

CITY OF VALDEZ, ALASKA

Management's Discussion and Analysis,  
Basic Financial Statements,  
Required Supplementary Information and  
Supplementary Information  
(With Independent Auditor's Report Thereon)

Year Ended December 31, 2024

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**CITY OF VALDEZ, ALASKA**

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## **Independent Auditor's Report**

Honorable Mayor and City Council  
City of Valdez, Alaska  
Valdez, Alaska

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Valdez, Alaska, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Valdez, Alaska's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Valdez, Alaska, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Providence Valdez Medical Center Enterprise Fund, which represent 99%, 100%, and 97%, respectively, of the assets, net position, and revenues of the Business-type Activities as of December 31, 2024. We did not audit the financial statements of Providence Valdez Counseling Center Enterprise Fund, which represent 1%, 0%, and 3%, respectively, of the assets, net position, and revenues of the Business-type Activities as of December 31, 2024. We did not audit the financial statements of Valdez Museum and Historical Archive Association Inc., a nonmajor governmental fund, which represent 3%, 3%, and 4%, respectively, of the assets, fund balance, and revenues of the aggregate remaining fund information, and >1%, >1%, and >1%, respectively, of the assets, net position, and revenues of the Governmental Activities as of December 31, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Valdez, Alaska, is based solely on the report of the other auditors.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Valdez, 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. The financial statements of Providence Valdez Medical Center, Providence Valdez Counseling Center, and Valdez Museum and Historical Archive Association Inc. were not audited in accordance with *Government Auditing Standards*.

### ***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 Valdez, 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 Valdez, 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 Valdez, Alaska's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, Schedules of City's Proportionate Share of the Net Pension and OPEB Liability and Asset and Contributions for the Public Employees' Retirement System, and Notes to Required Supplementary Information on pages 5-12, 60, 61-64, and 65-66, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Valdez, Alaska's basic financial statements. The accompanying "Supplementary Information", which includes the General Fund: Combining Balance Sheet and Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances; Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances; and the State of Alaska, Department of Health – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the reports of the other auditors, the "Supplementary Information" is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and City Council  
City of Valdez, Alaska

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

In accordance with *Government Auditing Standards*, we have also issued our report dated Month XX, 2025, on our consideration of the City of Valdez, 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 Valdez, Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Valdez, Alaska's internal control over financial reporting and compliance.

Anchorage, Alaska  
Month XX, 2025



# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# CITY OF VALDEZ, ALASKA

## Management's Discussion and Analysis

December 31, 2024

The management of the City of Valdez offers readers of the City's financial statements this discussion and analysis of the financial activities of the City of Valdez for the fiscal year ending December 31, 2024.

### Financial Highlights

- The assets and deferred outflow of resources of the City of Valdez governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$696MM. Of this amount, \$84MM (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's governmental funds reported combined fund balances of \$415MM, a net decrease of \$10MM driven mainly by a decrease in the General City Capital Project Fund.
- The unassigned fund balance for the General Fund was \$12.7 MM, or 21% of total General Fund fiscal year 2024 expenditures, a reduction from \$14.0MM or 25% of total General Fund fiscal year 2023 expenditures as stated in the 2023 Financial Audit.
- The City's total long-term debt was \$73.3MM, a net decrease of \$3.4MM from the prior year.
- The 2024 Financial Statements reflect Providence Valdez Medical Center (PVMC) and Providence Valdez Counseling Center (PVCC) categorized as Enterprise Funds and are reported under the Primary Government as Business-Type Activities.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 4) required supplementary information, and 5) additional supplemental information. The discussion section is designed to be a narrative overview of these components. The following is an analysis of both the government-wide and fund financial statements.

### Government-wide Financial Statements Discussion

The government-wide financial statements are designed to provide readers with a broad overview of the finances of the City, in a manner similar to a private-sector business. They include two distinct statements: a *statement of net position* and a *statement of activities*.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Valdez is improving or declining.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Management's Discussion and Analysis, Continued

Both of the government-wide financial statements distinguish functions of the City of Valdez that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Valdez include general government, public safety, public works, public services, port, harbor, utility, airport, museum, and education. The business-type activities of the City of Valdez reflect healthcare operations. The government-wide financial statements include the City of Valdez itself (known as the primary government), as well as one legally separate component unit of the City; Valdez City Schools. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

In addition, the City owns a museum, hospital, and counseling center. These entities are reported as blended component units. All four entities prepare separately issued financial statements, which are available by contacting the respective organizations. (See Note 1 to the financial statements.)

### **Fund Financial Statements Discussion**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Valdez, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Valdez can be divided into two categories: *governmental funds* and *proprietary funds*.

*Governmental funds* – Governmental funds are used to account for essentially the same functions as reported in the government-wide financial statements as governmental activities. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of unreserved resources as well as the balances of unreserved resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term liquidity and financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City of Valdez maintains nine individual governmental funds. Four of these funds are considered major funds in 2024: the General Fund, the Permanent Fund, the General City Capital Project Fund, and the Airport Special Revenue Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these four major funds. Data from the other non-major funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is available upon request.

## CITY OF VALDEZ, ALASKA

### Management's Discussion and Analysis, Continued

The City of Valdez adopts an annual appropriated budget for its General Fund and its other governmental funds. Budgetary comparison statements have been provided as required supplementary information for the General Fund to demonstrate compliance with this budget.

*Proprietary funds* - There are two different types of proprietary funds: enterprise funds and internal service funds.

*Enterprise funds* – Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Valdez currently has two enterprise funds: Providence Valdez Medical Center (PVMC) Enterprise Fund and Providence Valdez Counseling Center (PVCC) Enterprise Fund.

*Internal service funds* – are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund for its employee benefit self-insured health plan. Because this service benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. The City does not adopt an annual appropriated budget for the employee benefit self-insured health plan internal service fund due to its unpredictable utilization and claims volatility. The City limits its exposure to excessive claims expense through the use of stop-loss reinsurance. The Valdez City School District also participates in the health plan.

*Fiduciary funds* - This category of fund is to account for those assets that are held in trust and so do not support the government's other activities. The City does not currently report any fiduciary funds.

### Notes and Other Information Discussion

*Notes to the financial statements* - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Government-wide Financial Statements Analysis

#### ***Statement of Net Position***

The trend of changes to net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$721MM at the close of 2024, up from \$700MM at the close of 2023. This increase is primarily a result of growth of the Valdez Permanent Fund, a financial resource which strongly augments the Net Position of the City in peer comparison.

# CITY OF VALDEZ, ALASKA

## Management's Discussion and Analysis, Continued

The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. The net investment in capital assets of the City reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less any related debt used to acquire those assets that remains outstanding, adjusted for debt issued but not yet spent (e.g. unspent bond proceeds). Although the City's investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The following reflects the condensed statement of net position for 2023 and 2024.

		Governmental Activities	
		2023	2024
Current Assets	\$	440,655,866	428,509,282
Noncurrent Assets		326,078,234	348,713,123
Total Assets		766,734,100	777,222,405
Deferred Outflows of Resources		2,060,182	1,743,642
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$</b>	<b>768,794,282</b>	<b>778,966,047</b>
Current Liabilities	\$	13,357,608	12,124,725
Long-Term Liabilities		70,548,544	66,940,765
Total Liabilities		83,906,152	79,065,490
Deferred Inflows of Resources		4,264,148	4,186,083
Total Liabilities and Deferred Inflows of Resources		88,170,300	83,251,573
Net Position			
Net Investment in Capital Assets		294,405,683	306,410,232
Restricted		300,627,161	305,371,073
Unrestricted		85,591,138	83,933,169
Total Net Position		680,623,982	695,714,474
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$</b>	<b>768,794,282</b>	<b>778,966,047</b>

Of the \$696MM total net position; \$306MM (44%), is invested in capital assets; \$305MM (44%) is restricted and mostly comprised of investments in the Permanent Fund; the remaining balance of \$84MM (12%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

## CITY OF VALDEZ, ALASKA

## Management's Discussion and Analysis, Continued

**Statement of Activities**

The following condensed table of changes in net position displays the revenues and expenses for 2023 and 2024.

	Governmental Activities	
	2023	2024
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 5,488,763	4,723,219
Operating Grants and Contributions	5,454,423	4,949,733
Capital Grants and Contributions	2,831,030	5,829,776
General Revenues		
Property and Hotel Taxes	50,184,964	51,762,466
Payment in Lieu of Taxes	763,175	805,367
Grants and Entitlements not restricted	1,259,433	711,426
Investment Income	36,754,382	31,390,250
Other	1,427,183	717,065
<b>Total Revenues</b>	<b>104,163,353</b>	<b>100,889,302</b>
<b>Expenses</b>		
General Government	17,790,859	20,639,786
Public Safety	8,714,909	10,932,671
Public Works	11,757,945	21,268,385
Public Service	5,260,043	5,949,562
Port	3,454,923	3,513,534
Harbor	4,119,468	4,362,870
Utility	1,731,984	2,855,466
Airport	590,704	581,415
Education	13,967,845	13,967,305
Hospital and Health Care	454,498	456,436
Museum	781,409	776,634
Interest on Long-Term Debt	2,152,039	1,769,746
<b>Total Expenses</b>	<b>70,776,626</b>	<b>87,073,810</b>
<b>Transfers</b>	<b>-</b>	<b>1,275,000</b>
Change in Net Position	33,386,727	15,090,492
Net Position, Beginning of Year	647,237,255	680,623,982
<b>Net Position, End of Year</b>	<b>\$ 680,623,982</b>	<b>695,714,474</b>

Governmental activities increased the net position of the City of Valdez by \$15.1MM in fiscal year 2024, driven primarily by \$31.4MM of investment gains, of which \$24.5MM were in the Permanent Fund. The increase to net position was offset by increased expenditure on funds previously appropriated for the Sewer Force Main Project.

# CITY OF VALDEZ, ALASKA

## Management's Discussion and Analysis, Continued

Providence Valdez Medical Center (PVMC) and Providence Valdez Counseling Center (PVCC) are presented as Enterprise Funds as of December 31, 2024. Comparative information for the Business-type Activities' Statement of Net Position and Statement of Activities is not presented in the Management's Discussion and Analysis.

### Governmental Fund Financial Analysis

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds* - The focus of the governmental funds of the City of Valdez is to provide information on near term inflows, outflows, and remaining balances at year-end. Unassigned resources are those resources available for spending at the end of the fiscal year. Such information is useful in assessing the financing requirements of the City of Valdez. In particular, unassigned fund balance may serve as a useful measure of a government's ability to meet the expenditures of the current period.

As of the end of the 2024 fiscal year, the governmental funds of the City reported combined ending fund balances of \$415MM, a combined net decrease of \$10MM over 2023 balances. The decrease is due exclusively to expenditure on previously appropriated Capital Projects monies as all other fund balances have grown over this period. \$13MM, or 3% of this total amount constitutes unassigned fund balance. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been dedicated to some other purpose: liquidate contracts of the prior period; pay debt service; generate income for the growth of the Permanent Fund; provide working capital; or for a variety of other purposes.

A summary of governmental funds and fund balances follows:

	2023	2024
Governmental Funds		
Permanent Fund	\$ 269,563,938	290,116,647
General Fund	82,404,021	84,051,033
Capital Project Fund	55,780,504	22,281,649
Other Funds	17,109,168	18,133,276
<b>Total Fund Balances</b>	<b>424,857,631</b>	<b>414,582,605</b>

The General Fund is the main operating fund of the City of Valdez. At the end of the 2024 fiscal year, unassigned fund balance of the General Fund was \$12.7MM while total fund balance was \$84.0MM, an increase of \$1.6MM.

The Permanent Fund had a total fund balance of \$290MM, all of which is reported as restricted investments in accordance with the City Charter. The fund balance increased by \$20.5MM, mirroring the year-over-year performance of broader capital market indices.

## Management's Discussion and Analysis, Continued

**Proprietary Fund Financial Analysis**

The City of Valdez maintains two types of proprietary funds; enterprise funds and internal service funds. The City's two enterprise funds (PVMC and PVCC) report the same functions presented as business-type activities in the government-wide financial statements.

The Providence Valdez Medical Center Enterprise Fund had net position of \$20.9MM as of December 31, 2024, an increase of \$2.1MM.

The City maintains one internal service fund; the Health Insurance Fund. This fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the fund for its employee benefit self-insured health plan. Ending net position of this fund was \$4.1MM, reflecting a decrease of \$601K.

**General Fund Budgetary Highlights**

The net change from the original budget and final amended budget represented a \$0.6 MM increase in revenues and an increase of \$6.5 MM in expenditure appropriations, including funds carried forward from the prior year.

Budget revisions were formally approved throughout the year by council resolution and can be briefly summarized as follows:

- \$0.9 MM in increased general government appropriations
- \$5.6 MM in increased capital and maintenance project appropriations, following the City's convention of utilizing funds carried forward from the prior year.

**Capital Assets and Debt Administration**

*Capital assets* - The investment in capital assets for the City of Valdez governmental activities as of December 31, 2024 amounts to \$340MM (net of accumulated depreciation). This investment includes land and land improvements, buildings and improvements, equipment, construction work-in-progress, sewer and water treatment facilities and roads. The total net increase in the City's investments in capital assets for the current fiscal year was \$23MM.

The following table displays the capital assets (net of depreciation) for the current year.

		Governmental Activities	
		2023	2024
Land	\$	16,189,410	16,192,572
Buildings		167,077,681	163,066,148
Improvements other than Buildings		72,384,930	75,758,195
Equipment		10,516,277	11,452,950
Construction in Progress		51,265,818	73,863,199
<b>Total</b>	\$	<b>317,434,116</b>	<b>340,338,064</b>

Additional information on the City's capital assets can be found in Note 5 to the financial statements.



Management's Discussion and Analysis, Continued

*Long-term debt* - At the end of the 2024 fiscal year, the City of Valdez had ending bonded debt principal outstanding of \$47.6MM. Additionally, the City had ending Alaska Clean Water loan payable principal outstanding of \$380,135. As of December 31, 2024 the City recognizes a liability of \$2.0MM for accrued leave and \$19.4MM for its share of the statewide PERS net pension liabilities, and \$2.7MM for landfill closure and post-closure monitoring costs.

Additional information on the City's long-term debt can be found in Note 6 to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

- On April 12, 2022 the State Assessment Review Board ("SARB") issued its Certificate of Determination ("COD"), the implications of which were an additional \$165MM in assessed value added to the City's tax roll in 2022. Tax revenue related to these assessments, including those of a similar amount received under protest in 2023 and 2024, are currently held in reserve pending the determination of ongoing appeals. The only exception is appropriations made to Legal Department from this reserve for costs directly associated with litigation related to determining an outcome.

These factors were considered in preparing and revising the City's 2025 budget.

**Requests for Information**

This financial report is designed to provide a general overview of the finances of the City of Valdez for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Valdez Finance Director, PO Box 307, Valdez, Alaska, 99686.

## **BASIC FINANCIAL STATEMENTS**

## CITY OF VALDEZ, ALASKA

## Statement of Net Position

December 31, 2024

	Primary Government			Component Unit	Total Reporting Entity
	Governmental Activities	Business-Type Activities	Total	Valdez City Schools	
<b><u>Assets and Deferred Outflows of Resources</u></b>					
Assets:					
Cash and investments	\$ 109,640,587	14,968,000	124,608,587	7,170,581	131,779,168
Receivables, net of allowance for uncollectible accounts:					
Property taxes	164,151	-	164,151	-	164,151
Assessments	3,989	-	3,989	-	3,989
Grants and shared revenues	7,100,592	-	7,100,592	239,644	7,340,236
Accounts, net	635,964	4,582,000	5,217,964	-	5,217,964
Accrued interest	1,114,855	-	1,114,855	-	1,114,855
Leases	4,054,275	-	4,054,275	-	4,054,275
Prepaid items	620,096	-	620,096	-	620,096
Inventory	20,921	-	20,921	41,525	62,446
Other current assets	-	553,000	553,000	-	553,000
Restricted cash and investments:					
Permanent fund	289,841,096	-	289,841,096	-	289,841,096
Unspent bond proceeds	15,312,756	-	15,312,756	-	15,312,756
Capital assets, not being depreciated	90,060,771	1,415,000	91,475,771	-	91,475,771
Capital assets, net of accumulated depreciation	250,277,293	4,543,000	254,820,293	961,009	255,781,302
Net OPEB assets	8,375,059	-	8,375,059	4,603,259	12,978,318
Other long-term assets	-	126,000	126,000	-	126,000
Total assets	<u>777,222,405</u>	<u>26,187,000</u>	<u>803,409,405</u>	<u>13,016,018</u>	<u>816,425,423</u>
Deferred outflows of resources - Pension and OPEB deferrals	<u>1,743,642</u>	<u>-</u>	<u>1,743,642</u>	<u>1,286,577</u>	<u>3,030,219</u>
Total assets and deferred outflows of resources	<u>\$ 778,966,047</u>	<u>26,187,000</u>	<u>805,153,047</u>	<u>14,302,595</u>	<u>819,455,642</u>

(continued)

## CITY OF VALDEZ, ALASKA

## Statement of Net Position, Continued

	Primary Government			Component Unit	Total Reporting Entity
	Governmental Activities	Business-Type Activities	Total	Valdez City Schools	
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>					
Liabilities:					
Accounts payable	\$ 1,222,992	4,123,000	5,345,992	93	5,346,085
Accrued payroll liabilities	1,393,647	235,144	1,628,791	962,052	2,590,843
Health claims payable	1,952,914	-	1,952,914	-	1,952,914
Customer deposits	39,250	-	39,250	-	39,250
Other liabilities	-	486,000	486,000	-	486,000
Unearned revenues	1,139,617	-	1,139,617	10,791	1,150,408
Accrued interest payable	4,752	-	4,752	-	4,752
Noncurrent liabilities:					
Due within one year:					
Accrued leave	1,420,545	190,020	1,610,565	-	1,610,565
Bonds payable	4,921,859	-	4,921,859	-	4,921,859
Loans payable	29,149	-	29,149	-	29,149
Due in more than one year:					
Accrued leave	574,859	181,836	756,695	-	756,695
Bonds payable	43,938,594	-	43,938,594	-	43,938,594
Loans payable	350,986	-	350,986	-	350,986
Net pension liabilities	19,375,861	-	19,375,861	8,387,749	27,763,610
Landfill closure and post-closure costs payable	2,700,465	-	2,700,465	-	2,700,465
Total liabilities	79,065,490	5,216,000	84,281,490	9,360,685	93,642,175
Deferred inflows of resources:					
Leases	3,896,217	-	3,896,217	-	3,896,217
Pension and OPEB deferrals	289,866	-	289,866	244,942	534,808
Total deferred inflows of resources	4,186,083	-	4,186,083	244,942	4,431,025
Total liabilities and deferred inflows of resources	83,251,573	5,216,000	88,467,573	9,605,627	98,073,200
Net position:					
Net investment in capital assets	306,410,232	5,958,000	312,368,232	961,009	313,329,241
Restricted:					
Permanent fund	290,017,147	-	290,017,147	-	290,017,147
Healthcare	-	117,000	117,000	-	117,000
Debt service	15,312,756	-	15,312,756	-	15,312,756
Projects and displays	41,170	-	41,170	-	41,170
Unrestricted	83,933,169	14,896,000	98,829,169	3,735,959	102,565,128
Total net position	695,714,474	20,971,000	716,685,474	4,696,968	721,382,442
Total liabilities, deferred inflows of resources and net position	\$ 778,966,047	26,187,000	805,153,047	14,302,595	819,455,642

See accompanying notes to the financial statements.

## CITY OF VALDEZ, ALASKA

## Statement of Activities

Year Ended December 31, 2024

	Program Revenues				Changes in Net Position				
					Primary Government			Component Unit	
	Direct Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Valdez City Schools	Total Reporting Entity
Governmental activities:									
General government	\$ 20,639,786	281,719	370,873	-	(19,987,194)	-	(19,987,194)	-	(19,987,194)
Public safety	10,932,671	175,290	1,101,634	-	(9,655,747)	-	(9,655,747)	-	(9,655,747)
Public works	21,268,385	140,936	349,011	2,752,434	(18,026,004)	-	(18,026,004)	-	(18,026,004)
Public service	5,949,562	199,936	139,346	62,328	(5,547,952)	-	(5,547,952)	-	(5,547,952)
Port	3,513,534	1,065,619	35,986	-	(2,411,929)	-	(2,411,929)	-	(2,411,929)
Harbor	4,362,870	1,825,190	270,979	3,015,014	748,313	-	748,313	-	748,313
Utility	2,855,466	518,930	49,213	-	(2,287,323)	-	(2,287,323)	-	(2,287,323)
Airport	581,415	234,317	-	-	(347,098)	-	(347,098)	-	(347,098)
Education	13,967,305	-	2,632,691	-	(11,334,614)	-	(11,334,614)	-	(11,334,614)
Hospital and healthcare	456,436	-	-	-	(456,436)	-	(456,436)	-	(456,436)
Museum	776,634	281,282	-	-	(495,352)	-	(495,352)	-	(495,352)
Unallocated interest	1,769,746	-	-	-	(1,769,746)	-	(1,769,746)	-	(1,769,746)
Total governmental activities	87,073,810	4,723,219	4,949,733	5,829,776	(71,571,082)	-	(71,571,082)	-	(71,571,082)
Business-type activities:									
Providence Valdez Medical Center	19,910,000	22,973,000	-	-	-	3,063,000	3,063,000	-	3,063,000
Providence Valdez Counseling Center	849,000	262,000	363,000	-	-	(224,000)	(224,000)	-	(224,000)
Total business-type activities	20,759,000	23,235,000	363,000	-	-	2,839,000	2,839,000	-	2,839,000
Total primary government	107,832,810	27,958,219	5,312,733	5,829,776	(71,571,082)	2,839,000	(68,732,082)	-	(68,732,082)
Component unit:									
Valdez City Schools	\$ 18,033,569	101,891	3,669,945	125,000	-	-	-	(14,136,733)	(14,136,733)
General revenues:									
Taxes					\$ 51,762,466	-	51,762,466	-	51,762,466
Payments in lieu of taxes					805,367	-	805,367	-	805,367
Contributions from primary government					-	-	-	9,352,964	9,352,964
Grants and entitlements not restricted to a specific purpose					711,426	-	711,426	4,721,329	5,432,755
Investment income					31,390,250	-	31,390,250	359,117	31,749,367
Other					717,065	484,000	1,201,065	538,595	1,739,660
Transfers					1,275,000	(1,275,000)	-	-	-
Total general revenues and transfers					86,661,574	(791,000)	85,870,574	14,972,005	100,842,579
Change in net position					15,090,492	2,048,000	17,138,492	835,272	17,973,764
Net position, beginning of year					680,623,982	18,923,000	699,546,982	3,861,696	703,408,678
Net position, end of year					\$ 695,714,474	20,971,000	716,685,474	4,696,968	721,382,442

See accompanying notes to the financial statements.

## CITY OF VALDEZ, ALASKA

## Balance Sheet - Governmental Funds

December 31, 2024

	General Fund	Permanent Fund	Airport Special Revenue Fund	General City Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>						
Assets:						
Cash and investments	\$ 85,742,260	-	1,489,952	204,554	16,363,166	103,799,932
Receivables, net of allowance for uncollectible accounts:						
Property taxes	164,151	-	-	-	-	164,151
Assessments	3,989	-	-	-	-	3,989
Grants and shared revenues	167,382	-	-	6,693,013	240,197	7,100,592
Accounts	93,329	11,118	64,176	38,093	173,597	380,313
Accrued interest	590,621	295,287	10,418	107,788	110,741	1,114,855
Leases	3,098,219	-	861,900	-	94,156	4,054,275
Prepaid items	535,675	-	6,761	-	77,660	620,096
Inventory	-	-	-	-	20,921	20,921
Restricted cash and investments:						
Permanent fund	-	289,841,096	-	-	-	289,841,096
Unspent bond proceeds	-	-	-	15,312,756	-	15,312,756
Total assets	\$ 90,395,626	290,147,501	2,433,207	22,356,204	17,080,438	422,412,976
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>						
Liabilities:						
Accounts payable	\$ 962,422	30,854	9,554	65,307	154,855	1,222,992
Accrued payroll liabilities	1,381,357	-	-	-	12,290	1,393,647
Customer deposits	12,700	-	-	-	26,550	39,250
Unearned revenues	849,173	-	-	9,248	281,196	1,139,617
Total liabilities	3,205,652	30,854	9,554	74,555	474,891	3,795,506
Deferred inflows of resources:						
Unavailable revenues:						
Deferred taxes and assessments	138,648	-	-	-	-	138,648
Leases	3,000,293	-	806,515	-	89,409	3,896,217
Total deferred inflows of resources	3,138,941	-	806,515	-	89,409	4,034,865
Total liabilities and deferred inflows of resources	6,344,593	30,854	816,069	74,555	564,300	7,830,371
Fund balances:						
Nonspendable	535,675	-	6,761	-	98,581	641,017
Restricted	-	290,017,147	-	15,312,756	41,170	305,371,073
Committed	6,499,941	99,500	-	5,535,525	111,950	12,246,916
Assigned	64,322,154	-	1,610,377	1,433,368	16,264,437	83,630,336
Unassigned	12,693,263	-	-	-	-	12,693,263
Total fund balances	84,051,033	290,116,647	1,617,138	22,281,649	16,516,138	414,582,605
Total liabilities, deferred inflows of resources, and fund balances	\$ 90,395,626	290,147,501	2,433,207	22,356,204	17,080,438	422,412,976

See accompanying notes to the financial statements.

## CITY OF VALDEZ, ALASKA

Reconciliation of Governmental Funds  
Balance Sheet to Statement of Net Position

December 31, 2024

Total fund balances of governmental funds	\$	414,582,605
Total net assets reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		340,338,064
Other noncurrent assets are not available to pay for current period expenditures and, therefore, are shown as deferred inflows of resources in the fund financial statements. These assets consist of:		
Delinquent property taxes receivable		138,648
An internal service fund is used by management to charge the cost of health insurance to individual funds and the component unit. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		4,143,392
Long-term liabilities are not due and payable in the current period and, therefore are not reported as fund liabilities. These liabilities consist of:		
Bonds payable	\$	(48,860,453)
Accrued interest		(4,752)
Loan payable		(380,135)
Landfill closure costs		(2,700,465)
Accrued leave		(1,995,404)
Total long-term liabilities		(53,941,209)
Proportionate share of the net OPEB assets		8,375,059
Proportionate share of the net pension liabilities		(19,375,861)
Deferred outflows of resources represent costs applicable to future periods, therefore are not reported in the governmental funds:		
Deferred outflows of resources related to pensions and OPEB		1,743,642
Deferred inflows of resources represent resources or benefits applicable to future periods and therefore are not reported in the governmental funds:		
Deferred inflows of resources related to pensions and OPEB		(289,866)
Total net position of governmental activities	\$	<u>695,714,474</u>

See accompanying notes to the financial statements.

## CITY OF VALDEZ, ALASKA

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

Year Ended December 31, 2024

	General Fund	Permanent Fund	Airport Special Revenue Fund	General City Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Local sources:						
Taxes	\$ 51,672,226	-	-	-	-	51,672,226
Licenses and permits	1,735	-	-	-	-	1,735
Fines and forfeitures	15,188	-	-	10,507	-	25,695
Charges for services	323,357	-	6,023	-	2,707,645	3,037,025
Sales and leases	451,283	-	183,532	-	977,884	1,612,699
Contributions and donations	28,729	-	-	62,328	-	91,057
Investment income	4,448,984	24,465,181	72,357	1,560,389	843,339	31,390,250
Other	293,228	-	44,762	-	301,654	639,644
Intergovernmental:						
State of Alaska	1,539,834	-	-	3,015,014	1,995,809	6,550,657
Federal sources	2,248,470	-	-	2,752,434	-	5,000,904
Total revenues	<u>61,023,034</u>	<u>24,465,181</u>	<u>306,674</u>	<u>7,400,672</u>	<u>6,826,331</u>	<u>100,021,892</u>
<b>Expenditures:</b>						
Current:						
General government	18,750,120	237,691	-	-	-	18,987,811
Public safety	9,434,116	-	-	-	-	9,434,116
Public works	7,848,644	-	-	-	-	7,848,644
Public service	5,084,109	-	-	-	-	5,084,109
Port	-	-	-	259,021	1,015,326	1,274,347
Harbor	-	-	-	-	2,259,805	2,259,805
Utility	-	-	-	-	1,563,016	1,563,016
Airport	-	-	355,233	-	-	355,233
Education	12,083,218	-	-	-	-	12,083,218
Museum	-	-	-	-	726,129	726,129
Debt service:						
Principal	-	-	-	-	4,688,718	4,688,718
Interest	-	-	-	-	1,881,964	1,881,964
Capital outlay	5,987,324	-	-	39,735,905	-	45,723,229
Total expenditures	<u>59,187,531</u>	<u>237,691</u>	<u>355,233</u>	<u>39,994,926</u>	<u>12,134,958</u>	<u>111,910,339</u>
Excess (deficiency) of revenues over expenditures	<u>1,835,503</u>	<u>24,227,490</u>	<u>(48,559)</u>	<u>(32,594,254)</u>	<u>(5,308,627)</u>	<u>(11,888,447)</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	338,421	-	-	-	-	338,421
Transfers in	6,362,500	-	229,016	1,275,000	6,660,396	14,526,912
Transfers out	(6,889,412)	(3,674,781)	-	(2,179,601)	(508,118)	(13,251,912)
Net other financing sources (uses)	<u>(188,491)</u>	<u>(3,674,781)</u>	<u>229,016</u>	<u>(904,601)</u>	<u>6,152,278</u>	<u>1,613,421</u>
Net change in fund balances	1,647,012	20,552,709	180,457	(33,498,855)	843,651	(10,275,026)
Fund balances, beginning of year, as previously reported	<u>82,404,021</u>	<u>269,563,938</u>	<u>-</u>	<u>55,780,504</u>	<u>17,109,168</u>	<u>424,857,631</u>
Change within financial reporting entity (non-major to major fund)	-	-	1,436,681	-	(1,436,681)	-
Fund balances, beginning of year, as adjusted	<u>82,404,021</u>	<u>269,563,938</u>	<u>1,436,681</u>	<u>55,780,504</u>	<u>15,672,487</u>	<u>424,857,631</u>
Fund balances, end of year	<u>\$ 84,051,033</u>	<u>290,116,647</u>	<u>1,617,138</u>	<u>22,281,649</u>	<u>16,516,138</u>	<u>414,582,605</u>

See accompanying notes to the financial statements.



## CITY OF VALDEZ, ALASKA

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

Year Ended December 31, 2024

Net change in fund balance - total governmental funds	\$ (10,275,026)
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The change in net assets reported for governmental activities in the  
Statement of Activities is different because:

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 and reported as depreciation expense:

Capital outlay	\$ 34,541,233	
Depreciation expense	<u>(11,107,659)</u>	23,433,574

Governmental funds only report the revenues or sale of assets to the  
extent proceeds are received from the sale. In the Statement of  
Activities, a gain or loss is reported for each sale. This is the net  
effect of transactions involving capital assets:

Cost of assets disposed	(1,873,360)	
Accumulated depreciation of assets sold	<u>1,343,734</u>	(529,626)

Revenues in the Statement of Activities that do not provide current financial  
resources are not reported as revenues in the funds. This is the amount  
of the change in unavailable revenues.

90,240

Issuance of long-term debt provides current financial resources to governmental  
funds, while the repayment of the principal of long-term debt consumes the  
current financial resources of governmental funds. Neither transaction,  
however, has any effect on net position. Also, governmental funds do not  
report the accrual of interest expense on debt when it is not payable from  
currently available resources.

Principal payments	4,688,718	
Bond premium amortization	111,859	
Change in accrued interest	<u>359</u>	4,800,936

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

Change in landfill closure and post-closure costs payable	(276,177)	
Change in accrued leave	(60,728)	
Change in the proportionate share of the unfunded net pension and OPEB liabilities and assets	<u>(1,341,847)</u>	(1,678,752)

Changes in deferred inflows and outflows of resources are the result of  
timing differences in the actuarial report and adjustments to refle  
employer and non-employer contributions based on the measurement  
date of the liabilities.

Change in deferred inflows and outflows of resources related to pension and OPEB	(149,636)
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Internal service funds are used by management to charge the costs of health  
insurance to individual funds and the component unit. The change in net  
position of these activities is reported with governmental activities.

(601,218)

Change in net position of governmental activities	\$ <u>15,090,492</u>
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See accompanying notes to the financial statements.

## CITY OF VALDEZ, ALASKA

## Proprietary Funds

## Statement of Net Position

December 31, 2024

	Enterprise Funds			Health Insurance Internal Service Fund
	Providence Valdez Medical Center	Providence Valdez Counseling Center	Total Enterprise Funds	
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 14,929,000	39,000	14,968,000	5,840,655
Accounts receivable, net	4,530,000	52,000	4,582,000	255,651
Other	526,000	27,000	553,000	-
Total current assets	19,985,000	118,000	20,103,000	6,096,306
Noncurrent assets:				
Capital assets, net	5,957,000	1,000	5,958,000	-
Other long-term assets	126,000	-	126,000	-
Total noncurrent assets	6,083,000	1,000	6,084,000	-
Total assets	\$ 26,068,000	119,000	26,187,000	6,096,306
<u>Liabilities and Net Position</u>				
Current liabilities:				
Accounts payable	\$ 4,011,000	112,000	4,123,000	1,952,914
Accrued payroll liabilities	208,345	26,799	235,144	-
Accrued leave, due within one year	188,819	1,201	190,020	-
Other	486,000	-	486,000	-
Total current liabilities	4,894,164	140,000	5,034,164	1,952,914
Long-term liabilities -				
Accrued leave, due in more than one year	181,836	-	181,836	-
Total liabilities	5,076,000	140,000	5,216,000	1,952,914
Net position:				
Net investment in capital assets	5,957,000	1,000	5,958,000	-
Restricted	117,000	-	117,000	-
Unrestricted	14,918,000	(22,000)	14,896,000	4,143,392
Total net position	20,992,000	(21,000)	20,971,000	4,143,392
Total liabilities and net position	\$ 26,068,000	119,000	26,187,000	6,096,306

See accompanying notes to the financial statements.

## CITY OF VALDEZ, ALASKA

## Proprietary Funds

## Statement of Revenues, Expenses and Changes in Net Position

December 31, 2024

	Enterprise Funds			Health Insurance Internal Service Fund
	Providence Valdez Medical Center	Providence Valdez Counseling Center	Total Enterprise Funds	
Operating revenues:				
Charges for services	\$ 22,973,000	262,000	23,235,000	7,251,217
Grant revenue	-	363,000	363,000	-
Other	413,000	71,000	484,000	-
Total operating revenue	<u>23,386,000</u>	<u>696,000</u>	<u>24,082,000</u>	<u>7,251,217</u>
Operating expenses:				
Salaries and wages	11,093,000	453,000	11,546,000	-
Employee benefits	2,971,000	203,000	3,174,000	-
Professional fees	63,000	-	63,000	-
Purchased services	2,495,000	65,000	2,560,000	-
Supplies	1,456,000	-	1,456,000	-
Depreciation	656,000	1,000	657,000	-
Contractual services	-	-	-	3,013
Insurance claims and administration	-	-	-	8,073,201
Other	1,176,000	127,000	1,303,000	-
Total operating expenses	<u>19,910,000</u>	<u>849,000</u>	<u>20,759,000</u>	<u>8,076,214</u>
Income (loss) from operations	3,476,000	(153,000)	3,323,000	(824,997)
Nonoperating revenues -				
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,779</u>
Income (loss) before transfers	3,476,000	(153,000)	3,323,000	(601,218)
Transfers in	-	150,000	150,000	-
Transfers out	<u>(1,425,000)</u>	<u>-</u>	<u>(1,425,000)</u>	<u>-</u>
Change in net position	2,051,000	(3,000)	2,048,000	(601,218)
Net position, beginning of year	<u>18,941,000</u>	<u>(18,000)</u>	<u>18,923,000</u>	<u>4,744,610</u>
Net position, end of year	<u>\$ 20,992,000</u>	<u>(21,000)</u>	<u>20,971,000</u>	<u>4,143,392</u>

See accompanying notes to the financial statements.

## CITY OF VALDEZ, ALASKA

## Proprietary Funds

## Statement of Cash Flows

December 31, 2024

	Enterprise Funds			Health Insurance Internal Service Fund
	Providence Valdez Medical Center	Providence Valdez Counseling Center	Total Enterprise Funds	
Cash flows from (for) operating activities:				
Cash received for patient care	\$ 21,307,000	266,000	21,573,000	-
Cash received from grants	-	339,000	339,000	-
Cash received for other services	413,000	71,000	484,000	-
Receipts from interfund services	-	-	-	7,078,458
Payments to employees	(14,221,000)	(668,000)	(14,889,000)	-
Payments to suppliers	(4,527,000)	(176,000)	(4,703,000)	(3,013)
Payments for insurance claims and administration	-	-	-	(7,781,008)
Net cash flows from (for) operating activities	<u>2,972,000</u>	<u>(168,000)</u>	<u>2,804,000</u>	<u>(705,563)</u>
Cash flows from (for) noncapital financing activities -				
Transfers in (out)	<u>(1,425,000)</u>	<u>150,000</u>	<u>(1,275,000)</u>	<u>-</u>
Cash flows (for) capital and related financing activity -				
Capital asset additions	<u>(3,298,000)</u>	<u>-</u>	<u>(3,298,000)</u>	<u>-</u>
Cash flows from investing activities -				
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,779</u>
Change in cash and cash equivalents	<u>(1,751,000)</u>	<u>(18,000)</u>	<u>(1,769,000)</u>	<u>(481,784)</u>
Cash and cash equivalents, beginning of year	<u>16,680,000</u>	<u>57,000</u>	<u>16,737,000</u>	<u>6,322,439</u>
Cash and cash equivalents, end of year	<u>\$ 14,929,000</u>	<u>39,000</u>	<u>14,968,000</u>	<u>5,840,655</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:				
Income (loss) from operations	\$ 3,476,000	(153,000)	3,323,000	(824,997)
Adjustments to reconcile income (loss) from operations to net cash flows provided by operating activities:				
Depreciation	656,000	1,000	657,000	-
Provision for bad debts	1,504,000	13,000	1,517,000	-
(Increase) decrease in assets:				
Accounts receivable	(3,170,000)	(9,000)	(3,179,000)	(172,759)
Other assets	353,000	(24,000)	329,000	-
Increase (decrease) in liabilities:				
Accounts payable	353,000	28,000	381,000	-
Accrued payroll liabilities	(146,095)	4,839	(141,256)	-
Accrued leave	(10,905)	(16,839)	(27,744)	-
Other	(43,000)	(12,000)	(55,000)	-
Claims payable	-	-	-	292,193
Net cash flows from (for) operating activities	<u>\$ 2,972,000</u>	<u>(168,000)</u>	<u>2,804,000</u>	<u>(705,563)</u>
Noncash transactions:				
Capital assets in accounts payable	<u>\$ 41,000</u>	<u>-</u>	<u>41,000</u>	<u>-</u>

See accompanying notes to the financial statements.

# CITY OF VALDEZ, ALASKA

## Notes to Basic Financial Statements

December 31, 2024

### 1. Summary of Significant Accounting Policies

The financial statements of the City of Valdez, Alaska (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.

#### ***Reporting Entity***

The City of Valdez was incorporated on December 11, 1901. The City operates under a Council Manager form of government and provides a full range of services including public safety, highways and streets, sanitation, health and social services, culture and recreation, education, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the City's primary government and its component units, entities for which the City is considered to be financially accountable. The discretely presented component unit, Valdez City Schools, is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. Providence Valdez Medical Center and Providence Valdez Counseling Center have been blended into the primary government financial statements of the City as Enterprise Funds. Valdez Museum and Historical Archive Association, Inc., has been blended into the primary government financial statements of the City as a Special Revenue Fund.

#### ***Providence Valdez Medical Center and Counseling Center***

The Medical Center and the Counseling Center are owned by the City, and as such, all risks and rewards from the operations remain with the City. The City Council acts as the government body, but has contracted the Centers' operations to Providence Health and Services (Washington non-profit corporation). The Medical and Counseling Centers pay a management fee to Providence Health and Services. Complete special purpose financial statements can be obtained by contacting the Providence Valdez Hospital, P.O. Box 550, Valdez, AK 99686.

#### ***Valdez City Schools***

Valdez City Schools (School District) is responsible for elementary and secondary education within the City. The members of the School Board are elected by the voters. However, the School District is fiscally dependent upon the City because the City Council approves the total annual budget of the School District, issues bonds to finance School District construction, levies the necessary taxes, and provides significant operating subsidies to the School District. Complete financial statements can be obtained by contacting Valdez City Schools, P.O. Box 8, Valdez Alaska, 99686.

Notes to Basic Financial Statements, Continued

***Valdez Museum and Historical Archive Association, Inc.***

Pursuant to an agreement with the City, as of January 1, 1997, all accounting, operations, and management of the Museum has been delegated to the Museum's Board of Directors. However, the City Council appoints the Museum Board of Directors. In addition, the Museum is fiscally dependent upon the City because the City Council approves the annual budget, owns the Museum property and equipment, and provides significant operating subsidies to the Museum. Complete financial statements can be obtained by contacting Valdez Museum and Historical Archive Association, Inc., P.O. Box 3988, Valdez Alaska, 99686.

The accounting policies of the City of Valdez conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the significant accounting policies:

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental and enterprise funds are reported as separate columns in the fund financial statements. Remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The City's internal service fund is reported in the proprietary fund financial statements.

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

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

## CITY OF VALDEZ, ALASKA

### Notes to Basic Financial Statements, Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end, except for reimbursement-type grants, in which revenue is considered available if collected within 180 days after year end. 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 are recorded only to the extent they have matured.

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

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

The *General Fund* is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Permanent Fund* is used to report investments that are held for the benefit of current and future Valdez citizens. 1.5% of the fund's market value (as calculated on the last day of the year) may be used to provide resources for capital improvements and operating expenses of the City as designated by the City Council. The remainder is restricted in perpetuity.

The *Airport Special Revenue Fund* accounts for the operation of the City's airport.

The *General City Capital Project Fund* accounts for the construction projects for the City.

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

The *Providence Valdez Medical Center Enterprise Fund* accounts for the business-type activities of the local hospital and long-term care facilities.

The *Providence Valdez Counseling Center Enterprise Fund* accounts for the business-type activities of the local Counseling Center. The City has elected to report this fund as major due to its significance to the public.

Additionally, the City also reports the following funds:

*Special Revenue Funds* – accounts for revenue sources that are legally restricted or committed to expenditure for specific purposes.

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

*Debt Service Fund* – accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt.

*Internal Service Fund* – the Health Insurance Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governments. The City's Internal Service Fund accounts for the City and Valdez City School's self-insured health insurance program.

## CITY OF VALDEZ, ALASKA

### 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are from charging patients and insurance for medical services provided. The principal operating revenues of the Internal Service Fund are charges to City departments and component units for services provided. Operating expenses for the Internal Service Fund include the costs of services, insurance claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### ***Estimates***

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

#### ***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) investments, (3) receivables, net, (4) certain other current assets, (5) accounts payable, and (6) 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, except for the City's investments. The carrying amount of the City's investments are determined based on quoted market prices.

#### ***Cash and Cash Equivalents***

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



## CITY OF VALDEZ, ALASKA

### Notes to Basic Financial Statements, Continued

#### ***Investments***

Investments are stated at fair value. Investments of all funds outside of the Permanent Fund are managed within the City's central treasury. These investments are managed under the General Investments, Investment Policy. A focus on minimizing credit and market risks, mitigating negative effects of inflation and simply identifying and matching the cash flow needs of the City's general and many special revenue funds is the goal.

#### ***Accounts Receivable***

All accounts receivable are shown net of an allowance for doubtful accounts. Providence Valdez Medical Center Enterprise Fund and Providence Valdez Counseling Center Enterprise Fund's allowance for doubtful accounts are based on the aging of accounts receivable, historical collection of experience, and other relevant factors.

#### ***Deferred Inflows of Resources and Deferred Outflows of Resources***

In addition to assets, the financial statements also present deferred outflows of resources. This separate financial statement element represents a consumption of net assets or fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Generally, the City reports pension and OPEB related items as deferred outflows of resources. These items are amortized to expense over time.

In addition to liabilities, the financial statements also present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period and will not be recognized until later. The City reports certain unavailable revenues (such as leases and deferred taxes and assessments) and pension and OPEB related items as deferred inflows of resources. These items are amortized as revenues or a reduction of expenses over varying periods of time.

#### ***Inventory and Prepaid Items***

Inventories consist of merchandise for resale by the Valdez Museum and Historical Archive Association, Inc., and are valued at lower of cost (first-in, first-out basis) or market (net realizable value).

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

#### ***Property Taxes***

The financial statements reflect the accrual of the 2024 tax levy; the property tax revenues include adjustments for collections of prior year levies as well as for amounts for the 2024 levy not considered to be available. The property tax receivable reported represents the uncollected amount of all prior levies.

## CITY OF VALDEZ, ALASKA

### Notes to Basic Financial Statements, Continued

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments in August and October. The City bills and collects its own property taxes. The City is permitted by its Code to levy taxes up to \$2.00 per \$100 of assessed valuation. However, the amount of taxes the City may levy is further limited by the Alaska Statutes which set forth a formula for determining the maximum tax levy against oil and gas production property. The tax rate for the current year ended on December 31, 2024 was \$2.00 per \$100 of assessed value.

#### ***Grants and Intergovernmental Revenues***

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

#### ***Interfund Activities***

During the course of normal operations, the City has numerous activities between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The classification of amounts recorded as subsidies, or advances is determined by the City Council.

#### ***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (roads, sidewalks, and similar items), are reported in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the City as financial resources that are tangible or intangible in nature and have a useful life greater than three years. Such assets are to be accounted for at historical cost, or if cost is not practically determinable, at estimated fair market value at the time acquired or placed into service. Generally, cost includes all expenses associated with the acquisition, construction, and installation of a capital asset.

Donated capital assets are recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

## CITY OF VALDEZ, ALASKA

### Notes to Basic Financial Statements, Continued

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings	10-100
Improvements other than buildings	3-100
Equipment	3-50

#### ***Accrued Leave***

It is the City's policy to permit employees to accumulate earned but unused personal leave time benefits. All unused personal leave time benefits are paid upon severance. All personal leave time is accrued when incurred in the government-wide statements and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### ***Unearned Revenues***

Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met are recorded as unearned revenue.

#### ***Long-term Liabilities***

In the government-wide financial statements and proprietary fund financial statements, long-term liabilities (such as bonds payable and other long-term obligations) are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed as incurred.

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

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

#### ***Fund Balance***

In the governmental fund financial statements, fund balance includes five classifications as follows:

*Nonspendable Fund Balance* - amounts that are legally or contractually required to be maintained intact (such as the corpus of an endowment fund) or amounts that are not in a spendable form (such as inventory, prepaid items, supplies, and long-term receivables). Such constraint is binding until the legal or contractual requirement is repealed or the amounts become spendable.

Notes to Basic Financial Statements, Continued

*Restricted Fund Balance* - amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. Such constraint is binding unless modified or rescinded by external body, laws, or regulation.

*Committed Fund Balance* - amounts that can be used only for the specific purposes determined by a formal action of the City Council. Commitments may be changed or lifted by the City Council taking the same formal action that imposed the constraint originally.

*Assigned Fund Balance* - amounts intended to be used by the City for specific purposes. Intent can be expressed by the City Council or by the City Manager, Finance Director or designee. Such constraint is binding unless modified or eliminated by the City Council or City Manager/Finance Director. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.

*Unassigned Fund Balance* - amounts not contained in the other classifications and available for any purpose. Positive unassigned amounts will be reported only in the General Fund. If a governmental fund other than the General Fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

The order of spending, regarding the restricted and unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Compliance with the provisions of the Fund Balance Classification Policy are reviewed as part of the annual budget adoption process. The City Manager/Finance Director reports to the City Council as close to the end of the year as possible the anticipated year-end fund balance or deficit. The City Council takes appropriate action to commit or assign, or otherwise allocate prior year fund balances as a part of the budget planning process.

***Net Position***

Government-wide net position is divided into three components:

- Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position - consists of assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net position is reported in this category.

## CITY OF VALDEZ, ALASKA

### Notes to Basic Financial Statements, Continued

#### **Leases**

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

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

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

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

#### **2. Cash and Investments**

The City of Valdez utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet in each fund as "Cash and Investments." The City also maintains reserve accounts as required by bond covenants.

#### ***Reconciliation of Deposit and Investment Balances***

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of December 31, 2024.

Cash and investments	\$ 124,608,587
Restricted cash and investments:	
Permanent fund	289,841,096
Unspent bond proceeds	15,312,756
Total	<u>\$ 429,762,439</u>

# CITY OF VALDEZ, ALASKA

## Notes to Basic Financial Statements, Continued

Cash and investments are further categorized as follows:

	Bank Deposits and Petty Cash	Investments	Total
Unrestricted cash and investments	\$ 42,861,345	81,381,073	124,242,418
Restricted cash and investments:			
Unspent bond proceeds	-	15,312,756	15,312,756
General cash and investments	42,861,345	96,693,829	139,555,174
Permanent Fund*	555,004	289,652,261	290,207,265
Total cash and investments	\$ 43,416,349	386,346,090	429,762,439

\*The Permanent Fund reported \$289,841,096 of cash and investments at December 31, 2024. Of this amount, (\$366,169) is equity in the central treasury (cash and demand amounts) and \$555,004 is bank deposits. The remaining amount, \$289,652,261, is held in investment accounts as noted above.

### General Investments

#### Investment Policy

The investment policy for funds other than the Permanent Fund authorizes the City to invest in obligations of the United States or an agency or instrumentality of the United States; certificates of deposit issued by United States domestic banks which are members of the FDIC; corporate debt securities with a minimum of "MA"; highest rated commercial paper; bankers acceptances drawn on and accepted by banks with a combined capital and surplus aggregating at least \$200,000,000; fully secured shares of federally chartered savings and loan associations in Alaska; fully secured savings and loan associations in Alaska; fully secured deposits with mutual savings banks in Alaska; fully secured fixed-term certificates of indebtedness of federally insured credit unions in Alaska; repurchase agreements; and the Alaska Municipal League Investment Pool (AMLIP).

#### Interest Rate Risk

General investment balances and maturities at December 31, 2024 are as follows:

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1-5
Money market funds	\$ 11,608,539	11,608,539	-
U.S. treasuries	85,085,290	-	85,085,290
Total general investments	\$ 96,693,829	11,608,539	85,085,290

#### Fair Value Measurement

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

## CITY OF VALDEZ, ALASKA

### Notes to Basic Financial Statements, Continued

The City has the following recurring fair value measurements as of December 31, 2024:

U.S. treasury securities of \$85,085,290 are valued using third party pricing models (Level 2 inputs).

The City has investments in money market funds totaling \$11,608,539 that are not held at fair value, but instead recorded at amortized cost, as of December 31, 2024. Management believes these values approximate fair value.

#### *Credit Risk*

Money market funds are subject to credit risk because of the repurchase and sale agreement features within the money market demand deposit cash accounts. Generally, U.S. agencies are considered free of credit risk because they are issued through, and backed by the full faith and taxing authority of, the federal government.

The City's investments in U.S. treasury bonds and U.S. agency bonds, are rated AAA to A- by Standard and Poor's.

#### *Custodial Credit Risk*

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the City's deposits may not be returned. As of December 31, 2024, bank deposits are held with financial institutions and are fully insured or collateralized, except for the following account which is subject to custodial credit risk: \$14,929,000 (Providence Valdez Medical Center Enterprise Fund).

#### *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. As of December 31, 2024 the City did not have any general investments in international debt obligations or equity mutual funds and was therefore not subject to Foreign Currency Risk.

#### ***Permanent Fund Investments***

The Permanent Fund reported \$289,841,096 of cash and investments at December 31, 2024. Of this amount, (\$366,169) is equity in the central treasury (cash and demand amounts) and \$555,004 is bank deposits. The remaining amount, \$289,652,261, is held in investment accounts as noted below.

#### *Investment Policy*

The investment policy for the Permanent Fund authorizes the City to invest in domestic fixed income, domestic equities, and international equities. In an attempt to inflation proof the Permanent Fund, the investment policy is revised in the first quarter of every fiscal year. For 2024, the target allocation was 40% fixed income, 29% domestic equities, 21% international equities, 10% real estate, and 0% cash equivalents. A range of plus or minus 6% for the fixed income class, a range of plus or minus 4% for the domestic equities class, a range of plus or minus 3% for the international equities and real estate classes, and a range of plus 10% for cash equivalents are allowed to accommodate normal market fluctuations and prevent frequent rebalancing.

# CITY OF VALDEZ, ALASKA

## Notes to Basic Financial Statements, Continued

### Interest Rate Risk

Because the City of Valdez Permanent Fund is designed to hold principal investments perpetually in trust for the future earnings to benefit the present and future generations of City residents, there are no maturity limitations in the policy. The policy focuses more on limiting interest rate risk by diversification in many investment types. A segmented time distribution of all investment types is presented below in an effort to disclose those investment types and amounts that are subject to interest rate risk.

Permanent Fund investment balances and maturities at December 31, 2024 are as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
U.S. treasuries	\$ 18,269,054	-	10,578,932	3,839,266	3,850,856
U.S. agencies	11,669,507	-	101,066	416,293	11,152,148
Corporate bonds	9,300,970	-	5,093,861	814,013	3,393,096
Mortgage/asset-backed securities	1,319,687	-	1,244,931	5,197	69,559
Money market funds	1,695,361	1,695,361	-	-	-
Domestic bond funds	40,960,197				
Domestic equity funds	85,397,139				
International bond funds	35,346,326				
International equity funds	62,381,857				
Real estate investment trusts	23,312,163				
Total permanent fund	\$ 289,652,261				

As of December 31, 2024, an actual asset allocation to target allocation is presented below. All investments fell within the allowable range as of December 31, 2024.

Investment Class	Actual \$	Actual vs. Target Allocation			% out of Policy Range
		% Actual	% Target	% Difference	
Domestic equity funds	\$ 85,397,139	29.48%	29%	0.48%	N/A
International equity funds	62,381,857	21.54%	21%	0.54%	N/A
Fixed income	116,865,741	40.35%	40%	0.35%	N/A
Real estate investment trusts	23,312,163	8.05%	10%	-1.95%	N/A
Money market funds	1,695,361	0.58%	0%	0.58%	N/A
Total	\$ 289,652,261	100.00%	100%	0.00%	N/A

### Fair Value Measurement

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



CITY OF VALDEZ, ALASKA

Notes to Basic Financial Statements, Continued

The City has the following recurring fair value measurements as of December 31, 2024. Investments are classified in the fair value hierarchy as follows:

Investment by Fair Value Level		Fair Value	Level 2
U.S. treasuries	\$	18,269,054	18,269,054
U.S. agencies		11,669,507	11,669,507
Corporate bonds		9,300,970	9,300,970
Mortgage/asset backed securities		1,319,687	1,319,687
Total investments by fair value level	\$	40,559,218	40,559,218

Investments Measured at the Net Asset

Value Level (NAV):

Domestic bond funds	\$	40,960,197
Domestic equity funds		85,397,139
International bond funds		35,346,326
International equity funds		62,381,857
Real estate investment trusts		23,312,163
Total investments by NAV	\$	247,397,682

Investments Measured at Amortized Cost -

Money market funds		1,695,361
Total investments	\$	289,652,261

The Permanent Fund's investments classified as Level 2 of the fair value hierarchy are valued using models with various inputs such as, but not limited to, daily cash flow, snapshots of market indices, and spread scales.

The City has investments totaling \$247,397,682 that are reported at net asset value. The net asset value is used as a practical expedient to estimate fair value. The net asset value is based on the fair value of the underlying investments held by the fund less its liabilities.

The City has investments in money market funds totaling \$1,695,361 that are not held at fair value, but are instead recorded at amortized cost as of December 31, 2024.

The following table summarizes investments in real estate funds measured at NAV per share as of December 31, 2024:

	Fair Value	Unfunded Commitment	Redemption Frequency (if currently eligible)	Redemption Notice Period
Trumbull Property Fund	\$ 11,140,947	-	Quarterly	60 days
Prime Property Fund	12,171,216	-	Quarterly	60 days
Total	\$ 23,312,163	-		

# CITY OF VALDEZ, ALASKA

## Notes to Basic Financial Statements, Continued

### Credit Risk

Investment Type	Credit Quality Ratings			
	Standard and Poor's			
	Fair Value	AAA to A-	BBB+ to BBB-	Not Rated
U.S. treasuries	\$ 18,269,054	18,182,827	-	86,227
U.S. agencies	11,669,507	455,460	-	11,214,047
Corporate bonds	9,300,970	3,071,557	6,078,325	151,088
Mortgage/assets-backed securities	1,319,687	1,239,677	-	80,010
Money market funds	1,695,361	-	-	1,695,361
Investments not subject to credit risk	247,397,682	-	-	247,397,682
Total investments	\$ 289,652,261	22,949,521	6,078,325	260,624,415

The Permanent Fund policies specifically limit the types of investments that can be purchased in an effort to limit credit risk. The policies limit corporate and agency bonds to those investments rated by a nationally recognized statistical rating organization (NRSRO) and those rated Investment Grade or higher. Investment Grade is defined by Standard and Poor's (a NRSRO) as any investment rated BBB- or higher. Policy requires the City to be notified in writing within 30 days if any non-rated or below investment grade investment is in the fund. These investments must be sold within 6 months of the rating being downgraded below Investment Grade.

Cash and investments are subject to credit risk because of the repurchase and sale agreement features within the money market demand deposit cash accounts. Many U.S. agencies are considered free of credit risk because they are issued through, and backed by the full faith and taxing authority of the federal government. Of the total Permanent Fund, \$42,254,579 or 15% is considered subject to credit risk.

### Concentration of Credit Risk

The Permanent Fund investment policy states "no fixed income security shall exceed 5% of the market value of the portfolio, with the exception of U.S. government and agency securities." As of December 31, 2024, no single issuer or security, with the exception of the U.S. Treasury Department and various U.S. governmental agencies, exceeded 5% of the Permanent Fund's holdings. While not rated for credit default risk, the specific nature of the real estate investments in the amount of \$23,312,163 (8.05%) could be considered a concentration investment risk because it is comprised of 2 limited partnership unit-investments in private real estate investment trusts.

### Foreign Currency Risk

As of December 31, 2024, a total of \$97,728,183 (33.74%) of the total fund value is invested in international debt obligations and equity mutual funds that are considered subject to Foreign Currency Risk. The mutual funds are highly diversified globally and in many different sectors.

CITY OF VALDEZ, ALASKA

Notes to Basic Financial Statements, Continued

3. Receivables, Deferred Inflows of Resources, and Unearned Revenue

Receivables as of December 31, 2024 for the City's individual major funds, nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds

	General Fund	Permanent Fund	Airport Special Revenue Fund	General City Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 164,151	-	-	-	-	164,151
Grants and shared revenues	167,382	-	-	6,693,013	240,197	7,100,592
Accounts and assessments	97,318	11,118	64,176	38,093	173,597	384,302
Accrued interest	590,621	295,287	10,418	107,788	110,741	1,114,855
Leases	3,098,219	-	861,900	-	94,156	4,054,275
Total receivables	\$ 4,117,691	306,405	936,494	6,838,894	618,691	12,818,175
Less allowance for doubtful accounts	-	-	-	-	-	-
Net receivables	\$ 4,117,691	306,405	936,494	6,838,894	618,691	12,818,175

Enterprise Funds

	Providence Valdez Medical Center	Providence Valdez Counseling Center	Total Enterprise Funds	Health Insurance Internal Service Fund	Total Primary Government
Property taxes	\$ -	-	-	-	164,151
Grants and shared revenues	-	-	-	-	7,100,592
Accounts and assessments	5,270,000	56,000	5,326,000	255,651	5,965,953
Accrued interest	-	-	-	-	1,114,855
Leases	-	-	-	-	4,054,275
Total receivables	\$ 5,270,000	56,000	5,326,000	255,651	18,399,826
Less allowance for doubtful accounts	(740,000)	(4,000)	(744,000)	-	(744,000)
Net receivables	\$ 4,530,000	52,000	4,582,000	255,651	17,655,826

**FINAL DRAFT**  
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# CITY OF VALDEZ, ALASKA

## Notes to Basic Financial Statements, Continued

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report *unearned revenues* in connection with resources that have been received, but not yet earned.

At December 31, 2024, the various components of *deferred inflows of resources and unearned revenues* reported in the governmental funds were as follows:

		Deferred Inflows of Resources	Unearned Revenue
Delinquent property taxes receivable (General Fund)	\$	138,648	-
Future lease revenue (General Fund, Airport Special Revenue Fund, and Other Governmental Funds)		3,896,217	-
Grant drawdowns prior to meeting all eligibility requirements (General Fund, General City Capital Project Fund, and Other Governmental Funds)		-	1,139,617
Total deferred inflows of resources and unearned revenues for governmental funds	\$	4,034,865	1,139,617

### 4. Interfund Transfers

Transfers between funds for the year ended December 31, 2024, consisted of the following:

#### Transfers

From General Fund to:

Other Governmental Funds to help offset current year operating expenditures	\$	6,660,396
Airport Special Revenue funds for operating expenditures		229,016

From Permanent Fund to:

General Fund for operations		3,674,781
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From General City Capital Project Fund to:

General Fund for operations		2,179,601
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From Other Governmental Funds to:

General Fund for projects		160,285
General Fund for operations		347,833

From Providence Valdez Medical Center Enterprise Fund to:

General City Capital Projects Fund for capital projects		1,275,000
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Providence Valdez Counseling Center Enterprise Fund for operating expenses		150,000
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Total transfers	\$	14,676,912
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CITY OF VALDEZ, ALASKA

Notes to Basic Financial Statements, Continued

**5. Capital Assets**

Capital asset activity for the year ended December 31, 2024 was as follows:

<i>Governmental Activities</i>	Balance January 1, 2024	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2024
Capital assets not being depreciated:				
Land and land improvements	\$ 16,189,410	3,162	-	16,192,572
Construction in progress	51,265,818	32,336,566	(9,734,185)	73,793,972
Total assets not being depreciated	67,455,228	32,339,728	(9,734,185)	90,060,771
Capital assets being depreciated:				
Buildings	217,480,120	-	-	217,480,120
Improvements other than buildings	182,298,703	8,926,611	-	191,225,314
Equipment	30,344,599	2,509,904	(1,374,185)	31,480,318
Total assets being depreciated	430,123,422	11,436,515	(1,374,185)	440,185,752
Less accumulated depreciation for:				
Buildings	50,402,439	4,011,533	-	54,413,972
Improvements other than buildings	109,913,773	5,553,346	-	115,467,119
Equipment	19,828,322	1,542,780	(1,343,734)	20,027,368
Total accumulated depreciation	180,144,534	11,107,659	(1,343,734)	189,908,459
Total capital assets being depreciated, net	249,978,888	328,856	(30,451)	250,277,293
Governmental activities capital assets, net	\$ 317,434,116	32,668,584	(9,764,636)	340,338,064
<i>Business-type Activities</i>	Balance January 1, 2024	Additions and Reclassifications	Deletions and Reclassifications	Balance December 31, 2024
Capital assets not being depreciated:				
Construction in progress	\$ 1,482,000	-	(67,000)	1,415,000
Capital assets being depreciated:				
Buildings and equipment	8,508,000	3,365,000	-	11,873,000
Less accumulated depreciation for:				
Buildings and equipment	6,673,000	657,000	-	7,330,000
Total capital assets being depreciated, net	1,835,000	2,708,000	-	4,543,000
Business-type activities capital assets, net	\$ 3,317,000	2,708,000	(67,000)	5,958,000

# CITY OF VALDEZ, ALASKA

## Notes to Basic Financial Statements, Continued

Depreciation expense was charged to the functions of the City as follows for the year ended December 31, 2024:

### Governmental Activities

General government	\$	130,599
Public safety		751,568
Public works		1,573,748
Public service		606,928
Port		2,173,973
Harbor		2,035,591
Utility		1,225,157
Airport		226,182
Museum		49,534
Education		1,877,943
Hospital and healthcare		456,436
Total governmental activities	\$	<u>11,107,659</u>

### Business-type Activities

Providence Valdez Medical Center	\$	656,000
Providence Valdez Counseling Center		1,000
Total business-type activities	\$	<u>657,000</u>

Total primary government	\$	<u>11,764,659</u>
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## 6. Long-term Debt

### **Debt Defeasance**

In 2012, the City issued general obligation school bonds in the amount of \$33,865,000 for the construction of a new Middle School. In 2013, the City began a structured series of "economic defeasances" on a portion of these bonds by depositing \$18,400,079 into an irrevocable trust for the purpose of making the required debt service payments in the later years. In 2014, the City paid in an additional \$7,651,808 to defease an additional amount. In 2015, the City made yet another payment into escrow in the amount of \$5,501,215.

In total, the City paid in \$31,553,102 to defease a total of \$30,775,000 in outstanding principal plus the associated interest payments. The terms of the arrangement meet the recognition criteria as an in-substance defeasance; therefore, both the bonds payable and the associated cash held in escrow have been derecognized from the City's financial statements, but will continue to be paid by the escrow agent. At December 31, 2024 the defeased bonds outstanding with the escrow agent totaled \$17,490,000.

## CITY OF VALDEZ, ALASKA

## Notes to Basic Financial Statements, Continued

A summary of changes in long-term debt for the year ended December 31, 2024 follows:

<i>Governmental Activities</i>	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Due Within One Year
\$17,920,000 Series 2015 Harbor Bonds, due in annual installments of \$630,000 to \$1,340,000, plus semiannual interest at 3.0% to 5.0% through June 2035.	\$ 12,455,000	-	785,000	11,670,000	820,000
\$15,000,000 Series 2019 Pavement Bonds, due in annual installments of \$1,865,000 to \$2,170,000, plus annual interest at 2.49% through June 2026.	6,350,000	-	2,065,000	4,285,000	2,115,000
\$35,000,000 Series 2022 Sewer Bond due in annual installments of \$1,515,000 to \$5,060,000, plus annual interest at 3.5% through June 2032.	33,485,000	-	1,810,000	31,675,000	1,875,000
Unamortized premium on bonds	1,342,312	-	111,859	1,230,453	111,859
Clean Water Loan - \$598,340 Water Loan Payable, due in annual installments of \$34,851, including interest of 1.5%, through March 2036.	408,853	-	28,718	380,135	29,149
Landfill closure and post-closure monitoring costs	2,424,288	276,177	-	2,700,465	-
Accrued leave	1,934,676	1,481,273	1,420,545	1,995,404	1,420,545
Net pension liabilities	18,303,073	1,072,788	-	19,375,861	-
Governmental Activities	\$ 76,703,202	2,830,238	6,221,122	73,312,318	6,371,553
<i>Business-type Activities</i>	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Due Within One Year
Accrued leave	\$ 399,600	178,490	206,234	371,856	190,020

# CITY OF VALDEZ, ALASKA

## Notes to Basic Financial Statements, Continued

Annual debt service requirements to maturity for the bonds follow:

Year Ending December 31,	General Obligation Bonds		
	Principal	Interest	Total
2025	\$ 4,810,000	1,719,178	6,529,178
2026	4,970,000	1,557,067	6,527,067
2027	5,150,000	1,377,688	6,527,688
2028	5,350,000	1,180,025	6,530,025
2029	5,555,000	974,562	6,529,562
2030-2034	20,455,000	1,869,350	22,324,350
2035	1,340,000	33,500	1,373,500
	<u>\$ 47,630,000</u>	<u>8,711,370</u>	<u>56,341,370</u>

Debt service payments on the general obligation bonds are made by the Debt Service Fund. The accrued leave is primarily liquidated by the General Fund.

Annual debt service requirements to maturity for the Clean Water Loan follow:

Year Ending December 31,	Clean Water Loan		
	Principal	Interest	Total
2025	\$ 29,149	5,702	34,851
2026	29,586	5,265	34,851
2027	30,030	4,821	34,851
2028	30,480	4,371	34,851
2029	30,937	3,914	34,851
2030-2034	161,789	12,465	174,254
2035-2036	68,164	1,537	69,701
	<u>\$ 380,135</u>	<u>38,075</u>	<u>418,210</u>

Debt service payments on the Clean Water Loan are made by the Utility Special Revenue Fund or Debt Service Fund.

## 7. Leases

Lease receivable: during the current year, the City, as lessor, held several multiple-year agreements to third parties for various nonfinancial assets. The length of the lease terms vary, and the City used an incremental borrowing rate of 5% when there was not a stated interest rate in the lease contract. The City received payments totaling \$412,842 for the year ended December 31, 2024. Total leases receivable as of December 31, 2024 were \$4,054,275. The City recognized deferred inflows of resources associated with the leases of \$3,896,217 as of December 31, 2024, that will be recognized as revenue over the remainder of the lease terms.



**8. Landfill Closure and Post-Closure Liability**

The City operates two landfills. One is a regular landfill and the other is a construction waste pit. State and federal laws and regulations require the City to place final covers on its landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfills stop accepting waste, generally accepted accounting principles require that the City report a portion of these closure and post-closure care costs each period based on landfill capacity used as of each balance sheet date. In 2024, the City revised the estimated closure and post-closure costs of the landfill and construction waste pit. The revised estimates for total closure and post closure monitoring costs were \$7,259,421 and \$1,553,087, respectively, for the regular landfill and construction waste pit. To date, the City estimates that the landfill and construction waste pit are 28% and 43% full, respectively, representing a currently reported long-term liability of \$2,032,638 and \$667,827, respectively, for a total of \$2,700,465.

The City will recognize the remaining estimated cost of closure and post closure care of \$6,112,043 as the remaining expected available space is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2024. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

At December 31, 2024, the City has assigned fund balance of \$2,700,465 in the General Fund to fund the cost of closure and post-closure monitoring. No assets have been restricted for this purpose.

**9. Related Party Transactions**

In the normal course of business, the City may contract for goods or services from vendors, or provide financial support to organizations whose shareholders, officers, or employees may also be associated with the City as an official, council member, or employee. Such transactions during 2024 aggregated to \$26,437.

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CITY OF VALDEZ, ALASKA

Notes to Basic Financial Statements, Continued

**10. Fund Balances**

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

	General Fund	Permanent Fund	Airport Special Revenue Fund	General City Capital Project Fund	Other Governmental Funds	Totals
Nonspendable -						
Prepaid items and inventory	\$ 535,675	-	6,761	-	98,581	641,017
Restricted:						
Permanent Fund - nonexpendable	-	290,017,147	-	-	-	290,017,147
Unspent Bond Proceeds	-	-	-	15,312,756	-	15,312,756
Donor restrictions - VMHAA	-	-	-	-	41,170	41,170
Total restricted	-	290,017,147	-	15,312,756	41,170	305,371,073
Committed:						
Working capital reserve	4,500,000	-	-	-	-	4,500,000
Consulting and contracts	1,999,941	99,500	-	2,649,258	111,950	4,860,649
Construction	-	-	-	2,886,267	-	2,886,267
Total committed	6,499,941	99,500	-	5,535,525	111,950	12,246,916
Assigned:						
Capital and capital reserves	61,621,689	-	-	1,433,368	-	63,055,057
Landfill closure costs	2,700,465	-	-	-	-	2,700,465
Debt service	-	-	-	-	4,980,603	4,980,603
Port	-	-	-	-	5,315,163	5,315,163
Utility	-	-	-	-	3,002,719	3,002,719
Airport	-	-	1,610,377	-	-	1,610,377
Harbor	-	-	-	-	2,540,140	2,540,140
Museum	-	-	-	-	425,812	425,812
Total assigned	64,322,154	-	1,610,377	1,433,368	16,264,437	83,630,336
Unassigned	12,693,263	-	-	-	-	12,693,263
Total fund balances	\$ 84,051,033	290,116,647	1,617,138	22,281,649	16,516,138	414,582,605

**11. Operating Agreement**

The City has a management and operating agreement with Providence Health and Services - Washington for \$200,000 per year effective January 1, 2015 through December 31, 2024.

## Notes to Basic Financial Statements, Continued

**12. Medical and Counseling Centers*****Net Patient Service Revenues***

The Providence Valdez Medical Center and Providence Counseling Center have agreements with governmental and other third-party payers that provide for payments at amounts different from its established charges. Payment arrangements for major third-party payers may be based on prospectively determined rates, reimbursed cost, discounted charges, or per diem payments.

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The mix of net patient charges for the Providence Valdez Medical Center and Providence Valdez Counseling Center Enterprise Funds for the year ended December 31, 2024 from significant third-party payers were as follows:

	Providence Valdez	
	Medical Center	Counseling Center
Medicare	21%	-
Medicaid	37%	29%
Commercial and other insurance	42%	71%
Total	100%	100%

***Operating Leases***

The Counseling Center leases various medical and office equipment under operating leases that expire in the next year, generally with no renewal or purchase options. Rental expense for all operating leases was approximately \$70,000 for the year ended December 31, 2024.

There are no future minimum lease commitments under noncancelable operating leases as of December 31, 2024 for the Counseling Center or the Medical Center.

***Litigation and Contingencies***

The healthcare industry is subject to numerous laws and regulations from federal, state, and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government monitoring and enforcement activity continues with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as repayment of patient services previously billed.

Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Medical Center's or the Counseling Center's future financial position or results of operations.

## Notes to Basic Financial Statements, Continued

**Related Party Transactions****(a) Payable to the Corporation**

The accounting, management, and human resource functions of the Counseling Center and the Medical Center are provided by Providence Health and Services (the Corporation). All receipts and payments on behalf of the Counseling Center and the Medical Center are received or made by the Corporation and are recorded in the accompanying Statement of Net Position. The amount payable to the Corporation at December 31, 2024 was approximately \$2,905,000 (Medical Center) and \$70,000 (Counseling Center). The Counseling Center and Medical Center also pay management fees to the Corporation. The amount paid to the Corporation for management fees for the year ended December 31, 2024 was approximately \$687,000 (Medical Center) and \$36,000 (Counseling Center).

**(b) Insurance Coverage**

The Counseling Center and Medical Center are covered for professional and general liability insurance on an occurrence basis through the Corporation's self-insurance programs. The charge by the Corporation for annual insurance expense was approximately \$12,000 (Counseling Center) and \$141,000 (Medical Center) for the year ended December 31, 2024.

**(c) Employee Benefits**

All employees are employed by the Corporation. The Counseling Center and the Medical Center are not liable for employee benefits including retirement plans and vacation and sick leave, except for the contribution allocation by the Corporation. The Counseling Center and the Medical Center's contribution to these pension plans for the year ended December 31, 2024 was \$33,000 (Counseling Center) and \$547,000 (Medical Center).

**13. 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.

# CITY OF VALDEZ, ALASKA

## Notes to Basic Financial Statements, Continued

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

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

### Plan Memberships

The table below includes the plan membership counts from the separately issued financial statements for the various plans:

	PERS
Retired plan members or beneficiaries currently receiving benefits	36,198
Inactive plan members entitled to but not yet receiving benefits	4,516
Inactive plan members not entitled to benefits	9,790
Active plan members	7,963
Total plan memberships	58,467

### Other Postemployment Benefit Plans (OPEB)

#### *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, 2025 employer contributions were 0.00% of annual payroll.

#### *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 June 30, 2025 (latest available information) the employer contribution rate is 0.69% for peace officers and firefighters and 0.24% for all other members.

# CITY OF VALDEZ, ALASKA

## Notes to Basic Financial Statements, Continued

### *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 June 30, 2024 employer contributions were 0.83%.

### *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 3.00% of the average annual compensation of all employees in the plan.

### **Investments**

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

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

### **Rate of Return**

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual weighted rate of return, net of investment expense, for the year ended June 30, 2024 (latest available report) for the DB Plans for PERS are: DB Pension 8.75%, ARHCT 8.89%, ODD 9.01%, and RMP is 9.02%.

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

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

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS plan (rates shown below exclude an annual inflation component of 2.39%):

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.48%
Global Equity (ex-U.S.)	7.14%
Global Equity	5.79%
Aggregate Bonds	2.10%
Real Assets	4.63%
Private Equity	8.84%
Cash Equivalents	0.77%

**FINAL DRAFT**  
FOR DISCUSSION PURPOSES ONLY

## Notes to Basic Financial Statements, Continued

*Discount Rate:* The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 4.21% as of June 30, 2024.

*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 June 30, 2014, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Starting on June 30, 2014, the State of Alaska 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. Effective June 30, 2018, each future year's unfunded service liability is separately amortized on a level percent of pay basis over 25 years.

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

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

CITY OF VALDEZ, ALASKA

Notes to Basic Financial Statements, Continued

Employer Contribution rates for the plan year ended 2024 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	22.00%	26.76%	4.76%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	22.00%	26.76%	4.76%

*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 the fiscal year 2025, the past service rate for PERS is 17.88%.

*Actuarial Assumptions:* The total pension and OPEB liabilities on June 30, 2024 (latest available) were determined by an actuarial valuation as of June 30, 2023 which was rolled forward to the measurement date June 30, 2024. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021.

Inflation	2.50% annually
Salary Increases	Increases range from 2.85% to 8.50% based on service.
Investment return / discount rate	7.25%, net of expenses based on average inflation of 2.50% and a real return of 4.75%.
Mortality	Based upon 2017-2021 actual experience study and applicable tables contained in Pub-2010, projected with MP-2021 generational improvement.
Healthcare cost trend rates	Pre-65 medical: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 6.9% grading down to 4.5%. Initial trend rates are for FY2025 Ultimate trend rates reached in FY2050.



## Notes to Basic Financial Statements, Continued

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new demographic and economic assumptions were adopted by the Board at the June 2022 meeting to better reflect expected future experience and were effective for the June 30, 2022 actuarial valuation. For the ARHCT and RM plan, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

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

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

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

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

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

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

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

# CITY OF VALDEZ, ALASKA

## Notes to Basic Financial Statements, Continued

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

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

*Post Retirement Pension Adjustments.* The plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The discretionary PRPA may be granted to eligible recipients by the DB Plan's administrator if the funding ratio of the DB Plan meets or exceeds 105%. If both an automatic and discretionary PRPA are granted, the retiree is eligible for both adjustments, the one that provides the retiree with the greatest benefit will be paid.

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

*Salary Floor.* During the 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.* PERS active members are required to contribute 6.75%, 7.50% for peace officers and firefighters, and 9.60% for certain school district employees.

Employer contributions for the year ended December 31, 2024, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>2,105,097</u>	<u>135,371</u>	<u>2,240,468</u>

### Public Employees Retirement Plans

For the year ended December 31, 2024 the State of Alaska contributed \$501,381 (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, 2024 to a total of \$1,278,551 to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

CITY OF VALDEZ, ALASKA

Notes to Basic Financial Statements, Continued

*Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB:* At December 31, 2024, 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	\$ 19,375,861
State's proportionate share of the net pension liability	7,245,457
Total	<u>\$ 26,621,318</u>
	OPEB
City's proportionate share of the ARHCT OPEB liability	\$ (7,797,374)
State's proportionate share of the ARHCT OPEB liability (asset)	(2,896,331)
Total	<u>\$ (10,693,705)</u>
City's proportionate share of the ODD OPEB liability (asset)	<u>\$ (326,480)</u>
City's proportionate share of the RMP OPEB liability (asset)	<u>\$ (251,205)</u>
Total City's share of net pension and OPEB liabilities and assets	<u>\$ 11,000,802</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024 and adjusted to reflect updated assumptions. The City's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for the fiscal years ending FY2026 through FY2039, as determined by projections based on the June 30, 2023 valuation.

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

	June 30, 2024 Measurement	June 30, 2023 Measurement	Change
Pension	0.35328%	0.35299%	0.00029%
OPEB:			
ARHCT	0.35408%	0.35220%	0.00188%
ODD	0.54687%	0.55774%	(0.01087%)
RMP	0.53889%	0.53692%	0.00197%

CITY OF VALDEZ, ALASKA

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2024, the City recognized pension and OPEB expense of \$4,571,350 and \$476,591, respectively, for the year ended December 31, 2024. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	186,522	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	1,055,596	-
Total	\$ 1,242,118	-
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,224	-
Changes of assumptions	209,348	-
Net difference between projected and actual earnings on OPEB plan investments	118,740	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(7,689)
City contributions subsequent to the measurement date	-	-
Total	\$ 332,312	(7,689)

CITY OF VALDEZ, ALASKA

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(76,481)
Changes of assumptions	-	(808)
Net difference between projected and actual earnings on OPEB plan investments	1,043	-
Changes in proportion and differences between City contributions and proportionate share of contributions	8,533	(7,023)
City contributions subsequent to the measurement date	17,426	-
Total	\$ 27,002	(84,312)

  

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,322	(27,918)
Changes of assumptions	85,005	(168,872)
Net difference between projected and actual earnings on OPEB plan investments	3,545	-
Changes in proportion and differences between City contributions and proportionate share of contributions	2,906	(1,075)
City contributions subsequent to the measurement date	44,432	-
Total	\$ 142,210	(197,865)

\$1,055,596 and \$61,858 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, 2025, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended December 31,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2025	\$ (519,307)	(232,432)	(23,307)	(34,100)
2026	966,780	786,456	(11,959)	1,798
2027	(142,709)	(126,052)	(15,010)	(36,527)
2028	(118,242)	(103,349)	(12,212)	(25,653)
2029	-	-	(7,348)	(14,509)
Thereafter	-	-	(4,900)	8,904
Total	\$ 186,522	324,623	(74,736)	(100,087)

## Notes to Basic Financial Statements, Continued

For the year ended December 31, 2024, the City recognized \$292,161 and \$34,784 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

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

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 25,810,471	19,375,861	13,930,639
Net OPEB ARHCT (asset)	\$ (4,937,177)	(7,797,374)	(10,204,291)
Net OPEB ODD (asset)	\$ (306,656)	(326,480)	(342,016)
Net OPEB RMP liability (asset)	\$ 43,516	(251,205)	(476,468)

*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:

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT (asset)	\$ (10,479,079)	(7,797,374)	(4,611,692)
Net OPEB ODD (asset)	\$ N/A	(326,480)	N/A
Net OPEB RMP liability (asset)	\$ (506,199)	(251,205)	90,944

#### 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 8.00% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5.00% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 0.83% for the retiree medical plan (DB), 0.24% and 0.69% (peace officers) for occupational and death and disability benefits (DB) and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is capped at 22.00% with anything in excess of the previously listed rates being contributed to the Defined Benefit Unfunded Liability (DBUL).

Plan members are 100% vested with their contributions.

## Notes to Basic Financial Statements, Continued

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 \$783,873 for the year ended December 31, 2024, which included forfeitures of \$34,457 which have been applied as employer contributions.

#### 14. Health Insurance Internal Service Fund

The Health Insurance Internal Service Fund was organized in 1991. The City of Valdez and Valdez City School District have entered into a joint arrangement for self-insuring for health insurance. The program's general objectives are to formulate, develop and administer a program of health insurance and to obtain lower costs for that coverage. The City and School also purchase commercial insurance to provide coverage for claims in excess of \$175,000 per employee per year. The various funds of the City and School make payments to the Internal Service Fund based on estimates of the amounts needed to pay claims. The City accrues a liability for estimated claims incurred but not reported at year end. The liability is based on actual incurred costs paid through March 31st of the subsequent year, plus an estimate of additional costs incurred but not reported based on prior year experience. Changes in the claims payable for 2024 and 2023 are as follows:

Claims payable, December 31, 2022	\$	1,391,223
2023 claims and changes in estimates		6,912,386
2023 claims paid		<u>(6,642,888)</u>
Claims payable, December 31, 2023	\$	1,660,721
2024 claims and changes in estimates		8,103,854
2024 claims paid		<u>(7,811,661)</u>
Claims payable, December 31, 2024	\$	<u>1,952,914</u>

#### 15. Risk Management

The City faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) general liability i.e. personal injuries. Commercial policies, transferring these risks of loss, except for relatively small deductible amounts, are purchased for certain property, port, and boiler and machinery. The City has no coverage for potential losses from environmental damages. Coverage limits and deductibles on the commercial policies have stayed relatively constant for the last several years. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

## Notes to Basic Financial Statements, Continued

The City is a member of the Alaska Public Entity Insurance (APEI), a joint insurance association. The mission of the Alaska Public Entity Insurance is to provide its members with stable, affordable insurance, broad insurance coverage, and effective risk management services to ensure that maximum funds are available for local government and education programs. APEI is recognized by the Association of Government Risk Pools (AGRIP). The APEI provides the City coverage for property, including building and contents, automobiles, mobile equipment and data processing equipment; casualty, including general liability, public officials and employee liability, law enforcement professional liability, and auto liability; commercial blanket bond; and workers' compensation.

The APEI is a public entity risk pool organized to share risks among its members. Funds in excess of expenses and costs of risk management activities and reasonable reserves, including reserves for contingencies, reserves required by excess insurers or reinsurers, reserves as part of a surplus goal or as required by law, may be used to reduce the cost of insurance or increase risk protection for the members; excess funds may be distributed to the members as provided in APEI's bylaws. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

## 16. Contingencies

From time to time, and in the normal course of business, the City is involved in numerous legal and administrative actions. Final resolutions of these actions cannot be determined at this time. Management does not believe any of these items represents a material risk of loss to the City.

## 17. Subsequent Accounting Pronouncements

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

- GASB 102 *Certain Risk Disclosures*. Effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- GASB 103 *Financial Reporting Model Improvements*: Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- GASB 104 *Disclosure of Certain Capital Assets*: Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 102 will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

GASB Statement No. 103 will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The changes primarily include updates to three key areas: management's discussion and analysis, presentation of proprietary fund financial statements, and budgetary comparison information. This Statement also addresses certain application issues.



CITY OF VALDEZ, ALASKA

Notes to Basic Financial Statements, Continued

GASB Statement No. 104 establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. The Statement also establishes requirements for capital assets held for sale and requires additional disclosures for those capital assets. Under the guidance, a capital asset is a capital asset held for sale if: (a) the government has decided to pursue the sale of the asset, and (b) it is probable the sale will be finalized within a year of the financial statement date. A government should disclose the historical cost and accumulated depreciation of capital assets held for sale, by major class of asset.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF VALDEZ, ALASKA

## General Fund

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

Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues:				
Local sources:				
Taxes	\$ 50,075,360	50,075,360	51,672,226	1,596,866
Licenses and permits	2,100	2,100	1,735	(365)
Fines and forfeitures	4,000	7,850	15,188	7,338
Charges for services	191,147	191,146	323,357	132,211
Sales and leases	601,980	601,980	451,283	(150,697)
Contributions and donations	194	15,335	28,729	13,394
Investment income	3,195,000	3,195,000	4,448,984	1,253,984
Other	102,415	109,916	293,228	183,312
Intergovernmental:				
State of Alaska	995,202	1,041,666	1,539,834	498,168
Federal sources	2,321,769	2,806,992	2,248,470	(558,522)
Total revenues	<u>57,489,167</u>	<u>58,047,345</u>	<u>61,023,034</u>	<u>2,975,689</u>
Expenditures:				
Current:				
General government	17,260,036	17,640,388	18,750,120	(1,109,732)
Public safety	9,645,391	9,812,850	9,434,116	378,734
Public works	8,559,288	8,588,654	7,848,644	740,010
Public service	7,954,876	7,919,662	5,084,109	2,835,553
Education	12,138,393	12,138,393	12,083,218	55,175
Capital outlay	1,564,642	7,572,434	5,987,324	1,585,110
Total expenditures	<u>57,122,626</u>	<u>63,672,381</u>	<u>59,187,531</u>	<u>4,484,850</u>
Excess (deficiency) of revenues over expenditures	<u>366,541</u>	<u>(5,625,036)</u>	<u>1,835,503</u>	<u>7,460,539</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	338,421	338,421
Transfers in	11,834,165	11,834,165	6,362,500	(5,471,665)
Transfers out	(508,118)	(1,689,071)	(6,889,412)	(5,200,341)
Net other financing sources (uses)	<u>11,326,047</u>	<u>10,145,094</u>	<u>(188,491)</u>	<u>(10,333,585)</u>
Net change in fund balance	<u>\$ 11,692,588</u>	<u>4,520,058</u>	<u>1,647,012</u>	<u>(2,873,046)</u>
Fund balance, beginning of year			<u>82,404,021</u>	
Fund balance, end of year			<u>\$ 84,051,033</u>	

See accompanying notes to required supplementary information.

CITY OF VALDEZ, ALASKA  
Schedule of City's Proportionate Share of the Net Pension Liability  
Public Employees' Retirement System (PERS)  
December 31, 2024

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	0.2523%	\$ 12,238,375	\$ 3,277,702	\$ 15,516,077	\$ 7,114,242	172.03%	62.37%
2016	0.3053%	\$ 17,065,650	\$ 2,151,591	\$ 19,217,241	\$ 7,464,038	228.64%	63.96%
2017	0.2670%	\$ 13,803,406	\$ 5,142,220	\$ 18,945,626	\$ 8,955,195	154.14%	59.55%
2018	0.2955%	\$ 14,683,664	\$ 4,251,031	\$ 18,934,695	\$ 9,493,185	154.68%	63.37%
2019	0.2669%	\$ 14,611,239	\$ 5,803,045	\$ 20,414,284	\$ 9,528,041	153.35%	65.19%
2020	0.3265%	\$ 19,269,640	\$ 7,973,318	\$ 27,242,958	\$ 9,980,182	193.08%	63.42%
2021	0.4022%	\$ 14,753,409	\$ 1,997,791	\$ 16,751,200	\$ 10,454,068	141.13%	61.61%
2022	0.3770%	\$ 19,216,123	\$ 5,319,942	\$ 24,536,065	\$ 11,364,932	169.08%	76.46%
2023	0.3530%	\$ 18,303,073	\$ 6,100,658	\$ 24,403,731	\$ 11,767,118	155.54%	67.97%
2024	0.3533%	\$ 19,375,861	\$ 7,245,457	\$ 26,621,318	\$ 12,844,350	150.85%	68.23%

See accompanying notes to Required Supplementary Information.

## CITY OF VALDEZ, ALASKA

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

## Public Employees' Retirement System (PERS)

December 31, 2024

Year	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>							
2018	0.2955%	\$ 3,031,921	\$ 879,849	\$ 3,911,770	\$ 9,493,185	31.94%	89.68%
2019	0.2669%	\$ 396,027	\$ 157,417	\$ 553,444	\$ 9,528,041	4.16%	88.12%
2020	0.3265%	\$ (1,478,526)	\$ (613,390)	\$ (2,091,916)	\$ 9,980,182	-14.81%	98.13%
2021	0.4038%	\$ (10,359,701)	\$ (1,359,570)	\$ (11,719,271)	\$ 10,454,068	-99.10%	106.15%
2022	0.3745%	\$ (7,369,339)	\$ (2,105,525)	\$ (9,474,864)	\$ 11,364,932	-64.84%	135.54%
2023	0.3522%	\$ (8,103,027)	\$ (2,729,127)	\$ (10,832,154)	\$ 11,767,118	-68.86%	128.51%
2024	0.3541%	\$ (7,797,374)	\$ (2,896,331)	\$ (10,693,705)	\$ 12,844,350	-60.71%	133.96%
<b>Occupational Death and Disability (ODD):</b>							
2018	0.5067%	\$ (98,402)	\$ -	\$ (98,402)	\$ 9,493,185	-1.04%	212.97%
2019	0.5769%	\$ (139,871)	\$ -	\$ (139,871)	\$ 9,528,041	-1.47%	270.62%
2020	0.5601%	\$ (152,673)	\$ -	\$ (152,673)	\$ 9,980,182	-1.53%	297.43%
2021	0.5754%	\$ (253,595)	\$ -	\$ (253,595)	\$ 10,454,068	-2.43%	283.80%
2022	0.5492%	\$ (240,752)	\$ -	\$ (240,752)	\$ 11,364,932	-2.12%	374.22%
2023	0.5577%	\$ (286,142)	\$ -	\$ (286,142)	\$ 11,767,118	-2.43%	348.80%
2024	0.5469%	\$ (326,480)	\$ -	\$ (326,480)	\$ 12,844,350	-2.54%	349.24%
<b>Retiree Medical Plan (RMP):</b>							
2018	0.5067%	\$ 64,472	\$ -	\$ 64,472	\$ 2,320,134	2.78%	93.98%
2019	0.5532%	\$ 132,346	\$ -	\$ 132,346	\$ 2,328,653	5.68%	88.71%
2020	0.5507%	\$ 39,059	\$ -	\$ 39,059	\$ 2,439,400	1.60%	83.17%
2021	0.5635%	\$ (151,245)	\$ -	\$ (151,245)	\$ 3,793,495	-3.99%	92.23%
2022	0.5368%	\$ (186,445)	\$ -	\$ (186,445)	\$ 2,898,659	-6.43%	115.10%
2023	0.5369%	\$ (254,949)	\$ -	\$ (254,949)	\$ 2,957,514	-8.62%	120.08%
2024	0.5389%	\$ (251,205)	\$ -	\$ (251,205)	\$ 3,264,568	-7.69%	124.29%

See accompanying notes to Required Supplementary Information.

CITY OF VALDEZ, ALASKA  
Schedule of City's Contributions (Pensions)  
Public Employees' Retirement System (PERS)  
December 31, 2024

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	\$ 777,732	\$ (777,732)	\$ -	\$ 7,464,038	10.42%
2016	\$ 879,783	\$ (879,783)	\$ -	\$ 8,955,195	9.82%
2017	\$ 1,073,998	\$ (1,073,998)	\$ -	\$ 9,493,185	11.31%
2018	\$ 1,107,841	\$ (1,107,841)	\$ -	\$ 9,528,041	11.63%
2019	\$ 1,130,178	\$ (1,127,992)	\$ 2,186	\$ 9,980,182	11.32%
2020	\$ 1,313,298	\$ (1,315,131)	\$ (1,833)	\$ 10,454,068	12.56%
2021	\$ 1,523,933	\$ (1,524,286)	\$ (353)	\$ 11,364,932	13.41%
2022	\$ 1,710,740	\$ (1,711,715)	\$ (975)	\$ 11,767,118	14.54%
2023	\$ 1,970,643	\$ (1,969,668)	\$ 975	\$ 12,844,350	15.34%
2024	\$ 2,078,602	\$ (2,105,097)	\$ (26,495)	\$ 13,747,005	15.12%

See accompanying notes to Required Supplementary Information.

## CITY OF VALDEZ, ALASKA

## Schedule of City's Contributions (OPEB)

## Public Employees' Retirement System (PERS)

December 31, 2024

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	\$ 360,087	\$ (360,087)	\$ -	\$ 9,528,041	3.78%
2019	\$ 428,600	\$ (428,600)	\$ -	\$ 9,980,182	4.29%
2020	\$ 342,650	\$ (342,650)	\$ -	\$ 10,454,068	3.28%
2021	\$ 209,255	\$ (209,255)	\$ -	\$ 11,364,932	1.84%
2022	\$ 110,820	\$ (110,820)	\$ -	\$ 11,767,118	0.94%
2023	\$ 140	\$ (140)	\$ -	\$ 12,844,350	0.00%
2024	\$ -	\$ -	\$ -	\$ 13,747,005	0.00%
<b>Occupational Death and Disability (ODD):</b>					
2018	\$ 17,498	\$ (17,498)	\$ -	\$ 9,528,041	0.18%
2019	\$ 23,804	\$ (23,804)	\$ -	\$ 9,980,182	0.24%
2020	\$ 27,547	\$ (27,547)	\$ -	\$ 10,454,068	0.26%
2021	\$ 31,117	\$ (31,117)	\$ -	\$ 11,364,932	0.27%
2022	\$ 32,193	\$ (32,193)	\$ -	\$ 11,767,118	0.27%
2023	\$ 34,951	\$ (34,951)	\$ -	\$ 12,844,350	0.27%
2024	\$ 37,320	\$ (37,320)	\$ -	\$ 13,747,005	0.27%
<b>Retiree Medical Plan (RMP):</b>					
2018	\$ 60,557	\$ (60,557)	\$ -	\$ 2,328,653	2.60%
2019	\$ 78,576	\$ (78,576)	\$ -	\$ 2,439,400	3.22%
2020	\$ 103,668	\$ (103,668)	\$ -	\$ 3,793,495	2.73%
2021	\$ 97,922	\$ (97,922)	\$ -	\$ 2,898,659	3.38%
2022	\$ 93,915	\$ (93,915)	\$ -	\$ 2,957,514	3.18%
2023	\$ 102,793	\$ (102,793)	\$ -	\$ 3,264,568	3.15%
2024	\$ 98,051	\$ (98,051)	\$ -	\$ 3,563,059	2.75%

See accompanying notes to Required Supplementary Information.

# CITY OF VALDEZ, ALASKA

## Notes to Required Supplementary Information

December 31, 2024

### 1. General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance

#### Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to November 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 20, the budget is legally enacted through passage of a resolution. If no Council action is taken, the City Manager's budget becomes the actual budget. Annual budgets are legally adopted for the General, most Special Revenue, Debt Service, and Capital Project Funds. A budget was not adopted for the Self Insurance Internal Service Fund and Permanent Fund.
4. The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures of any fund or department within a fund must be approved by the City Council. Expenditures may not legally exceed appropriations on the department level (Administration, Finance, etc.).
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Appropriations lapse at the end of the year except for capital expenditures, certain contractual appropriations and reserves.

### 2. Public Employees' Retirement System

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

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

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

##### *Defined Benefit Pension and Postemployment Healthcare Benefit Plan*

- a) **Changes in Methods Since the Prior Valuation – June 30, 2022 to June 30, 2023**  
There were no changes in asset and valuation methods since the prior valuation.
- b) **Changes in Assumptions Since the Prior Valuation – June 30, 2022 to June 30, 2023**  
Healthcare claim costs are updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets. There were no other changes in actuarial assumptions since the prior valuation.
- c) **Changes in Benefit Provisions Since the Prior Valuation – June 30, 2022 to June 30, 2023**  
There have been no changes in benefit provisions valued since the prior valuation.



Notes to Required Supplementary Information, Continued

*Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan*

**a) Changes in Methods Since the Prior Valuation – June 30, 2022 to June 30, 2023**

There were no changes in asset and valuation methods since the prior valuation.

**b) Changes in Assumptions Since the Prior Valuation – June 30, 2022 to June 30, 2023**

Healthcare claim costs are updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets. There were no other changes in actuarial assumptions since the prior valuation.

**c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2022 to June 30, 2023**

There have been no changes in benefit provisions valued since the prior valuation.

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

**Schedule of City Contributions (Pension) and (OPEB)**

The table valuation date is June 30, 2023 which was rolled forward to June 30, 2024. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

## **SUPPLEMENTARY INFORMATION**

## CITY OF VALDEZ, ALASKA

## General Fund

## Combining Balance Sheet

December 31, 2024

<u>Assets</u>	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Total General Fund</u>
Cash and investments	\$ 20,331,124	65,411,136	85,742,260
Receivables, net of allowance for uncollectible accounts:			
Property taxes	164,151	-	164,151
Assessments	3,989	-	3,989
Grants and shared revenues	167,382	-	167,382
Accounts, net	85,729	7,600	93,329
Accrued interest	136,089	454,532	590,621
Leases	3,098,219	-	3,098,219
Prepaid items	420,969	114,706	535,675
Total assets	<u>\$ 24,407,652</u>	<u>65,987,974</u>	<u>90,395,626</u>
 <b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
Liabilities:			
Accounts payable	\$ 781,751	180,671	962,422
Accrued payroll liabilities	1,381,357	-	1,381,357
Customer deposits	12,700	-	12,700
Unearned revenue	30,945	818,228	849,173
Total liabilities	<u>2,206,753</u>	<u>998,899</u>	<u>3,205,652</u>
Deferred inflows of resources:			
Unavailable revenues:			
Deferred taxes and assessments	138,648	-	138,648
Leases	3,000,293	-	3,000,293
Total deferred inflows of resources	<u>3,138,941</u>	<u>-</u>	<u>3,138,941</u>
Total liabilities and deferred inflows of resources	<u>5,345,694</u>	<u>998,899</u>	<u>6,344,593</u>
Fund balances:			
Nonspendable	420,969	114,706	535,675
Committed	5,074,093	1,425,848	6,499,941
Assigned	873,633	63,448,521	64,322,154
Unassigned	12,693,263	-	12,693,263
Total fund balances	<u>19,061,958</u>	<u>64,989,075</u>	<u>84,051,033</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,407,652</u>	<u>65,987,974</u>	<u>90,395,626</u>

## CITY OF VALDEZ, ALASKA

## General Fund

## Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Year Ended December 31, 2024

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:				
Local sources:				
Taxes	\$ 51,672,226	-	-	51,672,226
Licenses and permits	1,735	-	-	1,735
Fines and forfeitures	15,188	-	-	15,188
Charges for services	323,357	-	-	323,357
Sales and leases	451,283	-	-	451,283
Contributions and donations	28,729	-	-	28,729
Investment income	950,467	3,498,517	-	4,448,984
Other	293,228	-	-	293,228
Intergovernmental:				
State of Alaska	1,517,324	22,510	-	1,539,834
Federal sources	2,122,444	126,026	-	2,248,470
Total revenues	<u>57,375,981</u>	<u>3,647,053</u>	<u>-</u>	<u>61,023,034</u>
Expenditures:				
Current:				
General government	16,407,743	2,342,377	-	18,750,120
Public safety	8,453,945	980,171	-	9,434,116
Public works	7,691,462	157,182	-	7,848,644
Public service	4,244,959	839,150	-	5,084,109
Education	12,083,218	-	-	12,083,218
Capital outlay	-	5,987,324	-	5,987,324
Total expenditures	<u>48,881,327</u>	<u>10,306,204</u>	<u>-</u>	<u>59,187,531</u>
Excess (deficiency) of revenues over expenditures	8,494,654	(6,659,151)	-	1,835,503
Other financing sources (uses):				
Proceeds from sale of capital assets	-	338,421	-	338,421
Transfers in	10,020,753	13,732,787	(17,391,040)	6,362,500
Transfers out	(19,739,452)	(4,541,000)	17,391,040	(6,889,412)
Net other financing sources (uses)	<u>(9,718,699)</u>	<u>9,530,208</u>	<u>-</u>	<u>(188,491)</u>
Net change in fund balances	(1,224,045)	2,871,057	-	1,647,012
Fund balances, beginning of year	<u>20,286,003</u>	<u>62,118,018</u>	<u>-</u>	<u>82,404,021</u>
Fund balances, end of year	\$ <u><u>19,061,958</u></u>	<u><u>64,989,075</u></u>	<u><u>-</u></u>	<u><u>84,051,033</u></u>

## CITY OF VALDEZ, ALASKA

Other Governmental Funds  
Combining Balance Sheet

December 31, 2024

	Special Revenue Funds					Total Other Governmental Funds
	Port	Utility	Harbor	Valdez Museum and Historical Archive Association	Debt Service Fund	
<b>Assets</b>						
Cash and investments	\$ 5,436,258	3,057,032	2,542,902	517,286	4,809,688	16,363,166
Receivables, net of allowance for uncollectible accounts:						
Accounts	74,828	19,427	78,842	500	-	173,597
Grants and shared revenues	-	-	-	-	240,197	240,197
Accrued interest	37,898	21,410	17,965	-	33,468	110,741
Leases	94,156	-	-	-	-	94,156
Prepaid items	31,322	12,759	33,579	-	-	77,660
Inventory	-	-	-	20,921	-	20,921
Total assets	<u>\$ 5,674,462</u>	<u>3,110,628</u>	<u>2,673,288</u>	<u>538,707</u>	<u>5,083,353</u>	<u>17,080,438</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 24,584	67,900	47,971	14,400	-	154,855
Accrued payroll liabilities	-	-	-	12,290	-	12,290
Customer deposits	-	26,550	-	-	-	26,550
Unearned revenue	213,984	-	43,098	24,114	-	281,196
Total liabilities	<u>238,568</u>	<u>94,450</u>	<u>91,069</u>	<u>50,804</u>	<u>-</u>	<u>474,891</u>
Deferred inflows of resources:						
Unavailable revenues - leases	<u>89,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,409</u>
Total liabilities and deferred inflows of resources	<u>327,977</u>	<u>94,450</u>	<u>91,069</u>	<u>50,804</u>	<u>-</u>	<u>564,300</u>
Fund balances:						
Nonspendable	31,322	12,759	33,579	20,921	-	98,581
Restricted	-	-	-	41,170	-	41,170
Committed	-	700	8,500	-	102,750	111,950
Assigned	5,315,163	3,002,719	2,540,140	425,812	4,980,603	16,264,437
Total fund balances	<u>5,346,485</u>	<u>3,016,178</u>	<u>2,582,219</u>	<u>487,903</u>	<u>5,083,353</u>	<u>16,516,138</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,674,462</u>	<u>3,110,628</u>	<u>2,673,288</u>	<u>538,707</u>	<u>5,083,353</u>	<u>17,080,438</u>

## CITY OF VALDEZ, ALASKA

## Other Governmental Funds

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended December 31, 2024

	Special Revenue Funds						
	Port	Utility	Harbor	Valdez Museum and Historical Archive Association	Formerly Non-major Fund - Airport	Debt Service Fund	Total Other Governmental Funds
<b>Revenues:</b>							
Local sources:							
Charges for services	\$ 1,058,169	518,930	850,567	279,979	-	-	2,707,645
Sales and leases	7,450	-	970,434	-	-	-	977,884
Investment income	246,743	158,819	137,111	2,069	-	298,597	843,339
Other	267,711	5,554	27,086	1,303	-	-	301,654
Intergovernmental -							
State sources	14,112	19,299	313,004	-	-	1,649,394	1,995,809
Total revenues	<u>1,594,185</u>	<u>702,602</u>	<u>2,298,202</u>	<u>283,351</u>		<u>1,947,991</u>	<u>6,826,331</u>
<b>Expenditures:</b>							
Current:							
Port	1,015,326	-	-	-	-	-	1,015,326
Harbor	-	-	2,259,805	-	-	-	2,259,805
Utility	-	1,563,016	-	-	-	-	1,563,016
Museum	-	-	-	726,129	-	-	726,129
Debt service:							
Principal	-	-	-	-	-	4,688,718	4,688,718
Interest	-	-	-	-	-	1,881,964	1,881,964
Total expenditures	<u>1,015,326</u>	<u>1,563,016</u>	<u>2,259,805</u>	<u>726,129</u>		<u>6,570,682</u>	<u>12,134,958</u>
Excess (deficiency) of revenues over expenditures	578,859	(860,414)	38,397	(442,778)		(4,622,691)	(5,308,627)
Other financing sources (uses):							
Transfers in	-	1,147,864	-	535,000	-	4,977,532	6,660,396
Transfers out	(347,833)	-	(160,285)	-	-	-	(508,118)
Net other financing sources (uses)	<u>(347,833)</u>	<u>1,147,864</u>	<u>(160,285)</u>	<u>535,000</u>		<u>4,977,532</u>	<u>6,152,278</u>
Net change in fund balances	231,026	287,450	(121,888)	92,222		354,841	843,651
Fund balances, beginning of year, as previously reported	<u>5,115,459</u>	<u>2,728,728</u>	<u>2,704,107</u>	<u>395,681</u>	<u>1,436,681</u>	<u>4,728,512</u>	<u>17,109,168</u>
Change within financial reporting entity (non-major to major fund)	-	-	-	-	(1,436,681)	-	(1,436,681)
Fund balances, beginning of year, as adjusted	<u>5,115,459</u>	<u>2,728,728</u>	<u>2,704,107</u>	<u>395,681</u>	<u>-</u>	<u>4,728,512</u>	<u>15,672,487</u>
Fund balances, end of year	<u>\$ 5,346,485</u>	<u>3,016,178</u>	<u>2,582,219</u>	<u>487,903</u>	<u>-</u>	<u>5,083,353</u>	<u>16,516,138</u>

## CITY OF VALDEZ, ALASKA

## Comprehensive Behavioral Health Treatment and Recovery FY24 - 162-266-24014

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

Year Ended December 31, 2024

	Budgeted Amounts	Prior Year	Actual Current Year	Total	Variance with Final Budget- Positive (Negative)
Revenues:					
Intergovernmental - State of Alaska	\$ 248,254	131,876	110,811	242,687	(5,567)
Expenditures:					
Hospital and healthcare:					
Salaries and benefits	248,254	128,851	110,811	239,662	8,592
Other	-	3,025	-	3,025	(3,025)
Total expenditures	248,254	131,876	110,811	242,687	5,567
Excess of revenues over expenditures	\$ -	-	-	-	-
Fund balance, beginning of year			-		
Fund balance, ending of year			\$ -		

## CITY OF VALDEZ, ALASKA

## Comprehensive Behavioral Health Treatment and Recovery FY25 - 162-266-25014

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

Year Ended December 31, 2024

	Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
State of Alaska	\$ 248,254	151,018	(97,236)
Expenditures:			
Hospital and healthcare:			
Salaries and benefits	248,254	151,018	97,236
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, ending of year		\$ -	



## CITY OF VALDEZ, ALASKA

## Adult Rural Peer Support FY24 - 162-200-24002

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

Year Ended December 31, 2024

	Budgeted Amounts	Actual Amounts			Variance with Final Budget- Positive (Negative)
		Prior Year	Current Year	Total	
Revenues:					
Intergovernmental -					
State of Alaska	\$ 51,100	3,367	23,406	26,773	(24,327)
Expenditures:					
Hospital and healthcare:					
Salaries and benefits	47,131	2,980	12,480	15,460	31,671
Other	3,969	387	10,926	11,313	(7,344)
Total expenditures	51,100	3,367	23,406	26,773	24,327
Excess of revenues over expenditures	\$ -	-	-	-	-
Fund balance, beginning of year			-		
Fund balance, ending of year			\$ -		