

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
AGENDA STATEMENT

No. 10b

MEETING OF: January 29, 2025

Item Title: Ketchikan Gateway Borough School District Annual Financial Audit

New Business:	Reviewed by:
Motion to approve the FY2023-2024 Annual Independent Financial Audit prepared by Altman, Rogers & Co	<input checked="" type="checkbox"/> Superintendent <input checked="" type="checkbox"/> Finance

SUBMITTED BY Daniel Schuler, Business Manager, 907 247 2116

SUBMITTED FOR APPROVAL: Michael Robbins, Superintendent

SUMMARY STATEMENT:

Ketchikan Gateway Borough School District (KGBSD), per Alaska Statute 14.14.050 - Annual Audit, must following:

(a) The school board in each school district shall, before October 1 of each year, provide for an audit of all school accounts for the school year ending the preceding June 30. To make the audit the school board shall contract with a public accountant who has no personal interest, direct or indirect, in the fiscal affairs of the district. One certified copy of the audit shall be filed with the commissioner and one certified copy shall be posted in a public place at the principal administrative office of the district.

(b) The audit shall conform in form to requirements established by the commissioner. The commissioner shall withhold all payments of state funds after November 15 to a school district that fails to file a certified copy of the audit with the department. Please see the attached memorandum regarding the delay in the audit process for the FY2023-2024 Annual Independent Financial Audit.

ISSUE & BACKGROUND:

KGBSD, for the purposes of meeting the requirements of Alaska Statute 14.14.050, engaged Altman, Rogers & Co. to perform an annual audit in accordance with General Accepted Accounting Principles and the Federal Single Audit requirements for entities that receive in excess of \$750,000 in Federal Financial Assistance in a fiscal year.

RECOMMENDATION:

Approval of the FY2023-2024 Annual Independent Financial Audit prepared by Altman, Rogers & Co., as presented.

FISCAL NOTE*:

Not applicable

ATTACHMENTS

1. FY2023-2024 Annual Independent Financial Audit
2. FY2023-2024 Letter to the Board of Education
3. Memorandum of Delay in FY2023-2024 Annual Independent Financial Audit Delivery
4. Memorandum on the FY2023-2024 Audit Results

RECOMMENDED ACTION (If not approved in the Consent Calendar)

“I hereby move that the Board of Education approve the FY2023-2024 Annual Independent Financial Audit, as presented.”

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
(A Component Unit of the Ketchikan Gateway Borough)

Basic Financial Statements, Required Supplementary
Information, Supplementary
Information and Compliance Reports

Year Ended June 30, 2024

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
(A Component Unit of the Ketchikan Gateway Borough)

Basic Financial Statements, Required Supplementary
Information, Supplementary
Information and Compliance Reports

Year Ended June 30, 2024

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

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Independent Auditor's Report

Members of the School Board
Ketchikan Gateway Borough School District
Ketchikan, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ketchikan Gateway Borough School District (the District), a component unit of the Ketchikan Gateway Borough, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ketchikan Gateway Borough School District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Ketchikan Gateway Borough School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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 District'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 District'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 Schedule of Revenues, Expenditures and Changes in Fund Balance – Original and Final – Budget and Actual: School Operating Fund and Food Service Special Revenue Fund; the Schedules of the District’s Proportionate Share of the Net Pension and OPEB Liabilities (Assets) and Contributions for the Public Employees’ Retirement System and Teachers’ Retirement System; and Notes to Required Supplementary Information on pages 41-42, 43-50, and 51-54, 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ketchikan Gateway Borough School District’s basic financial statements. The information listed in the table of contents as “Supplementary Information”, which includes the Major Governmental Funds: Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual; Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit); Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual; Ketchikan High School Student Club Accounts: Schedule of Changes in Account Balances; Schedule of Compliance - AS 14.17.505; Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; Notes to Schedule of Expenditures of Federal Awards; Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*; and Notes to Schedule of State Financial Assistance, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Members of the School Board
Ketchikan Gateway Borough School District

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the "Supplementary Information" as previously listed, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2025, on our consideration of the Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ketchikan Gateway Borough School District's internal control over financial reporting and compliance.



Anchorage, Alaska
January 9, 2025

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Statement of Net Position

June 30, 2024

	Governmental Activities
<u>Assets and Deferred Outflows of Resources</u>	
Current assets:	
Cash and investments	\$ 1,631,676
Accounts receivable	1,905,274
Receivable from trust fund	99,824
Inventory	15,680
Prepaid items	123,899
Total current assets	<u>3,776,353</u>
Long-term assets:	
Capital assets, not being depreciated	354,483
Depreciable capital assets, net of accumulated depreciation	485,500
Net OPEB assets	14,644,567
Total long-term assets	<u>15,484,550</u>
Deferred outflows of resources -	
Pension and OPEB deferrals	<u>4,140,077</u>
Total assets and deferred outflows of resources	<u><u>23,400,980</u></u>
<u>Liabilities and Deferred Inflows of Resources</u>	
Current liabilities:	
Accounts payable	242,671
Accrued payroll liabilities	10,034
Accrued leave	544,718
Payable to Ketchikan Gateway Borough	7,584,561
Unearned revenue	23,088
Note payable, due within one year	44,969
Total current liabilities	<u>8,450,041</u>
Long-term liabilities:	
Self-insurance payable	2,783,931
Note payable	89,021
Net pension liabilities	26,164,444
Total long-term liabilities	<u>29,037,396</u>
Deferred inflows of resources -	
Pension and OPEB deferrals	<u>729,841</u>
Total liabilities and deferred inflows of resources	<u><u>38,217,278</u></u>
<u>Net Position</u>	
Net investment in capital assets	839,983
Restricted - scholarships	14,000
Unrestricted	(15,670,281)
Total net position	<u>(14,816,298)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 23,400,980</u>

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 19,523,138	6,900	2,488,786	-	(17,027,452)
Special education instruction	8,566,018	-	1,090,797	-	(7,475,221)
Special education support services - students	815,690	-	142,500	-	(673,190)
Support services - students	1,829,939	-	635,305	-	(1,194,634)
Support services - instruction	2,790,702	-	354,147	-	(2,436,555)
School administration	2,149,227	-	115,793	-	(2,033,434)
School administration support services	1,066,720	-	10,994	-	(1,055,726)
District administration	828,684	-	93,888	-	(734,796)
District administration support services	1,336,179	-	275,436	-	(1,060,743)
Operations and maintenance of plant	6,967,702	3,982	26,673	1,706,901	(5,230,146)
Student activities	805,978	-	37,311	3,970	(764,697)
Student transportation - to and from school	1,784,696	-	1,529,966	-	(254,730)
Student transportation - school activities	11,111	-	9,522	-	(1,589)
Community services	31,418	25,069	-	-	(6,349)
Food services	1,138,423	181,733	814,584	-	(142,106)
Total Governmental Activities	\$ 49,645,625	217,684	7,625,702	1,710,871	(40,091,368)
General revenues:					
Borough appropriations				\$	12,928,688
Grants not restricted to specific programs					26,556,012
E-rate					112,039
Other					114,843
Total general revenues					39,711,582
Change in net position					(379,786)
Net position, beginning of year					(14,436,512)
Net position, end of year				\$	(14,816,298)

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2024

	School Operating Fund	Food Service Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and investments	\$ 1,631,676	-	-	1,631,676
Accounts receivable	29,323	207,414	1,668,537	1,905,274
Receivable from trust fund	99,824	-	-	99,824
Due from other funds	1,503,154	495,208	142,100	2,140,462
Inventory	-	15,680	-	15,680
Prepaid items	123,899	-	-	123,899
Total assets	<u>3,387,876</u>	<u>718,302</u>	<u>1,810,637</u>	<u>5,916,815</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	-	2,911	239,760	242,671
Accrued payroll liabilities	65	9,969	-	10,034
Due to other funds	637,308	-	1,503,154	2,140,462
Due to Ketchikan Gateway Borough	7,584,561	-	-	7,584,561
Unearned revenue	-	-	23,088	23,088
Total liabilities	<u>8,221,934</u>	<u>12,880</u>	<u>1,766,002</u>	<u>10,000,816</u>
Fund balances:				
Nonspendable	123,899	15,680	-	139,579
Restricted	-	-	14,000	14,000
Committed	-	689,742	106,361	796,103
Unassigned	(4,957,957)	-	(75,726)	(5,033,683)
Total fund balances	<u>(4,834,058)</u>	<u>705,422</u>	<u>44,635</u>	<u>(4,084,001)</u>
Total liabilities and fund balances	<u>\$ 3,387,876</u>	<u>718,302</u>	<u>1,810,637</u>	<u>5,916,815</u>

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

Year Ended June 30, 2024

Total fund balances of governmental funds		\$	(4,084,001)
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. These assets, net of accumulated depreciation, consist of:			
Works of art	\$	354,483	
Improvements other than buildings		119,676	
Equipment		2,948,130	
Total capital assets		<u>3,422,289</u>	
Accumulated depreciation		<u>(2,582,306)</u>	
Total capital assets, net			839,983
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities.			
Long-term liabilities reported in these statements consist of:			
Accrued leave		(544,718)	
Note payable		(133,990)	
Self-insurance liability		<u>(2,783,931)</u>	(3,462,639)
Proportionate share of the net OPEB assets:			
PERS		5,561,997	
TRS		<u>9,082,570</u>	14,644,567
Proportionate share of the net pension liabilities:			
PERS		(11,851,828)	
TRS		<u>(14,312,616)</u>	(26,164,444)
Deferred inflows and outflows of resources are the result of timing differences in the actuarial report:			
Pension and OPEB related assets in the current fiscal year are presented as deferred outflows of resources.			
PERS		1,855,958	
TRS		<u>2,284,119</u>	4,140,077
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources.			
PERS		(287,785)	
TRS		<u>(442,056)</u>	<u>(729,841)</u>
Net position of governmental activities		\$	<u><u>(14,816,298)</u></u>

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

June 30, 2024

	School Operating Fund	Special Revenue Funds		Other Governmental Funds	Total Governmental Funds
		Student Transportation (Formerly Major)	Food Service		
Revenues:					
Local sources:					
Charges for services	\$ -		181,733	35,951	217,684
Other	226,882		-	93,834	320,716
Intergovernmental:					
Ketchikan Gateway Borough	12,928,688		-	1,710,871	14,639,559
State of Alaska	28,862,471		-	1,593,956	30,456,427
Federal sources	6,623		737,546	3,712,912	4,457,081
Total revenues	<u>42,024,664</u>		<u>919,279</u>	<u>7,147,524</u>	<u>50,091,467</u>
Expenditures:					
Current:					
Instruction	19,084,048		-	1,563,765	20,647,813
Special education instruction	8,657,411		-	875,150	9,532,561
Special education support services - students	779,424		-	99,107	878,531
Support services - students	1,539,447		-	582,398	2,121,845
Support services - instruction	2,754,755		-	296,521	3,051,276
School administration	2,290,141		-	-	2,290,141
School administration support services	1,235,053		-	1,000	1,236,053
District administration	785,906		-	70,568	856,474
District administration support services	1,223,055		-	246,766	1,469,821
Operations and maintenance of plant	5,676,534		-	6,808	5,683,342
Student activities	803,991		-	17,970	821,961
Student transportation - to and from school	-		-	1,785,224	1,785,224
Student transportation - school activities	-		-	11,111	11,111
Community services	-		-	31,418	31,418
Food services	-		1,053,883	77,038	1,130,921
Debt service:					
Principal	1,812,146		-	-	1,812,146
Interest	4,339		-	-	4,339
Construction and facilities acquisition	-		-	1,705,084	1,705,084
Total expenditures	<u>46,646,250</u>		<u>1,053,883</u>	<u>7,369,928</u>	<u>55,070,061</u>
Excess (deficiency) of revenues over expenditures	(4,621,586)		(134,604)	(222,404)	(4,978,594)
Fund balances, beginning of year, as previously reported	<u>(212,472)</u>	<u>191,598</u>	<u>840,026</u>	<u>75,441</u>	<u>894,593</u>
Change within the financial reporting entity (major to nonmajor)	-	(191,598)	-	191,598	-
Fund balances, beginning of year, as adjusted	<u>(212,472)</u>		<u>840,026</u>	<u>267,039</u>	<u>894,593</u>
Fund balances, end of year	<u>\$ (4,834,058)</u>		<u>705,422</u>	<u>44,635</u>	<u>(4,084,001)</u>

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Reconciliation of Changes in Fund Balances of
Governmental Funds to Statement of Activities

Year Ended June 30, 2024

Net change in fund balances - total governmental funds \$ (4,978,594)

The change in net position reported for governmental activities in the
Statement of Activities is different because:

Governmental funds report capital outlay 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. These are the amounts
reported for capital outlay and depreciation.

Capital outlay	\$ 60,927	
Depreciation expense	<u>(104,346)</u>	(43,419)

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 the unfunded net pension and OPEB liabilities and assets:		
PERS	1,960,402	
TRS	<u>978,059</u>	2,938,461

Changes in deferred inflow and outflow of resources are the results of timing
differences in the actuarial report and adjustments to reflect employer and
non-employer contributions based on the measurement date of the liabilities.

PERS	160,660	
TRS	<u>(63,683)</u>	96,977

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.
These are the net changes in long-term liability balances.

Change in accrued annual leave	(58,884)	
Change in self-insurance liability	(146,473)	
Principal payments on self-insurance liability	1,768,395	
Principal repayments on note payable	<u>43,751</u>	<u>1,606,789</u>

Change in net position of governmental activities \$ (379,786)

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2024

<u>Assets</u>	<u>Private Purpose Trust Fund</u>	<u>Student Activities Custodial Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ <u>250,903</u>	<u>722,017</u>	<u>972,920</u>
<u>Liabilities and Net Position</u>			
Liabilities:			
Payable to School District	<u>99,824</u>	<u>-</u>	<u>99,824</u>
Fiduciary net position:			
Held for student groups	-	218,534	218,534
Held for student groups for high school accounts	-	503,483	503,483
Held for student groups for scholarships	<u>151,079</u>	<u>-</u>	<u>151,079</u>
Total net position	<u>151,079</u>	<u>722,017</u>	<u>873,096</u>
Total liabilities and net position	\$ <u>250,903</u>	<u>722,017</u>	<u>972,920</u>

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2024

	Private Purpose Trust Fund	Student Activities Custodial Fund	Total
Additions:			
Earnings on investments	\$ 1,240	-	1,240
Contributions	-	1,134,316	1,134,316
Donations	8,100	-	8,100
Total additions	<u>9,340</u>	<u>1,134,316</u>	<u>1,143,656</u>
Deductions -			
Other expenses	<u>16,500</u>	<u>1,280,309</u>	<u>1,296,809</u>
Change in net position	(7,160)	(145,993)	(153,153)
Net position, beginning of year	<u>158,239</u>	<u>868,010</u>	<u>1,092,349</u>
Net position, end of year	<u>\$ 151,079</u>	<u>722,017</u>	<u>873,096</u>

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Ketchikan Gateway Borough School District (the District) operates under the statutes of the State of Alaska applicable to borough school districts. The Board of Education is composed of seven members elected at large to three year terms.

The accounting and financial reporting policies are regulated by the State of Alaska Department of Education and Early Development in accordance with generally accepted accounting principles for state and local governments.

The Ketchikan Gateway Borough School District is a component unit of the Ketchikan Gateway Borough because the Borough has accountability for all significant fiscal matters. The Borough is responsible for approving the School District's expenditure authority in total and appropriating Borough funds for school district operations. It is responsible for general obligation bonds issued for school construction. The Ketchikan Gateway Borough School District provides elementary and secondary education services to Borough residents.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the School District. For the most part, the effect of inter-fund activity has been removed from these statements. The District engages only in governmental activities, which are normally supported by intergovernmental revenues. It does not engage in business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any component units.

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. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, or services provided by a given function; and 2) grants that are restricted to meeting the operational requirements of a particular function. Intergovernmental revenues and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due.

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

The *School Operating Fund* is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operations except those required to be accounted for in other funds.

The *Food Service Special Revenue Fund* accounts for the District's food service related grant funding and expenditures.

The *Student Transportation Special Revenue Fund* was reported as a major fund in the prior fiscal year. The fund no longer meets the requirements of a major fund and is reported as a nonmajor fund for the year ended June 30, 2024.

Additionally, the District reports the following fiduciary fund types:

The *Private-Purpose Trust Fund* is used to account for the resources legally held in trust for student scholarships. All earnings from the investment in the endowment may be used for scholarships. The endowment must be preserved as capital.

Student Activities Custodial Fund is used to account for resources where the District's role is purely custodial. Accordingly, all assets reported in a custodial fund are held by the District on behalf of the student groups. The District is custodian of funds raised by student groups.

The other funds of the District are considered nonmajor and are as follows:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds are used to account for the acquisition or construction of major capital facilities.

The District follows the Uniform Chart of Accounts for School Districts as required by the State of Alaska, Department of Education and Early Development. This manual sets guidelines for financial reporting and requirements for basic accounting systems, which are uniform throughout Alaska.

Estimates

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Summarized below are the major sources of revenues and applicable recognition policies.

Intergovernmental Revenue

State of Alaska Public School Funding (Foundation) and pupil transportation revenues, federal impact aid, and federal aid for the school lunch program are susceptible to accrual and are recorded in the year to which they relate. State of Alaska and Federal government cost reimbursable grants and contracts are recorded to the extent of allowable expenditures in the period which the expenditures were incurred.

Revenues from the Ketchikan Gateway Borough are recorded as intergovernmental revenues and are susceptible to accrual and are recorded in the year of the Borough appropriation.

Local Revenue

Interest earned is recorded in the School Operating Fund unless otherwise specified by the awarding source. Rental income from District owned property is recorded in the period to which it relates. Both interest and rental income is susceptible to accrual.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position / Fund Balance

1. Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. There are no statutory limitations on the type of investment allowed.

State statutes authorize the Borough to establish a central cash treasury at the Borough. Interest earnings of central cash treasury investments accrue to the Ketchikan Gateway Borough, except for the capital project funds, which by law, accrue to those funds. The District maintains some cash in its own checking accounts to facilitate payments in a timely manner. Agency funds are maintained by the District rather than deposited into the central cash treasury.

2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of fund financial statements and are eliminated in the preparation of the government-wide financial statements.

Receivables are comprised of amounts due from the federal government, State of Alaska, and other local sources.

No receivables are deemed uncollectible and no allowance for uncollectible accounts has been established.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

3. Inventory and Prepaid Items

Teaching and maintenance supplies are recorded as expenditures when purchased rather than as consumed. Accounting for inventory of heating fuel and food supplies is on the consumption method. The consumption method records the expenditures when consumed rather than when purchased. Inventories are valued at cost using the first-in, first-out (FIFO) method. Reported inventories are equally offset by a fund balance classified as nonspendable, which indicates they do not constitute "available spendable resources" even though they are a component of current assets.

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items. The prepaid assets do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as nonspendable in the Fund Financial Statements.

4. Capital Assets

Capital assets, which include equipment and improvements to property, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Land, buildings, infrastructure assets, and construction-in-progress are reported by the Ketchikan Gateway Borough since they hold the title to the land and buildings, and engage the architects, engineers, and contractors to construct new facilities.

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

Equipment and improvements to property of the School District are depreciated using the straight line method over the following estimated useful lives:

Assets:	<u>Years</u>
Office equipment	7-30
Computer equipment	3-7
Vehicles	7
Furniture	10-30
Other equipment	5-15

Works of art are not depreciated if the art work is removable from the building. Artwork that has become part of the building such as ceramic walls is depreciated over 70 years.

5. Deferred Inflows and Deferred Outflows of Resources

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

6. Unearned Revenue

Unearned revenues arise when resources are received before the School District has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when there is a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

7. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused annual leave (vacation) and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All annual leave pay is accrued when earned in the government-wide financial statements.

8. Long-Term Obligations

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities. In the Fund Financial Statements the face amount of the debt issued is reported as other financing sources and an expenditure of the fund incurring the debt. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Debt incurred for construction of school facilities is the obligation of the Borough; therefore, it is not included in the School District's Government-Wide Statement of Net Position.

9. Pensions and Other Post-Employment Benefits (OPEB)

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

Notes to Basic Financial Statements, Continued

10. Fund Balance

The governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted fund balance reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the School Board-the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the School Board removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The School Board has the authority to assign amounts to be used for specific purposes in the School Operating Fund. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the School Operating Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance is the residual classification for the School Operating Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources-committed, assigned, and unassigned-in order as needed.

11. 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 District'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.

12. Fair Value of Financial Instruments

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

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted by the School Board for all revenues, expenditures and interfund transfers of all special revenue funds. Budgets are prepared and presented on the modified accrual basis of accounting. All special revenue fund budgets are also submitted to the Ketchikan Gateway Borough Assembly so that they may review and approve the total expenditure authority. Special revenue fund budgets are revised to agree with the actual grant budget as set by the granting agency. Project budgets are adopted for the various capital project funds based on the lives of the construction projects. The Superintendent may approve budget revisions of up to ten percent of each line item provided the total program budget does not change.

The following Special Revenue Fund had expenditures in excess of appropriations:

Student transportation	\$	<u>256,847</u>
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III. Cash and Investments

The District maintains a central treasury that is available for use by all the funds. Each fund's portion of the central treasury is displayed on the balance sheet as "Due to/from other funds."

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District bank accounts are insured by the Federal Deposit Insurance Company (FDIC) to a maximum balance of \$250,000 deposited per financial institution, without regard to the number of accounts. Bank balances, deposited with Wells Fargo Bank, N.A., were covered by federal depository insurance and insured by a tri-party agreement between BNY Mellon, Wells Fargo, and Ketchikan Gateway Borough School District. The agreement provides insurance for cash deposited with Wells Fargo Bank only, and it does not insure cash deposited with other financial institutions. As of June 30, 2024 the District's cash balances were fully insured.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

IV. Accounts Receivable

Receivables as of the year ended June 30, 2024, for the District's individual major funds and nonmajor funds are as follows:

		School Operating Fund	Food Service Special Revenue Fund	Other Governmental Funds	Total
Grants	\$	-	207,414	1,384,004	1,591,418
Other		29,323	-	284,533	313,856
Total	\$	<u>29,323</u>	<u>207,414</u>	<u>1,668,537</u>	<u>1,905,274</u>

Management has determined that all receivables are collectable; therefore, no allowance for doubtful accounts has been established.

V. Capital Assets

Ketchikan Gateway Borough owns and is responsible for maintaining all land, school buildings, and improvements that are provided to the District without charge. Capital assets, as recorded in the School District's financial records, consist of works of art, improvements other than buildings, and equipment.

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:				
Works of art	\$ 354,483	-	-	354,483
Capital assets being depreciated:				
Improvements other than buildings	119,676	-	-	119,676
Equipment	2,887,203	60,927	-	2,948,130
Total capital assets being depreciated	3,006,879	60,927	-	3,067,806
Accumulated depreciation:				
Improvements other than buildings	(11,970)	(21,541)	-	(33,511)
Equipment	(2,465,990)	(82,805)	-	(2,548,795)
Total accumulated depreciation	(2,477,960)	(104,346)	-	(2,582,306)
Net depreciable capital assets	528,919	(43,419)	-	485,500
Total capital assets	\$ 883,402	(43,419)	-	839,983

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

Instruction	\$	4,172
Support services – instruction		75,967
Operations and maintenance of plant		17,973
Student activities		6,064
Food services		170
Total depreciation expense	\$	<u>104,346</u>

VI. Interfund Receivables, Payables and Transfers

Interfund receivables and payables are shown as "Due to Other Funds" and "Due From Other Funds" in each of the individual funds. These balances at June 30, 2024, were as follows:

Receivable Fund	Payable Fund	Amount
School Operating Fund	Other Governmental Funds	\$ 1,503,154
Food Service Special Revenue Fund	School Operating Fund	495,208
Other Governmental Funds	School Operating Fund	142,100
		<u>\$ 2,140,462</u>

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

VII. Long-term Liabilities

During the year ended June 30, 2023 the District entered into an agreement to purchase IT equipment for \$177,741. The agreement calls for annual payments through 2027 and accrues interest at 2.75%.

A schedule of the District's change in long-term liabilities is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	\$ 177,741	-	(43,751)	133,990	44,969
Net pension liabilities	28,348,710	-	(2,184,266)	26,164,444	-
Accrued leave	485,834	400,411	(341,527)	544,718	544,718
Total	<u>\$ 29,012,285</u>	<u>400,411</u>	<u>(2,569,544)</u>	<u>26,843,152</u>	<u>589,687</u>

The note payable, net pension liabilities, and accrued leave are generally liquidated by the General Fund.

Annual debt service requirements to maturity for the note payable as of June 30, 2024 are as follows:

Year ending June 30:	Principal	Interest	Total
2025	\$ 44,969	3,121	48,090
2026	46,222	1,868	48,090
2027	42,799	575	43,374
	<u>\$ 133,990</u>	<u>5,564</u>	<u>139,554</u>

VIII. Employee Retirement Systems and Plans

The District 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 District participate in either the State of Alaska Public Employees' Retirement System (PERS) or the State of Alaska Teacher's Retirement System (TRS). In addition to the pension plan, both systems also administer other post-employment benefit (OPEB) plans.

The system is governed by the Alaska Retirement Management Board (ARMB). 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 and TRS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

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

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Plan Memberships

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

	<u>PERS</u>	<u>TRS</u>
Retired plan members or beneficiaries		
currently receiving benefits	36,951	13,484
Inactive plan members entitled to but		
not yet receiving benefits	4,781	773
Inactive plan members not entitled to benefits	9,961	1,559
Active plan members	<u>8,557</u>	<u>2,897</u>
Total plan memberships	<u>60,250</u>	<u>18,713</u>

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, 2024, employer contributions were 0.00% for PERS and 0.00% for TRS.

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, 2024, the employer contribution rates were 0.30% for PERS and 0.08% for TRS.

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 1.01% for PERS and 0.82% for TRS.

Health Reimbursement Arrangement Plan (HRA)

The Health 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 PERS and TRS plans.

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.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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 money-weighted rate of return, net of investment expense, for the year ended June 30, 2023 for PERS and TRS for the DB Pension Plan were 7.56% and 7.52%, the ARHCT Plan were 7.64% and 7.64%, the ODD Plan were 7.71% and 7.62%, and the RMP were 7.71% and 7.62%, respectively.

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 and TRS plans (rates shown below exclude an annual inflation component of 2.82%):

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	6.17%
Global Equity (ex-U.S.)	6.55%
Aggregate Bonds	1.63%
Real Assets	4.87%
Private Equity	11.57%
Cash Equivalents	0.49%

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 4.13% as of June 30, 2023.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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, these rates are statutorily capped at 22.00% for PERS and 12.56% for TRS of eligible wages, subject to the salary floor, and other termination costs as described below. This rate is calculated on all PERS or TRS participating wages, including those wages attributable to employees in the defined benefit plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2040. This will result in lower ARM Board Rates in future 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.

Employer Contribution rates for the fiscal year 2024 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	22.00%	25.10%	3.10%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	<u>22.00%</u>	<u>25.10%</u>	<u>3.10%</u>
TRS:			
Pension	12.56%	25.52%	12.96%
OPEB	0.00%	0.00%	0.00%
Total TRS contribution rates	<u>12.56%</u>	<u>25.52%</u>	<u>12.96%</u>

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Termination Costs: If the District 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 District function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District'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 District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS and TRS Administrator. For the plan year ended June 30, 2023 (measurement period) the past service rate for PERS and TRS is 16.33%.

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2023 (latest available) were determined by an actuarial valuation as of June 30, 2022 which was rolled forward to the measurement date June 30, 2023. 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% per year.
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: 6.7% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.2% grading down to 4.5%. Ultimate trend rates reached in FY2050.

The actuarial assumptions used in the June 30, 2022 actuarial valuation are the same as those used in the June 30, 2021 valuation with the following exceptions related to the ARHCT plan:

1. Per capita claims costs were updated to reflect recent experience.
2. Normal cost for administrative expenses were updated to reflect recent two years of actual administrative expenses paid from plan assets.

The changes of assumptions from the latest experience study significantly reduced deferred inflows of resources attributable to the District, as well as a net OPEB benefit recognized by the District for the State's proportionate share of OPEB plan expense attributable to the District. In some instances, the reduction of revenues and expenses reported for the State's proportionate share of OPEB plan expense attributable to the District 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 Employees' Retirement System (PERS) – Defined Benefit Plan (DB)

Plan Description. The District 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 plan and 151 participating in PERS defined contribution 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.

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.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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 25th 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 June 30, 2024, were:

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ <u>1,012,839</u>	<u>83,190</u>	<u>1,186,029</u>

Public Employees’ Retirement Plans

For the year ended June 30, 2024 the State of Alaska contributed \$225,574 (100% pension cost) on-behalf of the District, 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 \$133,693 to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

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KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

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 June 30, 2024, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District 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 District were as follows:

Defined Benefit:		<u>Pension</u>
District's proportionate share of the net pension liability	\$	11,851,828
State's proportionate share of the net pension liability		<u>3,949,877</u>
Total	\$	<u>15,801,705</u>
		<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability (asset)	\$	(5,247,367)
State's proportionate share of the ARHCT OPEB liability (asset)		<u>(1,766,490)</u>
Total	\$	<u>(7,013,857)</u>
District's proportionate share of the ODD OPEB liability (asset)	\$	<u>(149,216)</u>
District's proportionate share of the RMP OPEB liability (asset)	\$	<u>(165,414)</u>
Total District's share of net pension and OPEB liabilities and assets	\$	<u>6,289,831</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023 and adjusted to reflect updated assumptions. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for the fiscal years ending 2024 to 2039, as determined by projections based on the June 30, 2022 valuation.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
	Measurement	Measurement	
Pension	0.22857%	0.27120%	(0.04263%)
OPEB:			
ARHCT	0.22805%	0.26930%	(0.04125%)
ODD	0.29085%	0.32395%	(0.03310%)
RMP	0.34836%	0.38126%	(0.03290%)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2023, the District recognized pension and OPEB expense (benefit) of (\$397,803) and (\$445,676), respectively, for the year ended June 30, 2024, the District 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	309,351	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	1,012,839	-
Total	\$ <u>1,322,190</u>	<u>-</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,894	-
Changes of assumptions	-	(96,563)
Net difference between projected and actual earnings on OPEB plan investments	238,835	-
Changes in proportion and differences between District contributions and proportionate share of contributions	135,257	-
District contributions subsequent to the measurement date	-	-
Total	\$ <u>384,986</u>	<u>(96,563)</u>

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(41,927)
Changes of assumptions	-	(621)
Net difference between projected and actual earnings on OPEB plan investments	3,445	-
Changes in proportion and differences between District contributions and proportionate share of contributions	21,223	(6,800)
District contributions subsequent to the measurement date	19,051	-
Total	<u>\$ 43,719</u>	<u>(49,348)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,042	(5,340)
Changes of assumptions	17,788	(134,511)
Net difference between projected and actual earnings on OPEB plan investments	13,861	-
Changes in proportion and differences between District contributions and proportionate share of contributions	4,233	(2,023)
District contributions subsequent to the measurement date	64,139	-
Total	<u>\$ 105,063</u>	<u>(141,874)</u>

\$1,012,839 and \$83,190 are reported as deferred outflows of resources related to pension and OPEB resulting from District 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 June 30, 2024 (measurement date), 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		OPEB	OPEB	OPEB
June 30,	Pension	ARHCT	ODD	RMP
2024	\$ (117,326)	(54,312)	(6,935)	(20,690)
2025	(259,484)	(215,743)	(7,620)	(23,354)
2026	701,991	573,100	(1,346)	(143)
2027	(15,830)	(14,622)	(4,579)	(24,430)
2028	-	-	(3,213)	(17,451)
Thereafter	-	-	(987)	(14,882)
Total	<u>\$ 309,351</u>	<u>288,423</u>	<u>(24,680)</u>	<u>(100,950)</u>

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2024, the District recognized (\$2,136,962) and \$731,788 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 (asset)	\$ 15,911,044	11,851,828	8,422,986
Net OPEB ARHCT liability (asset)	\$ (3,487,891)	(5,247,367)	(6,725,425)
Net OPEB ODD liability (asset)	\$ (140,202)	(149,216)	(156,231)
Net OPEB RMP liability (asset)	\$ (5,748)	(165,414)	(287,384)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability and Assets to Changes in the Healthcare Cost Trend Rates. The following present the District's proportionate share of the net OPEB liability (asset), as well as what the District'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 liability (asset)	\$ (6,894,493)	(5,247,367)	(3,286,091)
Net OPEB RMP liability (asset)	\$ (303,753)	(165,414)	20,407

Alaska Public Employees' Retirement System (PERS) – Defined Contribution Plan (DC)

Plan Description and Funding Requirements. Districts 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 6.75% 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): 1.01% for the retiree medical plan (DB), 0.30% 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.

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%

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The District contributed \$631,031 for the year ended June 30, 2024, which included forfeitures of \$39,115 which have been applied as employer contributions.

Alaska Teachers' Retirement System (TRS) – Defined Benefit Plan (DB)

Plan Description. The District participates in the Alaska Teachers' Retirement System (TRS), a cost sharing multiple-employer defined benefit plan. Currently, there are 57 employers participating in TRS, including 53 school districts. TRS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The system is governed by the Alaska Retirement Management Board (ARMB). The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for TRS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at <http://doa.alaska.gov/drbr/trs>.

Pension Benefits. Employees hired prior to July 1, 1990, are entitled to annual pension benefits beginning at normal retirement age 55, or early retirement age 50. For employees hired after June 30, 1990 but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. Employees may also retire at any age and receive a normal benefit when they accumulate the required credited service. The benefit related to all years of credited service prior to July 1, 1990 and for years of service through a total of 20 years is equal to 2% of their highest three-year average annual compensation for each year of service. The benefit for each year over 20 years of service subsequent to June 30, 1990, is equal to 2.5% of their highest three-year average annual compensation for each year of service. Employees may elect to receive their pension benefits in the form of a joint or survivor annuity. Effective January 1, 1987, a married member who retires must receive his or her benefit in the form of a joint and survivor annuity unless the member's spouse consents to another form of benefit.

Minimum benefits for employees eligible for retirement are \$25 per month for each year of credited service.

Post Retirement Pension Adjustments. Effective in fiscal year 1991, automatic post retirement pension adjustment (PRPA) was granted to all current and future retirees. The PRPA amount may not exceed the lesser of (a) the actual cost of living increase (percentage) from the date of retirement until the effective date of the PRPA; or (b) 4.00% of the base benefits for each full year that the member has been retired and a prorated percentage for each partial year. However, the PRPA percentage is offset by the percentage of all prior PRPAs that have been granted. TRS members receiving a retirement, disability or survivor benefit, who remain in Alaska, are eligible for an additional allowance equal to 10.00% of the base benefit.

Employee Contribution Rate. The District's active TRS members are required to contribute 8.65% of their annual covered salary.

Employer contributions for the year ended June 30, 2024, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>1,012,257</u>	<u>102,128</u>	<u>1,114,385</u>

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Teachers' Retirement Plans

For the year ended June 30, 2024 the State of Alaska contributed \$2,087,508 (100% pension cost) on-behalf of the District, 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 \$1,353,761 to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2024, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District 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 District were as follows:

Defined Benefit:		<u>Pension</u>
District's proportionate share of the net pension liability	\$	14,312,616
State's proportionate share of the net pension liability		<u>22,621,507</u>
Total	\$	<u>36,934,123</u>
		<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability (asset)	\$	(8,458,900)
State's proportionate share of the ARHCT OPEB liability (asset)		<u>(12,772,210)</u>
Total	\$	<u>(21,231,110)</u>
District's proportionate share of the ODD OPEB liability (asset)	\$	<u>(148,331)</u>
District's proportionate share of the RMP OPEB liability (asset)	\$	<u>(475,339)</u>
Total District's share of net pension and OPEB liabilities and assets	\$	<u>5,230,046</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023 and adjusted to reflect updated assumptions. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for the fiscal years ending 2024 to 2039, as determined by projections based on the June 30, 2022 valuation.

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

	<u>June 30, 2023</u> Measurement	<u>June 30, 2022</u> Measurement	<u>Change</u>
Pension	0.81394%	0.87145%	(0.05751%)
OPEB:			
ARHCT	0.83699%	0.88893%	(0.05194%)
ODD	2.14381%	2.07555%	0.06826%
RMP	2.14590%	2.07172%	0.07418%

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2023, the District recognized pension and OPEB expense (benefit) of \$3,707,645 and (\$2,090,105), respectively, for the year ended June 30, 2024, the District 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	586,864	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	1,012,257	-
Total	\$ <u>1,599,121</u>	<u>-</u>

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,306	-
Changes of assumptions	-	(133,766)
Net difference between projected and actual earnings on OPEB plan investments	348,981	-
Changes in proportion and differences between District contributions and proportionate share of contributions	77,494	-
District contributions subsequent to the measurement date	-	-
Total	\$ <u>449,781</u>	<u>(133,766)</u>

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(23,758)
Changes of assumptions	-	(293)
Net difference between projected and actual earnings on OPEB plan investments	2,594	-
Changes in proportion and differences between District contributions and proportionate share of contributions	585	(14,093)
District contributions subsequent to the measurement date	9,078	-
Total	<u>\$ 12,257</u>	<u>(38,144)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,509	(16,501)
Changes of assumptions	19,885	(229,391)
Net difference between projected and actual earnings on OPEB plan investments	27,025	-
Changes in proportion and differences between District contributions and proportionate share of contributions	491	(24,254)
District contributions subsequent to the measurement date	93,050	-
Total	<u>\$ 222,960</u>	<u>(270,146)</u>

\$1,012,257 and \$102,128 are reported as deferred outflows of resources related to pension and OPEB resulting from District 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 June 30, 2024 (measurement date), 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		OPEB	OPEB	OPEB
June 30,	Pension	ARHCT	ODD	RMP
2023	\$ (249,743)	(171,715)	(6,684)	(31,971)
2024	(545,772)	(293,801)	(7,285)	(37,837)
2025	1,408,248	802,479	(2,556)	9,931
2026	(25,869)	(20,948)	(6,575)	(30,543)
2027	-	-	(5,120)	(27,175)
Thereafter	-	-	(6,745)	(22,641)
Total	<u>\$ 586,864</u>	<u>316,015</u>	<u>(34,965)</u>	<u>(140,236)</u>

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2024, the District recognized (\$1,391,775) and \$843,911 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 (asset)	\$ 21,069,061	14,312,616	8,604,789
Net OPEB ARHCT liability (asset)	\$ (5,982,283)	(8,458,900)	(10,528,181)
Net OPEB ODD liability (asset)	\$ (148,845)	(148,331)	(148,052)
Net OPEB RMP liability (asset)	\$ (174,376)	(475,339)	(702,289)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability and Assets to Changes in the Healthcare Cost Trend Rates. The following present the District's proportionate share of the net OPEB liability (asset), as well as what the District'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 liability (asset)	\$ (10,757,080)	(8,458,900)	(5,705,776)
Net OPEB RMP liability (asset)	\$ (730,186)	(475,339)	(129,612)

Alaska Teachers' Retirement System (TRS) – Defined Contribution Plan (DC)

Plan Description and Funding Requirements. Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8.65% of their base salaries. State statutes require the employer to contribute 7.00% of employees' eligible compensation. Additionally, employers are required to contribute to other post-employment benefits (DB): 0.82% for the retiree medical plan, 0.08% for occupational death and disability, and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The employer effective contribution rate is 12.56%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

- 2 years of service – 25%
- 3 years of service – 50%
- 4 years of service – 75%
- 5 years of service – 100%

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The District contributed \$1,106,590 for the year ended June 30, 2024, which included forfeitures of \$13,691 which have been applied as employer contributions.

IX. Fund Balances

	School Operating Fund	Food Service Special Revenue Fund	Other Governmental Funds	Total
Nonspendable:				
Inventory	\$ -	15,680	-	15,680
Prepaid items	123,899	-	-	120,703
Total nonspendable	<u>123,899</u>	<u>15,680</u>	<u>-</u>	<u>139,579</u>
Restricted – scholarships	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>14,000</u>
Committed				
Food Service	-	689,742	-	689,742
Service for Other Districts	-	-	34,801	34,801
Public Use of Facilities	-	-	71,520	71,520
Capital Projects	-	-	40	40
Total committed	<u>-</u>	<u>689,742</u>	<u>106,361</u>	<u>796,103</u>
Unassigned	<u>(4,957,957)</u>	<u>-</u>	<u>(75,726)</u>	<u>(5,033,683)</u>
Total fund balances	<u>\$ (4,834,058)</u>	<u>705,422</u>	<u>44,635</u>	<u>(4,084,001)</u>

X. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. The School District participates with the Ketchikan Gateway Borough, in purchasing commercial policies to cover most of these risks. Insurance coverage includes general liability, property and casualty coverage, Worker's Compensation at statutory amounts, and marine coverage, as applicable.

XI. Self-Insurance Payable

The School District participates with the Ketchikan Gateway Borough in a partially self-funded health plan to cover its employees' health care coverage (including dental and vision) effective September 1, 1996. It purchases stop loss insurance at \$150,000 per covered individual and in an aggregate amount based on employee coverage. It also purchases life and accidental death and dismemberment insurance for eligible employees.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Both the School District and Borough participate in the internal service fund established to record transactions involving the partially self-funded health plan. The Borough and the School District contribute to the Borough's internal service fund and the payments from the fund are used to pay administration and employee health care claims.

The Ketchikan Gateway Borough provides an accounting of the internal service fund balances for the Borough and School District on a quarterly basis. The Plan is based on actuarially determined monthly fixed costs and actual claims up to the stop loss of \$150,000 per person. The difference between the liability recorded and actual incurred but unrecorded claims may be material.

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the Borough's insurance coverage during the past two years. Changes in the District's self-insurance liability for the previous two years were:

Fiscal Year		Beginning Balance	Claims Paid	Claims Expenditures	Ending Balance
2023	\$	(2,882,583)	9,607,265	(11,130,535)	(4,405,853)
2024		(4,405,853)	11,733,877	(10,111,955)	(2,783,931)

XII. Contingencies

A. General

The District, in the normal course of its activities, is involved in various claims and pending litigation. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the District's future financial position or results of operations.

B. Grants

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, may constitute a liability of the School Operating Fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The State of Alaska and the District treat the on-behalf funding, created by AS 39.35.280 and AS 14.25.085, as a special funding situation under which the State bears a responsibility to pay an unfunded pension liability. AS 39.35.255 established the uniform contribution rate for PERS employers at 22%, with the State of Alaska contributing the difference between the total PERS actuarial required contributions and the amount employers contribute at 22% of covered payroll. AS 14.25.070 established the TRS employer contributions rate at 12.56%, with the State of Alaska contributing the difference between total TRS actuarial required contribution and the amount employers contribute at 12.56% of covered payroll.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The School District does not agree with how the District's proportionate share of the State of Alaska net pension and OPEB liabilities and assets for TRS and PERS are calculated and reserves the right to dispute these allocations at a later date.

C. Alternative Retirement Plan

Ketchikan Gateway Borough School District participates in a 403(b) plan through American Fidelity Assurance Company where all employees, with the exception of private contractors, appointed/elected trustees and/or school board members and student workers, are eligible to participate in the 403(b) plan immediately upon employment. Employees may make voluntary elective deferrals to the 403(b) plan up to the Internal Revenue Service regulations limits. The District does not contribute to the plan in any form.

XIII. Subsequent Accounting Pronouncements

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

- GASB 101 *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.
- 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 Statement No. 101 unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

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. This Statement also addresses certain application issues.

**REQUIRED SUPPLEMENTARY
INFORMATION**

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Local sources:				
E-rate revenue	\$ 110,000	110,000	112,039	2,039
Other local revenues	60,000	160,000	114,843	(45,157)
Intergovernmental:				
Borough appropriations	12,378,189	12,783,141	12,928,688	145,547
State of Alaska	27,573,687	28,907,638	28,862,471	(45,167)
Federal sources	10,000	460,056	6,623	(453,433)
Total revenues	<u>40,131,876</u>	<u>42,420,835</u>	<u>42,024,664</u>	<u>(396,171)</u>
Expenditures:				
Current:				
Instruction	17,483,608	18,210,404	19,084,048	(873,644)
Special education instruction	6,782,800	7,712,756	8,657,411	(944,655)
Special education support services - students	1,342,400	1,192,400	779,424	412,976
Support services - students	2,206,994	2,206,994	1,539,447	667,547
Support services - instruction	2,135,190	2,210,190	2,754,755	(544,565)
School administration	2,056,688	2,056,688	2,290,141	(233,453)
School administration support services	965,619	965,619	1,235,053	(269,434)
District administration	630,600	630,600	785,906	(155,306)
District administration support services	885,600	1,037,158	1,223,055	(185,897)
Operations and maintenance of plant	4,882,361	4,882,361	5,676,534	(794,173)
Student activities	741,429	855,609	803,991	51,618
Debt service:				
Principal	-	-	1,812,146	(1,812,146)
Interest	-	-	4,339	(4,339)
Total expenditures	<u>40,113,289</u>	<u>41,960,779</u>	<u>46,646,250</u>	<u>(4,685,471)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 18,587</u>	<u>460,056</u>	(4,621,586)	<u>(5,081,642)</u>
Fund balance, beginning of year			<u>(212,472)</u>	
Fund balance, end of year			<u>\$ (4,834,058)</u>	

See accompanying notes to required supplementary information

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Food Service Special Revenue Fund

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

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Local sources - charges for services	\$ 185,000	185,000	181,733	(3,267)
Intergovernmental - federal sources passed through the State of Alaska	493,661	493,661	737,546	243,885
Total revenues	<u>678,661</u>	<u>678,661</u>	<u>919,279</u>	<u>240,618</u>
Expenditures:				
Current - Food services	<u>1,021,830</u>	<u>1,021,830</u>	<u>1,053,883</u>	<u>(32,053)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (343,169)</u>	<u>(343,169)</u>	(134,604)	<u>208,565</u>
Fund balance, beginning of year			<u>840,026</u>	
Fund balance, end of year			<u>\$ 705,422</u>	

See accompanying notes to required supplementary information

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2024

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District'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	0.1184%	\$ 521,103	\$ 1,979,532	\$ 2,500,635	\$ 7,101,041	7.34%	62.37%
2016	0.2819%	\$ 13,672,195	\$ 1,540,305	\$ 15,212,500	\$ 7,532,191	181.52%	63.96%
2017	0.2392%	\$ 13,367,381	\$ 543,235	\$ 13,910,616	\$ 7,401,222	180.61%	59.55%
2018	0.1973%	\$ 10,199,359	\$ 1,236,083	\$ 11,435,442	\$ 8,306,607	122.79%	63.37%
2019	0.2379%	\$ 11,823,442	\$ 1,139,268	\$ 12,962,710	\$ 7,484,877	157.96%	65.19%
2020	0.2289%	\$ 12,531,737	\$ 4,975,203	\$ 17,506,940	\$ 6,860,595	182.66%	63.42%
2021	0.2055%	\$ 12,128,844	\$ 5,021,112	\$ 17,149,956	\$ 7,420,577	163.45%	61.61%
2022	0.2925%	\$ 10,731,563	\$ 1,451,704	\$ 12,183,267	\$ 7,956,720	134.87%	76.46%
2023	0.2712%	\$ 13,822,560	\$ 3,827,141	\$ 17,649,701	\$ 7,576,209	182.45%	67.97%
2024	0.2286%	\$ 11,851,828	\$ 3,949,877	\$ 15,801,705	\$ 7,625,832	155.42%	68.23%

See accompanying notes to Required Supplementary Information.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2024

Year	District's Proportion of the Net OPEB Liability (Asset)	District'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)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.1973%	\$ 1,666,878	\$ 622,371	\$ 2,289,249	\$ 8,306,607	20.07%	89.68%
2019	0.2379%	\$ 2,441,598	\$ 709,374	\$ 3,150,972	\$ 7,484,877	32.62%	88.12%
2020	0.2289%	\$ 339,575	\$ 135,106	\$ 474,681	\$ 6,860,595	4.95%	98.13%
2021	0.2055%	\$ (930,442)	\$ (386,046)	\$ (1,316,488)	\$ 7,420,577	-12.54%	106.15%
2022	0.2936%	\$ (7,532,413)	\$ (987,374)	\$ (8,519,787)	\$ 7,956,720	-94.67%	135.54%
2023	0.2693%	\$ (5,297,903)	\$ (1,513,973)	\$ (6,811,876)	\$ 7,576,209	-69.93%	128.51%
2024	0.2281%	\$ (5,247,367)	\$ (1,766,490)	\$ (7,013,857)	\$ 7,625,832	-68.81%	133.96%
Occupational Death and Disability (ODD):							
2018	0.4071%	\$ (57,768)	\$ -	\$ (57,768)	\$ 8,306,607	-0.70%	212.97%
2019	0.4188%	\$ (81,344)	\$ -	\$ (81,344)	\$ 7,484,877	-1.09%	270.62%
2020	0.3195%	\$ (77,452)	\$ -	\$ (77,452)	\$ 6,860,595	-1.13%	297.43%
2021	0.3301%	\$ (89,982)	\$ -	\$ (89,982)	\$ 7,420,577	-1.21%	283.80%
2022	0.3632%	\$ (160,077)	\$ -	\$ (160,077)	\$ 7,956,720	-2.01%	374.22%
2023	0.3240%	\$ (142,012)	\$ -	\$ (142,012)	\$ 7,576,209	-1.87%	348.80%
2024	0.2909%	\$ (149,216)	\$ -	\$ (149,216)	\$ 7,625,832	-1.96%	349.24%
Retiree Medical Plan (RMP):							
2018	0.4071%	\$ 21,232	\$ -	\$ 21,232	\$ 2,121,627	1.00%	93.98%
2019	0.4188%	\$ 53,295	\$ -	\$ 53,295	\$ 2,077,059	2.57%	88.71%
2020	0.4018%	\$ 96,135	\$ -	\$ 96,135	\$ 2,171,886	4.43%	83.17%
2021	0.4120%	\$ 29,222	\$ -	\$ 29,222	\$ 2,673,650	1.09%	92.23%
2022	0.4277%	\$ (114,790)	\$ -	\$ (114,790)	\$ 3,141,391	-3.65%	115.10%
2023	0.3813%	\$ (132,412)	\$ -	\$ (132,412)	\$ 2,946,123	-4.49%	120.08%
2024	0.3484%	\$ (165,414)	\$ -	\$ (165,414)	\$ 2,681,995	-6.17%	124.29%

See accompanying notes to Required Supplementary Information.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (Pensions)

Public Employees' Retirement System (PERS)

June 30, 2024

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 500,171	\$ (500,171)	\$ -	\$ 7,532,191	6.64%
2016	\$ 480,572	\$ (480,572)	\$ -	\$ 7,401,222	6.49%
2017	\$ 606,527	\$ (606,527)	\$ -	\$ 8,306,607	7.30%
2018	\$ 720,936	\$ (720,936)	\$ -	\$ 7,484,877	9.63%
2019	\$ 710,558	\$ (709,857)	\$ 701	\$ 6,860,595	10.36%
2020	\$ 678,292	\$ (685,411)	\$ (7,119)	\$ 7,420,577	9.14%
2021	\$ 838,588	\$ (835,362)	\$ 3,226	\$ 7,956,720	10.54%
2022	\$ 843,061	\$ (834,168)	\$ 8,893	\$ 7,576,209	11.13%
2023	\$ 994,495	\$ (1,004,499)	\$ (10,004)	\$ 7,625,832	13.04%
2024	\$ 1,026,344	\$ (1,012,839)	\$ 13,505	\$ 7,850,273	13.07%

See accompanying notes to Required Supplementary Information.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2024

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 205,461	\$ (205,461)	\$ -	\$ 7,484,877	2.75%
2019	\$ 261,459	\$ (261,459)	\$ -	\$ 6,860,595	3.81%
2020	\$ 270,948	\$ (270,948)	\$ -	\$ 7,420,577	3.65%
2021	\$ 125,268	\$ (125,268)	\$ -	\$ 7,956,720	1.57%
2022	\$ 101,252	\$ (101,252)	\$ -	\$ 7,576,209	1.34%
2023	\$ -	\$ -	\$ -	\$ 7,625,832	0.00%
2024	\$ -	\$ -	\$ -	\$ 7,850,273	0.00%
Occupational Death and Disability (ODD):					
2018	\$ 7,584	\$ (7,584)	\$ -	\$ 7,484,877	0.10%
2019	\$ 13,043	\$ (13,043)	\$ -	\$ 6,860,595	0.19%
2020	\$ 14,475	\$ (14,475)	\$ -	\$ 7,420,577	0.20%
2021	\$ 19,373	\$ (19,373)	\$ -	\$ 7,956,720	0.24%
2022	\$ 18,690	\$ (18,690)	\$ -	\$ 7,576,209	0.25%
2023	\$ 19,051	\$ (19,051)	\$ -	\$ 7,625,832	0.25%
2024	\$ 19,051	\$ (19,051)	\$ -	\$ 7,850,273	0.24%
Retiree Medical Plan (RMP):					
2018	\$ 48,824	\$ (48,824)	\$ -	\$ 2,077,059	2.35%
2019	\$ 47,157	\$ (47,157)	\$ -	\$ 2,171,886	2.17%
2020	\$ 73,490	\$ (73,490)	\$ -	\$ 2,673,650	2.75%
2021	\$ 79,369	\$ (79,369)	\$ -	\$ 3,141,391	2.53%
2022	\$ 64,509	\$ (64,509)	\$ -	\$ 2,946,123	2.19%
2023	\$ 65,328	\$ (65,328)	\$ -	\$ 2,681,995	2.44%
2024	\$ 64,139	\$ (64,139)	\$ -	\$ 2,868,323	2.24%

See accompanying notes to Required Supplementary Information.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2024

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District'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	0.2765%	\$ 8,293,841	\$ 45,806,560	\$ 54,100,401	\$ 14,515,648	57.14%	55.70%
2016	0.6964%	\$ 12,956,384	\$ 20,711,908	\$ 33,668,292	\$ 14,590,180	88.80%	73.82%
2017	0.8392%	\$ 19,162,001	\$ 20,777,041	\$ 39,939,042	\$ 14,309,906	133.91%	68.40%
2018	0.6870%	\$ 13,921,993	\$ 24,299,087	\$ 38,221,080	\$ 14,928,199	93.26%	72.39%
2019	0.7666%	\$ 14,675,887	\$ 21,818,277	\$ 36,494,164	\$ 15,120,167	97.06%	74.09%
2020	0.7487%	\$ 13,989,467	\$ 20,742,703	\$ 34,732,170	\$ 15,916,019	87.90%	74.68%
2021	0.7271%	\$ 14,783,217	\$ 25,652,293	\$ 40,435,510	\$ 16,128,917	91.66%	72.81%
2022	1.1093%	\$ 8,829,471	\$ 7,492,457	\$ 16,321,928	\$ 16,600,207	53.19%	89.43%
2023	0.8715%	\$ 14,526,150	\$ 19,358,546	\$ 33,884,696	\$ 16,723,376	86.86%	78.33%
2024	0.8139%	\$ 14,312,616	\$ 22,621,507	\$ 36,934,123	\$ 17,689,371	80.91%	77.62%

See accompanying notes to Required Supplementary Information.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2024

Year	District's Proportion of the Net OPEB Liability (Asset)	District'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)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.6846%	\$ 1,259,123	\$ 2,209,601	\$ 3,468,724	\$ 14,928,199	8.43%	93.75%
2019	0.7651%	\$ 2,378,929	\$ 3,550,083	\$ 5,929,012	\$ 15,120,167	15.73%	90.23%
2020	0.7471%	\$ (1,141,682)	\$ (1,698,959)	\$ (2,840,641)	\$ 15,916,019	-7.17%	105.50%
2021	0.7253%	\$ (2,594,762)	\$ (4,521,105)	\$ (7,115,867)	\$ 16,128,917	-16.09%	113.78%
2022	1.1520%	\$ (13,394,141)	\$ (10,437,127)	\$ (23,831,268)	\$ 16,600,207	-80.69%	145.41%
2023	0.8889%	\$ (7,791,472)	\$ (10,024,502)	\$ (17,815,974)	\$ 16,723,376	-46.59%	134.84%
2024	0.8370%	\$ (8,458,900)	\$ (12,772,210)	\$ (21,231,110)	\$ 17,689,371	-47.82%	140.49%
Occupational Death and Disability (ODD):							
2018	1.5822%	\$ (51,708)	\$ -	\$ (51,708)	\$ 14,928,199	-0.35%	1342.59%
2019	1.6828%	\$ (58,999)	\$ -	\$ (58,999)	\$ 15,120,167	-0.39%	1304.81%
2020	1.7362%	\$ (69,811)	\$ -	\$ (69,811)	\$ 15,916,019	-0.44%	1409.77%
2021	1.9000%	\$ (81,794)	\$ -	\$ (81,794)	\$ 16,128,917	-0.51%	931.08%
2022	1.9582%	\$ (119,353)	\$ -	\$ (119,353)	\$ 16,600,207	-0.72%	1254.36%
2023	2.0756%	\$ (125,363)	\$ -	\$ (125,363)	\$ 16,723,376	-0.75%	1268.28%
2024	2.1438%	\$ (148,331)	\$ -	\$ (148,331)	\$ 17,689,371	-0.84%	1410.42%
Retiree Medical Plan (RMP):							
2018	1.5822%	\$ (74,998)	\$ -	\$ (74,998)	\$ 5,359,414	-1.40%	118.16%
2019	1.6828%	\$ (53,816)	\$ -	\$ (53,816)	\$ 4,956,139	-1.09%	109.56%
2020	1.8152%	\$ (69,630)	\$ -	\$ (69,630)	\$ 5,577,627	-1.25%	110.03%
2021	1.9059%	\$ (188,019)	\$ -	\$ (188,019)	\$ 6,156,075	-3.05%	125.59%
2022	1.9545%	\$ (392,468)	\$ -	\$ (392,468)	\$ 7,009,865	-5.60%	142.54%
2023	2.0717%	\$ (401,210)	\$ -	\$ (401,210)	\$ 7,994,642	-5.02%	140.73%
2024	2.1459%	\$ (475,339)	\$ -	\$ (475,339)	\$ 8,562,269	-5.55%	140.71%

See accompanying notes to Required Supplementary Information.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (Pensions)

Teachers' Retirement System (TRS)

June 30, 2024

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 714,605	\$ (714,605)	\$ -	\$ 14,590,180	4.90%
2016	\$ 646,878	\$ (646,878)	\$ -	\$ 14,309,906	4.52%
2017	\$ 728,835	\$ (728,835)	\$ -	\$ 14,928,199	4.88%
2018	\$ 761,237	\$ (761,237)	\$ -	\$ 15,120,167	5.03%
2019	\$ 830,839	\$ (826,781)	\$ 4,058	\$ 15,916,019	5.22%
2020	\$ 742,124	\$ (742,663)	\$ (539)	\$ 16,128,917	4.60%
2021	\$ 578,804	\$ (586,064)	\$ (7,260)	\$ 16,600,207	3.49%
2022	\$ 597,243	\$ (561,390)	\$ 35,853	\$ 16,723,376	3.57%
2023	\$ 980,369	\$ (1,041,717)	\$ (61,348)	\$ 17,689,371	5.54%
2024	\$ 998,566	\$ (1,012,257)	\$ (13,691)	\$ 17,682,922	5.65%

See accompanying notes to Required Supplementary Information.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (OPEB)

Teachers' Retirement System (TRS)

June 30, 2024

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 377,001	\$ (377,001)	\$ -	\$ 15,120,167	2.49%
2019	\$ 410,305	\$ (410,305)	\$ -	\$ 15,916,019	2.58%
2020	\$ 418,655	\$ (418,655)	\$ -	\$ 16,128,917	2.60%
2021	\$ 528,980	\$ (528,980)	\$ -	\$ 16,600,207	3.19%
2022	\$ 442,125	\$ (442,125)	\$ -	\$ 16,723,376	2.64%
2023	\$ (20)	\$ 20	\$ -	\$ 17,689,371	0.00%
2024	\$ -	\$ -	\$ -	\$ 17,682,922	0.00%
Occupational Death and Disability (ODD):					
2018	\$ -	\$ -	\$ -	\$ 15,120,167	0.00%
2019	\$ 5,419	\$ (5,419)	\$ -	\$ 15,916,019	0.03%
2020	\$ 6,242	\$ (6,242)	\$ -	\$ 16,128,917	0.04%
2021	\$ 7,089	\$ (7,089)	\$ -	\$ 16,600,207	0.04%
2022	\$ 8,159	\$ (8,159)	\$ -	\$ 16,723,376	0.05%
2023	\$ 8,812	\$ (8,812)	\$ -	\$ 17,689,371	0.05%
2024	\$ 9,078	\$ (9,078)	\$ -	\$ 17,682,922	0.05%
Retiree Medical Plan (RMP):					
2018	\$ 5,042	\$ (5,042)	\$ -	\$ 4,956,139	0.10%
2019	\$ 55,997	\$ (55,997)	\$ -	\$ 5,577,627	1.00%
2020	\$ 85,029	\$ (85,029)	\$ -	\$ 6,156,075	1.38%
2021	\$ 82,414	\$ (82,414)	\$ -	\$ 7,009,865	1.18%
2022	\$ 84,655	\$ (84,655)	\$ -	\$ 7,994,642	1.06%
2023	\$ 95,855	\$ (95,855)	\$ -	\$ 8,562,269	1.12%
2024	\$ 93,050	\$ (93,050)	\$ -	\$ 8,810,430	1.06%

See accompanying notes to Required Supplementary Information.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Required Supplementary Information

Year Ended June 30, 2024

I. Budgets and Budgetary Accounting

Budgetary Information

Annual budgets are adopted by the School Board for all revenues, expenditures and interfund transfers of the School Operating Fund and all special revenue funds. Budgets are prepared and presented on the modified accrual basis of accounting. Pursuant to Alaska Statutes, the adopted School Operating Fund budget is submitted to the Ketchikan Gateway Borough Assembly for review and approval. All special revenue fund budgets are also submitted to the Ketchikan Gateway Borough Assembly so that they may review and approve the total expenditure authority. Upon their review, the Borough Mayor provides a letter to the District stating the amount of local appropriations the District will receive from the Borough in its School Operating Fund. The approved School Operating Fund budget is then submitted to the State of Alaska Department of Education and Early Development for review to determine compliance with Alaska Statutes and Department regulations. The School Board retains line item authority once the annual local appropriation to the School Operating Fund is set by the Borough Assembly. Special revenue fund budgets are revised to agree with the actual grant budget as set by the granting agency. The Superintendent may approve budget revisions of up to ten percent of each line item provided the total program budget does not change.

Excess of Expenditures over Appropriations

The following functions in the School Operating Fund had expenditures in excess of appropriations:

	<u>Excess</u>
Instruction	\$ 873,644
Special education instruction	944,655
Support services – instruction	544,565
School administration	233,453
School administration support services	269,434
District administration	155,306
District administration support services	185,897
Operations and maintenance of plant	794,173
Debt service	1,816,485

The following functions in the Food Service Special Revenue Fund had expenditures in excess of appropriations:

	<u>Excess</u>
Food services	\$ 32,053

Excess expenditures were financed by available revenues or fund balances.

II. Public Employees' Retirement System**Schedule of District'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 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, 2021 to June 30, 2022**

There were no changes in actuarial methods since the prior valuation.

b) Changes in Assumptions Since the Prior Valuation – June 30, 2021 to June 30, 2022

Effective for the June 30, 2022 valuation, the Alaska Retirement Management Board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the plan experience from July 1, 2017 to June 30, 2021. The changes in assumptions were adopted at the June 2022 Board meeting. The effect of the new assumptions was to increase the actuarial accrued liability as of June 30, 2022 by approximately \$206 million for pension and decrease by approximately \$88 million for healthcare.

The healthcare per capital claims cost assumption is 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.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2021 to June 30, 2022

There were no changes in benefit provisions since the prior valuation.

*Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan***a) Changes in Methods Since the Prior Valuation – June 30, 2021 to June 30, 2022**

There were no changes in actuarial methods since the prior valuation.

b) Changes in Assumptions Since the Prior Valuation – June 30, 2021 to June 30, 2022

Effective for the June 30, 2022 valuation, the Alaska Retirement Management Board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the plan experience from July 1, 2017 to June 30, 2021. The changes in assumptions were adopted at the June 2022 Board meeting. The effect of the new assumptions was to increase the actuarial accrued liability as of June 30, 2022 by approximately \$1,222,000 for occupational death & disability and decrease by approximately \$22,348,000 for retiree medical.

The healthcare per capital claims cost assumption is 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.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2021 to June 30, 2022

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 District will present only those years for which information is available.

Schedule of District Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2022 which was rolled forward to June 30, 2023. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

III. Teachers' Retirement System

Schedule of District'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 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, 2021 to June 30, 2022

There were no changes in actuarial methods since the prior valuation.

b) Changes in Assumptions Since the Prior Valuation – June 30, 2021 to June 30, 2022

Effective for the June 30, 2022 valuation, the Alaska Retirement Management Board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the plan experience from July 1, 2017 to June 30, 2021. The changes in assumptions were adopted at the June 2022 Board meeting. The effect of the new assumptions was to increase the actuarial accrued liability as of June 30, 2022 by approximately \$144 million for pension and \$21 million for healthcare.

The healthcare per capital claims cost assumption is 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.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2021 to June 30, 2022

There were no changes in benefit provisions since the prior valuation.

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plans

a) Changes in Methods Since the Prior Valuation – June 30, 2021 to June 30, 2022

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

b) Changes in Assumptions Since the Prior Valuation – June 30, 2021 to June 30, 2022

Effective for the June 30, 2022 valuation, the Alaska Retirement Management Board adopted the changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the plan experience from July 1, 2017 to June 30, 2021. The changes in assumptions were adopted at the June 2022 Board meeting. The effect of the new assumptions was to decrease the actuarial accrued liability as of June 30, 2022 by less than \$1,000 for occupational death & disability and by approximately \$3,374,000 for retiree medical.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Required Supplementary Information, Continued

The healthcare per capital claims cost assumption is 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.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2021 to June 30, 2022

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 District will present only those years for which information is available.

Schedule of District Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2022 which was rolled forward to June 30, 2023. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

SUPPLEMENTARY INFORMATION

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2024

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
E-rate revenue	\$ 110,000	112,039	2,039
Other local revenues	160,000	114,843	(45,157)
Intergovernmental:			
Borough direct appropriation	12,510,141	10,887,293	(1,622,848)
Borough in-kind services appropriation	273,000	2,041,395	1,768,395
Total borough appropriations	<u>12,783,141</u>	<u>12,928,688</u>	<u>145,547</u>
State of Alaska:			
Foundation program	26,501,638	24,735,636	(1,766,002)
Quality schools	-	81,412	81,412
On-behalf TRS	2,181,300	2,087,508	(93,792)
On-behalf PERS	214,700	225,574	10,874
HB 281 Onetime Grant	-	1,722,467	1,722,467
Other State revenues	10,000	9,874	(126)
Total State of Alaska	<u>28,907,638</u>	<u>28,862,471</u>	<u>(45,167)</u>
Federal sources -			
Impact Aid	460,056	6,623	(453,433)
Total revenues	<u>42,420,835</u>	<u>42,024,664</u>	<u>(396,171)</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	10,823,981	10,906,531	(82,550)
Non-certificated salaries	523,368	693,102	(169,734)
Employee benefits	6,296,055	6,809,652	(513,597)
Professional and technical services	5,000	32,456	(27,456)
Staff travel	20,500	17,562	2,938
Student travel	-	16,947	(16,947)
Utility services	18,500	13,735	4,765
Other purchased services	89,700	115,184	(25,484)
Supplies, materials and media	429,800	460,575	(30,775)
Tuition-students and stipends	-	6,309	(6,309)
Other	3,500	1,200	2,300
Equipment	-	10,795	(10,795)
Total instruction	<u>18,210,404</u>	<u>19,084,048</u>	<u>(873,644)</u>

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

School Operating Fund

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

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Current:			
Special education instruction:			
Certificated salaries	\$ 1,535,000	1,770,534	(235,534)
Non-certificated salaries	2,879,656	2,815,150	64,506
Employee benefits	3,157,500	3,398,503	(241,003)
Professional and technical services	25,000	582,343	(557,343)
Staff travel	2,000	74	1,926
Supplies, materials and media	23,600	4,971	18,629
Tuition-students and stipends	75,000	18,890	56,110
Other	15,000	66,946	(51,946)
Total special education instruction	<u>7,712,756</u>	<u>8,657,411</u>	<u>(944,655)</u>
Special education support services - students:			
Certificated salaries	455,200	511,441	(56,241)
Non-certificated salaries	58,000	10,680	47,320
Employee benefits	325,300	253,414	71,886
Transportation allowance	20,000	-	20,000
Professional and technical services	330,000	-	330,000
Utility services	1,900	1,995	(95)
Supplies, materials and media	2,000	1,894	106
Total special education support services - students	<u>1,192,400</u>	<u>779,424</u>	<u>412,976</u>
Support services - students:			
Certificated salaries	683,332	473,259	210,073
Non-certificated salaries	561,475	446,926	114,549
Employee benefits	930,087	598,070	332,017
Professional and technical services	-	643	(643)
Staff travel	-	966	(966)
Insurance and bond premiums	-	118	(118)
Supplies, materials and media	32,100	19,334	12,766
Other	-	131	(131)
Total support services - students	<u>2,206,994</u>	<u>1,539,447</u>	<u>667,547</u>

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

School Operating Fund

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

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Current:			
Support services - instruction:			
Certificated salaries	\$ 430,060	478,108	(48,048)
Non-certificated salaries	734,324	825,403	(91,079)
Employee benefits	638,306	768,225	(129,919)
Professional and technical services	-	27,619	(27,619)
Staff travel	2,000	941	1,059
Utility services	170,800	234,043	(63,243)
Other purchased services	96,700	76,842	19,858
Supplies, materials and media	123,000	325,915	(202,915)
Tuition-students and stipends	15,000	15,000	-
Other	-	600	(600)
Equipment	-	2,059	(2,059)
Total support services - instruction	<u>2,210,190</u>	<u>2,754,755</u>	<u>(544,565)</u>
School administration:			
Certificated salaries	1,418,162	1,531,129	(112,967)
Non-certificated salaries	-	12,300	(12,300)
Employee benefits	630,526	734,080	(103,554)
Professional and technical services	-	300	(300)
Staff travel	7,000	3,414	3,586
Other purchased services	-	3,044	(3,044)
Supplies, materials and media	-	446	(446)
Other	1,000	5,428	(4,428)
Total school administration	<u>2,056,688</u>	<u>2,290,141</u>	<u>(233,453)</u>
School administration support services:			
Non-certificated salaries	449,136	619,935	(170,799)
Employee benefits	360,983	452,902	(91,919)
Staff travel	-	212	(212)
Utility services	75,800	85,822	(10,022)
Other purchased services	47,200	35,099	12,101
Supplies, materials and media	31,500	39,883	(8,383)
Other	1,000	1,200	(200)
Total school administration support services	<u>965,619</u>	<u>1,235,053</u>	<u>(269,434)</u>

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

School Operating Fund

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

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Current:			
District administration:			
Certificated salaries	\$ 282,600	296,595	(13,995)
Non-certificated salaries	65,300	73,585	(8,285)
Employee benefits	159,900	190,878	(30,978)
Professional and technical services	55,000	123,676	(68,676)
Staff travel	20,500	32,610	(12,110)
Utility services	1,800	2,725	(925)
Other purchased services	12,500	8,852	3,648
Supplies, materials and media	5,000	27,203	(22,203)
Other	28,000	29,782	(1,782)
Total district administration	<u>630,600</u>	<u>785,906</u>	<u>(155,306)</u>
District administration support services:			
Certificated salaries	116,100	136,812	(20,712)
Non-certificated salaries	475,800	465,903	9,897
Employee benefits	283,200	396,264	(113,064)
Professional and technical services	38,000	68,374	(30,374)
Staff travel	-	13,221	(13,221)
Utility services	6,000	4,448	1,552
Other purchased services	124,058	123,258	800
Insurance and bond premiums	40,000	43,885	(3,885)
Supplies, materials and media	17,000	49,324	(32,324)
Other	12,000	4,861	7,139
Indirect cost recovery	(75,000)	(83,295)	8,295
Total district administration support services	<u>1,037,158</u>	<u>1,223,055</u>	<u>(185,897)</u>
Operations and maintenance of plant:			
Non-certificated salaries	1,471,838	1,630,826	(158,988)
Employee benefits	1,061,123	1,186,340	(125,217)
Professional and technical services	30,000	321,840	(291,840)
Staff travel	2,500	1,512	988
Utility services	384,700	359,088	25,612
Energy	1,127,700	1,130,848	(3,148)
Other purchased services	114,400	188,813	(74,413)
Insurance and bond premiums	482,100	529,434	(47,334)
Supplies, materials and media	208,000	327,214	(119,214)
Other	-	619	(619)
Total operations and maintenance of plant	<u>4,882,361</u>	<u>5,676,534</u>	<u>(794,173)</u>

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

School Operating Fund

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

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Current:			
Student activities:			
Certificated salaries	\$ 174,100	207,178	(33,078)
Non-certificated salaries	76,100	97,716	(21,616)
Employee benefits	92,229	95,643	(3,414)
Professional and technical services	2,000	26,141	(24,141)
Staff travel	-	2,415	(2,415)
Student travel	330,000	324,542	5,458
Other purchased services	12,000	24,515	(12,515)
Supplies, materials and media	40,000	12,744	27,256
Other	129,180	13,097	116,083
Total student activities	<u>855,609</u>	<u>803,991</u>	<u>51,618</u>
Debt service:			
Principal	-	1,812,146	(1,812,146)
Interest	-	4,339	(4,339)
Total debt service	<u>-</u>	<u>1,816,485</u>	<u>(1,816,485)</u>
Total expenditures	<u>41,960,779</u>	<u>46,646,250</u>	<u>(4,685,471)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>460,056</u>	(4,621,586)	<u>(5,081,642)</u>
Fund balance, beginning of year		<u>(212,472)</u>	
Fund balance, end of year		\$ <u><u>(4,834,058)</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Food Service Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Local sources - charges for services -			
Food service sales	\$ 185,000	181,733	(3,267)
Intergovernmental - Federal sources			
passed through the State of Alaska:			
School breakfast reimbursement	112,000	142,295	30,295
School lunch reimbursement	284,000	424,522	140,522
Summer lunch reimbursement	28,000	28,103	103
USDA commodities	6,661	72,045	65,384
Supply chain assistance	63,000	63,921	921
Administrative fee	-	6,660	6,660
Total passed through the State of Alaska	<u>493,661</u>	<u>737,546</u>	<u>243,885</u>
Total revenues	<u>678,661</u>	<u>919,279</u>	<u>240,618</u>
Expenditures:			
Current:			
Food services:			
Non-certificated salaries	281,953	280,229	1,724
Employee benefits	169,962	169,199	763
Professional and technical services	500	348	152
Staff travel	6,200	3,933	2,267
Utility services	500	434	66
Other purchased services	1,900	-	1,900
Supplies, materials and media	560,715	598,070	(37,355)
Other	100	1,670	(1,570)
Total expenditures	<u>1,021,830</u>	<u>1,053,883</u>	<u>(32,053)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(343,169)</u>	(134,604)	<u>208,565</u>
Fund balance, beginning of year		<u>840,026</u>	
Fund balance, end of year		\$ <u><u>705,422</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

June 30, 2024

	Special Revenue Funds							
	Alaska Literacy	Alaska Reads	Student Transportation	Fresh Fruit and Vegetable	Alaska Construction Academy	Title II-A Parent / Teacher / Principal Training	Educators Rising Alaska	Title I-A
<u>Assets</u>								
Accounts receivable	\$ 150,615	7,420	-	27,392	5,943	91,845	-	326,973
Due from other funds	-	-	-	-	-	-	1,504	-
Total assets	<u>150,615</u>	<u>7,420</u>	<u>-</u>	<u>27,392</u>	<u>5,943</u>	<u>91,845</u>	<u>1,504</u>	<u>326,973</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	2,384	-	25	-	-	1,274	-	-
Due to other funds	148,231	7,420	65,224	27,392	5,943	90,571	-	326,973
Unearned revenue	-	-	-	-	-	-	1,504	-
Total liabilities	<u>150,615</u>	<u>7,420</u>	<u>65,249</u>	<u>27,392</u>	<u>5,943</u>	<u>91,845</u>	<u>1,504</u>	<u>326,973</u>
Fund balances:								
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	(65,249)	-	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>(65,249)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 150,615</u>	<u>7,420</u>	<u>-</u>	<u>27,392</u>	<u>5,943</u>	<u>91,845</u>	<u>1,504</u>	<u>326,973</u>

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

	Special Revenue Funds							
	Voices on the Land	Alternative Schools	Title VI-B	Preschool Disabled	Title IV-A	Carl Perkins	School Improvement	Staff Development
<u>Assets</u>								
Accounts receivable	\$ -	13,418	368,655	-	45,151	40,977	3,922	5,496
Due from other funds	21,584	-	-	300	-	-	-	-
Total assets	<u>21,584</u>	<u>13,418</u>	<u>368,655</u>	<u>300</u>	<u>45,151</u>	<u>40,977</u>	<u>3,922</u>	<u>5,496</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	-	-	1,278	300	300	2,019	-	-
Due to other funds	-	13,418	367,377	-	44,851	38,958	3,922	5,496
Unearned revenue	21,584	-	-	-	-	-	-	-
Total liabilities	<u>21,584</u>	<u>13,418</u>	<u>368,655</u>	<u>300</u>	<u>45,151</u>	<u>40,977</u>	<u>3,922</u>	<u>5,496</u>
Fund balances:								
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>21,584</u>	<u>13,418</u>	<u>368,655</u>	<u>300</u>	<u>45,151</u>	<u>40,977</u>	<u>3,922</u>	<u>5,496</u>

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

	Special Revenue Funds							Total Special Revenue Funds
	Service for Other Districts	Project Transform	Trauma Informed Schools	ARPA Homeless II	Indian Education	Public Use of Facilities	Holland America/ Princess Cruise Scholarship	
<u>Assets</u>								
Accounts receivable	\$ -	35,697	235,276	907	22,287	30	2,000	1,384,004
Due from other funds	34,801	-	-	-	-	71,871	12,000	142,060
Total assets	<u>34,801</u>	<u>35,697</u>	<u>235,276</u>	<u>907</u>	<u>22,287</u>	<u>71,901</u>	<u>14,000</u>	<u>1,526,064</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	-	-	117	318	-	381	-	8,396
Due to other funds	-	35,697	235,159	589	22,287	-	-	1,439,508
Unearned revenue	-	-	-	-	-	-	-	23,088
Total liabilities	<u>-</u>	<u>35,697</u>	<u>235,276</u>	<u>907</u>	<u>22,287</u>	<u>381</u>	<u>-</u>	<u>1,470,992</u>
Fund balances:								
Restricted	-	-	-	-	-	-	14,000	14,000
Committed	34,801	-	-	-	-	71,520	-	106,321
Unassigned (deficit)	-	-	-	-	-	-	-	(65,249)
Total fund balances (deficit)	<u>34,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,520</u>	<u>14,000</u>	<u>55,072</u>
Total liabilities and fund balances	\$ <u>34,801</u>	<u>35,697</u>	<u>235,276</u>	<u>907</u>	<u>22,287</u>	<u>71,901</u>	<u>14,000</u>	<u>1,526,064</u>

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

	Capital Project Funds						Total Capital Project Funds	Total Other Governmental Funds	
	Local CIP	Houghtaling Playground Construction Project	Houghtaling Watermain Construction Project	Auditorium	Boiler	Capital Project I Other			Capital Project II Other
<u>Assets</u>									
Accounts receivable	\$ 25,901	73,176	-	-	104,672	54,500	26,284	284,533	1,668,537
Due from other funds	-	-	40	-	-	-	-	40	142,100
Total assets	<u>25,901</u>	<u>73,176</u>	<u>40</u>	<u>-</u>	<u>104,672</u>	<u>54,500</u>	<u>26,284</u>	<u>284,573</u>	<u>1,810,637</u>
<u>Liabilities and Fund Balances</u>									
Liabilities:									
Accounts payable	-	73,176	-	-	103,688	54,500	-	231,364	239,760
Due to other funds	36,338	-	-	40	984	-	26,284	63,646	1,503,154
Unearned revenue	-	-	-	-	-	-	-	-	23,088
Total liabilities	<u>36,338</u>	<u>73,176</u>	<u>-</u>	<u>40</u>	<u>104,672</u>	<u>54,500</u>	<u>26,284</u>	<u>295,010</u>	<u>1,766,002</u>
Fund balances:									
Restricted	-	-	-	-	-	-	-	-	14,000
Committed	-	-	40	-	-	-	-	40	106,361
Unassigned (deficit)	(10,437)	-	-	(40)	-	-	-	(10,477)	(75,726)
Total fund balances (deficit)	<u>(10,437)</u>	<u>-</u>	<u>40</u>	<u>(40)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,437)</u>	<u>44,635</u>
Total liabilities and fund balances	\$ <u>25,901</u>	<u>73,176</u>	<u>40</u>	<u>-</u>	<u>104,672</u>	<u>54,500</u>	<u>26,284</u>	<u>284,573</u>	<u>1,810,637</u>

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

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

Year Ended June 30, 2024

	Special Revenue Funds									
	Alaska Literacy	Alaska Reads	Safety and Well Being	Student Transportation	Donors Choose	Fresh Fruit and Vegetable	MTSS Refresh	Alaska Construction Academy	REAP - RLIS Special Qualified Agencies	Title II-A Parent / Teacher / Principal Training
Revenues:										
Local sources:										
Charges for services	\$ -	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
Ketchikan Gateway Borough	-	-	-	-	-	-	-	-	-	-
State of Alaska	-	-	-	1,539,488	-	-	-	25,147	-	-
Federal sources:										
Passed through the State of Alaska	309,217	12,481	15,100	-	-	77,038	-	-	-	132,557
Passed through other intermediary agency	-	-	-	-	55,057	-	13,270	-	-	-
Direct	-	-	-	-	-	-	-	-	39,663	-
Total revenues	309,217	12,481	15,100	1,539,488	55,057	77,038	13,270	25,147	39,663	132,557
Expenditures:										
Current:										
Instruction	292,117	9,246	15,100	-	55,057	-	-	25,147	39,663	116,505
Special education instruction	-	-	-	-	-	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-	-	-	-
Support services - instruction	9,500	3,000	-	-	-	-	13,270	-	-	12,769
School administration support services	-	-	-	-	-	-	-	-	-	-
District administration	-	-	-	-	-	-	-	-	-	-
District administration support services	7,600	235	-	-	-	-	-	-	-	3,283
Operations and maintenance of plant	-	-	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-	-	-
Student transportation - to and from school	-	-	-	1,785,224	-	-	-	-	-	-
Student transportation - school activities	-	-	-	11,111	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	77,038	-	-	-	-
Construction and facilities acquisition	-	-	-	-	-	-	-	-	-	-
Total expenditures	309,217	12,481	15,100	1,796,335	55,057	77,038	13,270	25,147	39,663	132,557
Excess of revenues over expenditures	-	-	-	(256,847)	-	-	-	-	-	-
Fund balances (deficit), beginning of year, as adjusted	-	-	-	191,598	-	-	-	-	-	-
Fund balances (deficit), end of year	\$ -	-	-	(65,249)	-	-	-	-	-	-

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds									
	Safe Children's Act	Title I-A	Voices on the Land	Alternative Schools	Title VI-B	Preschool Disabled	Title IV-A	Carl Perkins	School Improvement	Staff Development
Revenues:										
Local sources:										
Charges for services	\$ -	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
Ketchikan Gateway Borough	-	-	-	-	-	-	-	-	-	-
State of Alaska	2,100	-	-	21,725	-	-	-	-	-	5,496
Federal sources:										
Passed through the State of Alaska	-	814,897	-	-	867,066	4,409	121,486	68,035	40,660	-
Passed through other intermediary agency	-	-	2,337	-	-	-	-	-	-	-
Direct	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>2,100</u>	<u>814,897</u>	<u>2,337</u>	<u>21,725</u>	<u>867,066</u>	<u>4,409</u>	<u>121,486</u>	<u>68,035</u>	<u>40,660</u>	<u>5,496</u>
Expenditures:										
Current:										
Instruction	2,048	764,571	975	20,187	-	-	70,941	66,614	24,148	5,496
Special education instruction	-	-	-	-	746,481	4,300	-	-	-	-
Special education support services - students	-	-	-	-	99,107	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-	-	-	-
Support services - instruction	-	31,037	1,362	-	-	-	47,536	-	16,512	-
School administration support services	-	-	-	1,000	-	-	-	-	-	-
District administration	-	-	-	-	-	-	-	-	-	-
District administration support services	52	19,289	-	538	21,478	109	3,009	1,421	-	-
Operations and maintenance of plant	-	-	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-	-	-
Student transportation - to and from school	-	-	-	-	-	-	-	-	-	-
Student transportation - school activities	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-	-	-
Construction and facilities acquisition	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>2,100</u>	<u>814,897</u>	<u>2,337</u>	<u>21,725</u>	<u>867,066</u>	<u>4,409</u>	<u>121,486</u>	<u>68,035</u>	<u>40,660</u>	<u>5,496</u>
Excess of revenues over expenditures	-	-	-	-	-	-	-	-	-	-
Fund balances (deficit), beginning of year, as adjusted	-	-	-	-	-	-	-	-	-	-
Fund balances (deficit), end of year	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds									
	Service for Other Districts	Project Transform	Alaska State Library	COVID Discretionary	Trauma Informed Schools	ARPA Homeless II	Indian Education	Public Use of Facilities	Holland America/ Princess Cruise Scholarship	Total Special Revenue Funds
Revenues:										
Local sources:										
Charges for services	\$ 6,900	-	-	-	-	-	-	29,051	-	35,951
Other	72,834	-	-	-	-	-	-	-	21,000	93,834
Intergovernmental:										
Ketchikan Gateway Borough	-	-	-	-	-	-	-	-	-	-
State of Alaska	-	-	-	-	-	-	-	-	-	1,593,956
Federal sources:										
Passed through the State of Alaska	-	-	1,250	3,353	-	4,545	-	-	-	2,472,094
Passed through other intermediary agency	-	35,697	-	-	-	-	-	-	-	106,361
Direct	-	-	-	-	845,017	-	249,777	-	-	1,134,457
Total revenues	<u>79,734</u>	<u>35,697</u>	<u>1,250</u>	<u>3,353</u>	<u>845,017</u>	<u>4,545</u>	<u>249,777</u>	<u>29,051</u>	<u>21,000</u>	<u>5,436,653</u>
Expenditures:										
Current:										
Instruction	44,933	-	-	3,353	-	-	7,664	-	-	1,563,765
Special education instruction	-	-	-	-	-	-	124,369	-	-	875,150
Special education support services - students	-	-	-	-	-	-	-	-	-	99,107
Support services - students	-	-	-	-	577,853	4,545	-	-	-	582,398
Support services - instruction	-	35,697	1,250	-	6,844	-	117,744	-	-	296,521
School administration support services	-	-	-	-	-	-	-	-	-	1,000
District administration	-	-	-	-	70,568	-	-	-	-	70,568
District administration support services	-	-	-	-	189,752	-	-	-	-	246,766
Operations and maintenance of plant	-	-	-	-	-	-	-	4,991	-	4,991
Student activities	-	-	-	-	-	-	-	-	14,000	14,000
Student transportation - to and from school	-	-	-	-	-	-	-	-	-	1,785,224
Student transportation - school activities	-	-	-	-	-	-	-	-	-	11,111
Community services	-	-	-	-	-	-	-	31,418	-	31,418
Food services	-	-	-	-	-	-	-	-	-	77,038
Construction and facilities acquisition	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>44,933</u>	<u>35,697</u>	<u>1,250</u>	<u>3,353</u>	<u>845,017</u>	<u>4,545</u>	<u>249,777</u>	<u>36,409</u>	<u>14,000</u>	<u>5,659,057</u>
Excess of revenues over expenditures	34,801	-	-	-	-	-	-	(7,358)	7,000	(222,404)
Fund balances (deficit), beginning of year, as adjusted	-	-	-	-	-	-	-	78,878	7,000	277,476
Fund balances (deficit), end of year	<u>\$ 34,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,520</u>	<u>14,000</u>	<u>55,072</u>

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

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

	Capital Project Funds					
	Local CIP	Houghtaling Playground Construction Project	Houghtaling Watermain Construction Project	Security System and Camera Upgrade	Auditorium	Boiler
Revenues:						
Local sources:						
Charges for services	\$ -	-	-	-	-	-
Other	-	-	-	-	-	-
Intergovernmental:						
Ketchikan Gateway Borough	81,141	73,176	119,586	5,788	400,863	365,256
State of Alaska	-	-	-	-	-	-
Federal sources:						
Passed through the State of Alaska	-	-	-	-	-	-
Passed through other intermediary agency	-	-	-	-	-	-
Direct	-	-	-	-	-	-
Total revenues	<u>81,141</u>	<u>73,176</u>	<u>119,586</u>	<u>5,788</u>	<u>400,863</u>	<u>365,256</u>
Expenditures:						
Current:						
Instruction	-	-	-	-	-	-
Special education instruction	-	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-
Support services - instruction	-	-	-	-	-	-
School administration support services	-	-	-	-	-	-
District administration	-	-	-	-	-	-
District administration support services	-	-	-	-	-	-
Operations and maintenance of plant	1,817	-	-	-	-	-
Student activities	3,970	-	-	-	-	-
Student transportation - to and from school	-	-	-	-	-	-
Student transportation - school activities	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Food services	-	-	-	-	-	-
Construction and facilities acquisition	<u>75,354</u>	<u>73,176</u>	<u>119,546</u>	<u>5,788</u>	<u>400,903</u>	<u>365,256</u>
Total expenditures	<u>81,141</u>	<u>73,176</u>	<u>119,546</u>	<u>5,788</u>	<u>400,903</u>	<u>365,256</u>
Excess (deficiency) of revenues over expenditures	-	-	40	-	(40)	-
Fund balances (deficit), beginning of year, as adjusted	<u>(10,437)</u>	-	-	-	-	-
Fund balances (deficit), end of year	<u>\$ (10,437)</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>(40)</u>	<u>-</u>

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

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

	Capital Project Funds					Total Capital Project Funds	Total Other Governmental Funds
	Point Higgins Elementary Roof	SMS Gym Floor	Capital Project I Other	School Security Project	Capital Project II Other		
Revenues:							
Local sources:							
Charges for services	\$ -	-	-	-	-	-	35,951
Other	-	-	-	-	-	-	93,834
Intergovernmental:							
Ketchikan Gateway Borough	938	577,577	54,500	5,640	26,406	1,710,871	1,710,871
State of Alaska	-	-	-	-	-	-	1,593,956
Federal sources:							
Passed through the State of Alaska	-	-	-	-	-	-	2,472,094
Passed through other intermediary agency	-	-	-	-	-	-	106,361
Direct	-	-	-	-	-	-	1,134,457
Total revenues	<u>938</u>	<u>577,577</u>	<u>54,500</u>	<u>5,640</u>	<u>26,406</u>	<u>1,710,871</u>	<u>7,147,524</u>
Expenditures:							
Current:							
Instruction	-	-	-	-	-	-	1,563,765
Special education instruction	-	-	-	-	-	-	875,150
Special education support services - students	-	-	-	-	-	-	99,107
Support services - students	-	-	-	-	-	-	582,398
Support services - instruction	-	-	-	-	-	-	296,521
School administration support services	-	-	-	-	-	-	1,000
District administration	-	-	-	-	-	-	70,568
District administration support services	-	-	-	-	-	-	246,766
Operations and maintenance of plant	-	-	-	-	-	1,817	6,808
Student activities	-	-	-	-	-	3,970	17,970
Student transportation - to and from school	-	-	-	-	-	-	1,785,224
Student transportation - school activities	-	-	-	-	-	-	11,111
Community services	-	-	-	-	-	-	31,418
Food services	-	-	-	-	-	-	77,038
Construction and facilities acquisition	938	577,577	54,500	5,640	26,406	1,705,084	1,705,084
Total expenditures	<u>938</u>	<u>577,577</u>	<u>54,500</u>	<u>5,640</u>	<u>26,406</u>	<u>1,710,871</u>	<u>7,369,928</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	(222,404)
Fund balances (deficit), beginning of year, as adjusted	-	-	-	-	-	(10,437)	267,039
Fund balances (deficit), end of year	\$ -	-	-	-	-	(10,437)	44,635

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Alaska Literacy Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 363,823	309,217	(54,606)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	137,135	128,567	8,568
Non-certificated salaries	4,100	3,470	630
Employee benefits	73,601	63,181	10,420
Professional and technical services	1,200	350	850
Staff travel	29,980	17,502	12,478
Supplies, materials and media	100,170	79,047	21,123
Total instruction	<u>346,186</u>	<u>292,117</u>	<u>54,069</u>
Support services - instruction - Professional and technical services	<u>8,625</u>	<u>9,500</u>	<u>(875)</u>
District administration support services - Indirect costs	<u>9,012</u>	<u>7,600</u>	<u>1,412</u>
Total expenditures	<u>363,823</u>	<u>309,217</u>	<u>54,606</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Alaska Reads Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ <u>17,336</u>	<u>12,481</u>	<u>(4,855)</u>
Expenditures:			
Current:			
Instruction - Staff travel	<u>14,000</u>	<u>9,246</u>	<u>4,754</u>
Support services - instruction - Staff travel	<u>3,000</u>	<u>3,000</u>	<u>-</u>
District administration support services - Indirect costs	<u>336</u>	<u>235</u>	<u>101</u>
Total expenditures	<u>17,336</u>	<u>12,481</u>	<u>4,855</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Safety and Well Being Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ <u>15,100</u>	<u>15,100</u>	<u>-</u>
Expenditures: Current: Instruction - Staff travel	<u>15,100</u>	<u>15,100</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Student Transportation Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - State of Alaska	\$ <u>1,539,488</u>	<u>1,539,488</u>	<u>-</u>
Expenditures:			
Current:			
Student transportation - to and from school:			
Non-certificated salaries	17,355	17,355	-
Employee benefits	9,669	9,669	-
Student travel	449,464	726,167	(276,703)
Other purchased services	945,000	926,365	18,635
Supplies, materials and media	<u>118,000</u>	<u>105,668</u>	<u>12,332</u>
Total student transportation - to and from school	<u>1,539,488</u>	<u>1,785,224</u>	<u>(245,736)</u>
Student transportation - school activities - Staff travel	<u>-</u>	<u>11,111</u>	<u>(11,111)</u>
Total expenditures	<u>1,539,488</u>	<u>1,796,335</u>	<u>(256,847)</u>
Excess (deficiency) of revenues over expenditures	\$ <u><u>-</u></u>	<u>(256,847)</u>	<u>(256,847)</u>
Fund balance, beginning of year		<u>191,598</u>	
Fund balance, end of year		\$ <u><u>(65,249)</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Donors Choose Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through Other intermediary agency	\$ <u>55,057</u>	<u>55,057</u>	<u>-</u>
Expenditures: Current: Instruction - Supplies, materials and media	<u>55,057</u>	<u>55,057</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Fresh Fruit and Vegetable Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ <u>77,038</u>	<u>77,038</u>	<u>-</u>
Expenditures: Current: Food services - Supplies, materials and media	<u>77,038</u>	<u>77,038</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

MTSS Refresh Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through other intermediary agency	\$ <u>20,652</u>	<u>13,270</u>	<u>(7,382)</u>
Expenditures: Current: Support services - instruction - Staff travel	<u>20,652</u>	<u>13,270</u>	<u>7,382</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Alaska Construction Academy Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - State of Alaska	\$ <u>30,699</u>	<u>25,147</u>	<u>(5,552)</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	3,000	-	3,000
Supplies, materials and media	<u>27,699</u>	<u>25,147</u>	<u>2,552</u>
Total expenditures	<u>30,699</u>	<u>25,147</u>	<u>5,552</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
 REAP - RLIS Special Qualified Agencies Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Direct federal sources	\$ <u>39,663</u>	<u>39,663</u>	<u>-</u>
Expenditures: Current: Instruction - Tuition-students and stipends	<u>39,663</u>	<u>39,663</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Title II-A Parent/Teacher/Principal Training Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ <u>128,780</u>	<u>132,557</u>	<u>3,777</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	102,000	102,000	-
Employee benefits	14,300	14,301	(1)
Staff travel	<u>1,750</u>	<u>204</u>	<u>1,546</u>
Total instruction	<u>118,050</u>	<u>116,505</u>	<u>1,545</u>
Support services - instruction:			
Professional and technical services	5,380	3,785	1,595
Staff travel	<u>7,402</u>	<u>8,984</u>	<u>(1,582)</u>
Total support services - instruction	<u>12,782</u>	<u>12,769</u>	<u>13</u>
District administration support services - Indirect costs	<u>3,323</u>	<u>3,283</u>	<u>40</u>
Total expenditures	<u>134,155</u>	<u>132,557</u>	<u>1,598</u>
Excess (deficiency) of revenues over expenditures	\$ <u><u>(5,375)</u></u>	-	<u><u>5,375</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Safe Children's Act Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ <u>2,100</u>	<u>2,100</u>	<u>-</u>
Expenditures:			
Current:			
Instruction - Supplies, materials and media	<u>2,048</u>	<u>2,048</u>	<u>-</u>
District administration support services - Indirect costs	<u>52</u>	<u>52</u>	<u>-</u>
Total expenditures	<u>2,100</u>	<u>2,100</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Title I-A Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Federal sources passed through the State of Alaska: \$	<u>951,512</u>	<u>814,897</u>	<u>(136,615)</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	560,363	546,198	14,165
Non-certificated salaries	43,546	44,318	(772)
Employee benefits	90,442	87,646	2,796
Professional and technical services	629	629	-
Staff travel	4,203	3,101	1,102
Supplies, materials and media	105,045	82,679	22,366
Total instruction	<u>804,228</u>	<u>764,571</u>	<u>39,657</u>
Support services - instruction:			
Professional and technical services	12,500	10,596	1,904
Staff travel	18,749	17,891	858
Supplies, materials and media	94,062	2,550	91,512
Total support services - instruction	<u>125,311</u>	<u>31,037</u>	<u>94,274</u>
District administration support services -			
Indirect costs	<u>21,973</u>	<u>19,289</u>	<u>2,684</u>
Total expenditures	<u>951,512</u>	<u>814,897</u>	<u>136,615</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Voices on the Land Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through other intermediary agency	\$ 21,000	2,337	(18,663)
Expenditures:			
Current:			
Instruction:			
Professional and technical services	2,421	225	2,196
Supplies, materials and media	750	750	-
Total instruction	<u>3,171</u>	<u>975</u>	<u>2,196</u>
Support services - instruction:			
Professional and technical services	50	50	-
Staff travel	2,839	316	2,523
Supplies, materials and media	14,940	996	13,944
Total support services - instruction	<u>17,829</u>	<u>1,362</u>	<u>16,467</u>
Total expenditures	<u>21,000</u>	<u>2,337</u>	<u>18,663</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Alternative Schools Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - State of Alaska	\$ 23,300	21,725	(1,575)
Expenditures:			
Current:			
Instruction:			
Student travel	500	-	500
Other purchased services	7,300	7,800	(500)
Supplies, materials and media	14,923	12,387	2,536
Total instruction	<u>22,723</u>	<u>20,187</u>	<u>2,536</u>
School administration support services - Supplies, materials and media	<u>-</u>	<u>1,000</u>	<u>(1,000)</u>
District administration support services - Indirect costs	<u>577</u>	<u>538</u>	<u>39</u>
Total expenditures	<u>23,300</u>	<u>21,725</u>	<u>1,575</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Title VI-B Special Revenue Fund

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

Year Ended June 30, 2024

	Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 867,066	867,066	-
Expenditures:			
Current:			
Special education instruction:			
Certificated salaries	390,056	390,056	-
Non-certificated salaries	32,254	32,254	-
Employee benefits	119,030	119,030	-
Professional and technical services	102,336	102,336	-
Staff travel	21,695	21,695	-
Utility services	382	382	-
Other purchased services	3,480	3,480	-
Supplies, materials and media	76,071	76,071	-
Other	1,177	1,177	-
Total special education instruction	<u>746,481</u>	<u>746,481</u>	<u>-</u>
Special education support services - students:			
Certificated salaries	60,000	60,000	-
Employee benefits	39,107	39,107	-
Total special education support services - students	<u>99,107</u>	<u>99,107</u>	<u>-</u>
District administration support services - Indirect costs	<u>21,478</u>	<u>21,478</u>	<u>-</u>
Total expenditures	<u>867,066</u>	<u>867,066</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 37,257	4,409	(32,848)
Expenditures:			
Current:			
Special education instruction:			
Certificated salaries	8,000	-	8,000
Professional and technical services	4,300	4,300	-
Supplies, materials and media	22,903	-	-
Other	1,135	-	1,135
Total special education instruction	<u>36,338</u>	<u>4,300</u>	<u>32,038</u>
District administration support services - Indirect costs	<u>919</u>	<u>109</u>	<u>810</u>
Total expenditures	<u>37,257</u>	<u>4,409</u>	<u>32,848</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Title IV-A Special Revenue Funds

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 132,214	121,486	(10,728)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	39,518	39,518	-
Employee benefits	5,572	5,603	(31)
Professional and technical services	4,750	200	4,550
Staff travel	4,600	454	4,146
Student travel	12,700	11,637	1,063
Supplies, materials and media	19,300	9,180	10,120
Other	4,349	4,349	-
Total instruction	<u>90,789</u>	<u>70,941</u>	<u>19,848</u>
Support services - instruction:			
Professional and technical services	36,150	38,198	(2,048)
Staff travel	2,000	4,747	(2,747)
Supplies, materials and media	-	4,591	(4,591)
Total support services - instruction	<u>38,150</u>	<u>47,536</u>	<u>(9,386)</u>
District administration support services - Indirect costs	<u>3,275</u>	<u>3,009</u>	<u>266</u>
Total expenditures	<u>132,214</u>	<u>121,486</u>	<u>10,728</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Carl Perkins Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 70,111	68,035	(2,076)
Expenditures:			
Current:			
Instruction:			
Staff travel	6,000	3,586	2,414
Supplies, materials and media	56,930	52,366	4,564
Tuition-students and stipends	10,332	10,662	(330)
Other	2,226	-	2,226
Total instruction	<u>75,488</u>	<u>66,614</u>	<u>8,874</u>
District administration support services - Indirect costs	<u>1,655</u>	<u>1,421</u>	<u>234</u>
Total expenditures	<u>77,143</u>	<u>68,035</u>	<u>9,108</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(7,032)</u>	-	<u>7,032</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

School Improvement Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 84,150	40,660	(43,490)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	14,680	-	14,680
Employee benefits	2,071	-	2,071
Staff travel	1,458	801	657
Supplies, materials and media	21,608	19,506	2,102
Tuition-students and stipends	15,000	3,841	11,159
Total instruction	<u>54,817</u>	<u>24,148</u>	<u>30,669</u>
Support services - instruction:			
Professional and technical services	6,050	3,933	2,117
Staff travel	23,283	12,579	10,704
Total support services - instruction	<u>29,333</u>	<u>16,512</u>	<u>12,821</u>
Total expenditures	<u>84,150</u>	<u>40,660</u>	<u>43,490</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Staff Development Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - State of Alaska	\$ <u>6,720</u>	<u>5,496</u>	<u>(1,224)</u>
Expenditures:			
Current:			
Instruction:			
Non-certificated salaries	-	280	(280)
Employee benefits	-	22	(22)
Staff travel	<u>4,080</u>	<u>5,194</u>	<u>(1,114)</u>
Total instruction	<u>4,080</u>	<u>5,496</u>	<u>(1,416)</u>
Special education instruction - Staff travel	<u>2,640</u>	<u>-</u>	<u>2,640</u>
Total expenditures	<u>6,720</u>	<u>5,496</u>	<u>1,224</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Service for Other Districts Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Local sources:			
Charges for services	\$ 6,900	6,900	-
Other	<u>72,834</u>	<u>72,834</u>	-
Total revenues	<u>79,734</u>	<u>79,734</u>	-
Expenditures:			
Current:			
Instruction:			
Certificated salaries	38,808	38,808	-
Employee benefits	5,431	5,431	-
Supplies, materials and media	694	694	-
Total expenditures	<u>44,933</u>	<u>44,933</u>	-
Excess of revenues over expenditures	\$ <u>27,901</u>	34,801	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>34,801</u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Project Transform Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through other intermediary agency	\$ <u>35,697</u>	<u>35,697</u>	<u>-</u>
Expenditures:			
Current:			
Support services - instruction:			
Certificated salaries	27,900	27,900	-
Non-certificated salaries	3,000	3,000	-
Employee benefits	<u>4,797</u>	<u>4,797</u>	-
Total expenditures	<u>35,697</u>	<u>35,697</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Alaska State Library Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ <u>1,250</u>	<u>1,250</u>	<u>-</u>
Expenditures: Current: Support services - instruction - Staff travel	<u>1,250</u>	<u>1,250</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

COVID Discretionary Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ <u>3,353</u>	<u>3,353</u>	<u>-</u>
Expenditures:			
Current:			
Instruction - Supplies, materials and media	<u>3,353</u>	<u>3,353</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Trauma Informed Schools Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental -			
Direct federal sources	\$ 1,088,800	845,017	(243,783)
Expenditures:			
Current:			
Support services - students:			
Non-certificated salaries	495,000	317,383	177,617
Employee benefits	182,691	178,933	3,758
Professional and technical services	13,593	30,694	(17,101)
Staff travel	20,000	35,915	(15,915)
Utility services	2,160	1,825	335
Supplies, materials and media	36,477	13,103	23,374
Total support services students	<u>749,921</u>	<u>577,853</u>	<u>172,068</u>
Support services - instruction:			
Professional and technical services	4,900	5,625	(725)
Supplies, materials, and media	2,093	1,219	874
Total support services - instruction	<u>6,993</u>	<u>6,844</u>	<u>149</u>
District administration:			
Professional and technical services	83,845	57,013	26,832
Staff travel	27,015	7,648	19,367
Supplies, materials, and media	42,328	5,907	36,421
Total district administration	<u>153,188</u>	<u>70,568</u>	<u>82,620</u>
District administration support services:			
Certificated salaries	122,427	142,868	(20,441)
Employee benefits	29,301	20,604	8,697
Indirect costs	26,970	26,280	690
Total district administration support services	<u>178,698</u>	<u>189,752</u>	<u>(11,054)</u>
Total expenditures	<u>1,088,800</u>	<u>845,017</u>	<u>243,783</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

ARPA Homeless II Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 11,203	4,545	(6,658)
Expenditures:			
Current:			
Support services - students:			
Housing allowance	1,000	323	677
Staff travel	1,000	-	1,000
Supplies, materials and media	9,203	4,222	4,981
Total expenditures	<u>11,203</u>	<u>4,545</u>	<u>6,658</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Indian Education Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Direct federal sources	\$ 258,807	249,777	(9,030)
Expenditures:			
Current:			
Instruction:			
Professional and technical services	1,758	828	930
Staff travel	2,786	2,786	-
Student travel	582	582	-
Supplies, materials and media	10,709	3,468	7,241
Total instruction	<u>15,835</u>	<u>7,664</u>	<u>8,171</u>
Special education instruction:			
Certificated salaries	85,100	85,100	-
Employee benefits	25,459	25,459	-
Other purchased services	247	247	-
Supplies, materials and media	14,422	13,563	859
Total special education instruction	<u>125,228</u>	<u>124,369</u>	<u>859</u>
Support services - instruction:			
Certificated salaries	79,530	79,530	-
Employee benefits	38,214	38,214	-
Total support services - instruction	<u>117,744</u>	<u>117,744</u>	<u>-</u>
Total expenditures	<u>258,807</u>	<u>249,777</u>	<u>9,030</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Public Use of Facilities Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes
in Fund Balance

Year Ended June 30, 2024

Revenues -		
Local sources - charges for services	\$	<u>29,051</u>
Expenditures:		
Current:		
Operations and maintenance of plant:		
Professional and technical services		1,884
Supplies, materials and media		<u>3,107</u>
Total operations and maintenance of plant		<u>4,991</u>
Community services:		
Certificated salaries		5,000
Non-certificated salaries		24,169
Employee benefits		<u>2,249</u>
Total community services		<u>31,418</u>
Total expenditures		<u>36,409</u>
Excess (deficiency) of revenues over expenditures		(7,358)
Fund balance, beginning of year		<u>78,878</u>
Fund balance, end of year	\$	<u><u>71,520</u></u>

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Holland America/Princess Cruise Scholarship Special Revenue Fund

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

Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - local sources -			
Other	\$ 21,000	21,000	-
Expenditures:			
Current:			
Student activities - other	21,000	14,000	7,000
Excess of revenues over expenditures	\$ -	7,000	7,000
Fund balance, beginning of year		7,000	
Fund balance, end of year		\$ 14,000	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Ketchikan High School Student Club Checking Accounts

Schedule of Changes in Account Balances

June 30, 2024

Cash Account	Beginning Balance	Increases	Decreases	Ending Balance
Student club checking accounts:				
3000 ACDC	\$ (1,243)	6,667	4,991	433
9002 ACDC Athletics	-	-	-	-
9000 AD & Administration Travel	200	1,231	1,431	-
9005 AD Supplies & Equipment	-	-	-	-
1025 Adv. Placement Fees	2,197	6,612	6,523	2,286
1020 Alumni Donations	2,176	-	-	2,176
7000 Audio/Visual KPU	3,400	2,744	4,594	1,550
3010 Auto Shop	(7,836)	9,286	9,638	(8,188)
3015 Aviation	5,830	-	1,897	3,933
3020 Band & Pep Band	14,575	5,817	14,397	5,995
3030 Baseball	(8,364)	73,485	57,315	7,806
9010 Baseball Protech	(240)	-	-	(240)
9015 Baseball Reg V Tournament - A	(5,987)	5,987	5,583	(5,583)
9009 Baseball Athletics	5,987	1,050	22,467	(15,430)
9020 Basketball Protech	-	-	-	-
9025 Basketball Reg V Tournament-A	250	16,935	17,077	108
3040 Basketball, Boys	1,626	52,324	42,449	11,501
9018 Basketball, Boys Athletics	-	8,039	14,063	(6,024)
3050 Basketball, Girls	10,699	42,430	47,738	5,391
9022 Basketball, Girls Athletics	500	7,269	13,169	(5,400)
3060 Cheerleading	12,703	36,737	40,046	9,394
9030 Cheerleading Reg V Tournament-A	-	-	-	-
3080 Choir	3,897	465	1,008	3,354
3090 Clarke Cochrane Tournament	18,052	47,927	38,465	27,514
4100 Class 2022	1,508	-	1,508	-
4110 Class 2023	-	-	-	-
4130 Class 2025	129	244	-	373
3100 Class Act Mentor	(499)	290	192	(401)
4120 Class of 2024	(665)	28,171	24,594	2,912
3455 Close-Up	589	624	-	1,213
3110 College Fair	8,672	3,745	2,668	9,749
1035 Concessions	43,097	21,202	21,028	43,271
3120 Construction	2,788	6,487	1,840	7,435
1080 Credit Card Recovery Fee	1,695	1,729	1,500	1,924
3130 Cross Country	12,775	11,130	15,392	8,513
9035 Cross Country Reg V Tournament-A	-	4,159	4,148	11
9032 Cross Country~Athletics	-	4,885	4,896	(11)
3140 Culinary Arts	23,251	4,177	8,229	19,199
3150 Dance	5,378	37,936	32,184	11,130
9040 Dance Reg V Tournament-A	-	-	-	-
3160 Debate	2,189	3,104	5,092	201
9042 Debate Athletics	(58)	5,233	5,133	42
3170 Drama	3,816	93,260	84,663	12,413

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Ketchikan High School Student Club Checking Accounts

Schedule of Changes in Account Balances, Continued

Cash Account	Beginning Balance	Increases	Decreases	Ending Balance
Student club checking accounts, continued:				
3070 Education Rising	907	-	-	907
5000 English Fees & Fines	335	20	-	355
3333 Environmental	458	94	-	552
3191 Fil-Am (Filipino-American)	344	5,628	3,877	2,095
3480 Food Pantry	51	1,300	1,000	351
5010 French Fees & Fines	2	-	-	2
2000 Miscellaneous	17,102	-	2,244	14,858
12000 Galley, Jerry Memorial	3,001	10,000	7,000	6,001
2100 Gate Revenue	34,255	50,143	22,331	62,067
10201 Greg Middag Fund	57	1,350	199	1,208
3460 GSA	509	-	-	509
5020 Health Fees & Fines	412	-	-	412
3210 HOSA	375	-	-	375
5030 Jack Cotant	39	-	-	39
12030 Ketchikan Community Scholarship	1,620	8,000	8,000	1,620
12010 Kralis, Don & Lois Memorial	360	-	-	360
5035 Laptops	18,695	112	-	18,807
5040 Library	1,009	353	700	662
3216 Mascot	3,150	3,287	-	6,437
5050 Math Fees & Fines	2,487	277	-	2,764
1045 Miscellaneous	9,498	15,665	16,831	8,332
9050 Music Reg V Festival - A	-	1,000	1,006	(6)
9055 Music SE Honors-A	-	522	500	22
12025 Nancy Kossman Memorial Scholarship/Maritime	10,000	-	-	10,000
3220 National Art Honor Society	2,762	-	-	2,762
3230 National Honor Society	111	500	666	(55)
3240 National Oceanic Sciences Bowl	(6,873)	47,454	30,172	10,409
2120 Non Specific Activities Donations	28,454	2,286	3,077	27,663
1 Over/Under	576	-	-	576
9060 Pep Band Reg V Tournament-A	(750)	-	(500)	(250)
3260 Pep Club	1	2,259	700	1,560
1055 Postage	1,889	15	-	1,904
3280 Production Tech	5,271	2,497	-	7,768
1060 PSAT Fees	4,232	700	561	4,371
3290 PTA	853	-	-	853
9065 Reg V Festival Music-H	(9,840)	10,402	-	562
9070 Reg V Tournament Baseball - H	-	-	-	-
9075 Reg V Tournament Basketball - H	-	12,916	14,092	(1,176)
9080 Reg V Tournament Cross Country-H	-	-	-	-
9160 Reg V Tournament Softball-A	(4,037)	-	6,449	(10,486)
9090 Reg V Tournament Track-H	-	-	411	(411)
9095 Reg V Tournament Volleyball - H	-	2,359	2,359	-

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Ketchikan High School Student Club Checking Accounts

Schedule of Changes in Account Balances, Continued

Cash Account		Beginning Balance	Increases	Decreases	Ending Balance
Student club checking accounts, continued:					
9100	Reg V Tournament Wrestling - H	(5,974)	6,048	-	74
3305	Rotary Interact	1,759	865	845	1,779
1090	RYC Wellness Grant	109	-	-	109
3313	Safeway Grant/Beimler	2,880	-	-	2,880
1085	School Sign	170	25	-	195
3190	School Store	2,268	4,633	9,201	(2,300)
5070	Science Fees & Fines	1,868	100	430	1,538
12020	Senior Class Savings	19,269	1,508	152	20,625
9105	Soccer Protech	-	-	11	(11)
3320	Soccer, Boys	(3,514)	32,879	26,594	2,771
3330	Soccer, Girls	(11,551)	8,795	16,844	(19,600)
9103	Soccer, Boys Athletics	11	15,533	15,232	312
9104	Soccer, Girls Athletics	(125)	18,233	18,244	(136)
5080	Social Studies Fees & Fines	1,639	90	279	1,450
3340	Softball	28,539	73,182	79,793	21,928
9110	Softball Protech	-	-	-	-
9108	Softball Athletics	4,062	7,116	7,216	3,962
5090	Spanish Fees and Fines	618	-	285	333
9155	State	(80,281)	-	86,695	(166,976)
2130	Student Activities Participation Fees	75,336	130,656	83,764	122,228
3350	Student Body Association	10,314	2,518	3,737	9,095
3360	Sunshine	190	170	205	155
9115	Swim Reg V Tournament - A	-	4,492	4,331	161
9113	Swim~Athletics	-	16,447	16,647	(200)
3370	Swimming	-	150	4,022	(3,872)
9145	Swimming Protech	-	-	-	-
3380	Track	1,713	15,178	18,930	(2,039)
9120	Track Reg V Tournament - A	(875)	875	-	-
9117	Track Athletics	875	20,984	22,382	(523)
1065	Vending	34,922	2,032	4,099	32,855
3435	Veterans Wall	4,018	-	-	4,018
3390	Visual Arts	24,338	-	1,435	22,903
3400	Vocational Medical Science	(150)	-	-	(150)
3410	Volleyball	8,411	25,455	33,166	700
9125	Volleyball Protech	-	34	45	(11)
9130	Volleyball Reg V Tournament - A	-	-	-	-
9123	Volleyball Athletics	-	15,891	17,915	(2,024)
3420	Welding	11	50	-	61
3425	Woodworking	50	-	-	50
3430	Work Study, SPED	24	-	-	24
3440	Wrestling	-	52,929	52,929	-
9135	Wrestling Protech	-	34	34	-
9140	Wrestling Reg V Tournament - A	-	13,954	13,793	161
9132	Wrestling, Boys Athletics	-	21,268	21,268	-
3445	Wrestling, Girls	(302)	-	-	(302)
9133	Wrestling, Girls - Athletics	-	-	-	-
3450	Yearbook	40,647	21,902	18,356	44,193
Total student club checking accounts		\$ 451,671	1,244,546	1,256,472	439,745
Scholarship account		\$ 63,517	-	23,837	39,680
Savings account		\$ 24,025	33	-	24,058

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of Compliance - AS 14.17.505

Year Ended June 30, 2024

Total fund balance - School Operating Fund	\$ (4,834,058)
Less exemptions per 4 AAC 09.160(a):	
None	<u>-</u>
Fund Balance Subject to 10% Limitation	\$ <u><u>(4,834,058)</u></u>
Nonexempt fund balance as a percentage of current year expenditures:	
<u>Fund balance subject to limitation</u>	<u>(4,834,058)</u> = <u>-10.36%</u>
Current year expenditures	46,646,250

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

<u>Grant Title</u>	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Total Grant Award</u>	<u>Federal Share of Expenditures</u>
U.S. Department of Education:				
Direct programs:				
Indian Education	S060A230426	84.060A	\$ 258,807	249,777
REAP - RLIS Special Qualified Agencies	S358C230008	84.358C	39,663	39,663
Impact Aid	AK-2023-111606	84.041	6,623	6,623
Passed through the State of Alaska, Department of Education and Early Development:				
Title I-A Basic	IP 24.KGSD.01	84.010A	951,519	814,897
School Improvement	SI 24.KGSD.01	84.010A	76,651	40,660
SOR Symposium Travel	CL 24.KGSD.01	84.010A	3,000	3,000
Total ALN 84.010			<u>1,031,170</u>	<u>858,557</u>
Carl Perkins	EK 24.KGSD.01	84.048A	70,121	68,035
Special Education Cluster :				
Title VI-B	SE 24.KGSD.01	84.027A	867,066	867,066
Preschool Disabled Section 619	SE 24.KGSD.01	84.173A	42,565	4,409
Total Special Education Cluster			<u>909,631</u>	<u>871,475</u>
AK Read SE	CL 24.KGSD.01	84.371C	20,000	9,481
AK Literacy	AL 24.KGSD.01	84.371C	430,620	309,217
Total ALN 84.371			<u>450,620</u>	<u>318,698</u>
Title IV-A	IP 24.KGSD.01	84.424A	144,873	121,486
Title II-A Parent/Teacher/Principal Training	IP 24.KGSD.01	84.367A	156,530	132,557
COVID-19 ARP Homeless II	AH 24.KGSD.01	84.425W	11,462	4,545
COVID-19 Discretionary Funds	CO 24.KGSD.01	84.425D	3,353	3,353
Passed through Donors Choose - COVID-19 Discretionary Funds				
	None	84.425C	55,057	55,057
Passed through the Alaska Council of School Administrators - COVID-19 Discretionary				
	None	84.425U	13,270	13,270
Total ALN 84.425			<u>83,142</u>	<u>76,225</u>
Passed through the Sealaska Heritage Center - Alaska Native Education Program				
	313-22-2727	84.356A	20,000	2,337
Passed through the Association of Alaska School Boards - Project Transform				
	S411C220010	84.411C	35,697	35,697
Total U.S. Department of Education			<u>3,206,877</u>	<u>2,781,130</u>

(continued)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards, Continued

<u>Grant Title</u>	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Total Grant Award</u>	<u>Federal Share of Expenditures</u>
Institute of Museum and Library Services - Passed through the State of Alaska, Department of Education and Early Development - Alaska State Library	LS-249948-OLS-21	45.310	\$ <u>1,250</u>	<u>1,250</u>
U.S. Department of Agriculture: Passed through the State of Alaska, Department of Education and Early Development: Child Nutrition Cluster:				
School Breakfast Program	None	10.553	142,295	142,295
National School Lunch Program	None	10.555	424,522	424,522
Supply Chain Assistance	FD 24.KGSD.01	10.555	63,921	63,921
Commodities	None	10.555	72,045	72,045
Summer Food Service Program	None	10.559	28,103	28,103
Fresh Fruit and Vegetable Program	FF 24.KGSD.01	10.582	10,641	10,641
Fresh Fruit and Vegetable Program	FF 24.KGSD.02	10.582	66,397	66,397
Total Child Nutrition Cluster			<u>807,924</u>	<u>807,924</u>
Food Distribution Administrative Fee Reimbursement	FD 23.KGSD.01	10.560	<u>6,660</u>	<u>6,660</u>
Total U.S. Department of Agriculture			<u>814,584</u>	<u>814,584</u>
U.S. Department of Health and Human Services: Direct:				
Substance Abuse and Mental Health Services	1H79SM087267-01	93.243	<u>1,936,529</u>	<u>845,017</u>
Passed through the State of Alaska, Department of Education and Early Development: Safety and Well Being	SW 24.KGSD.01	93.243	<u>15,100</u>	<u>15,100</u>
Total ALN 93.243			<u>1,951,629</u>	<u>860,117</u>
Total Expenditures of Federal Awards			<u>\$ 5,974,340</u>	<u>4,457,081</u>

See accompanying notes to the Schedule.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Ketchikan Gateway Borough School District under programs of the federal government for the year ended June 30, 2024. 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 Ketchikan Gateway Borough School District, it is not intended to and does not present the basic financial statements of Ketchikan Gateway Borough School District.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Subrecipients

The District did not pass through federal funds to Subrecipients.

Note 4. Non-monetary Assistance

Non-monetary assistance is reported in the schedule at fair market value of commodities received and disbursed. For the year ended June 30, 2024 the District received \$72,045 in commodities.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of State Financial Assistance

Year Ended June 30, 2024

<u>Grant Title</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Eligible Expenditures</u>
State of Alaska, Department of Education and Early Development:			
Direct:			
# Foundation	None	\$ 24,735,636	24,735,636
Quality Schools	None	81,412	81,412
# House Bill 39	None	1,722,467	1,722,467
Student Transportation	None	1,539,488	1,539,488
Alternative Schools	BH 24.KGSD.01	23,300	21,725
Safe Children's Act	SC 24.KGSD.01	2,100	2,100
Dividend Raffle	None	9,874	9,874
Staff development	FY24-08	6,720	5,496
Total Department of Education and Early Development		28,120,997	28,118,198
State of Alaska, Department of Labor and Workforce Development:			
Direct -			
Alaska Construction Academy	None	30,699	25,147
Total state financial assistance		\$ 28,151,696	28,143,345

See accompanying notes to Schedule.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2024

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Ketchikan Gateway Borough School District under programs of the State of Alaska for the year ended June 30, 2024. 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 Ketchikan Gateway Borough School District, it is not intended to and does not present the basic financial statements of Ketchikan Gateway Borough School District.

Note 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 Ketchikan Gateway Borough School District's basic financial statements.

Note 3. Subrecipients

No state funds were passed through to subrecipients.

Note 4. Major Programs

Denotes a major program for compliance audit purposes.

Note 5. Reconciliation of State Expenditures to the Financial Statements

The following programs are reported as Intergovernmental - State of Alaska revenues, however are not subject to compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*:

Total Schedule of State Financial Assistance	\$ 28,143,345
PERS On-Behalf	225,574
TRS On-Behalf	<u>2,087,508</u>
Total State Financial Assistance	\$ <u>30,456,427</u>

COMPLIANCE REPORTS

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

Members of the School Board
Ketchikan Gateway Borough School District
Ketchikan, 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, each major fund, and the aggregate remaining fund information of Ketchikan Gateway Borough School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Ketchikan Gateway Borough School District's basic financial statements, and have issued our report thereon dated January 9, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ketchikan Gateway Borough School District'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 or significant deficiencies may exist that were not identified.

Members of the School Board
Ketchikan Gateway Borough School District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ketchikan Gateway Borough School District'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 entity'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
January 9, 2025

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

Independent Auditor's Report

Members of the School Board
Ketchikan Gateway Borough School District
Ketchikan, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District's major federal programs for the year ended June 30, 2024. Ketchikan Gateway Borough School District's major federal programs are identified in the summary of auditor's results section of the accompanying Federal Schedule of Findings and Questioned costs.

In our opinion, Ketchikan Gateway Borough School District 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 June 30, 2024.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Ketchikan Gateway Borough School District 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 Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District'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 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.



Anchorage, Alaska
January 9, 2025

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report? Yes No

Internal control over financial reporting:
Material weakness identified? Yes No
Significant deficiency identified? Yes None reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs (2 CFR 200.516(a)(1)):
Material weakness identified? Yes No
Significant deficiency identified? Yes None reported

Any material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516(a)(2))? Yes No

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR 200.516(a)(3) or (4)? Yes No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559, 10.582	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster
93.243	Substance Abuse and Mental Health Services
84.060	Indian Education

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

Ketchikan Gateway Borough School District did not have any findings related to the financial statements.

Section III – Federal Award Findings and Questioned Costs

Ketchikan Gateway Borough School District did not have any findings related to the 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

Members of the School Board
Ketchikan Gateway Borough School District
Ketchikan, Alaska

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Ketchikan Gateway Borough School District's compliance with the types of compliance requirements identified as subject to audit in the *State of Alaska Audit Guide and Compliance Supplement* that could have a direct and material effect on each of Ketchikan Gateway Borough School District's major state programs for the year ended June 30, 2024. Ketchikan Gateway Borough School District's major state programs are identified in the accompanying Schedule of State Financial Assistance.

In our opinion, Ketchikan Gateway Borough School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2024.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Ketchikan Gateway Borough School District 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 Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District'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 GAAS, *Government Auditing Standards*, and *State of Alaska Audit Guide* requirements 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 Ketchikan Gateway Borough School District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *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 Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District'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 Ketchikan Gateway Borough School District. 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 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 State of Alaska. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska
January 9, 2025

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Material weakness identified?

Yes No

Significant deficiency identified?

Yes None reported

Noncompliance material to the financial statements noted?

Yes No

State Awards

Internal control over major programs:

Material weakness identified?

Yes No

Significant deficiency identified?

Yes None reported

Type of auditor’s report issued on compliance
for major programs:

Unmodified

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

\$ 844,300

Auditee qualified as low-risk auditee?

Yes No

Section II – Financial Statement Findings

Ketchikan Gateway Borough School District did not have any findings related to the financial statements.

Section III – State Award Findings and Questioned Costs

Ketchikan Gateway Borough School District did not have any findings related to the state awards.



Summary Schedule of Prior Audit Findings

June 30, 2024

Finding 2023-001

Lack of Internal Controls over Eligibility

Federal Agency:

U.S. Department of Education, passed through the State of Alaska, Department of Education and Early Development

Federal Program:

Child Nutrition Cluster

Assistance Listing Number:

10.553, 10.555, 10.559, and 10.582

Award Number:

None (10.553); None and FD 23.KGSD.01 (10.555); None (10.559), and FF 23.KGSD.01 and FF 23.KGSD.02 (10.582)

Condition and Context:

Eligibility standards required by 7 CFR sections 225.15(f), 245.1(a), and 245.3(c) were not followed. During our testing of eligibility requirements, we inquired of the client about verification procedures performed and they explained applications were submitted by families through PrimeroEdge. The District began the verification process by selecting households to be verified using PrimeroEdge and letters were generated and mailed out; however, the process was not completed and any verification records received were not kept.

Status:

This finding has been resolved

Finding 2023-002

Lack of Internal Controls over Special Tests and Provisions

Federal Agency:

U.S. Department of Education, passed through the State of Alaska, Department of Education and Early Development

Federal Program:

Child Nutrition Cluster

Assistance Listing Number:

10.553, 10.555, 10.559, and 10.582

Award Number:

None (10.553); None and FD 23.KGSD.01 (10.555); None (10.559), and FF 23.KGSD.01 and FF 23.KGSD.02 (10.582)

Condition and Context:

Eligibility standards required by 7 CFR sections 225.15(f), 245.1(a), and 245.3(c) were not followed. During our testing of special tests and provisions we inquired of the client about verification procedures performed and they explained applications were submitted by families through PrimeroEdge. The District began the verification process by selecting households to be verified using PrimeroEdge and letters were generated and mailed out; however, the process was not completed and any verification records received were not kept.

Status:

This finding has been resolved

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings, Continued

Finding 2023-003

Lack of Internal Controls over Procurement

Federal Agency: U.S. Department of Education, passed through the State of Alaska, Department of Education and Early Development

Federal Program: Child Nutrition Cluster

Assistance Listing Number: 10.553, 10.555, 10.559, and 10.582

Award Number: None (10.553); None and FD 23.KGSD.01 (10.555); None (10.559), and FF 23.KGSD.01 and FF 23.KGSD.02 (10.582)

Award Year: 2023

Type of Finding: Significant deficiency in internal control over compliance and noncompliance

Condition and Context: Procurement standards required by 2 CFR 200.318 were not followed. During our testing of procurement, we determined that management did not conduct an annual cost study or formal procurement process for food and supplies to be used in the food service program.

Status: This finding has been resolved.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
(A Component Unit of the Ketchikan Gateway Borough)

Letter to the Governing Board

Year Ended June 30, 2024

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
(A Component Unit of the Ketchikan Gateway Borough)

Letter to the Governing Board

Year Ended June 30, 2024

January 9, 2025

Members of the School Board
Ketchikan Gateway Borough School District
Ketchikan, Alaska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ketchikan Gateway Borough School District (the District) for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, the 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 24, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies and Transactions

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Ketchikan Gateway Borough School District are described in Note 1 to the financial statements. The District changed accounting policies related to *Accounting Changes and Error Corrections* by adopting Governmental Accounting Standards Board (GASB) Statement 100. We noted no transactions entered into by Ketchikan Gateway Borough School District 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.

Governmental Activities Opinion Unit:

Management's estimate of the useful lives and depreciation 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 estimate of health and medical insurance liability is based on claims paid for the year and a 3 month estimate of the insurance liability. We evaluated the key factors and assumptions used to develop the health and medical liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the District's proportionate share of the collective net pension and OPEB assets, liabilities, 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 and Teachers' 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 District's proportionate share of the collective net pension and OPEB liability 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.

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. Summarized below is a misstatement that management has determined to be immaterial, both individually and in the aggregate, to the financial statements as a whole. This misstatement was not corrected by management:

- \$190,086 understatement of accrued payroll liabilities and salaries expenses in the School Operating Fund due to management not accruing a portion of the final payroll run.
- \$15,870 understatement of accounts payable and professional services expenses in the School Operating Fund.

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 auditor's 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 January 9, 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 District'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.

Accounting Assistance

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

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 Ketchikan Gateway Borough School Districts' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Matters

See the June 30, 2024, audited financial statements Compliance Reports for definition and descriptions of deficiencies, significant deficiencies, material weaknesses and any reported findings.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedules; Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities (Assets) and Contributions for the Public Employees' Retirement System and the Teachers' Retirement System; and Notes to 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 Major Governmental Funds: Schedule of Revenues, Expenditures and changes in Fund Balance – Budget and Actual; Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit); Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual; Schedule of Changes in Account Balances; Schedule of Compliance – AS 14.17.505; Schedule of Expenditures of Federal Awards and related notes; and the Schedule of State Financial Assistance and related notes, 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.

Restriction on Use

This information is intended solely for the use of the School Board and management of Ketchikan Gateway Borough School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Altman, Rogers & Co.

Anchorage, Alaska

Ketchikan Gateway Borough School District

333 Schoenbar Rd. • Ketchikan, Alaska 99901

Ph. (907) 247-2109 Fax: (907) 247-3820

Michael Robbins, Superintendent • Melissa Johnson, Director of Support Services

Daniel Schuler, Business and Operations Manager • Sally Stockhausen, Special Services

Alonso Escalante, Human Resources Director



January 24, 2025

To: Michael Robbins & the KGBSD School Board

From: Daniel B. Schuler

RE: FY2023-2024 Independent Financial Audit Report – Results

This memorandum is intended to provide an overview of the results of the FY2023-2024 Independent Financial Audit.

The opinion expressed on the FY2023-2024 financial statements is unqualified, or unmodified. This is also sometimes referred to as a “clean opinion”. It represents that the financial statements were found to be fairly presented in all material respects, as required by the applicable financial reporting framework, in KGBSD’s case, the Governmental Accounting Standards Board. When an auditor issues an unqualified opinion, they have found no material misstatements during the audit.

There were no findings regarding internal controls, financial statements or federal awards during the FY2023-2024 Independent Financial Audit. Three findings from the FY2022-2023 Independent Financial Audit have been resolved.

I draw your attention to the following areas that contributed to the deficit reflected in these financial statements:

1. The in-kind contribution debt service expenditure for prior years activity of \$1,8 million to the reduce the self-insurance health care note receivable was not budgeted for in FY2023-2024. In prior years going back over a decade ago, under a former audit firm, the decision was made to record any changes to the self-insurance health care note receivable not the Operating Fund, but to the District Wide Financial Statement as a long-term liability. For consistency, that process has been carried forward until changed in FY2023-2024. This is important to ensure that health care expenditures of the District are appropriately accounted for in the Operating Fund.
2. Related to the above, changes to the self-insurance health care note receivable for FY2023-2024 that would have not appeared in the Operating Fund in prior years were appropriately accounted for in the Operating Fund in FY2023-2024. Additionally, a transaction related to FY2022-2023 for an in-kind contribution to the reduction of the self-insurance health care note receivable was not booked by the Borough until July 2023 and was not included in the FY2022-2023 audit. That has been properly accounted for in the FY2023-2024 audit to true up the Due to/Due from between the Borough and the District. The combination of these two items accounts for another \$1.6 million.
3. The remainder of the FY2023-2024 stems primarily from the underbudgeted areas of contracted services and increased personnel necessary for Special Education to remain in compliance with State and Federal regulations; and reductions in the areas of Instruction Technology and Operations & Maintenance that occurred prior to FY2023-2024 but were carried forward into FY2023-2024 even though the reductions in those areas were far below the fixed costs already in place for those two cost centers.

The biggest take away here is that, at the end of FY2022-2023, it was anticipated that the District was going to see a much larger deficit than actually occurred. This was reported to DEED in the budget document that was filed with them at the end of June 2023. That larger deficit did not materialize due to the accounting of self-insured health care costs outside the Operating Fund, as had been done in prior fiscal years. When the shift came to account for actual on-going self-insurance health care expenses per an MOU between the Borough and the District, I had made the mistaken assumption that, like at the end of FY2022-2023, the larger deficit would not materialize once all accounting had taken place.

I believe that the issues with the creation of the FY2023-2024 budget by a third-party contractor have been rectified and that the District is now properly accounting for self-insurance health care costs in the Operating Fund.

The performance of budget to actuals is obviously concerning and an area that requires attention in the budget process for Fiscal Year 2025-2026. The monthly reporting structure has been changed after consultation with other Districts utilizing our current financial management system and a new financial management system is being investigated to ensure better reporting in the future.

I look forward to your questions and comments at the regularly scheduled School Board meeting on January 29th.

Ketchikan Gateway Borough School District

333 Schoenbar Rd. • Ketchikan, Alaska 99901

Ph. (907) 247-2109 Fax: (907) 247-3820

Michael Robbins, Superintendent • Melissa Johnson, Director of Support Services

Daniel Schuler, Business and Operations Manager • Sally Stockhausen, Special Services

Alonso Escalante, Human Resources Director



January 23, 2025

To: Michael Robbins & the KGBSD School Board

From: Daniel B. Schuler

RE: FY2023-2024 Independent Financial Audit Report – Delayed Delivery Update

This memorandum is intended to provide an update on the status of the delivery of the FY2023-2024 Audit Report for Ketchikan Gateway Borough School District (KGBSD).

There have been several items that have been introduced into the process that have provided many conversations and meetings to ensure that those items are appropriately reflected in the audit for FY2023-2024. The first dealt with months long conversations with the Department of Education and Early Development (DEED) about the possibility of KGBSD utilizing prior fiscal years difference between the authorized amount of funding from the Ketchikan Gateway Borough (KGB) and the Foundation Formula calculated maximum local contribution from KGB to, through an in-kind contribution, pay down the existing health insurance note receivable existing on the books as of June 30, 2023.

After receiving from DEED a written statement that they would allow the in-kind contribution and further discussions with our auditors as to the mechanism that allow that to happen, KGBSD Administration met with KGB Administration to discuss the possibility of putting this in motion. After much thoughtful discussion, all parties concluded that KGB would follow through with their previous idea of reducing the Foundation Formula calculated maximum local contribution by \$1,000,000 each fiscal year moving forward and allocating that amount to reduce the health insurance note receivable.

Subsequent to that decision, KGB moved forward with Ordinance 2057 increasing KGBSD's spending authority by \$1,768,395 and authorizing an On-Behalf Contribution to the health insurance note receivable. This transaction would be accounted for by KGB in fiscal year 2023-2024. This raised the issue of following the Governmental Accounting Standards Board statement no. 33, accounting and financial reporting for nonexchange transactions.

That statement generally calls for revenue to be measurable and available for it to be included in the financial statements of a governmental entity. Generally, revenues are to be measurable and available after the end of a fiscal year within sixty days (60) to be recognized in the financial statements. In this case, again, numerous meetings and conversations were held to determine how to reflect that transaction to make sure that the books of KGBSD were in alignment with the books of KGB. It was finally agreed that the transaction would be included in Fiscal Year 2023-2024 and not in Fiscal Year 2024-2025.

What is still being discussed is whether the transaction on KGBSD's books relating to KGB's Ordinance 2057 should be accounted for in KGBSD's Operation Fund. In a practice that began more than a decade ago with the audit firm BDO before Altman Rogers took over the audit, the change in the health insurance note payable was reflected as a long-term liability and therefore not reflected in KGBSD's Operating Fund. When the year end adjusting journal entry to account for the change in health insurance note payable was made, it did not impact the Operating Fund. With the health insurance note

payable residing outside the Operating Fund, the outstanding question is should the On-Behalf Contribution be treated as a reduction of the long-term liability that resides outside the Operating Fund Balance Sheet.

With that being the only outstanding issue, once a decision has been finalized as to the treatment of that transaction, the audit will be ready to be finalized and submitted to DEED. I am meeting with representatives of Altman Rogers on Wednesday January 8, 2025, to further discuss this situation and hope to have a resolution in short order.