



## Ketchikan Gateway Borough School District

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Elizabeth Lougee, Interim Superintendent • Katie Jo Parrott, Business Manager

Catherine Alilin, Human Resources • Terri Crofcheck, Special Services • Alonso Escalante, Curriculum



# Memo

**To:** Beth Lougee, Superintendent  
**From:** Katie Jo Parrott, Business Manager  
**CC:** Kerry Watson, Board Clerk  
**Date:** October 18, 2019  
**RE:** Additional Contribution to Health Insurance Reserve Fund

We have been working closely with our auditors to determine our year-end financials after reconciling expenditures that had not been properly accounted for between our payroll and accounting systems. As of that reconciliation process, we are showing our operating fund expenditures under the FY19 budget by \$1,146,348, the results of cost control strategies put in place throughout last year.

Consequently, our fund balance has maintained a healthy maximum level close to \$2 million (5% of budgeted expenditures). However, the current deficit in the district's health insurance reserve fund held by the Borough is approximately \$1,389,000. The district administration views this deficit as an outstanding liability, or a bill that has yet to be paid by the district.

As a result, it is my recommendation that we make an end of the year additional contribution to the Health Insurance Reserve fund, under our existing FY19 expenditure authority, of \$877,407. This would leave a deficit of \$511,704 in the fund, which is the amount the Borough Assembly withheld from the district's FY19 funding request in order to maintain Borough reserves and to assist the district by carrying the deficit. The district's current expenditure authority is set at \$44,638,274 by Borough Ordinance 1884A. This contribution would take FY19 expenditures under that authority to \$44,521,753. In our FY20 budget request to the Borough, the district's fund balance for beginning the year was projected to be \$1,263,669. This additional contribution would only decrease that number by \$126,000: expected remaining fund balance would be around \$1.13 million.\*

While it is advisable in uncertain fiscal times to maintain as strong a fund balance as possible, it is in the district's best interest to meet our financial obligations, particularly with regard to employee benefits. It is the opinion of district administration that carrying a large deficit in the Health Insurance Reserve fund indefinitely is not in the best interests of the district financial future. By addressing a large portion of the deficit now with existing funds, we will stave off the unsustainable growth while working to establish a contribution level that better matches costs of the program. It should be noted that cost control strategies put in place in the previous year achieved significant cost savings that we believe can continue into the current year as part of a developing comprehensive fiscal plan to achieve a bright sustainable future for our schools and community. We therefore ask for your approval and consideration in this matter.

\*Pending audited financial statements

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**Ketchikan Gateway Borough School District  
FY19 Expenditure Authority  
UPDATED 10/18/2019**

	Original Request		ACTUALS		DIFFERENCE
	Requested Amount	Adjustment	Requested Amount	Expenditures	
	<b>FOR REFERENCE ONLY</b>				
STATE OF ALASKA	\$25,401,904	\$1,319,953	\$26,502,115		
BOROUGH APPROPRIATION	\$8,913,033	\$1,046,068	\$9,447,397		
BOROUGH IN-KIND	\$75,000		\$116,736		
OTHER REVENUES	\$75,000		\$108,038		
CARRYOVER FUNDS	\$370,756	\$150,000	\$516,266		
MEDICAID	\$150,000		\$102,417		
TRS ON-BEHALF	\$2,411,169		\$2,521,905		
PRS ON-BEHALF	\$370,910		\$412,171		
<b>TOTAL OPERATING BUDGET</b>	<b>\$37,767,772</b>	<b>\$2,516,021</b>	<b>\$39,727,045</b>	<b>\$ 39,090,852.00</b>	
Food Service	\$869,545	\$0	\$869,545	\$ 921,977.84	\$ 52,432.84
Pupil Transportation	\$1,782,660	\$0	\$1,782,660	\$ 1,655,098.02	\$ (127,561.98)
Facilities Use	\$40,000	\$0	\$40,000	\$ 40,177.43	\$ 177.43
Title IV-A	\$24,449	\$47,974	\$72,423	\$ 53,162.68	\$ (19,260.32)
Title II-A Teacher Principal Development	\$145,657	(\$7,137)	\$138,520	\$ 137,837.74	\$ (682.26)
Staff Development	\$4,000	\$10,703	\$14,703	\$ 8,453.74	\$ (6,249.26)
Title I	\$569,751	\$29,709	\$599,460	\$ 600,211.38	\$ 751.38
Indian Education	\$264,938	\$1,663	\$266,601	\$ 266,345.07	\$ (255.93)
Alternative Schools Grant	\$24,200	(\$3,200)	\$21,000	\$ 20,992.78	\$ (7.22)
Title VI - B	\$598,775	\$205,410	\$804,185	\$ 572,781.64	\$ (231,402.98)
Preschool Disabled	\$16,535	\$7,097	\$23,632	\$ 22,587.26	\$ (1,044.74)
Carl Perkins Basic	\$44,693	\$13,183	\$57,876	\$ 54,565.83	\$ (3,310.17)
Rural & Low Income Schools Grant	\$0	\$45,864	\$45,864	\$ 39,538.79	\$ (6,325.21)
Alaska Statewide Mentorship Program	\$45,000	\$0	\$45,000	\$ 54,511.82	\$ 9,511.82
Ketchikan Construction Academy	\$0	\$0	\$30,000	\$ 10,616.63	\$ (19,383.37)
Summer Library	\$3,811	\$0	\$3,811	\$ -	\$ (3,811.00)
Fresh Fruits and Vegetables Program	\$80,905	\$0	\$80,905	\$ 79,867.37	\$ (1,037.63)
Other (Grants \$5,000 & under)	\$0	\$0	\$15,044	\$ 14,768.00	\$ (276.00)
<b>Sub Total</b>	<b>\$4,514,919</b>	<b>\$351,266</b>	<b>\$4,911,229</b>	<b>\$4,553,494</b>	<b>\$ (357,734.60)</b>
<b>Total</b>	<b>\$42,282,691</b>	<b>\$351,266</b>	<b>\$44,638,274</b>	<b>\$ 43,644,346.02</b>	<b>\$ 993,927.60</b>
End-of-the-Year Contribution				\$877,407	\$ 116,520.60