

CRAIG CITY SCHOOL DISTRICT  
(A Component Unit of the City of Craig)

Basic Financial Statements, Required Supplementary Information,  
Supplementary Information, and Compliance Reports

Year Ended June 30, 2025

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# CRAIG CITY SCHOOL DISTRICT

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## **Independent Auditor's Report**

Members of the School Board  
Craig City School District  
Craig, Alaska

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Craig City School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Craig City School District's basic financial statements as listed in the table of contents.

In our opinion, the 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 the Craig City School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Craig City School District, 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.

### **Change in Accounting Principle**

As discussed in Note IV. D to the financial statements, in 2025, the District implemented GASB Statement No. 101, *Compensated Absences*, which established standards of accounting and financial reporting for compensated absences. The requirements of this Statement apply to financial statements of all state and local governments.

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Craig City School District's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Craig City School District's 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 Craig City School District's 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 schedules of revenues, expenditures, and changes in fund balance - original and final budget and actual for major funds, and the District's proportionate share of the net pension/OPEB liabilities/assets, schedules of the District's contributions and the notes to required supplementary information on pages 41-52 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 auditing standards generally accepted in the United States of America, which consisted of inquiries 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 our 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of 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. Our opinion on the basic financial statements is not affected by this missing information.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Craig City School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the Pace Statewide Correspondence Program – budget to actual, the schedule of compliance – AS 14.17.505, and schedule of expenditures of federal awards and the notes to schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; the schedule of state financial assistance and notes to the schedule of state financial assistance 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.



**Supplementary Information (Continued)**

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 auditing standards generally accepted in the United States of America. In our opinion, the information listed in the table of contents as "Supplementary Information" collectively are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025 on our consideration of the Craig City School District's 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 Craig City School District's 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 the Craig City School District's internal control over financial reporting and compliance.

*Altman, Rogers & Co.*

Anchorage, Alaska  
December 1, 2025

## CRAIG CITY SCHOOL DISTRICT

## Statement of Net Position

June 30, 2025

	Governmental Activities
<u>Assets and Deferred Outflows of Resources</u>	
Current assets:	
Cash and cash equivalents	\$ 4,773,439
Accounts receivable	1,024,851
Lease receivable	56,985
Inventory	40,233
Total current assets	<u>5,895,508</u>
Long-term assets:	
Capital assets	4,547,389
OPEB assets	2,007,331
Total long-term assets	<u>6,554,720</u>
Deferred outflows of resources -	
Pension and OPEB deferrals	<u>440,623</u>
Total assets and deferred outflows of resources	<u>12,890,851</u>
<u>Liabilities and Deferred Inflows of Resources</u>	
Current liabilities:	
Accounts payable	1,899,569
Payroll accruals and liabilities	314,554
Compensated absences	73,603
Due to Scholarships Custodial Fund	4,257
Unearned revenue	1,046,750
Current portion of lease liabilities	36,370
Total current liabilities	<u>3,375,103</u>
Non-current liabilities:	
Lease liabilities	33,817
Net pension and OPEB liabilities	3,800,373
Total non-current liabilities	<u>3,834,190</u>
Deferred inflows of resources:	
Leases	56,985
Pension and OPEB deferrals	77,518
Total deferred inflows of resources	<u>134,503</u>
Total liabilities and deferred inflows of resources	<u>7,343,796</u>
<u>Net Position</u>	
Net investment in capital assets	4,477,202
Unrestricted	1,069,853
Total net position	<u>\$ 5,547,055</u>

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

## CRAIG CITY SCHOOL DISTRICT

## Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Total
					Governmental
					Activities
Governmental Activities:					
Instruction	\$ 3,538,800	-	581,479	-	(2,957,321)
Special education instruction	728,957	-	215,953	-	(513,004)
Special education support services - students	154,237	-	28,540	-	(125,697)
Support services - students	107,489	-	42,479	-	(65,010)
Support services - instruction	1,220,579	-	228,531	-	(992,048)
School administration	491,179	-	69,347	-	(421,832)
School administration support services	440,718	-	22,646	-	(418,072)
District administration	137,702	-	16,641	-	(121,061)
District administration support services	456,950	-	29,587	-	(427,363)
Operations and maintenance of plant	1,291,074	28,000	25,447	3,624,653	2,387,026
Student activities	222,786	-	15,234	-	(207,552)
Student transportation - to and from school	134,269	-	103,717	-	(30,552)
Food services	341,662	-	279,178	-	(62,484)
Total governmental activities	\$ 9,266,402	28,000	1,658,779	3,624,653	(3,954,970)
General revenues:					
City of Craig appropriations					1,082,233
Grants not restricted to specific programs					6,326,994
Unrestricted investments and interest earnings					10,617
E-rate					65,401
Other					38,172
Total general revenues					7,523,417
Change in net position					3,568,447
Net position, beginning of year, as previously stated					2,068,277
Change in accounting principle					(89,669)
Net position, beginning of year, as restated					1,978,608
Net position, end of year					\$ 5,547,055

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

## CRAIG CITY SCHOOL DISTRICT

## Balance Sheet - Governmental Funds

June 30, 2025

	School Operating Fund	Special Projects Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 3,747,871	1,025,568	-	4,773,439
Accounts receivable	4,138	876,688	144,025	1,024,851
Lease receivable	-	-	56,985	56,985
Due from other funds	142,693	3,137,713	93,898	3,374,304
Inventory	27,853	-	12,380	40,233
Total assets	<u>\$ 3,922,555</u>	<u>5,039,969</u>	<u>307,288</u>	<u>9,269,812</u>
<u>Liabilities and Deferred Inflows of Resources</u>				
Liabilities:				
Accounts payable	46,608	1,851,249	1,712	1,899,569
Payroll accruals and liabilities	314,554	-	-	314,554
Due to Scholarships Custodial Fund	4,257	-	-	4,257
Due to other funds	3,231,611	-	142,693	3,374,304
Unearned revenue	-	1,035,044	11,706	1,046,750
Total liabilities	<u>3,597,030</u>	<u>2,886,293</u>	<u>156,111</u>	<u>6,639,434</u>
Deferred inflows of resources -				
Leases	-	-	56,985	56,985
Total liabilities and deferred inflows of resources	<u>3,597,030</u>	<u>2,886,293</u>	<u>213,096</u>	<u>6,696,419</u>
<u>Fund Balances</u>				
Fund balances:				
Nonspendable	27,853	-	12,380	40,233
Restricted	228,934	-	-	228,934
Committed	-	2,153,676	81,812	2,235,488
Unassigned	68,738	-	-	68,738
Total fund balances	<u>325,525</u>	<u>2,153,676</u>	<u>94,192</u>	<u>2,573,393</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,922,555</u>	<u>5,039,969</u>	<u>307,288</u>	<u>9,269,812</u>

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

## CRAIG CITY SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet  
to Statement of Net Position

June 30, 2025

Fund balances - total governmental funds		\$	2,573,393
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds.			4,547,389
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences	(73,603)		
Lease liabilities	(70,187)		(143,790)
Proportionate share of the collective net pension and OPEB assets:			
PERS	750,844		
TRS	1,256,487		2,007,331
Proportionate share of the collective net pension and OPEB liabilities:			
PERS	(1,742,120)		
TRS	(2,058,253)		(3,800,373)
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	191,449		
TRS	249,174		440,623
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources:			
PERS	(27,439)		
TRS	(50,079)		(77,518)
Net position of governmental activities		\$	<u>5,547,055</u>

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

## CRAIG CITY SCHOOL DISTRICT

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

Year Ended June 30, 2025

	School Operating Fund	Special Projects Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources:				
Charges for services	\$ -	-	28,000	28,000
Earnings on investments	10,617	-	-	10,617
E-rate	65,401	-	-	65,401
Other	38,172	-	-	38,172
Intergovernmental:				
City of Craig	1,082,233	373,300	-	1,455,533
State of Alaska	6,163,884	2,148,214	101,270	8,413,368
Federal sources	553,634	1,103,139	870,599	2,527,372
Total revenues	<u>7,913,941</u>	<u>3,624,653</u>	<u>999,869</u>	<u>12,538,463</u>
Expenditures:				
Current:				
Instruction	3,108,239	-	188,822	3,297,061
Special education instruction	509,546	-	167,165	676,711
Special education support services - students	130,380	-	13,516	143,896
Support services - students	68,506	-	31,267	99,773
Support services - instruction	963,472	-	187,301	1,150,773
School administration	443,449	-	-	443,449
School administration support services	394,202	-	-	394,202
District administration	126,248	-	-	126,248
District administration support services	410,793	-	16,152	426,945
Operations and maintenance of plant	1,093,979	-	7,953	1,101,932
Student activities	211,351	-	-	211,351
Student transportation - to and from school	-	-	108,800	108,800
Food services	-	-	315,367	315,367
Debt service:				
Interest on long-term debt	2,819	-	-	2,819
Redemption of principal on long-term debt	58,852	-	-	58,852
Construction and facilities acquisition	49,389	3,634,274	-	3,683,663
Total expenditures	<u>7,571,225</u>	<u>3,634,274</u>	<u>1,036,343</u>	<u>12,241,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>342,716</u>	<u>(9,621)</u>	<u>(36,474)</u>	<u>296,621</u>
Other financing sources (uses):				
Proceeds from issuance of leases	49,389	-	-	49,389
Transfers in	26,359	-	327,783	354,142
Transfers out	(178,591)	(149,192)	(26,359)	(354,142)
Net other financing sources (uses)	<u>(102,843)</u>	<u>(149,192)</u>	<u>301,424</u>	<u>49,389</u>
Net change in fund balance	239,873	(158,813)	264,950	346,010
Fund balances, beginning of year	<u>85,652</u>	<u>2,312,489</u>	<u>(170,758)</u>	<u>2,227,383</u>
Fund balances, end of year	<u>\$ 325,525</u>	<u>2,153,676</u>	<u>94,192</u>	<u>2,573,393</u>

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

## CRAIG CITY SCHOOL DISTRICT

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

Year Ended June 30, 2025

Net change in fund balance - total government funds	\$	346,010
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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.

Change in unfunded net pension and OPEB liability and asset:

PERS	(136,065)	
TRS	<u>(78,157)</u>	(214,222)

Deferred inflows and outflows of resources are the result of timing differences in the actuarial report:

Pension and OPEB related assets in the current fiscal year are presented as a change in deferred outflows of resources:

PERS	(28,563)	
TRS	<u>(91,296)</u>	(119,859)

Long-term liabilities 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. Similarly, principal payments of long-term debt in the governmental funds are not reported as expenses in the Statement of Activities. Changes in long-term liabilities:

Compensated absences	28,520	
Proceeds from issuance of leases	(49,389)	
Redemption of principal on lease liabilities	58,852	
(Gain) loss on remeasurement on leases	<u>(169)</u>	37,814

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 depreciation and amortization expense exceeded capital outlay in the current period:

Capital outlay	3,612,127	
Depreciation and amortization expense	<u>(93,423)</u>	<u>3,518,704</u>

Change in net position of governmental activities	\$	<u><u>3,568,447</u></u>
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The notes to the financial statements are an integral part of this statement.

## CRAIG CITY SCHOOL DISTRICT

## Statement of Fiduciary Net Position

June 30, 2025

	Scholarships Custodial Fund	Student Activities Custodial Fund	Total Custodial Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 53,774	192,945	246,719
Due from School Operating Fund	4,257	-	4,257
Total assets	<u>\$ 58,031</u>	<u>192,945</u>	<u>250,976</u>
<u>Net Position</u>			
Fiduciary net position - held for others	<u>\$ 58,031</u>	<u>192,945</u>	<u>250,976</u>

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



## CRAIG CITY SCHOOL DISTRICT

## Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	Scholarships Custodial Fund	Student Activities Custodial Fund	Total Custodial Funds
Additions:			
Donations	\$ 1,680	129,183	130,863
Interest	2,512	-	2,512
	<u>4,192</u>	<u>129,183</u>	<u>133,375</u>
Deductions:			
Scholarships awarded	1,500	-	1,500
Program expenses	-	113,898	113,898
Total deductions	<u>1,500</u>	<u>113,898</u>	<u>115,398</u>
Changes in net position	2,692	15,285	17,977
Net position, beginning of year	<u>55,339</u>	<u>177,660</u>	<u>232,999</u>
Net position, end of year	\$ <u><u>58,031</u></u>	<u><u>192,945</u></u>	<u><u>250,976</u></u>

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

# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements

June 30, 2025

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The financial statements of the Craig City School District (hereafter referred to as the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). 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 Craig (City) has the responsibility of establishing, maintaining and operating a system of public schools. The City has delegated the administrative responsibilities for these functions to the School Board of the Craig City School District. Members of the School Board are elected by the public. The School Board has control over hiring and firing of employees and the power to contract and purchase equipment. The School Board is required to submit an annual budget to the City Council for approval, and all bonded indebtedness is through the City. 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 operation subject to the limitations established by State Law and City Charter. Based on the criteria of financial interdependency, budget approval, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, Craig City School District constitutes a component unit of the City of Craig. There were no entities, which meet the above criteria for inclusion as a component unit, which have been included or excluded in the accompanying financial report at June 30, 2025. The accompanying financial statements include all the activities of the District.

#### 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, are 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.

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*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the Government-Wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

## CRAIG CITY SCHOOL DISTRICT

### Notes to Basic Financial Statements, Continued

#### **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 earned 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 as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The District reports the following major governmental funds:

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

The *Special Projects Capital Project Fund* accounts for funds used to construct capital projects such as buildings.

Additionally, the District reports the following fiduciary funds:

The *Scholarship Fiduciary Fund* accounts for monies designated by the District for use for student scholarships.

The *Student Activity Fiduciary Fund* encompasses the totality of the student activity funds for the District.

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

#### Intergovernmental Revenue

State of Alaska foundation and pupil transportation revenues and federal aid for the school lunch program are susceptible to accrual and are recorded in the year to which they relate. Federal Impact Aid receipts are recorded as revenues in the year the monies are received. State of Alaska and Federal government cost reimbursable grants and contracts are recorded to the extent of allowable expenditures in the period in which the expenditures were incurred. On-behalf payments are recognized in the year to which it relates.

Revenues from the City of Craig are recorded as intergovernmental revenue. Revenues are susceptible to accrual and are recorded in the year of the City Appropriation.

# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

### Local Revenue

Interest earned is recorded in the School Operating Fund unless otherwise specified by the awarding source. Interest income are susceptible to accrual. Proceeds from the sale of lunches, E-rate and other miscellaneous revenues are recognized in the year received.

The District's policy is, when available, to utilize restricted revenues before unrestricted revenues.

### Estimates

The preparation of the 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, 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, Liabilities and Equity**

### **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. There are no statutory limitations on the type of investment allowed.

### **2. Short-term Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of fund financial statements and are eliminated in the preparation of the government-wide financial statements.

### **3. Inventory and Prepaid Items**

Teaching and maintenance supplies are recorded as expenditures when purchased rather than as consumed. Accounting for inventory of heating fuel and food supplies is on the consumption method. The consumption method records the expenditure when consumed rather than when purchased. Inventories are valued at the lesser of cost or market using the first-in, first-out (FIFO) method. Reported inventories are equally offset by a portion of fund balance classified as nonspendable in the fund financial statements, which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items. The prepaid items recorded in the governmental fund types do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as nonspendable.

### 4. Capital Assets

Capital assets used in governmental fund types of the District 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 fair value at the date of donation. Capital assets are defined by the District as assets with an initial, individual cost over \$5,000 and an estimated life greater than one year. Capital assets in the Government-Wide Financial Statements are depreciated on the straight-line method. Interest incurred during construction is not capitalized on the Government-Wide Financial Statements.

Equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure & buildings	10 – 30
Vehicles & equipment	5 – 10

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized on the Government-Wide Financial Statements and are considered operations and maintenance costs. Additionally, monies expended from capital grants or other resources, which will ultimately be capitalized by the City of Craig, not the School District, such as school buildings and improvements are considered construction work in progress (deferred contributions), and are shown as current year expenditures in the Other Governmental Funds column of the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances and as Deferred Contributions in the Government-Wide Statement of Activities.

### 5. Leases

**Lessee:** The District is a lessee for non-cancellable leases of buildings and available space and recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The lease liabilities are recognized with an initial, individual value of \$5,000 or more or immaterial component leases that aggregate to a total value of \$5,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If a lease contains a purchase option that the District has determined is reasonably certain of being exercised, the lease asset is amortized over the estimated useful life of the underlying asset.

## CRAIG CITY SCHOOL DISTRICT

### Notes to Basic Financial Statements, Continued

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- a. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the current borrowing rate is used as the discount rate for leases.
- b. The lease term includes the non-cancellable period of the lease; the term of the lease contract, including options to extend, must be more than 12 months. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Lessor:** The District is a lessor for a noncancellable lease of excess building space. The School District recognizes a lease receivable in its financial statements. The District recognizes lease receivables for leases with a term greater than 12 months. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments related to leases include how the District determines: 1) the discount rate it uses to discount the expected lease receivable to present value, 2) lease term, and 3) lease revenue:

- The District uses a rate that varies between 3-5% at the lease inception date as the discount rate.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments expected to be received during the lease period.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets (liabilities) or lease receivable (deferred inflows of resources) if certain changes occur that are expected to significantly affect the amount of the lease assets or lease receivables.

#### **6. Unearned Revenue**

Unearned revenue in all funds represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

#### **7. Deferred Inflows/Outflows**

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.

## **8. Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused annual sick and vacation leave and sick pay benefits. A liability is recognized when it is attributable to services already rendered, it accumulates, and it is more likely than not that the District will compensate an employee (either as paid time off or cash payment).

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

For purposes of measuring the net pension and OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to liability, asset, and expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/from PERS and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

## **10. Net Position**

In the Government-wide Financial Statements, 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 as follows:

- Nonspendable fund balance – amounts that are legally or contractually required to be maintained intact (such as the corpus of an endowment fund) or amounts that are not in a spendable form (such as inventory, prepaid items, supplies, and long-term receivables). Such constraint is binding until the legal or contractual requirement is repealed or the amounts become spendable.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. Such constraint is binding unless modified or rescinded by external body, laws, or regulation.

## CRAIG CITY SCHOOL DISTRICT

### Notes to Basic Financial Statements, Continued

- Committed fund balance – amounts that can be used only for the specific purposes determined by a formal action of the School Board. Commitments may be changed or lifted by the Board taking the same formal action that imposed the constraint originally.
- Assigned fund balance – amounts intended to be used by the District for specific purposes: intent can be expressed by the School Board or Superintendent or designee. Such constraint is binding unless modified or eliminated by the Board or Superintendent. In governmental funds other than the School Operating Fund, assigned fund balance represents the amount that is not restricted or committed.
- Unassigned fund balance – amounts not contained in the other classifications and available for any purpose. Positive unassigned amounts will be reported only in the School Operating Fund. If another governmental fund, other than the School Operating Fund, has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

The order of spending, regarding the restricted and unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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 of the various Special Revenue Funds are prepared in connection with the application for special programs awards and are reviewed and approved by the School Board. Preschool Special Revenue Funds follow the same guidelines as the School Operating Fund as noted in the preceding paragraph. 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.



# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

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

### III. DETAILED NOTES ON ALL FUNDS

#### A. Cash and Investments

The District maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is reported on the combined balance sheet as "Cash and cash equivalents" or amounts "due to/from other funds." All deposits are carried at fair value plus accrued interest.

##### 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.

Any amount in excess of FDIC limits is collateralized with securities held by the District's agent in the District's name. All deposits are carried at fair market value plus accrued interest. The School District's deposits and investment policy require all deposits to be fully insured or collateralized. As of June 30, 2025, the District's cash and cash equivalents were fully insured and collateralized.

#### B. Receivables

##### Accounts Receivable

Accounts receivables as of year-end for the District's individual major funds and other governmental funds are as follows:

	School Operating Fund	Special Projects Capital Project Fund	Other Governmental Funds	Total
Other	\$ 4,138	373,300	-	377,438
Grants	-	503,388	144,025	647,413
Total	\$ 4,138	876,688	144,025	1,024,851

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

##### Lease Receivable

The District entered into a three-year lease agreement on July 1, 2024 with the Central Council of Tlingit and Haida Indian Tribes of Alaska. The District, as lessor, leases excess space which includes the modular building located on the Southwest edge of the Craig Elementary and Middles School campus for the CCTH Head Start program. The lease is summarized as follows at June 30, 2025:

	Lease Receivable	Lease Revenue	Lease Interest Revenue	Total Lease Revenue
Head Start	\$ 56,985	24,438	3,562	28,000

CRAIG CITY SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

**C. Capital Assets**

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

	<u>Balances</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2025</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated -				
Construction in process	\$ 737,564	3,634,274	-	4,287,038
Capital assets, being depreciated and amortized:				
Infrastructure and buildings	369,152	-	-	369,152
Vehicles and equipment	803,813	13,264	-	817,077
Right-to-use lease assets	151,394	49,389	(50,933)	149,850
Total capital assets being depreciated and amortized	<u>1,324,359</u>	<u>62,653</u>	<u>(50,933)</u>	<u>1,336,079</u>
Less accumulated depreciation and amortization:				
Infrastructure and buildings	(354,756)	(2,057)	-	(356,813)
Vehicles and equipment	(602,138)	(34,615)	-	(636,753)
Right-to-use lease assets	(76,175)	(56,751)	50,764	(82,162)
Total accumulated depreciation and amortization	<u>(1,033,069)</u>	<u>(93,423)</u>	<u>50,764</u>	<u>(1,075,728)</u>
Total assets being depreciated, net	<u>291,290</u>	<u>(30,770)</u>	<u>(169)</u>	<u>260,351</u>
Total capital assets	\$ <u>1,028,854</u>	<u>3,603,504</u>	<u>(169)</u>	<u>4,632,189</u>

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

Support services - instruction	\$ 8,222
District administration support services	2,408
Operations and maintenance of plant	62,349
Student transportation - to and from school	20,444
Total	<u>\$ 93,423</u>

**D. Interfund Receivables, Payables and Transfers**

Interfund receivables and payables are shown as “due from other funds” and “due to other funds” in each of the individual funds. The balances at June 30, 2025 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Projects Capital Project Fund	School Operating Fund	\$ 3,137,713
Other Governmental Funds	School Operating Fund	93,898
School Operating Fund	Other Governmental Funds	142,693
		<u>\$ 3,374,304</u>

# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

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

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
School Operating Fund	Other Governmental Funds	\$ 26,359
Other Governmental Funds	School Operating Fund	178,591
Other Governmental Funds	Special Projects Capital Project Fund	149,192
		<u>\$ 354,142</u>

### E. Fund Balance and Net Position

Detailed information related to amounts nonspendable, restricted, committed, and assigned in fund balance as at June 30, 2025 are as follows:

	School Operating Fund	Special Projects Capital Project Fund	Other Governmental Funds	Total Fund Balance
Fund balances:				
Non-spendable -				
Inventory	\$ 27,853	-	12,380	40,233
Restricted for -				
PACE Carryover	228,934	-	-	228,934
Committed for:				
Special Capital Projects	-	2,153,676	-	2,153,676
CCTH Head Start	-	-	57,977	57,977
Food Service	-	-	4,347	4,347
Staff Housing	-	-	19,488	19,488
Total committed	-	2,153,676	81,812	2,235,488
Unassigned	68,738	-	-	68,738
Total fund balances	\$ 325,525	2,153,676	94,192	2,573,393

### F. Related Party Transactions

Craig City School District received payments and in-kind services from a related party during the year ended June 30, 2025:

City of Craig	\$ <u>1,455,533</u>
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# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

### G. Long-term Obligations

Compensated absences of governmental activities are accounted for by the School District and the change is presented as a net amount in the table below. Changes in these obligations for the year ended June 30, 2025 are as follows:

	Balances July 1, 2024	Additions	Deletions	Balances June 30, 2025	Due within One Year
Compensated absences \$	102,123	-	(28,520)	73,603	73,603
Lease liabilities	79,650	49,389	(58,852)	70,187	36,370
Total \$	<u>181,773</u>	<u>49,389</u>	<u>(87,372)</u>	<u>143,790</u>	<u>109,973</u>

### H. Lessee Arrangements

The District has entered into leases for acquisition and use of buildings and available space. The District was required to make principal and interest payments for these leases in the amount of \$61,671 for the year ended June 30, 2025. The District uses an interest rate of 5% for its lease calculations. The buildings are amortized over the lease term. The value of the lease liability at June 30, 2025 was \$70,187. The value of the right-to use assets at June 30, 2025 was \$149,850. The accumulated amortization at June 30, 2025 was \$82,162 which results in net lease assets of \$67,688.

The future principal and interest lease payments as of June 30, 2025, were as follows:

Fiscal Year	Principal	Interest	Total
2026 \$	36,370	2,494	38,864
2027	16,273	1,321	17,594
2028	17,544	479	18,023
Total \$	<u>70,187</u>	<u>4,294</u>	<u>74,481</u>

## IV. OTHER INFORMATION

### A. Risk Management

The District is exposed to various risks of loss related to worker's compensation, torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The District mitigates significant risk of loss through the acquisition of commercial insurance policies. With the exception of fire, earthquake and flood insurance the deductibles are minimal. There were no outstanding claims or liabilities at the end of the current period. The District's employee health costs are covered through commercial insurance policies.

The District has elected the reimbursable method of accounting for Employment Security Compensation (ESC). Under this method, the actual costs of ESC are reimbursed to the State of Alaska, Department of Labor. The District records the liability for the accrued unpaid portion of these claims.

## CRAIG CITY SCHOOL DISTRICT

### Notes to Basic Financial Statements, Continued

#### **B. Contingent Liabilities**

Amounts received or receivable from grant or 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.

The District's current share of unfunded OPEB liabilities related to TRS between measurement dates changed from an OPEB liability to an OPEB asset. Due to the change, the District's proportionate share of pension plan expenses is negative for the year. Per GASB 75, the negative proportionate share has been allocated to operating grants and contributions and expenses accordingly. This has caused the operating grants and contributions for special education support services – students, school administration, school administration support services, district administration, operations and maintenance of plant, and student activities to report negative program revenues.

#### **C. Employee Retirement Systems and Plans**

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

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

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

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

# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

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

### Plan Memberships

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

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

### Other Postemployment Benefit Plans (OPEB)

#### *Alaska Retiree Healthcare Trust Plan (ARHCT)*

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2025, employer contributions were 0.00% for PERS and 0.00% for TRS.

#### *Occupational Death and Disability Plan (ODD)*

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2025, the employer contribution rates were 0.24% for PERS and 0.08% for TRS.

## CRAIG CITY SCHOOL DISTRICT

### Notes to Basic Financial Statements, Continued

#### *Retiree Medical Plan (RMP)*

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended, June 30, 2025, employer contributions were 0.83% for PERS and 0.68% for TRS.

#### *Health Reimbursement Arrangement Plan (HRA)*

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

#### **Investments**

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

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

#### **Rate of Return**

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2024 for PERS and TRS for the DB Pension Plan were 8.75% and 8.74%, the ARHCT Plan were 8.89% and 8.90%, the ODD Plan were 9.01% and 8.84%, and the RMP were 9.02% and 8.90%, respectively.

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

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

# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS and TRS plans (rates shown below exclude an annual inflation component of 2.39%):

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

**Discount Rate:** The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 4.21% as of June 30, 2024.

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

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

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



# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

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

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

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

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	22.00%	26.76%	4.76%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	22.00%	26.76%	4.76%
TRS:			
Pension	12.56%	28.59%	16.03%
OPEB	0.00%	0.00%	0.00%
Total TRS contribution rates	12.56%	28.59%	16.03%

**Termination Costs:** If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS and TRS Administrator. For the fiscal year 2025, the past service rate for PERS and TRS is 17.88%.

## CRAIG CITY SCHOOL DISTRICT

### Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

## CRAIG CITY SCHOOL DISTRICT

### Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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

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

***Salary Floor.*** During the 25<sup>th</sup> 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.

CRAIG CITY SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ 122,329	9,941	132,270

**Public Employees' Retirement Plans**

For the year ended June 30, 2025 the State of Alaska contributed \$42,936 (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 \$115,453 to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

*Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB:* At June 30, 2025, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the District were as follows:

Defined Benefit:	Pension
District's proportionate share of the net pension liability	\$ 1,742,120
State's proportionate share of the net pension liability	654,567
Total	\$ 2,396,687
	OPEB
District's proportionate share of the ARHCT OPEB liability (asset)	\$ (702,106)
State's proportionate share of the ARHCT OPEB liability (asset)	(260,293)
Total	\$ (962,399)
District's proportionate share of the ODD OPEB liability (asset)	\$ (25,134)
District's proportionate share of the RMP OPEB liability (asset)	\$ (23,604)
Total District's share of net pension and OPEB liabilities and assets	\$ 991,276

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

CRAIG CITY SCHOOL DISTRICT

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, 2024 Measurement	June 30, 2023 Measurement	Change
Pension	0.03176%	0.03139%	0.00037%
OPEB:			
ARHCT	0.03188%	0.03130%	0.00058%
ODD	0.04210%	0.04779%	(0.00569%)
RMP	0.05064%	0.05724%	(0.00660%)

Based on the measurement date of June 30, 2024, the District recognized pension and OPEB expense of \$376,801 and \$42,597, respectively, for the year ended June 30, 2025. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	16,771	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	122,329	-
Total	\$ 139,100	-
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 380	-
Changes of assumptions	18,851	-
Net difference between projected and actual earnings on OPEB plan investments	10,692	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(2,261)
District contributions subsequent to the measurement date	-	-
Total	\$ 29,923	(2,261)

CRAIG CITY SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(5,888)
Changes of assumptions	-	(62)
Net difference between projected and actual earnings on OPEB plan investments	80	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,645	(222)
District contributions subsequent to the measurement date	2,230	-
Total	\$ <u>4,955</u>	<u>(6,172)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 595	(2,623)
Changes of assumptions	7,987	(15,867)
Net difference between projected and actual earnings on OPEB plan investments	333	-
Changes in proportion and differences between District contributions and proportionate share of contributions	845	(516)
District contributions subsequent to the measurement date	7,711	-
Total	\$ <u>17,471</u>	<u>(19,006)</u>

\$122,329 and \$9,941 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2026, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2025	\$ (46,692)	(22,498)	(1,212)	(3,322)
2026	86,925	70,816	(306)	54
2027	(12,831)	(11,350)	(888)	(3,405)
2028	(10,634)	(9,306)	(730)	(2,355)
2029	-	-	(354)	(1,262)
Thereafter	-	-	43	1,044
Total	\$ <u>16,771</u>	<u>27,662</u>	<u>(3,447)</u>	<u>(9,246)</u>

# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

For the year ended June 30, 2025, the District recognized (\$8,449) and \$2,576 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)	\$ 2,320,668	1,742,120	1,252,530
Net OPEB ARHCT liability (asset)	\$ (444,563)	(702,106)	(918,834)
Net OPEB ODD liability (asset)	\$ (23,068)	(25,134)	(26,330)
Net OPEB RMP liability (asset)	\$ 4,089	(23,604)	(44,770)

*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)	\$ (943,577)	(702,106)	(415,255)
Net OPEB ODD liability (asset)	\$ N/A	(25,134)	N/A
Net OPEB RMP liability (asset)	\$ (47,563)	(23,604)	8,545

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

*Plan Description and Funding Requirements.* Districts and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8.00% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5.00% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 0.83% for the retiree medical plan (DB), 0.24% for occupational and death and disability benefits (DB) and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is capped at 22.00% with anything in excess of the previously listed rates being contributed to the Defined Benefit Unfunded Liability (DBUL).

Plan members are 100% vested with their contributions.

## CRAIG CITY SCHOOL DISTRICT

### 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 \$92,731 for the year ended June 30, 2025, which included forfeitures of \$10,102 which have been applied as employer contributions.

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

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

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

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

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

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



# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

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

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ 142,235	11,641	153,876

### Teachers' Retirement Plans

For the year ended June 30, 2025 the State of Alaska contributed \$347,588 (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 \$571,457 to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

*Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB:* At June 30, 2025, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the District were as follows:

Defined Benefit:	Pension
District's proportionate share of the net pension liability	\$ 2,058,253
State's proportionate share of the net pension liability	3,536,977
Total	\$ 5,595,230
	OPEB
District's proportionate share of the ARHCT OPEB liability (asset)	\$ (1,152,290)
State's proportionate share of the ARHCT OPEB liability (asset)	(1,866,780)
Total	\$ (3,019,070)
District's proportionate share of the ODD OPEB liability (asset)	\$ (27,277)
District's proportionate share of the RMP OPEB liability (asset)	\$ (76,920)
Total District's share of net pension and OPEB liabilities and assets	\$ 801,766

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

CRAIG CITY SCHOOL DISTRICT

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, 2024 Measurement	June 30, 2023 Measurement	Change
Pension	0.11127%	0.11488%	(0.00361%)
OPEB:			
ARHCT	0.11550%	0.11797%	(0.00247%)
ODD	0.34233%	0.35829%	(0.01596%)
RMP	0.34208%	0.35864%	(0.01656%)

Based on the measurement date of June 30, 2024, the District recognized pension and OPEB expense of \$786,133 and \$136,110, respectively, for the year ended June 30, 2025. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	34,317	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	142,235	-
Total	\$ 176,552	-

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(282)
Changes of assumptions	13,606	-
Net difference between projected and actual earnings on OPEB plan investments	14,599	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,317	-
District contributions subsequent to the measurement date	-	-
Total	\$ 30,522	(282)

CRAIG CITY SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(4,310)
Changes of assumptions	-	(39)
Net difference between projected and actual earnings on OPEB plan investments	116	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,279	(3,349)
District contributions subsequent to the measurement date	1,211	-
Total	\$ <u>2,606</u>	<u>(7,698)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,738	(5,239)
Changes of assumptions	14,351	(29,848)
Net difference between projected and actual earnings on OPEB plan investments	1,095	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,880	(7,012)
District contributions subsequent to the measurement date	10,430	-
Total	\$ <u>39,494</u>	<u>(42,099)</u>

\$142,235 and \$11,641 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2026, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,		Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2025	\$	(94,620)	(38,076)	(1,376)	(5,822)
2026		172,497	97,559	(620)	1,793
2027		(23,548)	(16,067)	(1,258)	(4,656)
2028		(20,012)	(13,176)	(1,199)	(4,421)
2029		-	-	(1,057)	(1,537)
Thereafter		-	-	(793)	1,608
Total	\$	<u>34,317</u>	<u>30,240</u>	<u>(6,303)</u>	<u>(13,035)</u>

# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

For the year ended June 30, 2025, the District recognized \$(58,215) and \$74,397 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)	\$ 2,985,973	2,058,253	1,272,931
Net OPEB ARHCT liability (asset)	\$ (794,158)	(1,152,290)	(1,451,985)
Net OPEB ODD liability (asset)	\$ (27,366)	(27,277)	(27,222)
Net OPEB RMP liability (asset)	\$ (20,302)	(76,920)	(119,673)

*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)	\$ (1,484,705)	(1,152,290)	(755,142)
Net OPEB ODD liability (asset)	\$ N/A	(27,277)	N/A
Net OPEB RMP liability (asset)	\$ (124,838)	(76,920)	(12,045)

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

*Plan Description and Funding Requirements.* Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8.00% of their base salaries. State statutes require the employer to contribute 7.00% of employees' eligible compensation. Additionally, employers are required to contribute to other post-employment benefits (DB): 0.68% for the retiree medical plan, 0.08% for occupational death and disability, and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The employer effective contribution rate is 12.56%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

# CRAIG CITY SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

The District contributed \$149,191 for the year ended June 30, 2025, and there were no forfeitures of during the year ended June 30, 2025.

### D. Implementation of New Accounting Standard GASB Statement No. 101

Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*. This Statement modifies the recognition and measurement of the compensated absences liability. Prior to the implementation of GASB Statement No. 101, the District did not include certain balances related to sick leave. Under GASB Statement No. 101, all earned, accumulating leave that is more likely than not to be paid or settled, is included in the measurement of compensated absences. The District restated its long-term liabilities to recognize that portion of leave in the compensated absences balance as of July 1, 2024. This resulted in a restatement of previously reported net position, as follows:

		Governmental Activities
Net position, as previously stated	\$	2,068,277
Change in accounting principle - Compensated absences		(89,669)
Net position beginning of year, as restated	\$	<u>1,978,608</u>

### E. Subsequent Accounting Pronouncements

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

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

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

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

## CRAIG CITY SCHOOL DISTRICT

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

Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Earnings on investments	\$ 11,359	8,359	10,617	2,258
E-rate	75,000	75,000	65,401	(9,599)
Other	139,600	55,419	38,172	(17,247)
Intergovernmental:				
City of Craig	1,668,633	1,082,233	1,082,233	-
State of Alaska	5,557,943	6,217,991	6,163,884	(54,107)
Federal sources	480,000	500,000	553,634	53,634
Total revenues	<u>7,932,535</u>	<u>7,939,002</u>	<u>7,913,941</u>	<u>(25,061)</u>
Expenditures:				
Current:				
Instruction	3,204,188	3,306,169	3,108,239	197,930
Special education instruction	493,479	494,878	509,546	(14,668)
Special education support services - students	302,374	159,981	130,380	29,601
Support services - students	44,031	55,511	68,506	(12,995)
Support services - instruction	1,251,483	997,453	963,472	33,981
School administration	456,214	404,871	443,449	(38,578)
School administration support services	478,958	393,072	394,202	(1,130)
District administration	103,684	116,415	126,248	(9,833)
District administration support services	303,697	392,989	410,793	(17,804)
Operations and maintenance of plant	1,145,105	1,071,590	1,093,979	(22,389)
Student activities	266,285	199,958	211,351	(11,393)
Debt service:				
Interest on long-term debt	-	2,819	2,819	-
Redemption of principal on long-term debt	-	58,852	58,852	-
Construction and facilities acquisition	-	49,389	49,389	-
Total expenditures	<u>8,049,498</u>	<u>7,703,947</u>	<u>7,571,225</u>	<u>132,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(116,963)</u>	<u>235,055</u>	<u>342,716</u>	<u>107,661</u>
Other financing sources (uses):				
Proceeds from issuance from leases	-	49,389	49,389	-
Transfers in	-	-	26,359	(26,359)
Transfers out	<u>(14,194)</u>	<u>(33,320)</u>	<u>(178,591)</u>	<u>145,271</u>
Net other financing sources (uses)	<u>(14,194)</u>	<u>16,069</u>	<u>(102,843)</u>	<u>118,912</u>
Net change in fund balance	\$ <u>(131,157)</u>	<u>251,124</u>	239,873	<u>(11,251)</u>
Fund balance, beginning of year			<u>85,652</u>	
Fund balance, end of year			\$ <u><u>325,525</u></u>	

Please see accompanying notes to Required Supplementary Information.

## CRAIG CITY SCHOOL DISTRICT

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

## Public Employees' Retirement System (PERS)

June 30, 2025

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0433%	\$ 2,100,756	\$ 565,121	\$ 2,665,877	\$ 961,766	218.43%	63.96%
2017	0.0381%	\$ 2,131,427	\$ 269,245	\$ 2,400,672	\$ 934,595	228.06%	59.55%
2018	0.0328%	\$ 1,694,954	\$ 631,903	\$ 2,326,857	\$ 971,355	174.49%	63.37%
2019	0.0327%	\$ 1,622,435	\$ 470,590	\$ 2,093,025	\$ 966,073	167.94%	65.19%
2020	0.0312%	\$ 1,708,079	\$ 678,807	\$ 2,386,886	\$ 939,145	181.88%	63.42%
2021	0.0323%	\$ 1,905,944	\$ 788,829	\$ 2,694,773	\$ 944,305	201.84%	61.61%
2022	0.0381%	\$ 1,397,367	\$ 190,180	\$ 1,587,547	\$ 1,015,123	137.65%	76.46%
2023	0.0357%	\$ 1,821,262	\$ 504,018	\$ 2,325,280	\$ 957,123	190.29%	67.97%
2024	0.0314%	\$ 1,627,648	\$ 542,916	\$ 2,170,564	\$ 1,082,916	150.30%	68.23%
2025	0.0318%	\$ 1,742,120	\$ 654,567	\$ 2,396,687	\$ 1,073,309	162.31%	67.81%

See accompanying notes to Required Supplementary Information.



## CRAIG CITY SCHOOL DISTRICT

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

## Public Employees' Retirement System (PERS)

June 30, 2025

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>							
2018	0.0329%	\$ 277,584	\$ 103,683	\$ 381,267	\$ 971,355	28.58%	89.68%
2019	0.0327%	\$ 335,315	\$ 12,762	\$ 348,077	\$ 966,073	34.71%	88.12%
2020	0.0312%	\$ 46,350	\$ 18,367	\$ 64,717	\$ 939,145	4.94%	98.13%
2021	0.0323%	\$ (146,062)	\$ (60,391)	\$ (206,453)	\$ 944,305	-15.47%	106.15%
2022	0.0382%	\$ (978,947)	\$ (126,406)	\$ (1,105,353)	\$ 1,015,123	-96.44%	135.54%
2023	0.0354%	\$ (696,829)	\$ (198,521)	\$ (895,350)	\$ 957,123	-72.80%	128.51%
2024	0.0313%	\$ (720,738)	\$ (241,900)	\$ (962,638)	\$ 1,082,916	-66.56%	133.96%
2025	0.0319%	\$ (702,106)	\$ (260,293)	\$ (962,399)	\$ 1,073,309	-65.42%	130.59%
<b>Occupational Death and Disability (ODD):</b>							
2018	0.0693%	\$ (9,830)	\$ -	\$ (9,830)	\$ 971,355	-1.01%	212.97%
2019	0.0648%	\$ (12,579)	\$ -	\$ (12,579)	\$ 966,073	-1.30%	270.62%
2020	0.0475%	\$ (11,524)	\$ -	\$ (11,524)	\$ 939,145	-1.23%	297.43%
2021	0.0476%	\$ (12,994)	\$ -	\$ (12,994)	\$ 944,305	-1.38%	283.80%
2022	0.0481%	\$ (21,200)	\$ -	\$ (21,200)	\$ 1,015,123	-2.09%	374.22%
2023	0.0473%	\$ (20,748)	\$ -	\$ (20,748)	\$ 957,123	-2.17%	348.80%
2024	0.0478%	\$ (24,518)	\$ -	\$ (24,518)	\$ 1,082,916	-2.26%	349.24%
2025	0.0421%	\$ (25,134)	\$ -	\$ (25,134)	\$ 1,073,309	-2.34%	346.81%
<b>Retiree Medical Plan (RMP):</b>							
2018	0.0693%	\$ 3,613	\$ -	\$ 3,613	\$ 364,023	0.99%	93.98%
2019	0.0648%	\$ 8,241	\$ -	\$ 8,241	\$ 360,655	2.29%	88.71%
2020	0.0598%	\$ 14,303	\$ -	\$ 14,303	\$ 227,164	6.30%	83.17%
2021	0.0595%	\$ 4,220	\$ -	\$ 4,220	\$ 354,805	1.19%	92.23%
2022	0.0566%	\$ (15,202)	\$ -	\$ (15,202)	\$ 399,005	-3.81%	115.10%
2023	0.0556%	\$ (19,314)	\$ -	\$ (19,314)	\$ 418,718	-4.61%	120.08%
2024	0.0572%	\$ (27,181)	\$ -	\$ (27,181)	\$ 443,391	-6.13%	124.29%
2025	0.0506%	\$ (23,604)	\$ -	\$ (23,604)	\$ 442,191	-5.34%	119.87%

See accompanying notes to Required Supplementary Information.

CRAIG CITY SCHOOL DISTRICT  
Schedule of District's Contributions (Pensions)  
Public Employees' Retirement System (PERS)  
June 30, 2025

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 73,919	\$ (73,919)	\$ -	\$ 934,595	7.91%
2017	\$ 84,237	\$ (84,237)	\$ -	\$ 971,355	8.67%
2018	\$ 98,860	\$ (98,860)	\$ -	\$ 966,073	10.23%
2019	\$ 107,640	\$ (107,048)	\$ 592	\$ 939,145	11.46%
2020	\$ 80,752	\$ (82,967)	\$ (2,215)	\$ 944,305	8.55%
2021	\$ 105,866	\$ (109,944)	\$ (4,078)	\$ 1,015,123	10.43%
2022	\$ 104,296	\$ (100,205)	\$ 4,091	\$ 957,123	10.90%
2023	\$ 122,232	\$ (126,738)	\$ (4,506)	\$ 1,082,916	11.29%
2024	\$ 128,999	\$ (126,248)	\$ 2,751	\$ 1,073,309	12.02%
2025	\$ 117,673	\$ (122,329)	\$ (4,656)	\$ 1,022,730	11.51%

*See accompanying notes to Required Supplementary Information.*

## CRAIG CITY SCHOOL DISTRICT

## Schedule of District's Contributions (OPEB)

## Public Employees' Retirement System (PERS)

June 30, 2025

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>					
2018	\$ 27,245	\$ (27,245)	\$ -	\$ 966,073	2.82%
2019	\$ 40,631	\$ (40,631)	\$ -	\$ 939,145	4.33%
2020	\$ 34,020	\$ (34,020)	\$ -	\$ 944,305	3.60%
2021	\$ 12,525	\$ (12,525)	\$ -	\$ 1,015,123	1.23%
2022	\$ 6,103	\$ (6,103)	\$ -	\$ 957,123	0.64%
2023	\$ -	\$ -	\$ -	\$ 1,082,916	0.00%
2024	\$ -	\$ -	\$ -	\$ 1,073,309	0.00%
2025	\$ -	\$ -	\$ -	\$ 1,022,730	0.00%
<b>Occupational Death and Disability (ODD):</b>					
2018	\$ 1,173	\$ (1,173)	\$ -	\$ 966,073	0.12%
2019	\$ 1,941	\$ (1,941)	\$ -	\$ 939,145	0.21%
2020	\$ 2,090	\$ (2,090)	\$ -	\$ 944,305	0.22%
2021	\$ 2,566	\$ (2,566)	\$ -	\$ 1,015,123	0.25%
2022	\$ 2,731	\$ (2,731)	\$ -	\$ 957,123	0.29%
2023	\$ 2,991	\$ (2,991)	\$ -	\$ 1,082,916	0.28%
2024	\$ 2,885	\$ (2,885)	\$ -	\$ 1,073,309	0.27%
2025	\$ 2,230	\$ (2,230)	\$ -	\$ 1,022,730	0.22%
<b>Retiree Medical Plan (RMP):</b>					
2018	\$ 7,550	\$ (7,550)	\$ -	\$ 360,655	2.09%
2019	\$ 7,016	\$ (7,016)	\$ -	\$ 227,164	3.09%
2020	\$ 10,613	\$ (10,613)	\$ -	\$ 354,805	2.99%
2021	\$ 10,511	\$ (10,511)	\$ -	\$ 399,005	2.63%
2022	\$ 9,410	\$ (9,410)	\$ -	\$ 418,718	2.25%
2023	\$ 10,966	\$ (10,966)	\$ -	\$ 443,391	2.47%
2024	\$ 9,713	\$ (9,713)	\$ -	\$ 442,191	2.20%
2025	\$ 7,711	\$ (7,711)	\$ -	\$ 421,504	1.83%

See accompanying notes to Required Supplementary Information.

## CRAIG CITY SCHOOL DISTRICT

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

## Teachers' Retirement System (TRS)

June 30, 2025

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.1094%	\$ 2,035,039	\$ 3,250,885	\$ 5,285,924	\$ 2,486,210	81.85%	73.82%
2017	0.1297%	\$ 2,961,689	\$ 3,522,249	\$ 6,483,938	\$ 2,397,150	123.55%	68.40%
2018	0.1066%	\$ 2,160,277	\$ 3,775,986	\$ 5,936,263	\$ 2,509,092	86.10%	72.39%
2019	0.1297%	\$ 2,483,628	\$ 3,688,318	\$ 6,171,946	\$ 2,538,989	97.82%	74.09%
2020	0.1096%	\$ 2,047,558	\$ 3,036,448	\$ 5,084,006	\$ 2,262,150	90.51%	74.68%
2021	0.1062%	\$ 2,158,655	\$ 3,749,359	\$ 5,908,014	\$ 2,420,732	89.17%	72.81%
2022	0.1810%	\$ 1,440,541	\$ 1,221,493	\$ 2,662,034	\$ 2,789,148	51.65%	89.43%
2023	0.1498%	\$ 2,496,112	\$ 3,325,289	\$ 5,821,401	\$ 2,783,089	89.69%	78.33%
2024	0.1149%	\$ 2,020,108	\$ 3,188,128	\$ 5,208,236	\$ 2,783,089	72.59%	77.62%
2025	0.1113%	\$ 2,058,253	\$ 3,536,977	\$ 5,595,230	\$ 2,701,640	76.19%	77.07%

See accompanying notes to Required Supplementary Information.

## CRAIG CITY SCHOOL DISTRICT

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

## Teachers' Retirement System (TRS)

June 30, 2025

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>							
2018	0.0011%	\$ 195,750	\$ 343,593	\$ 539,343	\$ 2,509,092	7.80%	93.75%
2019	0.1296%	\$ 402,824	\$ 600,574	\$ 1,003,398	\$ 2,538,989	15.87%	90.23%
2020	0.1092%	\$ (166,888)	\$ (248,465)	\$ (415,353)	\$ 2,262,150	-7.38%	105.50%
2021	0.1062%	\$ (379,849)	\$ (660,338)	\$ (1,040,187)	\$ 2,420,732	-15.69%	113.78%
2022	0.1885%	\$ (2,192,003)	\$ (1,702,601)	\$ (3,894,604)	\$ 2,789,148	-78.59%	145.41%
2023	0.1529%	\$ (1,340,140)	\$ (1,721,428)	\$ (3,061,568)	\$ 2,783,089	-48.15%	134.84%
2024	0.1180%	\$ (1,192,267)	\$ (1,799,339)	\$ (2,991,606)	\$ 2,783,089	-42.84%	140.49%
2025	0.1155%	\$ (1,152,290)	\$ (1,866,780)	\$ (3,019,070)	\$ 2,701,640	-42.65%	137.40%
<b>Occupational Death and Disability (ODD):</b>							
2018	0.2872%	\$ (9,386)	\$ -	\$ (9,386)	\$ 2,509,092	-0.37%	1342.59%
2019	0.2754%	\$ (9,657)	\$ -	\$ (9,657)	\$ 2,538,989	-0.38%	1304.81%
2020	0.2484%	\$ (9,987)	\$ -	\$ (9,987)	\$ 2,262,150	-0.44%	1409.77%
2021	0.2526%	\$ (10,875)	\$ -	\$ (10,875)	\$ 2,420,732	-0.45%	931.08%
2022	0.2759%	\$ (16,814)	\$ -	\$ (16,814)	\$ 2,789,148	-0.60%	1254.36%
2023	0.3259%	\$ (19,686)	\$ -	\$ (19,686)	\$ 2,783,089	-0.71%	1268.28%
2024	0.3583%	\$ (24,790)	\$ -	\$ (24,790)	\$ 2,783,089	-0.89%	1410.42%
2025	0.3423%	\$ (27,277)	\$ -	\$ (27,277)	\$ 2,701,640	-1.01%	1600.56%
<b>Retiree Medical Plan (RMP):</b>							
2018	0.2872%	\$ (13,614)	\$ -	\$ (13,614)	\$ 812,874	-1.67%	118.16%
2019	0.2754%	\$ (8,809)	\$ -	\$ (8,809)	\$ 822,596	-1.07%	109.56%
2020	0.2474%	\$ (9,489)	\$ -	\$ (9,489)	\$ 821,998	-1.15%	110.03%
2021	0.2540%	\$ (25,000)	\$ -	\$ (25,000)	\$ 868,615	-2.88%	125.59%
2022	0.2753%	\$ (55,291)	\$ -	\$ (55,291)	\$ 1,025,740	-5.39%	142.54%
2023	0.2753%	\$ (55,291)	\$ -	\$ (55,291)	\$ 1,279,331	-4.32%	140.73%
2024	0.3586%	\$ (79,442)	\$ -	\$ (79,442)	\$ 1,450,748	-5.48%	140.71%
2025	0.3421%	\$ (76,920)	\$ -	\$ (76,920)	\$ 1,463,209	-5.26%	134.72%

See accompanying notes to Required Supplementary Information.

CRAIG CITY SCHOOL DISTRICT  
Schedule of District's Contributions (Pensions)  
Teachers' Retirement System (TRS)  
June 30, 2025

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 104,268	\$ (104,268)	\$ -	\$ 2,397,150	4.35%
2017	\$ 122,463	\$ (122,463)	\$ -	\$ 2,509,092	4.88%
2018	\$ 150,213	\$ (150,213)	\$ -	\$ 2,538,989	5.92%
2019	\$ 113,809	\$ (114,815)	\$ (1,006)	\$ 2,262,150	5.03%
2020	\$ 106,739	\$ (114,189)	\$ (7,450)	\$ 2,420,732	4.41%
2021	\$ 102,577	\$ (102,517)	\$ 60	\$ 2,789,148	3.68%
2022	\$ 107,120	\$ (106,576)	\$ 544	\$ 2,783,089	3.85%
2023	\$ 149,438	\$ (149,849)	\$ (411)	\$ 2,783,089	5.37%
2024	\$ 147,733	\$ (138,423)	\$ 9,310	\$ 2,701,640	5.47%
2025	\$ 142,235	\$ (142,235)	\$ -	\$ 2,412,951	5.89%

*See accompanying notes to Required Supplementary Information.*

## CRAIG CITY SCHOOL DISTRICT

## Schedule of District's Contributions (OPEB)

## Teachers' Retirement System (TRS)

June 30, 2025

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>					
2018	\$ 65,418	\$ (65,418)	\$ -	\$ 2,538,989	2.58%
2019	\$ 57,662	\$ (57,662)	\$ -	\$ 2,262,150	2.55%
2020	\$ 68,621	\$ (68,621)	\$ -	\$ 2,420,732	2.83%
2021	\$ 106,357	\$ (106,357)	\$ -	\$ 2,789,148	3.81%
2022	\$ 86,917	\$ (86,917)	\$ -	\$ 2,783,089	3.12%
2023	\$ -	\$ -	\$ -	\$ 2,783,089	0.00%
2024	\$ -	\$ -	\$ -	\$ 2,701,640	0.00%
2025	\$ -	\$ -	\$ -	\$ 2,412,951	0.00%
<b>Occupational Death and Disability (ODD):</b>					
2018	\$ -	\$ -	\$ -	\$ 2,538,989	0.00%
2019	\$ 775	\$ (775)	\$ -	\$ 2,262,150	0.03%
2020	\$ 830	\$ (830)	\$ -	\$ 2,420,732	0.03%
2021	\$ 999	\$ (999)	\$ -	\$ 2,789,148	0.04%
2022	\$ 1,281	\$ (1,281)	\$ -	\$ 2,783,089	0.05%
2023	\$ 1,473	\$ (1,473)	\$ -	\$ 2,783,089	0.05%
2024	\$ 1,521	\$ (1,521)	\$ -	\$ 2,701,640	0.06%
2025	\$ 1,211	\$ (1,211)	\$ -	\$ 2,412,951	0.05%
<b>Retiree Medical Plan (RMP):</b>					
2018	\$ 9,009	\$ (9,009)	\$ -	\$ 822,596	1.10%
2019	\$ 7,631	\$ (7,631)	\$ -	\$ 821,998	0.93%
2020	\$ 11,306	\$ (11,306)	\$ -	\$ 868,615	1.30%
2021	\$ 11,611	\$ (11,611)	\$ -	\$ 1,025,740	1.13%
2022	\$ 13,292	\$ (13,292)	\$ -	\$ 1,279,331	1.04%
2023	\$ 16,020	\$ (16,020)	\$ -	\$ 1,450,748	1.10%
2024	\$ 15,603	\$ (15,603)	\$ -	\$ 1,463,209	1.07%
2025	\$ 10,430	\$ (10,430)	\$ -	\$ 1,187,828	0.88%

See accompanying notes to Required Supplementary Information.

# CRAIG CITY SCHOOL DISTRICT

## Notes to Required Supplementary Information

June 30, 2025

### 1. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all government fund types except capital project funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

#### School Operating Fund

The adopted School Operating Fund budget is submitted to the City for review and approval. The approved budget is also submitted to the State of Alaska, Department of Education and Early Development for review to determine compliance with Alaska statutes and Department regulations. The School Board authorizes formal budget revisions several time each year to adjust the revenues and expenditures to available resources and program needs. The originally adopted budget and the final revised and approved budget are presented in these financial statements. Expenditure authority for the School Operating Fund is limited to the total approved budget and functional areas of expenditures are not to be overspent.

#### Excess of Expenditures Over Appropriations

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

Special education instruction	\$	14,668
Support services - students		12,995
School administration		38,578
School administration support services		1,130
District administration		9,833
District administration support services		13,388
Operations and maintenance of plant		26,805
Student activities		11,393

Excess of expenditures over appropriations in the School Operating Fund were funded through available fund balance.



CRAIG CITY SCHOOL DISTRICT

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, 2022 to June 30, 2023**

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

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

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

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

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

*Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan*

**a) Changes in Methods Since the Prior Valuation – June 30, 2022 to June 30, 2023**

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

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

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

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

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

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

**Schedule of District Contributions (Pension) and (OPEB)**

The table valuation date is June 30, 2023 which was rolled forward to June 30, 2024. Actuarially determined contribution rates are calculated as of June 30<sup>th</sup>, two years prior to the fiscal year in which contributions are reported.

CRAIG CITY SCHOOL DISTRICT

Notes to Required Supplementary Information, Continued

**3. Teachers' Retirement System**

**Schedule of District's Proportionate Share of Net Pension and OPEB Liability (Asset)**

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

**Changes in Actuarial Assumptions, Methods, and Benefits Since the Prior Valuation**

*Defined Benefit Pension and Postemployment Healthcare Benefit Plan*

**a) Changes in Methods Since the Prior Valuation – June 30, 2022 to June 30, 2023**

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

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

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*Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plans*

**a) Changes in Methods Since the Prior Valuation – June 30, 2022 to June 30, 2023**

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

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

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

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

**Schedule of District Contributions (Pension) and (OPEB)**

The table valuation date is June 30, 2023 which was rolled forward to June 30, 2024. Actuarially determined contribution rates are calculated as of June 30<sup>th</sup>, two years prior to the fiscal year in which contributions are reported.

## **SUPPLEMENTARY INFORMATION**

## CRAIG CITY SCHOOL DISTRICT

## School Operating Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Earnings on investments	\$ 8,359	10,617	2,258
E-rate	75,000	65,401	(9,599)
Other	55,419	38,172	(17,247)
Total local sources	138,778	114,190	(24,588)
Intergovernmental:			
City of Craig:			
Direct appropriations	1,000,256	1,000,256	-
In-kind services appropriations	81,977	81,977	-
Total City of Craig	1,082,233	1,082,233	-
State of Alaska:			
Foundation program	5,202,291	5,092,773	(109,518)
HB 268 one-time funding	586,400	651,556	65,156
Quality schools	-	15,331	15,331
TRS on-behalf	386,000	347,588	(38,412)
PERS on-behalf	43,300	42,936	(364)
Other	-	13,700	13,700
Total State of Alaska	6,217,991	6,163,884	(54,107)
Federal sources -			
Impact Aid	500,000	553,634	53,634
Total revenues	7,939,002	7,913,941	(25,061)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	1,653,695	1,657,033	(3,338)
Non-certificated salaries	47,495	47,495	-
Employee benefits	1,245,398	1,058,130	187,268
Professional and technical services	7,601	11,625	(4,024)
Other purchased services	1,980	-	1,980
Supplies, materials and media	350,000	333,956	16,044
Total instruction	3,306,169	3,108,239	197,930

(continued)

## CRAIG CITY SCHOOL DISTRICT

## School Operating Fund

Schedules 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:			
Special education instruction:			
Certificated salaries	\$ 224,971	225,064	(93)
Non-certificated salaries	124,426	124,425	1
Employee benefits	145,481	160,057	(14,576)
Total special education instruction	494,878	509,546	(14,668)
Special education support services - students:			
Certificated salaries	70,250	61,205	9,045
Employee benefits	33,739	44,322	(10,583)
Professional and technical services	55,000	24,564	30,436
Staff travel	242	242	-
Supplies, materials and media	750	47	703
Total special education support services - students	159,981	130,380	29,601
Support services - students:			
Certificated salaries	36,018	34,510	1,508
Employee benefits	14,745	29,497	(14,752)
Professional and technical services	4,440	4,440	-
Supplies, materials and media	308	59	249
Total support services - students	55,511	68,506	(12,995)
Support services - instruction:			
Certificated salaries	41,357	41,942	(585)
Non-certificated salaries	134,180	136,376	(2,196)
Employee benefits	94,781	111,008	(16,227)
Professional and technical services	333,160	264,140	69,020
Staff travel	613	613	-
Student travel	9,800	10,197	(397)
Utility service	200,628	217,330	(16,702)
Other purchased services	82,047	82,741	(694)
Supplies, materials and media	92,954	91,192	1,762
Other	6,185	6,185	-
Equipment	1,748	1,748	-
Total support services - instruction	997,453	963,472	33,981

(continued)

## CRAIG CITY SCHOOL DISTRICT

## 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:			
School administration:			
Certificated salaries	\$ 291,161	292,706	(1,545)
Employee benefits	111,342	149,882	(38,540)
Staff travel	1,368	368	1,000
Supplies, materials and media	1,000	493	507
Total school administration	<u>404,871</u>	<u>443,449</u>	<u>(38,578)</u>
School administration support services:			
Non-certificated salaries	204,909	202,749	2,160
Employee benefits	186,782	190,173	(3,391)
Supplies, materials and media	1,381	1,280	101
Total school administration support services	<u>393,072</u>	<u>394,202</u>	<u>(1,130)</u>
District administration:			
Certificated salaries	70,250	70,250	-
Non-certificated salaries	4,529	4,579	(50)
Employee benefits	35,091	45,915	(10,824)
Staff travel	2,000	1,958	42
Other purchased services	2,000	1,921	79
Supplies, materials and media	1,000	80	920
Other expenses	1,545	1,545	-
Total district administration	<u>116,415</u>	<u>126,248</u>	<u>(9,833)</u>
District administration support services:			
Non-certificated salaries	116,490	116,533	(43)
Employee benefits	71,265	76,342	(5,077)
Professional and technical services	135,863	133,142	2,721
Utility services	1,596	1,596	-
Other purchased services	7,910	10,005	(2,095)
Insurance and bond premiums	90,874	87,685	3,189
Supplies, materials and media	1,547	1,547	-
Other expenses	95	95	-
Indirect cost recovery	(32,651)	(16,152)	(16,499)
Total district administration support services	<u>392,989</u>	<u>410,793</u>	<u>(17,804)</u>

(continued)

## CRAIG CITY SCHOOL DISTRICT

## 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:			
Operations and maintenance of plant:			
Non-certificated salaries	\$ 239,457	231,192	8,265
Employee benefits	210,285	202,316	7,969
Professional and technical services	23,013	23,422	(409)
Utility services	37,601	38,873	(1,272)
Energy	331,858	369,780	(37,922)
Other purchased services	49,084	51,283	(2,199)
Insurance and bond premiums	125,809	121,393	4,416
Supplies, materials and media	54,483	55,720	(1,237)
Total operations and maintenance of plant	1,071,590	1,093,979	(22,389)
Student activities:			
Certificated salaries	88,248	88,248	-
Non-certificated salaries	953	9,833	(8,880)
Employee benefits	16,533	16,052	481
Professional and technical services	1,205	1,205	-
Staff travel	1,274	1,615	(341)
Student travel	81,175	81,209	(34)
Other purchased services	5,005	-	5,005
Supplies, materials and media	1,995	7,952	(5,957)
Other	3,570	5,237	(1,667)
Total student activities	199,958	211,351	(11,393)
Debt service:			
Interest on long-term debt	2,819	2,819	-
Redemption of principal on long-term debt	58,852	58,852	-
Total debt service	61,671	61,671	-
Construction and facilities acquisition -			
Right-to-use lease asset	49,389	49,389	-
Total expenditures	7,703,947	7,571,225	132,722
Excess (deficiency) of revenues over (under) expenditures	235,055	342,716	(157,783)
Other financing sources (uses):			
Proceeds from issuance of leases	49,389	49,389	-
Transfer in from CCTH Head Start	-	26,359	26,359
Transfer out to Food Service Special Revenue Fund	(27,544)	-	27,544
Transfer out to Student Transportation Special Revenue Fund	(3,582)	(178,591)	(175,009)
Transfer out to Staff Housing Special Revenue Fund	(2,194)	-	2,194
Net other financing sources (uses)	16,069	(102,843)	(118,912)
Net change in fund balance	\$ 251,124	239,873	(38,871)
Fund balance, beginning of year		85,652	
Fund balance, end of year		\$ 325,525	

## CRAIG CITY SCHOOL DISTRICT

## Special Projects Capital Project Fund

Schedules of Revenues, Expenditures and Changes in  
Fund Balance

Year Ended June 30, 2025

## Revenues:

## Intergovernmental:

City of Craig appropriations	\$	373,300
State of Alaska		2,148,214
Federal sources		<u>1,103,139</u>
Total revenues		<u>3,624,653</u>

## Expenditures:

## Construction and facilities acquisition:

Professional and technical services	118,171
Other expenses	20,000
Capital outlay	<u>3,496,103</u>
Total expenditures	<u>3,634,274</u>

Deficiency of revenue under expenditures	<u>(9,621)</u>
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## Other financing sources (uses) -

Transfers out	<u>(149,192)</u>
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Net change in fund balance	(158,813)
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Fund balance, beginning of year	<u>2,312,489</u>
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Fund balance, end of year	<u>\$ 2,153,676</u>
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## CRAIG CITY SCHOOL DISTRICT

## Other Governmental Funds

## Combining Balance Sheet

June 30, 2025

<u>Assets</u>	Special Revenue Funds					
	Student Transportation	Food Service	Carl Perkins	PACE School Improvements	Migrant Education Books	Title I-C Migrant Education
Accounts receivable	\$ -	-	18,967	14,376	2,923	22,362
Lease receivable	-	-	-	-	-	-
Due from School Operating Fund	373	9,200	-	-	-	-
Inventory	-	11,809	-	-	-	-
Total Assets	<u>\$ 373</u>	<u>21,009</u>	<u>18,967</u>	<u>14,376</u>	<u>2,923</u>	<u>22,362</u>
<u>Liabilities and Deferred Inflows of Resources</u>						
Liabilities:						
Accounts payable	373	7	-	-	-	-
Due to School Operating Fund	-	-	18,967	14,376	2,923	22,362
Unearned revenue	-	4,846	-	-	-	-
Total liabilities	<u>373</u>	<u>4,853</u>	<u>18,967</u>	<u>14,376</u>	<u>2,923</u>	<u>22,362</u>
Deferred inflows of resources -						
Leases	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>373</u>	<u>4,853</u>	<u>18,967</u>	<u>14,376</u>	<u>2,923</u>	<u>22,362</u>
<u>Fund Balances</u>						
Fund balances (deficits):						
Nonspendable	-	11,809	-	-	-	-
Committed	-	4,347	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>16,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 373</u>	<u>21,009</u>	<u>18,967</u>	<u>14,376</u>	<u>2,923</u>	<u>22,362</u>

(continued)

## CRAIG CITY SCHOOL DISTRICT

## Other Governmental Funds

## Combining Balance Sheet, Continued

	Special Revenue Funds							
	Section 619 Special Education	SUCCEED	Consolidated Admin Pool	Title I-A Basic	Title IV-A	Title II-A	REAP	Title VI-B Special Education
<u>Assets</u>								
Accounts receivable	\$ 664	7,092	8,682	6,587	2,003	10,535	12,105	27,323
Lease receivable	-	-	-	-	-	-	-	-
Due from School Operating Fund	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 664</u>	<u>7,092</u>	<u>8,682</u>	<u>6,587</u>	<u>2,003</u>	<u>10,535</u>	<u>12,105</u>	<u>27,323</u>
<u>Liabilities and Deferred Inflows of Resources</u>								
Liabilities:								
Accounts payable	-	-	-	-	-	1,332	-	-
Due to School Operating Fund	664	7,092	8,682	6,587	2,003	9,203	12,105	27,323
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>664</u>	<u>7,092</u>	<u>8,682</u>	<u>6,587</u>	<u>2,003</u>	<u>10,535</u>	<u>12,105</u>	<u>27,323</u>
Deferred inflows of resources - Leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>664</u>	<u>7,092</u>	<u>8,682</u>	<u>6,587</u>	<u>2,003</u>	<u>10,535</u>	<u>12,105</u>	<u>27,323</u>
<u>Fund Balances</u>								
Fund balances (deficits):								
Nonspendable	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 664</u>	<u>7,092</u>	<u>8,682</u>	<u>6,587</u>	<u>2,003</u>	<u>10,535</u>	<u>12,105</u>	<u>27,323</u>

(continued)

## CRAIG CITY SCHOOL DISTRICT

## Other Governmental Funds

## Combining Balance Sheet, Continued

<u>Assets</u>	<u>Special Revenue Funds</u>				Total Other Governmental Funds
	<u>Indian Education</u>	<u>CCTH Head Start</u>	<u>SOAR</u>	<u>Staff Housing</u>	
Accounts receivable	\$ -	-	10,406	-	144,025
Lease receivable	-	56,985	-	-	56,985
Due from School Operating Fund	6,860	57,977	-	19,488	93,898
Inventory	-	-	-	571	12,380
Total Assets	<u>\$ 6,860</u>	<u>114,962</u>	<u>10,406</u>	<u>20,059</u>	<u>307,288</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	-	-	-	-	1,712
Due to School Operating Fund	-	-	10,406	-	142,693
Unearned revenue	<u>6,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,706</u>
Total liabilities	<u>6,860</u>	<u>-</u>	<u>10,406</u>	<u>-</u>	<u>156,111</u>
Deferred inflows of resources -					
Leases	<u>-</u>	<u>56,985</u>	<u>-</u>	<u>-</u>	<u>56,985</u>
Total liabilities and deferred inflows of resources	<u>6,860</u>	<u>56,985</u>	<u>10,406</u>	<u>-</u>	<u>213,096</u>
<u>Fund Balances</u>					
Fund balances (deficits):					
Nonspendable	-	-	-	571	12,380
Committed	<u>-</u>	<u>57,977</u>	<u>-</u>	<u>19,488</u>	<u>81,812</u>
Total fund balances (deficits)	<u>-</u>	<u>57,977</u>	<u>-</u>	<u>20,059</u>	<u>94,192</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,860</u>	<u>114,962</u>	<u>10,406</u>	<u>20,059</u>	<u>307,288</u>

## CRAIG CITY SCHOOL DISTRICT

## Other Governmental Funds

Combining Statement of Revenues, Expenditures  
and changes in Fund Balance

Year Ended June 30, 2025

	Special Revenue Funds							
	Student Transportation	Food Service	Carl Perkins	PACE School Improvements	Fresh Fruits and Vegetables	Migrant Education Books	Title I-C Migrant Education	EHCY Homeless
Revenues:								
Local sources -								
Charges for services	\$ -	-	-	-	-	-	-	-
Intergovernmental:								
State of Alaska	101,270	-	-	-	-	-	-	-
Federal sources	-	260,248	26,838	24,691	6,128	2,923	73,747	874
Total revenues	<u>101,270</u>	<u>260,248</u>	<u>26,838</u>	<u>24,691</u>	<u>6,128</u>	<u>2,923</u>	<u>73,747</u>	<u>874</u>
Expenditures:								
Current:								
Instruction	-	-	24,917	68	-	-	-	-
Special education instruction	-	-	-	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-	31,267	-
Support services - instruction	-	-	675	22,533	-	2,675	36,236	800
District administration support services	-	-	1,246	2,090	-	248	6,244	74
Operations and maintenance of plant	-	-	-	-	-	-	-	-
Student transportation - to and from school	108,800	-	-	-	-	-	-	-
Food services	-	309,239	-	-	6,128	-	-	-
Total expenditures	<u>108,800</u>	<u>309,239</u>	<u>26,838</u>	<u>24,691</u>	<u>6,128</u>	<u>2,923</u>	<u>73,747</u>	<u>874</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,530)</u>	<u>(48,991)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	178,591	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>178,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	171,061	(48,991)	-	-	-	-	-	-
Fund balance, beginning of year	<u>(171,061)</u>	<u>65,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	\$ -	16,156	-	-	-	-	-	-

(continued)

## CRAIG CITY SCHOOL DISTRICT

## Other Governmental Funds

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

	Special Revenue Funds							
	Section 619 Special Education	SUCCEED	Consolidated Admin Pool	Title I-A Basic	Title IV-A	Title II-A	REAP	Title VI-B Special Education
Revenues:								
Local sources -								
Charges for services	\$ -	-	-	-	-	-	-	-
Intergovernmental:								
State of Alaska	-	-	-	-	-	-	-	-
Federal sources	2,421	9,499	11,300	42,764	9,800	18,832	16,738	169,165
Total revenues	<u>2,421</u>	<u>9,499</u>	<u>11,300</u>	<u>42,764</u>	<u>9,800</u>	<u>18,832</u>	<u>16,738</u>	<u>169,165</u>
Expenditures:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Special education instruction	-	-	-	-	-	-	-	167,165
Special education support services - students	2,216	-	11,300	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-	-
Support services - instruction	-	9,499	-	39,143	8,970	17,238	16,738	2,000
District administration support services	205	-	-	3,621	830	1,594	-	-
Operations and maintenance of plant	-	-	-	-	-	-	-	-
Student transportation - to and from school	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-
Total expenditures	<u>2,421</u>	<u>9,499</u>	<u>11,300</u>	<u>42,764</u>	<u>9,800</u>	<u>18,832</u>	<u>16,738</u>	<u>169,165</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

## CRAIG CITY SCHOOL DISTRICT

## Other Governmental Funds

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

	Special Revenue Funds					Total Special Revenue Funds	AEA Boiler Capital Project Fund	Total Other Governmental Funds
	Indian Education	CCTH Head Start	SOAR	Murkowski CDS	Staff Housing			
Revenues:								
Local sources -								
Charges for services	\$ -	28,000	-	-	-	28,000	-	28,000
Intergovernmental:								
State of Alaska	-	-	-	-	-	101,270	-	101,270
Federal sources	46,199	-	119,350	29,082	-	870,599	-	870,599
Total revenues	46,199	28,000	119,350	29,082	-	999,869	-	999,869
Expenditures:								
Current:								
Instruction	44,487	-	119,350	-	-	188,822	-	188,822
Special education instruction	-	-	-	-	-	167,165	-	167,165
Special education support services - students	-	-	-	-	-	13,516	-	13,516
Support services - students	-	-	-	-	-	31,267	-	31,267
Support services - instruction	1,712	-	-	29,082	-	187,301	-	187,301
District administration support services	-	-	-	-	-	16,152	-	16,152
Operations and maintenance of plant	-	1,693	-	-	6,260	7,953	-	7,953
Student transportation - to and from school	-	-	-	-	-	108,800	-	108,800
Food services	-	-	-	-	-	315,367	-	315,367
Total expenditures	46,199	1,693	119,350	29,082	6,260	1,036,343	-	1,036,343
Excess (deficiency) of revenues over (under) expenditures	-	26,307	-	-	(6,260)	(36,474)	-	(36,474)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	178,591	149,192	327,783
Transfers out	-	(26,359)	-	-	-	(26,359)	-	(26,359)
Net other financing sources (uses)	-	(26,359)	-	-	-	152,232	149,192	301,424
Net change in fund balance	-	(52)	-	-	(6,260)	115,758	149,192	264,950
Fund balance, beginning of year	-	58,029	-	-	26,319	(21,566)	(149,192)	(170,758)
Fund balance, end of year	\$ -	57,977	-	-	20,059	94,192	-	94,192

## CRAIG CITY SCHOOL DISTRICT

## Student Transportation Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - State of Alaska	\$ 101,270	101,270	-
Expenditures:			
Current:			
Student transportation - to and from school:			
Non-certificated salaries	45,883	45,883	-
Employee benefits	36,175	36,175	-
Professional and technical services	265	265	-
Energy	1,767	1,767	-
Insurance and bond premiums	7,904	7,904	-
Supplies, materials and media	16,656	16,656	-
Other expenses	150	150	-
Total expenditures	108,800	108,800	-
Deficiency of revenues over expenditures	(7,530)	(7,530)	-
Other financing sources - Transfers in	3,582	178,591	(175,009)
Net change in fund balance	\$ (3,948)	171,061	(175,009)
Fund balance, beginning of year		(171,061)	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Food Service Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 260,248	260,248	-
Expenditures:			
Current:			
Food services:			
Non-certificated salaries	111,008	111,008	-
Employee benefits	51,526	51,526	-
Energy	3,729	3,729	-
Supplies, materials and media	142,976	142,976	-
Total expenditures	309,239	309,239	-
Excess (deficiency) of revenues over expenditures	\$ (48,991)	(48,991)	-
Fund balance, beginning of year		65,147	
Fund balance, end of year		\$ 16,156	



## CRAIG CITY SCHOOL DISTRICT

## Carl Perkins Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 27,000	26,838	(162)
Expenditures:			
Current:			
Instruction -			
Supplies, materials and media	25,000	24,917	83
Support services - instruction -			
Tuition - students and stipends	750	675	75
District administration support services -			
Indirect costs	1,250	1,246	4
Total expenditures	27,000	26,838	162
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## PACE School Improvements Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 25,000	24,691	(309)
Expenditures:			
Current:			
Instruction -			
Staff travel	-	68	(68)
Support services - instruction:			
Non-certificated salaries	19,943	19,943	-
Staff travel	2,940	2,590	350
Total support services - instruction	22,883	22,533	350
District administration support services -			
Indirect costs	2,117	2,090	27
Total expenditures	25,000	24,691	309
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Fresh Fruits and Vegetables Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 6,128	6,128	-
Expenditures:			
Current:			
Food services:			
Non-certificated salaries	1,027	1,027	-
Employee benefits	370	370	-
Supplies, materials and media	4,731	4,731	-
Total expenditures	6,128	6,128	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Migrant Education Books Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 2,940	2,923	(17)
Expenditures:			
Current:			
Support services - instruction -			
Supplies, materials and media	2,691	2,675	16
District administration support services -			
Indirect costs	249	248	1
Total expenditures	2,940	2,923	17
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Title I-C Migrant Education Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 73,780	73,747	(33)
Expenditures:			
Current:			
Support services - students:			
Certificated salaries	29,740	29,740	-
Employee benefits	1,527	1,527	-
Total support services - students	31,267	31,267	-
Support services - instruction:			
Non-certificated salaries	29,522	29,522	-
Employee benefits	4,966	4,966	-
Supplies, materials and media	1,778	1,748	30
Total support services - instruction	36,266	36,236	30
District administration support services -			
Indirect costs	6,247	6,244	3
Total expenditures	73,780	73,747	33
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## EH CY Homeless Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 874	874	-
Expenditures:			
Current:			
Support services - instruction:			
Staff travel	-	800	(800)
Professional and technical services	800	-	800
Total support services - instruction	800	800	-
Direct administration support services -			
Indirect costs	74	74	-
Total expenditures	874	874	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Section 619 Special Education Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 2,421	2,421	-
Expenditures:			
Current:			
Special education support services - students -			
Certificated salaries	2,216	2,216	-
Direct administration support services -			
Indirect costs	205	205	-
Total expenditures	2,421	2,421	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## SUCCEED Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal source passed through			
other intermediate agencies	\$ 9,499	9,499	-
Expenditures:			
Current:			
Support services - instruction:			
Student travel	1,207	1,207	-
Supplies, materials and media	7,092	7,092	-
Tuition - students and stipends	1,200	1,200	-
Total expenditures	9,499	9,499	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	



## CRAIG CITY SCHOOL DISTRICT

## Consolidated Admin Pool Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 11,300	11,300	-
Expenditures:			
Current:			
Special education support services - students -			
Professional and technical services	11,300	11,300	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Title I-A Basic Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 42,875	42,764	(111)
Expenditures:			
Current:			
Support services - instruction:			
Certificated salaries	20,000	20,000	-
Non-certificated salaries	9,325	9,325	-
Employee benefits	6,137	6,137	-
Supplies, materials and media	3,783	3,681	102
Total support services - instruction	39,245	39,143	102
District administration support services -			
Indirect costs	3,630	3,621	9
Total expenditures	42,875	42,764	111
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Title IV-A Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 9,800	9,800	-
Expenditures:			
Current:			
Support services - instruction:			
Non-certificated salaries	8,000	8,000	-
Employee benefits	970	970	-
Total support services - instruction	8,970	8,970	-
District administration support services -			
Indirect costs	830	830	-
Total expenditures	9,800	9,800	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Title II-A Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 20,605	18,832	(1,773)
Expenditures:			
Current:			
Support services - instruction:			
Staff travel	9,860	8,238	1,622
Other purchased services	9,000	9,000	-
Total support services - instruction	18,860	17,238	1,622
District administration support services -			
Indirect costs	1,745	1,594	151
Total expenditures	20,605	18,832	1,773
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## REAP Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources - direct	\$ 16,738	16,738	-
Expenditures:			
Current:			
Support services - instruction:			
Certificated salaries	12,105	12,105	-
Supplies, materials, and media	4,633	4,633	-
Total expenditures	16,738	16,738	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Title VI-B Special Education Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources passed through State of Alaska	\$ 169,165	169,165	-
Expenditures:			
Current:			
Special education instruction -			
Professional and technical services	167,165	167,165	-
Support services - instruction -			
Supplies, materials, and media	2,000	2,000	-
Total expenditures	169,165	169,165	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Indian Education Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal sources - direct	\$ 46,199	46,199	-
Expenditures:			
Current:			
Instruction:			
Certificated salaries	23,391	23,391	-
Employee benefits	21,096	21,096	-
Total instruction	44,487	44,487	-
Support services - instruction -			
Supplies, materials, media	1,712	1,712	
Total expenditures	46,199	46,199	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## CCTH Head Start Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - local sources -			
Charges for services	\$ 28,000	28,000	-
Expenditures:			
Current:			
Operations and maintenance of plant:			
Energy	1,294	1,294	-
Supplies, materials, media	399	399	-
Total expenditures	1,693	1,693	-
Deficiency of revenues over expenditures	26,307	26,307	-
Other financing sources (uses) -			
Transfers out	-	(26,359)	26,359
Net change in fund balance	\$ 26,307	(52)	26,359
Fund balance, beginning of year		58,029	
Fund balance, end of year		\$ 57,977	



## CRAIG CITY SCHOOL DISTRICT

## SOAR Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental - Federal source passed through other intermediate agencies	\$ 119,350	119,350	-
Expenditures: Current: Instruction - Supplies, materials and media	119,350	119,350	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Murkowski CDS Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - intergovernmental -			
Federal source passed through			
other intermediate agencies	\$ 29,082	29,082	-
Expenditures:			
Current:			
Support services - instruction -			
Supplies, materials and media	29,082	29,082	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## CRAIG CITY SCHOOL DISTRICT

## Staff Housing Special Revenue Fund

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues	\$ -	-	-
Expenditures:			
Current:			
Operations and maintenance of plant:			
Utility services	6,153	6,153	-
Energy	107	107	-
Total expenditures	6,260	6,260	-
Deficiency of revenues under expenditures	\$ (6,260)	(6,260)	-
Fund balance, beginning of year		26,319	
Fund balance, end of year		\$ 20,059	

## CRAIG CITY SCHOOL DISTRICT

## AEA Boiler Capital Project Fund

Schedule of Revenues, Expenditures and Changes in  
Fund Balance

Year Ended June 30, 2025

	Actual Amounts
Revenues	\$ -
Expenditures	-
Excess of revenues over expenditures	-
Other financing sources - Transfers in	149,192
Net change in fund balance	149,192
Fund balance, beginning of year	(149,192)
Fund balance, end of year	\$ -

## CRAIG CITY SCHOOL DISTRICT

## PACE Statewide Correspondence Program

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

Year Ended June 30, 2025

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
E-rate	\$ 6,464	6,464	-
Other	55,143	55,143	-
Total local sources	61,607	61,607	-
Intergovernmental			
State of Alaska:			
Foundation program	2,279,593	2,279,593	-
TRS on-behalf payments	83,073	83,073	-
PERS on-behalf payments	4,257	4,257	-
Total State of Alaska	2,366,923	2,366,923	-
Total revenues	2,428,530	2,428,530	-
Expenditures:			
Current:			
Correspondence instruction:			
Certificated salaries	368,787	368,787	-
Employee benefits	137,527	129,682	7,845
Supplies, materials and media	350,000	318,754	31,246
Total instruction	856,314	817,223	39,091
Special education instruction:			
Certificated salaries	79,091	79,091	-
Employee benefits	40,943	38,500	2,443
Total special education instruction	120,034	117,591	2,443

(continued)

## CRAIG CITY SCHOOL DISTRICT

## PACE Statewide Correspondence Program

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:			
Current:			
Support services - instruction:			
Certificated salaries	\$ 12,461	13,046	(585)
Employee benefits	4,986	7,004	(2,018)
Professional and technical services	211,000	140,973	70,027
Utility services	104,876	121,578	(16,702)
Other purchased services	52,000	52,508	(508)
Supplies, materials and media	31,000	31,319	(319)
Other	2,600	2,600	-
Total support services - instruction	<u>418,923</u>	<u>369,028</u>	<u>49,895</u>
School administration:			
Certificated salaries	57,312	57,312	-
Employee benefits	33,333	31,282	2,051
Staff travel	368	368	-
Total school administration	<u>91,013</u>	<u>88,962</u>	<u>2,051</u>
School administration support services:			
Non-certificated salaries	85,462	89,434	(3,972)
Employee benefits	64,770	60,776	3,994
Supplies, materials and media	350	276	74
Total school administration support services	<u>150,582</u>	<u>150,486</u>	<u>96</u>
Operations and maintenance of plant:			
Non-certificated salaries	1,655	1,655	-
Employee benefits	1,078	1,045	33
Energy	2,800	1,397	1,403
Other purchased services	103,890	103,890	-
Total operations and maintenance of plant	<u>109,423</u>	<u>107,987</u>	<u>1,436</u>
Total expenditures	<u>1,746,289</u>	<u>1,651,277</u>	<u>95,012</u>
Excess of revenues over expenditures	\$ <u>682,241</u>	<u>777,253</u>	<u>(95,012)</u>

## CRAIG CITY SCHOOL DISTRICT

## Schedule of Compliance - AS 14.17.505

Year Ended June 30, 2025

School Operating Fund			
	Reserved Fund Balance	Unreserved Fund Balance	Total
Reserved:			
Inventory	\$ 27,853	-	27,853
Impact Aid	553,634	-	553,634
PACE carryover family allotment	228,934	-	228,934
Unreserved - undesignated	-	(484,896)	(484,896)
Total fund balance	\$ 810,421	(484,896)	325,525

Unreserved fund balance as a percentage of current year expenditures:

$$\frac{\text{Unreserved fund balance}}{\text{Current year expenditures}} = \frac{(484,896)}{7,571,225} = \underline{\underline{-6.40\%}}$$

This Statement of Compliance is prepared in accordance with the regulation specified in AS 14.17.505 which is another basis of accounting other than generally accepted accounting principles.

## CRAIG CITY SCHOOL DISTRICT

Craig MS-ES Rehabilitations GR-23-003 / GR-23-006

## Schedule of the Results of Operations of Capital Project Funds

Year Ended June 30, 2025

	Prior Years	Current Year	Inception to Date
Expenditures:			
Professional and technical services	316,931	2,489,821	2,806,752
Total expenditures	316,931	2,489,821	2,806,752



## CRAIG CITY SCHOOL DISTRICT

Craig HS New Shop / Southeast Conference - AEA Boiler Project

## Schedule of the Results of Operations of Capital Project Funds

Year Ended June 30, 2025

	Prior Years	Current Year	Inception to Date
Expenditures:			
Professional and technical services	465,874	1,144,453	1,610,327
Total expenditures	465,874	1,144,453	1,610,327

CRAIG CITY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

<u>Grant Title</u>	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Total Federal Expended</u>
U.S. Department of Agriculture:			
Passed through the State of Alaska, Department of Education and Early Development:			
Child Nutrition Cluster:			
NSL Breakfast	01301	10.553	73,813
NSL Lunch	01301	10.555	159,878
Fresh Fruit and Vegetable Program	FF 25.CGSD.01	10.582	881
Fresh Fruit and Vegetable Program	FF 25.CGSD.02	10.582	5,247
Commodities	None	10.555	9,276
Total Child Nutrition Cluster			<u>249,095</u>
State Administrative - Food Distribution Fee	FD 25.CGSD.01	10.560	<u>1,983</u>
Local Foods for Schools Program	LF 24.CGSD.01	10.185	5,848
Local Foods for Schools Program	LF 25.CGSD.01	10.185	9,450
Total ALN 10.185			<u>15,298</u>
Passed through The Southeast Conference - Southeast Alaska Sustainability Strategy and Rural Development Partnership (SASS)	RD-RB-COOP-22-10	10.890	<u>900,000</u>
Total U.S. Department of Agriculture			<u>1,166,376</u>
U.S. Department of Education:			
Passed through the State of Alaska, Department of Education and Early Development:			
School Improvement, 1003(a)	SI 25.CGSD.01	84.010A	24,691
Consolidated Admin Pool	IP 25.CGSD.01	84.010A	5,000
Title I-A Basic	IP 25.CGSD.01	84.010A	42,764
Total ALN 84.010			<u>72,455</u>
Consolidated Admin Pool	IP 25.CGSD.01	84.011A	5,000
Title I-C Migrant	IP 25.CGSD.01	84.011A	73,747
Migrant Literacy	MB 25.CGSD.01	84.011A	2,923
Total ALN 84.011			<u>81,670</u>
Education for Homeless Children and Youth	AH 25.CGSD.01	84.196A	<u>874</u>
Special Education Cluster:			
Title VI-B Special Education	SE 25.CGSD.01	84.027A	169,165
Title VI-B Section 619 Preschool Disabled	SE 25.CGSD.01	84.173A	2,421
Total Special Education Cluster			<u>171,586</u>
Consolidated Admin Pool	IP 25.CGSD.01	84.367A	1,100
Title II-A, ESEA Consolidated	IP 25.CGSD.01	84.367A	18,832
Total ALN 84.367			<u>19,932</u>
Consolidated Admin Pool	IP 25.CGSD.01	84.424A	200
Title IV-A	IP 25.CGSD.01	84.424A	9,800
Total ALN 84.424			<u>10,000</u>
Carl Perkins Vocational Ed Secondary	EK 25.CGSD.01	84.048A	<u>26,838</u>

(continued)

## CRAIG CITY SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards, Continued

<u>Grant Title</u>	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Total Federal Expended</u>
Passed through the Klawock City School District - SOAR	S356A220034	84.356A	\$ <u>119,350</u>
Passed through Southeast Island School District - SUCCEED	S299A220018	84.299A	<u>9,499</u>
Passed through the Hydaburg City School District - Congressionally Directed Spending	S215K240083	84.215	<u>29,082</u>
Direct programs:			
Indian Education	S060A240872	84.060A	<u>46,199</u>
REAP	S358A230006	84.358A	<u>16,738</u>
Impact Aid	None	84.041	<u>519,447</u>
Total U.S. Department of Education			<u>1,123,670</u>
Denali Commission - Passed through Alaska Energy Authority - Craig High School Biomass Project	7910073	90.100	<u>203,139</u>
Total Expenditure of Federal Awards			\$ <u><u>2,493,185</u></u>

See accompanying notes to the schedule.

# CRAIG CITY SCHOOL DISTRICT

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Craig City School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Craig City School District, it is not intended to and does not present the basic financial statements of Craig City School District.

### **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. Craig City School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### **Note 3. Passed Through Awards**

No amounts were passed through to subrecipients.

### **Note 4. Nonmonetary Assistance**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed for the year ended June 30, 2025 the District had food commodities totaling \$9,276.

### **Note 5. Impact Aid Commitment**

Impact Aid revenue is recognized when received; however, expenditures are applied to the prior year and a commitment is established annually for monies received under the current application.

### **Note 6. Reconciliation to Basic Financial Statements:**

Federal Expenditures per previous page	\$ 2,493,185
Adjustments:	
Statutory Impact Aid committed in FY 2024	(519,447)
Statutory Impact Aid committed in FY 2025	553,634
Total federal revenue per basic financial statements	\$ <u>2,527,372</u>

## CRAIG CITY SCHOOL DISTRICT

## Schedule of State Financial Assistance

Year Ended June 30, 2025

<u>Grant Title</u>	<u>Grant Number</u>	<u>Total State Expended</u>
Department of Education and Early Development:		
Direct programs:		
* Public School Foundation Program	FY2025	\$ 5,092,773
HB 268 One-Time Grant	FY2025	651,556
Quality Schools	FY2025	15,331
Education Dividend Raffle Funds	FY2025	1,754
Disparity Tests	FY2024	11,946
Pupil Transportation	FY2025	91,532
HB 268 Supplemental Pupil Transportation	FY2025	9,738
Craig Elementary and Middle Schools Rehabilitation	GR-23-003/GR-25-003	2,148,214
Total Department of Education and Early Development		<u>8,022,844</u>
Total State Expenditures		\$ <u><u>8,022,844</u></u>

See accompanying notes to the Schedule.

# CRAIG CITY SCHOOL DISTRICT

## Notes to Schedule of State Financial Assistance

Year Ended June 30, 2025

### **Note 1. Basis of Presentation**

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Craig City School District under programs of the State of Alaska for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Craig City School District, it is not intended to and does not present the basic financial statements of Craig City School District.

### **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 of State Expenditures to the Financial Statements**

The following programs are reported as Intergovernmental-State of Alaska revenues, however are not subject to compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*:

Total Schedule of State Financial Assistance	\$	8,022,844
PERS On-Behalf		42,936
TRS On-Behalf		<u>347,588</u>
Total State Financial Assistance	\$	<u><u>8,413,368</u></u>

# **COMPLIANCE REPORTS**

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards**

**Independent Auditor's Report**

Members of the School Board  
Craig City School District  
Craig, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Craig City School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Craig City School District's basic financial statements, and have issued our report thereon dated December 1, 2025.

**Internal Control Over Financial Reporting**

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

A handwritten signature in cursive script that reads "Altman, Rogers & Co.".

Anchorage, Alaska  
December 1, 2025

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

**Independent Auditor's Report**

Members of the School Board  
Craig City School District  
Craig, Alaska

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Craig City School District 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 Craig City School District's 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 Craig City School District's 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 Craig City School District's 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 generally accepted auditing standards, *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 Craig City School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Craig City School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Craig City School District's 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 Craig City School District's 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* 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 over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Anchorage, Alaska  
December 1, 2025

CRAIG CITY SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Financial Statements

Type of report the auditor issued on whether the financial statements audited 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 identified?

\_\_\_\_ Yes X No

Significant deficiency identified?

\_\_\_\_ Yes X None reported

Noncompliance material to the financial statements noted?

\_\_\_\_ Yes X No

Federal Awards

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

Material weakness identified?

\_\_\_\_ Yes X No

Significant deficiency 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 federal programs:

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

10.890

84.041

Name of Federal Program or Cluster

Rural Development Cooperative Agreement

Impact Aid

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

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_ Yes X No

CRAIG CITY SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

***Section II – Financial Statement Findings***

Craig City School District did not have any findings that relate to the financial statements.

***Section III – Federal Award Findings and Questioned Costs***

Craig City School District did not have any findings that relate to the federal awards.

**Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance and Report on the Schedule of State Financial Assistance Required by the State of Alaska Audit Guide and Compliance Supplement for State Single Audits**

**Independent Auditor's Report**

Members of the School Board  
Craig City School District  
Craig, Alaska

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited Craig City School District's 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 Craig City School District's major state programs for the year ended June 30, 2025. Craig City School District's major state programs are identified on the Schedule of State Financial Assistance.

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

***Basis for Opinion on Each Major State Program***

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

We are required to be independent of Craig City School District 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 Craig City School District's 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 Craig City School District's 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 Craig City School District's 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 generally accepted auditing standards, *Government Auditing Standards*, and the 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 Craig City School District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Craig City School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Craig City School District's 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 State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness of Craig City School District's 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 a 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  
December 1, 2025

CRAIG CITY SCHOOL DISTRICT

State Schedule Findings and Questioned Costs

Year Ended June 30, 2025

**Section I – Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness identified?

\_\_\_\_ Yes X No

Significant deficiency identified?

\_\_\_\_ Yes X None reported

Noncompliance material to the financial statements noted?

\_\_\_\_ Yes X No

State Financial Assistance

Internal control over major programs:

Material weakness identified?

\_\_\_\_ Yes X No

Significant deficiency identified?

\_\_\_\_ Yes X None reported

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

Unmodified

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

\$ 750,000

Auditee qualified as low-risk auditee?

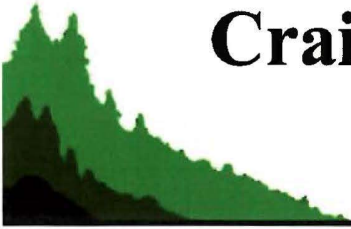
\_\_\_\_ Yes X No

**Section II – Financial Statement Findings**

The Craig City School District did not have any findings related to the financial statements.

**Section III – State Award Findings and Questioned Costs**

The Craig City School District did not have any findings related to state awards.



# Craig City School District

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Jackie Hanson, Superintendent  
David Harris, Elem./MS Principal  
Josh Andrews, HS Principal  
Heather Mendonsa, PACE Principal

## Summary Schedule of Prior Audit Findings

June 30, 2025

### ***Section II – Financial Statement Findings***

#### **Finding 2024-001** **Material Weakness**

#### **Lack of Internal Controls over Payroll**

##### **Condition:**

During the audit, we tested a random sample of 40 transactions. We noted multiple instances where employees were missing signed payrate forms. We believe their current system involving letter of intent forms to be insufficient in documenting employee pay rates.

##### **Status:**

This finding has been resolved.

#### **Finding 2024-002** **Material Weakness**

#### **Financial Reporting and Year End Close**

##### **Condition:**

During the audit, we noted several accounts were not properly reconciled in accordance with GAAP. Unearned revenue and associated revenue accounts were not reconciled in the Capital Project Funds. Beginning fund balance and cash accounts required material adjustments to properly state balances. Fuel and food inventory were not adjusted prior to the audit. We also identified several accounts including grant revenue/accounts receivable, accounts payable, PERS/TRS on-behalf, and City in-kind revenue that were not adjusted by the District prior the start of the audit.

##### **Status:**

This finding has been resolved.