

CITY OF NOME, ALASKA

Letter to the Governing Board

Year Ended June 30, 2024

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Year Ended June 30, 2024

March 31, 2025

Members of the Council
City of Nome, Alaska
Nome, Alaska

We have audited the financial statements of the governmental activities, the business-type activities, the Nome Public Schools discretely presented component unit, each major fund and the aggregate remaining fund information of City of Nome, Alaska (the City) for the year ended June 30, 2024, which collectively comprise the City's basic financial statements. We did not audit the financial statements of Nome Joint Utility System, which is a discretely presented component unit. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 5, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Nome, Alaska are described in Note 1 to the Financial Statements. We noted no transactions entered into by City of Nome, Alaska during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

All Opinion Units:

Management's estimate of the collectability of accounts receivable is based on historical collections. We evaluated the key factors and assumptions used to develop the collectability of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the calculation of the lease receivables and deferred inflows of resources are based on an estimated incremental borrowing rate for the present value calculation of the lease receipts. We evaluated the key factors and assumptions used to develop the present value calculation in determining that it is reasonable in relation to the financial statements as a whole.

Governmental Activities, Business-Type Activities, Port Facilities Enterprise Fund Opinion Units:

Management's estimate of the useful lives and depreciation of assets is based upon the expected life of an asset. We evaluated the key factors and assumptions used to develop the useful lives and depreciation expense in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimates of the City's proportionate share of the collective net pension and OPEB liabilities/assets and related deferred outflows and inflows of resources are based on information furnished by the State of Alaska and actuarial reports generated during the audit of the Public Employees' Retirement System. The amortization of these deferrals is based on guidance provided by the Governmental Accounting Standards Board. We evaluated the key factors and assumptions used to develop the estimates of the City's proportionate share of the collective net pension and OPEB liabilities and deferred outflows and inflows of resources and related amortization in determining that it is reasonable in relation to the financial statements as a whole.

Governmental Activities Opinion Unit:

Management uses estimates for the closure and post-closure costs of the landfill. These estimates are based on engineering surveys. We evaluated the key factors and assumptions used to develop the estimation for the closure of the landfill to determine its reasonableness in relation to the financial statements taken as a whole.

Financial Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 31, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Internal Control Matters

See Compliance Reports for definition and descriptions of deficiencies, significant deficiencies, material weaknesses and any reported findings.

Accounting Assistance

As part of our engagement we drafted the basic financial statements of the City from the City’s accounting records; however, management of the City was involved in the drafting process and retains responsibility for the basic financial statements.

Other Matters/Supplementary Information Accompanying the Financial Statements

We applied certain limited procedures to the Management Discussion and Analysis, the Budgetary Comparison Schedule, Schedules of City’s Proportionate Share of the Net Pension and OPEB Liabilities/Assets and Schedules of City’s Contributions and notes to the required supplementary information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the “Supplementary Information” which includes Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances (deficit), Schedule of Expenditures of Federal Awards and notes to the schedule, Schedule of State Financial Assistance and notes to the schedule which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the use of the members of the Council and management of City of Nome, Alaska and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Altman, Rogers & Co.

Anchorage, Alaska