

## Notes to the Basic Financial Statements, Continued

**10. Risk Management**

The City faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees. The City participates in the Alaska Municipal League Joint Insurance Association (AML/JIA) which provides insurance coverage for property and contents damage, torts, general and automobile liability, and workers' compensation. The AML/JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's annual deposit contribution in comparison to the aggregate annual deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2019. The City has no coverage for potential losses from environmental damages. Coverage limits and the deductibles on the policies have stayed relatively constant for the past few years.

The City has adopted a self-insured health and medical benefit program which covers all permanent employees, effective July 1, 2014. The City retains a major portion of the risk of this plan, and, accordingly, is liable for any employee health claims that are approved for payment. The Plan is based on actuarially determined monthly fixed costs and actual claims up to the stop loss of \$20,000 per covered individual per year.

Changes in the claims liability for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Claims receivable/(payable) beginning of year	\$ (6,176)	\$ (45,676)
Claims incurred	(395,716)	(193,274)
Claims payments	411,895	232,774
Claims receivable/(payable), end of year	\$ <u>10,003</u>	\$ <u>(6,176)</u>

**11. Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability.

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

## Notes to the Basic Financial Statements, Continued

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

GASB Statement No. 90 requires a majority equity interest in a legally separate entity should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund. Those governments and funds should measure the majority interests at fair value. For all other holdings of majority interests in a legally separate entity, a government should report the legal separate entity as a component unit.

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

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

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

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

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

**REQUIRED SUPPLEMENTARY  
INFORMATION**

## City of Utqiagvik, Alaska

## Utqiagvik Gaming Special Revenue Fund

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

Year Ended June 30, 2019

	Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Gaming, net	\$ 425,772	349,620	(76,152)
Expenditures:			
Gaming:			
Salaries and benefits	120,508	207,121	(86,613)
Gaming supplies	35,000	42,503	(7,503)
Vehicle fuel	-	1,152	(1,152)
Gaming tax and permits	15,466	10,224	5,242
Contractual services	54,811	-	54,811
Utilities	2,555	2,997	(442)
Bank fees	-	124	(124)
Miscellaneous	12,108	5,253	6,855
Total gaming	<u>240,448</u>	<u>269,374</u>	<u>(28,926)</u>
Excess of revenues over expenditures	<u>185,324</u>	<u>80,246</u>	<u>(105,078)</u>
Other financing sources (uses):			
Operating transfer out	(162,000)	(80,246)	81,754
Net other financing sources	<u>(162,000)</u>	<u>(80,246)</u>	<u>81,754</u>
Net change in fund balance	\$ <u>23,324</u>	-	<u>(23,324)</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

City of Utqiagvik, Alaska

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

Public Employees' Retirement System (PERS)

June 30, 2019

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)
	City's Proportion of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	City's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	City's Covered Payroll	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>													
2018	0.0441%	\$ 372,764	\$ 372,764	\$ 111,911	\$ 111,911	\$ 111,911	\$ 484,675	\$ 484,675	\$ 1,297,674	\$ 1,297,674	28.73%	28.73%	89.68%
2019	0.0550%	\$ 564,258	\$ 564,258	\$ 164,135	\$ 164,135	\$ 164,135	\$ 728,393	\$ 728,393	\$ 1,584,417	\$ 1,584,417	35.61%	35.61%	88.12%
<b>Occupational Death and Disability (ODD):</b>													
2018	0.0678%	\$ (9,618)	\$ (9,618)	\$ -	\$ -	\$ -	\$ (9,618)	\$ (9,618)	\$ 1,297,674	\$ 1,297,674	-0.74%	-0.74%	212.97%
2019	0.0919%	\$ (17,848)	\$ (17,848)	\$ -	\$ -	\$ -	\$ (17,848)	\$ (17,848)	\$ 1,584,417	\$ 1,584,417	-1.13%	-1.13%	270.62%
<b>Retiree Medical Plan (RMP):</b>													
2018	0.0678%	\$ 3,535	\$ 3,535	\$ -	\$ -	\$ -	\$ 3,535	\$ 3,535	\$ 1,297,674	\$ 1,297,674	0.27%	0.27%	93.98%
2019	0.0919%	\$ 11,694	\$ 11,694	\$ -	\$ -	\$ -	\$ 11,694	\$ 11,694	\$ 1,584,417	\$ 1,584,417	0.74%	0.74%	88.71%

See accompanying notes to Required Supplementary Information.

City of Utqiagvik, Alaska

Schedule of the City's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2019

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution			City's Covered Payroll	Contributions as a Percentage of Covered Payroll
		Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll		
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>						
2018	\$ 68,231	\$ (68,231)	\$ -	\$ 1,584,417	4.31%	
2019	\$ 66,990	\$ (66,990)	\$ -	\$ 1,616,755	4.14%	
<b>Occupational Death and Disability (ODD):</b>						
2018	\$ -	\$ -	\$ -	\$ 1,584,417	0.00%	
2019	\$ 2,354	\$ (2,354)	\$ -	\$ 1,616,755	0.15%	
<b>Retiree Medical Plan (RMP):</b>						
2018	\$ -	\$ -	\$ -	\$ 1,584,417	0.00%	
2019	\$ 8,685	\$ (8,685)	\$ -	\$ 394,795	2.20%	

See accompanying notes to Required Supplementary Information.

Notes to the Required Supplementary Information, Continued

Expenditures exceeded appropriations in various departments of the Gaming Special Revenue Fund. The following amounts reflect the excess of the actual expenditures over the budget:

Gaming	\$ <u>28,926</u>
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**2. 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 one year prior to fiscal year end for all years presented.

***Changes in Methods Since the Prior Valuation – June 30, 2018 to June 30, 2019:***

Effective June 30, 2018, the amortization of the Unfunded Actuarial Accrued Liability was changed. As part of the experience study, the actuarial cost method for retiree healthcare benefits was changed from the Entry Age Level Dollar method to the Entry Age Level Percent of Pay method. There were no other changes in actuarial methods since the prior valuation.

***Changes in Assumptions Since the Prior Valuation – June 30, 2018 to June 30, 2019:***

Healthcare claim costs are updated annually. Adopted in January 2019, effective for the June 30, 2018 valuation, the Alaska Retirement Management Board adopted changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience analysis performed on the population experience from July 1, 2013 to June 30, 2017. With respects to the Defined Benefit Plan, the new assumptions/methods increased the Actuarial Accrued Liability as of June 30, 2018 by approximately \$555 million (pension) and \$761 million (healthcare). With respects to the Defined Contribution Retirement Plan, the new assumptions/methods decreased the Actuarial Accrued Liability as of June 30, 2018 by approximately \$10.5 million.

***Changes in Benefit Provisions Since the Prior Valuation – June 30, 2018 to June 30, 2019:***

There were no changes in benefit provisions since the prior valuation. However, with respects to the Defined Benefit Plan, the Employer Group Waiver Plan became effective as of January 1, 2019. This arrangement replaced the Retiree Drug Subsidy under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage. This change decreased the healthcare actuarial accrued liability as of June 30, 2018 by approximately \$711 million. There have been no changes in the Defined Contribution Retirement Plan benefit provisions valued since the prior valuation.

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

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

The table valuation date is June 30, 2018 which was rolled forward to June 30, 2019. Actuarially determined contribution rates are calculated as of June 30<sup>th</sup>, two years prior to the fiscal year in which contributions are reported.

City of Utqiagvik, Alaska  
 Balance Sheet - General Fund  
 June 30, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Cash and investments	\$ 576,864	873,015
Receivables:		
Intergovernmental	286,730	182,404
Accounts	299,179	145,150
Claims receivable	10,003	-
Prepaid items	5,580	5,580
Due from other funds	53,194	43,536
Total assets	<u>\$ 1,231,550</u>	<u>1,249,685</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	96,848	82,769
Claims payable	-	6,176
Accrued payroll and benefits	44,580	53,253
Unearned revenue	66,975	49,501
Due to other funds	45,341	531,306
Total liabilities	<u>253,744</u>	<u>723,005</u>
Fund balances:		
Nonspendable - prepaid items	5,580	5,580
Unassigned	972,226	521,100
Total fund balances	<u>977,806</u>	<u>526,680</u>
Total liabilities, deferred inflows or resources and fund balances	<u>\$ 1,231,550</u>	<u>1,249,685</u>



## City of Utqiagvik, Alaska

## General Fund

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

	2019		Variance with Final Budget- Positive (Negative)	2018
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Expenditures:				
Current:				
General government:				
City council:				
Salaries and benefits	\$ 39,786	29,552	10,234	41,679
Travel, training and per diem	10,000	-	10,000	295
Meals	-	2,602	(2,602)	2,036
Dues and subscriptions	5,000	257	4,743	1,475
Elections	2,980	2,792	188	1,713
Advertising	1,500	680	820	8,353
Gifts and contributions	15,000	18,675	(3,675)	5,100
Total city council	<u>74,266</u>	<u>54,558</u>	<u>19,708</u>	<u>60,651</u>
Administration:				
Salaries and benefits	784,104	896,761	(112,657)	900,002
Travel, training and per diem	50,000	74,828	(24,828)	75,892
Meals	-	5,538	(5,538)	8,387
Dues and subscriptions	8,900	7,288	1,612	1,127
Advertising	-	30	(30)	1,490
Gifts and contributions	13,200	19,921	(6,721)	9,331
Utilities	32,000	56,904	(24,904)	44,807
Office supplies	40,000	18,650	21,350	33,358
Vehicle fuel	7,000	8,771	(1,771)	8,224
Vehicle maintenance	-	861	(861)	654
Building maintenance	-	12,134	(12,134)	912
Professional fees	280,000	402,942	(122,942)	277,585
General insurance	176,000	355,359	(179,359)	265,914
Contractual service	-	47,203	(47,203)	43,474
Scholarships	-	33,454	(33,454)	29,225
Capital outlay	38,000	148,057	(110,057)	17,466
Postage and freight	200	18,922	(18,722)	5,473
Bank fees	12,500	14,052	(1,552)	17,797
Miscellaneous	2,100	3,826	(1,726)	24,044
Janitorial supplies	-	455	(455)	-
Total administration	<u>\$ 1,444,004</u>	<u>2,125,956</u>	<u>(681,952)</u>	<u>1,765,162</u>

(continued)

## City of Utqiagvik, Alaska

## General Fund

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

	2019		Variance with Final Budget- Positive (Negative)	2018
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
Distribution center:				
Salaries and benefits	\$ 123,321	171,098	(47,777)	166,726
Utilities	7,500	5,722	1,778	6,102
Vehicle fuel	-	2,729	(2,729)	1,756
General insurance	37,500	-	37,500	-
Miscellaneous	-	1	(1)	(38)
Theft loss	-	(378)	378	(79)
Total distribution center	<u>168,321</u>	<u>179,172</u>	<u>(10,851)</u>	<u>174,467</u>
Total expenditures	<u>3,242,825</u>	<u>4,359,992</u>	<u>(1,117,167)</u>	<u>3,968,400</u>
Excess of revenues over expenditures	1,701,365	355,090	(1,346,275)	(492,033)
Other financing sources (uses):				
Transfers in:				
Other Special Revenue Fund	-	-	-	1,549
Utqiagvik Permanent Special Revenue Fund	-	93,542	93,542	-
Gaming Special Revenue Fund	100,000	80,246	(19,754)	235,370
Total transfers in	<u>100,000</u>	<u>173,788</u>	<u>73,788</u>	<u>236,919</u>
Transfers out:				
Utqiagvik Permanent Special Revenue Fund	-	(77,752)	(77,752)	(42,837)
Gaming Special Revenue Fund	-	-	-	(129,063)
Total transfers out	<u>-</u>	<u>(77,752)</u>	<u>(77,752)</u>	<u>(171,900)</u>
Net other financing sources (uses)	<u>100,000</u>	<u>96,036</u>	<u>(3,964)</u>	<u>65,019</u>
Net change in fund balance	\$ <u>1,801,365</u>	451,126	<u>(1,350,239)</u>	(427,014)
Fund balance, beginning of year		<u>526,680</u>		<u>953,694</u>
Fund balance, end of year		\$ <u>977,806</u>		\$ <u>526,680</u>

## City of Utqiagvik, Alaska

## Other Governmental Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year Ended June 30, 2019

	Other Special Revenue Fund	Capital Project Fund	Total Other Governmental Funds
Revenues:			
Intergovernmental:			
Federal passed through the State of Alaska - NPRA grants	\$ -	369,566	369,566
North Slope Borough	33,675	-	33,675
Contributions	4,357	-	4,357
Other	3,878	-	3,878
Total revenues	<u>41,910</u>	<u>369,566</u>	<u>411,476</u>
Expenditures:			
Current:			
Community services	33,407	-	33,407
Capital outlay	-	369,566	369,566
Total expenditures	<u>33,407</u>	<u>369,566</u>	<u>402,973</u>
Excess of revenues over expenditures	8,503	-	8,503
Other financing sources (uses):			
Transfers out	-	-	-
Net change in fund balance	8,503	-	8,503
Fund balances, beginning of year	-	-	-
Fund balances, end of year	<u>\$ 8,503</u>	<u>-</u>	<u>8,503</u>

## City of Utqiagvik, Alaska

## Capital Project Fund

Schedule of Revenues, Expenditures and Changes in  
Fund Balance

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues:		
Intergovernmental:		
Federal passed through the State of Alaska - NPRA grants	\$ <u>369,566</u>	<u>-</u>
Expenditures:		
Capital outlay:		
Equipment	<u>369,566</u>	<u>-</u>
Excess of revenues over expenditures	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>-</u></u>	<u><u>-</u></u>

## CITY OF UTQIAGVIK, ALASKA

### Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Utqiagvik, Alaska under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City of Utqiagvik, Alaska, it is not intended to and does not present the basic financial statements of the City of Utqiagvik, Alaska.

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

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **Note 3. Indirect Cost Rate**

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform guidance.

#### **Note 4. Subrecipients**

The City did not pass any federal funds through to subrecipients during the year ended June 30, 2019.

**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 Utqiagvik,  
Utqiagvik, Alaska

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Utqiagvik, Alaska, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Utqiagvik, Alaska's basic financial statements, and have issued our report thereon dated January 24, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Utqiagvik, Alaska'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 Utqiagvik, Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Utqiagvik, Alaska'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 these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

**Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

**Independent Auditor's Report**

Honorable Mayor and City Council  
City of Utqiagvik  
Utqiagvik, Alaska

**Report on Compliance for Each Major Federal Program**

We have audited the City of Utqiagvik, Alaska's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of City of Utqiagvik, Alaska's major federal programs for the year ended June 30, 2019. City of Utqiagvik, Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of City of Utqiagvik, Alaska's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Utqiagvik, Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Utqiagvik, Alaska's compliance.

Honorable Mayor and City Council  
City of Utqiagvik, Alaska

City of Utqiagvik, Alaska's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and the corrective action plan. City of Utqiagvik, Alaska's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Altman, Rogers & Co.*

Anchorage, Alaska  
January 24, 2023



CITY OF UTQIAGVIK, ALASKA

Schedule of Findings and Questioned Costs, continued

**Section II – Financial Statement Findings**

The City did not have any findings related to financial statements.

**Section II – Financial Statement Findings**

**Finding 2019-001**

**Late Reporting and Noncompliance with Reporting Requirements**

**Federal Agencies:** U.S. Department of Interior  
**Pass-through Agency:** State of Alaska Department of Commerce, Community and Economic Development  
**Federal Programs:** Distribution of Receipts to State and Local Governments  
**ALN Numbers:** 15.227  
**Award Number:** 15-NPRA-03, 18-NPRA-01, 19-NPRA-14, and 19-NPRA-15  
**Award Years:** 2019  
**Type of Finding:** Material weakness in internal control over compliance and material noncompliance.

**Criteria:** Uniform Guidance requires that the reporting package be submitted within the earlier of 9 months after year end or 30 days after the report issuance in accordance with the provisions of 2 CFR part 200, subpart F, section 200.512.

**Condition and Context:** The City did not adhere to the Uniform Guidance requirement of submitting the reporting package within the earlier of 30 days after the receipt of the audit report, or the nine months after the end of the audit period.

**Cause:** Lack of internal controls around Uniform Guidance requirements.

**Effect:** The City was not in compliance with reporting requirements.

**Questioned costs:** None.

**Repeat finding:** This is a repeat of Finding 2018-005, therefore we believe this to be a systemic issue.

**Recommendation:** We recommend that management comply with Uniform Guidance reporting requirements.

**Management Response:** Management agrees with this finding, see Corrective Action Plan.

CITY OF UTQIAGVIK, ALASKA

Schedule of Findings and Questioned Costs, continued

**Finding 2018-005**

**Single Audit Reporting – Material Noncompliance**

**Condition:**

2 CFR Chapter I and Chapter II part 200 section 200.512 states that "(1) The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day." The City's reporting package was submitted after the due date.

**Status:**

This finding was repeated as Finding 2019-001.