater	Parking	Total
Assets and Deferred Outflows of Resources				
Current Assets				
Cash and investments	\$ 4,019,259	4,014,383	618,218	8,651,860
Receivables				
Accounts	179,124	196,121	-	375,245
Accrued interest	-	-	5,454	5,454
Interfund loans - current portion	-	-	66,416	66,416
Grants	288,598	288,598	-	577,196
Other	11,492	-	-	11,492
Less allowance for doubtful accounts	(6,092)	(8,825)	-	(14,917)
Inventory	69,079	-	-	69,079
Total Current Assets	4,561,460	4,490,277	690,088	9,741,825
Noncurrent Assets				
Interfund loans, net of current portion	-	-	594,719	594,719
Land	100,420	111,011	-	211,431
Property, plant and equipment, net of accumulated depreciation	7,891,301	4,558,742	181,724	12,631,767
Net pension and OPEB assets	141,357	133,667	5,137	280,161
Total Assets	12,694,538	9,293,697	1,471,668	23,459,903
Deferred Outflows of Resources				
Related to pensions and OPEB	38,450	36,358	1,397	76,205
Total Assets and Deferred Outflows of Resources	\$ 12,732,988	9,330,055	1,473,065	23,536,108
Liabilities, Deferred Inflows of Resources, and Net Position				
Current Liabilities				
Accounts payable	\$ 10,712	11,042	-	21,754
Accrued payroll and related liabilities	23,426	19,264	1,666	44,356
Accrued interest	8,595	4,109	-	12,704
Unearned revenue	338,374	338,374	-	676,748
Current portion:				
Accrued compensated absences	13,301	11,688	1,476	26,465
Notes payable	145,592	59,885	-	205,477
Total Current Liabilities	540,000	444,362	3,142	987,504
Noncurrent liabilities, net of current portion				
Accrued compensated absences	20,460	18,120	-	38,580
Notes payable	604,538	789,896	-	1,394,434
Net pension and OPEB liabilities	347,427	328,525	12,626	688,578
Total Noncurrent Liabilities	972,425	1,136,541	12,626	2,121,592
Total Liabilities	1,512,425	1,580,903	15,768	3,109,096
Deferred Inflows of Resources				
Related to pensions and OPEB	13,345	12,619	485	26,449
Total Liabilities and Deferred Inflows of Resources	1,525,770	1,593,522	16,253	3,135,545
Net Position				
Net investment in capital assets	7,241,591	3,819,972	181,724	11,243,287
Unrestricted	3,965,627	3,916,561	1,275,088	9,157,276
Total Net Position	11,207,218	7,736,533	1,456,812	20,400,563
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 12,732,988	9,330,055	1,473,065	23,536,108

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

<i>Year Ended December 31, 2022</i>	Water	Wastewater	Parking	Total
Operating Revenues - charges for services	\$ 1,656,638	1,276,338	376,048	3,309,024
Operating Expenses				
Salaries and employee benefits	391,138	348,277	25,246	764,661
Purchased services	355,909	338,030	21,107	715,046
Supplies and maintenance	77,610	74,302	16,356	168,268
Administration	286,481	192,155	27,500	506,136
Depreciation	415,894	349,339	26,641	791,874
Total Operating Expenses	1,527,032	1,302,103	116,850	2,945,985
Earnings (loss) from operations	129,606	(25,765)	259,198	363,039
Nonoperating Revenues				
Intergovernmental - PERS on-behalf	(6,662)	(6,299)	(242)	(13,203)
Investment income (loss)	(50,541)	(54,558)	(10,749)	(115,848)
Interest income	-	-	16,321	16,321
Interest expense	(11,760)	(13,347)	-	(25,107)
Other revenue (expenses)	22,761	1,051	(49)	23,763
Total Nonoperating Revenues	(46,202)	(73,153)	5,281	(114,074)
Income Before Transfers	83,404	(98,918)	264,479	248,965
Transfers in	-	39,869	-	39,869
Transfers out	(178,076)	(145,699)	(639,046)	(962,821)
Change in net position	(94,672)	(204,748)	(374,567)	(673,987)
Net Position, beginning of year	11,301,890	7,941,281	1,831,379	21,074,550
Net Position, end of year	\$ 11,207,218	7,736,533	1,456,812	20,400,563

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

<i>Year Ended December 31, 2022</i>	Water	Wastewater	Parking	Total
Cash Flows from (for) Operating Activities				
Receipts from customers and users	\$ 2,272,516	1,901,269	376,048	4,549,833
Payments to suppliers	(411,414)	(440,468)	(60,773)	(912,655)
Payments to employees	(420,390)	(377,345)	(15,769)	(813,504)
Payments for interfund services used	(282,570)	(174,575)	(12,025)	(469,170)
Net cash flows from (for) operating activities	1,158,142	908,881	287,481	2,354,504
Cash Flows from (for) Noncapital Financing Activities				
Transfers in	-	39,869	-	39,869
Transfers out	(178,076)	(145,699)	(639,046)	(962,821)
Net cash flows from (for) noncapital financing activities	(178,076)	(105,830)	(639,046)	(922,952)
Cash Flows from (for) Capital Financing Activities				
Principal payments on notes payable	(143,440)	(59,001)	-	(202,441)
Interest payments on notes payable	(13,404)	(13,632)	-	(27,036)
Acquisition of property, plant and equipment	-	(43,320)	(101,732)	(145,052)
Net cash flows from (for) capital financing activities	(156,844)	(115,953)	(101,732)	(374,529)
Cash Flows from Investing Activities				
Interfund loans disbursed	-	-	(733,212)	(733,212)
Interfund loan receipts	-	-	72,077	72,077
Interfund interest received	-	-	10,867	10,867
Investment income (loss)	(50,541)	(54,558)	(10,749)	(115,848)
Net cash flows from (for) investing activities	(50,541)	(54,558)	(661,017)	(766,116)
Net increase in cash and investments	772,681	632,540	(1,114,314)	290,907
Cash and Investments, beginning of year	3,246,578	3,381,843	1,732,532	8,360,953
Cash and Investments, end of year	\$ 4,019,259	4,014,383	618,218	8,651,860
Reconciliation of earnings (loss) from operations to net cash flows from (for) operating activities:				
Earnings (loss) from operations	\$ 129,606	(25,765)	259,198	363,039
Adjustments to reconcile earnings (loss) from operations to net cash flows from (for) operating activities:				
Other non-operating revenues (expenses)	22,761	1,051	(49)	23,763
Depreciation	415,894	349,339	26,641	791,874
Noncash State PERS relief	(6,662)	(6,299)	(242)	(13,203)
Increase (decrease) in allowance for doubtful accounts	(984)	156	-	(828)
(Increase) decrease in assets and deferred outflows of resources:				
Receivables	255,727	285,350	-	541,077
Inventory	24,213	-	-	24,213
Net pension and OPEB assets	27,967	23,546	(5,137)	46,376
Deferred outflows of resources - pension and OPEB	(11,623)	(7,897)	(1,397)	(20,917)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts payable	1,803	(10,556)	(7,786)	(16,539)
Accrued payroll and related liabilities	7,557	1,547	1,666	10,770
Unearned revenue	338,374	338,374	-	676,748
Accrued compensated absences	5,348	1,394	1,476	8,218
Net pension and OPEB liabilities	116,425	109,221	12,626	238,272
Deferred inflows of resources - pension and OPEB	(168,264)	(150,580)	485	(318,359)
Net cash flows from (for) operating activities	\$ 1,158,142	908,881	287,481	2,354,504

City of Seward, Alaska
Internal Service Funds
Combining Statement of Net Position

<i>December 31, 2022</i>	Motor Pool	Compensated Annual Leave	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and investments	\$ 2,648,283	500,181	3,148,464
Receivables			
Accrued interest	18,245	-	18,245
Interfund loans - current portion	111,347	-	111,347
Total Current Assets	2,777,875	500,181	3,278,056
Noncurrent Assets			
Interfund loans, net of current portion	1,135,663	-	1,135,663
Property, plant and equipment, net			
Equipment and vehicles	9,594,956	-	9,594,956
Less accumulated depreciation	(6,940,453)	-	(6,940,453)
Net property, plant and equipment in service	2,654,503	-	2,654,503
Total Noncurrent Assets	3,790,166	-	3,790,166
Total Assets	\$ 6,568,041	500,181	7,068,222
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 219,439	-	219,439
Accrued compensated absences - current portion	-	101,935	101,935
Total Current Liabilities	219,439	101,935	321,374
Noncurrent Liabilities			
Accrued compensated absences, net of current portion	-	398,246	398,246
Total Liabilities	219,439	500,181	719,620
Net Position			
Net investment in capital assets	2,654,503	-	2,654,503
Unrestricted	3,694,099	-	3,694,099
Total Net Position	6,348,602	-	6,348,602
Total Liabilities and Net Position	\$ 6,568,041	500,181	7,068,222

City of Seward, Alaska
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31, 2022</i>	Motor Pool	Compensated Annual Leave	Total
Operating Revenues			
Vehicle rental and interfund charges	\$ 701,930	500,181	1,202,111
Operating Expenses			
Salaries and employee benefits	-	500,181	500,181
Supplies and maintenance	14,788	-	14,788
Depreciation	380,198	-	380,198
Total Operating Expenses	394,986	500,181	895,167
Earnings from operations	306,944	-	306,944
Nonoperating Revenues			
Interest income	18,245	-	18,245
Investment income (loss)	(52,440)	-	(52,440)
Total Nonoperating Revenues	(34,195)	-	(34,195)
Change in net position	272,749	-	272,749
Net Position, beginning of year	6,075,853	-	6,075,853
Net Position, end of year	\$ 6,348,602	-	6,348,602

City of Seward, Alaska
Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended December 31, 2022</i>	Motor Pool	Compensated Annual Leave	Total
Cash Flows from (for) Operating Activities			
Receipts from vehicle rentals and interfund charges	\$ 701,930	500,181	1,202,111
Payments to suppliers	138,770	-	138,770
Payments to employees	-	(465,145)	(465,145)
Net cash flows from (for) operating activities	840,700	35,036	875,736
Cash Flows (for) Capital Financing Activities			
Acquisition of equipment and vehicles	(1,059,001)	-	(1,059,001)
Cash Flows from (for) Investing Activities			
Investment income received	(52,440)	-	(52,440)
Interfund loans disbursed	(930,500)	-	(930,500)
Interfund loan receipts	107,341	-	107,341
Interfund interest received	22,252	-	22,252
Net cash flows from (for) investing activities	(853,347)	-	(853,347)
Net change in cash and investments	(1,071,648)	35,036	(1,036,612)
Cash and Investments, beginning of year	3,719,931	465,145	4,185,076
Cash and Investments, end of year	\$ 2,648,283	500,181	3,148,464
Reconciliation of earnings from operations to net cash flows from operating activities:			
Earnings from operations	\$ 306,944	-	306,944
Adjustments to reconcile earnings from operations to net cash flows from operating activities:			
Depreciation	380,198	-	380,198
Increase (decrease) in liabilities:			
Accounts payable	153,558	-	153,558
Accrued compensated absences	-	35,036	35,036
Net cash flows from operating activities	\$ 840,700	35,036	875,736

City of Seward, Alaska

Statistical Section

This part of the City of Seward's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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City of Seward, Alaska
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 60,740	59,408	58,190	57,113	57,141	55,207	50,880	49,807	47,873	47,109
Restricted	26	2,442	-	-	-	-	-	-	-	-
Unrestricted	10,143	8,715	6,278	5,327	5,915	5,886	6,668	6,165	9,903	11,248
Total Governmental Activities										
Net Position	\$ 70,909	70,565	64,468	62,440	63,056	61,093	57,548	55,972	57,776	58,357
Business-type Activities										
Net investment in capital assets	\$ 70,569	82,209	91,783	108,513	111,762	113,424	117,621	110,856	108,062	112,122
Restricted	5,441	2,066	1,354	675	1,403	1,761	2,626	2,290	2,036	2,220
Unrestricted	10,892	15,516	17,582	10,576	12,969	16,213	20,572	28,860	38,271	41,136
Total Business-type Activities										
Net Position	\$ 86,902	99,791	110,719	119,764	126,134	131,398	140,819	142,006	148,369	155,478
Primary Government										
Net investment in capital assets	\$ 131,309	141,617	149,973	165,626	168,903	168,631	168,501	160,663	155,935	159,231
Restricted	5,467	4,508	1,354	675	1,403	1,761	2,626	2,290	2,036	2,220
Unrestricted	21,035	24,231	23,860	15,903	18,884	22,099	27,240	35,025	48,174	52,384
Total Primary Government										
Net Position	\$ 157,811	170,356	175,187	182,204	189,190	192,491	198,367	197,978	206,145	213,835

City of Seward, Alaska
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 2,199,711	3,291,580	3,517,517	3,473,276	1,909,713	2,546,120	2,502,395	1,431,168	2,682,966	2,537,226
Public safety	3,510,922	3,476,471	3,563,666	3,902,294	3,642,114	3,939,768	3,596,487	4,495,915	4,371,314	4,819,285
Public works	1,851,321	1,635,967	1,791,967	2,421,447	2,174,105	1,973,267	1,775,480	6,357,270	3,447,427	3,835,674
Parks and recreation	1,338,404	1,315,282	1,463,364	1,446,971	1,511,469	1,581,736	1,477,450	1,326,003	1,269,771	1,683,508
Library	489,548	804,539	785,299	806,047	794,077	808,835	802,425	836,239	881,107	927,788
Clinic	-	1,454,476	1,682,532	1,846,150	1,660,050	1,637,780	1,654,018	2,496,024	2,121,653	1,928,031
** Community support	-	-	-	-	-	-	-	5,081,737	-	-
Sealife Center	848,940	1,279,570	1,457,308	1,355,558	1,465,285	1,556,943	1,398,053	1,400,374	1,396,490	1,313,755
Unallocated interest	208,840	157,984	153,950	149,966	232,290	251,372	225,493	215,476	171,623	144,521
Total governmental activities expenses	10,447,686	13,415,869	14,415,603	15,401,709	13,389,103	14,295,821	13,431,801	23,640,206	16,342,351	17,189,788
Business-type activities:										
Electric	10,590,994	10,255,601	10,599,641	11,023,942	12,120,052	11,390,325	11,865,052	11,680,216	12,435,907	13,399,889
Water	1,087,747	1,175,129	1,241,671	1,189,786	1,373,707	1,499,502	1,474,729	1,334,374	1,398,746	1,536,791
Wastewater	1,015,474	1,117,152	1,097,494	1,211,625	1,086,821	1,078,091	1,071,306	1,112,963	1,305,684	1,315,450
Harbor	3,837,952	3,792,623	3,858,440	4,353,766	4,093,848	4,065,082	3,508,574	3,779,722	3,689,010	3,971,031
Seward Marine Industrial Center	899,343	1,013,658	1,260,159	1,342,506	1,161,489	1,389,912	1,336,436	1,411,205	2,212,217	2,477,022
Healthcare facilities	20,858,042	20,344,929	19,589,784	19,329,722	21,153,694	21,845,021	22,540,528	22,474,188	24,903,943	26,174,009
Parking	146,239	214,775	178,886	231,666	227,174	214,637	196,181	83,994	90,237	111,848
Total business-type activities expenses	38,435,791	37,913,867	37,826,075	38,683,013	41,216,785	41,482,570	41,992,806	41,876,662	46,035,744	48,986,040
Total Primary Government Expenses	\$ 48,883,477	51,329,736	52,241,678	54,084,722	54,605,888	55,778,391	55,424,607	65,516,868	62,378,095	66,175,828
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 202,893	282,318	294,499	233,945	217,317	411,980	418,449	374,760	637,177	536,378
Public safety	897,319	937,659	817,995	614,253	576,829	589,388	477,448	479,062	490,060	496,511
Public works	30,565	20,383	22,278	27,985	32,359	25,814	27,373	27,373	27,571	29,638
Parks and recreation	653,054	663,298	778,350	913,970	914,318	960,186	1,032,968	676,618	1,500,354	1,484,294
Library	29,911	39,707	33,762	25,200	25,094	28,644	27,639	4,695	15,000	29,187
Clinic	-	62,306	75,085	69,134	60,000	60,000	-	-	-	-
Operating grants and contributions	1,002,434	1,148,124	1,156,755	1,402,137	1,100,497	1,418,770	1,415,242	9,443,898	3,166,769	1,840,221
Capital grants and contributions	23,034	819,241	621,712	1,278,997	3,101,498	584,688	594,420	3,512,787	1,763,029	1,147,823
Total governmental activities program revenues:	2,839,210	3,973,036	3,800,436	4,565,621	6,027,912	4,079,470	3,993,539	14,519,193	7,599,960	5,564,052
Business-type activities:										
Electric	11,040,608	11,433,004	11,482,077	11,550,772	12,892,924	11,054,343	12,272,714	12,330,867	13,319,862	14,448,657
Water	1,280,710	1,227,631	1,283,986	1,292,890	1,411,320	1,356,104	1,453,343	1,275,656	2,389,549	1,679,399
Wastewater	960,591	1,016,890	1,096,290	1,151,763	1,193,276	1,244,542	1,239,669	1,208,541	2,102,861	1,277,389
Harbor	3,235,923	3,212,432	3,359,455	3,302,689	3,437,043	3,495,592	3,485,047	3,021,807	3,730,319	3,782,483
Seward Marine Industrial Center	391,954	469,793	593,307	608,810	531,842	1,076,575	666,303	696,747	781,863	966,262
Healthcare facilities	21,880,406	18,004,351	18,330,000	17,729,000	19,384,000	21,736,000	24,587,000	24,320,000	28,537,000	30,034,000
Parking	312,248	293,379	318,223	328,347	330,625	352,617	355,565	246,467	431,065	392,369
Operating grants and contributions	170,531	472,944	113,439	91,380	85,831	297,410	(64,177)	741,425	1,673,325	264,035
Capital grants and contributions	4,125,258	14,713,420	13,559,150	12,059,662	7,254,741	5,935,187	2,754,505	-	388,239	4,750,241
Total business-type activities program revenues	43,398,229	50,843,844	50,135,927	48,115,313	46,521,602	46,548,370	46,749,969	43,841,510	53,354,083	57,594,835
Total Primary Government Revenues	\$ 46,237,439	54,816,880	53,936,363	52,680,934	52,549,514	50,627,840	50,743,508	58,360,703	60,954,043	63,158,887
Net (Expenses)/Revenue										
Governmental activities	\$ (7,608,476)	(9,442,833)	(10,615,167)	(10,836,088)	(7,361,191)	(10,216,351)	(9,438,262)	(9,121,013)	(8,742,391)	(11,625,736)
Business-type activities	4,962,438	12,929,977	12,309,852	9,432,300	5,304,817	5,065,800	4,757,163	1,964,848	7,318,339	8,608,795
Total Primary Government Net Expense	\$ (2,646,038)	3,487,144	1,694,685	(1,403,788)	(2,056,374)	(5,150,551)	(4,681,099)	(7,156,165)	(1,424,052)	(3,016,941)

** Community support expenses in 2020 solely related to CARES Act funds received due to COVID-19. No taxpayer dollars were used.

City of Seward, Alaska
Changes in Net Position, continued
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Sales tax	\$ 4,583,057	4,535,707	4,883,996	5,004,992	5,160,344	5,326,437	5,674,689	3,805,487	6,861,114	7,635,648
Property tax	1,261,276	989,910	1,013,370	1,152,116	1,208,090	1,473,199	1,556,874	1,564,692	1,636,727	1,705,639
Other tax	489,926	421,981	546,936	596,227	520,907	556,065	591,674	217,434	713,633	804,511
Grants and entitlements	1,491,511	1,766,622	850,297	608,651	880,255	768,250	570,325	342,227	533,617	534,985
Investment earnings	57,958	141,034	125,636	51,306	118,637	143,248	234,551	151,449	(49,837)	(128,204)
Gain on disposal of assets	-	-	-	-	-	-	-	-	-	663,500
Transfers	546,005	1,243,171	1,181,852	1,393,673	89,589	899,264	(2,710,077)	1,444,406	850,387	990,719
Total governmental activities	8,429,733	9,098,425	8,602,087	8,806,965	7,977,822	9,166,463	5,918,036	7,525,695	10,545,641	12,206,798
Business-type activities:										
Investment earnings	138,115	236,175	278,688	89,578	238,518	327,860	765,327	666,348	(104,961)	(508,997)
Grants and entitlements	343,265	961,178	1,242,072	917,500	916,330	1,044,510	1,188,868	-	-	-
Other	-	5,520	522	-	-	-	-	-	-	-
Transfers	(546,005)	(1,243,171)	(1,181,852)	(1,393,673)	(89,589)	(899,264)	2,710,077	(1,444,406)	(850,387)	(990,719)
Total business-type activities	(64,625)	(40,298)	339,430	(386,595)	1,065,259	473,106	4,664,272	(778,058)	(955,348)	(1,499,716)
Total primary government	8,365,108	9,058,127	8,941,517	8,420,370	9,043,081	9,639,569	10,582,308	6,747,637	9,590,293	10,707,082
Changes in Net Position										
Governmental activities	\$ (1,013,100)	(344,408)	(2,013,080)	(2,029,123)	616,631	(1,049,888)	(3,520,226)	(1,595,318)	1,803,250	581,062
Business-type activities	4,897,813	12,889,679	12,649,282	9,045,705	6,370,076	5,538,906	9,421,435	1,186,790	6,362,991	7,109,079
Total Primary Government	\$ 3,884,713	12,545,271	10,636,202	7,016,582	6,986,707	4,489,018	5,901,209	(408,528)	8,166,241	7,690,141
Beginning Net Position	\$ 152,091,921	157,810,991	170,356,262	175,187,361	182,203,943	188,002,717	192,466,735	198,387,470	197,978,942	206,145,183
Ending Net Position	155,976,634	170,356,262	182,578,327	182,203,943	189,190,650	192,491,735	198,367,944	197,978,942	206,145,183	213,835,324
Change in Net Position	\$ 3,884,713	12,545,271	10,636,202	7,016,582	6,986,707	4,489,018	5,901,209	(408,528)	8,166,241	7,690,141

City of Seward, Alaska
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 481,449	351,045	600,308	622,337	394,161	392,169	439,653	442,217	545,560	814,310
Committed	2,126,418	2,126,418	2,126,418	2,126,418	2,126,418	2,126,418	2,000,000	2,000,000	2,000,000	2,000,000
Assigned	120,768	271,966	324,465	335,280	335,280	407,976	574,777	612,487	575,000	597,995
Unassigned	5,948,459	4,698,970	4,718,517	4,873,463	4,621,429	5,638,726	7,017,278	7,169,606	8,462,934	8,788,640
Total General Fund	\$ 8,677,094	7,448,399	7,769,708	7,957,498	7,477,288	8,565,289	10,031,708	10,224,310	11,583,494	12,200,945
All Other Governmental Funds										
Nonspendable	\$ -	16,746	9,676	5,858	-	-	-	-	-	-
Restricted	26,080	-	-	-	-	-	-	-	-	-
Assigned	864,471	2,752,119	2,507,741	2,797,134	2,845,888	2,896,785	2,963,035	1,429,315	2,648,048	3,149,826
Unassigned (deficit)	-	-	-	-	(8,383)	(40,531)	-	(10,639)	(10,478)	(797,420)
Total All Other Governmental Funds	\$ 890,551	2,768,865	2,517,417	2,802,992	2,837,505	2,856,254	2,963,035	1,418,676	2,637,570	2,352,406
Total All Governmental Funds	\$ 9,567,645	10,217,264	10,287,125	10,760,490	10,314,793	11,421,543	12,994,743	11,642,986	14,221,064	14,553,351

City of Seward, Alaska
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 6,351,525	6,027,632	6,438,604	6,755,941	7,003,205	7,421,769	7,906,241	5,636,427	9,326,027	10,160,723
Licenses and permits	204,926	185,925	206,365	158,174	125,690	144,462	226,052	136,475	116,886	205,996
Intergovernmental	3,091,794	3,921,858	3,401,334	3,188,211	5,278,081	3,083,426	3,177,394	13,798,350	4,419,943	4,356,690
Charges for Services	2,614,684	2,650,995	2,775,824	2,931,087	2,950,159	3,124,918	3,127,545	2,809,873	3,639,583	3,849,457
Investment earnings	5,359	80,658	78,716	10,354	65,059	87,248	234,551	151,449	(49,837)	(128,204)
Other revenues	186,662	693,177	208,397	247,101	183,793	330,898	177,893	129,829	1,688,585	243,020
Total Revenues	12,454,950	13,560,245	13,109,240	13,290,868	15,605,987	14,192,721	14,849,676	22,662,403	19,141,187	18,687,682
Expenditures										
General government	3,434,883	3,229,754	3,279,972	3,433,174	3,318,178	3,601,390	3,868,104	3,651,213	4,564,586	5,008,644
Public safety	3,280,724	3,480,308	3,366,320	3,373,133	3,489,111	3,677,579	4,005,450	4,737,696	4,486,732	5,219,660
Public works	1,832,897	1,659,642	1,523,557	2,047,067	1,901,390	1,400,688	1,181,051	1,546,116	1,693,377	3,324,110
Parks and Recreation	1,291,197	1,363,572	1,374,393	1,301,314	1,440,658	1,488,698	1,506,635	1,341,589	1,516,689	1,707,417
Library	535,747	572,512	553,272	543,123	573,535	573,595	627,727	649,865	616,045	766,273
Clinic	-	1,454,476	1,682,532	1,846,150	1,660,050	1,637,780	1,637,563	2,481,413	2,107,042	1,917,114
Community Support	-	-	-	-	-	-	-	5,081,737	-	-
Retirement benefits	836,750	1,373,271	1,401,165	591,859	616,846	576,741	-	-	-	-
Capital outlay	378,147	775,862	647,858	756,498	5,844,519	575,008	803,385	5,533,882	1,970,121	1,654,915
Debt service:										
Principal	-	85,000	90,000	95,000	100,000	200,000	210,000	220,000	230,000	215,000
Interest and other costs	159,400	159,400	155,150	151,550	204,993	253,756	244,106	234,581	262,976	196,481
Total Expenditures	11,749,745	14,153,797	14,074,219	14,138,868	19,149,280	13,985,235	14,084,021	25,478,092	17,447,568	20,009,614
Excess of Revenues Over (Under) Expenditures	705,205	(593,552)	(964,979)	(848,000)	(3,543,293) #	207,486	765,655	(2,815,689)	1,693,619	(1,321,932)
Other Financing Sources (Uses)										
Proceeds from debt issuance:										
Par value	-	-	-	-	2,790,000	-	-	-	2,180,000	-
Premium	-	-	-	-	199,733	-	-	-	574,273	-
Payment to bond escrow agent	-	-	-	-	-	-	-	-	(2,720,201)	-
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	663,500
Transfers in	2,389,220	5,003,400	3,421,759	3,593,615	3,293,372	3,147,358	3,083,277	2,810,006	3,800,372	4,008,979
Transfers out	(1,843,215)	(3,760,229)	(2,386,919)	(2,272,250)	(3,185,509)	(2,248,094)	(2,250,732)	(1,365,600)	(2,949,985)	(3,018,260)
Total Other Financing Sources (Uses)	546,005	1,243,171	1,034,840	1,321,365	3,097,596	899,264	832,545	1,444,406	884,459	1,654,219
Net Change in Fund Balance	\$ 1,251,210	649,619	69,861	473,365	(445,697) #	1,106,750	1,598,200	(1,371,283)	2,578,078	332,287
Fund Balances, beginning	\$ 8,316,435	9,567,645	10,217,264	10,287,125	10,760,490	10,314,793	11,396,543	13,014,269	11,642,986	14,221,064
Fund Balances, ending	9,567,645	10,217,264	10,287,125	10,760,490	10,314,793	11,421,543	12,994,743	11,642,986	14,221,064	14,553,351
Net Change in Fund Balances	\$ 1,251,210	649,619	69,861	473,365	(445,697)	1,106,750	1,598,200	(1,371,283)	2,578,078	332,287
Debt service as a percentage of noncapital expenditures (a ÷ b) ^	1.40%	1.83%	1.83%	1.84%	2.29%	3.38%	3.42%	2.28%	3.02%	2.24%
Total non-capital expenditures	\$ 11,371,598	\$ 13,377,935	\$ 13,426,361	\$ 13,382,370	\$ 13,304,761	\$ 13,410,227	\$ 13,280,636	\$ 19,944,210	\$ 16,300,977	\$ 18,356,184

^ Computed as follows: (Principal + Interest) / (Total non-capital expenditures)

City of Seward, Alaska
General Fund Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Bails	Investment income	Other	Total
2013	6,351,525	204,926	2,095,358	2,614,684	9,530	5,359	167,360	11,448,742
2014	6,027,632	185,925	2,611,218	2,650,995	14,073	80,658	124,873	11,695,374
2015	6,438,604	206,365	2,280,061	2,757,831	17,993	78,716	125,812	11,905,382
2016	6,755,941	158,174	1,092,998	2,912,722	18,365	10,354	90,735	11,039,289
2017	7,003,205	125,690	1,229,617	2,950,159	17,006	65,059	81,718	11,472,454
2018	7,421,769	144,462	1,374,253	3,124,918	14,317	87,248	215,581	12,382,548
2019	7,906,241	226,052	1,213,515	3,127,545	9,496	234,551	97,293	12,814,693
2020	5,636,427	136,475	1,078,448	2,809,873	11,075	150,417	118,427	9,941,142
2021	9,326,027	116,886	1,239,768	3,639,583	22,308	(49,808)	917,436	15,212,200
2022	10,160,723	205,996	1,298,852	3,849,457	28,759	(128,106)	199,613	15,615,294

City of Seward, Alaska
General Fund Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax (1)	Payments-in-Lieu-of-Tax	Hotel/Motel Tax (2)	Other (3)	Total
2013	1,276,898	4,583,057	81,670	408,256	1,644	6,351,525
2014	986,449	4,535,707	82,490	421,981	1,005	6,027,632
2015	1,003,665	4,883,996	88,331	458,605	4,007	6,438,604
2016	1,152,216	5,004,992	90,382	505,845	2,506	6,755,941
2017	1,213,627	5,160,344	107,157	520,907	1,170	7,003,205
2018	1,464,361	5,326,437	73,207	556,065	1,699	7,421,769
2019	1,556,874	5,674,689	76,694	591,674	6,310	7,906,241
2020	1,564,692	3,805,487	46,312	217,434	2,502	5,636,427
2021	1,655,216	6,861,114	89,061	713,633	7,003	9,326,027
2022	1,705,639	7,635,648	11,027	804,511	3,898	10,160,723

1) Sales tax rate has been 4% since July 1, 2003 and one-quarter (1/4) of all sales tax revenue is transferred out of the General Fund to the Hospital Enterprise Fund to pay healthcare-related debt, capital, and operating costs.

2) The hotel/motel tax rate is 4%.

3) Represents tax-related penalties and interest.

City of Seward, Alaska
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Per \$1,000 of Assessed Value)

<u>Fiscal Year</u>	<u>City</u>	<u>Borough (1)</u>	<u>KPCC (2)</u>	<u>Flood Service (3)</u>	<u>Total</u>
2013	3.12	4.50	0.00	0.50	8.12
2014	3.12	4.50	0.00	0.50	8.12
2015	3.12	4.50	0.00	0.75	8.37
2016	3.12	4.50	0.00	0.75	8.37
2017	3.12	4.50	0.00	0.75	8.37
2018	3.84	4.70	0.00	0.75	9.29
2019	3.84	4.70	0.00	0.75	9.29
2020	3.84	4.70	0.00	0.75	9.29
2021	3.84	4.70	0.00	0.75	9.29
2022	3.84	4.70	0.00	0.75	9.29

- 1) Includes Kenai Peninsula Borough only.
- 2) Kenai Peninsula Community College.
- 3) Seward/Bear Creek Flood Service Area created effective 2004.

City of Seward, Alaska
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected in the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	1,235,742	1,212,490	98.118%	18,734	1,231,224	99.634%
2014	968,272	942,952	97.385%	21,572	964,523	99.613%
2015	1,006,912	978,629	97.191%	21,119	978,629	97.191%
2016	1,101,723	1,074,987	97.573%	22,950	1,097,937	99.656%
2017	1,189,014	1,172,169	98.583%	28,556	1,200,725	100.985%
2018	1,458,073	1,419,345	97.344%	13,990	1,433,335	98.303%
2019	1,552,098	1,486,245	95.757%	56,760	1,543,005	99.414%
2020	1,563,721	1,489,328	95.243%	41,880	1,531,208	97.921%
2021	1,627,613	1,539,140	94.564%	68,778	1,607,918	98.790%
2022	1,733,341	1,639,939	94.611%	86,612	1,726,551	99.608%

Source: Kenai Peninsula Borough

City of Seward, Alaska
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total Property		Tax Rates			Ratio of Assessed Value to Total Est. Actual Value
	Assessed Value (2)	Estimated Actual Value (1)	Assessed Value (2)	Estimated Actual Value (1)	Assessed Value (2)	Estimated Actual Value (1)	Direct (City of Seward)	Overlapping (KPB, KPCC & BCFSA)^	Combined Tax Rate	
2013	228,195,800	248,357,800	168,416,865 *	405,452,500 *	396,612,665	653,810,300	3.12	5.00	8.12	60.66%
2014	212,690,900	249,826,500	79,542,045	110,605,000	292,232,945	360,431,500	3.12	5.00	8.12	81.08%
2015	239,873,088	251,015,800	80,345,819	109,149,800	320,218,907	360,165,600	3.12	5.00	8.12	88.91%
2016	247,469,769	267,717,900	100,668,606	129,667,600	348,138,375	397,385,500	3.12	5.25	8.37	87.61%
2017	265,631,189	274,511,700	102,282,822	139,869,000 **	381,263,951	414,380,700	3.12	5.25	8.37	92.01%
2018	272,890,000	282,031,815	94,933,968	129,822,201	367,823,968	411,854,016	3.84	5.45	9.29	89.31%
2019	285,579,453	305,984,502	107,419,854	145,391,590	392,999,307	451,376,092	3.84	5.45	9.29	87.07%
2020	293,699,390	309,253,199	113,771,003	153,171,921	407,470,393	462,425,120	3.84	5.45	9.29	88.12%
2021	303,134,117	319,187,573	120,245,572	161,888,749	423,379,689	481,076,322	3.84	5.45	9.29	88.01%
2022	313,981,161	331,020,645	89,376,541	120,113,801	403,357,702	451,134,446	3.84	5.45	9.29	89.41%

^ Includes Kenai Peninsula Borough, Kenai Peninsula Community College and Bear Creek Flood Service Area.

Source: State of Alaska "Alaska Taxable 2021" (1) and Kenai Peninsula Borough Certified Tax Roll (2).

* 2013 values include one-time Shell oil rig "Noble Discoverer". Original assessed value of \$283,337,326 was appealed; revised value \$78,000,000 is included above in Assessed Value (Kenai Peninsula Borough), but Estimated Actual Value (State of Alaska) was not downward revised.

** 2017 values include one-time oil rig "Spartan"

City of Seward, Alaska
Principal Property Taxpayers
Compared with Nine Years Ago
December 31, 2022

<u>Taxpayer (2)</u>	<u>Type of Business</u>	<u>2022 Value (1)</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value (2)</u>	<u>2013 Assessed Value (1)</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value (2)</u>
Leirer Enterprises LLC	Real Estate/Leasing	\$ 14,208,100	1	3.5%			0.0%
Four Seasons Marine Services Corp	Marine/Ship Repair	12,295,728	2	3.0%			0.0%
CATC / VIAD Corp	Travel and leisure	11,028,950	3	2.7%			0.0%
Crowley Fuels LLC	Petroleum Products	9,369,161	4	2.3%	6,135,546	7	1.5%
Vitus Energy, LLC	Petroleum Products	9,155,470	5	2.3%			0.0%
Carr Gottstein	Grocery	8,634,501	6	2.1%	6,733,400	4	1.7%
Gateway 82 LLC	Hotel	7,793,121	7	1.9%			0.0%
Harbor 360 LLC	Hotel	6,917,300	8	1.7%			0.0%
Icicle / Seward Fisheries	Seafood Processing	6,132,663	9	1.5%	9,248,476	3	2.3%
Mindenbergs Juris dba Breeze Inn	Hotel	5,653,100	10	1.4%			0.0%
Noble Discoverer / Shell	Oil Ring				78,000,000	1	19.7%
Ciri Alaska Tourism	Tourism				14,025,388	2	3.5%
Breeze Inn Motel	Hotel				6,637,000	5	1.7%
Seward Hospitality LLC	Hotel				6,480,800	6	1.6%
GCI	Communications				5,208,956	8	1.3%
Shoreside Petroleum, Inc	Petroleum Products				4,792,946	9	1.2%
Seward Ships Drydock/Gateway	Ship Repair/Gas Station				4,500,551	10	1.1%
Total		\$ 91,188,094		22.6%	\$ 141,763,063		35.7%

1) Includes real, personal and oil taxes based on 2022 tax rolls. Source: Kenai Peninsula Borough Assessors Department

Above assessed values are a best effort to identify ten largest property taxpayers, although values reflect aggregation of multiple tax accounts. It is possible that some tax accounts may have different names, making it difficult to identify as being owned by the same entity. Therefore, some valuations may have been inadvertently omitted above.

2) Based on total assessed value of \$396,612,665 in 2012 and \$403,357,702 in 2021.

City of Seward, Alaska
Principal Taxable Sales by Line of Business
December 31, 2022

Type of Business	FY2022 Taxable Sales (1)	Percent of Total Taxable Sales	FY2013 Taxable Sales (2)	Percent of Total Taxable Sales
Retail Trade	\$ 70,627,006	38.7%	\$ 45,177,719	39.6%
Guiding	40,824,196	22.3%	20,377,253	17.9%
Hotel/Motel/B & B	22,952,144	12.6%	12,173,596	10.7%
Restaurant/Bar	21,698,162	11.9%	12,976,943	11.4%
Public Administration	10,017,986	5.5%	7,398,715	6.5%
Wholesale Trade	7,307,735	4.0%	5,669,531	5.0%
Services	2,941,760	1.6%	1,610,206	1.4%
Rental Residential Propert	2,677,174	1.5%	2,009,867	1.8%
Information	1,552,351	0.8%	2,715,261	2.4%
Manufacturing	1,077,017	0.6%	-	0.0%
Professional, Scientific	819,457	0.4%	-	0.0%
Other	191,345	0.1%	4,033,282	3.5%
	\$ 182,686,332	100%	\$ 114,142,373	100%

1) Source: Kenai Peninsula Borough, Finance Dept., Sales Tax Division

Note: Information regarding the ten principal revenue payers, and the amount collected from each, is not available. The Kenai Peninsula Borough collects sales tax on behalf of the City of Seward as required by State law. The Borough does not disclose sales tax data by individual business, even to the cities within the Borough. Rather than to provide information on the ten principal revenue payers, we are providing information on taxable sales by Line of Business.

City of Seward, Alaska
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (1)

Fiscal Year	Governmental Activities (6)			Business-Type Activities (6)				Debt as a % of Total Personal Income (3)		Debt per Capita (4)		Debt as a % of Estimated Actual Taxable Value of Property (5)	
	G.O. Bonds (2) *	Revenue Bonds	Capital Leases	G.O. Bonds (2) *	Revenue Bonds	Capital Leases	Loans	Total Primary Government	Governmental	Total Primary Gov't	Governmental		
2013	3,718,200	-	31,320	-	37,444,409	-	1,968,688	43,162,617	3.1%	35.8%	1,508	17,355	6.60%
2014	3,622,373	-	-	-	35,531,424	-	1,840,021	40,993,818	2.7%	30.4%	1,309	14,810	11.37%
2015	3,521,546	-	-	-	34,210,046	-	4,275,945	42,007,537	2.6%	30.2%	1,285	15,331	11.66%
2016	3,210,000	-	-	-	28,370,000	-	4,085,777	35,665,781	2.4%	26.7%	1,205	13,017	8.98%
2017	6,299,126	-	-	-	29,075,650	-	2,629,364	38,004,144	5.0%	30.2%	2,502	14,271	9.17%
2018	6,082,813	-	-	-	27,314,418	- **	2,391,901	35,789,132	4.7%	27.8%	2,354	13,850	8.69%
2019	5,636,500	-	-	-	24,073,187	-	2,198,304	31,907,991	4.3%	24.1%	2,215	12,538	7.07%
2020	5,620,187	-	-	-	23,906,955	-	2,001,801	31,528,943	4.1%	21.6%	2,159	12,113	6.82%
2021	5,316,563	-	-	-	22,090,724	-	1,802,352	29,209,639	3.9%	20.0%	2,042	11,222	6.07%
2022	5,057,792	-	-	-	30,541,789	-	1,599,911	37,199,492	3.5%	25.4%	2,038	14,988	8.25%

1) Excludes other than debt instruments (i.e. compensated absences, net pension obligation, inter-fund loans)

2) G.O. Bonds represent general obligation bonds pledging the full faith and credit of the City.

3) Source: U.S. Dept. of Commerce, Bureau of Economic Analysis. Personal income is estimated by multiplying Kenai Peninsula Borough per-capita personal income by Seward population, as Seward-specific data unavailable (http://www.bea.gov/iTable/index_regional.cfm)

4) Source: Alaska Department of Commerce, Community & Economic Development Certified Municipal Population.

5) Estimated Actual Taxable Value data can be found in State of Alaska "Alaska Taxable 2020" (<https://www.commerce.alaska.gov/web/portals/4/pub/osa/14taxable.pdf>)

6) Source: City of Seward finance department

** Resolution 2017-088 authorized final payment in full of the Harbor USACE breakwater loan

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Seward, Alaska
Ratio of General Bonded Debt to Assessed Value and
General Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	General Bonded Debt # ^			Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
			Governmental	Business-Type	Total		
2013	2487	296,613 *	3,718	-	3,718	1.27%	1,495
2014	2768	292,233	3,622	-	3,622	1.13%	1,309
2015	2740	320,219	3,522	-	3,522	1.10%	1,285
2016	2663	348,138	3,210	-	3,210	0.92%	1,205
2017	2518	381,264	6,299	-	6,299	1.65%	2,502
2018	2584	367,824	6,082	-	6,082	1.65%	2,354
2019	2545	392,999	5,636	-	5,636	1.43%	2,215
2020	2509	407,470	5,370	-	5,370	1.32%	2,140
2021	2603	423,380	4,660	-	4,660	1.10%	1,790
2022	2482	403,358	4,445	-	4,445	1.10%	1,791

Amounts expressed in thousands. Excludes revenue bonds of Business-Type entities.

* 2013 Assessed Value includes one-time oil property originally assessed at \$283,337,326, downward adjusted on appeal to \$78,000,000.

1) Source: Alaska Department of Commerce, Community & Economic Development Certified Municipal Population.

2) Source: Kenai Peninsula Borough (expressed in thousands).

City of Seward, Alaska
Computation of Direct and Overlapping Bonded Debt
December 31, 2022

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Seward	Amount Applicable to City of Seward
Direct:			
City of Seward	\$ 5,057,792	100%	5,057,792
Overlapping:			
Kenai Peninsula Borough (KPB)	22,099,501	4.5%	999,444
	\$ 27,157,293		6,057,236

1) Excluding general obligation bonds reported in the Enterprise Funds. Includes governmental activities' general obligation bonds, revenue bonds, and capital leases.

2) Source: KPB finance department.

3) Based on ratio of City of Seward assessed value (real and personal property = \$403,357,702) to total assessed value of the Kenai Peninsula Borough (\$8,918,959,155)
Source: "2022 Alaska Taxable" State of Alaska, and KPB main and supplemental tax rolls.

Note: Excludes State assessed values which are exempt from taxation at City and Borough level.

City of Seward, Alaska

**Legal Debt Margin
December 31, 2022**

No debt limit mandated by law.

City of Seward, Alaska

Revenue Bond Coverage

Electric Enterprise Fund

Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage (4)
				Principal	Interest	Total	
2013	11,139,471	8,531,996	2,607,475	360,000	308,210	668,210	3.90
2014	11,236,195	8,073,997	3,162,198	380,000	290,053	670,053	4.72
2015	11,674,228	8,887,162	2,787,066	400,000	273,261	673,261	4.14
2016	11,607,631	9,421,854	2,185,777	240,000	109,739	349,739	6.25
2017	13,010,358	10,267,321	2,743,037	150,000	193,118	343,118	7.99
2018	11,168,299	9,730,414	1,437,885	160,000	185,400	345,400	4.16
2019	12,544,308	9,801,084	2,743,224	165,000	180,199	345,199	7.95
2020	12,516,634	10,057,074	2,459,560	170,000	171,949	341,949	7.19
2021	13,295,324	10,783,920	2,511,404	180,000	163,451	343,351	7.31
2022	14,289,520	11,371,397	2,918,123	190,000	432,998	622,998	4.68

1) Total revenues, including interest, exclusive of grants.

2) Total operating expenses exclusive of depreciation and payments in lieu of taxes.

3) Includes principal and interest of revenue bonds only.

4) Revenue bond agreements require Net Revenue Available for Debt Service be at least 1.30 times the amount of

City of Seward, Alaska

Revenue Bond Coverage

Harbor Enterprise Fund

Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage (4)
				Principal	Interest	Total	
2013	3,266,821	2,187,206	1,079,615	420,000	284,374	704,374	1.53
2014	3,257,122	2,358,618	898,504	294,885	179,484	474,369	1.89
2015	3,396,213	2,289,480	1,106,733	460,000	223,262	683,262	1.62
2016	3,323,340	2,500,625	822,715	470,000	200,380	670,380	1.23
2017	3,480,176	2,132,971	1,347,205	480,000	193,100	673,100	2.00
2018	3,564,884	2,268,324	1,296,560	490,000	177,900	667,900	1.94
2019	3,616,290	1,961,095	1,655,195	510,000	158,301	668,301	2.48
2020	3,126,459	2,189,254	937,205	530,000	134,899	664,899	1.41
2021	3,716,628	2,119,662	1,596,966	560,000	110,549	670,549	2.38
2022	3,704,733	2,382,033	1,322,700	350,000	84,850	434,850	3.04

- 1) Total revenues, including interest, exclusive of grants.
- 2) Total operating expenses exclusive of depreciation and payments in lieu of taxes.
- 3) Includes principal and interest of revenue bonds only.
- 4) Revenue bond agreements require Net Revenue Available for Debt Service be at least 1.20 times the amount of the total annual debt service requirement.

City of Seward, Alaska
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City of Seward				For the Kenai Peninsula Borough (A)			
	Population	School Enrollment	Personal Income (3)	Per Capita Personal Income (2)	Median Age (4)	Population (1)	School Enrollment	Unemployment Rate (4)
2013	2,768	574	117,189,666	48,485	41.4	56,756	8,892	7.90%
2014	2,768	588	134,207,628	48,728	40.0	56,862	8,832	7.80%
2015	2,740	605	133,515,899	50,760	41.1	57,763	9,132	7.80%
2016	2,663	634	139,082,614	52,639	40.8	58,060	9,141	8.20%
2017	2,518	582	128,621,617	51,081	41.4	58,024	9,027	8.50%
2018	2,584	585	128,682,204	49,800	41.5	58,471	9,005	7.70%
2019	2,545	599	132,519,283	52,015	41.8	58,367	8,881	7.00%
2020	2,509	474	137,668,490	54,870	37.3	58,708	8,085	9.10%
2021	2,603	474	146,129,817	56,139	42.1	59,414	8,495	7.30%
2022	2,482	508	146,539,762	59,041	42.3	59,767	8,423	7.30%

(A) Age and Unemployment data for City of Seward is not available, but is considered comparable to data for the Kenai Peninsula Borough

(1) Alaska Department of Labor estimates as of July 1 of each fiscal year

(2) Source: U.S. Dept. of Commerce, Bureau of Economic Analysis for Kenai Peninsula Borough; specific data not available for Seward (http://www.bea.gov/iTable/index_regional.cfm)

(3) Uses Kenai Peninsula Borough Per Capita Personal Income multiplied by Seward population. Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, using annual midyear population estimates.

(4) Source: <https://live.laborstats.alaska.gov/pop/estimates/data/AgeBySexBCA.xls>

City of Seward, Alaska
Full-Time Equivalent Employees by Fund
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
City Clerk	3.20	3.00	3.00	3.11	3.23	3.53	3.00	3.05	2.70	3.70
City Manager and Legislative	4.10	4.00	4.00	3.00	3.00	4.15	3.44	3.41	3.25	3.20
M.I.S.	2.00	2.50	2.50	2.76	2.72	2.73	2.63	3.02	3.00	3.00
Finance	6.70	7.00	7.00	9.29	8.04	7.45	8.35	6.07	7.55	5.50
Police, Jail, Animal Control	24.30	25.50	25.50	24.34	23.73	23.15	23.20	24.24	22.65	15.40
Fire	2.75	2.75	2.75	2.93	2.74	2.75	2.97	2.81	2.90	4.30
Building Inspection	1.25	1.25	1.25	1.00	1.00	1.00	1.00	2.01	2.40	2.00
Public Works	5.90	5.94	5.94	6.45	7.11	5.83	4.46	7.12	7.65	11.70
Community Development	2.00	2.00	2.00	2.01	2.40	1.96	1.88	2.63	2.40	2.90
Maintenance	2.10	2.03	2.03	2.02	2.01	1.37	1.00	1.01	2.00	11.70
Parks & Recreation	14.90	15.24	14.10	13.74	14.46	14.26	13.53	9.66	7.20	8.90
Library	4.60	4.59	4.59	4.98	5.16	5.06	4.65	4.22	5.45	6.70
General Fund Total	73.80	75.80	74.66	75.63	75.60	73.24	70.12	69.25	69.15	79.00
Parking	1.60	3.29	3.09	1.04	1.67	1.62	0.96	0.10	0.00	0.00
Harbor and SMIC	11.60	11.65	11.65	11.72	12.12	11.77	12.25	11.70	11.60	12.40
Electric	11.30	11.00	11.00	10.82	11.89	11.46	10.63	10.69	10.60	11.10
Water	2.60	3.53	3.53	2.52	2.86	3.36	3.37	2.19	2.00	2.00
Wastewater	2.60	2.53	2.53	2.18	1.74	2.37	2.30	2.27	2.00	2.00
Total All Funds	103.50	107.80	106.46	103.91	105.88	103.82	99.63	96.20	96.20	106.50

Source: City of Seward finance department

City of Seward, Alaska
Operating Indicators by Function
Last Ten Fiscal Years

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police Services:										
Physical arrests	345	289	270	322	244	242	97	231	160	125
Traffic violations/warnings	1,400	1,225	2,042	785	944	1,149	1,180	641	976	967
Parking violations	79	29	63	74	79	249	336	254	196	307
Fire and Emergency Services:										
Number of calls answered (a)	339	349	376	359	361	264	300	230	292	268
Harbor										
Registered vessels	3,992	4,928	4,860	5,193	5,053	5,565	5,813	5,159	5,520	6,062
Number on waiting list for slips	171	183	184	161	171	147	161	166	179	208
Number of boat lifts	551	590	602	509	553	576	526	485	570	589
General cargo tonnage	27	140	112	-	-	-	2,044	45	23,005	811
Fish product tonnage	24,563	10,862	21,632	10,085	8,702	15,670	13,410	8,225	9,270	7,604
Petroleum (gallons)	2,856,968	2,536,738	3,450,054	3,637,401	2,853,828	2,786,987	2,423,856	1,855,312	2,944,847	2,830,738
Water and Wastewater Systems:										
Water service connections	961	958	973	976	982	980	981	996	1,007	950
Daily average consumption (gallons)	1,472,000	1,144,677	1,130,528	1,484,754	1,109,546	1,059,115	971,670	841,561	1,147,272	1,118,983
Sewer service connections	935	934	948	950	954	952	955	970	975	898
Daily average treatment (gallons)	657,821	519,132	519,132	652,321	609,545	653,872	591,175	450,000	399,071	463,000
Electric System:										
Number of service connections	2,706	2,735	2,759	2,796	2,818	2,821	2,855	2,897	2,910	2,981
Total kilowatt hour sales	57,950,087	55,190,496	54,842,755	53,103,072	53,263,395	51,784,110	51,672,753	52,268,253	54,495,232	54,911,338

(a) Beginning June 2009, began providing aid response for medical calls.

Source: City of Seward police, fire, harbor, water, wastewater, and finance departments

City of Seward, Alaska
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Lane miles of street	54.40	54.40	54.80	54.8	54.8	55	55	55	55	55
Number of street lights	265	265	265	265	265	265	265	265	265	265
Public Safety										
Number of fire stations	2	2	2	2	2	2	2	2	2	2
Fire rating (ISO)	5/9	4/9	4/9	4/9	4/9	4/4x	3/3y *	3/3y *	3/3y	3/3y
Number of fire hydrants	220	220	220	220	220	220	220	232	232	232
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of Facilities										
Parks and playgrounds	20	20	20	20	20	20	20	21	21	21
Libraries	1	1	1	1	1	1	1	1	1	1
Sewer treatment plants	2	2	2	2	2	2	2	2	2	2
Electric distribution line (miles)	69	69	69	69	69	69	69	69	69	69
Electric substations	3	3	3	3	3	3	3	3	3	3

Source: City of Seward fire, public works and finance departments

*New ISO rating system beginning in 2018

City of Seward, Alaska
Property Value, Construction, and Bank Deposits
Last Ten Fiscal Years

Fiscal Year	Total Real Property Value (1)	Commercial Construction		Residential Construction		Bank Deposits (2)
		Number of Permits	Value of Permits	Number of Permits	Value of Permits	
2013	248,357,800	30	14,551,644	22	927,616	75,607,197
2014	249,826,500	25	8,072,217	26	1,070,400	79,852,000
2015	251,015,800	30	16,808,765	11	759,860	75,514,000
2016	267,717,900	27	2,661,974	26	1,603,866	87,091,000
2017	274,511,700	14	2,324,733	21	1,070,477	86,329,000
2018	282,031,815	20	3,993,376	23	1,391,200	81,076,000
2019	305,984,502	19	10,577,917	20	1,406,850	80,659,000
2020	462,425,120	24	3,590,628	21	2,984,130	95,961,000
2021	331,020,645	24	3,605,605	26	2,831,337	126,126,000
2022	313,981,161	33	6,815,974	31	3,982,685	141,807,000

- 1) "Estimated Actual Value" from Table 9.
- 2) Bank deposit data as of 12/31 through 2014. Beginning 2015, data as of June 30.
Source: <https://www5.fdic.gov/sod/sodMarketRpt.asp?barItem=&sState=all&sZipCode=99664>
- 3) Source: Construction Data - City of Seward Building Department

City of Seward, Alaska

Miscellaneous Statistics

December 31, 2022

Date of Incorporation	June 1, 1912
Class	Home Rule City
Form of Government	Council / Manager
Area, Square Miles	22
Miscellaneous Operational Statistics:	
Library - number of volumes	24,429
Fire Department - Number of volunteers	21
Sewer System - Maximum daily capacity (gallons)	463,000
Water System - Maximum daily capacity (gallons)	118,983
Electric System:	
Miles of distribution lines	200
Miles of transmission lines	75
Harbor - Number of permanent slips	556
City Employees:	
Regular Employees - Full-time equivalent	92
Temporary Employees - Full-time equivalent	6
Demographics:	
School Enrollment, City of Seward (3)	508
Unemployment Rate - Borough-Wide (1)	4.5%
Population (2)	2,482
Per-capita Personal Income (4)	59,041
Qualified Voters	1,796
Facilities and Services not included in the reporting entity:	
Education:	
Elementary School	
Number of students enrolled	227
Number of teachers	19
Middle School	
Number of students enrolled	144
Number of teachers	12
High School	
Number of students enrolled	137
Number of teachers	19
Alaska Vocational Technical Center	
Number of students served annually	776
Number of teachers (includes Instructional Aides)	30
Healthcare Facilities - a component unit of the reporting entity:	
Providence Seward Medical & Care Center	
Number of patient beds (6) combination of inpatient care & swing beds	6
Number of long-term care beds	40
Number of employees:	138
Exempt	14
Non-Exempt (includes non-staff rotating physicians)	124

(1) Source: State of Alaska Department of Labor; represents not seasonally adjusted, annual unemployment rates for Kenai Peninsula Borough; assumed to be representative of Seward, as specific Seward data unavailable (<http://live.laborstats.alaska.gov/labforce/labdata.cfm?s=14&a=0>)

2) Source: Alaska Department of Commerce, Community & Economic Development Certified Municipal Population.

3) State of Alaska Department of Education & Early Development - <https://education.alaska.gov/stats/>

4) Source: U.S. Dept. of Commerce, Bureau of Economic Analysis. (http://www.bea.gov/iTable/index_regional.cfm) KPB per-capita personal income used, as Seward specific data not available (2021 - last updated November 16, 2022)