

# Chatham School District

## Finance Narrative – December 2025



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### General Fund Overview

As of December 31, 2025, Chatham School District has expended \$1,486,919.44 from the FY26 General Fund (Fund 100), representing 30.6% of the approved annual budget of \$4,855,610.

This figure reflects the completion of the first half of the fiscal year and is within expectations. Expenditures to date primarily include salary and benefit costs, insurance premiums, utilities, and other early-year operational costs. The current percentage of budget utilized aligns well with the academic calendar pacing and prior years.

### Revenue Activity

Total revenue received through December 2025 is **\$1,983,639.43**, also **40.9%** of the total annual revenue budget. This includes:

- **Foundation Program Revenue:** \$1,979,196.00
- **Local revenues:** \$4,443.43 (investment earnings, other local, and rental)

Foundation aid disbursements have been consistent, but we continue to monitor the finalized student count to ensure revenue projections remain aligned.

### Expenditures by Category

**Personnel costs** remain the largest expenditure category. Year-to-date totals include:

- **Certified Salaries (Superintendent, Principals, Teachers):** \$501,320.82
- **Support Staff & Aides (Non-Certified):** \$353,181.01
- **Substitute/Temporary Labor:** \$42,980.41
- **Employee Benefits (health, retirement, etc.):** \$286,237.96

Other notable expenditures:

- **Property & Liability Insurance:** \$183,237.00 (fully obligated early in FY - though the district pays monthly - as cash flow improves, recommend changing this to avoid interest fees)
- **Utility Services:** \$97,677.05 across electricity, fuel, water/sewer, and waste
- **Professional Services:** \$21,340.39

- **Auditing & Accounting Services:** \$44,840.00 (This represents the costs paid to Altman Rogers for the FY25 fiscal audit, which is complete and was submitted on time to Alaska Department of Education.
- **Student & Staff Travel:** \$13,152.86
- **Supplies and Equipment:** ~\$18,300 combined

These will be monitored but are not material to the overall budget at this stage

**Special Education Maintenance of Effort Update (compliance test to be conducted with the state in Spring 2026).**

### Site-Level Highlights

Below is a summary of year-to-date expenditures by site:

Site	YTD Expenditures	% of Site Budget
Angoon	\$483,593.53	31.7%
Gustavus	\$417,765.21	30.9%
Klukwan	\$215,291.73	26.2%
Correspondence	\$82,732.82	41.3%
Districtwide	\$287,536.15	30.0%

Expenditures reflect normal operating costs, staff compensation, and heating/utilities costs for winter. The Correspondence Program is running slightly higher due to prepaid contracts and services

### Staff Housing Fund (Fund 370)

As of December 31, 2025, Staff Housing rental income totaled **\$31,829.64**, which is **40.8%** of the \$78,000 budgeted rental revenue. This reflects consistent collection across occupied units.

Expenditures to date are **\$18,855.71**, or **24.2%** of the annual budget. Major expenses include:

- **Electricity & Fuel:** \$15,557.08
- **Water & Sewer/Garbage:** \$2,448.00

- **Natural Gas:** \$716.00
- **Dues/Fees:** \$134.63

The housing fund remains in a stable position as the district enters peak utility months.

## **Audit & Grant Alignment**

The **FY25 audit** was completed and submitted on time. The report identified **four findings**, including a material weakness, and three significant deficiencies. Each of these findings is addressed in the District's **corrective action plan**, which was accepted by the auditors and is in the process of being implemented.

### **Summary of FY25 Audit Findings**

1. **Finding 2025-001 – Lack of Internal Control Over Credit Card Transactions**

**Type:** *Material Weakness*

The auditors found multiple instances where credit card transactions were not supported by timely receipts or had inadequate segregation of duties. This increases the risk of miscoded or unallowable transactions.

2. **Finding 2025-002 – Lack of Internal Control Over Bank Reconciliations**

**Type:** *Significant Deficiency*

Numerous old, uncleared checks and reconciling items remained on monthly bank reconciliations—some over a year old. This increases the risk of misstated cash or accounts payable balances and may violate unclaimed property laws.

3. **Finding 2025-003 – Lack of Internal Control Over Activities Allowed or Unallowed and Cost Principles**

**Type:** *Federal Award Finding – Significant Deficiency and Noncompliance*

A charge made to the *Full-Service Community Schools* grant (ALN 84.215J) lacked a purchase order, approval, or documentation authorizing it as a program cost.

4. **Finding 2025-004 – Noncompliance with Reporting Requirements (not a financial finding, but related to student count data)**

**Type:** *Significant Deficiency*

The auditors were unable to obtain requested sampling of student count information for students enrolled in Chatham School District despite multiple requests for the information.

You'll find the Corrective Action Plan for these findings in the Chatham School District FS 2025 document beginning on page 118 (pg 127 within the PDF document).

## Foundation Revenue and Student Count Implications

Foundation revenue to date reflects six monthly payments, which aligns with projected pacing. As of the end of December, the statewide student count validation is still under review. The district's projected enrollment is consistent with internal assumptions, though finalization could result in minor adjustments to revenue.

To prepare for any scenario, I have nearly completed a detailed **personnel cost vs. budgeted staffing analysis** to inform midyear adjustments if necessary.

## Conclusion

As we conclude the first half of FY26, Chatham School District remains in a less than stable financial position. Budget utilization is healthy and balanced across sites and categories. Grants, audit completion, and programmatic investments are all tracking appropriately.

Priorities moving into Q3 include:

- Continuing realignment of grant charges
- Finalizing staffing cost variance analysis
- Updating revenue forecasts based on confirmed ADM and state guidance

Please feel free to contact me at **christinaf@serrc.org** if you have questions or would like more information on any aspect of this report.