

EXHIBIT HH

CITY OF HOONAH, ALASKA

Basic Financial Statements, Required Supplementary  
Information, Supplementary Information and Compliance Reports  
(With Independent Auditor's Report Thereon)

Year Ended December 31, 2021



CITY OF HOONAH, ALASKA

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## **Independent Auditor's Report**

Members of the City Council  
City of Hoonah, Alaska  
Hoonah, Alaska

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hoonah, Alaska, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Hoonah, Alaska's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hoonah, Alaska, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The discretely presented component unit, Hoonah City School District, is presented as of and for the year ended June 30, 2021.

### **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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Hoonah, 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.

### **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 Hoonah, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Hoonah, 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 Hoonah, 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 budgetary comparison information on pages 39-40 and the schedules of City's proportionate share of Net Pension and OPEB Liabilities, Assets and contributions for the public employees' retirement system on pages 41-44 and the notes to the required supplementary information on pages 45-46 to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management, Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hoonah, Alaska's basic financial statements. The accompanying combining and individual major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Members of the City Council  
City of Hoonah, Alaska

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2022, on our consideration of the City of Hoonah, 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 Hoonah, 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 the City of Hoonah, Alaska's internal control over financial reporting and compliance.

*Altman, Rogers & Co.*

Anchorage, Alaska  
September 8, 2022

**BASIC FINANCIAL STATEMENTS**

## CITY OF HOONAH, ALASKA

Reconciliation of the Net Position Between the  
Government- Wide Financial Statements and Fund Financial Statements

December 31, 2021

Amounts reported as fund balance on the governmental funds		\$	6,214,988
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.			72,412,948
Other long-term assets are not available to pay current year expenditures and therefore, are deferred inflows in the funds:			
Land mortgages receivable	998,184		
Accounts receivable collected after 60 day period of availability	<u>33,398</u>		1,031,582
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore, are not reported in the funds:			
Bonds payable	(720,000)		
Premium on bonds payable	<u>(56,911)</u>		(776,911)
Proportionate share of the collective net pension and OPEB liability:			
PERS			(1,391,028)
Proportionate share of the collective net pension and OPEB asset:			
PERS			1,071,951
Changes in deferred inflows and outflows of resources are the results of timing difference in the actuarial report:			
Pension and OPEB related assets in the current fiscal year are presented as deferred outflows of resources:			
PERS			130,879
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources:			
PERS			<u>(1,144,613)</u>
Net position of governmental activities		\$	<u>77,549,796</u>

The notes to the financial statements are an integral part of this statement.

CITY OF HOONAH, ALASKA

Statement of Revenues, Expenditures and Changes in Fund Balances (deficits) - Governmental Funds

For the Year Ended December 31, 2021

	Special Revenue Funds							Capital Project Fund AN-16-164 Wastewater Plant	Other Governmental Funds	Total Governmental Funds
	General Fund	Land Development	Boat Harbor	Norwegian Cruise	State Excise Tax	FEMA				
<b>Revenues:</b>										
Local sources:										
Taxes	638,515	-	-	-	-	-	-	584,983	1,223,498	
Charges for services	240,217	-	575,555	-	-	-	-	834,487	1,650,259	
Interest	-	81,806	-	-	229	-	-	-	82,035	
Earnings (losses) on investments	-	-	-	-	-	-	-	64,712	64,712	
Other	-	4,050	-	2,000,000	-	-	-	116,118	2,120,168	
Intergovernmental:										
State of Alaska	370,031	4,855	17,941	-	1,317,075	8,435	-	737,754	2,456,091	
Federal sources	355,951	-	-	-	-	1,400,891	-	151,666	7,854,710	
Total revenues	1,604,714	90,711	593,496	2,000,000	1,317,304	1,409,326	5,946,202	2,489,720	15,451,473	
<b>Expenditures:</b>										
Current:										
General government	474,842	-	-	-	-	-	-	-	474,842	
Public works	380,760	-	-	-	-	-	-	-	380,760	
Public safety	862,310	-	-	-	108,787	1,175,533	-	-	2,146,630	
Water	-	-	-	-	-	-	-	249,624	249,624	
Sewer	-	-	-	-	-	-	-	343,413	343,413	
Sanitary landfill	-	-	-	-	-	-	-	208,416	208,416	
Boat harbor	-	-	636,439	-	-	-	-	-	636,439	
Parks and recreation	-	-	-	-	-	-	-	429,735	429,735	
Land development	-	180,595	-	-	-	-	-	-	180,595	
Special programs	-	-	-	-	285,618	-	-	14,000	299,618	
Educational operations	347,591	-	-	-	-	-	-	287,871	635,462	
Capital outlay	-	-	-	-	-	-	5,946,202	956,658	6,902,860	
Debt service:										
Principal	-	-	-	-	-	-	-	55,000	55,000	
Interest	-	-	-	-	-	-	-	36,750	36,750	
Total expenditures	2,065,503	180,595	636,439	-	394,405	1,175,533	5,946,202	2,581,467	12,980,144	
Excess (deficiency) of revenues over (under) expenditures	(460,789)	(89,884)	(42,943)	2,000,000	922,899	233,793	-	(91,747)	2,471,329	
Other financing sources (uses):										
Proceeds from principal payments of mortgages	-	157,845	-	-	-	-	-	-	157,845	
Insurance recovery	-	-	-	-	-	-	-	163,188	163,188	
Transfers in	1,267,937	26,856	70,000	-	-	-	-	225,550	1,590,343	
Transfers out	(10,550)	-	-	(844,000)	(477,000)	(233,793)	-	(25,000)	(1,590,343)	
Net other financing sources (uses)	1,257,387	184,701	70,000	(844,000)	(477,000)	(233,793)	-	363,738	321,033	
Net change in fund balances	796,598	94,817	27,057	1,156,000	445,899	-	-	271,991	2,792,362	
Fund balances (deficit), beginning of the year	194,625	513,198	(1,175,411)	-	2,057,025	-	-	1,833,189	3,422,626	
Fund balances (deficit), end of year	991,223	608,015	(1,148,354)	1,156,000	2,502,924	-	-	2,105,180	6,214,988	

The notes to the financial statements are an integral part of this statement.

## CITY OF HOONAH, ALASKA

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

For the Year Ended December 31, 2021

Net change in fund balances - total government funds	\$	2,792,362
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Amounts reported for *governmental activities* in the statement of activities are different because:

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.

Net change in the unfunded pension and OPEB liabilities:

PERS	1,364,120
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Net change in deferred inflows and outflows:

PERS	(1,089,463)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives:

This is the amount by which capital outlay exceeded depreciation in the current period:

Capital outlay	6,058,077	
Depreciation expense	<u>(2,313,611)</u>	3,744,466

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.	(133,279)
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The issuance of long-term debt (e.g., bonds, leases) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items:

Principal payments	55,000
Bond premium amortization	<u>8,735</u>

Change in net position of governmental activities	\$	<u><u>6,741,941</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF HOONAH, ALASKA  
Notes to Basic Financial Statements  
December 31, 2021

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The financial statements of the City of Hoonah (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City of Hoonah, Alaska, (the City) was incorporated in 1946 as a first class city and operates under a Council - Mayor form of government. The City provides a variety of services including water, sewer, police, fire, street maintenance, and social services. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the government. The discretely presented component unit has a June 30 year-end.

*Discretely Presented Component Unit - Hoonah City School District.* The School District is responsible for elementary and secondary education within the City's jurisdiction. The voters elect the members of the School District's governing board. However, the School District is fiscally dependent upon the City because the City's Council approves the School District's budget, levies taxes (if necessary) and must approve any debt issuances.

Complete financial statements of the component unit can be obtained at the following address: Hoonah City School District; Box 157; Hoonah, Alaska 99829-0157.

The more significant of the City's accounting policies are described below.

**B. Government-Wide and Fund Financial Statements**

The Government-Wide Financial Statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City does not presently have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

## Notes to Basic Financial Statements, Continued

Deferred inflows of resources are the acquisition of fund balance/net position by the City that are applicable to a future reporting period. Deferred outflows are the consumption of fund balance/net position by the City that are applicable to a future reporting period.

Separate financial statements are provided for governmental fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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*. Under the modified accrual basis, 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales tax and interest earnings associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available if received within 60 days of year end.

The City has the following major governmental funds:

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

The *Land Development Special Revenue Fund* accounts for the acquisition and sale of City land.

The *Boat Harbor Special Revenue Fund* accounts for operation of the City's boat harbor.

The *Norwegian Cruise Special Revenue Fund* accounts for activity related to the donation from Norwegian Cruise Lines to offset negative financial impacts from the COVID-19 pandemic.

The *FEMA Special Revenue Fund* accounts federal grant activity related to disaster relief from FEMA.

The *State Excise Tax Special Revenue Fund* accounts for the revenue and expenditures related with State Excise Tax money the City received.

The *AN-16-T64 Wastewater Plant Capital Project Fund* accounts for the construction of a new water treatment plant.

## Notes to Basic Financial Statements, Continued

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Use of Estimates

The preparation of the 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**D. Assets, Liabilities and Fund Balance/Net Position****1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

There are no statutory limitations on the type of investment allowed; however, there are policies in place listing accepted investment vehicles as noted below:

- a. obligations of, the United States and of an agency or instrumentality of the United States;
- b. certificates of deposit; those over \$250,000 must be secured by eligible collateral;
- c. repurchase and reverse repurchase agreements secured by obligations of the Treasury of the United States and obligations of an agency or instrumentality of the United States. A Master Repurchase Agreement must be signed with the bank or dealer, before repurchase agreements are entered into;
- d. the Alaska Municipal League Investment Pool, Inc. made in accordance with the terms of that Pool's "Common Investment Agreement"; and in accordance with AS 37.23.010-37.23.900;
- e. commercial paper and other short-term taxable instruments that, at the time of investment, maintain the highest rating by at least two nationally recognized rating services;
- f. obligations of a corporation domiciled in the United States or obligations of a municipality if the obligations are rated AA or higher by at least one nationally recognized rating service at the time of investment; and
- g. money market funds in which the securities of the fund consist of obligations listed in this section and otherwise meet the requirements of the government's investment policy.

## Notes to Basic Financial Statements, Continued

Collateralization is required on two types of investments: certificates of deposit over \$250,000 and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all monies, the collateralization level is (102%) of market value of principal and accrued interest for all repurchase agreements.

**2. Receivables and Payables**

Activity between funds that are representative of lending borrowing arrangements outstanding at the end of the fiscal year are referred to as either "inter-fund receivables/payables" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All outstanding balances between funds are reported as "due from other funds" or "due to other funds." These balances represent the numerous transactions that occur during the course of operations between individual funds for goods provided or services rendered.

Advances between funds are considered non-spendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable, available financial resources.

All tax and other receivables are shown net of an allowance for uncollectible receivables.

**3. Inventories and Prepaid Items**

Inventories are valued at cost, using the first-in-first-out (FIFO) method on the consumption method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are based on the consumption method. The prepaid items do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as non-spendable in the fund financial statements.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type activities columns in the Government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

## Notes to Basic Financial Statements, Continued

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

Dock, Water and Sewer line and improvements	20-70 years
Buildings and improvements	30-35 years
Motor vehicles and motorized equipment	5-10 years
Furniture, machinery and equipment	5-10 years

#### **5. *Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts related to governmental funds not expected to be liquidated with expendable available financial resources are reported as long-term debt.

#### **6. *Unearned Revenue***

Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

#### **7. *Long-Term Obligations***

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, except for any portion related to prepaid insurance costs are recognized as expense/expenditure in the period incurred. Prepaid insurance costs are amortized over the duration of the debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **8. *Pension and Other Post-Employment Benefits (OPEB)***

For purposes of measuring the net pension and OPEB liabilities, assets, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS 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.

## Notes to Basic Financial Statements, Continued

**13. Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the balance sheet and Statement of Net Position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities.

**II. DETAILED NOTES ON ALL FUNDS****A. Deposits and Investments**

The City maintains a cash pool that is available for use by all funds. All deposits are carried at cost plus accrued interest. The City's investment policy is presented under footnote I. D. 1.

Custodial credit risk – is the risk that that, in the event of a bank failure, the City will not be able to recover its deposits or collateral. The City's deposits were fully insured or collateralized with securities held in the City's name.

In 2017 the City purchased Halibut Individual Fishing Quotas (IFQ). The IFQs are intangible assets reported as investments in accordance with GASB 51. The City owns two lots of halibut, area 2C, class C, IFQs. They are reported at fair value.

<u>IFQ pounds</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Market Value</u>
5858 pounds	\$ 410,691	(111,301)	299,390
2231 pounds	156,896	(42,390)	114,506
Total IFQs	\$ 567,587	(153,691)	413,896

In addition to the investments listed above, the City also had cash and cash equivalents of \$5,021,246. 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 has the following recurring fair value measurements as of December 31, 2021.

<u>Investment by Fair Value Level:</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
IFQs	\$ 413,896	-	413,896	-

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**B. Receivables**

Receivables at year end for the City's individual major and other governmental funds are as follows:

	Sales Tax	Grants	Trade	Other	Allowance for Doubtful Accounts	Net Receivable
General Fund	\$ 37,861	-	-	6,326	-	44,187
Land Development	-	-	-	998,184	-	998,184
Boat Harbor	-	-	93,352	-	(50,000)	43,352
FEMA AN-16-T64	-	881,023	-	-	-	881,023
Wastewater Plant	-	517,978	-	-	-	517,978
Other Governmental Funds	44,171	36,834	74,452	-	-	155,457
Total	\$ <u>82,032</u>	<u>1,435,835</u>	<u>167,804</u>	<u>1,004,510</u>	<u>(50,000)</u>	<u>2,640,181</u>

Management has determined that all receivables are collectible; therefore an allowance for doubtful accounts has not been established; with the exception the Boat Harbor fund for \$50,000 respectively.

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenues in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the component of *deferred inflows and unearned revenues* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant advances prior to spending all proceeds	\$ -	255,206
Revenue not collected within 60 days of year end –		
General Fund and Special Revenue Funds	33,398	-
Long-term notes receivable related to land sales	<u>998,184</u>	<u>-</u>
Totals	\$ <u>1,031,582</u>	<u>255,206</u>

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**C. Capital Assets**

The following is a summary of changes in capital assets for the year ended December 31, 2021:

	Balance Jan. 1, 2021	Increases	Decreases	Balance Dec. 31, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,896,775	29,344	96,431	11,829,688
Construction in progress	5,950,274	6,028,733	154,128	11,824,879
Total capital assets, not being depreciated	<u>17,847,049</u>	<u>6,058,077</u>	<u>250,559</u>	<u>23,654,567</u>
Capital assets, being depreciated:				
Building	20,710,206	-	-	20,710,206
Vehicles and equipment	2,333,136	-	-	2,333,136
Infrastructure	84,585,044	154,128	-	84,739,172
Total capital assets, being depreciated	<u>107,628,386</u>	<u>154,128</u>	<u>-</u>	<u>107,782,514</u>
Less accumulated depreciation for:				
Building	16,617,430	238,277	-	16,855,707
Vehicles and equipment	1,381,232	101,459	-	1,482,691
Infrastructure	38,711,860	1,973,875	-	40,685,735
Net accumulated depreciation	<u>56,710,522</u>	<u>2,313,611</u>	<u>-</u>	<u>59,024,133</u>
Net capital assets, being depreciated	<u>50,917,864</u>	<u>(2,159,483)</u>	<u>-</u>	<u>48,758,381</u>
Governmental capital assets, net	<u>\$ 68,764,913</u>	<u>3,898,594</u>	<u>250,559</u>	<u>72,412,948</u>

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

Governmental activities:	
General government	\$ 3,891
Public works	186,025
Public safety	39,244
Water	526,457
Sewer	142,339
Educational operations	414,769
Sanitary landfill	13,750
Boat harbor	975,837
Parks and recreation	11,299
Total depreciation expense	<u>\$ 2,313,611</u>

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**D. Inter-fund Receivables, Payables and Transfers**

Inter-fund receivables and payables are shown as "Due From Other Funds" and "Due To Other Funds" in each of the individual funds. The composition of inter-fund balances as of December 31, 2021, is as follows:

Receivable Fund	Payable Fund	Amount
Land Development SRF	General Fund	\$ 627,103
Norwegian Cruise SRF	General Fund	1,156,000
State Excise Tax SRF	General Fund	1,755,269
Other Governmental Funds	General Fund	1,765,470
General Fund	Boat Harbor SRF	1,168,072
General Fund	FEMA SFF	836,657
General Fund	AN-16-T64 Wastewater CPF	166,173
General Fund	Other Governmental Funds	36,834
		<u>\$ 7,511,578</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Inter-fund transfers for the year ended December 31, 2021 consisted of the following:

Transfers In Fund	Transfer Out Fund	Amount
General Fund	State Excise Tax SRF	\$ 442,000
General Fund	Norwegian Cruise SRF	594,000
General Fund	FEMA SRF	25,000
General Fund	Other Governmental Funds	206,937
Land Development SRF	FEMA SRF	26,856
Boat Harbor SRF	Excise Tax SRF	35,000
Boat Harbor SRF	Norwegian Cruise SRF	35,000
Other Governmental Funds	General Fund	10,550
Other Governmental Funds	Norwegian Cruise SRF	215,000
		<u>\$ 1,590,343</u>

Recurring transfers were used to fund operations and required contributions.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**E. Long-Term Debt**

In 2011 the City refinanced a previously issued bond by issuing another bond. In addition, the City issued a new bond with the proceeds of the bond to be used for the renovation of Hoonah City School District's buildings. The two new bonds were issued at a premium. The premium related to these two bonds will be amortized over the life of the bonds.

The refinancing bond had a premium of \$16,400 that will be amortized over the 7 year life of the bond. The newly issued school renovation bond had a premium of \$127,869 that will be amortized over the 20 year life of the bond. At December 31, 2021, the premium for the refinancing bond and the school renovation bond had balances of \$0 and \$56,911, respectively.

*General Obligation Bonds.* The City issues general obligation bonds to provide moneys for the acquisition and construction of major capital facilities. General obligation bonds have been issued for the construction and financing of a school multi-purpose gymnasium.

Bond issue three was refinanced in September 2011. The bond reached its maturity date and was extinguished during 2018.

A 20-year bond was issued in September 2011 for school renovation purposes and the following schedule segregates interest and principal payments for the issued bond:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2022	60,000	34,000	94,000
2023	60,000	31,000	91,000
2024	65,000	28,000	93,000
2025	65,000	25,400	90,400
2026	70,000	22,800	92,800
2027-2031	400,000	62,500	462,500
	<u>\$ 720,000</u>	<u>203,700</u>	<u>923,700</u>
Less current position	<u>60,000</u>		
Long-term portion	<u>\$ 660,000</u>		

The following is a summary of long-term debt transactions for the year ended December 31, 2021:

	<u>Balance</u> <u>January 1, 2021</u>	<u>Additions</u>	<u>Debt</u> <u>Retired</u>	<u>Balance</u> <u>December 31, 2021</u>
General obligation bonds:				
\$1,175,000 serial and term bonds; payable over 20 years with interest at 3% to 5%	<u>775,000</u>	<u>-</u>	<u>55,000</u>	<u>720,000</u>
Total long-term debt	<u>\$ 775,000</u>	<u>-</u>	<u>55,000</u>	<u>720,000</u>

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**F. Fund Balance**

Detailed information related to amounts non-spendable, restricted, and committed fund balances in governmental funds at December 31, 2021 are as follows:

	Special Revenue Funds						Total
	General Fund	Land Development	Boat Harbor	Norwegian Cruise	State Excise Tax	Other Governmental Funds	
<b>Non-spendable:</b>							
Prepaid items	\$ 42,518	134	19,211	-	-	44,590	106,453
Long-term receivables	-	998,184	-	-	-	-	998,184
Total non-spendable	42,518	998,318	19,211	-	-	44,590	1,104,637
<b>Restricted:</b>							
Improving facilities for commercial Passenger vessels	-	-	-	-	2,416,681	-	2,416,681
AIDEA Bulk Fuel Upgrade	-	-	-	-	-	180,097	180,097
Title III projects	-	-	-	-	-	13,176	13,176
Debt services payments	-	-	-	-	-	146,572	146,572
Education	-	-	-	-	-	322,605	322,605
Total restricted	-	-	-	-	2,416,681	662,450	3,079,131
<b>Committed:</b>							
Public services	-	-	-	1,156,000	-	-	1,156,000
Economic development	-	-	-	-	-	429,195	429,195
Harbor improvement	-	-	-	-	-	275,677	275,677
Youth and parks	-	-	-	-	-	442,745	442,745
Harbor Electrical Upgrade	-	-	-	-	-	6,837	6,837
Liquor board	-	-	-	-	-	9,000	9,000
Tourism	-	-	-	-	86,243	-	86,243
Sanitary Landfill	-	-	-	-	-	125,329	125,329
Water	-	-	-	-	-	43,562	43,562
Sewer	-	-	-	-	-	65,795	65,795
Total committed	-	-	-	1,156,000	86,243	1,398,140	2,640,383
Unassigned	948,705	(390,303)	(1,167,565)	-	-	-	(609,163)
Total fund balances (deficit)	\$ 991,223	608,015	(1,148,354)	1,156,000	2,502,924	2,105,180	6,214,988

In the government-wide financial statements the amount of \$3,079,131 reported as restricted net position are the same as the amounts of restricted fund balance shown above.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**G. Long-Term Notes Receivable**

The City has numerous long-term notes receivables with various individuals that were issued as part of land sales. All notes receivable are secured by the underlying property that was sold. Interest rates for the notes are 9%.

A schedule of changes in long-term notes for the year ended December 31, 2021 follows:

	Balance January 1, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2021</u>
Mortgages receivable \$	<u>1,035,032</u>	<u>120,997</u>	<u>157,845</u>	<u>998,184</u>

Annual payment to requirements to maturity follow:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 19,511	89,836	109,347
2023	21,267	88,080	109,347
2024	23,181	86,166	109,347
2025	25,267	84,080	109,347
2026	27,541	81,806	109,347
2027 – 2031	179,661	367,074	546,735
2032 – 2036	276,431	270,304	546,735
2037-2041	425,325	121,410	546,735
	<u>\$ 998,184</u>	<u>1,188,756</u>	<u>2,186,940</u>

**III. OTHER INFORMATION**

**A. Contingencies**

Landfill

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for five years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, accounting principles generally accepted in the United States of America require that the City report a portion of these closure and post-closure care costs as operating expenses in each period based on landfill capacity used as of each balance sheet date. However, at this time, the study to estimate the ultimate cost of closure and post-closure monitoring has not been completed. As a result, there is no accrual to provide for these costs in the financial statements.

Grants

The City participates in a number of State and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Notes to Basic Financial Statements, Continued

Litigation

The City, in normal course of its activities, is involved in various claims and litigation. In the opinion of management, the disposition of these matters is not expected to have a material adverse effect on the financial statements of the City. The City may have insurance coverage for these matters.

**B. 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.

*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:

<u>Plan Name</u>	<u>Type of Plan</u>
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

## Notes to Basic Financial Statements, Continued

**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, 2021 the employer contribution rate is 0.31%.

Membership in the plan consisted of the following at June 30, 2021 (latest available report):

Membership	PERS
Active plan members	24,481
Participating employers	151

*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, 2021 (latest available information) employer contributions were 7.43% of annual payroll. Membership in the plan consisted of the following at June 30, 2021 (latest report available):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	36,704
Inactive plan members entitled to but not yet receiving benefits	5,112
Inactive plan members not entitled to benefits	10,366
Active plan members	10,066
Total plan membership	62,248

*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, 2021 employer contributions were 1.07%. Membership in the plan consists of the following at June 30, 2021 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	67
Inactive plan members entitled to but not yet receiving benefits	2,082
Inactive plan members not entitled to benefits	16,249
Active plan members	24,481
Total plan membership	42,879

## 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. Membership in the plan consists of the following at June 30, 2021 (latest available report):

Membership	PERS
Inactive plan members or beneficiaries currently receiving benefits	113
Inactive plan members entitled to but not yet receiving benefits	2,082
Inactive plan members not entitled to benefits	16,249
Active plan members	24,487
Total plan membership	42,931

**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, 2021 (latest available report) for the DB Plan for PERS is 29.77%, for the ARHCT plan is 30.00%, for the ODD Plan is 29.55%, and for the RMP is 29.54%.

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>.

## Notes to Basic Financial Statements, Continued

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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	6.63%
Global Equity (non-U.S.)	5.41%
Aggregate Bonds	0.76%
Opportunistic	4.39%
Real Assets	3.16%
Private Equity	9.29%
Cash Equivalents	0.13%

*Discount Rate:* The discount rate used to measure the total pension and OPEB liabilities and assets is 7.38%, which represents a decrease of 0.00% 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 2.18% as of June 30, 2021.

*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.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

*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 rate uses a 7.38% discount rate.

Employer Contribution rates for the year ended December 31, 2021 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	15.54%	21.27%	8.11%
OPEB	6.46%	8.84%	0%
Total PERS contribution rates	<u>22.00%</u>	<u>30.11%</u>	<u>8.11%</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 fiscal year 2022 the past service rate for PERS is 18.31%.

*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.

Investment return / discount rate	7.38% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 2.5% per year Productivity – 0.25% per year
Payroll growth	2.75% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 2.5% annually.

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

Mortality (Pre-termination)	Based upon 2013-2017 actual mortality experience, 100% (male and female) of RP-2014 healthy annuitant table with MP-2017 generational improvement.
Mortality (Post-termination)	Mortality rates based upon the 2013-2017 actual experience. 91% of male and 96% of female rates of RP-2014 health annuitant table with MP-2017 generational improvement.
Total turnover	Based upon the 2013-2017 actual withdrawal experience.
Disability	Incidence rates based on 2013-2017 actual experience. Post-disability mortality in accordance with the RP-2014 disability table with MP-2017 generational improvement. Disabilities are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for others.
Retirement	Retirement rates based upon the 2013-2017 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date.
Marriage and age difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drugs: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%.

As a result of the latest experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes related to the ARHCT plan have been made since the prior valuation:

1. Per capita claims costs were updated to reflect recent experience.
2. Normal cost for administrative expenses were updated to reflect recent experience.
3. Healthcare cost trends were updated to reflect the repeal of the Cadillac Tax.

## Notes to Basic Financial Statements, Continued

The changes of assumptions from the latest experience study created substantial deferred outflows of resources attributable to the City, as well as an 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/dr/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 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.

The DB Plan's membership consisted of the following at June 30, 2021 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	36,704
Inactive plan members entitled to but not receiving benefits	5,112
Inactive members not entitled to benefits	10,364
Active plan members	<u>10,066</u>
Total DB plan membership	<u>62,246</u>

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 HOONAH, 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.* Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least 65 or on PERS disability; or
- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who first entered the PERS before July 1, 1986, if the CPI increases and the financial condition of the fund will permit an increase. In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

*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 25<sup>th</sup> 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.* The City's PERS active members are required to contribute 6.75%.

Employer contributions for the year ended December 31, 2021, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	114,585	26,182	140,767

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

**Public Employees Retirement Plans**

For the year ended June 30, 2022 the State of Alaska contributed \$90,128 (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, 2020 to a total of \$(42,613), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

*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, 2021, 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	\$	1,391,028
State's proportionate share of the net pension liability		189,274
Total	\$	<u>1,580,302</u>
		OPEB
City's proportionate share of the ARHCT OPEB liability (asset)	\$	(976,138)
State's proportionate share of the ARHCT OPEB liability (asset)		(123,597)
Total	\$	<u>(1,099,735)</u>
City's proportionate share of the ODD OPEB liability (asset)	\$	<u>(77,620)</u>
City's proportionate share of the RMP OPEB liability (asset)	\$	<u>(18,193)</u>
Total City's share of net pension and OPEB liabilities and assets	\$	<u>384,754</u>

The net pension and OPEB liabilities and assets were measured as of June 30, 2021, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities and assets were determined by an actuarial valuation as of that date. 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, 2021 Measurement	June 30, 2020 Measurement	Change
Pension	.0379%	.0318%	.0061%
OPEB:			
ARHCT	.0381%	.0317%	.0064%
ODD	.1761%	.1920%	(.0159)%
RMP	.0678%	.0716%	(.0038)%

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2021, the City recognized pension and OPEB expense of \$222,375 and \$(397,838), respectively, for the year ended December 31, 2021. At December 31, 2021, 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	\$ -	(6,163)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(548,548)
Changes in proportion and differences between City contributions and proportionate share of contributions	45,203	-
City contributions subsequent to the measurement date	56,304	-
Total	<u>\$ 101,507</u>	<u>(554,711)</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(10,251)
Changes of assumptions	-	(36,888)
Net difference between projected and actual earnings on OPEB plan investments	-	(456,780)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(12,175)
City contributions subsequent to the measurement date	2,539	-
Total	<u>\$ 2,539</u>	<u>(516,094)</u>
	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(21,200)
Changes of assumptions	-	(590)
Net difference between projected and actual earnings on OPEB plan investments	-	(12,447)
Changes in proportion and differences between City contributions and proportionate share of contributions	9,364	(9,763)
City contributions subsequent to the measurement date	4,746	-
Total	<u>\$ 14,110</u>	<u>(44,000)</u>

CITY OF HOONAH, ALASKA

Notes to Basic Financial Statements, Continued

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,353	(865)
Changes of assumptions	5,655	(10,812)
Net difference between projected and actual earnings on OPEB plan investments	-	(16,276)
Changes in proportion and differences between City contributions and proportionate share of contributions	298	(1,855)
City contributions subsequent to the measurement date	5,417	-
Total	<u>\$ 12,723</u>	<u>(29,808)</u>

\$56,304 and \$12,702 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, 2021, 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 June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2022	\$ (88,434)	(166,324)	(6,785)	(4,729)
2023	(125,651)	(105,195)	(6,779)	(4,738)
2024	(135,920)	(112,957)	(6,910)	(4,901)
2025	(159,503)	(131,618)	(7,325)	(5,420)
2026	-	-	(4,193)	(940)
Thereafter	-	-	(2,644)	(1,774)
Total	<u>\$ (509,508)</u>	<u>(516,094)</u>	<u>(34,636)</u>	<u>(22,502)</u>

For the year ended December 31, 2021, the City recognized \$220,109 and \$(21,117) 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 7.38%, 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 (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

	1% Decrease (6.38%)	Current Rate (7.38%)	1% Increase (8.38%)
Net pension liability	\$ 2,060,306	1,391,028	828,748
Net OPEB ARHCT liability (asset)	\$ (638,379)	(976,138)	(1,256,621)
Net OPEB ODD liability (asset)	\$ (74,325)	(77,620)	(80,244)
Net OPEB RMP liability (asset)	\$ 11,874	(18,193)	(40,902)

Notes to Basic Financial Statements, Continued

*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 liability (asset) \$	(1,289,455)	(976,138)	(598,046)
Net OPEB ODD liability (asset) \$	N/A	(77,620)	N/A
Net OPEB RMP liability (asset) \$	(44,153)	(18,193)	17,179

**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% 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 22%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

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 \$77,894 for the year ended December 31, 2021, which included forfeitures of \$6,828 which have been applied as employer contributions.

**C. Subsequent Accounting Pronouncements**

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

- GASB 87 *Leases*. Effective for fiscal years beginning after June 15, 2021.
- GASB 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2020.
- GASB 91 *Conduit Debt Obligations*. Effective for fiscal years beginning after December 15, 2021.
- GASB 92 *Omnibus 2020*. This Statement has multiple effective dates which vary by topic.
- GASB 93 *Replacement of Interbank Offered Rates*. Effective for fiscal years beginning after June 15, 2021.
- GASB 94 *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. Effective immediately.
- GASB 96 *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Effective for fiscal years beginning after June 15, 2021.
- GASB 98 *The Annual Comprehensive Financial Report*. Effective for fiscal years ending after December 15, 2021.

GASB Statements No. 94 and No. 98 are not expected to have any significant impact on the financial statements of the City.

GASB Statement No. 87, the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease 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 governments' leasing activities.

## Notes to Basic Financial Statements, Continued

GASB Statement No. 89 requires interest costs incurred before the end of a construction period to be recognized as an expenditure or expense in the period in which the cost is incurred for financial statements prepared under the current financial resources measurement focus or the economic resource measurement focus.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures

GASB Statement No. 92, the objectives of this Statement are to enhance comparability and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

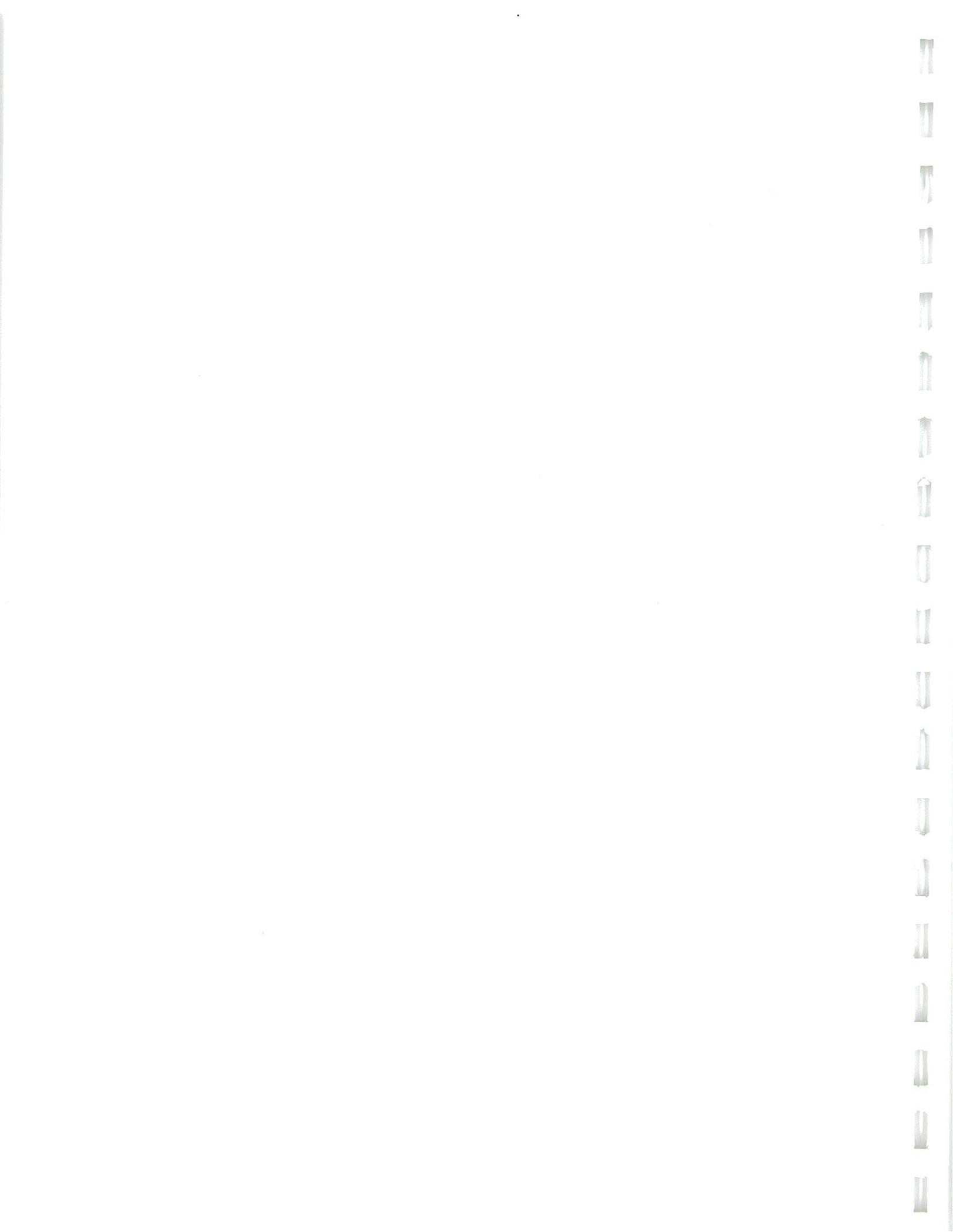
GASB Statement No. 93, addresses the fact that some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

GASB Statement No. 95 provides temporary relief to governments in light of the COVID-19 pandemic. The effective dates of the following pronouncement are postponed by one year: GASB Statements No. 83, No. 84, No. 88, No. 89, No. 90, No. 91, No. 92, and No. 93. The effective date for GASB 87 has been postponed by 18 months.

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. 97 will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



## CITY OF HOONAH, ALASKA

## General Fund

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

For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Taxes	\$ 720,304	638,515	(81,789)
Charges for services	163,900	240,217	76,317
Intergovernmental:			
State of Alaska	100,000	370,031	270,031
Federal sources	333,640	355,951	22,311
Total revenues	<u>1,317,844</u>	<u>1,604,714</u>	<u>286,870</u>
Expenditures:			
Current:			
General government	471,327	474,842	(3,515)
Public works	389,841	380,760	9,081
Public safety	913,171	862,310	50,861
Educational operations	340,000	347,591	(7,591)
Total expenditures	<u>2,114,339</u>	<u>2,065,503</u>	<u>48,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(796,495)</u>	<u>(460,789)</u>	<u>335,706</u>
Other financing sources (uses):			
Transfers in	1,061,000	1,267,937	206,937
Transfers out	-	(10,550)	(10,550)
Total other financing sources (uses)	<u>1,061,000</u>	<u>1,257,387</u>	<u>196,387</u>
Net change in fund balance	<u>\$ 264,505</u>	796,598	<u>532,093</u>
Fund balance, beginning of year		<u>194,625</u>	
Fund balance, end of year		<u>\$ 991,223</u>	

Please see the notes to the Required Supplementary Information.

## CITY OF HOONAH, ALASKA

## Boat Harbor Special Revenue Fund

Statement of Revenues, Expenditures and Changes  
in Fund Balance (deficit) - Budget and Actual

For the Year Ended December 31, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources -			
Charges for services	\$ 514,600	575,555	60,955
Intergovernmental -			
State of Alaska	-	17,941	17,941
Total revenues	<u>514,600</u>	<u>593,496</u>	<u>78,896</u>
Expenditures:			
Current:			
Boat harbor	547,219	636,439	(89,220)
Excess (deficiency) of revenues over expenditures	\$ <u>(32,619)</u>	<u>(42,943)</u>	<u>(10,324)</u>
Other financing sources -			
Transfer in	35,000	70,000	35,000
Net change in fund balance	\$ <u><u>2,381</u></u>	<u>27,057</u>	<u><u>24,676</u></u>
Fund balance (deficit), beginning of the year		<u>(1,175,411)</u>	
Fund balance (deficit), end of year		\$ <u><u>(1,148,354)</u></u>	

Please see the notes to the Required Supplementary Information.

CITY OF HOONAH

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

Public Employees' Retirement System (PERS)

December 31, 2021

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	0.0400%	\$ 1,939,159	\$ 521,219	\$ 2,460,378	1,078,167	180%	62.37%
2016	0.0494%	\$ 2,761,248	\$ 346,342	\$ 3,107,590	1,243,463	222%	63.96%
2017	0.0399%	\$ 2,062,051	\$ 770,521	\$ 2,832,572	1,124,075	183%	59.55%
2018	0.0416%	\$ 2,064,727	\$ 597,408	\$ 2,662,135	1,187,889	174%	63.37%
2019	0.0318%	\$ 1,740,681	\$ 690,450	\$ 2,431,131	1,166,245	149%	65.19%
2020	0.0318%	\$ 1,874,060	\$ 773,478	\$ 2,647,538	1,162,245	161%	63.42%
2021	0.0379%	\$ 1,391,028	\$ 189,274	\$ 1,580,302	1,025,755	136%	61.61%

See accompanying notes to Required Supplementary Information.

CITY OF HOONAH

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

Public Employees' Retirement System (PERS)

December 31, 2021

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 the Total OPEB Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	City's Proportionate Share 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)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	City's Covered Payroll	City's Covered Payroll	City's Covered Payroll			
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>												
2018	0.0416%	\$ 426,450	\$ 123,630	\$ 550,080	\$ 1,187,889	\$ 35.90%	89.68%					
2019	0.0318%	\$ 47,214	\$ 18,799	\$ 66,013	\$ 1,166,245	4.05%	88.12%					
2020	0.0317%	\$ (143,604)	\$ (59,338)	\$ (202,942)	\$ 1,162,245	-12.36%	98.13%					
2021	0.0381%	\$ (976,138)	\$ (123,597)	\$ (1,099,735)	\$ 1,025,755	-95.16%	106.15%					
<b>Occupational Death and Disability (ODD):</b>												
2018	0.0810%	\$ (17,386)	\$ -	\$ (17,386)	\$ 1,187,889	-1.46%	212.97%					
2019	0.2047%	\$ (49,633)	\$ -	\$ (49,633)	\$ 1,166,245	-4.26%	270.62%					
2020	0.1920%	\$ (52,338)	\$ -	\$ (52,338)	\$ 162,245	-32.26%	297.43%					
2021	0.1761%	\$ (77,620)	\$ -	\$ (77,620)	\$ 1,084,568	-7.16%	283.80%					
<b>Retiree Medical Plan (RMP):</b>												
2018	0.0810%	\$ 11,391	\$ -	\$ 11,391	\$ 378,164	3.01%	93.98%					
2019	0.0738%	\$ 17,655	\$ -	\$ 17,655	\$ 348,727	5.06%	88.71%					
2020	0.0716%	\$ 5,079	\$ -	\$ 5,079	\$ 357,100	1.42%	83.17%					
2021	0.0678%	\$ (18,193)	\$ -	\$ (18,193)	\$ 354,495	-5.13%	92.23%					

See accompanying notes to Required Supplementary Information.

CITY OF HOONAH

Schedule of City's Contributions (Pensions)

Public Employees' Retirement System (PERS)

December 31, 2021

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	\$ 71,141	71,141	\$ (71,141)	\$ 1,243,463	5.72%
2016	\$ 39,872	39,872	\$ (39,872)	\$ 1,124,075	3.55%
2017	\$ 36,037	36,037	\$ (36,037)	\$ 1,187,889	3.03%
2018	\$ 110,015	110,015	\$ (110,015)	\$ 1,166,245	9.43%
2019	\$ 108,137	108,137	\$ (113,326)	\$ 1,142,227	9.47%
2020	\$ 115,810	115,810	\$ (115,666)	\$ 1,084,568	10.68%
2021	\$ 120,034	120,034	\$ (114,585)	\$ 993,909	12.08%

See accompanying notes to Required Supplementary Information.

CITY OF HOONAH

Schedule of City's Contributions (OPEB)

Public Employees' Retirement System (PERS)

December 31, 2021

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
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>					
2018	\$ 35,218	\$ (35,218)	\$ -	\$ 1,166,245	3.02%
2019	\$ 41,031	\$ (41,031)	\$ -	\$ 1,142,227	3.59%
2020	\$ 26,927	\$ (26,927)	\$ -	\$ 1,084,568	2.48%
2021	\$ 4,881	\$ (4,881)	\$ -	\$ 993,909	0.49%
<b>Occupational Death and Disability (ODD):</b>					
2018	\$ 2,850	\$ (2,850)	\$ -	\$ 1,166,245	0.24%
2019	\$ 8,415	\$ (8,415)	\$ -	\$ 1,142,227	0.74%
2020	\$ 7,903	\$ (7,903)	\$ -	\$ 1,084,568	0.73%
2021	\$ 9,491	\$ (9,491)	\$ -	\$ 993,909	0.95%
<b>Retiree Medical Plan (RMP):</b>					
2018	\$ 9,169	\$ (9,169)	\$ -	\$ 953,155	0.96%
2019	\$ 10,751	\$ (10,751)	\$ -	\$ 353,486	3.04%
2020	\$ 12,372	\$ (12,372)	\$ -	\$ 344,259	3.59%
2021	\$ 11,810	\$ (11,810)	\$ -	\$ 354,064	3.34%

See accompanying notes to Required Supplementary Information.

CITY OF HOONAH, ALASKA

Notes to Required Supplementary Information

December 31, 2021

**1. Major Fund Schedule of Revenues, Expenditures and Changes in Fund Balances**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental fund types except the Capital Projects Funds. Capital Project Funds adopt project-length budgets. All annual appropriations lapse at fiscal year-end. The City did not have a legally adopted budget for the Land Development Special Revenue Fund, Norwegian Cruise Special Revenue Fund, State Excise Tax Revenue Fund, and the FEMA Special Revenue Fund.

The appropriated budget is prepared by fund and department. Budgetary control is exercised at the fund level. The City Mayor is authorized to transfer budget amounts between categories within any department; however, any supplemental appropriations that amend the total expenditures of any department or fund, require City ordinance. Reported budgeted amounts are as originally adopted or as amended by ordinance.

Project budgets are adopted for various Capital Project Funds based on the lives of the construction projects. Expenditure authority is limited to the actual combined revenue and transfers from other funds.

**Excess of Expenditures over Appropriations and Transfers**

For the year ended December 31, 2021, no funds had expenditures that exceeded appropriations and transfers.

**Deficit Fund Balance**

The following funds had a fund deficit as of December 31, 2021:

Boat Harbor Special Revenue Fund	\$	1,148,354
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This deficit will be covered by future operations from revenue generated by local programs and by initiating various cost cuts across all departments.

## CITY OF HOONAH, ALASKA

## General Fund

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

Expenditures, continued:	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Public safety:			
Police department:			
Salaries and employee benefits	\$ 726,030	645,349	80,681
Travel and per diem	1,250	1,854	(604)
Professional and technical services	2,700	13,765	(11,065)
Electricity	10,500	14,205	(3,705)
Gas, oil, and operating supplies	8,000	12,091	(4,091)
Heating fuel	2,000	-	2,000
Telephone	6,000	6,138	(138)
Supplies	8,000	10,118	(2,118)
Insurance	37,000	67,426	(30,426)
Equipment	-	1,039	(1,039)
Equipment lease and rental	500	450	50
Repairs and maintenance	4,000	13,682	(9,682)
Postage and freight	600	2,653	(2,053)
Miscellaneous	3,620	4,906	(1,286)
Total police department	<u>810,200</u>	<u>793,676</u>	<u>16,524</u>
Emergency medical services:			
Salaries and employee benefits	66,471	12,721	53,750
Travel and training	2,000	-	2,000
Electricity	1,500	-	1,500
Gas, oil, and operating supplies	1,000	263	737
Heating fuel	100	-	100
Telephone	1,500	1,238	262
Travel and training	-	5,487	(5,487)
Other services	7,000	9,165	(2,165)
Supplies	6,000	23,604	(17,604)
Equipment	5,000	323	4,677
Repairs and maintenance	-	2,436	(2,436)
Postage and freight	100	418	(318)
Total emergency medical services	<u>90,671</u>	<u>55,655</u>	<u>35,016</u>

(continued)

## CITY OF HOONAH, ALASKA

## General Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued			
Public safety, continued			
Fire department:			
Salaries and employee benefits	\$ -	1,320	(1,320)
Electricity	-	2,821	(2,821)
Telephone	1,500	398	1,102
Heating fuel	1,000	-	1,000
Insurance	1,500	-	1,500
Travel and training	-	4,565	(4,565)
Equipment	3,000	389	2,611
Repairs and maintenance	5,000	1,487	3,513
Postage and freight	300	584	(284)
Supplies	-	1,042	(1,042)
Miscellaneous	-	373	(373)
Total fire department	<u>12,300</u>	<u>12,979</u>	<u>(679)</u>
Total public safety	<u>913,171</u>	<u>862,310</u>	<u>50,861</u>
Educational operations -			
Contribution to school district	<u>340,000</u>	<u>347,591</u>	<u>(7,591)</u>
Total expenditures	<u>2,114,339</u>	<u>2,065,503</u>	<u>48,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(796,495)</u>	<u>(460,789)</u>	<u>335,706</u>
Other financing sources (uses):			
Transfers in:			
State Excise Tax Special Revenue Fund	442,000	442,000	-
Norwegian Cruise Special Revenue Fund	594,000	594,000	-
Parks and Recreation Special Revenue Fund	25,000	25,000	-
FEMA Special Revenue Fund	-	206,937	206,937
Transfers out:			
Water Tower Replacement Capital Project Fund	-	(5,550)	(5,550)
Gym Floor Replacement Capital Project Fund	-	(5,000)	(5,000)
Net other financing sources (uses)	<u>1,061,000</u>	<u>1,257,387</u>	<u>196,387</u>
Net change in fund balance	<u>\$ 264,505</u>	<u>796,598</u>	<u>532,093</u>
Fund balance, beginning of year		<u>194,625</u>	
Fund balance end of year		<u>\$ 991,223</u>	

CITY OF HOONAH, ALASKA

Other Governmental Funds

Combining Balance Sheet

December 31, 2021

Assets	Special Revenue Funds										Total Special Revenue Funds	
	Liquor Board	Parks and Recreation	Habitat Permit	Water	Sewer	Sanitary Landfill	School Sales Tax	Title III				
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	413,896	-	-	-	-	-	-	-	-	413,896
Receivables -												
Local sources	-	25,240	-	30,230	24,326	19,896	-	-	-	-	-	112,312
Prepaid items	-	14,155	-	10,778	12,244	7,413	-	-	-	-	-	44,590
Due from other funds	9,000	442,163	15,299	19,833	80,602	112,444	-	-	-	-	13,176	1,002,502
	<u>9,000</u>	<u>481,558</u>	<u>429,195</u>	<u>60,841</u>	<u>117,172</u>	<u>139,753</u>	<u>322,605</u>	<u>13,176</u>	<u>-</u>	<u>-</u>	<u>13,176</u>	<u>1,573,300</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)</b>												
<b>Liabilities:</b>												
Accounts payable	-	20,158	-	-	29,988	-	-	-	-	-	-	50,146
Accrued payroll and liabilities Due to the General Fund	-	4,500	-	3,617	3,978	3,743	-	-	-	-	-	15,838
Unearned revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	<u>24,658</u>	-	<u>3,617</u>	<u>33,966</u>	<u>3,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,984</u>
<b>Deferred inflow of resources:</b>												
Unavailable revenues	-	-	-	2,884	5,167	3,268	-	-	-	-	-	11,319
Fund balances:												
Nonspendable	-	14,155	-	10,778	12,244	7,413	-	-	-	-	-	44,590
Restricted	-	-	-	-	-	-	322,605	-	-	-	13,176	335,781
Committed	9,000	442,745	429,195	43,562	65,795	125,329	-	-	-	-	-	1,115,626
Total fund balance	<u>9,000</u>	<u>456,900</u>	<u>429,195</u>	<u>54,340</u>	<u>78,039</u>	<u>132,742</u>	<u>322,605</u>	<u>13,176</u>	<u>-</u>	<u>-</u>	<u>13,176</u>	<u>1,495,997</u>
	<u>9,000</u>	<u>481,558</u>	<u>429,195</u>	<u>60,841</u>	<u>117,172</u>	<u>139,753</u>	<u>322,605</u>	<u>13,176</u>	<u>-</u>	<u>-</u>	<u>13,176</u>	<u>1,573,300</u>

(continued)

CITY OF HOONAH, ALASKA  
 Other Governmental Funds  
 Combining Balance Sheet, Continued

	Capital Project Funds					Total Capital Project Funds	Debt Service Fund	Total Other Governmental Funds
	Harbor Electrical Upgrade	AIDEA Bulk Fuel Upgrade	Harbor Improvement	AN19N5R Burn Box	Sewage Lagoon			
<u>Assets</u>								
Cash and cash equivalents	\$ -	95,110	-	-	-	95,110	-	95,110
Investments	-	-	-	-	-	-	-	413,896
Receivables -								
Local sources	-	-	-	30,321	6,513	36,834	6,311	155,457
Prepaid items	-	-	-	-	-	-	-	44,590
Due from other funds	189,779	84,987	347,941	-	-	622,707	140,261	1,765,470
	<u>\$ 189,779</u>	<u>180,097</u>	<u>347,941</u>	<u>30,321</u>	<u>6,513</u>	<u>754,651</u>	<u>146,572</u>	<u>2,474,523</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</u>								
Liabilities:								
Accounts payable	-	-	-	-	-	-	-	50,146
Accrued payroll and liabilities	-	-	-	-	-	-	-	15,838
Due to the General Fund	-	-	-	30,321	6,513	36,834	-	36,834
Unearned revenues	182,942	-	72,264	-	-	255,206	-	255,206
Total liabilities	<u>182,942</u>	<u>-</u>	<u>72,264</u>	<u>30,321</u>	<u>6,513</u>	<u>292,040</u>	<u>-</u>	<u>358,024</u>
Deferred inflow of resources:								
Unavailable revenues	-	-	-	-	-	-	-	11,319
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	44,590
Restricted	-	180,097	-	-	-	180,097	146,572	662,450
Committed	6,837	-	275,677	-	-	282,514	-	1,398,140
Total fund balance	<u>6,837</u>	<u>180,097</u>	<u>275,677</u>	<u>-</u>	<u>-</u>	<u>462,611</u>	<u>146,572</u>	<u>2,105,180</u>
	<u>\$ 189,779</u>	<u>180,097</u>	<u>347,941</u>	<u>30,321</u>	<u>6,513</u>	<u>754,651</u>	<u>146,572</u>	<u>2,474,523</u>

CITY OF HOONAH, ALASKA

Other Governmental Funds

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (deficits)

For the Year Ended December 31, 2021

Special Revenue Funds

	Liquor Board	Parks and Recreation	Halibut Permit	Water	Sewer	Sanitary Landfill	School Sales Tax	Title III	CARES Act	Total Special Revenue Funds
Revenues:										
Local sources:										
Sales tax	-	337,912	-	-	-	-	163,501	-	-	501,413
Charges for services	-	49,018	9,674	236,025	282,317	231,178	-	-	-	808,212
Earnings on investments	-	-	64,712	-	-	-	-	-	-	64,712
Other	14,000	26,100	-	-	-	-	-	-	-	40,100
Total local sources	14,000	413,030	74,386	236,025	282,317	231,178	163,501	-	-	1,414,437
Intergovernmental:										
State of Alaska	-	5,362	-	6,833	7,834	6,028	-	-	-	26,057
Federal sources	-	-	-	-	-	-	-	-	145,153	145,153
Total intergovernmental	-	5,362	-	6,833	7,834	6,028	-	-	145,153	171,210
Total revenues	14,000	418,392	74,386	242,858	290,151	237,206	163,501	-	145,153	1,585,647
Expenditures:										
Current:										
Water	-	-	-	247,758	-	-	-	-	-	247,758
Sewer	-	-	-	-	336,900	-	-	-	-	336,900
Sanitary landfill	-	-	-	-	-	208,416	-	-	-	208,416
Parks and recreation	-	429,735	-	-	-	-	-	-	-	429,735
Special programs	14,000	-	-	-	-	-	-	-	-	14,000
Education	-	-	-	-	-	-	142,718	-	145,153	287,871
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	14,000	429,735	-	247,758	336,900	208,416	142,718	-	145,153	1,524,690
Excess (deficiency) of revenues over expenditures	-	(11,343)	74,386	(4,900)	(46,749)	28,790	20,783	-	-	60,967
Other financing sources (uses):										
Insurance recovery	-	-	-	-	-	-	-	-	-	-
Transfers in	-	215,000	-	-	-	-	-	-	-	215,000
Transfers out	-	(25,000)	-	-	-	-	-	-	-	(25,000)
Net other financing sources (uses)	-	190,000	-	-	-	-	-	-	-	190,000
Net change in fund balances	-	178,657	74,386	(4,900)	(46,749)	28,790	20,783	-	-	250,967
Fund balances (deficits), beginning of year	9,000	278,243	354,809	59,240	124,788	103,952	301,822	13,176	-	1,245,030
Fund balances, end of year	9,000	456,900	429,195	54,340	78,039	132,742	322,605	13,176	-	1,495,997

(continued)

CITY OF HOONAH, ALASKA

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (deficits), Continued

	Capital Project Funds							Total Capital Project Funds	Debt Service Fund	Total Other Governmental Funds
	Harbor Electrical Upgrade	AIDEA Bulk Fuel Upgrade	Harbor Improvement	Water Tower Replacement	ANI9N5R Burn Box	Wastewater Collection System Improvements	Gym Floor Replacement			
Revenues:										
Local sources:										
Sales tax	-	-	-	-	-	-	-	-	83,570	584,983
Charges for services	-	26,275	-	-	-	-	-	-	-	834,487
Earnings (losses) on investments	-	-	-	-	-	-	-	-	-	64,712
Other	-	-	-	-	76,018	-	-	-	-	116,118
Total local sources	-	26,275	-	-	76,018	-	-	-	83,570	1,600,300
Intergovernmental:										
State of Alaska	-	-	-	-	-	1,866	-	709,831	-	737,754
Federal sources	-	-	-	-	-	1,866	-	6,513	-	151,866
Total intergovernmental	-	-	-	-	-	3,732	-	709,831	-	889,620
Total revenues	-	26,275	-	-	76,018	3,732	-	709,831	83,570	2,489,920
Expenditures:										
Current:										
Water	-	-	-	-	-	1,866	-	-	-	249,624
Sewer	-	-	-	-	-	-	-	6,513	-	343,413
Sanitary landfill	-	-	-	-	-	-	-	-	-	208,416
Parks and recreation	-	-	-	-	-	-	-	-	-	429,735
Special programs	-	-	-	-	-	-	-	-	-	14,000
Education	-	-	-	-	-	-	-	-	-	287,871
Capital outlay	-	-	-	2,621	76,018	-	168,188	709,831	-	956,658
Debt service:										
Principal	-	-	-	-	-	-	-	-	55,000	55,000
Interest	-	-	-	-	-	-	-	-	36,750	36,750
Total expenditures	-	-	-	2,621	76,018	3,732	168,188	709,831	91,750	2,581,467
Excess (deficiency) of revenues over expenditures	-	26,275	-	(2,621)	-	-	(168,188)	-	(8,180)	(91,747)
Other financing sources (uses):										
Insurance recovery	-	-	-	-	-	-	163,188	-	-	163,188
Transfers in	-	-	-	5,550	-	-	5,000	-	-	225,550
Transfers out	-	-	-	-	-	-	(168,188)	-	-	(25,000)
Net other financing sources (uses)	-	-	-	5,550	-	-	168,188	-	-	363,738
Net change in fund balances	-	26,275	-	2,929	-	-	-	29,204	(8,180)	271,991
Fund balances (deficits), beginning of year	6,837	153,822	275,677	(2,929)	-	-	-	433,407	154,752	1,833,189
Fund balances, end of year	6,837	180,097	275,677	-	-	-	-	462,611	146,572	2,105,180

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CITY OF HOONAH  
 Schedule of Expenditures of Federal Awards  
 Year Ended December 31, 2021

<u>Grant Title</u>	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Total Grant Award</u>	<u>Total Federal Expended</u>
U.S. Department of Agriculture:				
Direct - Water and Waste System	AN-16-T64	10.760	<u>17,089,431</u>	<u>4,459,652</u>
Passed through the State of Alaska Department of Environmental Conservation:				
Village Safe Water Program	AN-16-T64	10.760	<u>5,696,477</u>	<u>1,486,550</u>
Total ALN 10.760			<u>22,785,908</u>	<u>5,946,202</u>
Passed through the State of Alaska Department of Commerce, Community, and Economic Development:				
Federal Timber Receipts	None	10.665	<u>186,969</u>	<u>186,969</u>
Total Department of Agriculture			<u>22,972,877</u>	<u>6,133,171</u>
U.S. Department of the Interior passed through State of Alaska: Department of Commerce, Community, and Economic Development:				
Payment in lieu of taxes	None	15.226	<u>168,982</u>	<u>168,982</u>
Federal Emergency Management Agency passed through State of Alaska Department of Military and Veteran Affairs:				
COVID-19 Testing	DR-4533-AK	97.036	1,241,091	1,241,091
Public Safety Officer	DR-4533-AK	97.036	84,687	84,687
Ear Mountain Water Supply Intake	DR-4585-AK	97.036	7,032	7,032
White Alice Road Debris Removal	DR-4585-AK	97.036	19,906	19,906
Wastewater Treatment Plant	DR-4585-AK	97.036	8,524	8,524
Water Treatment Plant	DR-4585-AK	97.036	<u>39,651</u>	<u>39,651</u>
Total ALN 97.036			<u>1,400,891</u>	<u>1,400,891</u>
U.S. Department of Treasury passed through State of Alaska Department of Commerce, Community, and Economic Development:				
COVID-19 CARES Act	None	21.019	1,710,493	145,153
COVID-19 CLFRF	AK0050	21.027	<u>362,918</u>	<u>6,513</u>
Total Department of Treasury			<u>2,073,411</u>	<u>151,666</u>
Total federal financial assistance			<u>\$ 26,616,161</u>	<u>7,854,710</u>

See accompanying notes to the schedule.

CITY OF HOONAH, ALASKA

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

**Note 1. Basis of Presentation**

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

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. City of Hoonah, Alaska has elected not to use the 10% de minimis indirect cost rate allowed under the uniform guidance.

**Note 3. Passed Through Awards**

No amounts were passed through to subrecipients.

**Note 4. Reporting Entity**

The City, for purpose of the Schedule of Expenditures of Federal Awards, includes all the funds of the primary government as defined by GASB Codification, Section 2100, *The Financial Reporting Entity*. It does not include the component unit of the City – The Hoonah City School District. This component unit also receives Federal assistance, but separately satisfy the audit requirements of Uniform Guidance.

**Note 5. FEMA Disaster Assistance – ALN 97.036**

The City of Hoonah, Alaska incurred eligible expenditures in fiscal year 2020 of \$233,793 with FEMA approving the Project Worksheet in fiscal year 2021. The City of Hoonah, Alaska has recorded eligible expenditures recorded in the prior year on the schedule of expenditures of federal awards.