

VALDEZ CITY SCHOOLS
(A Component Unit of the City of Valdez, Alaska)

Management Discussion and Analysis, Basic Financial
Statements, Required Supplementary Information,
Supplementary Information, and Compliance Section

Year Ended June 30, 2025

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VALDEZ CITY SCHOOLS

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Independent Auditor's Report

Members of the School Board
Valdez City Schools
Valdez, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valdez City Schools (the District), a component unit of the City of Valdez, Alaska, as of and for the year ended June 30, 2025, 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 accompanying 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 Valdez City Schools, as of June 30, 2025, and the respective changes in financial position 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 (Government Auditing Standards). 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 the Valdez City Schools, 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.

Emphasis of Matter

As discussed in Note I-D-7 to the financial statements, in 2024, the District implemented GASB Statement No. 101, *Compensated Absences*, which established standards of accounting and financial reporting for compensated absences. The requirements of this Statement apply to financial statements of all state and local governments.

The 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.

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 Valdez City Schools' 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 GAAS 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 GAAS 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 Valdez City Schools' 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 Valdez City Schools' 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 Management Discussion and Analysis on pages 5-10, the Budgetary Comparison Information on page 46, and the Schedules of the District's Proportionate Share of Net Pension and OPEB Liabilities and Assets and Contributions for the Public Employees' Retirement System and Teachers' Retirement System and Notes to the Required Supplementary Information on pages 47-57, 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 GAAS, which consisted of inquires 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 the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Valdez City Schools' basic financial statements. The information listed in the Table of Contents as "Supplementary Information" which includes; Major Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (where applicable); Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances; Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds; Schedule of Compliance- AS 14.17.505; Schedule of Expenditures of Federal Awards and related notes, 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*; and Schedule of State Financial Assistance and related notes as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 GAAS. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Members of the School Board
Valdez City Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2025 on our consideration of Valdez City Schools' 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 the Valdez City Schools' 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 Valdez City Schools' internal control over financial reporting and compliance.

Altman, Rogers & Co.

Anchorage, Alaska
November 25, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

VALDEZ CITY SCHOOLS

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

This section of Valdez City Schools (District) Financial Report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025 with some comparative information for June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for 2025 are as follows:

- The assets and deferred outflows of the Valdez City Schools exceeded its liabilities and deferred inflows of resources by \$4,206,640 due to recording pension and OPEB liabilities and assets in accordance with GASB Statements No. 68 and No. 75 and capital assets. Without the implementation of GASB 68 and 75 and capital assets the assets of the Valdez City Schools' assets would exceed its liabilities at the end of the fiscal year by \$5,761,614 in FY25 compared to \$6,478,814 in FY24.
- In total, net position decreased \$880,074 in FY25 compared to a prior year increase of \$835,272. All activities in the District are governmental activities. There were no business activities in 2025 or 2024.
- Total general revenues were \$15,714,399 or 78% of all revenues in FY25 compared to \$14,972,005, 79% in FY24. Program specific revenues in the form of charges for services (for lunch sales) and grants accounted for \$4,882,091 or 24% of total revenues of \$20,596,490 in FY25. Program specific revenues accounted for \$3,896,836 or 21% of total revenues of \$18,868,841 in FY24.
- The District had \$21,043,463 in expenses in FY25 compared to \$18,033,569 in expenses in FY24. In FY25 only \$4,882,019 of these expenses were offset by program specific charges for services and grants. General revenues (primarily from unrestricted grants and investment earnings) of \$15,714,399 helped to provide for these services. In FY24 \$3,896,836 of these expenses were offset by program specific charges for services and grants. General revenues of \$14,972,005 were adequate to cover the remaining expenses.
- For FY25 Valdez City Schools' governmental funds reported combined ending fund balance of \$5,761,614 compared to \$6,478,814 in FY24. In FY25, of \$35,860 is non-spendable, \$0 is restricted, \$4,059,227 is committed, \$0 is assigned and \$1,666,527 is unassigned. In FY24, \$41,525 was non-spendable, \$0 was restricted, \$2,105,677 was committed \$0 was assigned and \$4,331,612 is unassigned.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Valdez City District's basic financial statements. Valdez City District's basic financial statements are comprised of 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves. The basic financial statements include two kinds of statements that present different views of the District's activities.

- *Government-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

Fund financial statements include the governmental fund statements which tell how basic services, such as instruction were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by two sections (1) required supplementary information on District's budgetary comparison schedules and proportionate share of net pension and OPEB liabilities and assets – PERS and TRS and District's contributions – PERS and TRS, and (2) supplementary information on individual fund activity, Schedule of Expenditures of Federal Awards, and Schedule of State Financial Assistance.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

The two government-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial position, you need to consider additional nonfinancial factors such as the condition of school buildings and other facilities.

The government-wide financial statements include all the District's *governmental activities*, which accounts for all of the District's basic services such as instruction, maintenance and operations, and administration. There are no *business-type activities* in Valdez City Schools.

VALDEZ CITY SCHOOLS

Management Discussion and Analysis, Continued

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and/or by governmental accounting standards.
- The District establishes other funds to control and manage money for a particular purpose or to show that it is properly using certain fund revenues (such as federal grants).
- ***Governmental Funds:*** Most of the District's basic services are included in governmental funds. Unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as balances of spendable resources left at fiscal year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Valdez City Schools maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the School Operating Fund and the Technology Capital Project Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* and individual budget to actual schedules elsewhere in this report.

The individual major fund budget to actual schedule and combining statements for nonmajor governmental funds referred to earlier are presented immediately following the footnotes. This includes combining and individual fund statements and schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of Valdez City Schools', liabilities and deferred inflows exceeded assets and deferred outflows by \$4,206,640 for FY25 and \$4,696,968 in FY24.

A portion of Valdez City District's net position reflects its investment in capital assets (e.g., machinery, and equipment). This is presented, less any related debt used to acquire those assets that is still outstanding. Valdez City Schools uses these capital assets to provide services to students, consequently, these assets are not available for future spending.

VALDEZ CITY SCHOOLS

Management Discussion and Analysis, Continued

Financial Analysis of the Schools as a Whole

The following table provides a summary of the District's net position for 2025 compared to 2024:

	Condensed Statement of Net Position	
	Governmental Activities	
	2025	2024
Assets and Deferred Outflows of Resources		
Current Assets	\$ 6,604,333	7,451,750
Non-current Assets	5,600,768	5,564,268
Deferred outflows of resources	1,180,463	1,286,577
Total Assets and Deferred Outflows of Resources	13,385,564	14,302,595
Liabilities and Deferred Inflows of Resources		
Current Liabilities	1,046,270	972,936
Long-term Liabilities	7,977,799	8,387,749
Deferred Inflows of Resources	154,855	244,942
Total Liabilities and Deferred Inflows of Resources	9,178,924	9,605,627
Net Position		
Net investment in capital assets	1,485,392	961,009
Unrestricted	2,721,248	3,735,959
Total Net Position	\$ 4,206,640	4,696,968

Current assets decreased mainly due to a decrease in cash and cash equivalents. Non-current assets increased by the net OPEB assets and acquisition of vehicles and equipment. Deferred inflows of resources decreased mainly due to subsequent contributions for pension and OPEB plans and long-term liabilities decreased mainly due to decrease in proportionate share of the collective net pension liabilities, while deferred inflows of resources decreased all due to the timing differences in actuarial reports.

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VALDEZ CITY SCHOOLS

Management Discussion and Analysis, Continued

The following table shows the changes in net position for fiscal year 2025 compared to fiscal year 2024:

	Change in Net Position	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 102,161	101,891
Operating grants and contributions	4,654,930	3,669,945
Capital grants and contributions	125,000	125,000
General revenues:		
Investment earnings (loss)	328,747	359,117
E-rate revenue	5,040	27,006
Unrestricted grants	5,582,991	4,721,329
City appropriations	9,346,895	9,352,964
Other	450,726	511,589
Total revenues	\$ 20,596,490	18,868,841
Expenses:		
Governmental activities:		
Instruction	\$ 7,725,718	6,385,103
Special education instruction	2,480,376	1,980,003
Special education support services – students	386,773	304,201
Support services – students	472,068	354,756
Support services – instruction	1,665,227	1,645,336
School administration	679,398	461,203
School administration support services	265,794	169,005
District administration	276,492	398,767
District administration support services	415,693	366,769
Operation and maintenance of plant	2,902,664	2,358,759
Student transportation services	664,039	655,641
Student activities	1,042,865	967,611
Community services	994,979	975,519
Food service	1,068,377	1,010,896
Total expenses	21,043,463	18,033,569
Change in net position	(446,973)	835,272
Net position – beginning of year, as previously stated	4,696,968	3,861,696
Change in accounting principle	(43,355)	-
Net position – beginning of year, as restated	4,653,613	3,861,696
Net position, end of year	\$ 4,206,640	4,696,968

VALDEZ CITY SCHOOLS

Management Discussion and Analysis, Continued

The general revenues accounted for most of the District’s total revenues 77%, with operating grants contributing 23% of the District’s total revenues. Total revenues increased by \$1,727,649 and total expenses increased by \$3,009,894 in 2025. The increase in revenues and expenses was primarily due to the change in the Pension and OPEB liabilities and assets associated with GASB 68/75.

Financial Analysis of the District’s Funds

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$20,126,280 and expenditures of \$21,006,354.

School Operating Fund Budgetary Highlights

The District’s budget is prepared according to Alaska law and is based on a modified accrual basis of accounting. The most significant budgeted fund is the School Operating Fund.

The actual revenues were \$788,154 more than anticipated. The increase is primarily due to the higher investment bonds and the state of Alaska one time funding.

The actual expenditures were \$89,694 under expended due to salaries and benefits.

Capital Assets

The following table shows fiscal 2025 compared to 2024.

	Capital Assets (Net of Depreciation)	
	<u>2025</u>	<u>2024</u>
Equipment	\$ <u>1,461,286</u>	<u>961,009</u>

Additional information on the District’s capital assets can be found in the notes to the financial statements.

Long-term Debt

At the end of the current fiscal year, the District had \$0 of outstanding lease payables.

Economic Factors and Next Year’s Budgets and Rates

The members of the School Board, the superintendent, and administrators considered many factors when setting the fiscal year 2025 budget. One of those factors was student enrollment. The State’s Foundation Formula for school funding is based on student enrollment. As enrollment changes, so will State revenues. The fiscal year 2025 budget process was based on a projected enrollment of 565 students.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, parents, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Amber Cawley, Director of Business Services, Valdez City Schools, P.O. Box 398, Valdez, Alaska 99686, telephone number (907) 835-4357.

BASIC FINANCIAL STATEMENTS

VALDEZ CITY SCHOOLS

Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
<u>Assets and Deferred Outflows of Resources</u>	
Current assets:	
Cash and cash equivalents	\$ 6,442,473
Accounts receivable	126,000
Inventory	35,860
Total current assets	<u>6,604,333</u>
Non-current assets:	
Capital assets	3,692,670
Accumulated depreciation	(2,231,384)
Net OPEB asset	4,139,482
Total non-current assets	<u>5,600,768</u>
Deferred outflows of resources:	
Pension and OPEB deferrals	<u>1,180,463</u>
Total assets and deferred outflows of resources	<u>13,385,564</u>
<u>Liabilities and Deferred Inflows of Resources and Net Position</u>	
Current liabilities:	
Accounts payable	6,060
Accrued health insurance	749,572
Compensated absences	203,551
Workers' compensation payable	80,174
Unearned revenues	6,913
Total current liabilities	<u>1,046,270</u>
Long-term liabilities:	
Net pension and OPEB liability	<u>7,977,799</u>
Deferred inflows of resources:	
Pension and OPEB deferrals	<u>154,855</u>
Total liabilities and deferred inflows of resources	<u>9,178,924</u>
<u>Net Position</u>	
Net investment in capital assets	1,461,286
Unrestricted	2,745,354
Total net position	<u>\$ 4,206,640</u>

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

VALDEZ CITY SCHOOLS

Statement of Activities

Year Ended June 30, 2025

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	\$ 7,728,718	-	763,352	-	(6,965,366)
Special education instruction	2,480,376	-	409,737	-	(2,070,639)
Special education support services - students	386,773	-	20,233	-	(366,540)
Support services - students	472,068	-	94,005	-	(378,063)
Support services - instruction	1,665,227	-	377,925	125,000	(1,162,302)
School administration	679,398	-	69,198	-	(610,200)
School administration support services	265,794	-	19,275	-	(246,519)
District administration	276,492	-	14,706	-	(261,786)
District administration support services	415,693	-	51,086	-	(364,607)
Operations and maintenance of plant	2,902,664	-	160,284	-	(2,742,380)
Student activities	1,042,865	-	556,039	-	(486,826)
Student transportation - to and from school	664,039	-	614,469	-	(49,570)
Community services	994,979	-	867,498	-	(127,481)
Food services	1,068,377	102,161	637,123	-	(329,093)
Total governmental activities	\$ 21,043,463	102,161	4,654,930	125,000	(16,161,372)
General revenues:					
City appropriations				\$ 9,346,895	
E-rate				5,040	
Earnings on investments				328,747	
Other				450,726	
Grants not restricted to specific programs				5,582,991	
Total general revenues				15,714,399	
Change in net position					(446,973)
Net position - beginning of year as originally stated					4,696,968
Change in accounting principle					(43,355)
Net position - beginning of year, as restated					4,653,613
Net position - ending				\$	4,206,640

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

VALDEZ CITY SCHOOLS

Balance Sheet - Governmental Funds

June 30, 2025

	School Operating Fund	Technology Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 6,442,473	-	-	6,442,473
Accounts receivable	-	-	126,000	126,000
Due from other funds	125,593	2,178,589	1,847,282	4,151,464
Inventory	-	-	35,860	35,860
Total assets	<u>\$ 6,568,066</u>	<u>2,178,589</u>	<u>2,009,142</u>	<u>10,755,797</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	6,060	-	-	6,060
Accrued health insurance	749,572	-	-	749,572
Workmans' compensation payable	80,174	-	-	80,174
Due to other funds	4,025,871	-	125,593	4,151,464
Unearned revenues	-	-	6,913	6,913
Total liabilities	<u>4,861,677</u>	<u>-</u>	<u>132,506</u>	<u>4,994,183</u>
Fund balances:				
Non-spendable:				
Inventory	-	-	35,860	35,860
Committed for:				
Minigrants	-	-	9,108	9,108
Transportation	-	-	232,353	232,353
Community education	-	-	114,800	114,800
ADA renovations	-	-	61,426	61,426
Vehicle replacement	-	-	416,014	416,014
Technology	-	2,178,589	-	2,178,589
Title I-A	-	-	25	25
Maintenance	-	-	714,549	714,549
Migrant education	-	-	382	382
Student activities	-	-	299,032	299,032
Impact aid	32,999	-	-	32,999
Unassigned	1,673,390	-	(6,913)	1,666,477
Total fund balances	<u>1,706,389</u>	<u>2,178,589</u>	<u>1,876,636</u>	<u>5,761,614</u>
Total liabilities and fund balances	<u>\$ 6,568,066</u>	<u>2,178,589</u>	<u>2,009,142</u>	<u>10,755,797</u>

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

VALDEZ CITY SCHOOLS

Reconciliation of Net Position Between the Government-Wide
Financial Statements and the Fund Financial Statements

June 30, 2025

Amounts reported as fund balances on the governmental funds balance sheet		\$ 5,761,614
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		1,461,286
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences		(203,551)
Proportionate share of the collective net pension and OPEB liability:		
PERS	(3,933,054)	
TRS	<u>(4,044,745)</u>	
		(7,977,799)
Proportionate share of the collective OPEB asset:		
PERS	1,693,549	
TRS	<u>2,445,933</u>	
		4,139,482
Deferred inflow and outflow of resources are the results 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	645,279	
TRS	<u>535,184</u>	
		1,180,463
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources:		
PERS	(60,251)	
TRS	<u>(94,604)</u>	
		<u>(154,855)</u>
Net position of governmental activities		\$ <u><u>4,206,640</u></u>

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

VALDEZ CITY SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2025

	School Operating Fund	Technology Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources:				
Charges for services	\$ -	-	102,161	102,161
E-rate	5,040	-	-	5,040
Earnings on investments	328,747	-	-	328,747
Other	29,880	-	158,947	188,827
Intergovernmental:				
State of Alaska	6,882,293	-	520,563	7,402,856
Federal sources	34,249	-	876,007	910,256
City appropriation	9,346,895	125,000	1,716,498	11,188,393
Total revenues	<u>16,627,104</u>	<u>125,000</u>	<u>3,374,176</u>	<u>20,126,280</u>
Expenditures:				
Current:				
Instruction	7,366,415	-	112,709	7,479,124
Special education instruction	2,217,135	-	204,520	2,421,655
Special education support services - students	380,012	-	-	380,012
Support services - students	445,991	-	-	445,991
Support services - instruction	1,118,535	432,329	303,430	1,854,294
School administration	638,003	-	-	638,003
School administration support services	265,723	-	-	265,723
District administration	272,317	-	-	272,317
District administration support services	393,871	-	21,715	415,586
Operations and maintenance of plant	2,782,476	-	-	2,782,476
Student activities	38,079	-	1,022,715	1,060,794
Student transportation - to and from school	-	-	664,039	664,039
Community services	-	-	994,979	994,979
Food services	-	-	1,065,977	1,065,977
Capital outlay	-	-	265,384	265,384
Total expenditures	<u>15,918,557</u>	<u>432,329</u>	<u>4,655,468</u>	<u>21,006,354</u>
Excess (deficiency) of revenues over expenditures	<u>708,547</u>	<u>(307,329)</u>	<u>(1,281,292)</u>	<u>(880,074)</u>
Other financing sources (uses):				
Transfers in	-	1,523,597	1,983,838	3,507,435
Transfers out	(3,507,435)	-	-	(3,507,435)
Net other financing sources (uses)	<u>(3,507,435)</u>	<u>1,523,597</u>	<u>1,983,838</u>	<u>-</u>
Net change in fund balances	<u>(2,798,888)</u>	<u>1,216,268</u>	<u>702,546</u>	<u>(880,074)</u>
Fund balances, beginning of year, as originally stated	4,342,403	962,321	1,174,090	6,478,814
Change in accounting principle	<u>162,874</u>	<u>-</u>	<u>-</u>	<u>162,874</u>
Fund balance, beginning of year, as restated	<u>4,505,277</u>	<u>962,321</u>	<u>1,174,090</u>	<u>6,641,688</u>
Fund balances, end of year	<u>\$ 1,706,389</u>	<u>2,178,589</u>	<u>1,876,636</u>	<u>5,761,614</u>

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

VALDEZ CITY SCHOOLS

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2025

Net change in fund balances - total government funds		\$	(880,074)
Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:			
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:			
Accrued leave			2,678
Net change in the pension/OPEB unfunded (liability) asset:			
PERS	15,740		
TRS	<u>(69,567)</u>		(53,827)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives:			
This is the amount by which capital outlay exceeded depreciation in the current period:			
Capital outlay	683,638		
Depreciation expense	<u>(183,361)</u>		500,277
Changes in deferred inflow and outflow of resources are the results of timing differences in the actuarial report:			
Contributions to the pension and OPEB plan in the current fiscal year are included in the fund financial statements and are presented as deferred outflow of resources in the government-wide financial statements:			
PERS	105,745		
TRS	<u>(121,772)</u>	<u>(16,027)</u>	
Change in net position of governmental activities		\$	<u><u>(446,973)</u></u>

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Valdez City Schools (hereafter referred to as the District) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Pursuant to Alaska Statutes, Title 29.43.030, the City of Valdez, Alaska (City) has the responsibility of establishing, maintaining and operating a system of public schools. The City's charter delegates the administrative responsibility for these functions to the elected School Board of the District.

The accompanying financial statements include all the activities of the District. The District is a component unit and integral part of the reporting entity, which is the City of Valdez, Alaska. The City Council, as the oversight authority, approves the total annual budget of the District and may, during the year, increase or decrease the total City appropriation at the request of the School Board. The School Board has the authority to establish its own budgets, hire all personnel, and manage its financial operations subject to the limitations established by State Law and City Charter.

The District constitutes a component unit of the City of Valdez, Alaska. There were no entities, which are a component unit of the District, which have been included or excluded in the accompanying financial statements at June 30, 2025.

The more significant of the District's accounting policies are described below.

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 District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, would be reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not presently have any business-type activities or fiduciary activities.

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 or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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.

Separate financial statements are provided for governmental funds. 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*. Revenues are recorded when transactions occur 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected with 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when the obligations are expected to be liquidated with expendable available financial resources.

Summarized below are the major sources of revenue, which are susceptible to accrual and the applicable recognition policies:

Intergovernmental Revenues:

State of Alaska foundation and pupil transportation revenue is recorded in the year to which it relates.

Federal Impact Aid receipts and federal aid for school lunch are recorded as revenues in the year monies are received.

State of Alaska and federal government cost reimbursable grants and contracts revenues are recorded to the extent of allowable expenditures in the period incurred.

On-behalf payments are recognized in the year to which it relates.

Revenues from the City of Valdez, Alaska are recorded as intergovernmental as prescribed by the uniform chart of accounts for School Districts. Revenues are susceptible to accrual and are recorded in the year of the City appropriation.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Local Revenue:

Interest earnings on investments in the School Operating Fund are recognized as earned. City appropriations are recorded in the year to which they relate. Rentals, tuition and proceeds from the sale of lunches are recognized in the year received.

The District follows the Uniform Chart of Accounts for Public 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.

The District reports the following major governmental funds:

The *School Operating Fund* is the primary operating fund of the District. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Technology Capital Project Fund* accounts for technological support infrastructure revolved around instruction support services.

Use of Estimates

The preparation of the basic 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 and expenses during the reporting period. Actual results could differ from those estimates.

Indirect Costs

The State of Alaska, Department of Education and Early Development annually establishes an approved indirect rate for each District based on audited financial statements. The rate is based on expenditures recorded per requirements in the Uniform Chart of Accounts for School Districts and as such there is no indirect cost pool. Indirect costs and indirect cost recovery is recorded in the District Administration Support Services function.

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

1. Cash and Cash Equivalents

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.

The District is responsible for maximum security and interest possible for the depository and investment of funds.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

The Superintendent and Business Manager are responsible for treasury management, including investment and reinvestment of all revenues of the District. The Superintendent and Business Manager have the authority to establish new accounts for investment purposes in the name of the District.

Depositories of District funds are required to have total capital of not less than five million dollars and chartered for not less than five years. Funds may be invested in any of the following:

1. Obligations of or obligations insured or guaranteed by the United States or agencies or instruments of the United States.
2. Obligations secured by reserves paid in by the United States or agencies or instruments of the United States or obligations of corporations in which the United States is a shareholder or member.
3. Certificates of deposit by United States domestic banks which are members of the Federal Deposit Insurance Corporation for which a generally recognized secondary market exists or which are fully insured at all times as to the payment of principle and interest as set forth in #11 below.
4. Corporate debt securities with a minimum rating of AAA or the equivalent by a nationally recognized rating organization.
5. Commercial paper bearing the highest rating of a nationally recognized rating organization.
6. Bankers' acceptances drawn on and accepted by banks with a combined capital and surplus aggregating at least 200 million dollars.
7. Shares of federally chartered savings and loan associations in Alaska which are fully secured at all times as to the payment of principle and interest as set forth in #11 below.
8. Savings certificates issued by state-chartered savings and loan associations in Alaska which are fully secured at all times as to the payment of principle and interest as set forth in #11 below.
9. Deposits with mutual savings banks in Alaska which are fully secured at all times as to the payment of principle and interest as set forth in #11 below.
10. Fixed-term certificates of indebtedness of federally insured credit unions in Alaska which are fully secured at all times as to the payment of principle and interest as set forth in #11 below.
11. Repurchase agreements, the securities underlying the agreements being any of the items listed below. For those investments requiring collateralization pursuant to subsections above, the investments shall be collateralized 100% by any of the following:
 - Obligations of the United States or instruments of the United States;
 - Corporate debt securities with a minimum rating of AAA, or the equivalent by a nationally recognized rating organization;
 - Municipal or state debt securities with a minimum of AA, or equivalent by a nationally recognized rating organization;

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

- Debt securities of the State of Alaska;
- Debt securities of the Municipality of Anchorage, Fairbanks, or Valdez.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by committed or non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

3. Inventories and Prepaid Items

Teaching and maintenance supplies are recorded as expenditures when purchased rather than as consumed. Accounting for inventory of food supplies is on the consumption method. The consumption method records the expenditure 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 portion of fund balance classified as non-spendable in the Fund Financial Statements, which indicates that they do not constitute "available spendable resources" even though they are a component of net 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 non-spendable in the fund financial statements.

4. Capital Assets

Capital assets, which include vehicles and equipment, are recorded in the government-wide financial statements at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Assets greater than \$5,000 in the government-wide financial statements are capitalized and depreciated on straight-line method.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are considered operations and maintenance and are not capitalized in the government-wide financial statements.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Vehicles and equipment owned by the District is depreciated under the straight-line method with estimated useful lives as follows:

	<u>Life in Years</u>
Vehicles	5
Equipment	5-10

5. Unearned Revenues

Unearned revenues in the Food Service Special Revenue Fund represents the unused portion of the USDA commodities received by the District. Unearned revenue in all other Special Revenue Funds represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

6. Assets to be Contributed

Assets to be contributed represent construction in progress that, when completed, will be transferred to the City of Valdez, Alaska.

7. Compensated Absences

All permanent employees earn and accrue vacation and sick leave. A liability is recognized when it is attributable to services already rendered, it accumulates, and it is more likely than not that the government will compensate an employee (either as paid time off or cash payment). Unused leave is accrued utilizing current salary costs as earned by employees, and recorded as a liability in the government-wide statement of net position.

Effective June 30, 2024, the School District implemented GASB Statement No. 101, Compensated Absences. This Statement modifies the recognition and measurement of the compensated absences liability. Prior to the implementation of GASB Statement No. 101, the School District did not include certain balances related to sick leave. Under GASB Statement No. 101, all earned, accumulating leave that is more likely than not to be paid or settled, is included in the measurement of compensated absences. The School District restated its long-term liabilities to recognize that portion of leave in the compensated absences balance as of June 30, 2024. This resulted in a restatement of previously reported net position, as follows:

	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Net position, beginning of year June 30, 2024	\$ 4,696,968	6,478,814
Change in accounting principle:		
Compensated absences	<u>(43,355)</u>	<u>162,874</u>
Net position as adjusted	<u>\$ 4,653,613</u>	<u>6,641,688</u>

Notes to Basic Financial Statements, Continued

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Pensions and OPEB. For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, 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. 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.

11. Fund Balance

In the fund financial statements fund balance includes five classifications for fund balance as follows:

Non-spendable fund balance – amounts that cannot be spent because they are in a non-spendable form (such as inventory, long-term note receivables and prepaid items) or legally or contractually required to be maintained intact (such as the corpus of an endowment fund).

Restricted fund balance – amounts constrained by external parties, or legislation (such as grantors or higher levels of government).

Committed fund balance – amounts constrained to specific purposes by the District's Board, using the District's highest level of decision-making authority (resolution or ordinance); to be reported as committed, amounts cannot be used for any other purpose unless the School Board takes the same highest-level action to remove or change the constraint.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Assigned fund balance – amounts that are intended for a particular purpose. Intent can be expressed by the School Board or by the Superintendent or designee.

Unassigned – amounts available for any purpose; these amounts are reported only in the School Operating Fund, unless non-spendable resources creates a negative unassigned fund balance in the Special Revenue Funds.

The five categories of fund balance place varying strengths of spending constraints on available resources in a descending order as listed. Non-spendable fund balance is the most restrictive classification and unassigned fund balance is the least restrictive.

When an expenditure has been duly authorized and funding to pay for the expenditure is available within multiple fund balance classifications, the District’s policy is to utilize funding available in the most restrictive classification first.

The District Special Revenue Funds are used to account for educational, food service, operations and maintenance programs that are restricted or committed.

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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental fund types except capital project funds, which adopt project-length budgets. All annual appropriations lapse at fiscal yearend. Unexpended balances of grants from the state and federal governments for the Special Revenue Funds lapse at June 30 with the exception of certain federal funding.

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

Community Education	\$ 73,024
Student Activities	\$ 103,249

Excess of expenditures over appropriations were funded through available revenues, fund balance, or operating transfers.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Annual budgets of the various Special Revenue Funds are prepared in connection with the application for the special programs' funding and are reviewed and approved by the School Board. Expenditure authority for Special Revenue Fund programs is limited to the actual combined revenues and transfers from other funds.

Project budgets are adopted for the various construction funds based on the lives of the construction projects. Expenditure authority is limited to the actual combined revenue and transfers from other funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Special Revenue Funds. Encumbrances outstanding at year end are reported as unassigned fund balances since they do not constitute expenditures or liabilities. The amount of encumbrances, if significant, are disclosed as commitments.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

All deposits are carried at cost plus accrued interest. The District has a deposit and investment policy. The district has the following deposits and investments:

The District bank balances are insured by federal depository insurance (FDIC) to a maximum of \$250,000 with the following exceptions:

Any amount in excess of FDIC limits is collateralized with securities held by the District's agent in the District's name.

Custodial Credit Risk – Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits will not be returned to the District. At June 30, 2025, the District's deposits were fully insured and collateralized. The District has a specific policy limiting custodial credit risk by insuring and collateralizing all deposits.

B. Receivables

Receivables as of June 30, 2025 for the District's other governmental funds are as follows:

		Other Governmental Funds
		<hr/>
Receivables:		
Grants	\$	<u>126,000</u>

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

C. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Vehicles and equipment	\$ 3,009,032	683,638	-	3,692,670
Less accumulated depreciation	<u>(2,048,023)</u>	<u>(183,361)</u>	<u>-</u>	<u>(2,231,384)</u>
Net governmental activities	<u>\$ 961,009</u>	<u>500,277</u>	<u>-</u>	<u>1,461,286</u>

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

Instruction	\$ 42,479
Support services – instruction	16,610
Special education – instruction	4,000
Food services	2,400
Operations and maintenance of plant	<u>117,872</u>
	<u>\$ 183,361</u>

D. Interfund Receivables and 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, 2025 were as follows:

Receivable Fund	Payable Fund	Amount
School Operating Fund	Other Governmental Funds	\$ 125,593
Technology Capital Project Fund	School Operating Fund	2,178,589
Other Governmental Funds	School Operating Fund	<u>1,847,282</u>
Total		<u>\$ 4,151,464</u>

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

Interfund transfers:

Transfer in:	Transfer out:	Amount
Technology Capital Project Fund	School Operating Fund	\$ 1,523,597
Other Governmental Funds	School Operating Fund	1,983,838
Total		<u>\$ 3,507,435</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provide as subsidies or matching funds for various grant programs.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION

A. Risk Management

The District faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers compensation, and (f) medical/dental/vision costs for employees.

Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for damage to and loss of property and contents, general liability, errors and omissions and student accidents. Coverage limits and the deductibles on commercial policies have stayed relatively constant for the last several years. No settlement in excess of insurance coverage has been realized over the past three years.

The District retains a portion of the risk of medical/dental/vision costs for employees. The health and medical benefit program maintained by the District and the City of Valdez covers all full time employees. The District has retained a major portion of the risk for this plan and, accordingly, is liable for any employee health claims that are approved for payment. Stop-loss coverage limits were \$150,000 for individual claims and approximately \$1,000,000 for aggregate claims.

Accruals were made based upon estimates of the health claims at year end including claims incurred but not reported. Such accruals were accounted for in the School Operating Fund as accrued payroll liabilities.

A schedule of the changes in the claims liability for the two years ended June 30, 2025 and 2024 is as follows:

	<u>Health Insurance Program</u>	
	<u>2025</u>	<u>2024</u>
Payable beginning of fiscal year	\$ 725,834	659,553
Claims expense and administrative fees	2,969,150	2,974,508
Claims deposits	<u>(2,945,412)</u>	<u>(2,908,227)</u>
Payable end of fiscal year	<u>\$ 749,572</u>	<u>725,834</u>

The \$749,572 claims liability at June 30, 2025 consists of claims submitted and an estimate of claims incurred but not yet reported.

The District has elected the reimbursable method of payment for Employment Security Compensation (ESC). Under this arrangement, the actual costs of ESC are reimbursed to the State of Alaska.

B. Related Party

Valdez City Schools received contributions from the City of Valdez, Alaska in the amount of \$11,188,393.

Notes to Basic Financial Statements, Continued

C. Contingent Liabilities

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.

D. Employee Retirement Systems and Plans

The District follows *Governmental Accounting Standards Board (GASB) Codification P20, Accounting for Pensions by State and Local Governmental Employees* and *GASB Codification P50, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*. *GASB Codification P20* and *GASB Codification P50* establish uniform standards for the measurement, recognition, and display of pension and other post-employment benefits other than pensions (healthcare) expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers.

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

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

Summary of Significant Accounting Policies. The financial statements for PERS and TRS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value.

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

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Plan Memberships

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

	PERS	TRS
Retired plan members or beneficiaries		
currently receiving benefits	36,198	13,236
Inactive plan members entitled to but		
not yet receiving benefits	4,516	751
Inactive plan members not entitled to benefits	9,790	1,504
Active plan members	7,963	2,555
Total plan memberships	58,467	18,046

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, 2025, employer contributions were 0.00% for PERS and 0.00% for TRS.

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2025, the employer contribution rates were 0.24% 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, 2025, employer contributions were 0.83% for PERS and 0.68% for TRS.

Health Reimbursement Arrangement Plan (HRA)

The Health Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3.00% of the average annual compensation of all employees in the PERS and TRS plans.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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, 2024 for PERS and TRS for the DB Pension Plan were 8.75% and 8.74%, the ARHCT Plan were 8.89% and 8.90%, the ODD Plan were 9.01% and 8.84%, and the RMP were 9.02% and 8.90%, 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 2.39%):

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	5.48%
Global Equity (ex-U.S.)	7.14%
Global Equity	5.79%
Aggregate Bonds	2.10%
Real Assets	4.63%
Private Equity	8.84%
Cash Equivalents	0.77%

VALDEZ CITY SCHOOLS

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%. 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 4.21% as of June 30, 2024.

Employer and Other Contribution Rates. There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

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

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Starting on June 30, 2014, the State of Alaska 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. Effective June 30, 2018, each future year's unfunded service liability is separately amortized on a level percent of pay basis over 25 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.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Employer Contribution rates for the fiscal year 2025 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	22.00%	26.76%	4.76%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	<u>22.00%</u>	<u>26.76%</u>	<u>4.76%</u>
TRS:			
Pension	12.56%	28.59%	16.03%
OPEB	0.00%	0.00%	0.00%
Total TRS contribution rates	<u>12.56%</u>	<u>28.59%</u>	<u>16.03%</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 fiscal year 2025, the past service rate for PERS and TRS is 17.88%.

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VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2024 (latest available) were determined by an actuarial valuation as of June 30, 2023 which was rolled forward to the measurement date June 30, 2024. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021.

Inflation	2.50% per year.
Salary Increases	Increases range from 2.85% to 8.50% based on service.
Investment return / discount rate	7.25%, net of expenses based on average inflation of 2.50% and a real return of 4.75%.
Mortality	Based upon 2017-2021 actual experience study and applicable tables contained in Pub-2010, projected with MP-2021 generational improvement.
Healthcare cost trend rates	Pre-65 medical: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 6.9% grading down to 4.5%. Initial trend rates are for FY2025. Ultimate trend rates reached in FY2050.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new demographic and economic assumptions were adopted by the Board at the June 2022 meeting to better reflect expected future experience and were effective for the June 30, 2022 actuarial valuation. For the ARHCT and RM plan, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

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>.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Pension Benefits. All tier employee benefits vest with five years of credited service. There are three tiers of employees based on entry date. Tier I employees enrolled prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For Tier II and III employees enrolled after June 30, 1986, but before July 1, 2006, the normal and early retirement ages are 60 and 55, respectively. All tier employees with 30 or more years of credited service may retire at any age and receive a normal benefit.

The PERS defined benefit plan is closed to new hires enrolled on or after July 1, 2006. New hires after this date participate in the PERS defined contribution plan (DC) described later in these notes.

Currently there are 150 employers participating in PERS defined benefit plan and 151 participating in PERS defined contribution and OPEB plans.

Retirement benefits are calculated by multiplying the average monthly compensation (AMC) times credited PERS service times the percentage multiplier. The AMC is determined by averaging the salaries earned during the five highest (three highest for peace officers/firefighters members or members hired prior to July 1, 1996) consecutive payroll years. Members must earn at least 115 days of credit in the last year worked to include it in the AMC calculation. The PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

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

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

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

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.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Salary Floor. During the 25th legislation session, Senate Bill 125 passed, which established a June 30, 2008 salary floor under AS 39.35.255(a)(2). The salary floor is the total base salaries paid by an employer to active employees of the system as of the fiscal year ending June 30, 2008. The statute requires the Division of Retirement and Benefits (Division) to collect employer contributions at a minimum based on FY 2008 base salaries.

Employee Contribution Rate. PERS active members are required to contribute 6.75%, 7.50% for peace officers and firefighters, and 9.60% for certain school district employees.

Employer contributions for the year ended June 30, 2025, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>443,220</u>	<u>28,623</u>	<u>471,843</u>

Public Employees' Retirement Plans

For the year ended June 30, 2025 the State of Alaska contributed \$136,111 (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, 2025 to a total of \$259,359 to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2025, 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	\$ 3,933,054
State's proportionate share of the net pension liability	<u>1,469,667</u>
Total	\$ <u>5,402,721</u>
	<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability (asset)	\$ (1,581,166)
State's proportionate share of the ARHCT OPEB liability (asset)	<u>(587,943)</u>
Total	\$ <u>(2,169,109)</u>
District's proportionate share of the ODD OPEB liability (asset)	\$ <u>(58,009)</u>
District's proportionate share of the RMP OPEB liability (asset)	\$ <u>(54,374)</u>
Total District's share of net pension and OPEB liabilities and (assets)	\$ <u>2,239,505</u>

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024 and adjusted to reflect updated assumptions. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for the fiscal years ending FY2026 to FY2039, as determined by projections based on the June 30, 2023 valuation.

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

	June 30, 2024 <u>Measurement</u>	June 30, 2023 <u>Measurement</u>	<u>Change</u>
Pension	0.07171%	0.08192%	(0.01021%)
OPEB:			
ARHCT	0.07180%	0.08170%	(0.00990%)
ODD	0.09717%	0.10454%	(0.00737%)
RMP	0.11665%	0.12522%	(0.00857%)

Based on the measurement date of June 30, 2024, the District recognized pension and OPEB expense of \$340,421 and \$276,219, respectively, for the year ended June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<u>Pension</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Defined Benefit:		
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	37,862	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	<u>443,220</u>	<u>-</u>
Total	<u>\$ 481,082</u>	<u>-</u>

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 857	-
Changes of assumptions	42,452	-
Net difference between projected and actual earnings on OPEB plan investments	24,078	-
Changes in proportion and differences between District contributions and proportionate share of contributions	39,118	-
District contributions subsequent to the measurement date	-	-
Total	<u>\$ 106,505</u>	<u>-</u>

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(13,589)
Changes of assumptions	-	(144)
Net difference between projected and actual earnings on OPEB plan investments	185	-
Changes in proportion and differences between District contributions and proportionate share of contributions	5,882	(3,090)
District contributions subsequent to the measurement date	6,420	-
Total	<u>\$ 12,487</u>	<u>(16,823)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,368	(6,043)
Changes of assumptions	18,400	(36,553)
Net difference between projected and actual earnings on OPEB plan investments	767	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,467	(832)
District contributions subsequent to the measurement date	22,203	-
Total	<u>\$ 45,205</u>	<u>(43,428)</u>

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

\$443,220 and \$28,623 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, 2026, 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
2025	\$ (105,413)	(6,456)	(3,531)	(7,255)
2026	196,244	159,479	(1,363)	465
2027	(28,968)	(25,561)	(2,784)	(7,744)
2028	(24,001)	(20,957)	(2,056)	(5,258)
2029	-	-	(899)	(2,877)
Thereafter	-	-	(123)	2,243
Total	\$ 37,862	106,505	(10,756)	(20,426)

For the year ended June 30, 2025, the District recognized (\$528,029) and \$185,911 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.25%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 5,239,199	3,933,054	2,827,743
Net OPEB ARHCT liability (asset)	\$ (1,001,170)	(1,581,166)	(2,069,245)
Net OPEB ODD liability (asset)	\$ (54,487)	(58,009)	(60,769)
Net OPEB RMP liability (asset)	\$ 9,419	(54,374)	(103,134)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability and Assets to Changes in the Healthcare Cost Trend Rates. The following present the District's proportionate share of the net OPEB liability (asset), as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$ (2,124,967)	(1,581,166)	(935,167)
Net OPEB ODD liability (asset)	\$ N/A	(58,009)	N/A
Net OPEB RMP liability (asset)	\$ (109,569)	(54,374)	19,685

Notes to Basic Financial Statements, Continued

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 8.00% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5.00% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 0.83% for the retiree medical plan (DB), 0.24% for occupational and death and disability benefits (DB) and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is capped at 22.00% with anything in excess of the previously listed rates being contributed to the Defined Benefit Unfunded Liability (DBUL).

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

The District contributed \$241,193 for the year ended June 30, 2025, which included forfeitures of \$14,606 which have been applied as employer contributions.

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

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

VALDEZ CITY SCHOOLS

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, 2025, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>318,350</u>	<u>28,693</u>	<u>347,043</u>

Teachers' Retirement Plans

For the year ended June 30, 2025 the State of Alaska contributed \$776,594 (100% pension cost) on-behalf of the District, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2024 to a total of \$1,123,556 to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

VALDEZ CITY SCHOOLS

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, 2025, 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	\$ 4,044,745
State's proportionate share of the net pension liability	<u>6,954,351</u>
Total	<u>\$ 10,999,096</u>
	<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability (asset)	\$ (2,260,800)
State's proportionate share of the ARHCT OPEB liability (asset)	<u>(3,668,765)</u>
Total	<u>\$ (5,929,565)</u>
District's proportionate share of the ODD OPEB liability (asset)	<u>\$ (48,463)</u>
District's proportionate share of the RMP OPEB liability (asset)	<u>\$ (136,670)</u>
Total District's share of net pension and OPEB liabilities and (assets)	<u>\$ 1,598,812</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024 and adjusted to reflect updated assumptions. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for the fiscal years ending FY2026 to FY2039, as determined by projections based on the June 30, 2023 valuation.

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>
	Measurement	Measurement	
Pension	0.21865%	0.23544%	(0.01679%)
OPEB:			
ARHCT	0.22661%	0.24208%	(0.01547%)
ODD	0.60822%	0.56482%	0.04340%
RMP	0.60780%	0.56519%	0.04261%

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2024, the District recognized pension and OPEB expense of \$1,353,241 and \$321,070, respectively, for the year ended June 30, 2025, 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	67,437	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	318,350	-
Total	<u>\$ 385,787</u>	<u>-</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(554)
Changes of assumptions	26,695	-
Net difference between projected and actual earnings on OPEB plan investments	28,643	-
Changes in proportion and differences between District contributions and proportionate share of contributions	14,600	-
District contributions subsequent to the measurement date	-	-
Total	<u>\$ 69,938</u>	<u>(554)</u>

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(7,658)
Changes of assumptions	-	(69)
Net difference between projected and actual earnings on OPEB plan investments	206	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,721	(8,100)
District contributions subsequent to the measurement date	3,020	-
Total	\$ <u>4,947</u>	<u>(15,827)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,079	(9,308)
Changes of assumptions	25,499	(53,033)
Net difference between projected and actual earnings on OPEB plan investments	1,945	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,316	(15,882)
District contributions subsequent to the measurement date	25,673	-
Total	\$ <u>74,512</u>	<u>(78,223)</u>

\$318,350 and \$28,693 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, 2026, 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
2025	\$ (185,940)	(64,655)	(3,149)	(11,455)
2026	338,979	191,412	(1,807)	2,075
2027	(46,276)	(31,523)	(2,775)	(9,245)
2028	(39,326)	(25,850)	(1,944)	(7,907)
2029	-	-	(1,823)	(2,976)
Thereafter	-	-	(2,402)	124
Total	\$ <u>67,437</u>	<u>69,384</u>	<u>(13,900)</u>	<u>(29,384)</u>

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2025, the District recognized (\$306,577) and \$200,000 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.25%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 5,867,839	4,044,745	2,501,481
Net OPEB ARHCT liability (asset)	\$ (1,558,143)	(2,260,800)	(2,848,803)
Net OPEB ODD liability (asset)	\$ (48,621)	(48,463)	(48,366)
Net OPEB RMP liability (asset)	\$ (36,073)	(136,670)	(212,633)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability and Assets to Changes in the Healthcare Cost Trend Rates. The following present the District's proportionate share of the net OPEB liability (asset), as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$ (2,913,001)	(2,260,800)	(1,481,594)
Net OPEB ODD liability (asset)	\$ N/A	(48,463)	N/A
Net OPEB RMP liability (asset)	\$ (221,811)	(136,670)	(21,401)

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 8.00% 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): 0.68% 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.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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 \$351,809 for the year ended June 30, 2025, which included forfeitures of (\$29,337) which have been applied as employer contributions.

E. Subsequent Accounting Pronouncements

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

- GASB 103 *Financial Reporting Model Improvements*: Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- GASB 104 *Disclosure of Certain Capital Assets*: Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 103 will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The changes primarily include updates to three key areas: management's discussion and analysis, presentation of proprietary fund financial statements, and budgetary comparison information. This Statement also addresses certain application issues.

GASB Statement No. 104 establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. The Statement also establishes requirements for capital assets held for sale and requires additional disclosures for those capital assets. Under the guidance, a capital asset is a capital asset held for sale if: (a) the government has decided to pursue the sale of the asset, and (b) it is probable the sale will be finalized within a year of the financial statement date. A government should disclose the historical cost and accumulated depreciation of capital assets held for sale, by major class of asset.

REQUIRED SUPPLEMENTARY INFORMATION

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

Year Ended June 30, 2025

	School Operating Fund			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources:				
E-rate	\$ 5,040	5,040	5,040	-
Earnings (loss) on investments	60,000	60,000	328,747	268,747
Other	-	30,000	29,880	(120)
Intergovernmental:				
State of Alaska	5,606,094	6,324,517	6,882,293	557,776
Federal sources	25,000	25,000	34,249	9,249
City appropriation	9,394,393	9,394,393	9,346,895	(47,498)
Total revenues	15,090,527	15,838,950	16,627,104	788,154
Expenditures:				
Current:				
Instruction	6,135,207	7,470,936	7,366,415	104,521
Special education instruction	2,217,354	2,506,480	2,217,135	289,345
Special education support services - students	360,392	417,544	380,012	37,532
Support services - students	368,396	444,600	445,991	(1,391)
Support services - instruction	730,288	973,137	1,118,535	(145,398)
School administration	560,685	646,312	638,003	8,309
School administration support services	266,132	290,162	265,723	24,439
District administration	404,862	458,160	272,317	185,843
District administration support services	348,906	365,621	393,871	(28,250)
Operations and maintenance of plant	3,073,186	2,391,731	2,782,476	(390,745)
Student activities	347,514	43,568	38,079	5,489
Total expenditures	14,812,922	16,008,251	15,918,557	89,694
Excess (deficiency) of revenues over expenditures	277,605	(169,301)	708,547	877,848
Other financing (uses):				
Transfers out	(843,443)	-	(3,507,435)	(3,507,435)
Net change in fund balance	\$ (565,838)	(169,301)	(2,798,888)	(2,629,587)
Fund balance, beginning of year, as originally stated			4,342,403	
Change in accounting principle			162,874	
Fund balance, beginning of year, as restated			4,505,277	
Fund balance, end of year			\$ 1,706,389	

See accompanying notes to required supplementary information

VALDEZ CITY SCHOOLS

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

Public Employees' Retirement System (PERS)

June 30, 2025

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0834%	\$ 4,061,399	\$ 1,088,208	\$ 5,149,607	\$ 2,767,329	146.76%	63.96%
2017	0.0957%	\$ 5,350,511	\$ 671,334	\$ 6,021,845	\$ 2,847,636	187.89%	59.55%
2018	0.0761%	\$ 3,935,733	\$ 1,467,430	\$ 5,403,163	\$ 3,032,644	129.78%	63.37%
2019	0.0792%	\$ 3,933,461	\$ 1,139,268	\$ 5,072,729	\$ 2,216,402	177.47%	65.19%
2020	0.0643%	\$ 3,522,113	\$ 1,394,873	\$ 4,916,986	\$ 2,101,824	167.57%	63.42%
2021	0.0750%	\$ 4,428,309	\$ 1,830,668	\$ 6,258,977	\$ 2,342,853	189.01%	61.61%
2022	0.0838%	\$ 3,072,759	\$ 418,395	\$ 3,491,154	\$ 2,324,382	132.20%	76.46%
2023	0.0791%	\$ 4,031,014	\$ 1,113,371	\$ 5,144,385	\$ 2,565,245	157.14%	67.97%
2024	0.0820%	\$ 4,247,711	\$ 1,415,537	\$ 5,663,248	\$ 2,693,205	157.72%	68.23%
2025	0.0717%	\$ 3,933,054	\$ 1,469,667	\$ 5,402,721	\$ 2,639,345	149.02%	67.81%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

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

Public Employees' Retirement System (PERS)

June 30, 2025

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)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.0760%	\$ 642,394	\$ 239,732	\$ 882,126	\$ 3,032,644	21.18%	89.68%
2019	0.0791%	\$ 812,222	\$ 235,988	\$ 1,048,210	\$ 2,216,402	36.65%	88.12%
2020	0.0643%	\$ 95,347	\$ 38,031	\$ 133,378	\$ 2,101,824	4.54%	98.13%
2021	0.0751%	\$ (339,875)	\$ (140,795)	\$ (480,670)	\$ 2,342,853	-14.51%	106.15%
2022	0.0843%	\$ (2,161,548)	\$ (283,712)	\$ (2,445,260)	\$ 2,324,382	-92.99%	135.54%
2023	0.0785%	\$ (1,544,052)	\$ (441,158)	\$ (1,985,210)	\$ 2,565,245	-60.19%	128.51%
2024	0.0817%	\$ (1,879,376)	\$ (635,142)	\$ (2,514,518)	\$ 2,693,205	-69.78%	133.96%
2025	0.0718%	\$ (1,581,166)	\$ (587,943)	\$ (2,169,109)	\$ 2,639,345	-59.91%	130.59%
Occupational Death and Disability (ODD):							
2018	0.1303%	\$ (18,489)	\$ -	\$ (18,489)	\$ 3,032,644	-0.61%	212.97%
2019	0.1154%	\$ (22,414)	\$ -	\$ (22,414)	\$ 2,216,402	-1.01%	270.62%
2020	0.0745%	\$ (18,073)	\$ -	\$ (18,073)	\$ 2,101,824	-0.86%	297.43%
2021	0.0988%	\$ (26,933)	\$ -	\$ (26,933)	\$ 2,342,853	-1.15%	283.80%
2022	0.1111%	\$ (48,971)	\$ -	\$ (48,971)	\$ 2,324,382	-2.11%	374.22%
2023	0.1120%	\$ (49,104)	\$ -	\$ (49,104)	\$ 2,565,245	-1.91%	348.80%
2024	0.1014%	\$ (53,633)	\$ -	\$ (53,633)	\$ 2,693,205	-1.99%	349.24%
2025	0.0972%	\$ (58,009)	\$ -	\$ (58,009)	\$ 2,639,345	-2.20%	346.81%
Retiree Medical Plan (RMP):							
2018	0.1303%	\$ 6,795	\$ -	\$ 6,795	\$ 616,628	1.10%	93.98%
2019	0.1154%	\$ 14,685	\$ -	\$ 14,685	\$ 603,295	2.43%	88.71%
2020	0.1333%	\$ 31,900	\$ -	\$ 31,900	\$ 798,300	4.00%	83.17%
2021	0.1234%	\$ 8,749	\$ -	\$ 8,749	\$ 736,349	1.19%	92.23%
2022	0.1311%	\$ (35,191)	\$ -	\$ (35,191)	\$ 888,077	-3.96%	115.10%
2023	0.1318%	\$ (45,785)	\$ -	\$ (45,785)	\$ 942,550	-4.86%	120.08%
2024	0.1252%	\$ (59,457)	\$ -	\$ (59,457)	\$ 921,700	-6.45%	124.29%
2025	0.1167%	\$ (54,374)	\$ -	\$ (54,374)	\$ 939,809	-5.79%	119.87%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Schedule of District's Contributions (Pensions)

Public Employees' Retirement System (PERS)

June 30, 2025

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
2016	\$ 212,804	\$ (212,804)	\$ -	\$ 2,847,636	7.47%
2017	\$ 248,669	\$ (248,669)	\$ -	\$ 3,032,644	8.20%
2018	\$ 264,070	\$ (264,070)	\$ -	\$ 2,216,402	11.91%
2019	\$ 234,343	\$ (235,931)	\$ (1,588)	\$ 2,101,824	11.15%
2020	\$ 215,676	\$ (216,727)	\$ (1,051)	\$ 2,342,853	9.21%
2021	\$ 257,282	\$ (254,644)	\$ 2,638	\$ 2,324,382	11.07%
2022	\$ 294,934	\$ (298,741)	\$ (3,807)	\$ 2,565,245	11.50%
2023	\$ 356,668	\$ (359,845)	\$ (3,177)	\$ 2,693,205	13.24%
2024	\$ 354,252	\$ (344,782)	\$ 9,470	\$ 2,639,345	13.42%
2025	\$ 428,614	\$ (443,220)	\$ (14,606)	\$ 3,241,073	13.22%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Schedule of District's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2025

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	\$ 75,271	\$ (75,271)	\$ -	\$ 2,216,402	3.40%
2019	\$ 85,179	\$ (85,179)	\$ -	\$ 2,101,824	4.05%
2020	\$ 86,148	\$ (86,148)	\$ -	\$ 2,342,853	3.68%
2021	\$ 31,084	\$ (31,084)	\$ -	\$ 2,324,382	1.34%
2022	\$ 29,485	\$ (29,485)	\$ -	\$ 2,565,245	1.15%
2023	\$ -	\$ -	\$ -	\$ 2,693,205	0.00%
2024	\$ -	\$ -	\$ -	\$ 2,639,345	0.00%
2025	\$ -	\$ -	\$ -	\$ 3,241,073	0.00%
Occupational Death and Disability (ODD):					
2018	\$ 2,090	\$ (2,090)	\$ -	\$ 2,216,402	0.09%
2019	\$ 3,044	\$ (3,044)	\$ -	\$ 2,101,824	0.14%
2020	\$ 4,333	\$ (4,333)	\$ -	\$ 2,342,853	0.18%
2021	\$ 5,927	\$ (5,927)	\$ -	\$ 2,324,382	0.25%
2022	\$ 6,462	\$ (6,462)	\$ -	\$ 2,565,245	0.25%
2023	\$ 6,404	\$ (6,404)	\$ -	\$ 2,693,205	0.24%
2024	\$ 6,668	\$ (6,668)	\$ -	\$ 2,639,345	0.25%
2025	\$ 6,420	\$ (6,420)	\$ -	\$ 3,241,073	0.20%
Retiree Medical Plan (RMP):					
2018	\$ 13,453	\$ (13,453)	\$ -	\$ 603,295	2.23%
2019	\$ 15,648	\$ (15,648)	\$ -	\$ 798,300	1.96%
2020	\$ 22,003	\$ (22,003)	\$ -	\$ 736,349	2.99%
2021	\$ 24,332	\$ (24,332)	\$ -	\$ 888,077	2.74%
2022	\$ 22,305	\$ (22,305)	\$ -	\$ 942,550	2.37%
2023	\$ 23,482	\$ (23,482)	\$ -	\$ 921,700	2.55%
2024	\$ 22,448	\$ (22,448)	\$ -	\$ 939,809	2.39%
2025	\$ 22,203	\$ (22,203)	\$ -	\$ 1,096,332	2.03%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

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

Teachers' Retirement System (TRS)

June 30, 2025

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.2147%	\$ 3,994,261	\$ 6,384,346	\$ 10,378,607	\$ 4,540,371	87.97%	73.82%
2017	0.2702%	\$ 6,168,702	\$ 7,329,227	\$ 13,497,929	\$ 4,709,751	130.98%	68.40%
2018	0.2301%	\$ 4,662,447	\$ 8,133,475	\$ 12,795,922	\$ 4,600,632	101.34%	72.39%
2019	0.2734%	\$ 5,232,873	\$ 7,783,428	\$ 13,016,301	\$ 3,615,917	144.72%	74.09%
2020	0.2096%	\$ 3,916,309	\$ 5,803,596	\$ 9,719,905	\$ 3,008,821	130.16%	74.68%
2021	0.2342%	\$ 4,757,830	\$ 8,256,718	\$ 13,014,548	\$ 2,910,724	163.46%	72.81%
2022	0.3542%	\$ 2,819,219	\$ 2,390,592	\$ 5,209,811	\$ 5,341,115	52.78%	89.43%
2023	0.2748%	\$ 4,581,390	\$ 6,105,660	\$ 10,687,050	\$ 5,193,169	88.22%	78.33%
2024	0.2354%	\$ 4,140,038	\$ 6,543,998	\$ 10,684,036	\$ 5,318,710	77.84%	77.62%
2025	0.2187%	\$ 4,044,745	\$ 6,954,351	\$ 10,999,096	\$ 5,144,817	78.62%	77.07%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

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

Teachers' Retirement System (TRS)

June 30, 2025

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)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.2294%	\$ 421,933	\$ 740,002	\$ 1,161,935	\$ 4,600,632	9.17%	93.75%
2019	0.2728%	\$ 848,197	\$ 1,266,367	\$ 2,114,564	\$ 3,615,917	23.46%	90.23%
2020	0.2092%	\$ (319,624)	\$ (475,308)	\$ (794,932)	\$ 3,008,821	-10.62%	105.50%
2021	0.2334%	\$ (834,812)	\$ (1,455,216)	\$ (2,290,028)	\$ 2,910,724	-28.68%	113.78%
2022	0.3678%	\$ (4,275,822)	\$ (3,333,081)	\$ (7,608,903)	\$ 5,341,115	-80.05%	145.41%
2023	0.2807%	\$ (2,459,872)	\$ (3,158,096)	\$ (5,617,968)	\$ 5,193,169	-47.37%	134.84%
2024	0.2422%	\$ (2,446,518)	\$ (3,697,123)	\$ (6,143,641)	\$ 5,318,710	-46.00%	140.49%
2025	0.2266%	\$ (2,260,800)	\$ (3,668,765)	\$ (5,929,565)	\$ 5,144,817	-43.94%	137.40%
Occupational Death and Disability (ODD):							
2018	0.4387%	\$ (14,336)	\$ -	\$ (14,336)	\$ 4,600,632	-0.31%	1342.59%
2019	0.3890%	\$ (13,638)	\$ -	\$ (13,638)	\$ 3,615,917	-0.38%	1304.81%
2020	0.5165%	\$ (20,767)	\$ -	\$ (20,767)	\$ 3,008,821	-0.69%	1409.77%
2021	0.4739%	\$ (20,400)	\$ -	\$ (20,400)	\$ 2,910,724	-0.70%	931.08%
2022	0.5242%	\$ (31,953)	\$ -	\$ (31,953)	\$ 5,341,115	-0.60%	1254.36%
2023	0.5055%	\$ (30,529)	\$ -	\$ (30,529)	\$ 5,193,169	-0.59%	1268.28%
2024	0.5640%	\$ (39,080)	\$ -	\$ (39,080)	\$ 5,318,710	-0.73%	1410.42%
2025	0.6082%	\$ (48,463)	\$ -	\$ (48,463)	\$ 5,144,817	-0.94%	1600.56%
Retiree Medical Plan (RMP):							
2018	0.4387%	\$ (20,794)	\$ -	\$ (20,794)	\$ 654,851	-3.18%	118.16%
2019	0.3890%	\$ (12,440)	\$ -	\$ (12,440)	\$ 655,666	-1.90%	109.56%
2020	0.5142%	\$ (19,724)	\$ -	\$ (19,724)	\$ 1,585,496	-1.24%	110.03%
2021	0.4754%	\$ (46,897)	\$ -	\$ (46,897)	\$ 965,497	-4.86%	125.59%
2022	0.5232%	\$ (105,048)	\$ -	\$ (105,048)	\$ 1,829,053	-5.74%	142.54%
2023	0.5047%	\$ (97,733)	\$ -	\$ (97,733)	\$ 1,896,561	-5.15%	140.73%
2024	0.5652%	\$ (125,195)	\$ -	\$ (125,195)	\$ 2,270,350	-5.51%	140.71%
2025	0.0061%	\$ (136,670)	\$ -	\$ (136,670)	\$ 2,624,658	-5.21%	134.72%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Schedule of District's Contributions (Pensions)

Teachers' Retirement System (TRS)

June 30, 2025

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
2016	\$ 255,498	\$ (255,498)	\$ -	\$ 4,709,751	5.42%
2017	\$ 299,121	\$ (299,121)	\$ -	\$ 4,600,632	6.50%
2018	\$ 303,737	\$ (303,737)	\$ -	\$ 3,615,917	8.40%
2019	\$ 247,892	\$ (248,143)	\$ (251)	\$ 3,008,821	8.24%
2020	\$ 259,303	\$ (258,900)	\$ 403	\$ 2,910,724	8.91%
2021	\$ 212,197	\$ (212,197)	\$ -	\$ 5,341,115	3.97%
2022	\$ 215,349	\$ (215,500)	\$ (151)	\$ 5,193,169	4.15%
2023	\$ 354,925	\$ (355,306)	\$ (381)	\$ 5,318,710	6.67%
2024	\$ 286,106	\$ (286,106)	\$ -	\$ 5,144,817	5.56%
2025	\$ 295,619	\$ (318,350)	\$ (22,731)	\$ 5,564,100	5.31%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Schedule of District's Contributions (OPEB)

Teachers' Retirement System (TRS)

June 30, 2025

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	\$ 150,425	\$ (150,425)	\$ -	\$ 3,615,917	4.16%
2019	\$ 122,131	\$ (122,131)	\$ -	\$ 3,008,821	4.06%
2020	\$ 146,284	\$ (146,284)	\$ -	\$ 2,910,724	5.03%
2021	\$ 204,961	\$ (204,961)	\$ -	\$ 5,341,115	3.84%
2022	\$ 175,945	\$ (175,945)	\$ -	\$ 5,193,169	3.39%
2023	\$ -	\$ -	\$ -	\$ 5,318,710	0.00%
2024	\$ -	\$ -	\$ -	\$ 5,144,817	0.00%
2025	\$ -	\$ -	\$ -	\$ 5,564,100	0.00%
Occupational Death and Disability (ODD):					
2018	\$ -	\$ -	\$ -	\$ 3,615,917	0.00%
2019	\$ 1,612	\$ (1,612)	\$ -	\$ 3,008,821	0.05%
2020	\$ 1,557	\$ (1,557)	\$ -	\$ 2,910,724	0.05%
2021	\$ 1,898	\$ (1,898)	\$ -	\$ 5,341,115	0.04%
2022	\$ 1,987	\$ (1,987)	\$ -	\$ 5,193,169	0.04%
2023	\$ 2,322	\$ (2,322)	\$ -	\$ 5,318,710	0.04%
2024	\$ 2,705	\$ (2,705)	\$ -	\$ 5,144,817	0.05%
2025	\$ 3,020	\$ (3,020)	\$ -	\$ 5,564,100	0.05%
Retiree Medical Plan (RMP):					
2018	\$ 12,723	\$ (12,723)	\$ -	\$ 655,666	1.94%
2019	\$ 15,863	\$ (15,863)	\$ -	\$ 1,585,496	1.00%
2020	\$ 21,209	\$ (21,209)	\$ -	\$ 965,497	2.20%
2021	\$ 22,059	\$ (22,059)	\$ -	\$ 1,829,053	1.21%
2022	\$ 20,622	\$ (20,622)	\$ -	\$ 1,896,561	1.09%
2023	\$ 25,246	\$ (25,246)	\$ -	\$ 2,270,350	1.11%
2024	\$ 27,721	\$ (27,721)	\$ -	\$ 2,624,658	1.06%
2025	\$ 25,673	\$ (25,673)	\$ -	\$ 2,801,019	0.92%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Notes to Required Supplementary Information

Year Ended June 30, 2025

1. General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to May 1, the District Manager submits to the District's School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30th, the budget is legally enacted through passage of a resolution. If no District School Board action is taken, the District Manager's budget becomes the actual budget. Annual budgets are legally adopted for the School Operating, most Special Revenue, Debt Service, and Capital Project Funds.
4. The District Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures of any fund or department within a fund must be approved by the District School Board. Expenditures may not legally exceed appropriations on the department level (Administration, Finance, etc.).
5. Formal budgetary integration is employed as a management control device during the year for the School Operating and Special Revenue Funds.
6. Appropriations lapse at the end of the year except for capital expenditures, certain contractual appropriations and reserves.

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

	<u>Amount in Excess of Appropriation</u>
Support services -students	\$ 1,391
Support services - instruction	\$ 145,398
District administration support services	\$ 28,250
Operations and maintenance of plant	\$ 390,745

Excess of expenditures over appropriations were funded through available revenues and fund balance. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the School Operating Fund. Encumbrances outstanding at year end are reported as unassigned fund balances since they do not constitute expenditures or liabilities. The number of encumbrances, if significant, are disclosed as commitments.

2. Public Employees' Retirement System**Schedule of District's Proportionate Share of Net Pension and OPEB Liability (Asset)**

The table is presented based on the Plan measurement date which is one year prior to fiscal year end for all years presented.

Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation*Defined Benefit Pension and Postemployment Healthcare Benefit Plan***a) Changes in Methods Since the Prior Valuation – June 30, 2022 to June 30, 2023**

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

b) Changes in Assumptions Since the Prior Valuation – June 30, 2022 to June 30, 2023

Healthcare claim costs are updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets. There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2022 to June 30, 2023

There have been no changes in benefit provisions valued since the prior valuation.

*Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan***a) Changes in Methods Since the Prior Valuation – June 30, 2022 to June 30, 2023**

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

b) Changes in Assumptions Since the Prior Valuation – June 30, 2022 to June 30, 2023

Healthcare claim costs are updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets. There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2022 to June 30, 2023

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, 2023 which was rolled forward to June 30, 2024. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

3. Teachers' Retirement System**Schedule of District's Proportionate Share of Net Pension and OPEB Liability (Asset)**

The table is presented based on the Plan measurement date which is one year prior to fiscal year end for all years presented.

Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation*Defined Benefit Pension and Postemployment Healthcare Benefit Plan***a) Changes in Methods Since the Prior Valuation – June 30, 2022 to June 30, 2023**

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

b) Changes in Assumptions Since the Prior Valuation – June 30, 2022 to June 30, 2023

Healthcare claim costs are updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets. There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2022 to June 30, 2023

There have been no changes in benefit provisions valued since the prior valuation.

*Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plans***a) Changes in Methods Since the Prior Valuation – June 30, 2022 to June 30, 2023**

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

b) Changes in Assumptions Since the Prior Valuation – June 30, 2022 to June 30, 2023

Healthcare claim costs are updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets. There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2022 to June 30, 2023

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, 2023 which was rolled forward to June 30, 2024. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

**SUPPLEMENTARY
INFORMATION**

VALDEZ CITY SCHOOLS

School Operating Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
E-rate	\$ 5,040	5,040	-
Earnings (loss) on investments	60,000	328,747	268,747
Other	30,000	29,880	(120)
Intergovernmental:			
State of Alaska:			
Foundation program	4,403,461	4,558,421	154,960
House Bill 268	-	968,776	968,776
Quality schools	22,379	22,795	416
On behalf TRS	888,540	776,594	(111,946)
On behalf PERS	154,151	136,111	(18,040)
Other state sources	855,986	419,596	(436,390)
Federal sources:			
Impact aid	25,000	32,999	7,999
Other federal sources	-	1,250	1,250
City appropriation	9,394,393	9,346,895	(47,498)
Total revenues	<u>15,838,950</u>	<u>16,627,104</u>	<u>788,154</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	3,724,758	3,839,241	(114,483)
Non-certificated salaries	230,331	190,625	39,706
Employee benefits	2,501,654	2,329,104	172,550
Professional and technical services	48,000	47,329	671
Staff travel	7,000	3,392	3,608
Other purchased services	43,640	34,352	9,288
Supplies, materials and media	619,763	610,035	9,728
Other expenses	1,400	1,277	123
Equipment	294,390	311,060	(16,670)
Total instruction	<u>7,470,936</u>	<u>7,366,415</u>	<u>104,521</u>
Special education instruction:			
Certificated salaries	620,223	525,708	94,515
Non-certificated salaries	729,984	725,652	4,332
Employee benefits	1,144,273	954,385	189,888
Supplies, materials and media	12,000	11,390	610
Total special education instruction	<u>2,506,480</u>	<u>2,217,135</u>	<u>289,345</u>
Special education support services - students:			
Certificated salaries	82,967	69,185	13,782
Non-certificated salaries	60,290	60,290	-
Employee benefits	98,544	88,793	9,751
Professional and technical services	160,000	149,033	10,967
Student travel	5,000	2,047	2,953
Supplies, materials and media	2,800	2,722	78
Equipment	7,943	7,942	1
Total special education support services - students	<u>417,544</u>	<u>380,012</u>	<u>37,532</u>

(continued)

VALDEZ CITY SCHOOLS

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Current:			
Support services - students:			
Certificated salaries	\$ 266,389	266,821	(432)
Employee benefits	168,161	177,340	(9,179)
Staff travel	2,400	974	1,426
Supplies, materials and media	7,650	856	6,794
Total support services - students	<u>444,600</u>	<u>445,991</u>	<u>(1,391)</u>
Support services - instruction:			
Non-certificated salaries	333,599	454,351	(120,752)
Employee benefits	319,438	369,552	(50,114)
Professional and technical services	233,000	212,896	20,104
Utility services	70,000	64,966	5,034
Other purchased services	1,000	998	2
Supplies, materials and media	15,600	15,272	328
Equipment	500	500	-
Total support services - instruction	<u>973,137</u>	<u>1,118,535</u>	<u>(145,398)</u>
School administration:			
Certificated salaries	414,282	426,530	(12,248)
Employee benefits	226,480	205,624	20,856
Staff travel	3,750	4,624	(874)
Other	1,800	1,225	575
Total school administration	<u>646,312</u>	<u>638,003</u>	<u>8,309</u>
School administration support services:			
Non-certificated salaries	141,667	132,168	9,499
Employee benefits	130,660	116,018	14,642
Other purchased services	2,135	2,135	-
Supplies, materials and media	14,700	14,402	298
Equipment	1,000	1,000	-
Total school administration support services	<u>290,162</u>	<u>265,723</u>	<u>24,439</u>
District administration:			
Certificated salaries	170,000	42,660	127,340
Non-certificated salaries	73,189	54,600	18,589
Employee benefits	112,821	53,543	59,278
Professional and technical services	53,650	99,240	(45,590)
Staff travel	25,000	14,033	10,967
Supplies, materials and media	12,000	8,179	3,821
Other	11,500	62	11,438
Total district administration	<u>458,160</u>	<u>272,317</u>	<u>185,843</u>

(continued)

VALDEZ CITY SCHOOLS

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Current:			
District administration support services:			
Non-certificated salaries	\$ 193,649	196,836	(3,187)
Employee benefits	117,170	113,827	3,343
Professional and technical services	48,500	73,503	(25,003)
Staff travel	2,000	3,075	(1,075)
Other purchased services	702	-	702
Insurance and bond premiums	20,000	21,926	(1,926)
Supplies, materials and media	8,000	6,122	1,878
Other	600	295	305
Indirect cost recovery	(25,000)	(21,713)	(3,287)
Total district administration support services	<u>365,621</u>	<u>393,871</u>	<u>(28,250)</u>
Operations and maintenance of plant:			
Non-certificated salaries	829,187	809,104	20,083
Employee benefits	569,494	465,603	103,891
Staff travel	3,500	1,072	2,428
Energy	606,900	634,479	(27,579)
Other purchased services	114,500	523,260	(408,760)
Insurance and bond premiums	105,000	124,900	(19,900)
Supplies, materials and media	96,250	191,954	(95,704)
Other	1,400	59	1,341
Equipment	65,500	32,045	33,455
Total operations and maintenance of plant	<u>2,391,731</u>	<u>2,782,476</u>	<u>(390,745)</u>
Student activities:			
Employee benefits	<u>43,568</u>	<u>38,079</u>	<u>5,489</u>
Total expenditures	<u>16,008,251</u>	<u>15,918,557</u>	<u>89,694</u>
Excess (deficiency) of revenues over expenditures	<u>(169,301)</u>	<u>708,547</u>	<u>877,848</u>
Other financing (uses):			
Transfers out:			
Food Service Special Revenue Fund	-	(324,898)	(324,898)
Activities Special Revenue Fund	-	(564,466)	(564,466)
Technology Capital Project Fund	-	(1,523,597)	(1,523,597)
Maintenance CIP Capital Project Fund	-	(455,000)	(455,000)
Vehicle Replacement Capital Project Fund	-	(639,474)	(639,474)
Total other financing (uses)	<u>-</u>	<u>(3,507,435)</u>	<u>(3,507,435)</u>
Net change in fund balance	<u>\$ (169,301)</u>	<u>(2,798,888)</u>	<u>(2,629,587)</u>
Fund balance, beginning of year, as originally stated		4,342,403	
Change in accounting principle		<u>162,874</u>	
Fund balance, beginning of year, as restated		<u>4,505,277</u>	
Fund balance, end of year		<u>\$ 1,706,389</u>	

VALDEZ CITY SCHOOLS

Technology Capital Project Fund

Schedule of Revenues, Expenditures, and Changes
In Fund Balance

Year Ended June 30, 2025

Revenues:		
Intergovernmental:		
City appropriation	\$	<u>125,000</u>
Expenditures:		
Current:		
Support services - instruction:		
Supplies, materials and media		84,069
Equipment		<u>348,260</u>
Total expenditures		<u>432,329</u>
Excess (deficiency) of revenues over expenditures		(307,329)
Other financing sources:		
Transfer in:		
School Operating Fund		<u>1,523,597</u>
Net change in fund balance		1,216,268
Fund balance, beginning of year		<u>962,321</u>
Fund balance, end of year	\$	<u><u>2,178,589</u></u>

VALDEZ CITY SCHOOLS

Other Governmental Funds

Combining Balance Sheet

June 30, 2025

Assets	Special Revenue Funds								
	Student Transportation	Community Education	Food Service	Minigrants	Preschool Disabled	Title VI-B	Indian Education		Title II-A
Accounts receivable	\$ -	-	-	-	9,975	35,718	11,216	1,053	
Due from School Operating Fund	232,353	114,800	-	9,108	-	-	-	-	
Inventory	-	-	35,860	-	-	-	-	-	
Total assets	\$ 232,353	114,800	35,860	9,108	9,975	35,718	11,216	1,053	
Liabilities and Fund Balances									
Liabilities:									
Due to School Operating Fund	-	-	-	-	9,975	35,718	11,216	1,053	
Unearned revenues	-	-	6,913	-	-	-	-	-	
Total liabilities	-	-	6,913	-	9,975	35,718	11,216	1,053	
Fund balances:									
Non-spendable:									
Inventory	-	-	35,860	-	-	-	-	-	
Committed:									
Minigrants	-	-	-	9,108	-	-	-	-	
Transportation	232,353	-	-	-	-	-	-	-	
Community education	-	114,800	-	-	-	-	-	-	
ADA renovations	-	-	-	-	-	-	-	-	
Vehicle replacement	-	-	-	-	-	-	-	-	
Title I-A	-	-	-	-	-	-	-	-	
Maintenance	-	-	-	-	-	-	-	-	
Migrant education	-	-	-	-	-	-	-	-	
Student activities	-	-	-	-	-	-	-	-	
Unassigned	-	-	(6,913)	-	-	-	-	-	
Total fund balances	232,353	114,800	28,947	9,108	-	-	-	-	
Total fund balances and liabilities	\$ 232,353	114,800	35,860	9,108	9,975	35,718	11,216	1,053	

(continued)

VALDEZ CITY SCHOOLS

Other Governmental Funds

Combining Balance Sheet, Continued

<u>Assets</u>	Special Revenue Funds				
	Title I-A Basic	Carl Perkins	Migrant Education	Migrant Education Book	Title IV-A School Improvement
Accounts receivable	\$ 19,082	10,207	30,699	2,440	5,610
Due from School Operating Fund	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	\$ 19,082	10,207	30,699	2,440	5,610
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Due to School Operating Fund	19,057	10,207	30,317	2,440	5,610
Unearned revenues	-	-	-	-	-
Total liabilities	19,057	10,207	30,317	2,440	5,610
Fund balances:					
Non-spendable:					
Inventory	-	-	-	-	-
Committed:					
Minigrants	-	-	-	-	-
Transportation	-	-	-	-	-
Community education	-	-	-	-	-
ADA renovations	-	-	-	-	-
Vehicle replacement	-	-	-	-	-
Title I-A	25	-	-	-	-
Maintenance	-	-	-	-	-
Migrant education	-	-	382	-	-
Student activities	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	25	-	382	-	-
Total fund balances and liabilities	\$ 19,082	10,207	30,699	2,440	5,610

(continued)

VALDEZ CITY SCHOOLS

Other Governmental Funds

Combining Balance Sheet, Continued

<u>Assets</u>	<u>Special Revenue Fund</u>		<u>Capital Project Funds</u>			<u>Total Capital Project Funds</u>	<u>Total Other Governmental Funds</u>
	<u>Student Activities</u>	<u>Total Special Revenue Funds</u>	<u>ADA Renovations</u>	<u>Maintenance CIP</u>	<u>Vehicle Replacement</u>		
Accounts receivable	\$ -	126,000	-	-	-	-	126,000
Due from School Operating Fund	299,032	655,293	61,426	714,549	416,014	1,191,989	1,847,282
Inventory	-	35,860	-	-	-	-	35,860
Total assets	\$ 299,032	817,153	61,426	714,549	416,014	1,191,989	2,009,142
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Due to School Operating Fund	-	125,593	-	-	-	-	125,593
Unearned revenues	-	6,913	-	-	-	-	6,913
Total liabilities	-	132,506	-	-	-	-	132,506
Fund balances:							
Non-spendable:							
Inventory	-	35,860	-	-	-	-	35,860
Committed:							
Minigrants	-	9,108	-	-	-	-	9,108
Transportation	-	232,353	-	-	-	-	232,353
Community education	-	114,800	-	-	-	-	114,800
ADA renovations	-	-	61,426	-	-	61,426	61,426
Vehicle replacement	-	-	-	-	416,014	416,014	416,014
Title I-A	-	25	-	-	-	-	25
Maintenance	-	-	-	714,549	-	714,549	714,549
Migrant education	-	382	-	-	-	-	382
Student activities	299,032	299,032	-	-	-	-	299,032
Unassigned	-	(6,913)	-	-	-	-	(6,913)
Total fund balances	299,032	684,647	61,426	714,549	416,014	1,191,989	1,876,636
Total fund balances and liabilities	\$ 299,032	817,153	61,426	714,549	416,014	1,191,989	2,009,142

VALDEZ CITY SCHOOLS

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2025

	Special Revenue Funds							
	Student Transportation	Community Education	Food Service	Minigrants	Preschool Disabled	Title VI-B	Indian Education	Title II-A
Revenues:								
Local sources:								
Charges for services	\$ -	-	102,161	-	-	-	-	-
Other	-	-	-	2,000	-	-	-	-
Intergovernmental:								
State of Alaska	520,563	-	-	-	-	-	-	-
Federal sources	-	-	237,029	3,248	9,975	202,440	41,676	37,875
City appropriation	94,000	867,498	400,000	-	-	-	-	-
Total revenues	<u>614,563</u>	<u>867,498</u>	<u>739,190</u>	<u>5,248</u>	<u>9,975</u>	<u>202,440</u>	<u>41,676</u>	<u>37,875</u>
Expenditures:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Special education instruction	-	-	-	-	9,604	194,916	-	-
Support services - instruction	-	-	-	6,644	-	-	41,676	36,467
District administration support services	-	-	-	-	371	7,524	-	1,408
Student activities	-	-	-	-	-	-	-	-
Student transportation - to and from school	664,039	-	-	-	-	-	-	-
Community services	-	994,979	-	-	-	-	-	-
Food services	102	-	1,065,875	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>664,141</u>	<u>994,979</u>	<u>1,065,875</u>	<u>6,644</u>	<u>9,975</u>	<u>202,440</u>	<u>41,676</u>	<u>37,875</u>
Excess (deficiency) of revenues over expenditures	(49,578)	(127,481)	(326,685)	(1,396)	-	-	-	-
Other financing sources:								
Transfers in	-	-	324,898	-	-	-	-	-
Net change in fund balances	(49,578)	(127,481)	(1,787)	(1,396)	-	-	-	-
Fund balances, beginning of year	<u>281,931</u>	<u>242,281</u>	<u>30,734</u>	<u>10,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 232,353</u>	<u>114,800</u>	<u>28,947</u>	<u>9,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

VALDEZ CITY SCHOOLS

Other Governmental Funds

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

	Special Revenue Funds						
	Title I-A Basic	Carl Perkins	Migrant Education	Migrant Education Book	Title IV-A School Improvement	CRRSA ESSR III	Alyeska Reading
Revenues:							
Local sources:							
Charges for services	\$ -	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Intergovernmental:							
State of Alaska	-	-	-	-	-	-	-
Federal sources	92,289	21,678	173,878	3,093	25,960	12,072	14,794
City appropriation	-	-	-	-	-	-	-
Total revenues	<u>92,289</u>	<u>21,678</u>	<u>173,878</u>	<u>3,093</u>	<u>25,960</u>	<u>12,072</u>	<u>14,794</u>
Expenditures:							
Current:							
Instruction	88,859	20,872	-	2,978	-	-	-
Special education instruction	-	-	-	-	-	-	-
Support services - instruction	-	-	167,600	-	25,176	11,623	14,244
District administration support services	3,430	806	6,278	115	784	449	550
Student activities	-	-	-	-	-	-	-
Student transportation - to and from school	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>92,289</u>	<u>21,678</u>	<u>173,878</u>	<u>3,093</u>	<u>25,960</u>	<u>12,072</u>	<u>14,794</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-
Other financing sources:							
Transfers in	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-
Fund balances, beginning of year	<u>25</u>	<u>-</u>	<u>382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 25</u>	<u>-</u>	<u>382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

VALDEZ CITY SCHOOLS

Other Governmental Funds

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

	Special Revenue Funds			Capital Project Funds			Total Other Governmental Funds	
	Student Activities	Activities	Total Special Revenue Funds	ADA Renovations	Maintenance CIP	Vehicle Replacement		Total Capital Project Funds
Revenues:								
Local sources:								
Charges for services	\$ -	-	102,161	-	-	-	-	102,161
Other	156,947	-	158,947	-	-	-	-	158,947
Intergovernmental:								
State of Alaska	-	-	520,563	-	-	-	-	520,563
Federal sources	-	-	876,007	-	-	-	-	876,007
City appropriation	-	355,000	1,716,498	-	-	-	-	1,716,498
Total revenues	<u>156,947</u>	<u>355,000</u>	<u>3,374,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,374,176</u>
Expenditures:								
Current:								
Instruction	-	-	112,709	-	-	-	-	112,709
Special education instruction	-	-	204,520	-	-	-	-	204,520
Support services - instruction	-	-	303,430	-	-	-	-	303,430
District administration support services	-	-	21,715	-	-	-	-	21,715
Student activities	103,249	919,466	1,022,715	-	-	-	-	1,022,715
Student transportation - to and from school	-	-	664,039	-	-	-	-	664,039
Community services	-	-	994,979	-	-	-	-	994,979
Food services	-	-	1,065,977	-	-	-	-	1,065,977
Capital outlay	-	-	-	-	-	265,384	265,384	265,384
Total expenditures	<u>103,249</u>	<u>919,466</u>	<u>4,390,084</u>	<u>-</u>	<u>-</u>	<u>265,384</u>	<u>265,384</u>	<u>4,655,468</u>
Excess (deficiency) of revenues over expenditures	53,698	(564,466)	(1,015,908)	-	-	(265,384)	(265,384)	(1,281,292)
Other financing sources:								
Transfers in	-	564,466	889,364	-	455,000	639,474	1,094,474	1,983,838
Net change in fund balances	53,698	-	(126,544)	-	455,000	374,090	829,090	702,546
Fund balances, beginning of year	<u>245,334</u>	<u>-</u>	<u>811,191</u>	<u>61,426</u>	<u>259,549</u>	<u>41,924</u>	<u>362,899</u>	<u>1,174,090</u>
Fund balances, end of year	\$ <u>299,032</u>	<u>-</u>	<u>684,647</u>	<u>61,426</u>	<u>714,549</u>	<u>416,014</u>	<u>1,191,989</u>	<u>1,876,636</u>

VALDEZ CITY SCHOOLS

Student Transportation Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 509,401	520,563	11,162
City appropriation	94,000	94,000	-
Total revenues	<u>603,401</u>	<u>614,563</u>	<u>11,162</u>
Expenditures:			
Current:			
Student transportation - to and from school:			
Student travel	674,136	664,039	10,097
Food services:			
Student travel	-	102	(102)
Total expenditures	<u>674,136</u>	<u>664,141</u>	<u>9,995</u>
Excess (deficiency) of revenues over expenditures	\$ <u><u>(70,735)</u></u>	(49,578)	<u><u>21,157</u></u>
Fund balance, beginning of year		<u>281,931</u>	
Fund balance, end of year		\$ <u><u>232,353</u></u>	

VALDEZ CITY SCHOOLS

Community Education Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
City appropriation	\$ 867,498	867,498	-
Expenditures:			
Current:			
Community services:			
Non-certificated salaries	318,937	346,759	(27,822)
Employee benefits	214,068	180,190	33,878
Staff travel	1,500	460	1,040
Energy	260,100	271,920	(11,820)
Other purchased services	40,500	46,097	(5,597)
Insurance and bond premiums	45,000	53,528	(8,528)
Supplies, materials and media	41,250	82,266	(41,016)
Other expenditures	600	26	574
Equipment	-	13,733	(13,733)
Total expenditures	<u>921,955</u>	<u>994,979</u>	<u>(73,024)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(54,457)</u>	(127,481)	<u>(73,024)</u>
Fund balance, beginning of year		<u>242,281</u>	
Fund balance, end of year		\$ <u><u>114,800</u></u>	

VALDEZ CITY SCHOOLS

Food Service Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Charges for services	\$ 105,000	102,161	(2,839)
Intergovernmental:			
Federal sources - U.S. Department of Agriculture passed through the State of Alaska	227,581	237,029	9,448
City appropriation	400,000	400,000	-
Total revenues	<u>732,581</u>	<u>739,190</u>	<u>6,609</u>
Expenditures:			
Current:			
Food services:			
Non-certificated salaries	354,558	381,843	(27,285)
Employee benefits	268,857	235,474	33,383
Staff travel	3,000	2,245	755
Supplies, materials and media	450,850	446,313	4,537
Total expenditures	<u>1,077,265</u>	<u>1,065,875</u>	<u>11,390</u>
Excess (deficiency) of revenues over expenditures	(344,684)	(326,685)	17,999
Other financing sources:			
Transfer in:			
School Operating Fund	311,529	324,898	13,369
Net change in fund balance	\$ <u>(33,155)</u>	(1,787)	<u>31,368</u>
Fund balance, beginning of year		<u>30,734</u>	
Fund balance, end of year		\$ <u><u>28,947</u></u>	

VALDEZ CITY SCHOOLS

Minigrants Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ -	2,000	2,000
Intergovernmental:			
Federal education sources passed through the State of Alaska	5,700	3,248	(2,452)
Total revenues	<u>5,700</u>	<u>5,248</u>	<u>(452)</u>
Expenditures:			
Current:			
Support services - instruction:			
Staff travel	5,475	3,127	2,348
Supplies, materials and media	7,287	3,517	3,770
Total expenditures	<u>12,762</u>	<u>6,644</u>	<u>6,118</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(7,062)</u>	(1,396)	<u>5,666</u>
Fund balance, beginning of year		<u>10,504</u>	
Fund balance, end of year		\$ <u><u>9,108</u></u>	

VALDEZ CITY SCHOOLS

Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 9,975	9,975	-
Expenditures:			
Current:			
Special education instruction:			
Professional and technical services	9,604	9,604	-
District administration support services:			
Indirect cost	371	371	-
Total expenditures	9,975	9,975	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

VALDEZ CITY SCHOOLS

Title VI-B Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 223,744	202,440	(21,304)
Expenditures:			
Current:			
Special education instruction:			
Certificated salaries	35,932	33,378	2,554
Non-certificated salaries	57,630	47,735	9,895
Employee benefits	65,366	57,392	7,974
Professional and technical services	43,355	43,355	-
Staff travel	1,945	1,945	-
Supplies, materials and media	11,201	11,111	90
Total special education instruction	<u>215,429</u>	<u>194,916</u>	<u>20,513</u>
District administration support services:			
Indirect cost	8,315	7,524	791
Total expenditures	<u>223,744</u>	<u>202,440</u>	<u>21,304</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>	

VALDEZ CITY SCHOOLS

Indian Education Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - direct federal education sources	\$ 41,676	41,676	-
Expenditures:			
Current:			
Support services - instruction:			
Certificated salaries	11,000	22,060	(11,060)
Employee benefits	3,000	4,283	(1,283)
Professional and technical services	3,050	3,049	1
Staff travel	100	1,059	(959)
Supplies, materials and media	24,526	11,225	13,301
Total expenditures	<u>41,676</u>	<u>41,676</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

VALDEZ CITY SCHOOLS

Title II-A Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 48,175	37,875	(10,300)
Expenditures:			
Current:			
Support services - instruction:			
Non-certificated salaries	10,930	2,759	8,171
Employee benefits	30,500	29,208	1,292
Professional and technical services	450	-	450
Staff travel	4,500	4,500	-
Total support services - instruction	<u>46,380</u>	<u>36,467</u>	<u>9,913</u>
District administration support services:			
Indirect cost	1,795	1,408	387
Total expenditures	<u>48,175</u>	<u>37,875</u>	<u>10,300</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

VALDEZ CITY SCHOOLS

Title I-A Basic Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 94,643	92,289	(2,354)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	67,668	67,668	-
Employee benefits	17,000	17,000	-
Supplies, materials and media	6,450	4,191	2,259
Total instruction	<u>91,118</u>	<u>88,859</u>	<u>2,259</u>
District administration support services:			
Indirect cost	3,525	3,430	95
Total expenditures	<u>94,643</u>	<u>92,289</u>	<u>2,354</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>25</u>	
Fund balance, end of year		\$ <u><u>25</u></u>	

VALDEZ CITY SCHOOLS

Carl Perkins Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 22,000	21,678	(322)
Expenditures:			
Current:			
Instruction:			
Staff travel	2,000	1,690	310
Supplies, materials and media	19,182	19,182	-
Total instruction	<u>21,182</u>	<u>20,872</u>	<u>310</u>
District administration support services:			
Indirect cost	818	806	12
Total expenditures	<u>22,000</u>	<u>21,678</u>	<u>322</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

VALDEZ CITY SCHOOLS

Migrant Education Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 184,029	173,878	(10,151)
Expenditures:			
Current:			
Support services - instruction:			
Certificated salaries	36,373	36,373	-
Non-certificated salaries	49,700	49,700	-
Employee benefits	74,882	70,825	4,057
Supplies, materials and media	10,937	5,748	5,189
Tuition and stipends	5,500	4,954	546
Total support services - instruction	<u>177,392</u>	<u>167,600</u>	<u>9,792</u>
District administration support services:			
Indirect cost	6,637	6,278	359
Total expenditures	<u>184,029</u>	<u>173,878</u>	<u>10,151</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>382</u>	
Fund balance, end of year		\$ <u><u>382</u></u>	

VALDEZ CITY SCHOOLS

Migrant Education Book Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ <u>4,900</u>	<u>3,093</u>	<u>(1,807)</u>
Expenditures:			
Current:			
Instruction:			
Supplies, materials and media	<u>4,700</u>	<u>2,978</u>	<u>1,722</u>
District administration support services:			
Indirect cost	<u>200</u>	<u>115</u>	<u>85</u>
Total expenditures	<u>4,900</u>	<u>3,093</u>	<u>1,807</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>	

VALDEZ CITY SCHOOLS

Title IV-A School Improvement Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 28,156	25,960	(2,196)
Expenditures:			
Current:			
Support services - instruction:			
Certificated salaries	15,000	13,980	1,020
Employee benefits	6,327	6,327	-
Equipment	6,000	4,869	1,131
Total support services instruction	<u>27,327</u>	<u>25,176</u>	<u>2,151</u>
District administration support services:			
Indirect cost	829	784	45
Total expenditures	<u>28,156</u>	<u>25,960</u>	<u>2,196</u>
Excess of revenues over expenditures	\$ <u> -</u>	-	<u> -</u>
Fund balance, beginning of year		<u> -</u>	
Fund balance, end of year		\$ <u> -</u>	

VALDEZ CITY SCHOOLS

CRRSA ESSR III Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 12,077	12,072	(5)
Expenditures:			
Current:			
Support services - instruction:			
Non-certificated salaries	8,142	8,142	-
Supplies, materials and media	3,486	3,481	5
Total support services - instruction	11,628	11,623	5
District administration support services:			
Indirect cost	449	449	-
Total expenditures	12,077	12,072	5
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

VALDEZ CITY SCHOOLS

Alyeska Reading Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 14,826	14,794	(32)
Expenditures:			
Current:			
Support services - instruction:			
Supplies, materials and media	14,255	14,244	11
District administration support services:			
Indirect cost	571	550	21
Total expenditures	14,826	14,794	32
Excess of revenues over expenditures	\$ -	-	-
Fund balances, beginning of year		-	
Fund balances, end of year		\$ -	

VALDEZ CITY SCHOOLS

Student Activities Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - other	\$ -	156,947	156,947
Expenditures:			
Current:			
Student activities:			
Student travel	-	5,844	(5,844)
Supplies, materials and media	-	1,880	(1,880)
Other	-	95,525	(95,525)
Total expenditures	-	103,249	(103,249)
Excess of revenues over expenditures	\$ -	53,698	53,698
Fund balance, beginning of year		245,334	
Fund balance, end of year		\$ 299,032	

VALDEZ CITY SCHOOLS

Activities Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
City appropriation	\$ 355,000	355,000	-
Expenditures:			
Current:			
Student activities:			
Certificated salaries	284,132	271,789	12,343
Non-certificated salaries	14,000	14,843	(843)
Employee benefits	49,382	42,374	7,008
Student travel	220,000	244,671	(24,671)
Equipment	168,000	65,730	102,270
Other	321,400	280,059	41,341
Total expenditures	<u>1,056,914</u>	<u>919,466</u>	<u>137,448</u>
Excess (deficiency) of revenues over expenditures	(701,914)	(564,466)	137,448
Other financing sources:			
Transfer in:			
School Operating Fund	<u>531,914</u>	<u>564,466</u>	<u>32,552</u>
Net change in fund balance	\$ <u><u>(170,000)</u></u>	-	<u><u>170,000</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

VALDEZ CITY SCHOOLS

Schedule of Compliance - AS 14.17.505

June 30, 2025

Total fund balance - School Operating Fund	\$	1,706,389
less exemptions per 4 AAC 09.160(a)		
Federal impact aid received		<u>32,999</u>
Fund Balance Subject to 10% Limitation	\$	<u><u>1,673,390</u></u>

Nonexempt fund balance as a percentage of current year expenditures:

<u>Fund balance subject to limitation</u>	<u>1,673,390</u>	=	<u>10.51%</u>
Current year expenditures	15,918,557		

VALDEZ CITY SCHOOLS
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2025

Grant Title	Pass Through Grant Number	Assistance Listing Number	Total Grant Award	Federal Share of Expenditures
U.S. Department of Education:				
Direct Programs:				
Impact Aid	S041B220178	84.041	\$ 32,999	32,999
Indian Education	SO60A240984	84.060A	41,676	41,676
Total direct sources			<u>74,675</u>	<u>74,675</u>
Passed through the State of Alaska,				
Department of Education and Early Development:				
Special Education Cluster (IDEA):				
Title VI-B	SE 25.VCSD.01	84.027A	223,744	202,440
Preschool Disabled	SE 25.VCSD.01	84.173A	9,975	9,975
Total Special Education Cluster (IDEA)			<u>233,719</u>	<u>212,415</u>
Title I-A Basic	IP 25.VCSD.01	84.010A	94,643	92,289
Title II-A	IP 25.VCSD.01	84.367A	48,175	37,875
Title I-C Migrant	IP 25.VCSD.01	84.011A	184,029	173,878
Migrant Literacy	MB 25.VCSD.01	84.011A	4,900	3,093
Total ALN 84.011			<u>188,929</u>	<u>176,971</u>
Carl Perkins	EK 25.VCSD.01	84.048A	22,000	21,678
Title IV-A	IP 25.VCSD.01	84.424A	28,156	25,960
Safety and Well Being	SW 25.VCSD.01	84.424A	5,700	3,248
Total ALN 84.424A			<u>33,856</u>	<u>29,208</u>
COVID-19 - ESSR III	ER 25.VCSD.01	84.425U	12,077	12,072
COVID-19 - Alyeska Reading	AR 25.VCSD.01	84.425U	14,826	14,794
Total ALN 84.425			<u>26,903</u>	<u>26,866</u>
Library Operations	LS-256806-OLS-24	45.310	1,250	1,250
Total U.S. Department of Education passed through the State of Alaska			<u>649,475</u>	<u>598,552</u>
Total U.S. Department of Education			<u>724,150</u>	<u>673,227</u>
U.S. Department of Agriculture:				
Passed through the State of Alaska,				
Department of Education and Early Development:				
Child Nutrition Cluster:				
National School Lunch Program	None	10.555	157,482	157,482
USDA Commodities	None	10.555	22,581	22,581
Total ALN 10.555			<u>180,063</u>	<u>180,063</u>
Fresh Fruits and Vegetables	None	10.582	14,832	14,832
School Breakfast Program	None	10.553	42,134	42,134
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>237,029</u>	<u>237,029</u>
Total federal expenditures			<u>\$ 961,179</u>	<u>910,256</u>

See accompanying notes to Schedule.

VALDEZ CITY SCHOOLS

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Valdez City Schools under programs of the federal government for the year ended June 30, 2025. 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 Valdez City Schools, it is not intended to and does not present the basic financial statements of Valdez City Schools.

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. Valdez City Schools has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. 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, 2025, the District received \$22,581 in commodities.

Note 4. Passed Through Awards

No amounts were passed through to subrecipients.

VALDEZ CITY SCHOOLS

Schedule of State Financial Assistance

Year Ended June 30, 2025

<u>Grant Title</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Eligible Expenditures</u>
Department of Education and Early Development:			
# Foundation	None	\$ 4,558,421	4,558,421
Quality Schools	None	22,795	22,795
# Student Transportation	None	470,507	470,507
# HB268 - Foundation	None	968,776	968,776
HB268 - Student transportation	none	50,056	50,056
Education Raffle Funds	None	2,608	2,608
HHES and VHS waterline replacement	GR-23-012	830,671	415,336
Youth Risk Behavior Survey	none	1,010	1,010
Disparity funding	none	642	642
Total state financial assistance		\$ <u>6,905,486</u>	<u>6,490,151</u>

See accompanying notes to Schedule.

VALDEZ CITY SCHOOLS

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2025

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Valdez City Schools under programs of the State of Alaska for the year ended June 30, 2025. 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 Valdez City Schools, it is not intended to and does not present the basic financial statements of Valdez City Schools.

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 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 to State Revenues, Exhibit D-1

Total state financial assistance	\$ 6,490,151
Plus state revenue excluded from schedule:	
On-behalf PERS	136,111
On-behalf TRS	<u>776,594</u>
Total state revenues, Exhibit D-1	\$ <u>7,402,856</u>

COMPLIANCE SECTION

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
Valdez City Schools
Valdez, 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 (Government Auditing Standards), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Valdez City Schools, a component unit of the City of Valdez, Alaska, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Valdez City Schools' basic financial statements, and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Valdez City Schools' 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 Valdez City Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Valdez City Schools' 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 Valdez City Schools' 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.

Altman, Rogers & Co.

Anchorage, Alaska
November 25, 2025

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

Independent Auditor's Report

Members of the School Board
Valdez City Schools
Valdez, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Valdez City Schools' 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 Valdez City Schools' major federal programs for the year ended June 30, 2025. Valdez City Schools' major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

In our opinion, Valdez City Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Valdez City Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Valdez City Schools' 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 Valdez City Schools' 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 Valdez City Schools' 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 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 Valdez City Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, 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 Valdez City Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Valdez City Schools' 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 Valdez City Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Anchorage, Alaska
November 25, 2025

VALDEZ CITY SCHOOLS

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements 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(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major federal programs (2 CFR 200.516 (a)(1)):

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None Reported

Any material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))?

___ Yes X No

Type of auditor's report issued on compliance for major program:

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)
84.027/84.173

Name of Federal Program or Cluster
Special Education Cluster (IDEA)

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

\$ 750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

VALDEZ CITY SCHOOLS

Federal Schedule of Findings and Questioned Costs, Continued

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

The Valdez City Schools did not have any findings related to the federal awards.

Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits

Independent Auditor's Report

Members of the School Board
Valdez City Schools
Valdez, Alaska

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Valdez City Schools' compliance with the types of compliance requirements identified as subject to audit in the State of Alaska Audit Guide and Compliance Supplements that could have a direct and material effect on each of Valdez City Schools' major state programs for the year ended June 30, 2025. Valdez City Schools' major state programs are identified on the Schedule of State Financial Assistance.

In our opinion, Valdez City Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

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 Valdez City Schools 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 Valdez City Schools' 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 Valdez City Schools' 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 Valdez City Schools' 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 Valdez City Schools' 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 Valdez City Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Valdez City Schools' 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 Valdez City Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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
November 25, 2025

VALDEZ CITY SCHOOLS

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

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 Financial Assistance

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: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement Findings

Valdez City Schools did not have any findings related to the financial statements.

Section III – State Award Findings and Questioned Costs

Valdez City Schools did not have any findings related to State awards.