

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, 2024

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VALDEZ CITY SCHOOLS

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Independent Auditor's Report

Members of the School Board
Valdez City Schools
Valdez, Alaska

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the 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, 2024, 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 46-57, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Valdez City Schools' basic financial statements. The information listed in the Table of Contents as "Supplementary Information" which includes; Major Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (where applicable); Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances; Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds; Schedule of Compliance- AS 14.17.505; Schedule of Expenditures of Federal Awards and related notes, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Schedule of State Financial Assistance and related notes as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS 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 September 18, 2024 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
September 18, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

VALDEZ CITY SCHOOLS

Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

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, 2024 with some comparative information for June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for 2024 are as follows:

- The assets and deferred outflows of the Valdez City Schools exceeded its liabilities and deferred inflows of resources by \$4,696,968 due to recording pension and OPEB liabilities and assets in accordance with GASB Statements No. 68 and No. 75 and capital assets. Without the implementation of GASB 68 and 75 and capital assets the assets of the Valdez City Schools' assets would exceed its liabilities at the end of the fiscal year by \$6,478,814 in FY24 compared to \$6,290,356 in FY23.
- In total, net position increased \$835,272 in FY24 compared to a prior year increase of \$2,457,836. All activities in the District are governmental activities. There were no business activities in 2024 or 2023.
- Total general revenues were \$14,972,005 or 79% of all revenues in FY24 compared to \$14,540,837, (81%) in FY23. Program specific revenues in the form of charges for services (for lunch sales) and grants accounted for \$3,896,836 or 21% of total revenues of \$18,868,841 in FY24. Program specific revenues accounted for \$3,369,731 or 19% of total revenues of \$17,910,568 in FY23.
- The District had \$ 18,033,569 in expenses in FY24 compared to \$15,452,732 in expenses in FY23. In FY24 only \$3,896,836 of these expenses were offset by program specific charges for services and grants. General revenues (primarily from unrestricted grants and investment earnings) of \$14,972,005 helped to provide for these services. In FY23 \$3,369,731 of these expenses were offset by program specific charges for services and grants. General revenues of \$14,540,837 were adequate to cover the remaining expenses.
- For FY24 Valdez City Schools' governmental funds reported combined ending fund balance of \$6,478,814 compared to \$6,290,356 in FY23. In FY24, \$41,525 is non-spendable, \$0 is restricted, \$ 2,105,677 is committed, \$0 is assigned and \$4,331,612 is unassigned. In FY23, \$25,859 is non-spendable, \$0 is restricted, \$2,631,656 is committed \$0 is assigned and \$3,632,841 is unassigned.

Overview of the Financial Statements

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

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

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

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

Government-wide Statements

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

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

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

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

VALDEZ CITY SCHOOLS

Management Discussion and Analysis, Continued

Fund Financial Statements

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of Valdez City Schools', liabilities and deferred inflows exceeded assets and deferred outflows by \$4,696,968 for FY24 and \$3,861,696 in FY23.

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

VALDEZ CITY SCHOOLS

Management Discussion and Analysis, Continued

Financial Analysis of the Schools as a Whole

The following table provides a summary of the District's net position for 2024 compared to 2023:

| | Condensed Statement of Net Position | |
|--|--|-------------------|
| | Governmental Activities | |
| | 2024 | 2023 |
| Assets and Deferred Outflows of Resources | | |
| Current Assets | \$ 7,451,750 | 7,190,523 |
| Non-current Assets | 5,564,268 | 5,067,318 |
| Deferred outflows of resources | 1,286,577 | 1,577,385 |
| Total Assets and Deferred Outflows of Resources | 14,302,595 | 13,835,226 |
| Liabilities and Deferred Inflows of Resources | | |
| Current Liabilities | 972,936 | 900,167 |
| Long-term Liabilities | 8,387,749 | 8,612,404 |
| Deferred Inflows of Resources | 244,942 | 460,959 |
| Total Liabilities and Deferred Inflows of Resources | 9,605,627 | 9,973,530 |
| Net Position | | |
| Net investment in capital assets | 961,009 | 840,243 |
| Unrestricted | 3,735,959 | 3,021,453 |
| Total Net Position | \$ 4,696,968 | 3,861,696 |

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 decreased mainly due to decrease in proportionate share of the collective net pension liabilities, while deferred inflows of resources decreased all due to the timing differences in actuarial reports.

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VALDEZ CITY SCHOOLS

Management Discussion and Analysis, Continued

The following table shows the changes in net position for fiscal year 2024 compared to fiscal year 2023:

| | Change in Net Position | |
|---|-------------------------------|-------------------|
| | 2024 | 2023 |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 101,891 | 92,554 |
| Operating grants and contributions | 3,669,945 | 3,152,177 |
| Capital grants and contributions | 125,000 | 125,000 |
| General revenues: | | |
| Investment earnings (loss) | 359,117 | 170,701 |
| E-rate revenue | 27,006 | 5,040 |
| Unrestricted grants | 4,721,329 | 4,975,060 |
| City appropriations | 9,352,964 | 9,046,244 |
| Other | 511,589 | 343,792 |
| Total revenues | \$ 18,868,841 | 17,910,568 |
| Expenses: | | |
| Governmental activities: | | |
| Instruction | \$ 6,385,103 | 5,716,092 |
| Special education instruction | 1,980,003 | 1,396,462 |
| Special education support services – students | 304,201 | 298,978 |
| Support services – students | 354,756 | 312,136 |
| Support services – instruction | 1,645,336 | 1,369,364 |
| School administration | 461,203 | 445,769 |
| School administration support services | 169,005 | 196,416 |
| District administration | 398,767 | 360,373 |
| District administration support services | 366,769 | 285,922 |
| Operation and maintenance of plant | 2,358,759 | 1,790,909 |
| Student transportation services | 655,641 | 632,410 |
| Student activities | 967,611 | 910,187 |
| Community services | 975,519 | 783,752 |
| Food service | 1,010,896 | 953,962 |
| Total expenses | 18,033,569 | 15,452,732 |
| Change in net position | 835,272 | 2,457,836 |
| Net position – beginning of year, as previously stated | 3,861,696 | 1,403,860 |
| Change in accounting principle | - | - |
| Net position – beginning of year, as restated | 3,861,696 | 1,403,860 |
| Net position, end of year | \$ 4,696,968 | 3,861,696 |

The general revenues accounted for most of the District's total revenues 79%, with operating grants contributing 21% of the District's total revenues. Total revenues increased by \$958,273 and total expenses increased by \$2,580,837 in 2024. 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 \$19,115,538 and expenditures of \$18,927,080.

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 \$ 613,734 more than anticipated. The increase is primarily due to the higher investment bonds and the state of Alaska one time funding.

The actual expenditures were \$883,614 less than anticipated. The decrease is mainly due to less employees and less employee benefits.

Capital Assets

The following table shows fiscal 2024 compared to 2023.

| | Capital Assets (Net of Depreciation) | |
|-----------|---|--------------------|
| | <u>2024</u> | <u>2023</u> |
| Equipment | \$ <u>961,009</u> | <u>840,243</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 2024 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 2024 budget process was based on a projected enrollment of 598 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, 2024

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| <u>Assets and Deferred Outflows of Resources</u> | |
| Current assets: | |
| Cash and cash equivalents | \$ 7,170,581 |
| Accounts receivable | 239,644 |
| Inventory | 41,525 |
| Total current assets | <u>7,451,750</u> |
| Non-current assets: | |
| Capital assets | 3,009,032 |
| Accumulated depreciation | (2,048,023) |
| Net OPEB asset | 4,603,259 |
| Total non-current assets | <u>5,564,268</u> |
| Deferred outflows of resources: | |
| Pension and OPEB deferrals | <u>1,286,577</u> |
| Total assets and deferred outflows of resources | <u>14,302,595</u> |
| <u>Liabilities and Deferred Inflows of Resources and Net Position</u> | |
| Current liabilities: | |
| Accounts payable | 93 |
| Accrued health insurance | 725,834 |
| Accrued payroll liabilities | 162,873 |
| Workers' compensation payable | 73,345 |
| Unearned revenues | 10,791 |
| Total current liabilities | <u>972,936</u> |
| Long-term liabilities: | |
| Net pension and OPEB liability | <u>8,387,749</u> |
| Deferred inflows of resources: | |
| Pension and OPEB deferrals | <u>244,942</u> |
| Total liabilities and deferred inflows of resources | <u>9,605,627</u> |
| <u>Net Position</u> | |
| Net investment in capital assets | 961,009 |
| Unrestricted | 3,735,959 |
| Total net position | <u>\$ 4,696,968</u> |

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

VALDEZ CITY SCHOOLS

Statement of Activities

Year Ended June 30, 2024

| 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 | \$ 6,385,103 | - | 389,550 | - | (5,995,553) |
| Special education instruction | 1,980,003 | - | 211,380 | - | (1,768,623) |
| Special education support services - students | 304,201 | - | 10,073 | - | (294,128) |
| Support services - students | 354,756 | - | 17,223 | - | (337,533) |
| Support services - instruction | 1,645,336 | - | 422,388 | 125,000 | (1,097,948) |
| School administration | 461,203 | - | 26,833 | - | (434,370) |
| School administration support services | 169,005 | - | 2,452 | - | (166,553) |
| District administration | 398,767 | - | 15,376 | - | (383,391) |
| District administration support services | 366,769 | - | 21,069 | - | (345,700) |
| Operations and maintenance of plant | 2,358,759 | - | 12,233 | - | (2,346,526) |
| Student activities | 967,611 | - | 475,172 | - | (492,439) |
| Student transportation services | 655,641 | - | 549,882 | - | (105,759) |
| Community services | 975,519 | - | 823,380 | - | (152,139) |
| Food services | 1,010,896 | 101,891 | 692,934 | - | (216,071) |
| Total governmental activities | \$ 18,033,569 | 101,891 | 3,669,945 | 125,000 | (14,136,733) |
| General revenues: | | | | | |
| City appropriations | | | | \$ 9,352,964 | |
| E-rate | | | | 27,006 | |
| Earnings (loss) on investments | | | | 359,117 | |
| Other | | | | 511,589 | |
| Grants not restricted to specific programs | | | | 4,721,329 | |
| Total general revenues | | | | 14,972,005 | |
| Change in net position | | | | | 835,272 |
| Net position - beginning of year | | | | | 3,861,696 |
| Net position - ending | | | | | \$ 4,696,968 |

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

VALDEZ CITY SCHOOLS

Balance Sheet - Governmental Funds

June 30, 2024

| | School Operating Fund | Technology Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|-----------------------------|---------------------------------------|--------------------------------|--------------------------------|
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 7,170,581 | - | - | 7,170,581 |
| Accounts receivable | - | - | 239,644 | 239,644 |
| Due from other funds | 239,237 | 962,321 | 1,142,949 | 2,344,507 |
| Inventory | - | - | 41,525 | 41,525 |
| Total assets | <u>\$ 7,409,818</u> | <u>962,321</u> | <u>1,424,118</u> | <u>9,796,257</u> |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | 93 | - | - | 93 |
| Accrued health insurance | 725,834 | - | - | 725,834 |
| Accrued payroll liabilities | 162,873 | - | - | 162,873 |
| Workmans' compensation payable | 73,345 | - | - | 73,345 |
| Due to other funds | 2,105,270 | - | 239,237 | 2,344,507 |
| Unearned revenues | - | - | 10,791 | 10,791 |
| Total liabilities | <u>3,067,415</u> | <u>-</u> | <u>250,028</u> | <u>3,317,443</u> |
| Fund balances: | | | | |
| Non-spendable: | | | | |
| Inventory | - | - | 41,525 | 41,525 |
| Committed for: | | | | |
| Minigrants | - | - | 10,504 | 10,504 |
| Transportation | - | - | 281,931 | 281,931 |
| Community education | - | - | 242,281 | 242,281 |
| ADA renovations | - | - | 61,426 | 61,426 |
| Vehicle replacement | - | - | 41,924 | 41,924 |
| Technology | - | 962,321 | - | 962,321 |
| Title I-A | - | - | 25 | 25 |
| Maintenance | - | - | 259,549 | 259,549 |
| Migrant education | - | - | 382 | 382 |
| Student activities | - | - | 245,334 | 245,334 |
| Unassigned | 4,342,403 | - | (10,791) | 4,331,612 |
| Total fund balances | <u>4,342,403</u> | <u>962,321</u> | <u>1,174,090</u> | <u>6,478,814</u> |
| Total liabilities and fund balances | <u>\$ 7,409,818</u> | <u>962,321</u> | <u>1,424,118</u> | <u>9,796,257</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, 2024

| | | | |
|--|--------------------|----|-------------------------|
| Amounts reported as fund balances on the governmental funds balance sheet. | | \$ | 6,478,814 |
| 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. | | | 961,009 |
| Proportionate share of the collective net pension and OPEB liability: | | | |
| PERS | (4,247,711) | | |
| TRS | <u>(4,140,038)</u> | | |
| | | | (8,387,749) |
| Proportionate share of the collective OPEB asset: | | | |
| PERS | 1,992,466 | | |
| TRS | <u>2,610,793</u> | | |
| | | | 4,603,259 |
| 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 | 595,156 | | |
| TRS | <u>691,421</u> | | |
| | | | 1,286,577 |
| Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources. | | | |
| PERS | (115,873) | | |
| TRS | <u>(129,069)</u> | | |
| | | | <u>(244,942)</u> |
| Net position of governmental activities | | \$ | <u><u>4,696,968</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, 2024

| | School Operating Fund | Technology Capital Project Fund | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------------|---------------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Local sources: | | | | |
| Charges for services | \$ - | - | 101,891 | 101,891 |
| E-rate | 27,006 | - | - | 27,006 |
| Earnings on investments | 359,117 | - | - | 359,117 |
| Other | 9,054 | - | 106,135 | 115,189 |
| Intergovernmental: | | | | |
| State of Alaska | 5,852,994 | - | 478,071 | 6,331,065 |
| Federal sources | 56,420 | - | 977,886 | 1,034,306 |
| City appropriation | 9,352,964 | 125,000 | 1,669,000 | 11,146,964 |
| Total revenues | <u>15,657,555</u> | <u>125,000</u> | <u>3,332,983</u> | <u>19,115,538</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 6,649,478 | - | 120,220 | 6,769,698 |
| Special education instruction | 2,037,153 | - | 162,350 | 2,199,503 |
| Special education support services - students | 308,159 | - | - | 308,159 |
| Support services - students | 399,269 | - | - | 399,269 |
| Support services - instruction | 1,025,364 | 232,251 | 410,015 | 1,667,630 |
| School administration | 499,622 | - | - | 499,622 |
| School administration support services | 173,727 | - | - | 173,727 |
| District administration | 420,568 | - | - | 420,568 |
| District administration support services | 359,236 | - | 17,978 | 377,214 |
| Operations and maintenance of plant | 2,301,435 | - | - | 2,301,435 |
| Student activities | 32,037 | - | 966,883 | 998,920 |
| Student transportation services | - | - | 655,641 | 655,641 |
| Community services | - | - | 975,519 | 975,519 |
| Food services | - | - | 1,008,496 | 1,008,496 |
| Capital outlay | - | - | 171,679 | 171,679 |
| Total expenditures | <u>14,206,048</u> | <u>232,251</u> | <u>4,488,781</u> | <u>18,927,080</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,451,507</u> | <u>(107,251)</u> | <u>(1,155,798)</u> | <u>188,458</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 746,727 | 746,727 |
| Transfers out | (746,727) | - | - | (746,727) |
| Net other financing sources (uses) | <u>(746,727)</u> | <u>-</u> | <u>746,727</u> | <u>-</u> |
| Net change in fund balances | 704,780 | (107,251) | (409,071) | 188,458 |
| Fund balances, beginning of year | <u>3,637,623</u> | <u>1,069,572</u> | <u>1,583,161</u> | <u>6,290,356</u> |
| Fund balances, end of year | <u>\$ 4,342,403</u> | <u>962,321</u> | <u>1,174,090</u> | <u>6,478,814</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, 2024

Net change in fund balances - total government funds \$ 188,458

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 | 136,828 | |
| TRS | 464,011 | 600,839 |
| | <u>464,011</u> | |

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 | 280,021 | |
| Depreciation expense | (159,255) | 120,766 |
| | <u>(159,255)</u> | |

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 | 11,761 | |
| TRS | (86,552) | (74,791) |
| | <u>(86,552)</u> | <u>(74,791)</u> |

Change in net position of governmental activities \$ 835,272

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements

June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

The District constitutes a component unit of the City of Valdez, Alaska. There were no entities, which are a component unit of the District, which have been included or excluded in the accompanying financial statements at June 30, 2024.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, would be reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not presently have any business-type activities or fiduciary activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Deferred inflows of resources are the acquisition of Fund Balance/Net Position by the District that are applicable to a future reporting period. Deferred outflows of resources are the consumption of Fund Balance/Net Position by the District that are applicable to a future reporting period.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

Intergovernmental Revenues:

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

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

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

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

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

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Local Revenue:

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

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

The District reports the following major governmental funds:

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

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

Use of Estimates

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

Indirect Costs

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

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

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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 |

5. Unearned Revenues

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

6. Assets to be Contributed

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

7. Compensated Absences

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.

Notes to Basic Financial Statements, Continued

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.

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:

| | | |
|------------------------|----|--------|
| Student Transportation | \$ | 16,496 |
| Community Education | \$ | 46,733 |
| Student Activities | \$ | 91,599 |

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, 2024, 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, 2024 for the District's other governmental funds are as follows:

| | | |
|--------------|----|--------------------------------|
| | | Other Governmental Funds |
| | | <u> </u> |
| Receivables: | | |
| Grants | \$ | <u>239,644</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, 2024 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 | \$ 2,826,851 | 280,021 | (97,840) | 3,009,032 |
| Less accumulated depreciation | <u>(1,986,608)</u> | <u>(159,255)</u> | <u>97,840</u> | <u>(2,048,023)</u> |
| Net governmental activities | <u>\$ 840,243</u> | <u>120,766</u> | <u>-</u> | <u>961,009</u> |

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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

| | |
|-------------------------------------|-------------------|
| Instruction | \$ 25,481 |
| Support services – instruction | 21,922 |
| Special education – instruction | 4,000 |
| Food services | 2,400 |
| Operations and maintenance of plant | <u>105,452</u> |
| | \$ <u>159,255</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, 2024 were as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---------------------------------|--------------------------|---------------------|
| School Operating Fund | Other Governmental Funds | \$ 239,237 |
| Technology Capital Project Fund | School Operating Fund | 962,321 |
| Other Governmental Funds | School Operating Fund | <u>1,142,949</u> |
| Total | | \$ <u>2,344,507</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:

| <u>Transfer in:</u> | <u>Transfer out:</u> | <u>Amount</u> |
|--------------------------|-----------------------|-------------------|
| Other Governmental Funds | School Operating Fund | \$ <u>746,727</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, 2024 and 2023 is as follows:

| | Health Insurance Program | |
|--|--------------------------|-------------|
| | 2024 | 2023 |
| Payable beginning of fiscal year | \$ 659,553 | 684,412 |
| Claims expense and administrative fees | 2,974,508 | 2,763,082 |
| Claims deposits | (2,908,227) | (2,787,941) |
| Payable end of fiscal year | \$ 725,834 | 659,553 |

The \$725,834 claims liability at June 30, 2024 consists of claims submitted and an estimate of claims incurred but not yet reported.

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

B. Related Party

Valdez City Schools received contributions from the City of Valdez, Alaska in the amount of \$11,146,964.

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 |

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Plan Memberships

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

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

Other Postemployment Benefit Plans (OPEB)

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2024, employer contributions were 0.00% for PERS and 0.00% for TRS.

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2024, the employer contribution rates were 0.30% for PERS and 0.08% for TRS.

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2024, employer contributions were 1.01% for PERS and 0.82% for TRS.

Health Reimbursement Arrangement Plan (HRA)

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

Notes to Basic Financial Statements, Continued

Investments

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

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

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2023 (latest available report) for PERS and TRS for the DB Pension Plan were 7.56% and 7.52%, the ARHCT Plan were 7.64% and 7.64%, the ODD Plan were 7.71% and 7.62%, and the RMP were 7.71% and 7.62%, respectively.

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

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

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS and TRS plans (rates shown below exclude an annual inflation component of 2.82%):

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 4.13% as of June 30, 2023.

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

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

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

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

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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

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

Termination Costs: If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS and TRS Administrator. For the plan year ended June 30, 2023 (measurement period) the past service rate for PERS and TRS is 16.33%.

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2023 (latest available) were determined by an actuarial valuation as of June 30, 2022 which was rolled forward to the measurement date June 30, 2023. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021.

| | |
|-----------------------------------|---|
| Inflation | 2.50% per year. |
| Salary Increases | Increases range from 2.85% to 8.50% based on service. |
| Investment return / discount rate | 7.25%, net of expenses based on average inflation of 2.50% and a real return of 4.75%. |
| Mortality | Based upon 2017-2021 actual experience study and applicable tables contained in Pub-2010, projected with MP-2021 generational improvement. |
| Healthcare cost trend rates | Pre-65 medical: 6.7% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.2% grading down to 4.5%. Ultimate trend rates reached in FY2050. |

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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

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

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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

| | Pensions (DB) | Other Post-Employment Benefits (DB) | Total |
|----|------------------|--|----------------|
| \$ | <u>344,782</u> | <u>29,116</u> | <u>373,898</u> |

Public Employees’ Retirement Plans

For the year ended June 30, 2024 the State of Alaska contributed \$75,960 (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 \$47,558 to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2024, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the District were as follows:

| | |
|---|-----------------------|
| Defined Benefit: | <u>Pension</u> |
| District's proportionate share of the net pension liability | \$ 4,247,711 |
| State's proportionate share of the net pension liability | <u>1,415,537</u> |
| Total | <u>\$ 5,663,248</u> |
| | <u>OPEB</u> |
| District's proportionate share of the ARHCT OPEB liability (asset) | \$ (1,879,376) |
| State's proportionate share of the ARHCT OPEB liability (asset) | <u>(635,142)</u> |
| Total | <u>\$ (2,514,518)</u> |
| District's proportionate share of the ODD OPEB liability (asset) | <u>\$ (53,633)</u> |
| District's proportionate share of the RMP OPEB liability (asset) | <u>\$ (59,457)</u> |
| Total District's share of net pension and OPEB liabilities and assets | <u>\$ 2,255,245</u> |

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

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

| | <u>June 30, 2023</u> <u>Measurement</u> | <u>June 30, 2022</u> <u>Measurement</u> | <u>Change</u> |
|---------|--|--|---------------|
| Pension | 0.08192% | 0.07909% | 0.00283% |
| OPEB: | | | |
| ARHCT | 0.08168% | 0.07848% | 0.0032% |
| ODD | 0.10454% | 0.11201% | (0.00747%) |
| RMP | 0.12522% | 0.13183% | (0.00661%) |

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2023, the District recognized pension and OPEB expense of \$749,199 and (\$462,737), respectively, for the year ended June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

| | Pension | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Defined Benefit: | | |
| Differences between expected and actual experience | \$ - | - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 110,872 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | - | - |
| District contributions subsequent to the measurement date | <u>344,782</u> | <u>-</u> |
| Total | <u>\$ 455,654</u> | <u>-</u> |
| | | |
| | OPEB ARHCT | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 3,902 | - |
| Changes of assumptions | - | (34,585) |
| Net difference between projected and actual earnings on OPEB plan investments | 85,540 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | - | (10,497) |
| District contributions subsequent to the measurement date | <u>-</u> | <u>-</u> |
| Total | <u>\$ 89,442</u> | <u>(45,082)</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 | \$ - | (15,070) |
| Changes of assumptions | - | (223) |
| Net difference between projected and actual earnings on OPEB plan investments | 1,238 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 4,624 | (4,093) |
| District contributions subsequent to the measurement date | 6,668 | - |
| Total | \$ <u>12,530</u> | <u>(19,386)</u> |

| | OPEB RMP | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 1,812 | (1,919) |
| Changes of assumptions | 6,394 | (48,350) |
| Net difference between projected and actual earnings on OPEB plan investments | 4,982 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 1,894 | (1,136) |
| District contributions subsequent to the measurement date | 22,448 | - |
| Total | \$ <u>37,530</u> | <u>(51,405)</u> |

\$344,782 and \$29,116 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2024 (measurement date), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

| Year Ended June 30, | Pension | OPEB ARHCT | OPEB ODD | OPEB RMP |
|------------------------|-------------------|---------------|-----------------|-----------------|
| 2024 | \$ (42,050) | (78,392) | (3,250) | (7,419) |
| 2025 | (92,999) | (77,270) | (3,496) | (8,377) |
| 2026 | 251,594 | 205,259 | (1,178) | (83) |
| 2027 | (5,673) | (5,237) | (2,658) | (8,890) |
| 2028 | - | - | (1,892) | (6,229) |
| Thereafter | - | - | (1,050) | (5,325) |
| Total | \$ <u>110,872</u> | <u>44,360</u> | <u>(13,524)</u> | <u>(36,323)</u> |

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2024, the District recognized \$125,894 and (\$40,625) 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) | \$ 5,702,539 | 4,247,711 | 3,018,809 |
| Net OPEB ARHCT liability (asset) | \$ (1,249,209) | (1,879,376) | (2,408,751) |
| Net OPEB ODD liability (asset) | \$ (50,393) | (53,633) | (56,154) |
| Net OPEB RMP liability (asset) | \$ (2,066) | (59,457) | (103,299) |

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) | \$ (2,469,304) | (1,879,376) | (1,176,933) |
| Net OPEB ODD liability (asset) | \$ N/A | (53,633) | N/A |
| Net OPEB RMP liability (asset) | \$ (109,183) | (59,457) | 7,335 |

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

Plan Description and Funding Requirements. Districts and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 6.75% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5.00% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.01% for the retiree medical plan (DB), 0.30% for occupational and death and disability benefits (DB) and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is capped at 22.00% with anything in excess of the previously listed rates being contributed to the Defined Benefit Unfunded Liability (DBUL).

Plan members are 100% vested with their contributions.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Members become vested in employers' contributions as follows:

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

The District contributed \$206,758 for the year ended June 30, 2024, which included forfeitures of (\$6,326) which have been applied as employer contributions.

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

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

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

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

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

| | Pensions (DB) | Other Post-Employment Benefits (DB) | Total |
|----|------------------|--|----------------|
| \$ | <u>286,106</u> | <u>30,426</u> | <u>316,532</u> |

Teachers' Retirement Plans

For the year ended June 30, 2024 the State of Alaska contributed \$609,590 (100% pension cost) on-behalf of the District, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2024 to a total of \$391,294 to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2024, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the District were as follows:

| | |
|---|-----------------------|
| Defined Benefit: | Pension |
| District's proportionate share of the net pension liability | \$ 4,140,038 |
| State's proportionate share of the net pension liability | <u>6,543,998</u> |
| Total | <u>\$ 10,684,036</u> |
| | OPEB |
| District's proportionate share of the ARHCT OPEB liability (asset) | \$ (2,446,518) |
| State's proportionate share of the ARHCT OPEB liability (asset) | <u>(3,697,123)</u> |
| Total | <u>\$ (6,143,641)</u> |
| District's proportionate share of the ODD OPEB liability (asset) | <u>\$ (39,080)</u> |
| District's proportionate share of the RMP OPEB liability (asset) | <u>\$ (125,195)</u> |
| Total District's share of net pension and OPEB liabilities and assets | <u>\$ 1,530,425</u> |

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

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, 2023 Measurement | June 30, 2022 Measurement | Change |
|---------|------------------------------|------------------------------|------------|
| Pension | 0.23544% | 0.27484% | (0.03940%) |
| OPEB: | | | |
| ARHCT | 0.24208% | 0.28065% | (0.03857%) |
| ODD | 0.56482% | 0.50545% | 0.05937% |
| RMP | 0.56519% | 0.50466% | 0.06053% |

Based on the measurement date of June 30, 2023, the District recognized pension and OPEB expense of \$742,867 and (\$402,501), respectively, for the year ended June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

| | Pension | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Defined Benefit: | | |
| Differences between expected and actual experience | \$ - | - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 169,755 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | - | - |
| District contributions subsequent to the measurement date | 286,106 | - |
| Total | \$ <u>455,861</u> | <u>-</u> |
| | | |
| | OPEB ARHCT | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 6,741 | - |
| Changes of assumptions | - | (38,688) |
| Net difference between projected and actual earnings on OPEB plan investments | 100,934 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 57,692 | - |
| District contributions subsequent to the measurement date | - | - |
| Total | \$ <u>165,367</u> | <u>(38,688)</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 | \$ - | (6,259) |
| Changes of assumptions | - | (77) |
| Net difference between projected and actual earnings on OPEB plan investments | 683 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 2,142 | (7,269) |
| District contributions subsequent to the measurement date | 2,705 | - |
| Total | \$ <u>5,530</u> | <u>(13,605)</u> |

| | OPEB RMP | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 21,731 | (4,346) |
| Changes of assumptions | 5,237 | (60,417) |
| Net difference between projected and actual earnings on OPEB plan investments | 7,118 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 2,856 | (12,013) |
| District contributions subsequent to the measurement date | 27,721 | - |
| Total | \$ <u>64,663</u> | <u>(76,776)</u> |

\$286,106 and \$30,426 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2024 (measurement date), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

| Year Ended June 30, | Pension | OPEB ARHCT | OPEB ODD | OPEB RMP |
|------------------------|-------------------|----------------|-----------------|-----------------|
| 2024 | \$ (72,240) | (14,385) | (2,154) | (8,952) |
| 2025 | (157,869) | (84,974) | (2,312) | (10,498) |
| 2026 | 407,347 | 232,096 | (1,066) | 2,084 |
| 2027 | (7,483) | (6,058) | (1,954) | (8,434) |
| 2028 | - | - | (1,146) | (7,146) |
| Thereafter | - | - | (2,148) | (6,888) |
| Total | \$ <u>169,755</u> | <u>126,679</u> | <u>(10,780)</u> | <u>(39,834)</u> |

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2024, the District recognized (\$732,256) and \$446,708 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) | \$ 6,094,394 | 4,140,038 | 2,489,004 |
| Net OPEB ARHCT liability (asset) | \$ (1,730,221) | (2,446,518) | (3,045,004) |
| Net OPEB ODD liability (asset) | \$ (39,216) | (39,080) | (39,007) |
| Net OPEB RMP liability (asset) | \$ (45,927) | (125,195) | (184,969) |

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) | \$ (3,111,207) | (2,446,518) | (1,650,248) |
| Net OPEB ODD liability (asset) | \$ N/A | (39,080) | N/A |
| Net OPEB RMP liability (asset) | \$ (192,317) | (125,195) | (34,137) |

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

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

Plan members are 100% vested with their contributions.

VALDEZ CITY SCHOOLS

Notes to Basic Financial Statements, Continued

Members become vested in employers' contributions as follows:

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

The District contributed \$329,657 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 101 *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.
- GASB 102 *Certain Risk Disclosures*. Effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- GASB 103 *Financial Reporting Model Improvements*: Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

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

GASB Statement No. 102 will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

GASB Statement No. 103 will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

Year Ended June 30, 2024

| | School Operating Fund | | | Variance with Final Budget- Positive (Negative) |
|---|-----------------------|------------|-------------------|--|
| | Budgeted Amounts | | Actual Amounts | |
| | Original | Final | | |
| Revenues: | | | | |
| Local sources: | | | | |
| E-rate | \$ 7,200 | 37,200 | 27,006 | (10,194) |
| Earnings (loss) on investments | 40,000 | 40,000 | 359,117 | 319,117 |
| Other | - | - | 9,054 | 9,054 |
| Intergovernmental: | | | | |
| State of Alaska | 5,515,707 | 5,607,657 | 5,852,994 | 245,337 |
| Federal sources | 6,000 | 6,000 | 56,420 | 50,420 |
| City appropriation | 9,352,964 | 9,352,964 | 9,352,964 | - |
| Total revenues | 14,921,871 | 15,043,821 | 15,657,555 | 613,734 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 6,316,382 | 7,055,445 | 6,649,478 | 405,967 |
| Special education instruction | 2,203,003 | 2,298,674 | 2,037,153 | 261,521 |
| Special education support services - students | 406,592 | 416,608 | 308,159 | 108,449 |
| Support services - students | 396,894 | 437,958 | 399,269 | 38,689 |
| Support services - instruction | 756,344 | 1,010,474 | 1,025,364 | (14,890) |
| School administration | 540,606 | 593,331 | 499,622 | 93,709 |
| School administration support services | 275,679 | 278,207 | 173,727 | 104,480 |
| District administration | 395,661 | 419,203 | 420,568 | (1,365) |
| District administration support services | 324,281 | 329,874 | 359,236 | (29,362) |
| Operations and maintenance of plant | 3,095,954 | 2,213,030 | 2,301,435 | (88,405) |
| Student activities | 339,062 | 36,858 | 32,037 | 4,821 |
| Total expenditures | 15,050,458 | 15,089,662 | 14,206,048 | 883,614 |
| Excess of revenues over expenditures | (128,587) | (45,841) | 1,451,507 | 1,497,348 |
| Other financing (uses): | | | | |
| Transfers out | (564,377) | (673,163) | (746,727) | (73,564) |
| Net change in fund balance | \$ (692,964) | (719,004) | 704,780 | 1,423,784 |
| Fund balance, beginning of year | | | 3,637,623 | |
| Fund balance, end of year | | | \$ 4,342,403 | |

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, 2024

| Year | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | State of Alaska Proportionate Share of the Net Pension Liability | Total Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------|--|---|--|-----------------------------|----------------------------|--|--|
| 2015 | 0.0485% | \$ 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% |
| 2024 | 0.0820% | \$ 4,247,711 | \$ 1,415,537 | \$ 5,663,248 | \$ 2,693,205 | 157.72% | 68.23% |

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, 2024

| Year | District's Proportion of the Net OPEB Liability (Asset) | District's Proportionate Share of the Net OPEB Liability (Asset) | State of Alaska Proportionate Share of the Net OPEB Liability (Asset) | Total Net OPEB Liability (Asset) | District's Covered Payroll | District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) |
|--|--|---|--|---|----------------------------------|---|---|
| Alaska Retiree Healthcare Trust Plan (ARHCT): | | | | | | | |
| 2018 | 0.0760% | \$ 642,394 | \$ 239,732 | \$ 882,126 | \$ 3,032,644 | 21.18% | 89.68% |
| 2019 | 0.0791% | \$ 812,222 | \$ 235,988 | \$ 1,048,210 | \$ 2,216,402 | 36.65% | 88.12% |
| 2020 | 0.0643% | \$ 95,347 | \$ 38,031 | \$ 133,378 | \$ 2,101,824 | 4.54% | 98.13% |
| 2021 | 0.0751% | \$ (339,875) | \$ (140,795) | \$ (480,670) | \$ 2,342,853 | -14.51% | 106.15% |
| 2022 | 0.0843% | \$ (2,161,548) | \$ (283,712) | \$ (2,445,260) | \$ 2,324,382 | -92.99% | 135.54% |
| 2023 | 0.0785% | \$ (1,544,052) | \$ (441,158) | \$ (1,985,210) | \$ 2,565,245 | -60.19% | 128.51% |
| 2024 | 0.0817% | \$ (1,879,376) | \$ (635,142) | \$ (2,514,518) | \$ 2,693,205 | -69.78% | 133.96% |
| Occupational Death and Disability (ODD): | | | | | | | |
| 2018 | 0.1303% | \$ (18,489) | \$ - | \$ (18,489) | \$ 3,032,644 | -0.61% | 212.97% |
| 2019 | 0.1154% | \$ (22,414) | \$ - | \$ (22,414) | \$ 2,216,402 | -1.01% | 270.62% |
| 2020 | 0.0745% | \$ (18,073) | \$ - | \$ (18,073) | \$ 2,101,824 | -0.86% | 297.43% |
| 2021 | 0.0988% | \$ (26,933) | \$ - | \$ (26,933) | \$ 2,342,853 | -1.15% | 283.80% |
| 2022 | 0.1111% | \$ (48,971) | \$ - | \$ (48,971) | \$ 2,324,382 | -2.11% | 374.22% |
| 2023 | 0.1120% | \$ (49,104) | \$ - | \$ (49,104) | \$ 2,565,245 | -1.91% | 348.80% |
| 2024 | 0.1014% | \$ (53,633) | \$ - | \$ (53,633) | \$ 2,693,205 | -1.99% | 349.24% |
| Retiree Medical Plan (RMP): | | | | | | | |
| 2018 | 0.1303% | \$ 6,795 | \$ - | \$ 6,795 | \$ 616,628 | 1.10% | 93.98% |
| 2019 | 0.1154% | \$ 14,685 | \$ - | \$ 14,685 | \$ 603,295 | 2.43% | 88.71% |
| 2020 | 0.1333% | \$ 31,900 | \$ - | \$ 31,900 | \$ 798,300 | 4.00% | 83.17% |
| 2021 | 0.1234% | \$ 8,749 | \$ - | \$ 8,749 | \$ 736,349 | 1.19% | 92.23% |
| 2022 | 0.1311% | \$ (35,191) | \$ - | \$ (35,191) | \$ 888,077 | -3.96% | 115.10% |
| 2023 | 0.1318% | \$ (45,785) | \$ - | \$ (45,785) | \$ 942,550 | -4.86% | 120.08% |
| 2024 | 0.1252% | \$ (59,457) | \$ - | \$ (59,457) | \$ 921,700 | -6.45% | 124.29% |

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Schedule of District's Contributions (Pensions)

Public Employees' Retirement System (PERS)

June 30, 2024

| Year | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|------|---|---|--|----------------------------------|---|
| 2015 | \$ 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% |
| 2024 | \$ 354,252 | \$ (344,782) | \$ 9,470 | \$ 2,639,345 | 13.42% |

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Schedule of District's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2024

| Year | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|---|---|--|----------------------------------|---|
| Alaska Retiree Healthcare Trust Plan (ARHCT): | | | | | |
| 2018 | \$ 75,271 | \$ (75,271) | \$ - | \$ 2,216,402 | 3.40% |
| 2019 | \$ 85,179 | \$ (85,179) | \$ - | \$ 2,101,824 | 4.05% |
| 2020 | \$ 86,148 | \$ (86,148) | \$ - | \$ 2,342,853 | 3.68% |
| 2021 | \$ 31,084 | \$ (31,084) | \$ - | \$ 2,324,382 | 1.34% |
| 2022 | \$ 29,485 | \$ (29,485) | \$ - | \$ 2,565,245 | 1.15% |
| 2023 | \$ - | \$ - | \$ - | \$ 2,693,205 | 0.00% |
| 2024 | \$ - | \$ - | \$ - | \$ 2,639,345 | 0.00% |
| Occupational Death and Disability (ODD): | | | | | |
| 2018 | \$ 2,090 | \$ (2,090) | \$ - | \$ 2,216,402 | 0.09% |
| 2019 | \$ 3,044 | \$ (3,044) | \$ - | \$ 2,101,824 | 0.14% |
| 2020 | \$ 4,333 | \$ (4,333) | \$ - | \$ 2,342,853 | 0.18% |
| 2021 | \$ 5,927 | \$ (5,927) | \$ - | \$ 2,324,382 | 0.25% |
| 2022 | \$ 6,462 | \$ (6,462) | \$ - | \$ 2,565,245 | 0.25% |
| 2023 | \$ 6,404 | \$ (6,404) | \$ - | \$ 2,693,205 | 0.24% |
| 2024 | \$ 6,668 | \$ (6,668) | \$ - | \$ 2,639,345 | 0.25% |
| Retiree Medical Plan (RMP): | | | | | |
| 2018 | \$ 13,453 | \$ (13,453) | \$ - | \$ 603,295 | 2.23% |
| 2019 | \$ 15,648 | \$ (15,648) | \$ - | \$ 798,300 | 1.96% |
| 2020 | \$ 22,003 | \$ (22,003) | \$ - | \$ 736,349 | 2.99% |
| 2021 | \$ 24,332 | \$ (24,332) | \$ - | \$ 888,077 | 2.74% |
| 2022 | \$ 22,305 | \$ (22,305) | \$ - | \$ 942,550 | 2.37% |
| 2023 | \$ 23,482 | \$ (23,482) | \$ - | \$ 921,700 | 2.55% |
| 2024 | \$ 22,448 | \$ (22,448) | \$ - | \$ 939,809 | 2.39% |

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, 2024

| Year | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | State of Alaska Proportionate Share of the Net Pension Liability | Total Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------|--|---|--|-----------------------------|----------------------------|--|--|
| 2015 | 0.1118% | \$ 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% |
| 2024 | 0.2354% | \$ 4,140,038 | \$ 6,543,998 | \$ 10,684,036 | \$ 5,318,710 | 77.84% | 77.62% |

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, 2024

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

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS
 Schedule of District's Contributions (Pensions)
 Teachers' Retirement System (TRS)
 June 30, 2024

| Year | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|------|---|---|--|----------------------------------|---|
| 2015 | \$ 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% |
| 2024 | \$ 286,106 | \$ (286,106) | \$ - | \$ 5,144,817 | 5.56% |

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Schedule of District's Contributions (OPEB)

Teachers' Retirement System (TRS)

June 30, 2024

| Year | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|---|---|--|----------------------------------|---|
| Alaska Retiree Healthcare Trust Plan (ARHCT): | | | | | |
| 2018 | \$ 150,425 | \$ (150,425) | \$ - | \$ 3,615,917 | 4.16% |
| 2019 | \$ 122,131 | \$ (122,131) | \$ - | \$ 3,008,821 | 4.06% |
| 2020 | \$ 146,284 | \$ (146,284) | \$ - | \$ 2,910,724 | 5.03% |
| 2021 | \$ 204,961 | \$ (204,961) | \$ - | \$ 5,341,115 | 3.84% |
| 2022 | \$ 175,945 | \$ (175,945) | \$ - | \$ 5,193,169 | 3.39% |
| 2023 | \$ - | \$ - | \$ - | \$ 5,318,710 | 0.00% |
| 2024 | \$ - | \$ - | \$ - | \$ 5,144,817 | 0.00% |
| Occupational Death and Disability (ODD): | | | | | |
| 2018 | \$ - | \$ - | \$ - | \$ 3,615,917 | 0.00% |
| 2019 | \$ 1,612 | \$ (1,612) | \$ - | \$ 3,008,821 | 0.05% |
| 2020 | \$ 1,557 | \$ (1,557) | \$ - | \$ 2,910,724 | 0.05% |
| 2021 | \$ 1,898 | \$ (1,898) | \$ - | \$ 5,341,115 | 0.04% |
| 2022 | \$ 1,987 | \$ (1,987) | \$ - | \$ 5,193,169 | 0.04% |
| 2023 | \$ 2,322 | \$ (2,322) | \$ - | \$ 5,318,710 | 0.04% |
| 2024 | \$ 2,705 | \$ (2,705) | \$ - | \$ 5,144,817 | 0.05% |
| Retiree Medical Plan (RMP): | | | | | |
| 2018 | \$ 12,723 | \$ (12,723) | \$ - | \$ 655,666 | 1.94% |
| 2019 | \$ 15,863 | \$ (15,863) | \$ - | \$ 1,585,496 | 1.00% |
| 2020 | \$ 21,209 | \$ (21,209) | \$ - | \$ 965,497 | 2.20% |
| 2021 | \$ 22,059 | \$ (22,059) | \$ - | \$ 1,829,053 | 1.21% |
| 2022 | \$ 20,622 | \$ (20,622) | \$ - | \$ 1,896,561 | 1.09% |
| 2023 | \$ 25,246 | \$ (25,246) | \$ - | \$ 2,270,350 | 1.11% |
| 2024 | \$ 27,721 | \$ (27,721) | \$ - | \$ 2,624,658 | 1.06% |

See accompanying notes to Required Supplementary Information.

VALDEZ CITY SCHOOLS

Notes to Required Supplementary Information

Year Ended June 30, 2024

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

Budgets and Budgetary Accounting

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

1. Prior to November 15, the District Manager submits to the District's School Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 20, the budget is legally enacted through passage of a resolution. If no Council action is taken, the District Manager's budget becomes the actual budget. Annual budgets are legally adopted for the School Operating, most Special Revenue, Debt Service, and Capital Project Funds.
4. The District Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures of any fund or department within a fund must be approved by the District School Board. Expenditures may not legally exceed appropriations on the department level (Administration, Finance, etc.).
5. Formal budgetary integration is employed as a management control device during the year for the School Operating and Special Revenue Funds.
6. Appropriations lapse at the end of the year except for capital expenditures, certain contractual appropriations and reserves.

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

| | Amount in Excess of Appropriation |
|--|--------------------------------------|
| Support services – instruction | \$ 14,890 |
| District administration | \$ 1,365 |
| District administration support services | \$ 29,346 |
| Operations and maintenance of plant | \$ 88,406 |

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

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, 2021 to June 30, 2022

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

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

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

The healthcare per capital claims cost assumption is updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

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

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

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan

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

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

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

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

VALDEZ CITY SCHOOLS

Notes to Required Supplementary Information, Continued

The healthcare per capital claims cost assumption is updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

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

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

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

Schedule of District Contributions (Pension) and (OPEB)

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

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, 2021 to June 30, 2022

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

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

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

The healthcare per capital claims cost assumption is updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

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

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

VALDEZ CITY SCHOOLS

Notes to Required Supplementary Information, Continued

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plans

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

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

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

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

The healthcare per capital claims cost assumption is updated for each valuation. The amounts included in the Normal Cost for the administrative expenses were updated based on the last two years of actual administrative expenses paid from plan assets.

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

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

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

Schedule of District Contributions (Pension) and (OPEB)

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

**SUPPLEMENTARY
INFORMATION**

VALDEZ CITY SCHOOLS

School Operating Fund

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

Year Ended June 30, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|------------------------------|-------------------|--|
| Revenues: | | | |
| Local sources: | | | |
| E-rate | \$ 37,200 | 27,006 | (10,194) |
| Earnings (loss) on investments | 40,000 | 359,117 | 319,117 |
| Other | - | 9,054 | 9,054 |
| Intergovernmental: | | | |
| State of Alaska: | | | |
| Foundation program | 4,811,586 | 4,641,291 | (170,295) |
| Quality schools | - | 23,618 | 23,618 |
| On behalf TRS | 717,565 | 609,590 | (107,975) |
| On behalf PERS | 78,506 | 75,960 | (2,546) |
| Other state sources | - | 502,535 | 502,535 |
| Federal sources - impact aid | 6,000 | 56,420 | 50,420 |
| City appropriation | 9,352,964 | 9,352,964 | - |
| Total revenues | <u>15,043,821</u> | <u>15,657,555</u> | <u>613,734</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Certificated salaries | 3,671,689 | 3,558,584 | 113,105 |
| Non-certificated salaries | 228,134 | 201,864 | 26,270 |
| Employee benefits | 2,379,243 | 2,063,156 | 316,087 |
| Professional and technical services | 30,000 | 40,556 | (10,556) |
| Staff travel | 6,000 | 7,811 | (1,811) |
| Other purchased services | 20,000 | 13,471 | 6,529 |
| Supplies, materials and media | 621,397 | 654,934 | (33,537) |
| Equipment | 98,982 | 109,102 | (10,120) |
| Total instruction | <u>7,055,445</u> | <u>6,649,478</u> | <u>405,967</u> |
| Special education instruction: | | | |
| Certificated salaries | 551,195 | 592,326 | (41,131) |
| Non-certificated salaries | 648,683 | 609,871 | 38,812 |
| Employee benefits | 1,086,796 | 826,493 | 260,303 |
| Professional and technical services | - | 1,220 | (1,220) |
| Supplies, materials and media | 12,000 | 7,243 | 4,757 |
| Total special education instruction | <u>2,298,674</u> | <u>2,037,153</u> | <u>261,521</u> |
| Special education support services - students: | | | |
| Certificated salaries | 110,251 | 43,758 | 66,493 |
| Non-certificated salaries | 54,248 | 54,248 | - |
| Employee benefits | 96,446 | 83,740 | 12,706 |
| Professional and technical services | 140,000 | 114,296 | 25,704 |
| Staff travel | 5,000 | 2,412 | 2,588 |
| Supplies, materials and media | 3,000 | 2,603 | 397 |
| Equipment | 7,663 | 7,102 | 561 |
| Total special education support services - students | <u>416,608</u> | <u>308,159</u> | <u>108,449</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 | \$ 262,377 | 243,886 | 18,491 |
| Employee benefits | 165,531 | 149,476 | 16,055 |
| Staff travel | 2,400 | 2,756 | (356) |
| Supplies, materials and media | 7,650 | 3,151 | 4,499 |
| Total support services - students | <u>437,958</u> | <u>399,269</u> | <u>38,689</u> |
| Support services - instruction: | | | |
| Non-certificated salaries | 338,717 | 347,623 | (8,906) |
| Employee benefits | 302,380 | 306,641 | (4,261) |
| Professional and technical services | 274,777 | 279,117 | (4,340) |
| Utility services | 75,000 | 72,760 | 2,240 |
| Other purchased services | 1,200 | 1,188 | 12 |
| Supplies, materials and media | 18,400 | 18,035 | 365 |
| Total support services - instruction | <u>1,010,474</u> | <u>1,025,364</u> | <u>(14,890)</u> |
| School administration: | | | |
| Certificated salaries | 396,237 | 348,958 | 47,279 |
| Employee benefits | 191,544 | 141,366 | 50,178 |
| Staff travel | 3,750 | 7,601 | (3,851) |
| Supplies, materials and media | - | 603 | (603) |
| Other expenditures | 1,800 | 625 | 1,175 |
| Equipment | - | 469 | (469) |
| Total school administration | <u>593,331</u> | <u>499,622</u> | <u>93,709</u> |
| School administration support services: | | | |
| Non-certificated salaries | 146,762 | 81,543 | 65,219 |
| Employee benefits | 116,042 | 81,113 | 34,929 |
| Other purchased services | 2,603 | 2,119 | 484 |
| Supplies, materials and media | 12,800 | 8,952 | 3,848 |
| Total school administration support services | <u>278,207</u> | <u>173,727</u> | <u>104,480</u> |
| District administration: | | | |
| Certificated salaries | 165,000 | 168,000 | (3,000) |
| Non-certificated salaries | 61,989 | 57,085 | 4,904 |
| Employee benefits | 119,714 | 96,903 | 22,811 |
| Professional and technical services | 25,000 | 49,343 | (24,343) |
| Staff travel | 25,000 | 21,683 | 3,317 |
| Supplies, materials and media | 11,000 | 19,633 | (8,633) |
| Other expenditures | 11,500 | 7,921 | 3,579 |
| Total district administration | <u>419,203</u> | <u>420,568</u> | <u>(1,365)</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 | \$ 180,404 | 180,414 | (10) |
| Employee benefits | 104,069 | 102,368 | 1,701 |
| Professional and technical services | 54,500 | 65,953 | (11,453) |
| Staff travel | 2,000 | 2,172 | (172) |
| Other purchased services | 701 | 686 | 15 |
| Insurance and bond premiums | 20,000 | 20,907 | (907) |
| Supplies, materials and media | 7,000 | 4,242 | 2,758 |
| Other expenditures | 1,200 | 472 | 728 |
| Indirect cost recovery | (40,000) | (17,978) | (22,022) |
| Total district administration support services | <u>329,874</u> | <u>359,236</u> | <u>(29,362)</u> |
| Operations and maintenance of plant: | | | |
| Non-certificated salaries | 709,636 | 710,537 | (901) |
| Employee benefits | 502,348 | 437,269 | 65,079 |
| Staff travel | 1,400 | 2,361 | (961) |
| Energy | 679,000 | 692,530 | (13,530) |
| Other purchased services | 88,550 | 110,347 | (21,797) |
| Insurance and bond premiums | 105,000 | 112,879 | (7,879) |
| Supplies, materials and media | 87,500 | 222,353 | (134,853) |
| Other expenditures | 700 | 165 | 535 |
| Equipment | 38,896 | 12,994 | 25,902 |
| Total operations and maintenance of plant | <u>2,213,030</u> | <u>2,301,435</u> | <u>(88,405)</u> |
| Student activities: | | | |
| Employee benefits | <u>36,858</u> | <u>32,037</u> | <u>4,821</u> |
| Total expenditures | <u>15,089,662</u> | <u>14,206,048</u> | <u>883,614</u> |
| Excess (deficiency) of revenues over expenditures | <u>(45,841)</u> | <u>1,451,507</u> | <u>1,497,348</u> |
| Other financing (uses): | | | |
| Transfers out: | | | |
| Food Service Special Revenue Fund | (210,539) | (226,443) | (15,904) |
| Activities Special Revenue Fund | (462,624) | (520,284) | (57,660) |
| Total other financing (uses) | <u>(673,163)</u> | <u>(746,727)</u> | <u>(73,564)</u> |
| Net change in fund balance | \$ <u>(719,004)</u> | 704,780 | <u>1,423,784</u> |
| Fund balance, beginning of year | | <u>3,637,623</u> | |
| Fund balance, end of year | | \$ <u>4,342,403</u> | |

VALDEZ CITY SCHOOLS

Technology Capital Project Fund

Schedule of Revenues, Expenditures, and Changes
In Fund Balance

Year Ended June 30, 2024

| | |
|---|--------------------------|
| Revenues: | |
| Intergovernmental: | |
| City appropriation | \$ <u>125,000</u> |
| Expenditures: | |
| Current: | |
| Support services - instruction: | |
| Professional and technical services | 4,650 |
| Supplies, Materials and media | 9,766 |
| Equipment | <u>217,835</u> |
| Total expenditures | <u>232,251</u> |
| Excess (deficiency) of revenues over expenditures | (107,251) |
| Fund balance, beginning of year | <u>1,069,572</u> |
| Fund balance, end of year | \$ <u><u>962,321</u></u> |

VALDEZ CITY SCHOOLS

Other Governmental Funds

Combining Balance Sheet

June 30, 2024

| Assets | Special Revenue Funds | | | | | | |
|--|------------------------|---------------------|---------------|---------------|--------------------|---------------|---------------|
| | Student Transportation | Community Education | Food Service | Minigrants | Preschool Disabled | Title VI-B | Title II-A |
| Accounts receivable | \$ - | - | - | - | 637 | 86,920 | 14,760 |
| Due from School Operating Fund | 281,931 | 242,281 | - | 10,504 | - | - | - |
| Inventory | - | - | 41,525 | - | - | - | - |
| Total assets | \$ 281,931 | 242,281 | 41,525 | 10,504 | 637 | 86,920 | 14,760 |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | - | - | - | - | - | - | - |
| Due to School Operating Fund | - | - | - | - | 637 | 86,920 | 14,760 |
| Unearned revenues | - | - | 10,791 | - | - | - | - |
| Total liabilities | - | - | 10,791 | - | 637 | 86,920 | 14,760 |
| Fund balances: | | | | | | | |
| Non-spendable: | | | | | | | |
| Inventory | - | - | 41,525 | - | - | - | - |
| Committed: | | | | | | | |
| Minigrants | - | - | - | 10,504 | - | - | - |
| Transportation | 281,931 | - | - | - | - | - | - |
| Community education | - | 242,281 | - | - | - | - | - |
| ADA renovations | - | - | - | - | - | - | - |
| Vehicle replacement | - | - | - | - | - | - | - |
| Title I-A | - | - | - | - | - | - | - |
| Maintenance | - | - | - | - | - | - | - |
| Migrant education | - | - | - | - | - | - | - |
| Student activities | - | - | - | - | - | - | - |
| Unassigned | - | - | (10,791) | - | - | - | - |
| Total fund balances | 281,931 | 242,281 | 30,734 | 10,504 | - | - | - |
| Total fund balances and liabilities | \$ 281,931 | 242,281 | 41,525 | 10,504 | 637 | 86,920 | 14,760 |

(continued)

VALDEZ CITY SCHOOLS

Other Governmental Funds

Combining Balance Sheet, Continued

| Assets | Special Revenue Funds | | | | | | |
|--|-----------------------|-----------------|----------------------|------------------------------|-------------------------------------|----------------------------------|--------------------|
| | Title I-A Basic | Carl Perkins | Migrant Education | Migrant Education Book | Title IV-A School Improvement | COVID School Based Testing | Alyeska Reading |
| Accounts receivable | \$ 25,860 | 19,371 | 27,642 | 2,779 | 3,462 | 28,175 | 30,038 |
| Due from School Operating Fund | - | - | - | - | - | - | - |
| Inventory | - | - | - | - | - | - | - |
| Total assets | \$ 25,860 | 19,371 | 27,642 | 2,779 | 3,462 | 28,175 | 30,038 |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | - | - | - | - | - | - | - |
| Due to School Operating Fund | 25,835 | 19,371 | 27,260 | 2,779 | 3,462 | 28,175 | 30,038 |
| Unearned revenues | - | - | - | - | - | - | - |
| Total liabilities | 25,835 | 19,371 | 27,260 | 2,779 | 3,462 | 28,175 | 30,038 |
| Fund balances: | | | | | | | |
| Non-spendable: | | | | | | | |
| Inventory | - | - | - | - | - | - | - |
| Committed: | | | | | | | |
| Minigrants | - | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | - | - |
| Community education | - | - | - | - | - | - | - |
| ADA renovations | - | - | - | - | - | - | - |
| Vehicle replacement | - | - | - | - | - | - | - |
| Title I-A | 25 | - | - | - | - | - | - |
| Maintenance | - | - | - | - | - | - | - |
| Migrant education | - | - | 382 | - | - | - | - |
| Student activities | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - |
| Total fund balances | 25 | - | 382 | - | - | - | - |
| Total fund balances and liabilities | \$ 25,860 | 19,371 | 27,642 | 2,779 | 3,462 | 28,175 | 30,038 |

(continued)

VALDEZ CITY SCHOOLS

Other Governmental Funds

Combining Balance Sheet, Continued

| Assets | Special Revenue Fund | | Capital Project Funds | | | Total Capital Project Funds | Total Other Governmental Funds |
|--|-----------------------|-----------------------------------|-----------------------|-----------------|------------------------|--------------------------------------|--------------------------------------|
| | Student Activities | Total Special Revenue Funds | ADA Renovations | Maintenance CIP | Vehicle Replacement | | |
| Accounts receivable | \$ - | 239,644 | - | - | - | - | 239,644 |
| Due from School Operating Fund | 245,334 | 780,050 | 61,426 | 259,549 | 41,924 | 362,899 | 1,142,949 |
| Inventory | - | 41,525 | - | - | - | - | 41,525 |
| Total assets | \$ 245,334 | 1,061,219 | 61,426 | 259,549 | 41,924 | 362,899 | 1,424,118 |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Due to School Operating Fund | - | 239,237 | - | - | - | - | 239,237 |
| Unearned revenues | - | 10,791 | - | - | - | - | 10,791 |
| Total liabilities | - | 250,028 | - | - | - | - | 250,028 |
| Fund balances: | | | | | | | |
| Non-spendable: | | | | | | | |
| Inventory | - | 41,525 | - | - | - | - | 41,525 |
| Committed: | | | | | | | |
| Minigrants | - | 10,504 | - | - | - | - | 10,504 |
| Transportation | - | 281,931 | - | - | - | - | 281,931 |
| Community education | - | 242,281 | - | - | - | - | 242,281 |
| ADA renovations | - | - | 61,426 | - | - | 61,426 | 61,426 |
| Vehicle replacement | - | - | - | - | 41,924 | 41,924 | 41,924 |
| Title I-A | - | 25 | - | - | - | - | 25 |
| Maintenance | - | - | - | 259,549 | - | 259,549 | 259,549 |
| Migrant education | - | 382 | - | - | - | - | 382 |
| Student activities | 245,334 | 245,334 | - | - | - | - | 245,334 |
| Unassigned | - | (10,791) | - | - | - | - | (10,791) |
| Total fund balances | 245,334 | 811,191 | 61,426 | 259,549 | 41,924 | 362,899 | 1,174,090 |
| Total fund balances and liabilities | \$ 245,334 | 1,061,219 | 61,426 | 259,549 | 41,924 | 362,899 | 1,424,118 |

VALDEZ CITY SCHOOLS

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2024

| | 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 | \$ - | - | 101,891 | - | - | - | - | - |
| Intergovernmental: | | | | | | | | |
| State of Alaska | 455,882 | - | - | - | - | - | - | - |
| Federal sources | - | - | 289,819 | - | 3,280 | 163,600 | 44,526 | 31,729 |
| City appropriation | 94,000 | 820,000 | 400,000 | - | - | - | - | - |
| Total revenues | <u>549,882</u> | <u>820,000</u> | <u>791,710</u> | <u>-</u> | <u>3,280</u> | <u>163,600</u> | <u>44,526</u> | <u>31,729</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | - | - | - | - |
| Special education instruction | - | - | - | - | 3,191 | 159,159 | - | - |
| Support services - instruction | - | - | - | 307 | - | - | 44,526 | 30,868 |
| District administration support services | - | - | - | - | 89 | 4,441 | - | 861 |
| Student activities | - | - | - | - | - | - | - | - |
| Student transportation services | 655,641 | - | - | - | - | - | - | - |
| Community services | - | 975,519 | - | - | - | - | - | - |
| Food services | - | - | 1,008,496 | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | - |
| Total expenditures | <u>655,641</u> | <u>975,519</u> | <u>1,008,496</u> | <u>307</u> | <u>3,280</u> | <u>163,600</u> | <u>44,526</u> | <u>31,729</u> |
| Excess (deficiency) of revenues over expenditures | (105,759) | (155,519) | (216,786) | (307) | - | - | - | - |
| Other financing sources: | | | | | | | | |
| Transfers in | - | - | 226,443 | - | - | - | - | - |
| Net change in fund balances | (105,759) | (155,519) | 9,657 | (307) | - | - | - | - |
| Fund balances, beginning 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> |
| Fund balances, end of year | <u>\$ 281,931</u> | <u>242,281</u> | <u>30,734</u> | <u>10,504</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

(continued)

VALDEZ CITY SCHOOLS

Other Governmental Funds

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

| | Special Revenue Funds | | | | | | |
|---|-----------------------|-----------------|----------------------|------------------------------|-------------------------------------|-------------------|--------------------|
| | Title I-A Basic | Carl Perkins | Migrant Education | Migrant Education Book | Title IV-A School Improvement | CRRSA ESSR III | Alyeska Reading |
| Revenues: | | | | | | | |
| Local sources: | | | | | | | |
| Charges for services | \$ - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Intergovernmental: | | | | | | | |
| State of Alaska | - | - | - | - | - | - | 22,189 |
| Federal sources | 99,901 | 19,371 | 193,523 | 4,303 | 3,462 | 116,523 | 7,849 |
| City appropriation | - | - | - | - | - | - | - |
| Total revenues | <u>99,901</u> | <u>19,371</u> | <u>193,523</u> | <u>4,303</u> | <u>3,462</u> | <u>116,523</u> | <u>30,038</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 97,189 | 18,845 | - | 4,186 | - | - | - |
| Special education instruction | - | - | - | - | - | - | - |
| Support services - instruction | - | - | 188,270 | - | 3,462 | 113,360 | 29,222 |
| District administration support services | 2,712 | 526 | 5,253 | 117 | - | 3,163 | 816 |
| Student activities | - | - | - | - | - | - | - |
| Student transportation services | - | - | - | - | - | - | - |
| Community services | - | - | - | - | - | - | - |
| Food services | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Total expenditures | <u>99,901</u> | <u>19,371</u> | <u>193,523</u> | <u>4,303</u> | <u>3,462</u> | <u>116,523</u> | <u>30,038</u> |
| Excess (deficiency) of revenues over expenditures | - | - | - | - | - | - | - |
| Other financing sources: | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Net change in fund balances | - | - | - | - | - | - | - |
| Fund balances, beginning of year | <u>25</u> | <u>-</u> | <u>382</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 25</u> | <u>-</u> | <u>382</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

(continued)

VALDEZ CITY SCHOOLS

Other Governmental Funds

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

| | Special Revenue Funds | | | Capital Project Funds | | | Total Other Governmental Funds | |
|---|-----------------------|----------------|-----------------------------|-----------------------|-----------------|---------------------|--------------------------------|-----------------------------|
| | Student Activities | Activities | Total Special Revenue Funds | ADA Renovations | Maintenance CIP | Vehicle Replacement | | Total Capital Project Funds |
| Revenues: | | | | | | | | |
| Local sources: | | | | | | | | |
| Charges for services | \$ - | - | 101,891 | - | - | - | - | 101,891 |
| Other | 106,135 | - | 106,135 | - | - | - | - | 106,135 |
| Intergovernmental: | | | | | | | | |
| State of Alaska | - | - | 478,071 | - | - | - | - | 478,071 |
| Federal sources | - | - | 977,886 | - | - | - | - | 977,886 |
| City appropriation | - | 355,000 | 1,669,000 | - | - | - | - | 1,669,000 |
| Total revenues | <u>106,135</u> | <u>355,000</u> | <u>3,332,983</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,332,983</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | 120,220 | - | - | - | - | 120,220 |
| Special education instruction | - | - | 162,350 | - | - | - | - | 162,350 |
| Support services - instruction | - | - | 410,015 | - | - | - | - | 410,015 |
| District administration support services | - | - | 17,978 | - | - | - | - | 17,978 |
| Student activities | 91,599 | 875,284 | 966,883 | - | - | - | - | 966,883 |
| Student transportation services | - | - | 655,641 | - | - | - | - | 655,641 |
| Community services | - | - | 975,519 | - | - | - | - | 975,519 |
| Food services | - | - | 1,008,496 | - | - | - | - | 1,008,496 |
| Capital outlay | - | - | - | - | 14,757 | 156,922 | 171,679 | 171,679 |
| Total expenditures | <u>91,599</u> | <u>875,284</u> | <u>4,317,102</u> | <u>-</u> | <u>14,757</u> | <u>156,922</u> | <u>171,679</u> | <u>4,488,781</u> |
| Excess (deficiency) of revenues over expenditures | 14,536 | (520,284) | (984,119) | - | (14,757) | (156,922) | (171,679) | (1,155,798) |
| Other financing sources: | | | | | | | | |
| Transfers in | - | 520,284 | 746,727 | - | - | - | - | 746,727 |
| Net change in fund balances | 14,536 | - | (237,392) | - | (14,757) | (156,922) | (171,679) | (409,071) |
| Fund balances, beginning of year | 230,798 | - | 1,048,583 | 61,426 | 274,306 | 198,846 | 534,578 | 1,583,161 |
| Fund balances, end of year | <u>\$ 245,334</u> | <u>-</u> | <u>811,191</u> | <u>61,426</u> | <u>259,549</u> | <u>41,924</u> | <u>362,899</u> | <u>1,174,090</u> |

VALDEZ CITY SCHOOLS

Student Transportation Special Revenue Fund

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

Year Ended June 30, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|------------------------------|--------------------------|--|
| Revenues: | | | |
| Intergovernmental: | | | |
| State of Alaska | \$ 465,849 | 455,882 | (9,967) |
| City appropriation | <u>94,000</u> | <u>94,000</u> | <u>-</u> |
| Total revenues | <u>559,849</u> | <u>549,882</u> | <u>(9,967)</u> |
| Expenditures: | | | |
| Current: | | | |
| Student transportation services: | | | |
| Student travel | <u>639,145</u> | <u>655,641</u> | <u>(16,496)</u> |
| Excess (deficiency) of revenues over expenditures | \$ <u>(79,296)</u> | (105,759) | <u>(26,463)</u> |
| Fund balance, beginning of year | | <u>387,690</u> | |
| Fund balance, end of year | | \$ <u><u>281,931</u></u> | |

VALDEZ CITY SCHOOLS

Community Education Special Revenue Fund

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

Year Ended June 30, 2024

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|---|---------------------------------------|---------------------------|--|
| Revenues: | | | |
| Intergovernmental: | | | |
| City appropriation | \$ 820,000 | 820,000 | - |
| Expenditures: | | | |
| Current: | | | |
| Community services: | | | |
| Non-certificated salaries | 304,130 | 304,516 | (386) |
| Employee benefits | 201,806 | 176,592 | 25,214 |
| Staff travel | 600 | 1,012 | (412) |
| Energy | 291,000 | 296,798 | (5,798) |
| Other purchased services | 37,950 | 47,291 | (9,341) |
| Insurance and bond premiums | 45,000 | 48,377 | (3,377) |
| Supplies, materials and media | 37,500 | 95,294 | (57,794) |
| Other expenditures | 300 | 70 | 230 |
| Equipment | 10,500 | 5,569 | 4,931 |
| Total expenditures | <u>928,786</u> | <u>975,519</u> | <u>(46,733)</u> |
| Excess (deficiency) of revenues over expenditures | \$ <u>(108,786)</u> | (155,519) | <u>(46,733)</u> |
| Fund balance, beginning of year | | <u>397,800</u> | |
| Fund balance, end of year | | \$ <u><u>242,281</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, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|--|------------------------------|-------------------|--|
| Revenues: | | | |
| Local sources: | | | |
| Charges for services | \$ 105,000 | 101,891 | (3,109) |
| Intergovernmental: | | | |
| Federal sources - U.S. Department of Agriculture passed through the State of Alaska | 215,262 | 289,819 | 74,557 |
| City appropriation | 400,000 | 400,000 | - |
| Total revenues | <u>720,262</u> | <u>791,710</u> | <u>71,448</u> |
| Expenditures: | | | |
| Current: | | | |
| Food services: | | | |
| Non-certificated salaries | 288,628 | 305,067 | (16,439) |
| Employee benefits | 249,345 | 208,853 | 40,492 |
| Staff travel | - | 2,194 | (2,194) |
| Supplies, materials and media | 410,000 | 475,013 | (65,013) |
| Equipment | 90,240 | 17,369 | 72,871 |
| Total expenditures | <u>1,038,213</u> | <u>1,008,496</u> | <u>29,717</u> |
| Excess (deficiency) of revenues over expenditures | (317,951) | (216,786) | 101,165 |
| Other financing sources: | | | |
| Transfer in: | | | |
| School Operating Fund | <u>176,515</u> | <u>226,443</u> | <u>49,928</u> |
| Net change in fund balance | \$ <u>(141,436)</u> | 9,657 | <u>151,093</u> |
| Fund balance, beginning of year | | <u>21,077</u> | |
| Fund balance, end of year | | <u>\$ 30,734</u> | |

VALDEZ CITY SCHOOLS

Minigrants Special Revenue Fund

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

Year Ended June 30, 2024

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|---|---------------------------------------|----------------------------|--|
| Revenues - intergovernmental: | | | |
| State of Alaska | \$ <u> -</u> | <u> -</u> | <u> -</u> |
| Expenditures: | | | |
| Current: | | | |
| Support services - instruction: | | | |
| Supplies, materials and media | <u> 595</u> | <u> 307</u> | <u> 288</u> |
| Excess (deficiency) of revenues over expenditures | \$ <u> (595)</u> | <u> (307)</u> | <u> (288)</u> |
| Fund balance, beginning of year | | <u> 10,811</u> | |
| Fund balance, end of year | | \$ <u> 10,504</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, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|------------------------------|-------------------|--|
| Revenues - intergovernmental - federal education sources passed through the State of Alaska | \$ 6,754 | 3,280 | (3,474) |
| Expenditures: | | | |
| Current: | | | |
| Special education instruction: | | | |
| Non-certificated salaries | 2,883 | - | |
| Staff travel | 750 | 620 | 130 |
| Supplies, materials and media | 2,938 | 2,571 | 367 |
| Total special education instruction | <u>6,571</u> | <u>3,191</u> | <u>497</u> |
| District administration support services: | | | |
| Indirect cost | 183 | 89 | 94 |
| Total expenditures | <u>6,754</u> | <u>3,280</u> | <u>591</u> |
| Excess of revenues over expenditures | \$ <u>-</u> | - | <u>-</u> |
| Fund balance, beginning of year | | - | |
| Fund balance, end of year | | \$ <u>-</u> | |

VALDEZ CITY SCHOOLS

Title VI-B Special Revenue Fund

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

Year Ended June 30, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|------------------------------|--------------------|--|
| Revenues - intergovernmental - federal education sources passed through the State of Alaska | \$ 202,654 | 163,600 | (39,054) |
| Expenditures: | | | |
| Current: | | | |
| Special education instruction: | | | |
| Certificated salaries | 24,716 | 24,716 | - |
| Non-certificated salaries | 53,000 | 53,000 | - |
| Employee benefits | 46,152 | 21,437 | 24,715 |
| Professional and technical services | 44,700 | 34,255 | 10,445 |
| Staff travel | 13,723 | 13,608 | 115 |
| Supplies, materials and media | 14,864 | 12,143 | 2,721 |
| Total special education instruction | <u>197,155</u> | <u>159,159</u> | <u>37,996</u> |
| District administration support services: | | | |
| Indirect cost | 5,499 | 4,441 | 1,058 |
| Total expenditures | <u>202,654</u> | <u>163,600</u> | <u>39,054</u> |
| Excess of revenues over expenditures | \$ <u><u>-</u></u> | - | <u><u>-</u></u> |
| Fund balance, beginning of year | | <u>-</u> | |
| Fund balance, end of year | | \$ <u><u>-</u></u> | |

VALDEZ CITY SCHOOLS

Indian Education Special Revenue Fund

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

Year Ended June 30, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|------------------------------|--------------------|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues: | | | |
| Intergovernmental - direct federal education sources | \$ 44,526 | 44,526 | - |
| Expenditures: | | | |
| Current: | | | |
| Support services - instruction: | | | |
| Certificated salaries | 9,238 | 9,238 | - |
| Non-certificated salaries | 13,099 | 13,099 | - |
| Employee benefits | 7,462 | 7,462 | - |
| Supplies, materials and media | 14,727 | 14,727 | - |
| Total expenditures | <u>44,526</u> | <u>44,526</u> | <u>-</u> |
| Excess of revenues over expenditures | \$ <u>-</u> | - | <u>-</u> |
| Fund balance, beginning of year | | <u>-</u> | |
| Fund balance, end of year | | \$ <u><u>-</u></u> | |

VALDEZ CITY SCHOOLS

Title II-A Special Revenue Fund

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

Year Ended June 30, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|------------------------------|-------------------|--|
| Revenues - intergovernmental - federal education sources passed through the State of Alaska | \$ 46,571 | 31,729 | (14,842) |
| Expenditures: | | | |
| Current: | | | |
| Support services - instruction: | | | |
| Employee benefits | 26,146 | 26,146 | - |
| Professional and technical services | 3,424 | 3,424 | - |
| Staff travel | 2,532 | 1,298 | 1,234 |
| Other expenditures | 13,570 | - | 13,570 |
| Total support services - instruction | <u>45,672</u> | <u>30,868</u> | <u>14,804</u> |
| District administration support services: | | | |
| Indirect cost | 899 | 861 | 38 |
| Total expenditures | <u>46,571</u> | <u>31,729</u> | <u>14,842</u> |
| Excess of revenues over expenditures | \$ <u>-</u> | - | <u>-</u> |
| Fund balance, beginning of year | | - | |
| Fund balance, end of year | | \$ <u>-</u> | |

VALDEZ CITY SCHOOLS

Title I-A Basic Special Revenue Fund

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

Year Ended June 30, 2024

| | 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 | \$ 101,671 | 99,901 | (1,770) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Certificated salaries | 60,000 | 60,000 | - |
| Employee benefits | 28,936 | 28,809 | 127 |
| Supplies, materials and media | 9,975 | 8,380 | 1,595 |
| Total instruction | <u>98,911</u> | <u>97,189</u> | <u>1,722</u> |
| District administration support services: | | | |
| Indirect cost | 2,760 | 2,712 | 48 |
| Total expenditures | <u>101,671</u> | <u>99,901</u> | <u>1,770</u> |
| Excess of revenues over expenditures | \$ <u> -</u> | - | <u> -</u> |
| Fund balance, beginning of year | | <u> 25</u> | |
| Fund balance, end of year | | \$ <u> 25</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, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|------------------------------|-------------------|--|
| Revenues - intergovernmental - federal education sources passed through the State of Alaska | \$ 27,000 | 19,371 | (7,629) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Staff travel | 2,000 | 1,728 | 272 |
| Supplies, materials and media | 24,414 | 17,117 | 7,297 |
| Total instruction | 26,414 | 18,845 | 7,569 |
| District administration support services: | | | |
| Indirect cost | 586 | 526 | 60 |
| Total expenditures | 27,000 | 19,371 | 7,629 |
| Excess of revenues over expenditures | \$ - | - | - |
| Fund balance, beginning of year | | - | |
| Fund balance, end of year | | \$ - | |

VALDEZ CITY SCHOOLS

Migrant Education Special Revenue Fund

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

Year Ended June 30, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|------------------------------|-------------------|--|
| Revenues - intergovernmental - federal education sources passed through the State of Alaska | \$ 193,523 | 193,523 | - |
| Expenditures: | | | |
| Current: | | | |
| Support services - instruction: | | | |
| Certificated salaries | 63,910 | 63,910 | - |
| Non-certificated salaries | 64,451 | 64,451 | - |
| Employee benefits | 42,237 | 42,237 | - |
| Staff travel | 6,000 | 6,000 | - |
| Supplies, materials and media | 11,322 | 11,322 | - |
| Other expenditures | 350 | 350 | - |
| Total support services - instruction | <u>188,270</u> | <u>188,270</u> | <u>-</u> |
| District administration support services: | | | |
| Indirect cost | 5,253 | 5,253 | - |
| Total expenditures | <u>193,523</u> | <u>193,523</u> | <u>-</u> |
| Excess of revenues over expenditures | \$ <u>-</u> | - | <u>-</u> |
| Fund balance, beginning of year | | <u>382</u> | |
| Fund balance, end of year | | <u>\$ 382</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, 2024

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget- Positive (Negative)</u> |
|---|---------------------------------------|---------------------------|--|
| Revenues - intergovernmental - federal education sources passed through the State of Alaska | \$ <u>4,320</u> | <u>4,303</u> | <u>(17)</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Supplies, materials and media | <u>4,203</u> | <u>4,186</u> | <u>17</u> |
| District administration support services: | | | |
| Indirect cost | <u>117</u> | <u>117</u> | <u>-</u> |
| Total expenditures | <u>4,320</u> | <u>4,303</u> | <u>17</u> |
| Excess of revenues over expenditures | \$ <u><u>-</u></u> | <u>-</u> | <u><u>-</u></u> |
| Fund balance, beginning of year | | <u>-</u> | |
| Fund balance, end of year | | \$ <u><u>-</u></u> | |

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, 2024

| | 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 | \$ 19,467 | 3,462 | (16,005) |
| Expenditures: | | | |
| Current: | | | |
| Support services - instruction: | | | |
| Non-certificated salaries | 16,439 | 962 | 15,477 |
| Supplies, materials and media | 2,500 | 2,500 | - |
| Total support services instruction | <u>18,939</u> | <u>3,462</u> | <u>15,477</u> |
| District administration support services: | | | |
| Indirect cost | 528 | - | 528 |
| Total expenditures | <u>19,467</u> | <u>3,462</u> | <u>16,005</u> |
| Excess of revenues over expenditures | \$ <u> -</u> | - | <u> -</u> |
| Fund balance, beginning of year | | <u> -</u> | |
| Fund balance, end of year | | \$ <u> -</u> | |

VALDEZ CITY SCHOOLS

CRRSA ESSR III Special Revenue Fund

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

Year Ended June 30, 2024

| | 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 | \$ 128,600 | 116,523 | (12,077) |
| Expenditures: | | | |
| Current: | | | |
| Support services - instruction: | | | |
| Certificated salaries | 15,000 | 7,699 | 7,301 |
| Non-certificated salaries | 65,109 | 65,109 | - |
| Employee benefits | 40,000 | 38,608 | 1,392 |
| Supplies, materials and media | 5,250 | 1,944 | 3,306 |
| Total support services - instruction | <u>125,359</u> | <u>113,360</u> | <u>11,999</u> |
| District administration support services: | | | |
| Indirect cost | 3,241 | 3,163 | 78 |
| Total support services - instruction | <u>128,600</u> | <u>116,523</u> | <u>12,077</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

Alyeska Reading Special Revenue Fund

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

Year Ended June 30, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|------------------------------|-------------------|--|
| Revenues - intergovernmental: | | | |
| State of Alaska | \$ 41,909 | 22,189 | (19,720) |
| Federal education sources passed through the State of Alaska | <u>14,826</u> | <u>7,849</u> | <u>(6,977)</u> |
| Total revenues | <u>56,735</u> | <u>30,038</u> | <u>(26,697)</u> |
| Expenditures: | | | |
| Current: | | | |
| Support services - instruction: | | | |
| Certificated salaries | 5,820 | 5,820 | - |
| Non-certificated salaries | 7,690 | 7,690 | - |
| Employee benefits | 2,520 | 2,349 | 171 |
| Professional and technical services | 7,250 | 4,000 | 3,250 |
| Student travel | 8,414 | 8,414 | - |
| Supplies, materials and media | <u>23,501</u> | <u>949</u> | <u>22,552</u> |
| Total support services - instruction | <u>55,195</u> | <u>29,222</u> | <u>25,973</u> |
| District administration support services: | | | |
| Indirect cost | <u>1,540</u> | <u>816</u> | <u>724</u> |
| Total expenditures | <u>56,735</u> | <u>30,038</u> | <u>26,697</u> |
| Excess of revenues over expenditures | \$ <u>-</u> | - | <u>-</u> |
| Fund balances, beginning of year | | <u>-</u> | |
| Fund balances, end of year | | <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, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|--------------------------------------|------------------------------|--------------------------|--|
| Revenues: | | | |
| Local sources - other | \$ - | 106,135 | 106,135 |
| Expenditures: | | | |
| Current: | | | |
| Student activities: | | | |
| Supplies, materials and media | - | 2,847 | (2,847) |
| Other expenditures | - | 84,529 | (84,529) |
| Buildings and improvements purchased | - | 4,223 | (4,223) |
| Total expenditures | <u>-</u> | <u>91,599</u> | <u>(91,599)</u> |
| Excess of revenues over expenditures | \$ <u>-</u> | 14,536 | <u>14,536</u> |
| Fund balance, beginning of year | | <u>230,798</u> | |
| Fund balance, end of year | | \$ <u><u>245,334</u></u> | |

VALDEZ CITY SCHOOLS

Activities Special Revenue Fund

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

Year Ended June 30, 2024

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|------------------------------|--------------------|--|
| Revenues: | | | |
| Intergovernmental: | | | |
| City appropriation | \$ 355,000 | 355,000 | - |
| Expenditures: | | | |
| Current: | | | |
| Student activities: | | | |
| Certificated salaries | 274,532 | 271,316 | 3,216 |
| Non-certificated salaries | 16,500 | 13,069 | 3,431 |
| Employee benefits | 48,030 | 42,113 | 5,917 |
| Student travel | 266,786 | 272,407 | (5,621) |
| Equipment | 26,000 | 17,503 | 8,497 |
| Other expenditures | 261,482 | 258,876 | 2,606 |
| Total expenditures | <u>893,330</u> | <u>875,284</u> | <u>18,046</u> |
| Excess (deficiency) of revenues over expenditures | (538,330) | (520,284) | 18,046 |
| Other financing sources: | | | |
| Transfer in: | | | |
| School Operating Fund | <u>387,862</u> | <u>520,284</u> | <u>132,422</u> |
| Net change in fund balance | \$ <u><u>(150,468)</u></u> | - | <u><u>150,468</u></u> |
| Fund balance, beginning of year | | <u>-</u> | |
| Fund balance, end of year | | \$ <u><u>-</u></u> | |

VALDEZ CITY SCHOOLS

Schedule of Compliance - AS 14.17.505

June 30, 2024

| | | |
|---|-----------|--------------------------------|
| Total fund balance - School Operating Fund | \$ | 4,342,403 |
| less exemptions per 4 AAC 09.160(a) | | |
| Federal impact aid received | | <u>56,420</u> |
| Fund Balance Subject to 10% Limitation | \$ | <u><u>4,285,983</u></u> |

Nonexempt fund balance as a percentage of current year expenditures:

| | | | |
|---|------------------|---|---------------|
| <u>Fund balance subject to limitation</u> | <u>4,285,983</u> | = | <u>30.17%</u> |
| Current year expenditures | 14,206,048 | | |

VALDEZ CITY SCHOOLS

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

| 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 | \$ 56,420 | 56,420 |
| Indian Education | S060A220984 | 84.060A | 44,526 | 44,526 |
| Total direct sources | | | <u>100,946</u> | <u>100,946</u> |
| Passed through the State of Alaska, Department of Education and Early Development: | | | | |
| Special Education Cluster (IDEA): | | | | |
| Title VI-B | SE 24.VCSD.01 | 84.027A | 202,654 | 163,600 |
| Preschool Disabled | SE 24.VCSD.01 | 84.173A | 6,754 | 3,280 |
| Total Special Education Cluster (IDEA) | | | <u>209,408</u> | <u>166,880</u> |
| Title I-A Basic | IP 24.VCSD.01 | 84.010A | 101,671 | 99,901 |
| Title II-A | IP 24.VCSD.01 | 84.367A | 46,571 | 31,729 |
| Title I-C Migrant | IP 24 048 01 | 84.011A | 193,523 | 193,523 |
| Migrant Literacy | MB 24.VCSD.01 | 84.011A | 4,320 | 4,303 |
| Total ALN 84.011 | | | <u>197,843</u> | <u>197,826</u> |
| Carl Perkins | EK 24.VCSD.01 | 84.048A | 27,000 | 19,371 |
| Title IV-A | IP 24.VCSD.01 | 84.424A | 19,467 | 3,462 |
| COVID-19 - ESSR III | ER 24.VCSD.01 | 84.425U | 128,600 | 116,523 |
| COVID-19 - Alyeska Reading | AR 24.VCSD.01 | 84.425U | 14,826 | 7,849 |
| Total ALN 84.425 | | | <u>143,426</u> | <u>124,372</u> |
| Total U.S. Department of Education passed through the State of Alaska | | | <u>745,386</u> | <u>643,541</u> |
| Total U.S. Department of Education | | | <u>846,332</u> | <u>744,487</u> |
| U.S. Department of Agriculture: | | | | |
| Passed through the State of Alaska, Department of Education and Early Development: | | | | |
| Child Nutrition Cluster: | | | | |
| National School Lunch Program | None | 10.555 | 160,652 | 160,652 |
| USDA Commodities | None | 10.555 | 19,653 | 19,653 |
| Supply Chain Assistance | FD 24.VCSD.01 | 10.555 | 22,783 | 22,783 |
| Total ALN 10.555 | | | <u>203,088</u> | <u>203,088</u> |
| Fresh Fruits and Vegetables | FF 24.VCSD.02 | 10.582 | 23,666 | 21,031 |
| School Breakfast Program | None | 10.553 | 65,700 | 65,700 |
| Total U.S. Department of Agriculture and Child Nutrition Cluster | | | <u>292,454</u> | <u>289,819</u> |
| Total federal expenditures | | | <u>\$ 1,138,786</u> | <u>1,034,306</u> |

See accompanying notes to Schedule.

VALDEZ CITY SCHOOLS

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Valdez City Schools under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of 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, 2024, the District received \$25,652 in commodities with \$19,653 used at June 30, 2024.

Note 4. Passed Through Awards

No amounts were passed through to subrecipients.

VALDEZ CITY SCHOOLS

Schedule of State Financial Assistance

Year Ended June 30, 2024

| <u>Grant Title</u> | <u>Grant Number</u> | <u>Grant Award</u> | <u>Eligible Expenditures</u> |
|--|---------------------|--------------------|------------------------------|
| Department of Education and Early Development: | | | |
| # Foundation | None | \$ 4,641,291 | 4,641,291 |
| Quality Schools | None | 23,618 | 23,618 |
| Student Transportation | None | 455,882 | 455,882 |
| # HB281 | None | 499,696 | 499,696 |
| Education Raffle Funds | None | 2,839 | 2,839 |
| Alyeska Reading Institute | AR24.VCSD.01 | 41,909 | 22,189 |
| Total state financial assistance | | <u>5,665,235</u> | <u>5,645,515</u> |

See accompanying notes to Schedule.

VALDEZ CITY SCHOOLS

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2024

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Valdez City Schools under programs of the State of Alaska for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of 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 \$ 5,645,515

Plus state revenue excluded from schedule:

| | |
|-----------------------------------|---------------------|
| On-behalf PERS | 75,960 |
| On-behalf TRS | <u>609,590</u> |
| Total state revenues, Exhibit D-1 | <u>\$ 6,331,065</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, 2024, and the related notes to the financial statements, which collectively comprise Valdez City Schools' basic financial statements, and have issued our report thereon dated September 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Valdez City Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Valdez City Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Valdez City Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Valdez City Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Altman, Rogers & Co.

Anchorage, Alaska
September 18, 2024

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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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
September 18, 2024

VALDEZ CITY SCHOOLS

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

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

___ Yes X No

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

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

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None Reported

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

___ Yes X No

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR 200.516 (a)(3) or (4)?

___ Yes X No

Identification of major programs:

Assistance Listing Number(s)
10.555 / 10.582 / 10.553

Name of Federal Program or Cluster
Child Nutrition Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

VALDEZ CITY SCHOOLS

Federal Schedule of Findings and Questioned Costs, Continued

Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

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



Summary Schedule of Prior Audit Findings

Year Ended June 30, 2024

Financial Statement Findings

Finding 2023-001

Condition and Context:

Status:

Internal Controls Over Material Disbursements

During our testing of internal controls over material disbursements, we determined that there was one transaction that lacked board approval.

This finding has been resolved.

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, 2024. 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, 2024.

Basis for Opinion on Each Major State Program

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

We are required to be independent of 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
September 18, 2024

VALDEZ CITY SCHOOLS

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes No

Significant deficiency identified? Yes None reported

Noncompliance material to the financial statements noted? Yes No

State Financial Assistance

Internal control over major programs:

Material weakness identified? Yes No

Significant deficiency identified? Yes None reported

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

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

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

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

Section III – State Award Findings and Questioned Costs

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