

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
AGENDA STATEMENT

No. 8 d.

MEETING OF: November 15, 2023

Item Title: Ketchikan Gateway Borough School District Annual Financial Audit

CONSENT CALENDAR:

Reviewed by:

Motion to approve the Annual Financial Audit prepared by Altman, Rogers & Co

Superintendent
 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.

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 Annual Financial Report prepared by Altman, Rogers & Co., as presented.

FISCAL NOTE*:

Not applicable

ATTACHMENTS:

Annual Financial Report

RECOMMENDED ACTION (If not approved in the Consent Calendar)

“I hereby move that the Board of Education approve the Annual Financial Report, as presented, and direct the Administration to submit the report in a timely manner to DEED.”

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, 2023

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

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, 2023

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

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, 2023, 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, 2023, 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, Student Transportation Special Revenue 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 40-42, 43-50, and 51-53, 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: Schedule of Revenues, Expenditures and Changes in Fund Balance; 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 Balances – Budget to Actual; 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 Month XX, 2023, 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
Month XX, 2023

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
<u>Assets and Deferred Outflows of Resources</u>	
Current assets:	
Cash and investments	\$ 2,587,841
Accounts receivable	1,306,923
Receivable from trust fund	83,386
Inventory	25,816
Prepaid items	119,222
Total current assets	<u>4,123,188</u>
Long-term assets:	
Capital assets, not being depreciated	354,483
Depreciable capital assets, net of accumulated depreciation	528,919
Net OPEB assets	13,890,372
Total long-term assets	<u>14,773,774</u>
Deferred outflows of resources - Pension and OPEB deferrals	<u>4,813,660</u>
Total assets and deferred outflows of resources	<u>23,710,622</u>
<u>Liabilities and Deferred Inflows of Resources</u>	
Current liabilities:	
Accounts payable	994,435
Accrued leave	485,834
Payable to Ketchikan Gateway Borough	2,218,735
Unearned revenue	15,425
Note payable, due within one year	43,751
Total current liabilities	<u>3,758,180</u>
Long-term liabilities:	
Self insurance payable	4,405,853
Note payable	133,990
Net pension and OPEB liabilities	28,348,710
Total long-term liabilities	<u>32,888,553</u>
Deferred inflows of resources - Pension and OPEB deferrals	<u>1,500,401</u>
Total liabilities and deferred inflows of resources	<u>38,147,134</u>
<u>Net Position</u>	
Net investment in capital assets	883,402
Restricted - scholarships	7,000
Unrestricted	(15,326,914)
Total net position	<u>(14,436,512)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 23,710,622</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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 16,872,512	-	1,553,076	-	(15,319,436)
Special education instruction	6,117,325	-	(36,976)	-	(6,154,301)
Special education support services - students	511,937	-	(3,756)	-	(515,693)
Support services - students	1,313,195	-	163,104	-	(1,150,091)
Support services - instruction	2,367,203	-	162,365	-	(2,204,838)
School administration	1,551,833	-	118,205	-	(1,433,628)
School administration support services	932,831	-	(203,435)	-	(1,136,266)
District administration	659,396	-	24,804	-	(634,592)
District administration support services	943,345	-	(7,663)	-	(951,008)
Operations and maintenance of plant	5,156,205	7,114	(487,728)	616,019	(5,020,800)
Student activities	764,245	-	23,419	-	(740,826)
Student transportation - to and from school	1,901,663	-	1,531,633	-	(370,030)
Student transportation - school activities	63,735	-	47,370	-	(16,365)
Community services	31,421	34,731	-	-	3,310
Food services	1,061,716	207,695	903,226	-	49,205
Total Governmental Activities	\$ 40,248,562	249,540	3,787,644	616,019	(35,595,359)
General revenues:					
Borough appropriations				\$	12,370,628
Grants not restricted to specific programs					26,181,848
E-rate					205,670
Other					65,616
Total general revenues					38,823,762
Change in net position					3,228,403
Net position, beginning of year					(17,664,915)
Net position, end of year				\$	(14,436,512)

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2023

	School Operating Fund	Special Revenue Funds		Other Governmental Funds	Total Governmental Funds
		Student Transportation	Food Service		
<u>Assets</u>					
Cash and investments	\$ 2,587,841	-	-	-	2,587,841
Accounts receivable	30,189	-	22,308	1,254,426	1,306,923
Receivable from trust fund	83,386	-	-	-	83,386
Due from other funds	1,123,097	870,143	802,879	102,225	2,898,344
Inventory	-	-	25,816	-	25,816
Prepaid items	119,222	-	-	-	119,222
Total assets	<u>3,943,735</u>	<u>870,143</u>	<u>851,003</u>	<u>1,356,651</u>	<u>7,021,532</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	162,225	678,545	10,977	142,688	994,435
Due to other funds	1,775,247	-	-	1,123,097	2,898,344
Due to Ketchikan Gateway Borough	2,218,735	-	-	-	2,218,735
Unearned revenue	-	-	-	15,425	15,425
Total liabilities	<u>4,156,207</u>	<u>678,545</u>	<u>10,977</u>	<u>1,281,210</u>	<u>6,126,939</u>
Fund balances:					
Nonspendable	119,222	-	25,816	-	145,038
Restricted	-	-	-	7,000	7,000
Committed	-	-	814,210	-	814,210
Assigned	-	191,598	-	78,878	270,476
Unassigned	(331,694)	-	-	(10,437)	(342,131)
Total fund balances	<u>(212,472)</u>	<u>191,598</u>	<u>840,026</u>	<u>75,441</u>	<u>894,593</u>
Total liabilities and fund balances	\$ <u>3,943,735</u>	<u>870,143</u>	<u>851,003</u>	<u>1,356,651</u>	<u>7,021,532</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, 2023

Total fund balances of governmental funds		\$	894,593
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		<u>2,887,203</u>	
Total capital assets		<u>3,361,362</u>	
Accumulated depreciation		<u>(2,477,960)</u>	
Total capital assets, net			883,402
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		(485,834)	
Note payable		(177,741)	
Self insurance liability		<u>(4,405,853)</u>	(5,069,428)
Proportionate share of the net OPEB assets:			
PERS		5,572,327	
TRS		<u>8,318,045</u>	13,890,372
Proportionate share of the collective net pension liabilities:			
PERS		(13,822,560)	
TRS		<u>(14,526,150)</u>	(28,348,710)
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		1,910,590	
TRS		<u>2,903,070</u>	4,813,660
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources.			
PERS		(503,077)	
TRS		<u>(997,324)</u>	<u>(1,500,401)</u>
Net position of governmental activities			\$ <u>(14,436,512)</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, 2023

	School Operating Fund	Special Revenue Funds		Other Governmental Funds	Total Governmental Funds
		Student Transportation	Food Service		
Revenues:					
Local sources:					
Charges for services	\$ -	-	207,695	41,845	249,540
Other	271,286	-	-	628,365	899,651
Intergovernmental:					
Ketchikan Gateway Borough	12,370,628	-	-	-	12,370,628
State of Alaska	28,304,197	1,579,003	-	71,431	29,954,631
Federal sources	129,616	-	830,194	2,315,218	3,275,028
Total revenues	<u>41,075,727</u>	<u>1,579,003</u>	<u>1,037,889</u>	<u>3,056,859</u>	<u>46,749,478</u>
Expenditures:					
Current:					
Instruction	19,231,127	-	-	810,982	20,042,109
Special education instruction	7,304,442	-	-	693,867	7,998,309
Special education support services - students	685,186	-	-	4,344	689,530
Support services - students	1,457,962	-	-	386,127	1,844,089
Support services - instruction	2,858,160	-	-	237,427	3,095,587
School administration	2,086,421	-	-	-	2,086,421
School administration support services	1,191,794	-	-	-	1,191,794
District administration	774,356	-	-	25,134	799,490
District administration support services	1,043,841	-	-	156,082	1,199,923
Operations and maintenance of plant	5,271,274	-	-	14,477	5,285,751
Student activities	832,972	-	-	12,000	844,972
Student transportation - to and from school	-	1,906,218	-	-	1,906,218
Student transportation - school activities	-	63,735	-	-	63,735
Community services	-	-	-	31,421	31,421
Food services	-	-	984,340	73,032	1,057,372
Construction and facilities acquisition	-	-	-	607,926	607,926
Total expenditures	<u>42,737,535</u>	<u>1,969,953</u>	<u>984,340</u>	<u>3,052,819</u>	<u>48,744,647</u>
Excess (deficiency) of revenues over expenditures	(1,661,808)	(390,950)	53,549	4,040	(1,995,169)
Other financing sources (uses):					
Proceeds from issuance of note payable	177,741	-	-	-	177,741
Net change in fund balance	(1,484,067)	(390,950)	53,549	4,040	(1,817,428)
Fund balances, beginning of year	1,271,595	582,548	786,477	71,401	2,712,021
Fund balances, end of year	\$ <u>(212,472)</u>	<u>191,598</u>	<u>840,026</u>	<u>75,441</u>	<u>894,593</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, 2023

Net change in fund balances - total governmental funds		\$	(1,817,428)
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		\$	349,161
Depreciation expense			<u>(89,344)</u>
			259,817
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			(5,325,950)
TRS			<u>(11,284,596)</u>
			(16,610,546)
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			8,160,737
TRS			<u>14,946,807</u>
			23,107,544
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			(9,973)
Change in self insurance liability			(1,523,270)
Proceeds from issuance of note payable			<u>(177,741)</u>
			(1,710,984)
Change in net position of governmental activities		\$	<u>3,228,403</u>

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, 2023

<u>Assets</u>	<u>Private Purpose Trust Fund</u>	<u>Student Activities Custodial Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 227,035	868,010	1,095,045
Accounts receivable	14,590	-	14,590
Total assets	<u>241,625</u>	<u>868,010</u>	<u>1,109,635</u>
<u>Liabilities and Net Position</u>			
Liabilities:			
Payable to School District	<u>83,386</u>	<u>-</u>	<u>83,386</u>
Fiduciary net position:			
Held for student groups	-	328,419	328,419
Held for student groups for high school accounts	-	539,591	539,591
Held for student groups for scholarships	158,239	-	158,239
Total net position	<u>158,239</u>	<u>868,010</u>	<u>1,026,249</u>
Total liabilities and net position	<u>\$ 241,625</u>	<u>868,010</u>	<u>1,109,635</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, 2023

	Private Purpose Trust Fund	Student Activities Custodial Fund	Total
Additions:			
Earnings on investments	\$ 460	-	460
Contributions	-	1,210,382	1,210,382
Donations	3,100	-	3,100
Total additions	<u>3,560</u>	<u>1,210,382</u>	<u>1,213,942</u>
Deductions -			
Other expenses	<u>5,500</u>	<u>1,274,542</u>	<u>1,280,042</u>
Change in net position	(1,940)	(64,160)	(66,100)
Net position, beginning of year	<u>160,179</u>	<u>932,170</u>	<u>1,092,349</u>
Net position, end of year	<u>\$ 158,239</u>	<u>868,010</u>	<u>1,026,249</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, 2023

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 of 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 *Student Transportation Special Revenue Fund* accounts for the District's pupil transportation related grant funding and expenditures.

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

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.

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

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

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:

<u>Assets:</u>	<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.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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.

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.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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.

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, 2023 the District's cash balances were fully insured.

IV. Accounts Receivable

Receivables as of the year ended June 30, 2023, 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	\$ -	22,308	1,254,426	1,276,734
Other	30,189	-	-	30,189
Total	\$ 30,189	22,308	1,254,426	1,306,923

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

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Works of art	\$ 354,483	-	-	354,483
Capital assets being depreciated:				
Improvements other than buildings	11,970	107,706	-	119,676
Equipment	2,645,748	241,455	-	2,887,203
Total capital assets being depreciated	2,657,718	349,161	-	3,006,879
Accumulated depreciation:				
Improvements other than buildings	(11,970)	-	-	(11,970)
Equipment	(2,376,646)	(89,344)	-	(2,465,990)
Total accumulated depreciation	(2,388,616)	(89,344)	-	(2,477,960)
Net depreciable capital assets	269,102	259,817	-	528,919
Total capital assets	\$ 623,585	259,817	-	883,402

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

Instruction	\$ 10,957
Support services – instruction	52,456
Operations and maintenance of plant	19,367
Student activities	6,395
Food services	169
Total depreciation expense	\$ 89,344

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, 2023, were as follows:

Receivable Fund	Payable Fund	Amount
School Operating Fund	Other Governmental Funds	\$ 1,123,097
Student Transportation Special Revenue Fund	School Operating Fund	870,143
Food Service Special Revenue Fund	School Operating Fund	802,879
Other Governmental Funds	School Operating Fund	102,225
		\$ 2,898,344

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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	-	177,741	43,751
Net pension and OPEB liability	26,971,283	1,377,427	-	28,348,710	-
Accrued leave	475,861	382,840	(372,867)	485,834	485,834
Total	\$ 27,447,144	1,938,008	(372,867)	29,012,285	533,923

The note payable, net pension and OPEB 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, 2023 are as follows:

Year ending June 30:	Principal	Interest	Total
2024	\$ 43,751	4,339	48,090
2025	44,969	3,121	48,090
2026	46,222	1,868	48,090
2027	42,799	575	43,374
	\$ 177,741	9,903	187,644

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.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The system is governed by the Alaska Retirement Management Board. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee.

Summary of Significant Accounting Policies. The financial statements for PERS 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:

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

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, 2022, employer contributions were 6.46% for PERS and 6.50% 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, 2022, the employer contribution rates were 0.31% 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, 2022, employer contributions were 1.07% for PERS and 0.83% for TRS.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% 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.

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, 2022 for PERS and TRS for the DB Pension Plans were 6.00% and 5.91%, the ARHCT Plans were 6.03% and 6.04%, the ODD Plans were 6.30% and 6.21%, and the RMP were 6.28% and 6.21%, 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 2.88%):

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	6.51%
Global Equity (non-U.S.)	5.70%
Aggregate Bonds	0.31%
Real Assets	3.71%
Private Equity	9.61%
Cash Equivalents	(0.50)%

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%, which represents a decrease of 0.13% since the prior measurement period. 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 4.09% as of June 30, 2022.

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% 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 2039. 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.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Employer Contribution rates for the plan year ended 2022 (measurement period) are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	22.00%	24.79%	2.79%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	<u>22.00%</u>	<u>24.79%</u>	<u>2.79%</u>
TRS:			
Pension	12.56%	24.62%	12.06%
OPEB	0.00%	0.00%	0.00%
Total TRS contribution rates	<u>12.56%</u>	<u>24.62%</u>	<u>12.06%</u>

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, 2022 (measurement period) the past service rate for PERS and TRS is 16.01%.

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2022 (latest available) were determined by an actuarial valuation as of June 30, 2021 which was rolled forward to the measurement date June 30, 2022. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017.

Inflation	2.50% per year.
Salary Increases	Increases range from 2.85% to 7.00% 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-210, projected with MP-2021 generational improvement.
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5%. Ultimate trend rates reached in FY2050.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 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.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

Salary Floor. During the 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%, 7.5% for peace officers and firefighters, and 9.6% for certain school district employees.

Employer contributions for the year ended June 30, 2023, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	1,004,499	83,145	1,087,644

Public Employees' Retirement Plans

For the year ended June 30, 2023 the State of Alaska contributed \$206,794 (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, 2023 to a total of \$(264,276) to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

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, 2023, 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	\$	13,822,560
State's proportionate share of the net pension liability		<u>3,827,141</u>
Total	\$	<u>17,649,701</u>
		<u>OPEB</u>
District's proportionate share of the ARHCT OPEB (asset)	\$	(5,297,903)
State's proportionate share of the ARHCT OPEB (asset)		<u>(1,513,973)</u>
Total	\$	<u>(6,811,876)</u>
District's proportionate share of the ODD OPEB (asset)	\$	<u>(142,012)</u>
District's proportionate share of the RMP OPEB (asset)	\$	<u>(132,412)</u>
Total District's share of net pension and OPEB liabilities and assets	\$	<u>8,250,233</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 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 FY2024 through FY2039, as determined by projections based on the June 30, 2021 valuation.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
	Measurement	Measurement	
Pension	0.27120%	0.29253%	(0.02133%)
OPEB:			
ARHCT	0.26926%	0.29360%	(0.02434%)
ODD	0.32395%	0.36321%	(0.03926%)
RMP	0.38126%	0.42765%	(0.04639%)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2022, the District recognized pension and OPEB expense of \$206,196 and (\$2,216,688), respectively, for the year ended June 30, 2023, 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	395,191	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	<u>1,044,499</u>	-
Total	<u>\$ 1,439,690</u>	<u>-</u>

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(37,499)
Changes of assumptions	-	(243,128)
Net difference between projected and actual earnings on OPEB plan investments	300,569	-
Changes in proportion and differences between District contributions and proportionate share of contributions	52,589	-
District contributions subsequent to the measurement date	-	-
Total	<u>\$ 353,158</u>	<u>(280,627)</u>

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(46,588)
Changes of assumptions	-	(905)
Net difference between projected and actual earnings on OPEB plan investments	4,809	-
Changes in proportion and differences between District contributions and proportionate share of contributions	15,235	(8,528)
District contributions subsequent to the measurement date	<u>17,817</u>	-
Total	<u>\$ 37,861</u>	<u>(56,021)</u>

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,564	(5,203)
Changes of assumptions	25,638	(158,767)
Net difference between projected and actual earnings on OPEB plan investments	18,886	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,465	(2,459)
District contributions subsequent to the measurement date	65,328	-
Total	\$ <u>119,881</u>	<u>(166,429)</u>

\$1,004,499 and \$83,145 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, 2023 (plan year), 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 June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2023	\$ (46,983)	(278,517)	(7,570)	(18,809)
2024	(120,426)	(105,410)	(7,811)	(19,733)
2025	(289,096)	(237,462)	(8,575)	(22,650)
2026	851,696	693,920	(1,630)	2,768
2027	-	-	(5,124)	(23,817)
Thereafter	-	-	(5,267)	(29,635)
Total	\$ <u>395,191</u>	<u>72,531</u>	<u>(35,977)</u>	<u>(111,876)</u>

For the year ended June 30, 2023, the District recognized (\$946,778) and \$68,602 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	\$ 18,608,138	13,822,560	9,787,331
Net OPEB ARHCT (asset)	\$ (3,147,719)	(5,297,903)	(7,101,025)
Net OPEB ODD (asset)	\$ (133,774)	(142,012)	(148,456)
Net OPEB RMP liability (asset)	\$ 24,355	(132,412)	(251,961)

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB ARHCT (asset)	\$ (7,313,142)	(5,297,903)	(2,891,319)
Net OPEB ODD (asset)	\$ N/A	(142,012)	N/A
Net OPEB RMP liability (asset)	\$ (268,378)	(132,412)	50,723

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% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.07% for the retiree medical plan (DB), 0.31% 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% 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%

The District contributed \$590,039 for the year ended June 30, 2023, which included forfeitures of \$47,592 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 56 employers participating in TRS, including 52 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 Board. 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/dr/bs/trs>.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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, 2023, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>1,041,717</u>	<u>104,647</u>	<u>1,146,364</u>

Teachers' Retirement Plans

For the year ended June 30, 2023 the State of Alaska contributed \$1,925,306 (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, 2023 to a total of (\$876,137) to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

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, 2023, 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	\$ 14,526,150
State's proportionate share of the net pension liability	<u>19,358,546</u>
Total	<u>\$ 33,884,696</u>
	<u>OPEB</u>
District's proportionate share of the ARHCT OPEB (asset)	\$ (7,791,472)
State's proportionate share of the ARHCT OPEB (asset)	<u>(10,024,502)</u>
Total	<u>\$ (17,815,974)</u>
District's proportionate share of the ODD OPEB (asset)	<u>\$ (125,363)</u>
District's proportionate share of the RMP OPEB (asset)	<u>\$ (401,210)</u>
Total District's share of net pension and OPEB liabilities and assets	<u>\$ 6,208,105</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 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 FY2024 through FY2039, as determined by projections based on the June 30, 2021 valuation.

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

	<u>June 30, 2022</u> Measurement	<u>June 30, 2021</u> Measurement	<u>Change</u>
Pension	0.87145%	1.10927%	(0.23782%)
OPEB:			
ARHCT	0.88893%	1.15200%	(0.26307%)
ODD	2.07555%	1.95821%	0.11734%
RMP	2.07172%	1.95452%	0.11720%

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2022, the District recognized pension and OPEB expense of (\$300,379) and (\$3,085,300), respectively, for the year ended June 30, 2023, 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	\$ -	(47,270)
Changes of assumptions	122,080	-
Net difference between projected and actual earnings on pension plan investments	641,403	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(436,991)
District contributions subsequent to the measurement date	<u>1,041,717</u>	<u>-</u>
Total	<u>\$ 1,805,200</u>	<u>(484,261)</u>

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(27,605)
Changes of assumptions	-	(176,596)
Net difference between projected and actual earnings on OPEB plan investments	403,209	-
Changes in proportion and differences between District contributions and proportionate share of contributions	462,651	-
District contributions subsequent to the measurement date	<u>(20)</u>	<u>-</u>
Total	<u>\$ 865,840</u>	<u>(204,201)</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	\$ -	(19,410)
Changes of assumptions	-	(332)
Net difference between projected and actual earnings on OPEB plan investments	2,985	-
Changes in proportion and differences between District contributions and proportionate share of contributions	747	(12,973)
District contributions subsequent to the measurement date	8,812	-
Total	\$ <u>12,544</u>	<u>(32,715)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,300	(18,938)
Changes of assumptions	23,727	(238,456)
Net difference between projected and actual earnings on OPEB plan investments	30,976	-
Changes in proportion and differences between District contributions and proportionate share of contributions	628	(18,753)
District contributions subsequent to the measurement date	95,855	-
Total	\$ <u>219,486</u>	<u>(276,147)</u>

\$1,041,717 and \$104,647 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, 2023 (plan year), 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	\$ (459,892)	202,026	(4,916)	(27,126)
2024	(239,693)	(125,112)	(5,115)	(29,032)
2025	(556,638)	(289,787)	(5,696)	(34,696)
2026	1,535,445	874,532	(1,117)	11,420
2027	-	-	(5,010)	(27,656)
Thereafter	-	-	(7,129)	(45,426)
Total	\$ <u>279,222</u>	<u>661,659</u>	<u>(28,983)</u>	<u>(152,516)</u>

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2023, the District recognized (\$2,979,111) and \$1,185,753 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:

	<u>1% Decrease (6.25%)</u>	<u>Current Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net pension liability	\$ 21,726,882	14,526,150	8,451,788
Net OPEB ARHCT (asset)	\$ (5,083,758)	(7,791,472)	(10,049,787)
Net OPEB ODD (asset)	\$ (125,758)	(125,363)	(125,156)
Net OPEB RMP (asset)	\$ (141,644)	(401,210)	(596,241)

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:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB ARHCT (asset)	\$ (10,307,532)	(7,791,472)	(4,767,094)
Net OPEB ODD (asset)	\$ N/A	(125,363)	N/A
Net OPEB RMP (asset)	\$ (620,750)	(401,210)	(101,949)

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): 0.83% 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 \$1,075,421 for the year ended June 30, 2023, which included forfeitures of \$57,570 which have been applied as employer contributions.

IX. Fund Balances

	School Operating Fund	Student Transportation Special Revenue Fund	Food Service Special Revenue Fund	Other Governmental Funds	Total
Nonspendable:					
Inventory	\$ -	-	25,816	-	25,816
Prepaid items	119,222	-	-	-	119,222
Total nonspendable	<u>119,222</u>	<u>-</u>	<u>25,816</u>	<u>-</u>	<u>145,038</u>
Restricted – scholarships	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>7,000</u>
Committed – food services	<u>-</u>	<u>-</u>	<u>814,210</u>	<u>-</u>	<u>814,210</u>
Assigned:					
Student transportation	-	191,598	-	-	191,598
Community services	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,878</u>	<u>78,878</u>
Total assigned	<u>-</u>	<u>191,598</u>	<u>-</u>	<u>78,878</u>	<u>270,476</u>
Unassigned	<u>(331,694)</u>	<u>-</u>	<u>-</u>	<u>(10,437)</u>	<u>(342,131)</u>
Total fund balances	<u>\$ (212,472)</u>	<u>191,598</u>	<u>840,026</u>	<u>75,441</u>	<u>894,593</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.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

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
2022	\$	(2,374,371)	7,289,498	(7,797,710)	(2,882,583)
2023		(2,882,583)	9,607,265	(11,130,535)	(4,405,853)

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 100 *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. Effective for fiscal years beginning after June 15, 2023. Multiple effective dates.
- GASB 101 *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Local sources:				
E-rate revenue	\$ 120,000	120,000	205,670	85,670
Other local revenues	40,000	40,000	65,616	25,616
Intergovernmental:				
Borough appropriations	11,716,743	12,427,841	12,370,628	(57,213)
State of Alaska	29,177,709	28,408,525	28,304,197	(104,328)
Federal sources	100,000	100,000	129,616	29,616
Total revenues	<u>41,154,452</u>	<u>41,096,366</u>	<u>41,075,727</u>	<u>(20,639)</u>
Expenditures:				
Current:				
Instruction	19,160,066	19,355,838	19,231,127	124,711
Special education instruction	8,059,925	7,899,674	7,304,442	595,232
Special education support services - students	893,707	796,184	685,186	110,998
Support services - students	1,692,006	1,573,657	1,457,962	115,695
Support services - instruction	2,479,333	2,544,464	2,858,160	(313,696)
School administration	2,069,493	2,043,616	2,086,421	(42,805)
School administration support services	960,354	988,139	1,191,794	(203,655)
District administration	622,419	629,741	774,356	(144,615)
District administration support services	866,536	852,887	1,043,841	(190,954)
Operations and maintenance of plant	4,831,819	4,878,594	5,271,274	(392,680)
Student activities	794,375	796,934	832,972	(36,038)
Total expenditures	<u>42,430,033</u>	<u>42,359,728</u>	<u>42,737,535</u>	<u>(377,807)</u>
Excess (deficiency) of revenues over expenditures	(1,275,581)	(1,263,362)	(1,661,808)	(398,446)
Other financing sources - Proceeds from issuance of note payable	-	-	177,741	177,741
Net change in fund balance	<u>\$ (1,275,581)</u>	<u>(1,263,362)</u>	(1,484,067)	<u>(220,705)</u>
Fund balance, beginning of year			<u>1,271,595</u>	
Fund balance, end of year			<u>\$ (212,472)</u>	

See accompanying notes to required supplementary information

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Student Transportation Special Revenue Fund

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

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 1,577,277	1,577,277	1,579,003	1,726
Expenditures:				
Current:				
Student transportation - to and from school	1,912,000	1,912,000	1,906,218	5,782
Student transportation - school activities	50,000	50,000	63,735	(13,735)
Total expenditures	<u>1,962,000</u>	<u>1,962,000</u>	<u>1,969,953</u>	<u>(7,953)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(384,723)</u>	<u>(384,723)</u>	(390,950)	<u>(6,227)</u>
Fund balance, beginning of year			<u>582,548</u>	
Fund balance, end of year			\$ <u>191,598</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Local sources - charges for services	\$ 180,000	180,000	207,695	27,695
Intergovernmental - federal sources passed through the State of Alaska	<u>681,000</u>	<u>681,000</u>	<u>830,194</u>	<u>149,194</u>
Total revenues	<u>861,000</u>	<u>861,000</u>	<u>1,037,889</u>	<u>176,889</u>
Expenditures:				
Current -				
Food services	<u>1,002,500</u>	<u>1,002,500</u>	<u>984,340</u>	<u>18,160</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(141,500)</u>	<u>(141,500)</u>	53,549	<u>195,049</u>
Fund balance, beginning of year			<u>786,477</u>	
Fund balance, end of year			\$ <u>840,026</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, 2023

Year	District's	District's	State of Alaska	Total	District's	District's	Plan Fiduciary
	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Net Pension Liability	Covered Payroll	Covered Payroll	Net Position as a Percentage of the Total Pension Liability
2015	0.1184%	\$ 521,103	\$ 1,979,532	\$ 2,500,635	\$ 7,101,041	\$ 7,101,041	62.37%
2016	0.2819%	\$ 13,672,195	\$ 1,540,305	\$ 15,212,500	\$ 7,532,191	\$ 7,532,191	63.96%
2017	0.2392%	\$ 13,367,381	\$ 543,235	\$ 13,910,616	\$ 7,401,222	\$ 7,401,222	59.55%
2018	0.1973%	\$ 10,199,359	\$ 1,236,083	\$ 11,435,442	\$ 8,306,607	\$ 8,306,607	63.37%
2019	0.2379%	\$ 11,823,442	\$ 1,139,268	\$ 12,962,710	\$ 7,484,877	\$ 7,484,877	65.19%
2020	0.2289%	\$ 12,531,737	\$ 4,975,203	\$ 17,506,940	\$ 6,860,595	\$ 6,860,595	63.42%
2021	0.2055%	\$ 12,128,844	\$ 5,021,112	\$ 17,149,956	\$ 7,420,577	\$ 7,420,577	61.61%
2022	0.2925%	\$ 10,731,563	\$ 1,451,704	\$ 12,183,267	\$ 7,956,720	\$ 7,956,720	76.46%
2023	0.2712%	\$ 13,822,560	\$ 3,827,141	\$ 17,649,701	\$ 7,576,209	\$ 7,576,209	67.97%

See accompanying notes to Required Supplementary Information.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2023

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 as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
				District's Net OPEB Liability (Asset)	Net 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%	89.63%	
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%	
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%	
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%	

See accompanying notes to Required Supplementary Information.

FINAL DRAFT
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KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (Pensions)

Public Employees' Retirement System (PERS)

June 30, 2023

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
	Contractually Required Contribution	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution			
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%	

See accompanying notes to Required Supplementary Information.

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KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2023

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%
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	\$ 17,817	\$ (17,817)	\$ -	\$ 7,625,832	0.23%
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%

See accompanying notes to Required Supplementary Information.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2023

Year	District's	District's	State of Alaska	Total	District's	District's	Plan Fiduciary
	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Net Pension Liability	Covered Payroll	Covered Payroll	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	\$ 14,515,648	55.70%
2016	0.6964%	\$ 12,956,384	\$ 20,711,908	\$ 33,668,292	\$ 14,590,180	\$ 14,590,180	73.82%
2017	0.8392%	\$ 19,162,001	\$ 20,777,041	\$ 39,939,042	\$ 14,309,906	\$ 14,309,906	68.40%
2018	0.6870%	\$ 13,921,993	\$ 24,299,087	\$ 38,221,080	\$ 14,928,199	\$ 14,928,199	72.39%
2019	0.7666%	\$ 14,675,887	\$ 21,818,277	\$ 36,494,164	\$ 15,120,167	\$ 15,120,167	74.09%
2020	0.7487%	\$ 13,989,467	\$ 20,742,703	\$ 34,732,170	\$ 15,916,019	\$ 15,916,019	74.68%
2021	0.7271%	\$ 14,783,217	\$ 25,652,293	\$ 40,435,510	\$ 16,128,917	\$ 16,128,917	72.81%
2022	1.1093%	\$ 8,829,471	\$ 7,492,457	\$ 16,321,928	\$ 16,600,207	\$ 16,600,207	89.43%
2023	0.8715%	\$ 14,526,150	\$ 19,358,546	\$ 33,884,696	\$ 16,723,376	\$ 16,723,376	78.33%

See accompanying notes to Required Supplementary Information.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2023

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 as a Percentage of Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	
	OPEB Liability (Asset)	Share of the Net OPEB Liability (Asset)	Net OPEB Liability (Asset)	Share of the Net OPEB Liability (Asset)	Net OPEB Liability (Asset)	Share of the Net OPEB Liability (Asset)	Net OPEB Liability (Asset)	Share of the Net OPEB Liability (Asset)	Covered Payroll	Percentage of Covered Payroll	Covered Payroll	Percentage of Covered Payroll	OPEB Liability (Asset)	Percentage of 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%							
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%							
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%							

See accompanying notes to Required Supplementary Information.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (Pensions)

Teachers' Retirement System (TRS)

June 30, 2023

Year	Contractually Required Contribution		Contributions Relative to the Contractually Required Contribution		District's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Contribution Deficiency (Excess)		
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	\$ 4,058	15,916,019	5.22%
2020	\$ 742,124	\$ (742,663)	\$ (539)	\$ (539)	16,128,917	4.60%
2021	\$ 578,804	\$ (586,064)	\$ (7,260)	\$ (7,260)	16,600,207	3.49%
2022	\$ 597,243	\$ (561,390)	\$ 35,853	\$ 35,853	16,723,376	3.57%
2023	\$ 980,369	\$ (1,041,717)	\$ (61,348)	\$ (61,348)	17,689,371	5.54%

See accompanying notes to Required Supplementary Information.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of District's Contributions (OPEB)

Teachers' Retirement System (TRS)

June 30, 2023

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
	Contractually Required Contribution	Contractually Required Contribution	Contractually Required Contribution	Contractually Required Contribution			
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%
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%
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%

See accompanying notes to Required Supplementary Information.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Required Supplementary Information

Year Ended June 30, 2023

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>
Support services – instruction	\$ 313,696
School administration	42,805
School administration support services	203,655
District administration	144,615
District administration support services	190,954
Operations and maintenance of plant	392,680
Student activities	36,038

The following functions in the Student Transportation Special Revenue Fund had expenditures in excess of appropriations:

	<u>Excess</u>
Student transportation – school activities	\$ 13,735

Excess expenditures were financed by available revenues or fund balances.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Required Supplementary Information, Continued

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 Methods Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

Changes in Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021

- Pension - Healthcare claim costs are updated annually. Retired member contributions were updated to reflect the 5% decrease from CY20 to CY21. The amounts included in the normal cost for administrative expenses were changed from \$7,223,000 to \$7,625,000 for pension, and from \$4,934,000 to \$5,531,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation. There were no changes in benefit provisions since the prior valuation.
- OPEB ODD and RMP - Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$1,000 to \$16,000 for occupational death and disability, and from \$20,000 to \$24,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021

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, 2021 which was rolled forward to June 30, 2022. 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.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Required Supplementary Information, Continued

Changes in Methods Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

Changes in Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021

- Pension - Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$3,003,000 to \$3,217,000 for pension, and from \$1,362,000 to \$1,604,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.
- OPEB ODD and RMP - Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$0 to \$5,000 for occupational death and disability, and from \$8,000 to \$22,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021

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, 2021 which was rolled forward to June 30, 2022. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

SUPPLEMENTARY INFORMATION

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2023

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
E-rate revenue	\$ 120,000	205,670	85,670
Other local revenues	40,000	65,616	25,616
Intergovernmental:			
Borough direct appropriation	11,413,613	11,413,613	-
Borough in-kind services appropriation	1,014,228	957,015	(57,213)
Total borough appropriations	<u>12,427,841</u>	<u>12,370,628</u>	<u>(57,213)</u>
State of Alaska:			
Foundation program	25,025,833	24,958,707	(67,126)
Quality schools	-	81,693	81,693
On-behalf TRS	2,049,224	1,925,306	(123,918)
On-behalf PERS	200,567	206,794	6,227
HB 281 Onetime Grant	1,123,067	1,123,067	-
Other State revenues	9,834	8,630	(1,204)
Total State of Alaska	<u>28,408,525</u>	<u>28,304,197</u>	<u>(104,328)</u>
Federal sources:			
Emergency Connectivity Fund	100,000	119,865	19,865
Impact Aid	-	9,751	9,751
Total Federal sources	<u>100,000</u>	<u>129,616</u>	<u>29,616</u>
Total revenues	<u>41,096,366</u>	<u>41,075,727</u>	<u>(20,639)</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	11,383,207	11,396,400	(13,193)
Non-certificated salaries	755,310	670,347	84,963
Employee benefits	6,305,730	6,327,973	(22,243)
Professional and technical services	-	25,145	(25,145)
Staff travel	500	25,810	(25,310)
Student travel	-	9,338	(9,338)
Utility services	18,500	15,594	2,906
Other purchased services	89,700	100,885	(11,185)
Tuition - students and stipends	-	5,856	(5,856)
Supplies, materials and media	802,891	649,810	153,081
Other	-	3,969	(3,969)
Total instruction	<u>19,355,838</u>	<u>19,231,127</u>	<u>124,711</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	\$ 1,714,341	1,711,893	2,448
Non-certificated salaries	2,430,400	2,689,935	(259,535)
Employee benefits	3,314,333	2,329,138	985,195
Professional and technical services	325,000	470,806	(145,806)
Staff travel	2,000	-	2,000
Utility services	200	51	149
Other purchased services	-	1,865	(1,865)
Supplies, materials and media	23,400	34,497	(11,097)
Tuition-students and stipends	75,000	64,340	10,660
Other	15,000	1,917	13,083
Total special education instruction	<u>7,899,674</u>	<u>7,304,442</u>	<u>595,232</u>
Special education support services - students:			
Certificated salaries	388,012	347,415	40,597
Non-certificated salaries	110,604	112,031	(1,427)
Employee benefits	293,668	221,853	71,815
Utility services	1,900	1,993	(93)
Supplies, materials and media	2,000	1,894	106
Total special education support services - students	<u>796,184</u>	<u>685,186</u>	<u>110,998</u>
Support services - students:			
Certificated salaries	648,293	577,520	70,773
Non-certificated salaries	281,389	259,969	21,420
Employee benefits	611,875	503,657	108,218
Professional and technical services	-	83,543	(83,543)
Staff travel	-	845	(845)
Insurance and bond premiums	-	108	(108)
Supplies, materials and media	32,100	32,189	(89)
Other	-	131	(131)
Total support services - students	<u>1,573,657</u>	<u>1,457,962</u>	<u>115,695</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	\$ 613,450	601,084	12,366
Non-certificated salaries	774,351	770,866	3,485
Employee benefits	701,163	689,293	11,870
Professional and technical services	-	7,988	(7,988)
Staff travel	2,000	482	1,518
Utility services	170,800	248,300	(77,500)
Other purchased services	96,700	57,738	38,962
Supplies, materials and media	123,000	357,946	(234,946)
Tuition - students and stipends	15,000	15,000	-
Other	-	795	(795)
Equipment	48,000	108,668	(60,668)
Total support services - instruction	<u>2,544,464</u>	<u>2,858,160</u>	<u>(313,696)</u>
School administration:			
Certificated salaries	1,419,153	1,459,525	(40,372)
Non-certificated salaries	-	4,800	(4,800)
Employee benefits	616,463	609,263	7,200
Professional and technical services	-	1,550	(1,550)
Staff travel	7,000	6,568	432
Other purchased services	-	2,966	(2,966)
Supplies, materials and media	-	282	(282)
Other	1,000	1,467	(467)
Total school administration	<u>2,043,616</u>	<u>2,086,421</u>	<u>(42,805)</u>
School administration support services:			
Non-certificated salaries	475,411	627,637	(152,226)
Employee benefits	357,228	397,800	(40,572)
Professional and technical services	-	2,080	(2,080)
Utility services	75,800	83,447	(7,647)
Other purchased services	47,200	32,843	14,357
Supplies, materials and media	31,500	46,307	(14,807)
Other	1,000	1,680	(680)
Total school administration support services	<u>988,139</u>	<u>1,191,794</u>	<u>(203,655)</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	\$ 280,000	294,058	(14,058)
Non-certificated salaries	65,500	93,988	(28,488)
Employee benefits	161,441	157,211	4,230
Professional and technical services	55,000	151,824	(96,824)
Staff travel	20,500	24,809	(4,309)
Utility services	1,800	2,610	(810)
Other purchased services	12,500	13,691	(1,191)
Supplies, materials and media	5,000	8,170	(3,170)
Other	28,000	27,995	5
Total district administration	<u>629,741</u>	<u>774,356</u>	<u>(144,615)</u>
District administration support services:			
Certificated salaries	-	696	(696)
Non-certificated salaries	512,396	523,419	(11,023)
Employee benefits	279,991	257,292	22,699
Professional and technical services	38,000	94,351	(56,351)
Staff travel	-	4,595	(4,595)
Utility services	6,000	5,032	968
Other purchased services	47,500	124,034	(76,534)
Insurance and bond premiums	40,000	50,412	(10,412)
Supplies, materials and media	17,000	46,366	(29,366)
Other	12,000	2,747	9,253
Indirect cost recovery	(100,000)	(65,103)	(34,897)
Total district administration support services	<u>852,887</u>	<u>1,043,841</u>	<u>(190,954)</u>
Operations and maintenance of plant:			
Non-certificated salaries	1,555,560	1,479,154	76,406
Employee benefits	1,011,069	825,711	185,358
Professional and technical services	-	231,283	(231,283)
Staff travel	2,500	2,184	316
Utility services	384,715	349,771	34,944
Energy	1,087,350	1,311,763	(224,413)
Other purchased services	144,400	214,893	(70,493)
Insurance and bond premiums	485,000	506,532	(21,532)
Supplies, materials and media	208,000	340,904	(132,904)
Other	-	514	(514)
Equipment	-	8,565	(8,565)
Total operations and maintenance of plant	<u>4,878,594</u>	<u>5,271,274</u>	<u>(392,680)</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	\$ 199,329	212,329	(13,000)
Non-certificated salaries	60,537	94,567	(34,030)
Employee benefits	138,068	84,381	53,687
Professional and technical services	2,000	23,881	(21,881)
Staff travel	-	4,123	(4,123)
Student travel	330,000	360,598	(30,598)
Other purchased services	12,000	29,640	(17,640)
Supplies, materials and media	40,000	10,027	29,973
Other	15,000	13,426	1,574
Total student activities	<u>796,934</u>	<u>832,972</u>	<u>(36,038)</u>
Total expenditures	<u>42,359,728</u>	<u>42,737,535</u>	<u>(377,807)</u>
Excess (deficiency) of revenues over expenditures	(1,263,362)	(1,661,808)	(398,446)
Other financing sources (uses) -			
Proceeds from issuance of note payable	<u>-</u>	<u>177,741</u>	<u>(177,741)</u>
Net change in fund balance	<u>\$ (1,263,362)</u>	<u>(1,484,067)</u>	<u>(220,705)</u>
Fund balance, beginning of year		<u>1,271,595</u>	
Fund balance, end of year		<u>\$ (212,472)</u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Student Transportation Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - State of Alaska	\$ <u>1,577,277</u>	<u>1,579,003</u>	<u>1,726</u>
Expenditures:			
Current:			
Student transportation - to and from school:			
Non-certificated salaries	21,500	21,458	42
Employee benefits	7,900	8,505	(605)
Student travel	833,100	813,812	19,288
Other purchased services	949,500	944,468	5,032
Supplies, materials and media	100,000	117,975	(17,975)
Total student transportation - to and from school	<u>1,912,000</u>	<u>1,906,218</u>	<u>5,782</u>
Student transportation - school activities - Staff travel	<u>50,000</u>	<u>63,735</u>	<u>(13,735)</u>
Total expenditures	<u>1,962,000</u>	<u>1,969,953</u>	<u>1,954,047</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(384,723)</u>	<u>(390,950)</u>	<u>6,227</u>
Fund balance, beginning of year		<u>582,548</u>	
Fund balance, end of year		\$ <u><u>191,598</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, 2023

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - charges for services -			
Food service sales	\$ 180,000	207,695	27,695
Intergovernmental - Federal sources passed through the State of Alaska:			
School breakfast reimbursement	105,000	163,537	(58,537)
School lunch reimbursement	388,000	514,017	(126,017)
Summer lunch reimbursement	40,000	24,781	15,219
USDA commodities	60,000	37,203	22,797
Supply chain assistance	88,000	83,593	4,407
Administrative fee	-	7,063	(7,063)
Total passed through the State of Alaska	<u>681,000</u>	<u>830,194</u>	<u>149,194</u>
Total revenues	<u>861,000</u>	<u>1,037,889</u>	<u>176,889</u>
Expenditures:			
Current:			
Food services:			
Non-certificated salaries	262,100	267,063	(4,963)
Employee benefits	130,800	131,538	(738)
Professional and technical services	5,500	5,052	448
Staff travel	1,900	3,819	(1,919)
Utility services	500	433	67
Other purchased services	1,500	4,855	(3,355)
Supplies, materials and media	600,000	571,437	28,563
Other	200	143	57
Total expenditures	<u>1,002,500</u>	<u>984,340</u>	<u>18,160</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(141,500)</u>	53,549	<u>195,049</u>
Fund balance, beginning of year		<u>786,477</u>	
Fund balance, end of year		<u>\$ 840,026</u>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

June 30, 2023

Special Revenue Funds

	MTSS Refresh	Alaska Construction Academy	REAP - RLIS Special Qualified Agencies	Title II-A Parent / Teacher / Principal Training	Educators Rising Alaska	Title I-A	Voices on the Land	Alternative Schools	Title VI-B
Assets									
Accounts receivable	\$ 11,976	8,354	31,398	47,794	-	146,567	-	17,194	232,329
Due from other funds	-	-	-	-	1,504	-	13,921	-	-
Total assets	<u>11,976</u>	<u>8,354</u>	<u>31,398</u>	<u>47,794</u>	<u>1,504</u>	<u>146,567</u>	<u>13,921</u>	<u>17,194</u>	<u>232,329</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	-	-	-	900	-	-	-	4,450	-
Due to other funds	11,976	8,354	31,398	46,894	-	146,567	-	12,744	232,329
Unearned revenue	-	-	-	-	1,504	-	13,921	-	-
Total liabilities	<u>11,976</u>	<u>8,354</u>	<u>31,398</u>	<u>47,794</u>	<u>1,504</u>	<u>146,567</u>	<u>13,921</u>	<u>17,194</u>	<u>232,329</u>
Fund balances:									
Restricted	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	<u>\$ 11,976</u>	<u>8,354</u>	<u>31,398</u>	<u>47,794</u>	<u>1,504</u>	<u>146,567</u>	<u>13,921</u>	<u>17,194</u>	<u>232,329</u>

(continued)

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

Assets	Special Revenue Funds							
	Preschool Disabled	Title IV-A	Carl Perkins	School Improvement	Youth Risk Behavior Survey	CARES Act Relief	Alaska State Library	CRRSA Act ESSER III
Accounts receivable	\$ 2,262	19,520	14,054	39,024	-	43,850	1,250	55,915
Due from other funds	-	-	-	-	2,101	-	-	-
Total assets	2,262	19,520	14,054	39,024	2,101	43,850	1,250	55,915
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	300	300	-	-	2,101	-	1,075	6,060
Due to other funds	1,962	19,220	14,054	39,024	-	43,850	175	49,855
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	2,262	19,520	14,054	39,024	2,101	43,850	1,250	55,915
Fund balances:								
Restricted	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
Total fund balances (deficit)	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 2,262	19,520	14,054	39,024	2,101	43,850	1,250	55,915

(continued)

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

Assets	Special Revenue Funds						Capital Project Funds		
	COVID Discretionary	Trauma Informed Schools	ARPA Homeless II	Indian Education	Public Use of Facilities	Holland America/Princess Cruise Scholarship	Total Special Revenue Funds	Local CIP	Houghtaling Playground Construction Project
Accounts receivable	\$ 11,879	132,146	693	75,372	1,531	-	893,108	74,504	170,600
Due from other funds	-	-	-	-	77,699	7,000	102,225	-	-
Total assets	11,879	132,146	693	75,372	79,230	7,000	995,333	74,504	170,600
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	-	-	-	-	352	-	15,538	-	126,520
Due to other funds	11,879	132,146	693	75,372	-	-	878,492	84,941	44,080
Unearned revenue	-	-	-	-	-	-	15,425	-	-
Total liabilities	11,879	132,146	693	75,372	352	-	909,455	84,941	170,600
Fund balances:									
Restricted	-	-	-	-	-	7,000	7,000	-	-
Assigned	-	-	-	-	78,878	-	78,878	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	(10,437)	-
Total fund balances (deficit)	-	-	-	-	-	7,000	85,878	(10,437)	-
Total liabilities and fund balances	\$ 11,879	132,146	693	75,372	79,230	7,000	995,333	74,504	170,600

(continued)

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

	Capital Project Funds							Total Other Governmental Funds
	Houghtaling Watermain Construction Project	Security System and Camera Upgrade	Auditorium	Boiler	Point Higgins Elementary Roof	SMS Gym Floor	Total Capital Project Funds	
Assets								
Accounts receivable	\$ 1,425	89,040	141	3,453	20,055	2,100	361,318	1,254,426
Due from other funds	-	-	-	-	-	-	-	102,225
Total assets	<u>1,425</u>	<u>89,040</u>	<u>141</u>	<u>3,453</u>	<u>20,055</u>	<u>2,100</u>	<u>361,318</u>	<u>1,356,651</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	-	-	-	245	-	385	127,150	142,688
Due to other funds	1,425	89,040	141	3,208	20,055	1,715	244,605	1,123,097
Unearned revenue	-	-	-	-	-	-	-	15,425
Total liabilities	<u>1,425</u>	<u>89,040</u>	<u>141</u>	<u>3,453</u>	<u>20,055</u>	<u>2,100</u>	<u>371,755</u>	<u>1,281,210</u>
Fund balances:								
Restricted	-	-	-	-	-	-	-	7,000
Assigned	-	-	-	-	-	-	-	78,878
Unassigned (deficit)	-	-	-	-	-	-	(10,437)	(10,437)
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,437)</u>	<u>75,441</u>
Total liabilities and fund balances	\$ <u>1,425</u>	\$ <u>89,040</u>	\$ <u>141</u>	\$ <u>3,453</u>	\$ <u>20,055</u>	\$ <u>2,100</u>	\$ <u>361,318</u>	\$ <u>1,356,651</u>

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Year Ended June 30, 2023

	Special Revenue Funds										Voices on the Land	
	Fresh Fruit and Vegetable	Safeway Innovation Education	MTSS Refresh	Alaska Construction Academy	REAP - RLIS Special Qualified Agencies	Title I-A Parent / Teacher / Principal Training	Through the Cultural Lens	Title I-A				
Revenues:												
Local sources:												
Charges for services	\$ -	-	-	-	-	-	-	-	-	-	-	-
Other	-	346	-	-	-	-	-	-	-	-	-	-
Intergovernmental:												
State of Alaska	-	-	-	40,181	-	-	-	-	-	-	-	-
Federal sources:												
Passed through the State of Alaska	73,032	-	20,652	-	-	135,164	-	453,405	-	-	-	-
Passed through the Ketchikan Gateway Borough	-	-	-	-	-	-	-	-	-	-	-	-
Passed through other intermediary agency	-	-	-	-	-	-	15,577	-	-	-	-	6,079
Direct	-	-	-	-	47,597	-	-	-	-	-	-	-
Total revenues	73,032	346	20,652	40,181	47,597	135,164	15,577	453,405	453,405	-	-	6,079
Expenditures:												
Current:												
Instruction	-	346	-	-	-	129,778	-	404,405	-	-	-	-
Special education instruction	-	-	-	40,181	19,740	-	-	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-	4,528	-	-	-	-
Support services - instruction	-	-	20,652	-	27,857	-	15,577	27,164	-	-	-	6,079
District administration	-	-	-	-	-	-	-	-	-	-	-	-
District administration support services	-	-	-	-	-	5,386	-	17,308	-	-	-	-
Operations and maintenance of plant	-	-	-	-	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Food services	73,032	-	-	-	-	-	-	-	-	-	-	-
Construction and facilities acquisition	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	73,032	346	20,652	40,181	47,597	135,164	15,577	453,405	453,405	-	-	6,079
Excess of revenues over expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances (deficit), beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances (deficit), end of year	-	-	-	-	-	-	-	-	-	-	-	-

(continued)

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
Other Governmental Funds

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

Special Revenue Funds

	Alternative Schools	Title VI-B	Preschool Disabled	Title IV-A	Carl Perkins	School Improvement	Youth Risk Behavior Survey	CARSA Act Relief	Alaska State Library	CRRSA Act ESSER III
Revenues:										
Local sources:										
Charges for services	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
State of Alaska	26,000	-	-	-	-	-	5,250	-	-	-
Federal sources:										
Passed through the State of Alaska	-	534,196	4,524	92,567	54,928	39,024	-	-	1,250	328,245
Passed through the Ketchikan Gateway Borough	-	-	-	-	-	-	-	43,850	-	-
Passed through other intermediary agency	-	-	-	-	-	-	-	-	-	-
Direct	-	-	-	-	-	-	-	-	-	-
Total revenues	26,000	534,196	4,524	92,567	54,928	39,024	5,250	43,850	1,250	328,245
Expenditures:										
Current:										
Instruction	24,964	-	-	32,150	52,849	32,124	-	-	-	-
Special education instruction	-	512,910	-	-	-	-	-	-	-	-
Special education support services - students	-	-	4,344	-	-	-	-	-	-	-
Support services - students	-	-	-	56,729	-	6,900	5,250	43,850	-	315,165
Support services - instruction	-	-	-	-	-	-	-	-	1,250	-
District administration	-	-	-	-	-	-	-	-	-	-
District administration support services	1,036	21,286	180	3,688	2,079	-	-	-	-	13,080
Operations and maintenance of plant	-	-	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-	-	-
Construction and facilities acquisition	-	-	-	-	-	-	-	-	-	-
Total expenditures	26,000	534,196	4,524	92,567	54,928	39,024	5,250	43,850	1,250	328,245
Excess of revenues over expenditures	-	-	-	-	-	-	-	-	-	-
Fund balances (deficit), beginning of year	-	-	-	-	-	-	-	-	-	-
Fund balances (deficit), end of year	-	-	-	-	-	-	-	-	-	-

(continued)

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds										Total Special Revenue Funds
	COVID Discretionary	ARPA Library	Trauma Informed Schools	ARPA Title VI-B	ARPA Homeless II	Indian Education	Public Use of Facilities	Holland American/Princess Cruise Scholarship			
Revenues:											
Local sources:											
Charges for services	-	-	-	-	-	-	-	-	41,845	-	41,845
Other	-	-	-	-	-	-	-	12,000	-	-	12,346
Intergovernmental:											
State of Alaska	-	-	-	-	-	-	-	-	-	-	71,431
Federal sources:											
Passed through the State of Alaska	63,782	27,689	-	26,607	1,301	-	-	-	-	-	1,856,366
Passed through the Ketchikan Gateway Borough	-	-	-	-	-	-	-	-	-	-	43,850
Passed through other intermediary agency	-	-	132,146	-	-	213,603	-	-	-	-	21,656
Direct	-	-	132,146	-	-	213,603	-	-	-	-	393,346
Total revenues	63,782	27,689	132,146	26,607	1,301	213,603	-	12,000	41,845	-	2,440,840
Expenditures:											
Current:											
Instruction	63,782	-	-	-	-	10,663	-	-	-	-	810,982
Special education instruction	-	-	-	25,547	-	155,410	-	-	-	-	693,867
Special education support services - students	-	-	-	-	-	-	-	-	-	-	4,344
Support services - students	-	-	16,033	-	1,301	-	-	-	-	-	386,127
Support services - instruction	-	27,689	-	-	-	47,530	-	-	-	-	237,427
District administration	-	-	25,134	-	-	-	-	-	-	-	25,134
District administration support services	-	-	90,979	1,060	-	-	-	-	-	-	156,082
Operations and maintenance of plant	-	-	-	-	-	-	-	-	6,384	-	6,384
Student activities	-	-	-	-	-	-	-	-	31,421	12,000	12,000
Community services	-	-	-	-	-	-	-	-	-	-	31,421
Food services	-	-	-	-	-	-	-	-	-	-	73,032
Construction and facilities acquisition	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	63,782	27,689	132,146	26,607	1,301	213,603	-	12,000	37,805	-	2,436,800
Excess of revenues over expenditures	-	-	-	-	-	-	-	-	4,040	-	4,040
Fund balances (deficit), beginning of year	-	-	-	-	-	-	-	7,000	74,838	-	81,838
Fund balances (deficit), end of year	-	-	-	-	-	-	-	7,000	78,878	-	85,878

(continued)

FINAL DRAFT FOR DISCUSSION PURPOSES ONLY

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
	Local CIP	Houghtaling Playground Construction Project	Houghtaling Watermain Construction Project	Security System and Camera Upgrade	Auditorium	Boiler	Point Higgins Elementary Roof	SMS Gym Floor	School Security Project	616,019		
\$	80,847	271,946	3,699	98,782	141	19,861	59,491	7,123	74,129	616,019	41,845	628,365
Revenues:												
Local sources:												
Charges for services												
Other												
Intergovernmental:												
State of Alaska												
Federal sources:												
Passed through the State of Alaska												
Passed through the Ketchikan Gateway Borough												
Passed through other intermediary agency												
Direct												
Total revenues	80,847	271,946	3,699	98,782	141	19,861	59,491	7,123	74,129	616,019	41,845	628,365
Expenditures:												
Current:												
Instruction												
Special education instruction												
Special education support services - students												
Support services - students												
Support services - instruction												
District administration												
District administration support services												
Operations and maintenance of plant												
Student activities												
Community services												
Food services												
Construction and facilities acquisition												
Total expenditures	72,754	271,946	3,699	98,782	141	19,861	59,491	7,123	74,129	607,926	14,477	622,403
Excess (deficiency) of revenues over expenditures	(10,437)									(10,437)	4,040	(6,397)
Fund balances (deficit), beginning of year												
Fund balances (deficit), end of year	(10,437)									(10,437)	4,040	(6,397)

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

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, 2023

	<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>73,032</u>	<u>73,032</u>	<u>-</u>
Expenditures: Current: Food services - Supplies, materials and media	<u>73,032</u>	<u>73,032</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

Safeway Innovation Education Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - local sources -			
Other	\$ 346	346	-
Expenditures:			
Current:			
Instruction -			
Supplies, materials, and media	346	346	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2023

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 20,652	20,652	-
Expenditures:			
Current:			
Support services - instruction - Staff travel	20,652	20,652	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - State of Alaska	\$ <u>46,073</u>	<u>40,181</u>	<u>(5,892)</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	3,000	1,717	1,283
Employee benefits	-	240	(240)
Supplies, materials and media	<u>43,073</u>	<u>38,224</u>	<u>4,849</u>
Total expenditures	<u>46,073</u>	<u>40,181</u>	<u>5,892</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

REAP - RLIS Special Qualified Agencies Special Revenue Fund

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

Year Ended June 30, 2023

	Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Direct federal sources	\$ 47,597	47,597	-
Expenditures:			
Current:			
Instruction:			
Professional and technical services	700	949	(249)
Supplies, materials and media	22,915	18,791	4,124
Total instruction	23,615	19,740	3,875
Support services - instruction:			
Professional and technical services	16,600	20,880	(4,280)
Staff travel	7,382	6,977	405
Total support services- instruction	23,982	27,857	(3,875)
Total expenditures	47,597	47,597	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 135,164	135,164	-
Expenditures:			
Current:			
Instruction:			
Certificated salaries	99,757	99,757	-
Employee benefits	30,021	30,021	-
Total instruction	<u>129,778</u>	<u>129,778</u>	<u>-</u>
District administration support services - Indirect costs	<u>5,386</u>	<u>5,386</u>	<u>-</u>
Total expenditures	<u>135,164</u>	<u>135,164</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>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Through the Cultural Lens Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through intermediary agencies	\$ 15,577	15,577	-
Expenditures:			
Current:			
Support services - instruction:			
Professional and technical services	11,598	12,248	(650)
Staff travel	-	889	(889)
Supplies, materials, and media	3,979	2,440	1,539
Total expenses	<u>15,577</u>	<u>15,577</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>	

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental:			
Federal sources passed through the State of Alaska	\$ 724,942	453,405	(271,537)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	277,410	156,774	120,636
Non-certificated salaries	137,327	90,061	47,266
Employee benefits	134,208	85,435	48,773
Professional and technical services	13,300	629	12,671
Staff travel	3,000	2,495	505
Supplies, materials and media	94,996	69,011	25,985
Total instruction	<u>660,241</u>	<u>404,405</u>	<u>255,836</u>
Support services - students - Supplies, materials and media	<u>7,503</u>	<u>4,528</u>	<u>2,975</u>
Support services - instruction:			
Certificated salaries	20,458	21,162	(704)
Employee benefits	7,200	5,818	1,382
Professional and technical services	6,650	-	6,650
Supplies, materials and media	71	184	(113)
Total support services - instruction	<u>34,379</u>	<u>27,164</u>	<u>7,215</u>
District administration support services - Indirect costs	<u>22,819</u>	<u>17,308</u>	<u>5,511</u>
Total expenditures	<u>724,942</u>	<u>453,405</u>	<u>271,537</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through intermediary agencies	\$ 20,000	6,079	(13,921)
Expenditures:			
Current:			
Support services - instruction:			
Professional and technical services		1,148	
Supplies, materials, and media		4,931	
Total expenditures	<u>20,000</u>	<u>6,079</u>	<u>13,921</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

Alternative Schools Special Revenue Fund

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

Year Ended June 30, 2023

	Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 26,000	26,000	-
Expenditures:			
Current:			
Instruction:			
Staff travel	4,000	4,000	-
Student travel	1,400	1,000	400
Other purchased services	7,200	5,394	1,806
Supplies, materials and media	12,364	14,570	(2,206)
Total instruction	<u>24,964</u>	<u>24,964</u>	<u>-</u>
District administration support services - Indirect costs	<u>1,036</u>	<u>1,036</u>	<u>-</u>
Total expenditures	<u>26,000</u>	<u>26,000</u>	<u>-</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

Title VI-B Special Revenue Fund

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

Year Ended June 30, 2023

	Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 768,523	534,196	(234,327)
Expenditures:			
Current:			
Special education instruction:			
Certificated salaries	327,625	228,371	99,254
Non-certificated salaries	90,000	78,442	11,558
Employee benefits	118,356	86,811	31,545
Professional and technical services	55,000	23,746	31,254
Staff travel	11,500	10,289	1,211
Utility services	1,250	240	1,010
Supplies, materials and media	99,014	82,879	16,135
Other	2,515	2,132	383
Total special education instruction	<u>705,260</u>	<u>512,910</u>	<u>192,350</u>
Special education support services - students - Employee benefits	<u>32,640</u>	<u>-</u>	<u>32,640</u>
District administration support services - Indirect costs	<u>30,623</u>	<u>21,286</u>	<u>9,337</u>
Total expenditures	<u>768,523</u>	<u>534,196</u>	<u>234,327</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

Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 28,305	4,524	(23,781)
Expenditures:			
Current:			
Special education instruction - Supplies, materials and media	23,324	-	23,324
Special education support services - students - Non-certificated salaries	4,344	4,344	-
District administration support services - Indirect costs	637	180	457
Total expenditures	28,305	4,524	23,781
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2023

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 159,182	92,567	(66,615)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	48,000	10,262	37,738
Employee benefits	10,000	3,563	6,437
Professional and technical services	14,100	14,100	-
Student travel	16,000	2,286	13,714
Supplies, materials and media	2,000	1,939	61
Total instruction	<u>90,100</u>	<u>32,150</u>	<u>57,950</u>
Support services - instruction:			
Professional and technical services	49,916	45,457	4,459
Staff travel	12,200	10,272	1,928
Other	1,000	1,000	-
Total support services - instruction	<u>63,116</u>	<u>56,729</u>	<u>6,387</u>
District administration support services - Indirect costs	<u>5,966</u>	<u>3,688</u>	<u>2,278</u>
Total expenditures	<u>159,182</u>	<u>92,567</u>	<u>66,615</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

Carl Perkins Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 59,855	54,928	(4,927)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	2,900	2,900	-
Employee benefits	500	387	113
Staff travel	6,000	3,698	2,302
Supplies, materials and media	43,104	43,104	-
Tuition-students and stipends	3,000	2,760	240
Other	2,086	-	2,086
Total instruction	<u>57,590</u>	<u>52,849</u>	<u>4,741</u>
District administration support services - Indirect costs	<u>2,265</u>	<u>2,079</u>	<u>186</u>
Total expenditures	<u>59,855</u>	<u>54,928</u>	<u>4,927</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

School Improvement Special Revenue Fund

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

Year Ended June 30, 2023

	Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 44,590	39,024	(5,566)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	16,995	22,955	(5,960)
Employee benefits	1,437	3,424	(1,987)
Supplies, materials and media	9,458	5,745	3,713
Tuition-students and stipends	2,000	-	2,000
Total instruction	29,890	32,124	(2,234)
Support services - students - Employee benefits	7,800	-	7,800
Support services - instruction - Professional and technical services	6,900	6,900	-
Total expenditures	44,590	39,024	5,566
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Youth Risk Behavior Survey Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - State of Alaska	\$ <u>5,250</u>	<u>5,250</u>	<u>-</u>
Expenditures:			
Current:			
Support services - students:			
Supplies, materials and media	4,250	4,250	-
Other purchased services	<u>1,000</u>	<u>1,000</u>	-
Total expenditures	<u>5,250</u>	<u>5,250</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>	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

CARES Act Relief Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through Ketchikan Gateway Borough	\$ <u>43,850</u>	<u>43,850</u>	<u>-</u>
Expenditures:			
Current:			
Support services - students:			
Non-certificated salaries	40,560	40,560	-
Employee benefits	<u>3,290</u>	<u>3,290</u>	-
Total expenditures	<u>43,850</u>	<u>43,850</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

AK State Library Special Revenue Fund

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

Year Ended June 30, 2023

	<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

CRRSA Act ESSER III Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 328,245	328,245	-
Expenditures:			
Current:			
Support services - students:			
Non-certificated salaries	235,465	235,465	-
Employee benefits	79,700	79,700	-
Total support services - students	<u>315,165</u>	<u>315,165</u>	<u>-</u>
District administration support services - Indirect costs	<u>13,080</u>	<u>13,080</u>	<u>-</u>
Total expenditures	<u>328,245</u>	<u>328,245</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>	

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 67,135	63,782	(3,353)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	4,425	4,425	-
Non-certificated salaries	1,225	1,225	-
Employee benefits	1,149	820	329
Professional and technical services	5,400	5,400	-
Supplies, materials and media	29,936	27,024	2,912
Tuition-students and stipends	25,000	24,888	112
Total expenditures	<u>67,135</u>	<u>63,782</u>	<u>3,353</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

ARPA Library Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ <u>27,689</u>	<u>27,689</u>	<u>-</u>
Expenditures: Current: Support services - instruction - Supplies, materials and media	<u>27,689</u>	<u>27,689</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>	

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Direct federal sources	\$ 132,146	132,146	-
Expenditures:			
Current:			
Support services - students:			
Non-certificated salaries	10,654	10,774	(120)
Employee benefits	3,160	5,259	(2,099)
Total support services students	<u>13,814</u>	<u>16,033</u>	<u>(2,219)</u>
District administration:			
Professional and technical services	8,000	11,275	(3,275)
Staff travel	12,731	12,699	32
Supplies, materials, and media	1,000	1,160	(160)
Total district administration	<u>21,731</u>	<u>25,134</u>	<u>(3,403)</u>
District administration support services:			
Certificated salaries	78,971	73,287	5,684
Employee benefits	17,630	17,692	(62)
Total district administration support services	<u>96,601</u>	<u>90,979</u>	<u>5,622</u>
Total expenditures	<u>132,146</u>	<u>132,146</u>	<u>-</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 Title VI-B Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 26,607	26,607	-
Expenditures:			
Current:			
Special education instruction - Professional and technical services	25,547	25,547	-
District administration support services - Indirect costs	1,060	1,060	-
Total expenditures	26,607	26,607	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Federal sources passed through the State of Alaska	\$ 11,763	1,301	(10,462)
Expenditures: Current: Support services - students - Supplies, materials and media	<u>11,763</u>	<u>1,301</u>	<u>10,462</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

Indian Education Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - Direct federal sources	\$ 263,262	213,603	(49,659)
Expenditures:			
Current:			
Instruction:			
Employee benefits	-	747	(747)
Professional and technical services	7,002	3,250	3,752
Supplies, materials and media	1,085	6,666	(5,581)
Total instruction	<u>8,087</u>	<u>10,663</u>	<u>(2,576)</u>
Special education instruction:			
Certificated salaries	114,758	114,573	185
Employee benefits	40,366	40,340	26
Supplies, materials and media	7,002	497	6,505
Total special education instruction	<u>162,126</u>	<u>155,410</u>	<u>6,716</u>
Support services - instruction:			
Certificated salaries	68,855	43,387	25,468
Employee benefits	24,194	4,143	20,051
Total support services - instruction	<u>93,049</u>	<u>47,530</u>	<u>45,519</u>
Total expenditures	<u>263,262</u>	<u>213,603</u>	<u>49,659</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, 2023

Revenues -		
Local sources - charges for services	\$	<u>41,845</u>
Expenditures:		
Current:		
Operations and maintenance of plant:		
Professional and technical services		6,320
Supplies, materials and media		<u>64</u>
Total operations and maintenance of plant		<u>6,384</u>
Community services:		
Certificated salaries		5,000
Non-certificated salaries		24,458
Employee benefits		<u>1,963</u>
Total community services		<u>31,421</u>
Total expenditures		<u>37,805</u>
Excess of revenues over expenditures		4,040
Fund balance, beginning of year		<u>74,838</u>
Fund balance, end of year	\$	<u><u>78,878</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - local sources -			
Other	\$ 12,000	12,000	-
Expenditures -			
Current:			
Student activities - other	12,000	12,000	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		7,000	
Fund balance, end of year		\$ 7,000	

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Ketchikan High School Student Club Checking Accounts

Schedule of Changes in Account Balances

June 30, 2023

Cash Account		Beginning Balance	Increases	Decreases	Ending Balance
Student club checking accounts:					
3000	ACDC	\$ 699	3,299	5,241	(1,243)
9002	ACDC Athletics	(856)	3,721	2,865	-
9000	AD & Administration Travel	(1,671)	4,362	2,491	200
9005	AD Supplies & Equipment	(641)	5,065	4,424	-
1025	Adv. Placement Fees	2,289	5,272	5,364	2,197
1020	Alumni Donations	2,176	-	-	2,176
7000	Audio/Visual KPU	-	3,400	-	3,400
3010	Auto Shop	(5,630)	7,520	9,726	(7,836)
3015	Aviation	-	10,000	4,170	5,830
3020	Band & Pep Band	14,502	11,161	11,088	14,575
3030	Baseball	9,245	42,810	60,419	(8,364)
9010	Baseball Protech	(11)	11	240	(240)
9015	Baseball Reg V Tournament - A	-	-	5,987	(5,987)
9009	Baseball Athletics	(7,282)	28,262	14,993	5,987
9020	Basketball Protech	150	-	150	-
9025	Basketball Reg V Tournament-A	1,000	12,395	13,145	250
3040	Basketball, Boys	5,103	48,412	51,889	1,626
9018	Basketball, Boys Athletics	100	15,165	15,265	-
3050	Basketball, Girls	(2,014)	45,934	33,221	10,699
9022	Basketball, Girls Athletics	(25)	13,331	12,806	500
3060	Cheerleading	10,722	28,322	26,341	12,703
9030	Cheerleading Reg V Tournament-A	-	600	600	-
3080	Choir	2,220	8,283	6,606	3,897
3090	Clarke Cochrane Tournament	13,950	36,327	32,225	18,052
4100	Class 2022	1,507	1	-	1,508
4110	Class 2023	230	35,149	35,379	-
4130	Class 2025	-	159	30	129
3100	Class Act Mentor	-	-	499	(499)
4120	Class of 2024	217	127	1,009	(665)
3455	Close-Up	-	42,375	41,786	589
3110	College Fair	7,063	3,852	2,243	8,672
1035	Concessions	40,662	19,292	16,857	43,097
3120	Construction	4,159	760	2,131	2,788
1080	Credit Card Recovery Fee	281	1,414	-	1,695
3130	Cross Country	13,138	2,800	3,163	12,775
9035	Cross Country Reg V Tournament-A	-	3,170	3,170	-
9032	Cross Country~Athletics	6,360	9,124	15,484	-
3140	Culinary Arts	23,326	13,611	13,686	23,251
3150	Dance	4,073	18,147	16,842	5,378
9040	Dance Reg V Tournament-A	-	2,268	2,268	-
3160	Debate	2,485	7,786	8,082	2,189
9042	Debate Athletics	(305)	14,637	14,390	(58)
3170	Drama	9,094	50,492	55,770	3,816

(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	919	165	335
3190	Entrepreneur	8,497	5,227	2,268
3333	Environmental	217	371	458
3191	Fil-Am (Filipino-American)	-	730	344
3480	Food Pantry	-	450	51
5010	French Fees & Fines	2	-	2
2000	Miscellaneous	8,035	9,067	17,102
12000	Galley, Jerry Memorial	5,001	-	3,001
2100	Gate Revenue	21,721	45,182	34,255
10201	Greg Middag Fund	432	-	57
3460	GSA	509	-	509
5020	Health Fees & Fines	412	-	412
3210	HOSA	375	-	375
5030	Jack Cotant	39	-	39
12030	Ketchikan Community Scholarship	10,020	-	1,620
12010	Kralis, Don & Lois Memorial	360	-	360
5035	Laptops	18,460	235	18,695
5040	Library	277	732	1,009
3216	Mascot	-	3,150	3,150
5050	Math Fees & Fines	1,956	531	2,487
1045	Miscellaneous	9,035	10,008	9,498
9050	Music Reg V Festival - A	(1,250)	1,250	-
9055	Music SE Honors-A	1,384	4,089	-
12025	Nancy Kossman Memorial Scholarship/Maritime	-	10,000	10,000
3220	National Art Honor Society	1,842	1,105	2,762
3230	National Honor Society	247	-	111
3240	National Oceanic Sciences Bowl	1,160	24,035	(6,873)
2120	Non Specific Activities Donations	31,227	1,000	28,454
1	Over/Under	580	-	576
9060	Pep Band Reg V Tournament-A	-	-	(750)
3260	Pep Club	1,192	4,867	1
1055	Postage	3,126	63	1,889
3280	Production Tech	2,276	4,595	5,271
1060	PSAT Fees	4,046	960	4,232
3290	PTA	853	-	853
9065	Reg V Festival Music-H	(2,055)	2,617	(9,840)
9070	Reg V Tournament Baseball - H	(7,090)	7,090	-
9075	Reg V Tournament Basketball - H	-	-	-
9080	Reg V Tournament Cross Country-H	-	11	-
9160	Reg V Tournament Softball-A	(1,287)	1,287	(4,037)
9090	Reg V Tournament Track-H	(771)	771	-
9095	Reg V Tournament Volleyball - H	-	-	-

(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	-	3,127	9,101	(5,974)
3305 Rotary Interact	827	1,122	190	1,759
1090 RYC Wellness Grant	109	-	-	109
3313 Safeway Grant/Beimler	5,000	-	2,120	2,880
1085 School Sign	-	170	-	170
5070 Science Fees & Fines	2,358	40	530	1,868
12020 Senior Class Savings	12,083	7,186	-	19,269
3320 Soccer, Boys	981	27,643	32,138	(3,514)
3330 Soccer, Girls	601	6,652	18,804	(11,551)
9103 Soccer, Boys Athletics	(8,052)	25,754	17,691	11
9104 Soccer, Girls Athletics	(5,742)	20,123	14,506	(125)
5080 Social Studies Fees & Fines	1,849	-	210	1,639
3340 Softball	29,928	80,620	82,009	28,539
9110 Softball Protech	49	-	49	-
9108 Softball Athletics	-	16,508	12,446	4,062
5090 Spanish Fees and Fines	618	-	-	618
9155 State	(6,774)	7,662	81,169	(80,281)
2130 Student Activities Participation Fees	69,953	47,493	42,110	75,336
3350 Student Body Association	8,646	2,741	1,073	10,314
3360 Sunshine	(24)	476	262	190
9115 Swim Reg V Tournament - A	(300)	7,466	7,166	-
9113 Swim~Athletics	450	17,473	17,923	-
3370 Swimming	1,343	2,545	3,888	-
9145 Swimming Protech	(500)	500	-	-
3380 Track	7,192	10,665	16,144	1,713
9120 Track Reg V Tournament - A	-	11,253	12,128	(875)
9117 Track Athletics	(5,690)	29,608	23,043	875
1065 Vending	36,208	1,743	3,029	34,922
3435 Veterans Wall	4,018	-	-	4,018
3390 Visual Arts	24,352	523	537	24,338
3400 Vocational Medical Science	(27)	-	123	(150)
3410 Volleyball	10,723	35,644	37,956	8,411
9125 Volleyball Protech	120	302	422	-
9130 Volleyball Reg V Tournament - A	(1)	4,686	4,685	-
9123 Volleyball Athletics	(2,066)	19,561	17,495	-
3420 Welding	11	-	-	11
3425 Woodworking	50	-	-	50
3430 Work Study, SPED	134	10	120	24
3440 Wrestling	6,952	14,002	20,954	-
9135 Wrestling Protech	(100)	100	-	-
9140 Wrestling Reg V Tournament - A	(2,875)	2,875	-	-
9132 Wrestling, Boys Athletics	5,410	40,247	45,657	-
3445 Wrestling, Girls	(3,230)	6,313	3,385	(302)
9133 Wrestling, Girls - Athletics	(2,335)	3,185	850	-
3450 Yearbook	72,254	28,318	59,925	40,647
Total student club checking accounts	\$ 543,473	1,182,740	1,274,542	451,671
Scholarship account	\$ 63,517	378	-	63,895
Savings account	\$ 24,025	-	-	24,025

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of Compliance - AS 14.17.505

Year Ended June 30, 2023

Total fund balance - School Operating Fund	\$ (212,472)
Less exemptions per 4 AAC 09.160(a):	
None	<u> -</u>
Fund Balance Subject to 10% Limitation	\$ <u><u>(212,472)</u></u>

Nonexempt fund balance as a percentage of current year expenditures:

<u>Fund balance subject to limitation</u>	<u>(212,472)</u>	=	<u>-0.50%</u>
Current year expenditures	42,737,535		

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

<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	S060A220426	84.060A	\$ 263,262	213,603
REAP - RLIS Special Qualified Agencies	S358C220023	84.358C	47,597	47,597
Impact Aid	S041B20230155	84.041	9,751	9,751
Passed through the State of Alaska,				
Department of Education and Early Development:				
Title I-A Basic	IP 23.KGSD.01	84.010A	577,400	305,863
Title I-A Basic	IP 23.KGSD.01	84.010	147,542	147,542
School Improvement	SI 23.KGSD.01	84.010	25,000	19,024
School Improvement	SI 23.KGSD.01	84.010A	20,000	20,000
Total ALN 84.010			<u>769,942</u>	<u>492,429</u>
Carl Perkins	EK 23.KGSD.01	84.048	57,885	54,928
Special Education Cluster (IDEA) Cluster:				
Title VI-B	SE 23.KGSD.01	84.027A	617,386	383,059
Title VI-B	SE 23.KGSD.01	84.027	151,137	151,137
Title VI-B IDEA ARPA	SE 23.KGSD.01	84.027X	26,607	26,607
Preschool Disabled Section 619	SE 23.KGSD.01	84.173	9,828	4,524
Total Special Education Cluster (IDEA) Cluster			<u>804,958</u>	<u>565,327</u>
Title IV-A	IP 23.KGSD.01	84.424A	159,182	92,567
COVID-19 ARPA Homeless II	AH 23.KGSB.01	84.425W	11,763	1,301
COVID-19 CRRSA Act ESSER III	ER 23.KGSD.01	84.425U	328,245	328,245
COVID-19 Discretionary Funds	CO 23.KGSD.01	84.425D	67,135	63,782
Total ALN 84.425			<u>407,143</u>	<u>393,328</u>
Title II-A Parent/Teacher/Principal Training	IP 23.KGSD.01	84.367A	135,164	135,164
Passed through the Alaska Council of School Administrators -				
COVID-19 Discretionary	CO 23.242.01	84.425U	20,652	20,652
Passed through the Sealaska Heritage Center:				
Alaska Native Education Program FY20	S356A190029	84.356A	30,000	15,577
Alaska Native Education Program FY22	S356A210005	84.356A	20,000	6,079
Total ALN 84.356			<u>50,000</u>	<u>21,656</u>
Total U.S. Department of Education			<u>2,725,536</u>	<u>2,047,002</u>
Institute of Museum and Library Services -				
Passed through the State of Alaska,				
Department of Education and Early Development -				
Alaska State Library	LS-252446-OLS-22	45.310	1,250	1,250
COVID-19 ARPA Easy Grant	EASY22-082	45.310	42,000	27,689
Total Institute of Museum and Library Services			<u>43,250</u>	<u>28,939</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>
Federal Communications Commission -				
Direct:				
COVID-19 Emergency Connectivity Fund Program	ECF222119430	32.009	\$ <u>119,865</u>	<u>119,865</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	163,537	163,537
National School Lunch Program	None	10.555	516,101	516,101
Supply Chain Assistance	FD23.KGSD.01	10.555	81,509	81,509
Commodities	None	10.555	37,203	37,203
Summer Food Service Program	None	10.559	24,781	24,781
Fresh Fruit and Vegetable Program	FF 23.KGSD.01	10.582	9,403	9,388
Fresh Fruit and Vegetable Program	FF 23.KGSD.02	10.582	65,822	63,644
Total Child Nutrition Cluster			<u>898,356</u>	<u>896,163</u>
Food Distribution Administrative Fee Reimbursement	FD 23.KGSD.01	10.560	<u>7,063</u>	<u>7,063</u>
Total U.S. Department of Agriculture			<u>905,419</u>	<u>903,226</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>132,146</u>
Passed through the Ketchikan Gateway Borough -				
COVID-19 CARES Act COVID Relief	C0621-570-D	93.391	<u>21,925</u>	<u>21,925</u>
COVID-19 CARES Act COVID Relief	C0621-570-D	93.268	<u>21,925</u>	<u>21,925</u>
Total U.S. Department of Health and Human Services			<u>1,980,379</u>	<u>175,996</u>
Total Expenditures of Federal Awards			<u>\$ 5,774,449</u>	<u>3,275,028</u>

See accompanying notes to the Schedule.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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, 2023. 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, 2023 the District received \$37,203 in commodities.

Note 5. Total Award and Expenditures for ALN 84.425

Ketchikan Gateway Borough School District received awards from the U.S. Department of Education, passed through the State of Alaska, Department of Education and Early Development of \$407,143 which had expenditures of \$393,328. The District also received an award passed through the Alaska Council of School Administrators of \$20,652 which had expenditures of \$20,652. The total award and expenditures of ALN 84.425 were \$427,795 and \$413,980, respectively.

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Schedule of State Financial Assistance

Year Ended June 30, 2023

<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	\$ 24,958,707	24,958,707
Quality Schools	None	81,693	81,693
# One-Time AADM House Bill 281	None	1,123,067	1,123,067
# Student Transportation	None	1,579,003	1,579,003
Alternative Schools	BH 23.KGSD.01	26,000	26,000
Youth Risk Behavior Survey	None	5,250	5,250
Dividend Raffle	None	8,630	8,630
Total Department of Education and Early Development		<u>27,782,350</u>	<u>27,782,350</u>
State of Alaska, Department of Labor and Workforce Development:			
Direct -			
Alaska Construction Academy	None	<u>46,073</u>	<u>40,181</u>
Total state financial assistance		<u>\$ 27,828,423</u>	<u>27,822,531</u>

See accompanying notes to Schedule.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2023

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, 2022. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of 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	\$ 27,822,531
PERS On-Behalf	206,794
TRS On-Behalf	<u>1,925,306</u>
Total State Financial Assistance	\$ <u>29,954,631</u>

COMPLIANCE REPORTS

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

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, 2023, 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 Month XX, 2023.

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.

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
Month XX, 2023

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

Qualified and Unmodified Opinions

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, 2023. 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.

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, 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 the Child Nutrition Cluster for the year ended June 30, 2023.

Unmodified Opinion on Title I-A Program

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 the Title I-A program identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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

Members of the School Board
Ketchikan Gateway Borough School District

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 qualified and unmodified opinions 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.

Matters Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in the accompanying federal schedule of findings and questioned costs, Ketchikan Gateway Borough School District did not comply with requirements regarding the Child Nutrition Cluster as described in Finding 2023-001 for Eligibility and Finding 2023-002 for Special Tests and Provisions.

Compliance with such requirements is necessary, in our opinion, for Ketchikan Gateway Borough School District to comply with the requirements applicable to that program.

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.

FINAL DRAFT
FOR DISCUSSION PURPOSES ONLY

- 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.

Other Matters

The results of our auditing procedures disclosed another instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying federal schedule of findings and questioned costs as Finding 2023-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Ketchikan Gateway Borough School District's responses to the noncompliance findings identified in our compliance audit described in the accompanying federal schedule of findings and questioned costs. Ketchikan Gateway Borough School District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying federal schedule of findings and questioned costs as Findings 2023-001 and 2023-002 to be material weaknesses.

Members of the School Board
Ketchikan Gateway Borough School District

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. We consider the deficiencies in internal control over compliance described in the accompanying federal schedule of findings and questioned costs as Finding 2023-003 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Ketchikan Gateway Borough School District's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying federal schedule of findings and questioned costs. Ketchikan Gateway Borough School District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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
Month XX, 2023

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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 X No

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

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs (2 CFR 200.516(a)(1)): Material weakness identified? Significant deficiency identified? X Yes No X 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))? X Yes No

Type of auditor’s report issued on compliance for major federal programs: Child Nutrition Cluster Title I-A Qualified 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 X No

Identification of major programs:

Assistance Listing Number(s) 10.553, 10.555, 10.559, 10.582 84.010

Name of Federal Program or Cluster Child Nutrition Cluster Title I-A

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

Auditee qualified as low-risk auditee? X 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

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)

Award Year: 2023

Type of Finding: Material weakness in internal control over compliance and material noncompliance.

Criteria: Any child enrolled in a participating school and belonging to a household meeting nationwide income eligibility requirements may receive meals at no charge or at a reduced price.

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.

Cause: Turnover in the Business Manager position caused a breakdown in internal controls related to income verification.

Effect: Failure to follow compliance eligibility requirements could result in loss of federal funding.

Questioned Costs: None noted.

Repeat finding: This is not a repeat finding, as such it appears to be an isolated instance.

Recommendation: We recommend that management complies with all special tests and provisions to ensure compliance with those requirements.

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

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)

Award Year: 2023

Type of Finding: Material weakness in internal control over compliance and material noncompliance.

Criteria: By November 15th of each school year, the District must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals, unless the District is otherwise exempt from the verification requirement. The verification sample size is based on the total number of approved applications on file on October 1st.

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.

Cause: Turnover in the Business Manager position caused a breakdown in internal controls related to income verification.

Effect: Failure to follow eligibility requirements could result in loss of federal funding.

Questioned Costs: None noted.

Repeat finding: This is not a repeat finding, as such it appears to be an isolated instance.

Recommendation: We recommend that management complies with all special tests and provisions to ensure compliance with those requirements.

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

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, 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

Criteria: The District was unable to provide adequate supporting documentation showing that contractors were selected using an adequate procurement process.

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.

Cause: Lack of internal control over procurement requirements.

Effect: Failure to follow 2 CRF 200.318 could result in loss of federal funding. Also, the District risks overpaying for food and supplies by not following procurement standards.

Questioned Costs: None noted.

Repeat finding: This is not a repeat finding, as such it appears to be an isolated instance.

Recommendation: We recommend that management complies with all procurement requirements applicable to 2 CFR 200.318 to ensure the District's compliance with such requirements.

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

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, 2023. 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, 2023.

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.

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
Month XX, 2023

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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 X No

Significant deficiency identified?

 Yes X None reported

Noncompliance material to the financial statements noted?

 Yes X No

State Awards

Internal control over major programs:

Material weakness identified?

 Yes X No

Significant deficiency identified?

 Yes X 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:

\$ 834,676

Auditee qualified as low-risk auditee?

 X 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.

Client Letterhead

Summary of Prior Year Audit Findings

June 30, 2023

Federal Award Findings and Questioned Costs

Finding 2022-001

Lack of Internal Controls over Reporting

Federal Agency: U.S. Department of Education, passed through the State of Alaska, Department of Education and Early Development
Federal Program: Title I-A Basic
Assistance Listing Number: 84.010
Award Number: IP 22.KGSD.01 (State of Alaska), S010210002 (U.S. Department of Education)
Award Year: 2022
Type of Finding: Significant deficiency in internal control over compliance and noncompliance.

Condition and Context: The District did not submit its average per pupil expenditure (PPE) report to the State of Alaska as required. During our request of the PPE report in order to review, the District was unable to provide the report as it has not been submitted as of the date of audit fieldwork.

Status: This finding has been resolved.

State Award Findings and Questioned Costs

Finding 2022-002

Lack of Internal Controls over Reporting

State Agency: Department of Education and Early Development
State Program Name: Public School Funding (Foundation)
Award Number: None
Award Year: 2022
Type of Finding: Significant deficiency in internal control over compliance and noncompliance.

Condition/Context: The District did not document an intensive student appropriately and in compliance with 4 AAC 52.700(c). During our review of proper classification of intensive students, we noted that one of twelve students reviewed lacked an individualized education program (IEP) in place and active prior to the last day of the count period.

Status: This finding has been resolved.

Ketchikan Gateway Borough School District

333 Schoenbar Rd. • Ketchikan, Alaska 99901

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

Michael Robbins, Superintendent • Melissa Johnson, Deputy Superintendent

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

Alonso Escalante, Human Resources Director • Michael Cron, Director of Support Services



Corrective Action Plan

June 30, 2023

Federal Award Findings

Finding 2023-001

Lack of Internal Controls over Eligibility

Name of Contact Person:

Daniel Schuler, Business and Operations Manager

Corrective Action Plan:

The prior Business and Operations Manager started the annual verification process, however, did not follow through on finishing the process prior to her resignation from the District. Upon her departure from the District, she did not communicate that the process had not been completed. I am currently working on the annual verification process as prescribed by the State of Alaska, Department of Education and Early Development (DEED) and the National School Lunch Program and that process will be completed in accordance with the applicable November 15th deadline. In addition, the District has been selected and is currently working on an Onsite Review of the Child Nutrition Program which includes covering the same population of students that should have been verified during the FY2022-2023 verification process. That review will be completed in December 2023.

Proposed Completion Date:

December 2023

Finding 2023-002

Lack of Internal Controls over Special Tests and Provisions

Name of Contact:

Daniel Schuler, Business and Operations Manager

Corrective Action Plan:

The corrective action plan noted above for Finding 2023-001 will resolve Finding 2023-002 as well. The prior Business and Operations Manager started the annual verification process, however, did not follow through on finishing the process prior to her resignation from the District. Upon her departure from the District, she did not communicate that the process had not been completed. I am currently working on the annual verification process as prescribed by DEED and the National School Lunch Program and that process will be completed in accordance with the applicable November 15th deadline. In addition, the District has been selected and is currently working on an Onsite Review of the Child Nutrition Program which includes covering the same population of students that should have been verified during the FY2022-2023 verification process.

Proposed Completion Date:

December 2023.

Ketchikan Gateway Borough School District

Corrective Action Plan, continued

Finding 2023-003

Lack of Internal Controls over Procurement

Name of Contact Person: Daniel Schuler, Business and Operations Manager

Corrective Action Plan: The District did identify in late spring/early summer that the existing relationship with US Foods had not been bid in the prior year. In order to address this issue, the District Administration identified, recommended and received Board of Education approval to access a US Foods State of Alaska Contract with the State of Alaska Department of Corrections. This action, coupled with the one-year extension of an existing agreement with Alaskan & Proud Markets for the purchase of milk, will bring the District into compliance with procurement procedures as outlined by the National School Lunch Program and DEED.

Proposed Completion Date: December 2023.