

CITY OF VALDEZ, ALASKA

Federal and State Single Audit Reports

Year Ended December 31, 2022

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

CITY OF VALDEZ, ALASKA
Federal and State Single Audit Reports
Year Ended December 31, 2022

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

CITY OF VALDEZ, ALASKA

Table of Contents

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3-6
Schedule of Expenditures of Federal Awards	7
Notes to the Schedule of Expenditures of Federal Awards	8
Federal Schedule of Findings and Questioned Costs	9
Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the <i>State of Alaska</i> <i>Audit Guide and Compliance Supplement for State Single Audits</i>	10-13
Schedule of State Financial Assistance	14
Notes to the Schedule of State Financial Assistance	15
State Schedule of Findings and Questioned Costs	16

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

Honorable Mayor and City Council
City of Valdez, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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, 2022, and the related notes to the financial statements, which collectively comprise the City of Valdez's basic financial statements and have issued our report thereon dated Month, XX, 2023. Our report includes a reference to other auditors who audited the financial statements of Valdez Museum and Historical Archive Association, Inc., Providence Valdez Medical Center, and Providence Valdez Counseling Center, as described in our report of City of Valdez's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Valdez's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Valdez's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Valdez's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given the limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Valdez's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Valdez's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anchorage, Alaska
Month XX, 2023

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Honorable Mayor and City Council
City of Valdez, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Valdez, Alaska's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Valdez's major federal programs for the year ended December 31, 2022. City of Valdez's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

City of Valdez's basic financial statements include the operations of Valdez City Schools which received \$2,034,536 in federal awards which is not included in City of Valdez's Schedule of Expenditures of Federal Awards during the year ended December 31, 2022. Our audit described below, did not include the operations of Valdez City Schools because it was subjected to a separate audit in accordance with Uniform Guidance. City of Valdez's basic financial statements include the operations of Providence Valdez Medical Center which received \$164,000 in federal awards which is not included in City of Valdez's Schedule of Expenditures of Federal Awards during the year ended December 31, 2022. Our audit described below, did not include the operations of Providence Valdez Medical Center because it was subjected to a separate audit; however, it did not meet the threshold for an audit in accordance with the Uniform Guidance. City of Valdez's basic financial statements include the operations of Valdez Museum and Historical Archive Association, Inc. and Providence Valdez Counseling Center. Our audit, described below, did not include the operations of Valdez Museum and Historical Archive Association, Inc. and Providence Valdez Counseling Center because they each were subject to separate audits; however, neither met the threshold for an audit in accordance with the Uniform Guidance.

In our opinion, City of Valdez complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Valdez and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Valdez's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Valdez's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Valdez's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Valdez's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Valdez's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of City of Valdez's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Valdez's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Valdez, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City of Valdez's basic financial statements. We issued our report thereon dated Month XX, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Anchorage, Alaska
Month XX, 2023

CITY OF VALDEZ, ALASKA

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

Federal Grantor	Federal Assistance Listing Number	Federal Award Number or Pass-through Entity Identifying Award Number	Program or Award Amount	Federal Expenditures
U.S. Department of Agriculture:				
Passed through the State of Alaska, Department of Commerce, Community and Economic Development:				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	None	\$ 1,420,362	1,420,362
Passed through the State of Alaska, Department of Natural Resources:				
Volunteer Fire Assistance	10.664	None	5,000	5,000
Total U.S. Department of Agriculture			1,425,362	1,425,362
U.S. Department of Interior:				
Passed through the State of Alaska, Department of Commerce, Community and Economic Development:				
Payment in Lieu of Taxes	15.226	None	651,022	651,022
U.S. Department of the Treasury:				
Passed through the State of Alaska, Department of Commerce, Community and Economic Development:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	AK0140	2,036,740	350,242
U.S. Department of Housing and Urban Development:				
Passed through the State of Alaska, Department of Commerce, Community and Economic Development:				
Valdez Senior Living Apartments	14.228	21-CDBG-05	850,000	850,000
Institute of Museum and Library Service:				
Passed through the State of Alaska, Department of Education and Early Development:				
COVID-19 Alaska State Library	45.310	LS-250194-OLS-21	4,337	4,337
Total federal financial assistance			\$ 4,967,461	3,280,963

See accompanying notes to the schedule.

CITY OF VALDEZ, ALASKA

Notes to the Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of City of Valdez, Alaska, under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of City of Valdez, it is not intended to and does not present the basic financial statements of City of Valdez.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. City of Valdez has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(3) Subrecipients

The City of Valdez did not pass any federal funds through to subrecipients during the year ended December 31, 2022.

(4) Reporting Entity

The City of Valdez, for purposes of the supplementary Schedule of Expenditures of Federal Awards, includes all the funds of the primary government. It does not include the component units of the City of Valdez as follows:

Valdez City Schools

The City of Valdez's basic financial statements include \$2,034,536 of Federal funds expended for Valdez City Schools, a component unit of the City of Valdez. These monies are excluded from this schedule. These monies are subject to separate reports issued for Valdez City Schools dated October 21, 2022.

Providence Valdez Medical Center

The City of Valdez's basic financial statements include \$164,000 of Federal funds expended for Providence Valdez Medical Center, a component unit of the City of Valdez. These monies are excluded from this schedule. These monies are subject to separate reports issued for Providence Valdez Medical Center dated April 28, 2023.

CITY OF VALDEZ, ALASKA

Schedule of Findings and Questioned Costs

Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:

Unmodified

Is a going concern emphasis-at-matter
paragraph included in the audit report?

___ yes X no

Internal control over financial reporting:

Material weakness (es) identified?

___ yes X no

Significant deficiency (ies) identified?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal control over major programs (2 CFR 200.516 (a)(1)):

Material weakness(es) identified?

___ yes X no

Significant deficiency (ies) identified?

___ yes X none reported

Any material noncompliance with the provisions of
laws, regulations, contracts, or grant agreements
related to a major program (2 CFR 200.516 (a)(2))?

___ yes X no

Type of auditor's report issued on compliance
for major program:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with the
Uniform Guidance, 2 CFR 200.516(a)(3) or (4)?

___ yes X no

Identification of major programs:

Assistance Listing Number(s)

10.665

14.228

Name of Federal Program or Cluster

Schools and Roads – Grants to States

Valdez Senior Living Apartments

Dollar threshold used to distinguish
between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X yes ___ no

Section II - Financial Statement Findings

The City of Valdez did not have any findings that relate to the Financial Statements.

Section III – Federal Award Findings

The City of Valdez did not have any findings that relate to Federal awards.

Report on Compliance For Each Major State Program and Report on Internal Control over Compliance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits

Independent Auditor's Report

Honorable Mayor and City Council
City of Valdez, Alaska

Report on Compliance For Each Major State Program

Opinion on Compliance for Each Major State Program

We have audited City of Valdez's compliance with the types of compliance requirements identified as subject to audit in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City of Valdez's major state programs for the year ended December 31, 2022. City of Valdez's major state programs are identified in the accompanying Schedule of State Financial Assistance.

City of Valdez's basic financial statements include the operations of Valdez City Schools which received \$5,410,277 in state awards which is not included in City of Valdez's schedule of state financial assistance during the year ended December 31, 2022. Our audit, described below, did not include the operations of Valdez City Schools because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. City of Valdez's basic financial statements also include the operations of Valdez Museum and Historical Archive Association, Inc., Providence Valdez Medical Center, and Providence Valdez Counseling Center. Our audit, described below, did not include the operations of Valdez Museum and Historical Archive Association, Inc., Providence Valdez Medical Center, and Providence Valdez Counseling Center because they were subjected to separate audits; however, none met the threshold for an audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements in the *State of Alaska Audit Guide*. Our responsibilities under those standards and the *State of Alaska Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Valdez, Alaska and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of City of Valdez, Alaska's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Valdez, Alaska's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Valdez, Alaska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *State of Alaska Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Valdez, Alaska's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *State of Alaska Audit Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Valdez, Alaska's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Valdez, Alaska's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness of City of Valdez, Alaska's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of State Financial Assistance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Valdez, Alaska, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City of Valdez's basic financial statements. We issued our report thereon dated Month XX, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Anchorage, Alaska
Month XX, 2023

CITY OF VALDEZ, ALASKA

Schedule of State Financial Assistance

Year Ended December 31, 2022

<u>State Grant Title</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Eligible Expenditures</u>
Department of Health and Social Services:			
Comprehensive Behavioral Health Treatment and Recovery FY22	602-208-22075	\$ 271,620	151,081
Comprehensive Behavioral Health Treatment and Recovery FY23	162-208-23075	271,620	159,127
Adult Rural Peer Support FY22	602-200-22002	51,100	28,290
Adult Rural Peer Support FY23	162-200-23002	51,100	30,770
Total Department of Health and Social Services		<u>645,440</u>	<u>369,268</u>
Department of Education and Early Development:			
* Debt Retirement Program	None	4,703,191	4,703,191
Public Library Assistance	PLA23-Valdez	7,000	7,000
Total Department of Education and Early Development		<u>4,710,191</u>	<u>4,710,191</u>
Alaska Housing Finance Corporation:			
* Valdez Senior Apartments	GOL-22-VAL-1	500,000	206,900
Total State Financial Assistance		<u>\$ 5,855,631</u>	<u>5,286,359</u>
Reconciliation of Intergovernmental - State sources revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balances:			
Total State financial assistance		\$	5,286,359
Community Assistance Program			169,007
PERS on-behalf payments			645,408
Fisheries Business Tax			736,568
Shared Fisheries Business Tax			22,151
Telephone and Electric Tax			194,331
Shared Liquor Tax			15,500
Jail Contract			490,929
Department of Health and Social Services Grants reported in the Proprietary Funds			<u>(369,268)</u>
Total Intergovernmental - State sources revenue in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		\$	<u>7,190,985</u>

See accompanying notes to the Schedule of State Financial Assistance.

REVISED DRAFT
FOR DISCUSSION PURPOSES ONLY

CITY OF VALDEZ, ALASKA

Notes to the Schedule State Financial Assistance

Year Ended December 31, 2022

(1) Basis of Presentation

The accompanying Schedule of State Financial Assistance (the "Schedule") includes the state award activity of City of Valdez, Alaska, under programs of the State of Alaska for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of City of Valdez, it is not intended to and does not present the basic financial statements of City of Valdez.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

(3) Subrecipients

The City of Valdez did not pass any state funds through to subrecipients during the year ended December 31, 2022.

(4) Reporting Entity

The City of Valdez, for purposes of the supplementary Schedule of State Financial Assistance, includes all the funds of the primary government. It does not include the component units of the City of Valdez as follows:

Valdez City Schools

The City of Valdez's basic financial statements include \$5,410,277 of State of Alaska funds expended for Valdez City Schools, a component unit of the City of Valdez. These monies are excluded from this schedule. These monies are subject to separate reports issued for Valdez City Schools dated October 21, 2022.

(5) Major Programs

* denotes a major program for compliance audit purposes

CITY OF VALDEZ, ALASKA
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness (es) identified?

_____ yes X no

Significant deficiency (ies) identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

State Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiency (ies) identified?

_____ yes X none reported

Type of auditor's report issued on compliance
for major program:

Unmodified

Dollar threshold used to distinguish
between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X yes _____ no

Section II - Financial Statement Findings

The City of Valdez did not have any findings that relate to the Financial Statements.

Section III – State Award Findings

The City of Valdez did not have any findings that relate to State awards.