

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, 2023

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Year Ended June 30, 2023

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 (District), a component unit of the City of Valdez, Alaska, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023, 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.

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 45, 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 46-56, 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 Fund: 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 of America. 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 October 24, 2023 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
October 24, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

VALDEZ CITY SCHOOLS

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

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, 2023 with some comparative information for June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The assets and deferred outflows of the Valdez City Schools exceeded its liabilities and deferred inflows of resources by \$3,861,696 due to recording pension and OPEB liabilities 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 \$6,290,356 in FY23 compared to \$6,078,658 in FY22.
- In total, net position increased \$2,457,836 in FY23 compared to a prior year increase of \$1,915,046. All activities in the District are governmental activities. There were no business activities in 2023 or 2022.
- Total general revenues were \$14,540,837 or 81% of all revenues in FY23 compared to \$13,913,026, (82%) in FY22. Program specific revenues in the form of charges for services (for lunch sales) and grants accounted for \$3,369,731 or 19% of total revenues of \$17,910,568 in FY23. Program specific revenues accounted for \$3,128,110 or 18% of total revenues of \$17,041,136 in FY22.
- The District had \$ 15,452,732 in expenses in FY23 compared to \$15,126,090 in expenses in FY22. In FY23 only \$3,369,731 of these expenses were offset by program specific charges for services and grants. General revenues (primarily from unrestricted grants and investment earnings) of \$14,540,837 helped to provide for these services. In FY22 \$3,128,110 of these expenses were offset by program specific charges for services and grants. General revenues of \$13,913,026 were adequate to cover the remaining expenses.
- For FY23 Valdez City Schools' governmental funds reported combined ending fund balance of \$6,290,356 compared to \$6,078,658 in FY22. In FY23, \$25,859 is non-spendable, \$0 is restricted, \$ 2,631,656 is committed, \$0 is assigned and \$3,632,841 is unassigned. In FY22, \$36,679 is non-spendable, \$0 is restricted, \$3,302,265 is committed \$0 is assigned and \$2,739,714 is unassigned.

VALDEZ CITY SCHOOLS

Management Discussion and Analysis, Continued

Overview of the Financial Statements

This discussion and analysis is 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 \$3,861,696 for FY23 and \$1,403,860 in FY22 .

VALDEZ CITY SCHOOLS

Management Discussion and Analysis, Continued

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.

Financial Analysis of the Schools as a Whole

The following table provides a summary of the District's net position for 2023 compared to 2022:

	Condensed Statement of Net Position	
	Governmental Activities	
	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets	\$ 7,190,523	7,034,506
Non-current Assets	5,067,318	7,310,969
Deferred outflows of resources	1,577,385	1,315,087
Total Assets and Deferred Outflows of Resources	13,835,226	15,660,561
Liabilities and Deferred Inflows of Resources		
Current Liabilities	900,167	955,848
Long-term Liabilities	8,612,404	5,891,978
Deferred Inflows of Resources	460,959	7,408,876
Total Liabilities and Deferred Inflows of Resources	9,973,530	14,256,702
Net Position		
Net investment in capital assets	840,243	652,436
Unrestricted	3,021,453	751,424
Total Net Position	\$ 3,861,696	1,403,860

Current assets increased mainly due to an increase 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 increased mainly due to decrease in proportionate share of the collective net pension and OPEB 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 2022 compared to fiscal year 2021:

	Change in Net Position	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 92,554	18,685
Operating grants and contributions	3,152,177	2,984,425
Capital grants and contributions	125,000	125,000
General revenues:		
Investment earnings (loss)	170,701	(70,627)
E-rate revenue	5,040	13,714
Unrestricted grants	4,975,060	4,911,680
City appropriations	9,046,244	9,047,171
Other	343,792	11,088
Total revenues	\$ 17,910,568	17,041,136
Expenses:		
Governmental activities:		
Instruction	\$ 5,716,092	5,161,581
Special education instruction	1,396,462	1,482,592
Special education support services – students	298,978	332,224
Support services – students	312,136	260,831
Support services – instruction	1,369,364	1,727,212
School administration	445,769	383,859
School administration support services	196,416	215,848
District administration	360,373	435,509
District administration support services	285,922	275,393
Operation and maintenance of plant	1,790,909	1,770,200
Student transportation services	632,410	879,107
Student activities	910,187	578,948
Community services	783,752	738,858
Food service	953,962	883,928
Total expenses	15,452,732	15,126,090
Change in net position	2,457,836	1,915,046
Net position – beginning of year, as previously stated	1,403,860	(511,186)
Change in accounting principle	-	-
Net position – beginning of year, as restated	1,403,860	(511,186)
Net position, end of year	\$ 3,861,696	1,403,860

The general revenues accounted for most of the District's total revenues 82%, with operating grants contributing 18% of the District's total revenues. Total revenues increased by \$869,432 and total expenses increased by \$326,642 in 2023. 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.

VALDEZ CITY SCHOOLS

Management Discussion and Analysis, Continued

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 \$18,929,885 and expenditures of \$18,718,187.

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 \$ 57,394 more than anticipated. The increase is primarily due to the higher investment bonds and the on behalf amounts from the state of Alaska being lower than projected.

The actual expenditures were \$977,798 less than anticipated. The decrease is mainly due to lack of personnel.

Capital Assets

The following table shows fiscal 2023 compared to 2022.

	Capital Assets	
	<u>(Net of Depreciation)</u>	
	<u>2023</u>	<u>2022</u>
Equipment	\$ <u>840,243</u>	<u>652,436</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 2023 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 2023 budget process was based on a projected enrollment of 620 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, 2023

	<u>Governmental Activities</u>
<u>Assets and Deferred Outflows of Resources</u>	
Current assets:	
Cash and cash equivalents	\$ 6,909,057
Accounts receivable	255,607
Inventory	25,859
Total current assets	<u>7,190,523</u>
Non-current assets:	
Capital assets	2,826,851
Accumulated depreciation	(1,986,608)
Net OPEB asset	4,227,075
Total non-current assets	<u>5,067,318</u>
Deferred outflows of resources:	
Pension and OPEB deferrals	<u>1,577,385</u>
Total assets and deferred outflows of resources	<u>13,835,226</u>
<u>Liabilities and Deferred Inflows of Resources and Net Position</u>	
Current liabilities:	
Accounts payable	93
Accrued health insurance	659,553
Accrued payroll liabilities	172,022
Workman's compensation payable	63,317
Unearned revenues	5,182
Total current liabilities	<u>900,167</u>
Long-term liabilities:	
Net pension and OPEB liability	<u>8,612,404</u>
Deferred inflows of resources:	
Pension and OPEB deferrals	<u>460,959</u>
Total liabilities and deferred inflows of resources	<u>9,973,530</u>
<u>Net Position</u>	
Net investment in capital assets	840,243
Unrestricted	3,021,453
Total net position	<u>\$ 3,861,696</u>

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

VALDEZ CITY SCHOOLS

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 5,716,092	-	(72,512)	-	(5,788,604)
Special education instruction	1,396,462	-	173,011	-	(1,223,451)
Special education support services - students	298,978	-	(7,874)	-	(306,852)
Support services - students	312,136	-	(13,258)	-	(325,394)
Support services - instruction	1,369,364	-	534,269	125,000	(710,095)
School administration	445,769	-	(18,889)	-	(464,658)
School administration support services	196,416	-	(3,976)	-	(200,392)
District administration	360,373	-	(11,477)	-	(371,850)
District administration support services	285,922	-	17,625	-	(268,297)
Operations and maintenance of plant	1,790,909	-	(19,838)	-	(1,810,747)
Student activities	910,187	-	483,254	-	(426,933)
Student transportation services	632,410	-	559,841	-	(72,569)
Community services	783,752	-	837,024	-	53,272
Food services	953,962	92,554	694,977	-	(166,431)
Total expenditures	\$ 15,452,732	92,554	3,152,177	125,000	(12,083,001)
General revenues:					
City appropriations				\$ 9,046,244	
E-rate				5,040	
Earnings (loss) on investments				170,701	
Other				343,792	
Grants not restricted to specific programs				4,975,060	
Total general revenues				14,540,837	
Change in net position					2,457,836
Net position - beginning of year					1,403,860
Net position - ending					\$ 3,861,696

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

VALDEZ CITY SCHOOLS

Balance Sheet - Governmental Funds

June 30, 2023

<u>Assets</u>	<u>School Operating Fund</u>	<u>Technology Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 6,909,057	-	-	6,909,057
Accounts receivable	-	-	255,607	255,607
Due from other funds	255,200	1,069,572	1,562,077	2,886,849
Inventory	-	-	25,859	25,859
Total assets	<u>\$ 7,164,257</u>	<u>1,069,572</u>	<u>1,843,543</u>	<u>10,077,372</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	93	-	-	93
Accrued health insurance	659,553	-	-	659,553
Accrued payroll liabilities	172,022	-	-	172,022
Workman's compensation payable	63,317	-	-	63,317
Due to other funds	2,631,649	-	255,200	2,886,849
Unearned revenues	-	-	5,182	5,182
Total liabilities	<u>3,526,634</u>	<u>-</u>	<u>260,382</u>	<u>3,787,016</u>
Fund balances:				
Non-spendable:				
Inventory	-	-	25,859	25,859
Committed for:				
Minigrants	-	-	10,811	10,811
Transportation	-	-	387,690	387,690
Community education	-	-	397,800	397,800
ADA renovations	-	-	61,426	61,426
Vehicle replacement	-	-	198,846	198,846
Technology	-	1,069,572	-	1,069,572
Title I-A	-	-	25	25
Maintenance	-	-	274,306	274,306
Migrant education	-	-	382	382
Student activities	-	-	230,798	230,798
Unassigned	3,637,623	-	(4,782)	3,632,841
Total fund balances	<u>3,637,623</u>	<u>1,069,572</u>	<u>1,583,161</u>	<u>6,290,356</u>
Total liabilities and fund balances	<u>\$ 7,164,257</u>	<u>1,069,572</u>	<u>1,843,543</u>	<u>10,077,372</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, 2023

Amounts reported as fund balances on the governmental funds balance sheet.		\$ 6,290,356
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.		840,243
Proportionate share of the collective net pension and OPEB liability:		
PERS	(4,031,014)	
TRS	<u>(4,581,390)</u>	(8,612,404)
Proportionate share of the collective OPEB asset:		
PERS	1,638,941	
TRS	<u>2,588,134</u>	4,227,075
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	628,964	
TRS	<u>948,421</u>	1,577,385
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources.		
PERS	(161,442)	
TRS	<u>(299,517)</u>	<u>(460,959)</u>
Net position of governmental activities		\$ <u><u>3,861,696</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, 2023

	School Operating Fund	Technology Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources:				
Charges for services	\$ -	-	92,554	92,554
E-rate	5,040	-	-	5,040
Earnings on investments	170,701	-	-	170,701
Other	6,428	-	139,084	145,512
Intergovernmental:				
State of Alaska	5,947,900	-	465,946	6,413,846
Federal sources	31,250	-	1,208,233	1,239,483
City appropriation	9,046,244	125,000	1,691,505	10,862,749
Total revenues	<u>15,207,563</u>	<u>125,000</u>	<u>3,597,322</u>	<u>18,929,885</u>
Expenditures:				
Current:				
Instruction	6,982,057	-	119,594	7,101,651
Special education instruction	1,535,498	-	255,629	1,791,127
Special education support services - students	365,500	-	-	365,500
Support services - students	422,009	-	-	422,009
Support services - instruction	711,300	356,604	511,269	1,579,173
School administration	583,776	-	-	583,776
School administration support services	251,324	-	-	251,324
District administration	451,709	-	-	451,709
District administration support services	332,176	-	22,612	354,788
Operations and maintenance of plant	1,990,539	-	-	1,990,539
Student activities	27,621	-	972,584	1,000,205
Student transportation services	-	-	632,410	632,410
Community services	-	-	859,449	859,449
Food services	-	-	1,040,527	1,040,527
Capital outlay	-	-	294,000	294,000
Total expenditures	<u>13,653,509</u>	<u>356,604</u>	<u>4,708,074</u>	<u>18,718,187</u>
Excess (deficiency) of revenues over expenditures	<u>1,554,054</u>	<u>(231,604)</u>	<u>(1,110,752)</u>	<u>211,698</u>
Other financing sources (uses):				
Transfers in	-	-	656,145	656,145
Transfers out	(656,145)	-	-	(656,145)
Net other financing sources (uses)	<u>(656,145)</u>	<u>-</u>	<u>656,145</u>	<u>-</u>
Net change in fund balances	897,909	(231,604)	(454,607)	211,698
Fund balances, beginning of year	<u>2,739,714</u>	<u>1,301,176</u>	<u>2,037,768</u>	<u>6,078,658</u>
Fund balances, end of year	<u>\$ 3,637,623</u>	<u>1,069,572</u>	<u>1,583,161</u>	<u>6,290,356</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, 2023

Net change in fund balances - total government funds \$ 211,698

Amounts reported for *governmental activities* 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.

Net change in the pension/OPEB unfunded (liability) asset:

PERS	(1,565,024)	
TRS	<u>(3,586,860)</u>	(5,151,884)

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	330,797	
Depreciation expense	<u>(142,990)</u>	187,807

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	2,479,840	
TRS	<u>4,730,375</u>	<u>7,210,215</u>

Change in net position of governmental activities \$ 2,457,836

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

VALDEZ CITY SCHOOLS
Notes to Basic Financial Statements

June 30, 2023

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 (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. 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. 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, 2023.

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 within 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 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 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.

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.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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 nonspendable 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.

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

Notes to Basic Financial Statements, Continued

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.

7. Compensated Absences

Permanent 12-month employees earn and accrue annual leave. Unused annual leave is accrued as earned by employees and is recorded as a current liability in the period earned. Annual leave is accrued as a current liability because it is required to be liquidated within the year. All regular employees accrue sick leave, which is available for use while remaining in a permanent position. Sick leave pay is recorded as expenditure during the period it is used. Employees' unused sick leave balances are carried forward and can be used during subsequent years if re-employed. The District pays out \$10 per day to non-certificated staff for unused sick leave at employee separation. There is no certificated position provision for payment or use of sick leave upon separation from employment.

All permanent classified and certificated employees can participate in the sick leave bank. The sick leave bank was established to provide participating employees, under unusual circumstances, with an additional allowance of sick leave to be used after exhausting their own personal leave. Sick leave accumulated in this pool is accrued because experience shows the value of the leave can be estimated and its use is probable. All contributions to sick leave bank are cash contributions.

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:

Nonspendable fund balance – amounts that cannot be spent because they are in a nonspendable 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.

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. Nonspendable 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.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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:

Food service	\$ 151,215
Student activities	\$ 156,889
Activities	\$ 89,065

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

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.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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, 2023, 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, 2023 for the District's other governmental funds are as follows:

		Other Governmental Funds
		<u> </u>
Receivables:		
Grants	\$	<u>255,607</u>

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental activities:				
Capital assets, being depreciated:				
Vehicles and equipment	\$ 2,496,054	330,797	-	2,826,851
Less accumulated depreciation	<u>(1,843,618)</u>	<u>(142,990)</u>	<u>-</u>	<u>(1,986,608)</u>
Net governmental capital assets	<u>\$ 652,436</u>	<u>187,807</u>	<u>-</u>	<u>840,243</u>

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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

Instruction	\$	46,732
Operations and maintenance of plant		74,336
Support services – instruction		<u>21,922</u>
	\$	<u>142,990</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, 2023 were as follows:

Receivable Fund	Payable Fund	Amount
School Operating Fund	Other Governmental Funds	\$ 255,200
Technology Capital Project Fund	School Operating Fund	1,069,572
Other Governmental Funds	School Operating Fund	<u>1,562,077</u>
Total		<u>\$ 2,886,849</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
Other Governmental Funds	School Operating Fund	\$ <u>656,145</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.

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.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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, 2023 and 2022 is as follows:

	<u>Health Insurance Program</u>	
	<u>2023</u>	<u>2022</u>
Payable beginning of fiscal year	\$ 684,412	666,565
Claims expense and administrative fees	2,763,082	2,671,249
Claims deposits	<u>(2,787,941)</u>	<u>(2,653,402)</u>
Payable end of fiscal year	\$ <u>659,553</u>	<u>684,412</u>

The \$659,553 claims liability at June 30, 2023 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 in the amount of \$10,862,749.

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.

Negative operating grants and contributions on the government wide statement are due to a negative Proportionate share of OPEB plan expenses, specifically in TRS ARHCT.

Notes to Basic Financial Statements, Continued

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

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

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

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

Other Postemployment Benefit Plans (OPEB)*Alaska Retiree Healthcare Trust Plan (ARHCT)*

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2022, employer contributions were 6.46% for PERS and 6.50% for TRS.

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2022, the employer contribution rates were 0.31% for PERS and 0.08% for TRS.

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2022, employer contributions were 1.07% for PERS and 0.83% for TRS.

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% of the average annual compensation of all employees in the PERS and TRS plans.

Investments

The Board is the investment oversight authority of the system's investments. As the fiduciary, the Board has the statutory authority to invest the assets under the Prudent Investor Rule. Fiduciary responsibility for the Board's invested assets is pursuant to AS 37.10.210.390.

State of Alaska Department of Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the DC Participant-directed Pension plans under the Board's fiduciary responsibility.

Notes to Basic Financial Statements, Continued

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2022 for PERS and TRS for the DB Pension Plans were 6.00% and 5.91%, the ARHCT Plans were 6.03% and 6.04%, the ODD Plans were 6.30% and 6.21%, and the RMP were 6.28% and 6.21%, respectively.

For additional information on securities lending, interest rates, credit risks, foreign exchange, derivatives, fair value, and counterparty credit risks, see the separately issued report on the Invested Assets of the State of Alaska Retirement and Benefits Plans at:

<http://treasury.dor.alaska.gov/armb/Reports-and-Policies/Annual-Audited-Financial-Schedules.aspx>.

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS and TRS plans (rates shown below exclude an annual inflation component of 2.88%):

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

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%, which represents a decrease of 0.13% since the prior measurement period. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 4.09% as of June 30, 2022.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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

Employer Effective Rate: This is the actual employer pay-in rate. Under current legislation, these rates are statutorily capped at 22% for PERS and 12.56% for TRS of eligible wages, subject to the salary floor, and other termination costs as described below. This rate is calculated on all PERS or TRS participating wages, including those wages attributable to employees in the defined benefit plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment as mandated under current statute. Under state law, subject to annual appropriation, the state will contribute an on-behalf payment into the plan in an amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. On-behalf contribution amounts have been recognized in these financial statements as both revenue and expenditures.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board (GASB)*. Medicare Part D subsidies are not reflected in this rate. The rate uses a 7.25% discount rate.

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

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Termination Costs: If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS and TRS Administrator. For the plan year ended June 30, 2022 (measurement period) the past service rate for PERS and TRS is 16.01%.

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

Inflation	2.50% per year.
Salary Increases	Increases range from 2.85% to 7.00% based on service.
Investment return / discount rate	7.25%, net of expenses based on average inflation of 2.50% and a real return of 4.75%.
Mortality	Based upon 2017 - 2021 actual experience study and applicable tables contained in Pub-210, projected with MP-2021 generational improvement.
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5%. Ultimate trend rates reached in FY2050.

The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions related to the ARHCT plan:

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

The changes of assumptions from the latest experience study significantly reduced deferred inflows of resources attributable to the District, as well as a net OPEB benefit recognized by the District for the State's proportionate share of OPEB plan expense attributable to the District. In some instances, the reduction of revenues and expenses reported for the State's proportionate share of OPEB plan expense attributable to the District creates a net negative Pension/OPEB expense (net pension/OPEB benefit) which results in negative operating grants and contributions for certain functions reported on the Statement of Activities.

Alaska Public Employees' Retirement System (PERS) – Defined Benefit Plan (DB)

Plan Description. The District participates in the Alaska Public Employees' Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. PERS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The Plan was established and is administered by the State of Alaska, Department of Administration. The Public Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at: <http://doa.alaska.gov/dr/pers>.

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

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

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

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

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

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

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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

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

Employee Contribution Rate. PERS active members are required to contribute 6.75%, 7.5% for peace officers and firefighters, and 9.6% for certain school district employees.

Employer contributions for the year ended June 30, 2022 (change to match client’s fiscal year), were:

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ <u>359,845</u>	<u>29,886</u>	<u>389,731</u>

Public Employees’ Retirement Plans

For the year ended June 30, 2023 the State of Alaska contributed \$73,193(100% pension cost) on-behalf of the District, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2023 to a total of (\$77,127) to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

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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, 2023, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the District were as follows:

Defined Benefit:	<u>Pension</u>
District's proportionate share of the net pension liability	\$ 4,031,014
State's proportionate share of the net pension liability	<u>1,113,371</u>
Total	<u>\$ 5,144,385</u>
	<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability (asset)	\$ (1,544,052)
State's proportionate share of the ARHCT OPEB liability (asset)	<u>(441,158)</u>
Total	<u>\$ (1,985,210)</u>
District's proportionate share of the ODD OPEB liability (asset)	<u>\$ (49,104)</u>
District's proportionate share of the RMP OPEB liability (asset)	<u>\$ (45,785)</u>
Total District's share of net pension and OPEB liabilities and assets	<u>\$ 2,392,073</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2024 through FY2039, as determined by projections based on the June 30, 2021 valuation.

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

	<u>June 30, 2022</u> Measurement	<u>June 30, 2021</u> Measurement	<u>Change</u>
Pension	0.07909%	0.08376%	(0.00467%)
OPEB:			
ARHCT	0.07848%	0.08430%	(0.00582%)
ODD	0.11201%	0.11111%	0.00090%
RMP	0.13183%	0.13110%	0.00073%

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2022, the District recognized pension and OPEB expense of \$41,517 and (\$643,456), respectively, for the year ended June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	115,248	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	359,845	-
Total	\$ <u>475,093</u>	<u>-</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(10,929)
Changes of assumptions	-	(70,859)
Net difference between projected and actual earnings on OPEB plan investments	87,600	-
Changes in proportion and differences between District contributions and proportionate share of contributions	11,554	-
District contributions subsequent to the measurement date	-	-
Total	\$ <u>99,154</u>	<u>(81,788)</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	\$ -	(16,109)
Changes of assumptions	-	(313)
Net difference between projected and actual earnings on OPEB plan investments	1,663	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,453	(5,095)
District contributions subsequent to the measurement date	6,404	-
Total	<u>\$ 11,520</u>	<u>(21,517)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,270	(1,800)
Changes of assumptions	8,865	(54,897)
Net difference between projected and actual earnings on OPEB plan investments	6,530	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,050	(1,440)
District contributions subsequent to the measurement date	23,482	-
Total	<u>\$ 43,197</u>	<u>(58,137)</u>

\$359,845 and \$29,886 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2023 (plan year), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2023	\$ (13,701)	(84,945)	(3,185)	(6,447)
2024	(35,119)	(30,721)	(3,268)	(6,767)
2025	(84,308)	(69,207)	(3,533)	(7,775)
2026	248,376	202,239	(1,063)	962
2027	-	-	(2,602)	(8,308)
Thereafter	-	-	(2,750)	(10,087)
Total	<u>\$ 115,248</u>	<u>17,366</u>	<u>(16,401)</u>	<u>(38,422)</u>

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2023, the District recognized (\$294,542) and \$20,997 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)	\$ 5,426,611	4,031,014	2,854,237
Net OPEB ARHCT liability (asset)	\$ (917,390)	(1,544,052)	(2,069,565)
Net OPEB ODD liability (asset)	\$ (46,255)	(49,104)	(51,332)
Net OPEB RMP liability (asset)	\$ 8,421	(45,785)	(87,121)

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)	\$ (2,131,385)	(1,544,052)	(842,663)
Net OPEB ODD liability (asset)	\$ N/A	(49,104)	N/A
Net OPEB RMP liability (asset)	\$ (92,798)	(45,785)	17,539

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

Plan Description and Funding Requirements. Districts and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 6.75% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.07% for the retiree medical plan (DB), 0.31% for occupational and death and disability benefits (DB) and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is capped at 22% with anything in excess of the previously listed rates being contributed to the Defined Benefit Unfunded Liability (DBUL).

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

Notes to Basic Financial Statements, Continued

The District contributed \$202,774 for the year ended June 30, 2023, which included forfeitures of \$3,177 which have been applied as employer contributions.

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

Plan Description. The District participates in the Alaska Teachers' Retirement System (TRS), a cost sharing multiple-employer defined benefit plan. Currently, there are 56 employers participating in TRS, including 52 school districts. TRS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The system is governed by the Alaska Retirement Board. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. The benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for TRS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at <http://doa.alaska.gov/drb/trs>.

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

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

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

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>355,306</u>	<u>27,568</u>	<u>382,874</u>

Teachers' Retirement Plans

For the year ended June 30, 2023 the State of Alaska contributed \$593,533(100% pension cost) on-behalf of the District, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2023 to a total of (\$275,464) 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, 2023, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the District were as follows:

Defined Benefit:	Pension
District's proportionate share of the net pension liability	\$ 4,581,390
State's proportionate share of the net pension liability	<u>6,105,660</u>
Total	<u>\$ 10,687,050</u>
	OPEB
District's proportionate share of the ARHCT OPEB liability (asset)	\$ (2,459,872)
State's proportionate share of the ARHCT OPEB liability (asset)	<u>(3,158,096)</u>
Total	<u>\$ (5,617,968)</u>
District's proportionate share of the ODD OPEB liability (asset)	<u>\$ (30,529)</u>
District's proportionate share of the RMP OPEB liability (asset)	<u>\$ (97,733)</u>
Total District's share of net pension and OPEB liabilities and assets	<u>\$ 1,993,256</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2024 through FY2039, as determined by projections based on the June 30, 2021 valuation.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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

	June 30, 2022 Measurement	June 30, 2021 Measurement	Change
Pension	0.27484%	0.35419%	(0.07935%)
OPEB:			
ARHCT	0.28065%	0.36776%	(0.08711%)
ODD	0.50545%	0.52424%	(0.01879%)
RMP	0.50466%	0.52315%	(0.01849%)

Based on the measurement date of June 30, 2022, the District recognized pension and OPEB expense of (\$122,736) and (\$910,862), respectively, for the year ended June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	(14,908)
Changes of assumptions	38,502	-
Net difference between projected and actual earnings on pension plan investments	202,292	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(140,732)
District contributions subsequent to the measurement date	355,306	-
Total	\$ <u>596,100</u>	<u>(155,640)</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(8,716)
Changes of assumptions	-	(55,753)
Net difference between projected and actual earnings on OPEB plan investments	127,298	-
Changes in proportion and differences between District contributions and proportionate share of contributions	160,807	-
District contributions subsequent to the measurement date	-	-
Total	\$ <u>288,105</u>	<u>(64,469)</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	\$ -	(4,727)
Changes of assumptions	-	(81)
Net difference between projected and actual earnings on OPEB plan investments	727	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,562	(5,578)
District contributions subsequent to the measurement date	2,322	-
Total	<u>\$ 5,611</u>	<u>(10,386)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,637	(4,613)
Changes of assumptions	5,780	(58,087)
Net difference between projected and actual earnings on OPEB plan investments	7,546	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,396	(6,322)
District contributions subsequent to the measurement date	25,246	-
Total	<u>\$ 58,605</u>	<u>(69,022)</u>

\$355,306 and \$27,568 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2023 (plan year), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended		OPEB	OPEB	OPEB
June 30,	Pension	ARHCT	ODD	RMP
2023	\$ (147,955)	78,524	(1,369)	(6,567)
2024	(75,597)	(39,499)	(1,418)	(7,031)
2025	(175,558)	(91,489)	(1,559)	(8,411)
2026	484,264	276,100	(444)	2,823
2027	-	-	(1,223)	(6,554)
Thereafter	-	-	(1,084)	(9,923)
Total	<u>\$ 85,154</u>	<u>223,636</u>	<u>(7,097)</u>	<u>(35,663)</u>

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2023, the District recognized (\$967,594) and \$436,366 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)	\$ 6,852,423	4,581,390	2,665,602
Net OPEB ARHCT liability (asset)	\$ (1,605,011)	(2,459,872)	(3,172,852)
Net OPEB ODD liability (asset)	\$ (30,625)	(30,529)	(30,479)
Net OPEB RMP liability (asset)	\$ (34,504)	(97,733)	(145,242)

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)	\$ (3,254,226)	(2,459,872)	(1,505,035)
Net OPEB ODD liability (asset)	N/A	(30,529)	N/A
Net OPEB RMP liability (asset)	\$ (151,212)	(97,733)	(24,835)

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

Plan Description and Funding Requirements. Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8.65% of their base salaries. State statutes require the employer to contribute 7.00% of employees' eligible compensation. Additionally, employers are required to contribute to other post-employment benefits (DB): 0.83% for the retiree medical plan, 0.08% for occupational death and disability, and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The employer effective contribution rate is 12.56%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

Notes to Basic Financial Statements, Continued

The District contributed \$285,156 for the year ended June 30, 2023, which included forfeitures of \$0 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 100 *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. Effective for fiscal years beginning after June 15, 2023. Multiple effective dates.
- GASB 101 *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

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

GASB Statement No. 101 unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

VALDEZ CITY SCHOOLS

Exhibit E-1

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

Year Ended June 30, 2023

	School Operating Fund			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources:				
E-rate	\$ 7,200	5,040	5,040	-
Earnings (loss) on investments	20,000	20,000	170,701	150,701
Other	-	30,000	6,428	(23,572)
Intergovernmental:				
State of Alaska	5,528,469	6,042,885	5,947,900	(94,985)
Federal sources	6,000	6,000	31,250	25,250
City appropriation	9,046,244	9,046,244	9,046,244	-
Total revenues	<u>14,607,913</u>	<u>15,150,169</u>	<u>15,207,563</u>	<u>57,394</u>
Expenditures:				
Current:				
Instruction	6,795,947	7,170,689	6,982,057	188,632
Special education instruction	2,070,921	2,072,191	1,535,498	536,693
Special education support services - students	394,906	402,008	365,500	36,508
Support services - students	393,871	425,760	422,009	3,751
Support services - instruction	667,844	740,845	711,300	29,545
School administration	580,691	593,298	583,776	9,522
School administration support services	275,217	273,575	251,324	22,251
District administration	415,734	447,934	451,709	(3,775)
District administration support services	320,468	325,881	332,176	(6,295)
Operations and maintenance of plant	3,001,697	2,148,186	1,990,539	157,647
Student activities	348,215	30,940	27,621	3,319
Total expenditures	<u>15,265,511</u>	<u>14,631,307</u>	<u>13,653,509</u>	<u>977,798</u>
Excess of revenues over expenditures	<u>(657,598)</u>	<u>518,862</u>	<u>1,554,054</u>	<u>1,035,192</u>
Other financing (uses):				
Transfers out	<u>(526,069)</u>	<u>-</u>	<u>(656,145)</u>	<u>(656,145)</u>
Net change in fund balance	<u>\$ (1,183,667)</u>	<u>518,862</u>	<u>897,909</u>	<u>379,047</u>
Fund balance, beginning of year			<u>2,739,714</u>	
Fund balance, end of year			<u>\$ 3,637,623</u>	

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, 2023

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0485%	\$ 2,263,095	\$ 2,014,350	\$ 4,277,445	\$ 2,625,687	86.19%	62.37%
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%	\$ 3,935,773	\$ 1,467,430	\$ 5,403,203	\$ 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%

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, 2023

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
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%
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%
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%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Schedule of District's Contributions (Pensions)

Public Employees' Retirement System (PERS)

June 30, 2023

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 205,691	\$ (205,691)	\$ -	\$ 2,767,329	7.43%
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)	\$ (1,587)	\$ 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%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Schedule of District's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2023

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 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%
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%
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%

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, 2023

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1118%	\$ 3,352,162	\$ 15,118,447	\$ 18,470,609	\$ 4,540,371	73.83%	55.70%
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%

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, 2023

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
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%
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%
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%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Schedule of District's Contributions (Pensions)

Teachers' Retirement System (TRS)

June 30, 2023

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 288,060	\$ (288,060)	\$ -	\$ 4,540,371	6.34%
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%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Schedule of District's Contributions (OPEB)

Teachers' Retirement System (TRS)

June 30, 2023

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
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%
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%

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Notes to Required Supplementary Information

Year Ended June 30, 2023

1. 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 year-end.

The adopted School Operating Fund budget is submitted to the City for review and approval. The approved budget is also submitted to the State of Alaska, Department of Education and Early Development for review to determine compliance with Alaska statutes and Department regulations.

The School Board authorizes formal budget revisions several times each year to adjust the revenues and expenditures to available resources and program needs. The originally adopted budget and the final revised and approved budget are presented in these financial statements. Expenditure authority for the School Operating Fund is limited to the total approved budget and functional areas of expenditures are not to be overspent.

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

	<u>Amount in Excess of Appropriation</u>
District administration	\$ 3,775
District administration support services	\$ 6,295

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 in order 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 amount of encumbrances, if significant, are disclosed as commitments.

VALDEZ CITY SCHOOLS

Notes to Required Supplementary Information, continued

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, 2020 to June 30, 2021

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

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

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

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

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

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan

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

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

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

Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$1,000 to \$16,000 for occupational death and disability, and from \$20,000 to \$24,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

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

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

The GASB requires ten years of information be presented. However, until a full ten years of information is available, the District will present only those years for which information is available.

Schedule of District Contributions (Pension) and (OPEB)

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

VALDEZ CITY SCHOOLS

Notes to Required Supplementary Information, Continued

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, 2020 to June 30, 2021

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

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

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

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

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

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plans

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

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

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

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

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

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

The GASB requires ten years of information be presented. However, until a full ten years of information is available, the District will present only those years for which information is available.

Schedule of District Contributions (Pension) and (OPEB)

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

**SUPPLEMENTARY
INFORMATION**

VALDEZ CITY SCHOOLS

School Operating Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
E-rate	\$ 5,040	5,040	-
Earnings (loss) on investments	20,000	170,701	150,701
Other	30,000	6,428	(23,572)
Intergovernmental:			
State of Alaska:			
Foundation program	4,943,743	4,919,469	(24,274)
Quality schools	24,274	24,341	67
On behalf TRS	664,857	593,533	(71,324)
On behalf PERS	75,218	73,193	(2,025)
Other state sources	334,793	337,364	2,571
Federal sources - impact aid	6,000	31,250	25,250
City appropriation	9,046,244	9,046,244	-
Total revenues	<u>15,150,169</u>	<u>15,207,563</u>	<u>57,394</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	3,720,194	3,743,171	(22,977)
Non-certificated salaries	262,241	233,100	29,141
Employee benefits	2,457,271	2,201,526	255,745
Professional and technical services	30,000	34,048	(4,048)
Staff travel	36,000	33,872	2,128
Other purchased services	20,000	19,032	968
Supplies, materials and media	565,780	623,050	(57,270)
Equipment	79,203	94,258	(15,055)
Total instruction	<u>7,170,689</u>	<u>6,982,057</u>	<u>188,632</u>
Special education instruction:			
Certificated salaries	454,330	396,316	58,014
Non-certificated salaries	560,065	503,136	56,929
Employee benefits	1,045,796	623,571	422,225
Supplies, materials and media	12,000	5,104	6,896
Professional and technical services	-	7,371	(7,371)
Total special education instruction	<u>2,072,191</u>	<u>1,535,498</u>	<u>536,693</u>
Special education support services - students:			
Certificated salaries	104,938	96,670	8,268
Non-certificated salaries	50,971	53,093	(2,122)
Employee benefits	101,599	75,776	25,823
Professional and technical services	125,000	126,044	(1,044)
Staff travel	7,500	4,287	3,213
Supplies, materials and media	6,500	3,502	2,998
Equipment	5,500	6,128	(628)
Total special education support - students	<u>402,008</u>	<u>365,500</u>	<u>36,508</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	\$ 253,806	250,673	3,133
Employee benefits	161,904	158,276	3,628
Staff travel	2,400	1,200	1,200
Supplies, materials and media	7,650	11,860	(4,210)
Total support services - students	<u>425,760</u>	<u>422,009</u>	<u>3,751</u>
Support services - instruction:			
Non-certificated salaries	264,610	277,741	(13,131)
Employee benefits	269,735	265,735	4,000
Professional and technical services	101,000	85,043	15,957
Utility services	75,000	62,473	12,527
Other purchased services	1,200	1,181	19
Supplies, materials and media	28,800	18,603	10,197
Equipment	500	524	(24)
Total support services - instruction	<u>740,845</u>	<u>711,300</u>	<u>29,545</u>
School administration:			
Certificated salaries	387,971	391,271	(3,300)
Employee benefits	199,777	189,356	10,421
Staff travel	3,750	3,149	601
Other expenditures	1,800	-	1,800
Total school administration	<u>593,298</u>	<u>583,776</u>	<u>9,522</u>
School administration support services:			
Non-certificated salaries	136,432	125,005	11,427
Employee benefits	122,371	112,958	9,413
Other purchased services	1,940	2,667	(727)
Supplies, materials and media	11,832	10,573	1,259
Equipment	1,000	121	879
Total school administration support services	<u>273,575</u>	<u>251,324</u>	<u>22,251</u>
District administration:			
Certificated salaries	175,000	178,000	(3,000)
Non-certificated salaries	56,660	64,827	(8,167)
Employee benefits	121,274	122,784	(1,510)
Professional and technical services	40,000	47,014	(7,014)
Staff travel	28,000	24,253	3,747
Supplies, materials and media	12,000	14,831	(2,831)
Equipment	2,500	-	2,500
Other expenditures	12,500	-	12,500
Total district administration	<u>447,934</u>	<u>451,709</u>	<u>(3,775)</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	\$ 169,653	170,997	(1,344)
Employee benefits	104,537	103,890	647
Professional and technical services	55,000	56,297	(1,297)
Staff travel	2,000	-	2,000
Other purchased services	1,491	839	652
Insurance and bond premiums	15,000	15,090	(90)
Supplies, materials and media	7,000	4,121	2,879
Other expenditures	1,200	376	824
Indirect cost recovery	(30,000)	(22,612)	(7,388)
Equipment	-	3,178	(3,178)
Total district administration support services	<u>325,881</u>	<u>332,176</u>	<u>(6,295)</u>
Operations and maintenance of plant:			
Non-certificated salaries	657,277	664,874	(7,597)
Employee benefits	476,018	379,549	96,469
Staff travel	4,550	964	3,586
Energy	618,800	676,527	(57,727)
Other purchased services	142,450	49,889	92,561
Insurance and bond premiums	84,000	111,938	(27,938)
Supplies, materials and media	139,541	101,408	38,133
Other expenditures	1,050	51	999
Equipment	24,500	5,339	19,161
Total operations and maintenance of plant	<u>2,148,186</u>	<u>1,990,539</u>	<u>157,647</u>
Student activities:			
Employee benefits	<u>30,940</u>	<u>27,621</u>	<u>3,319</u>
Total expenditures	<u>14,631,307</u>	<u>13,653,509</u>	<u>977,798</u>
Excess of revenues over expenditures	<u>518,862</u>	<u>1,554,054</u>	<u>1,035,192</u>
Other financing (uses):			
Transfers out:			
Food Service Special Revenue Fund	-	(196,000)	(196,000)
Activities Special Revenue Fund	-	(460,145)	(460,145)
Total other financing (uses)	<u>-</u>	<u>(656,145)</u>	<u>(656,145)</u>
Net change in fund balance	\$ <u>518,862</u>	897,909	<u>379,047</u>
Fund balance, beginning of year		<u>2,739,714</u>	
Fund balance, end of year		\$ <u><u>3,637,623</u></u>	

VALDEZ CITY SCHOOLS

Technology Capital Project Fund

Schedule of Revenues, Expenditures, and Changes
In Fund Balance

Year Ended June 30, 2023

	<u>Actual Amounts</u>
Revenues:	
Intergovernmental:	
City appropriation	\$ <u>125,000</u>
Expenditures:	
Current:	
Support services - instruction:	
Supplies, Materials and media	91,526
Equipment	<u>265,078</u>
Total expenditures	<u>356,604</u>
Excess (deficiency) of revenues over expenditures	(231,604)
Fund balance, beginning of year	<u>1,301,176</u>
Fund balance, end of year	\$ <u><u>1,069,572</u></u>

VALDEZ CITY SCHOOLS

Other Governmental Funds

Combining Balance Sheet

June 30, 2023

Assets	Special Revenue Funds							
	Student Transportation	Community Education	Food Service	Minigrants	Preschool Disabled	Title VI-B	Title II-A	Title I-A Basic
Accounts receivable	\$ -	-	-	-	1,303	23,456	25,744	46,702
Due from School Operating Fund	387,690	397,800	400	10,811	-	-	-	-
Inventory	-	-	25,859	-	-	-	-	-
Total assets	\$ 387,690	397,800	26,259	10,811	1,303	23,456	25,744	46,702
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	-	-	-	-	-	-	-	-
Due to School Operating Fund	-	-	-	-	1,303	23,456	25,744	46,677
Unearned revenues	-	-	5,182	-	-	-	-	-
Total liabilities	-	-	5,182	-	1,303	23,456	25,744	46,677
Fund balances:								
Non-spendable:								
Inventory	-	-	25,859	-	-	-	-	-
Committed:								
Minigrants	-	-	-	10,811	-	-	-	-
Transportation	387,690	-	-	-	-	-	-	-
Community education	-	397,800	-	-	-	-	-	-
ADA renovations	-	-	-	-	-	-	-	-
Vehicle replacement	-	-	-	-	-	-	-	-
Title I-A	-	-	-	-	-	-	-	25
Maintenance	-	-	-	-	-	-	-	-
Migrant education	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Unassigned	-	-	(4,782)	-	-	-	-	-
Total fund balances	387,690	397,800	21,077	10,811	-	-	-	25
Total fund balances and liabilities	\$ 387,690	397,800	26,259	10,811	1,303	23,456	25,744	46,702

(continued)

VALDEZ CITY SCHOOLS
 Other Governmental Funds
 Combining Balance Sheet, Continued

Assets	Special Revenue Funds							
	Carl Perkins	Migrant Education	Migrant Education Book	Title IV-A School Improvement	Section 619 IDEA ARPA	Title VI-B IDEA ARPA	CRRSA ESSR II	CRRSA ESSR III
Accounts receivable	\$ 16,940	106,066	3,740	6,469	710	13,340	6,016	3,339
Due from School Operating Fund	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total assets	\$ 16,940	106,066	3,740	6,469	710	13,340	6,016	3,339
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	-	-	-	-	-	-	-	-
Due to School Operating Fund	16,940	105,684	3,740	6,469	710	13,340	6,016	3,339
Unearned revenues	-	-	-	-	-	-	-	-
Total liabilities	16,940	105,684	3,740	6,469	710	13,340	6,016	3,339
Fund balances:								
Non-spendable:								
Inventory	-	-	-	-	-	-	-	-
Committed:								
Minigrants	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Community education	-	-	-	-	-	-	-	-
ADA renovations	-	-	-	-	-	-	-	-
Vehicle replacement	-	-	-	-	-	-	-	-
Title I-A	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-	-
Migrant education	-	382	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	-	382	-	-	-	-	-	-
Total fund balances and liabilities	\$ 16,940	106,066	3,740	6,469	710	13,340	6,016	3,339

(continued)

VALDEZ CITY SCHOOLS
 Other Governmental Funds
 Combining Balance Sheet, Continued

Assets	Special Revenue Fund			Capital Project Funds			Total Other Governmental Funds
	Covid School Based Testing	Student Activities	Total Special Revenue Funds	ADA Renovations	Maintenance CIP	Vehicle Replacement	
Accounts receivable	\$ 1,782	-	255,607	-	-	-	255,607
Due from School Operating Fund	-	230,798	1,027,499	61,426	274,306	198,846	1,562,077
Inventory	-	-	25,859	-	-	-	25,859
Total assets	\$ 1,782	230,798	1,308,965	61,426	274,306	198,846	1,843,543
Liabilities and Fund Balances							
Liabilities:							
Due to School Operating Fund	1,782	-	255,200	-	-	-	255,200
Unearned revenues	-	-	5,182	-	-	-	5,182
Total liabilities	1,782	-	260,382	-	-	-	260,382
Fund balances:							
Non-spendable:							
Inventory	-	-	25,859	-	-	-	25,859
Committed:							
Minigrants	-	-	10,811	-	-	-	10,811
Transportation	-	-	387,690	-	-	-	387,690
Community education	-	-	397,800	-	-	-	397,800
ADA renovations	-	-	-	61,426	-	-	61,426
Vehicle replacement	-	-	-	-	-	198,846	198,846
Title I-A	-	-	25	-	-	-	25
Maintenance	-	-	-	-	274,306	-	274,306
Migrant education	-	-	382	-	-	-	382
Student activities	-	230,798	230,798	-	-	-	230,798
Unassigned	-	-	(4,782)	-	-	-	(4,782)
Total fund balances	-	230,798	1,048,583	61,426	274,306	198,846	1,583,161
Total fund balances and liabilities	\$ 1,782	230,798	1,308,965	61,426	274,306	198,846	1,843,543

VALDEZ CITY SCHOOLS

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2023

	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	\$ -	-	92,554	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Intergovernmental:								
State of Alaska	465,841	-	105	-	-	-	-	-
Federal sources	-	-	299,924	-	9,526	209,969	49,936	36,403
City appropriation	94,000	842,505	400,000	-	-	-	-	-
Total revenues	<u>559,841</u>	<u>842,505</u>	<u>792,583</u>	<u>-</u>	<u>9,526</u>	<u>209,969</u>	<u>49,936</u>	<u>36,403</u>
Expenditures:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Special education instruction	-	-	-	-	9,266	204,778	-	-
Support services - instruction	-	-	-	795	-	-	49,936	35,408
District administration support services	-	-	-	-	260	5,191	-	995
Student activities	-	-	-	-	-	-	-	-
Student transportation services	632,410	-	-	-	-	-	-	-
Community services	-	859,449	-	-	-	-	-	-
Food services	-	-	1,040,527	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>632,410</u>	<u>859,449</u>	<u>1,040,527</u>	<u>795</u>	<u>9,526</u>	<u>209,969</u>	<u>49,936</u>	<u>36,403</u>
Excess (deficiency) of revenues over expenditures	(72,569)	(16,944)	(247,944)	(795)	-	-	-	-
Other financing sources:								
Transfers in	-	-	196,000	-	-	-	-	-
Net change in fund balances	(72,569)	(16,944)	(51,944)	(795)	-	-	-	-
Fund balances, beginning of year	460,259	414,744	73,021	11,606	-	-	-	-
Fund balances, end of year	<u>\$ 387,690</u>	<u>397,800</u>	<u>21,077</u>	<u>10,811</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	Section 619 IDEA ARPA	Title VI-B IDEA ARPA	CRRSA ESSR I	CRRSA ESSR II	CRRSA ESSR III
Revenues:										
Local sources:										
Charges for services	\$ -	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Intergovernmental:										
State of Alaska	-	-	-	-	-	-	-	-	-	-
Federal sources	102,274	16,940	338,066	3,740	7,691	3,268	39,256	150	10,799	49,557
City appropriation	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>102,274</u>	<u>16,940</u>	<u>338,066</u>	<u>3,740</u>	<u>7,691</u>	<u>3,268</u>	<u>39,256</u>	<u>150</u>	<u>10,799</u>	<u>49,557</u>
Expenditures:										
Current:										
Instruction	99,479	16,477	-	3,638	-	-	-	-	-	-
Special education instruction	-	-	-	-	-	3,179	38,406	-	-	-
Support services - instruction	-	-	328,902	-	7,481	-	-	146	10,504	48,203
District administration support services	2,795	463	9,164	102	210	89	850	4	295	1,354
Student activities	-	-	-	-	-	-	-	-	-	-
Student transportation services	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>102,274</u>	<u>16,940</u>	<u>338,066</u>	<u>3,740</u>	<u>7,691</u>	<u>3,268</u>	<u>39,256</u>	<u>150</u>	<u>10,799</u>	<u>49,557</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>	<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>	<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			Total Special Revenue Funds	Capital Project Funds			Total Capital Project Funds	Total Other Governmental Funds
	Covid School Based Testing	Student Activities	Activities		ADA Renovations	Maintenance CIP	Vehicle Replacement		
Revenues:									
Local sources:									
Charges for services	-	-	-	92,554	-	-	-	-	92,554
Other	-	138,534	550	139,084	-	-	-	-	139,084
Intergovernmental:									
State of Alaska	-	-	-	465,946	-	-	-	-	465,946
Federal sources	30,734	-	-	1,208,233	-	-	-	-	1,208,233
City appropriation	-	-	355,000	1,691,505	-	-	-	-	1,691,505
Total revenues	<u>30,734</u>	<u>138,534</u>	<u>355,550</u>	<u>3,597,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,597,322</u>
Expenditures:									
Current:									
Instruction	-	-	-	119,594	-	-	-	-	119,594
Special education instruction	-	-	-	255,629	-	-	-	-	255,629
Support services - instruction	29,894	-	-	511,269	-	-	-	-	511,269
District administration support services	840	-	-	22,612	-	-	-	-	22,612
Student activities	-	156,889	815,695	972,584	-	-	-	-	972,584
Student transportation services	-	-	-	632,410	-	-	-	-	632,410
Community services	-	-	-	859,449	-	-	-	-	859,449
Food services	-	-	-	1,040,527	-	-	-	-	1,040,527
Capital outlay	-	-	-	-	-	294,000	-	294,000	294,000
Total expenditures	<u>30,734</u>	<u>156,889</u>	<u>815,695</u>	<u>4,414,074</u>	<u>-</u>	<u>294,000</u>	<u>-</u>	<u>294,000</u>	<u>4,708,074</u>
Excess (deficiency) of revenues over expenditures	-	(18,355)	(460,145)	(816,752)	-	(294,000)	-	(294,000)	(1,110,752)
Other financing sources:									
Transfers in	-	-	460,145	656,145	-	-	-	-	656,145
Net change in fund balances	-	(18,355)	-	(160,607)	-	(294,000)	-	(294,000)	(454,607)
Fund balances, beginning of year	-	249,153	-	1,209,190	61,426	568,306	198,846	828,578	2,037,768
Fund balances, end of year	<u>-</u>	<u>230,798</u>	<u>-</u>	<u>1,048,583</u>	<u>61,426</u>	<u>274,306</u>	<u>198,846</u>	<u>534,578</u>	<u>1,583,161</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, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 465,841	465,841	-
City appropriation	<u>94,000</u>	<u>94,000</u>	-
Total revenues	<u>559,841</u>	<u>559,841</u>	<u>-</u>
Expenditures:			
Current:			
Student transportation services:			
Student travel	<u>728,337</u>	<u>632,410</u>	<u>95,927</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(168,496)</u>	(72,569)	<u>95,927</u>
Fund balance, beginning of year		<u>460,259</u>	
Fund balance, end of year		<u>\$ 387,690</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, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
City appropriation	\$ 842,505	842,505	-
Expenditures:			
Current:			
Community services:			
Non-certificated salaries	273,543	284,946	(11,403)
Employee benefits	190,756	169,023	21,733
Staff travel	1,950	413	1,537
Energy	265,200	289,940	(24,740)
Other purchased services	61,050	21,381	39,669
Insurance and bond premiums	36,000	47,974	(11,974)
Supplies, materials and media	54,000	43,461	10,539
Other expenditures	450	23	427
Equipment	10,500	2,288	8,212
Total expenditures	<u>893,449</u>	<u>859,449</u>	<u>34,000</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(50,944)</u>	(16,944)	<u>34,000</u>
Fund balance, beginning of year		<u>414,744</u>	
Fund balance, end of year		\$ <u><u>397,800</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, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Charges for services	\$ 105,000	92,554	(12,446)
Intergovernmental:			
Federal sources - U.S. Department of Agriculture passed through the State of Alaska	180,362	299,924	119,562
State of Alaska		105	105
City appropriation	400,000	400,000	-
Total revenues	<u>685,362</u>	<u>792,583</u>	<u>107,221</u>
Expenditures:			
Current:			
Food services:			
Non-certificated salaries	251,795	293,845	(42,050)
Employee benefits	239,695	229,318	10,377
Supplies, materials and media	363,000	500,282	(137,282)
Equipment	34,822	17,082	17,740
Total expenditures	<u>889,312</u>	<u>1,040,527</u>	<u>(151,215)</u>
Excess (deficiency) of revenues over expenditures	<u>(203,950)</u>	<u>(247,944)</u>	<u>(43,994)</u>
Other financing sources:			
Transfer in:			
School Operating Fund	<u>174,439</u>	<u>196,000</u>	<u>21,561</u>
Net change in fund balance	<u>\$ (29,511)</u>	<u>(51,944)</u>	<u>(22,433)</u>
Fund balance, beginning of year		<u>73,021</u>	
Fund balance, end of year		<u>\$ 21,077</u>	

VALDEZ CITY SCHOOLS

Minigrants Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - intergovernmental:			
State of Alaska	\$ <u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Expenditures:			
Current:			
Support services - instruction:			
Supplies, materials and media	<u>5,000</u>	<u>795</u>	<u>4,205</u>
Total expenditures	<u>5,000</u>	<u>795</u>	<u>4,205</u>
Excess (deficiency) of revenues over expenditures	\$ <u><u>-</u></u>	<u>(795)</u>	<u><u>(795)</u></u>
Fund balance, beginning of year		<u>11,606</u>	
Fund balance, end of year		\$ <u><u>10,811</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, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 9,705	9,526	(179)
Expenditures:			
Current:			
Special education instruction:			
Non-certificated salaries	6,140	6,140	-
Employee benefits	3,305	3,126	179
Total special education instruction	9,445	9,266	179
District administration support services:			
Indirect cost	260	260	-
Total expenditures	9,705	9,526	179
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, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 210,809	209,969	(840)
Expenditures:			
Current:			
Special education instruction:			
Certificated salaries	31,991	31,991	-
Non-certificated salaries	56,974	56,974	-
Employee benefits	68,288	68,288	-
Professional and technical services	5,200	5,176	24
Staff travel	7,500	7,500	-
Supplies, materials and media	14,843	14,813	30
Equipment	20,036	20,036	-
Other expenditures	763	-	763
Total special education instruction	<u>205,595</u>	<u>204,778</u>	<u>817</u>
District administration support services:			
Indirect cost	5,214	5,191	23
Total expenditures	<u>210,809</u>	<u>209,969</u>	<u>840</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

Indian Education Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - direct federal education sources	\$ 49,936	49,936	-
Expenditures:			
Current:			
Support services - instruction:			
Non-certificated salaries	-	8,134	(8,134)
Employee benefits	-	15,633	(15,633)
Professional and technical services	-	3,300	(3,300)
Staff travel	-	2,268	(2,268)
Supplies, materials and media	49,936	20,601	29,335
Total expenditures	49,936	49,936	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 49,853	36,403	(13,450)
Expenditures:			
Current:			
Support services - instruction:			
Employee benefits	14,000	11,918	2,082
Professional and technical services	5,033	5,033	-
Supplies, materials and media	29,457	18,457	11,000
Total support services - instruction	<u>48,490</u>	<u>35,408</u>	<u>13,082</u>
District administration support services:			
Indirect cost	1,363	995	368
Total expenditures	<u>49,853</u>	<u>36,403</u>	<u>13,450</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

Title I-A Basic Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 104,115	102,274	(1,841)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	50,000	50,000	-
Employee benefits	25,000	25,000	-
Professional and technical services	11,500	11,500	-
Supplies, materials and media	14,769	12,979	1,790
Total instruction	<u>101,269</u>	<u>99,479</u>	<u>1,790</u>
District administration support services:			
Indirect cost	2,846	2,795	51
Total expenditures	<u>104,115</u>	<u>102,274</u>	<u>1,841</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, 2023

	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	\$ 17,000	16,940	(60)
Expenditures:			
Current:			
Instruction:			
Professional and technical services	1,072	1,072	-
Other purchased services	501	501	-
Supplies, materials and media	14,964	14,904	60
Total instruction	<u>16,537</u>	<u>16,477</u>	<u>60</u>
District administration support services:			
Indirect cost	463	463	-
Total expenditures	<u>17,000</u>	<u>16,940</u>	<u>60</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

Migrant Education Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 374,267	338,066	(36,201)
Expenditures:			
Current:			
Support services - instruction:			
Certificated salaries	125,283	111,003	14,280
Non-certificated salaries	70,000	70,676	(676)
Employee benefits	110,800	100,880	9,920
Professional and technical services	1,000	240	760
Staff travel	3,500	3,500	-
Student travel	18,100	14,054	4,046
Supplies, materials and media	23,000	22,181	819
Tuition and stipends	2,775	2,779	(4)
Other expenditures	9,655	3,589	6,066
Total support services - instruction	<u>364,113</u>	<u>328,902</u>	<u>35,211</u>
District administration support services:			
Indirect cost	10,154	9,164	990
Total expenditures	<u>374,267</u>	<u>338,066</u>	<u>36,201</u>
Excess of revenues over expenditures	\$ <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, 2023

	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	\$ 4,264	3,740	(524)
Expenditures:			
Current:			
Instruction:			
Supplies, materials and media	4,147	3,638	509
District administration support services:			
Indirect cost	117	102	15
Total expenditures	<u>4,264</u>	<u>3,740</u>	<u>524</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

Title IV-A School Improvement Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 14,130	7,691	(6,439)
Expenditures:			
Current:			
Support services - instruction:			
Certificated salaries	3,000	-	3,000
Professional and technical services	10,244	7,012	3,232
Supplies, materials and media	500	469	31
Total support services - instruction	<u>13,744</u>	<u>7,481</u>	<u>6,263</u>
District administration support services:			
Indirect cost	386	210	176
Total expenditures	<u>14,130</u>	<u>7,691</u>	<u>6,439</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

Seciton 619 IDEA ARPA Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 3,268	3,268	-
Expenditures:			
Current:			
Special education instruction:			
Supplies, materials and media	3,179	3,179	-
District administration support services:			
Indirect cost	89	89	-
Total expenditures	3,268	3,268	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

VALDEZ CITY SCHOOLS

Title VI-B IDEA ARPA Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 39,801	39,256	(545)
Expenditures:			
Current:			
Special education instruction:			
Certificated salaries	6,048	6,048	-
Professional and technical services	200	200	-
Staff travel	9,260	9,260	-
Supplies, materials and media	14,842	14,756	86
Equipment	8,598	8,142	456
Total support education - instruction	<u>38,948</u>	<u>38,406</u>	<u>542</u>
District administration support services:			
Indirect cost	853	850	3
Total expenditures	<u>39,801</u>	<u>39,256</u>	<u>545</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

CRRSA ESSR I Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 150	150	-
Expenditures:			
Current:			
Support services - instruction:			
Supplies, materials and media	146	146	-
District administration support services:			
Indirect cost	4	4	-
Total expenditures	150	150	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

VALDEZ CITY SCHOOLS

CRRSA ESSR II Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 10,799	10,799	-
Expenditures:			
Current:			
Support services - instruction:			
Non-certificated salaries	10,504	10,504	-
District administration support services:			
Indirect cost	295	295	-
Total expenditures	10,799	10,799	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 178,157	49,557	(128,600)
Expenditures:			
Current:			
Support services - instruction:			
Certificated salaries	66,970	1,100	65,870
Non-certificated salaries	30,000	25,738	4,262
Employee benefits	65,529	13,243	52,286
Professional and technical services	418	418	-
Staff travel	2,000	1,987	13
Supplies, materials and media	9,800	5,467	4,333
Other expenditures	250	250	-
Total support services - instruction	<u>174,967</u>	<u>48,203</u>	<u>126,764</u>
District administration support services:			
Indirect cost	<u>3,190</u>	<u>1,354</u>	<u>1,836</u>
Total expenditures	<u>178,157</u>	<u>49,557</u>	<u>128,600</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

COVID School-Based Testing Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - federal education sources passed through the State of Alaska	\$ 30,734	30,734	-
Expenditures:			
Current:			
Support services - instruction:			
Non-certificated salaries	20,000	20,000	-
Employee benefits	9,894	9,894	-
Total support services - instruction	<u>29,894</u>	<u>29,894</u>	<u>-</u>
District administration support services:			
Indirect cost	840	840	-
Total expenditures	<u>30,734</u>	<u>30,734</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

Student Activities Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - other	\$ -	138,534	138,534
Expenditures:			
Current:			
Student activities:			
Student travel	-	29,419	(29,419)
Supplies, materials and media	-	1,960	(1,960)
Other expenditures	-	125,510	(125,510)
Total expenditures	-	156,889	(156,889)
Excess (deficiency) of revenues over expenditures	\$ -	(18,355)	(18,355)
Fund balances, beginning of year		249,153	
Fund balances, end of year		\$ 230,798	

VALDEZ CITY SCHOOLS

Activities Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ -	550	550
Intergovernmental:			
City appropriation	355,000	355,000	-
Total revenue	<u>355,000</u>	<u>355,550</u>	<u>550</u>
Expenditures:			
Current:			
Student activities:			
Certificated salaries	247,804	256,912	(9,108)
Non-certificated salaries	16,500	14,526	1,974
Employee benefits	43,526	44,656	(1,130)
Student travel	210,000	232,612	(22,612)
Equipment	13,000	13,614	(614)
Other expenditures	195,800	253,375	(57,575)
Total expenditures	<u>726,630</u>	<u>815,695</u>	<u>(89,065)</u>
Excess (deficiency) of revenues over expenditures	(371,630)	(460,145)	(88,515)
Other financing sources:			
Transfer in:			
School Operating Fund	351,630	460,145	108,515
Net change in fund balance	\$ <u>(20,000)</u>	-	<u>20,000</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

VALDEZ CITY SCHOOLS

Schedule of Compliance - AS 14.17.505

June 30, 2023

Total fund balance - School Operating Fund	\$	3,637,623
less exemptions per 4 AAC 09.160(a)		
Federal impact aid received		<u>31,250</u>
Fund Balance Subject to 10% Limitation	\$	<u><u>3,606,373</u></u>

Nonexempt fund balance as a percentage of current year expenditures:

<u>Fund balance subject to limitation</u>	<u>3,606,373</u>	=	<u>26.41%</u>
Current year expenditures	13,653,509		

VALDEZ CITY SCHOOLS
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2023

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	\$ 31,250	31,250
Indian Education	S060A220984	84.060A	49,936	49,936
Total direct sources			81,186	81,186
Passed through the State of Alaska, Department of Education and Early Development:				
Special Education Cluster (IDEA):				
COVID-19 Title VI-B-ARPA	SE 23.VCSD.01	84.027X	39,801	39,256
Title VI-B	SE 23.VCSD.01	84.027A	199,133	198,293
Title VI-B	SE 23.VCSD.01	84.027	11,676	11,676
Total ALN 84.027			250,610	249,225
COVID-19 Preschool Disabled-ARPA	SE 23.VCSD.01	84.173X	3,268	3,268
Preschool Disabled	SE 23.VCSD.01	84.173A	6,675	6,496
Preschool Disabled	SE 23.VCSD.01	84.173	3,030	3,030
Total ALN 84.173			12,973	12,794
Total Special Education Cluster (IDEA)			263,583	262,019
Title I-A Basic	IP 23.VCSD.01	84.010	7,992	7,992
Title I-A Basic	IP 23.VCSD.01	84.010A	96,123	94,282
Total ALN 84.010			104,115	102,274
Title II-A	IP 23.VCSD.01	84.367A	33,292	19,842
Title II-A	IP 23.VCSD.01	84.367	16,561	16,561
Total ALN 84.367			49,853	36,403
Title I-C Migrant	IP 23 048 01	84.011A	235,284	199,133
Title I-C Migrant	IP 23 048 01	84.011	138,983	138,933
Migrant Literacy	MB 23.VCSD.01	84.011	4,264	3,740
Total ALN 84.011			378,531	341,806
Carl Perkins	EK 23.VCSD.01	84.048A	17,000	16,940
Title IV-A	IP 23.VCSD.01	84.424A	14,130	7,691
COVID-19 CARES Act ESSER I	ER 23.VCSD.01	84.425D	150	150
COVID-19 - ESSR II	ER 23.VCSD.01	84.425D	10,799	10,799
COVID-19 - ESSR III	ER 23.VCSD.01	84.425U	178,157	49,557
Total ALN 84.425			189,106	60,506
Total U.S. Department of Education passed through the State of Alaska			1,016,318	827,639
Total U.S. Department of Education			1,097,504	908,825
U.S. Department of Health and Human Services:				
Passed through the State of Alaska, Department of Health:				
COVID-19 - Screening Testing to Reopen and Keep Schools Operating Safely	CT 23.VCSD.01	93.323	30,734	30,734
U.S. Department of Agriculture:				
Passed through the State of Alaska, Department of Education and Early Development:				
Child Nutrition Cluster:				
National School Breakfast Program	None	10.553	44,546	44,546
National School Lunch Program	None	10.555	183,901	183,901
USDA Commodities	None	10.555	18,362	18,362
Supply Chain Assistance	FD 23.VCSD.01	10.555	31,651	31,651
Total ALN 10.555			233,914	233,914
Fresh Fruits and Vegetables	FF 23.VCSD.02	10.582	21,464	21,464
Total U.S. Department of Agriculture and Child Nutrition Cluster			299,924	299,924
Total federal expenditures			\$ 1,428,162	1,239,483

See accompanying notes to Schedule.

VALDEZ CITY SCHOOLS

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Valdez City Schools under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of 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, 2023, the District received \$20,107 in commodities with \$18,362 used at June 30, 2023.

Note 4. Passed Through Awards

No amounts were passed through to subrecipients.

VALDEZ CITY SCHOOLS

Schedule of State Financial Assistance

Year Ended June 30, 2023

<u>Grant Title</u>	<u>Grant Number</u>	<u>Grant Award</u>	<u>Eligible Expenditures</u>
Department of Education and Early Development:			
# Foundation	None	\$ 4,919,469	4,919,469
Quality Schools	None	24,341	24,341
Student Transportation	None	465,841	465,841
Freight Claim Reimbursement	2022-015	105	105
# HB281	None	334,793	334,793
Education Raffle Funds	none	2,571	2,571
Total state financial assistance		<u>5,747,120</u>	<u>5,747,120</u>

See accompanying notes to Schedule.

VALDEZ CITY SCHOOLS

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Valdez City Schools under programs of the State of Alaska for the year ended June 30, 2023. 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 \$ 5,747,120

Plus state revenue excluded from schedule:

On-behalf PERS	73,193
On-behalf TRS	<u>593,533</u>
Total state revenues, Exhibit D-1	<u>\$ 6,413,846</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, 2023, and the related notes to the financial statements, which collectively comprise Valdez City Schools' basic financial statements, and have issued our report thereon dated October 24, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying federal Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

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.

Valdez City Schools' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Valdez City Schools' response to the findings identified in our audit and described in the accompanying Federal Schedule of Findings and Questioned Costs. The Valdez City Schools' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Anchorage, Alaska
October 24, 2023

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

Independent Auditor's Report

Members of the School Board
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, 2023. 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, 2023.

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.

Altman, Rogers & Co.

Anchorage, Alaska
October 24, 2023

VALDEZ CITY SCHOOLS

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report?

Yes No

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

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

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

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

Yes No

Type of auditor's report issued on compliance for major 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 No

Identification of major programs:

Assistance Listing Number(s)

84.011 and A

Name of Federal Program or Cluster

Migrant Education

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

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

VALDEZ CITY SCHOOLS

Federal Schedule of Findings and Questioned Costs, Continued

Section II - Financial Statement Findings

Finding 2023-001

Significant Deficiency

Internal Controls Over Material Disbursements

Condition and Context:	During our testing of internal controls over material disbursements, we determined that there was one transaction that lacked board approval.
Criteria:	Per Valdez City Schools' policy, all transactions exceeding \$15,000 require board approval. We noted one instance where board approval was not obtained.
Cause:	Lack of internal controls over approval of material disbursement.
Effect:	The lack of board approval of material disbursements could lead to expenditures purchased that were not approved.
Recommendation:	We recommend that management inform all personnel of board approval policy.
Management Response:	Management agrees with this finding, please see corrective action plan.

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, 2023. 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, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements in the State of Alaska Audit Guide. Our responsibilities under those standards and the State of Alaska Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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
October 24, 2023

VALDEZ CITY SCHOOLS

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Material weakness identified?

 Yes X No

Significant deficiency identified?

 X Yes 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

Please see Federal Schedules of Findings and Questioned Costs.

Section III – State Award Findings and Questioned Costs

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



Corrective Action Plan

Year Ended June 30, 2023

Federal Award Findings

Finding 2023-001

Internal Controls Over Material Disbursements

Name of Contact:

Amber Cawley

Corrective Action Plan:

Purchasing policies are in place and will be followed by all staff. Staff has been updated on the purchasing procedures and policies and will obtain at least 3 bids and Valdez School Board approval prior to purchases over \$15,000.

Proposed Completion Date: July 1, 2023.