



**Galena City School District**  
(A Component Unit of the City of Galena, Alaska)

Basic Financial Statements,  
Required Supplementary Information,  
Additional Supplementary Information, and  
Single Audit Reports  
Year Ended June 30, 2022

**Galena City School District**  
(A Component Unit of the City of Galena, Alaska)

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Basic Financial Statements, Required Supplementary Information,  
Additional Supplementary Information, and Single Audit Reports  
Year Ended June 30, 2022

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Contents**

---

	<u>Exhibit</u>	<u>Page</u>
<b>Independent Auditor's Report</b>		1-4
 <b>Basic Financial Statements</b>		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	6
Statement of Activities	A-2	7
Fund Financial Statements:		
Balance Sheet - Governmental Funds	B-1	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	B-2	9
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-3	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	B-4	11
Notes to Basic Financial Statements		12-44
 <b>Required Supplementary Information</b>		
Combining and Individual Fund Financial Statements and Schedules:		
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual:		
General Fund	C-1	46
Boarding Home Special Revenue Fund	C-2	47
Title VI-B Special Revenue Fund	C-3	48
Public Employees' Retirement System - Pension Plan	D-1	49
Public Employees' Retirement System - OPEB ARHCT Plan	D-2	50
Public Employees' Retirement System - OPEB RMP Plan	D-3	51
Public Employees' Retirement System - OPEB ODD Plan	D-4	52
Teachers' Retirement System - Pension Plan	D-5	53
Teachers' Retirement System - OPEB ARHCT Plan	D-6	54
Teachers' Retirement System - OPEB RMP Plan	D-7	55
Teachers' Retirement System - OPEB ODD Plan	D-8	56
Notes to Required Supplementary Information		57-58

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Contents**

	<u>Exhibit</u>	<u>Page</u>
<b>Additional Supplementary Information</b>		
Combining and Individual Fund Financial Statements and Schedules: Combining Balance Sheet - Nonmajor Governmental Funds	E-1	60-61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Nonmajor Governmental Funds	E-2	62-63
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:		
General Fund	F-1	64-68
Boarding Home Special Revenue Fund	F-2	69
Title VI-B Special Revenue Fund	F-3	70
Special Revenue Funds:		
Statement/Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
Student Transportation	G-1	71
Gana-A'Yoo 7-plex	G-2	72
STEM Building Water Leak 2022	G-3	73
Food Service	G-4	74
Carl Perkins	G-5	75
Migrant Education Book	G-6	76
School BAG Grant	G-7	77
Title I School Implementation	G-8	78
Title I-A Basic	G-9	79
Title I-C Migrant Education	G-10	80
Title II-A Teacher/Principal	G-11	81
Preschool Disabled	G-12	82
Title VI-B ARP FY22	G-13	83
COVID Relief ESSER III	G-14	84
Indian Education	G-15	85
Project LEAP	G-16	86
Rural ED Achievement Program	G-17	87
Louden Trial Council Pool Repairs	G-18	88
Student Activities	G-19	89
Scholarship and Pool	G-20	90
Capital Projects Fund:		
Statement of Revenues, Expenditures, and Changes in Fund Balance:		
General Capital Projects	H-1	91
GCSD Ransomware	H-2	92
GILA Classroom Upgrade Phase 2	H-3	93
Schedule of Compliance - AS 14.17.505	I-1	94
Schedule of Expenditures of Federal Awards	J-1	95-96
Notes to the Schedule of Expenditures of Federal Awards		97
Schedule of State Financial Assistance	K-1	98

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Contents**

---

**SINGLE AUDIT SECTION**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	100-101
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	102-104
Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	105-107
Schedule of Findings and Questioned Costs	108-110

**UNAUDITED INFORMATION**

Summary Schedule of Prior Year Audit Findings	112
Corrective Action Plan	113



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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Galena City School District (the "District"), a component unit of City of Galena, Alaska, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Other Matter***

As discussed in Note 8 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 budgetary comparison schedules, the schedules of the District's proportionate share of the net pension and net OPEB liability or asset, and schedules of the District's contributions, 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 require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are 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 District's basic financial statements. The accompanying combining and individual fund financial statements and schedules, Schedule of Compliance as required by Alaska Statute 14.17.505, Schedule of Expenditures of Federal Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and 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 required parts of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements and schedules, Schedule of Compliance, Schedule of Expenditures of Federal Awards, and the Schedule of State Financial Assistance 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 13, 2022 on our consideration of the 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 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 District's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
December 13, 2022

## **Basic Financial Statements**

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## Galena City School District

Exhibit A-1

## Statement of Net Position

<i>June 30, 2022</i>	Governmental Activities
<b>Assets and Deferred Outflows of Resources</b>	
Cash and cash equivalents	\$ 40,080,851
Accounts receivable:	
Federal	317,613
Other	1,241,723
Inventory	785,569
Prepaid expenses	251,154
Other assets	57,936
Net other postemployment benefits assets	8,976,110
Capital assets, net of accumulated depreciation	6,035,636
<b>Total Assets</b>	<b>57,746,592</b>
<b>Deferred Outflows of Resources</b>	
Pension related	1,480,970
Other postemployment benefits related	423,892
<b>Total Deferred Outflows of Resources</b>	<b>1,904,862</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 59,651,454</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Liabilities</b>	
Accounts payable	\$ 1,213,307
Accrued payroll and related liabilities	1,275,544
Noncurrent liabilities:	
Due in one year:	
Lease liability - due within one year	747,678
Accrued leave	200,000
Due in more than one year:	
Accrued leave	162,681
Lease liability - due in more than one year	4,231,731
Net pension liability	8,615,315
<b>Total Liabilities</b>	<b>16,446,256</b>
<b>Deferred Inflows of Resources</b>	
Pension related	5,447,161
Other postemployment benefits related	4,459,953
<b>Total Deferred Inflows of Resources</b>	<b>9,907,114</b>
<b>Net Position</b>	
Investment in capital assets	1,056,227
Restricted for IDEA Student Allotments	8,245,171
Unrestricted	23,996,686
<b>Total Net Position</b>	<b>33,298,084</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 59,651,454</b>

See accompanying notes to basic financial statements.

## Galena City School District

## Statement of Activities

Year Ended June 30, 2022	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental Activities</b>					
Instruction	\$ 18,975,767	\$ -	\$ 371,032	\$ -	\$ (18,604,735)
Special education instruction	1,560,712	-	1,416,229	-	(144,483)
Special education support services - students	182,050	-	22,256	-	(159,794)
Support services - students	1,812,615	-	1,510,682	-	(301,933)
Support services - instruction	4,694,804	-	275,141	-	(4,419,663)
School administration	881,343	-	(37,256)	-	(918,599)
School administration support services	1,639,435	-	189	-	(1,639,246)
District administration	557,682	-	(19,826)	-	(577,508)
District administration support services	1,315,854	-	106,955	-	(1,208,899)
Operations and maintenance of plant	7,781,463	-	661,711	-	(7,119,752)
Student activities	486,444	107,852	(1,900)	-	(380,492)
Student transportation - to and from school	96,372	-	63,319	-	(33,053)
Community services	301,746	-	-	-	(301,746)
Food services	1,649,327	13,422	379,906	-	(1,255,999)
Construction and facilities acquisition	120,499	-	98,075	-	(22,424)
Interest on leases	329,319	-	-	-	(329,319)
<b>Total Governmental Activities</b>	<b>\$ 42,385,432</b>	<b>\$ 121,274</b>	<b>\$ 4,846,513</b>	<b>\$ -</b>	<b>(37,417,645)</b>
<b>General Revenues</b>					
City in-kind services appropriations					563,256
State grants and entitlements not restricted to a specific purpose					41,865,104
Federal grants and entitlements not restricted to a specific purpose					163,766
Interest income					18,234
E-rate revenue					865,939
Other local revenues					884,968
<b>Total General Revenues</b>					<b>44,361,267</b>
<b>Change in Net Position</b>					<b>6,943,622</b>
<b>Net Position, beginning of year</b>					<b>26,354,462</b>
<b>Net Position, end of year</b>					<b>\$ 33,298,084</b>

See accompanying notes to basic financial statements.

**Galena City School District**  
**Balance Sheet**  
**Governmental Funds**

	Major Funds							Total Governmental Funds
	General	Boarding Home Special Revenue	Title VI-B Special Revenue	GILA Classroom Upgrade Phase 2 Capital Project	General Capital Projects	Nonmajor Govern- mental Funds		
<i>June 30, 2022</i>								
<b>Assets</b>								
Cash and cash equivalents	\$ 23,986,367	\$ 5,219,107	\$ -	\$ -	\$ 10,012,061	\$ 863,316	\$ 40,080,851	
Accounts receivable:								
Federal	-	-	-	-	-	317,613	317,613	
Other	235,825	-	428,249	577,649	-	-	1,241,723	
Due from other funds	1,357,835	-	-	-	-	-	1,357,835	
Inventory	728,759	50,011	-	-	-	6,799	785,569	
Prepaid items	251,154	-	-	-	-	-	251,154	
Other assets	53,136	-	-	-	-	4,800	57,936	
<b>Total Assets</b>	<b>\$ 26,613,076</b>	<b>\$ 5,269,118</b>	<b>\$ 428,249</b>	<b>\$ 577,649</b>	<b>\$ 10,012,061</b>	<b>\$ 1,192,528</b>	<b>\$ 44,092,681</b>	
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 1,146,466	\$ 36,960	\$ 1,800	\$ -	\$ -	\$ 28,081	\$ 1,213,307	
Accrued payroll and related liabilities	1,275,544	-	-	-	-	-	1,275,544	
Due to other funds	-	-	426,449	577,649	-	353,737	1,357,835	
<b>Total Liabilities</b>	<b>2,422,010</b>	<b>36,960</b>	<b>428,249</b>	<b>577,649</b>	<b>-</b>	<b>381,818</b>	<b>3,846,686</b>	
<b>Fund Balances</b>								
Nonspendable	979,913	50,011	-	-	-	6,799	1,036,723	
Restricted	8,245,171	-	-	-	-	-	8,245,171	
Assigned	612,332	5,182,147	-	-	10,012,061	855,710	16,662,250	
Unassigned	14,353,650	-	-	-	-	(51,799)	14,301,851	
<b>Total Fund Balances</b>	<b>24,191,066</b>	<b>5,232,158</b>	<b>-</b>	<b>-</b>	<b>10,012,061</b>	<b>810,710</b>	<b>40,245,995</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 26,613,076</b>	<b>\$ 5,269,118</b>	<b>\$ 428,249</b>	<b>\$ 577,649</b>	<b>\$ 10,012,061</b>	<b>\$ 1,192,528</b>	<b>\$ 44,092,681</b>	

*See accompanying notes to basic financial statements.*

**Galena City School District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2022**

Total fund balances for governmental funds		\$ 40,245,995
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:		
Right to use assets	\$ 5,572,241	
Equipment	1,724,042	
Vehicles	573,465	
Accumulated depreciation and amortization	<u>(1,834,112)</u>	
Total capital assets, net		6,035,636
Certain OPEB plans have been funded in excess of the required contributions. These assets are not financial resources and therefore are not reported in the funds.		
		8,976,110
Certain changes in pension and OPEB related item are deferred rather than recognized in the current period. These items are amortized over time and include the following:		
Deferred outflows of resources for pensions	1,480,970	
Deferred inflows of resources for pensions	(5,447,161)	
Deferred outflows of resources for OPEB	423,892	
Deferred inflows of resources for OPEB	<u>(4,459,953)</u>	
		(8,002,252)
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. Long-term liabilities reported in these statements are:		
Accrued leave		(362,681)
Lease liability		(4,979,409)
Net pension liability		<u>(8,615,315)</u>
<b>Total Net Position of Governmental Activities</b>		<b><u>\$ 33,298,084</u></b>

*See accompanying notes to basic financial statements.*

**Galena City School District**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Governmental Funds**

Year Ended June 30, 2022	Major Funds						Total Governmental Funds
	General	Boarding Home Special Revenue	Title VI-B Special Revenue	GILA Classroom Upgrade Phase 2 Capital Project	General Capital Projects	Nonmajor Governmental Funds	
<b>Revenues</b>							
Local sources:							
City in-kind services appropriations	\$ 563,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 563,256
Food services	-	3,145	-	-	-	10,277	13,422
Earnings on investments	15,753	1,177	-	-	1,139	165	18,234
Other local revenues	288,783	-	-	-	-	6,003	294,786
Rental revenue	-	-	-	-	-	67,682	67,682
E-rate revenue	865,939	-	-	-	-	-	865,939
Donations	522,500	-	-	-	-	-	522,500
State sources	43,591,762	2,122,596	-	124,547	-	228,528	46,067,433
Federal sources:							
Direct	163,766	-	-	-	-	-	163,766
Through the State of Alaska	-	-	1,463,430	-	-	1,244,969	2,708,399
Other sources	-	-	-	-	-	108,688	108,688
<b>Total Revenues</b>	<b>46,011,759</b>	<b>2,126,918</b>	<b>1,463,430</b>	<b>124,547</b>	<b>1,139</b>	<b>1,666,312</b>	<b>51,394,105</b>
<b>Expenditures</b>							
Current:							
Instruction	20,336,773	-	-	-	-	610,281	20,947,054
Special education instruction	367,771	-	1,407,550	-	-	34,007	1,809,328
Special education support services - students	182,050	-	-	-	-	-	182,050
Support services - students	280,285	2,263,462	-	-	-	-	2,543,747
Support services - instruction	4,464,269	-	-	-	-	283,151	4,747,420
School administration	1,419,987	-	-	-	-	-	1,419,987
School administration support services	1,647,438	-	-	-	-	-	1,647,438
District administration	894,572	-	-	-	-	-	894,572
District administration support services	1,554,823	-	55,880	32,525	-	26,463	1,669,691
Operations and maintenance of plant	3,689,523	858,955	-	-	2,080,728	137,739	6,766,945
Student activities	419,076	-	-	-	-	91,951	511,027
Student transportation - to and from school	2,787	-	-	-	-	83,539	86,326
Community services	234,193	-	-	-	-	67,553	301,746
Food services	-	1,165,330	-	-	-	455,198	1,620,528
Debt service:							
Principal	570,949	-	-	-	-	21,883	592,832
Interest	305,998	-	-	-	-	23,321	329,319
Construction and facilities acquisition	597,877	-	-	120,499	-	-	718,376
<b>Total Expenditures</b>	<b>36,968,371</b>	<b>4,287,747</b>	<b>1,463,430</b>	<b>153,024</b>	<b>2,080,728</b>	<b>1,835,086</b>	<b>46,788,386</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>9,043,388</b>	<b>(2,160,829)</b>	<b>-</b>	<b>(28,477)</b>	<b>(2,079,589)</b>	<b>(168,774)</b>	<b>4,605,719</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	25,437	2,650,001	-	28,477	4,190,086	297,659	7,191,660
Transfers out	(7,191,660)	-	-	-	-	-	(7,191,660)
Leases (as lessee)	597,877	-	-	-	-	-	597,877
<b>Net Other Financing Sources (Uses)</b>	<b>(6,568,346)</b>	<b>2,650,001</b>	<b>-</b>	<b>28,477</b>	<b>4,190,086</b>	<b>297,659</b>	<b>597,877</b>
<b>Net Change in Fund Balances</b>	<b>2,475,042</b>	<b>489,172</b>	<b>-</b>	<b>-</b>	<b>2,110,497</b>	<b>128,885</b>	<b>5,203,596</b>
<b>Fund Balances, beginning of year</b>	<b>21,716,024</b>	<b>4,742,986</b>	<b>-</b>	<b>-</b>	<b>7,901,564</b>	<b>681,825</b>	<b>35,042,399</b>
<b>Fund Balances, end of year</b>	<b>\$ 24,191,066</b>	<b>\$ 5,232,158</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,012,061</b>	<b>\$ 810,710</b>	<b>\$ 40,245,995</b>

See accompanying notes to basic financial statements.

## Galena 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, 2022**

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Net change in fund balances - total governmental funds		\$ 5,203,596
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. Gains and losses on disposal of capital assets are not reflected in the governmental funds, but are included in the Statement of Activities. The net changes are:		
Capital outlays	\$ 301,558	
Amortization expense	(835,652)	
Depreciation expense	<u>(445,112)</u>	
		(979,206)
Repayment of the principal of long-term debt consumes current financial resources of governmental funds. However, this does effect net position. This amount is the principal payments on lease liability		
		592,832
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 the governmental funds.		
Decrease in net pension liability and related deferred outflows and inflows of resources		(1,105,208)
Increase in net other postemployment benefits liability/assets and related deferred outflows and inflows of resources		3,226,924
Annual leave 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. The net change is:		
		<u>4,684</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u>\$ 6,943,622</u></b>

*See accompanying notes to basic financial statements.*



**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**  
**June 30, 2022**

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## **1. Summary of Significant Accounting Policies**

The financial statements of the Galena City School District (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. The more significant of the District's accounting policies are described below.

### ***Reporting Entity***

The accompanying financial statements include all the activities of the Galena City School District. The District is a component unit of the City of Galena, Alaska.

Pursuant to Alaska Statutes, Title 29.43.030, the City of Galena (the 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 Galena City School District (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 if any, is through the City.

The financial statements included in this report are for Galena City School District only. There are no component units for which the District is financially accountable, nor do any special financial relationships exist between the District and any other entity.

### ***Basis of Presentation***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. The District reports governmental activities, which normally are supported by intergovernmental revenues. The District has no *business-type activities*, which rely primarily on fees and charges to external parties.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and 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 operational or capital requirements of a particular function or segment.

The City's local appropriation and other items not properly included among program revenues are reported instead as *general revenues*.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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Separate financial statements are provided for governmental funds. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. The major funds are presented in separate columns. Nonmajor funds are aggregated and presented in a single column.

***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

Government-wide financial statements - The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the District are included on the statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. 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 government 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. However, expenditures related to accrued leave are recorded only when payment is due.

The following are the District's major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The *Boarding Home Special Revenue Fund* is used to account for the statewide residential educational program's revenues and expenditures.

The *Title VI-B Special Revenue Fund* received by the District from the U.S. Department of Education and is used to account for the special education grants to states revenue and expenditures.

The *Galena Interior Learning Academy (GILA) Classroom Upgrade, Phase 2 Capital Project Fund* is used to account for the capital project, major maintenance, and equipment purchases related to the GILA building.

The *General Capital Projects Fund* is used to account for a multitude of District funded capital projects, major maintenance, and equipment purchases.

The other governmental funds of the District are considered nonmajor.

The School District follows the *Uniform Chart of Accounts for School Districts*, as required by the State of Alaska, Department of Education and Early Development.

***Budgets***

Annual budgets for operations are adopted by the School Board for all operating revenues, expenditures, and interfund transfers. Budgets are prepared and presented on the modified accrual basis of accounting.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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The adopted General Fund budget is submitted to the City of Galena for approval of the request for local appropriation, then 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 periodically each year to adjust the revenues and expenditures to available resources and program needs. The final revised and approved budget is presented in these financial statements. Expenditure authority for the General Fund is limited to the total approved budget. There are no specific line item or category limitations.

Annual budgets of the various Special Revenue Funds are prepared in connection with the application for the special programs' funding and are reviewed and approved by the School Board. Expenditure authority for Special Revenue Fund programs is limited to the actual combined revenues and transfers from other funds. Unexpended balances of grants from the State and Federal governments for the Special Revenue Funds generally lapse at June 30.

Project budgets are adopted for the various construction funds based on the lives of the construction projects.

***Encumbrances***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to assign or commit that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances, if any, outstanding at year end are reported as appropriate constraints of fund balance if they meet the definitions and criteria outlined later in these notes. Encumbrances are included as reductions to fund balance for the purpose of calculating fund balance limits in accordance with state regulations.

***Cash and Investments***

Cash includes amounts in demand deposits. Investments include short-term certificates of deposit.

***Interfund Transactions***

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.

***Inventories***

Inventories are valued at cost (first-in, first-out). Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Year-end inventories are recorded as assets and are reported as nonspendable fund balance, indicating that such amounts do not represent "available spendable resources."

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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***Capital Assets***

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of Net Position but are not reported on the balance sheet of the fund financial statements.

All purchased capital assets are valued at cost. Donated capital assets are valued at acquisition value on the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition value. The District has established a capitalization threshold of \$5,000. The District does not possess any infrastructure. School buildings (and the related debt) are owned and capitalized by the City and are not recorded in these financial statements.

All reported capital assets are depreciated. Depreciation is computed on the straight line method over the estimated useful life of the assets, generally 4 to 15 years for equipment and vehicles. Maintenance and repairs of a routine nature that do not add to the value of the asset are charged as expenses as incurred and are not capitalized.

***Unearned Revenue***

Amounts received from grantor agencies, which are restricted as to use and have not been expended for their intended use are recorded on the balance sheet as unearned revenue.

***Accrued Leave***

All permanent twelve-month employees earn and accrue annual leave. Unused annual leave is accrued utilizing average salary cost as earned by employees and recorded as a current liability in the period earned.

All permanent employees accrue sick leave, which is available for use during the year it is accrued. Sick leave pay is recorded as an expenditure during the period it is used. There is no provision for payment or use of sick leave upon separation from employment.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of the net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District reports certain pension and OPEB related items as deferred outflows of resources. These items are amortized to expense over time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports certain pension and OPEB related items as deferred inflows of resources. These items are as a reduction to expense over varying periods of time based on their nature.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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***Pensions and OPEB***

For purposes of measuring the net pension and other postemployment benefits (OPEB) liabilities and assets, and related deferred outflows of resources and deferred inflows of resources, and pension / OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and the Teachers' Retirement Systems (TRS) and additions to/from PERS/TRS fiduciary net position have been determined on the same basis as they are reported by PERS/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.

***Fund Balance***

The governmental funds financial statements report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance* - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the School Board—the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the School Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* - This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The School Board and Superintendent have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources-committed, assigned, and unassigned-in order as needed.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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***Internal Activity***

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services and construct assets. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. Generally, the effect of internal activity has been eliminated in the government-wide statement of activities. Allocations of administrative overhead expenses from one function to another, and within one function, are eliminated in the statement of activities so that allocated expenses are reported only by the function to which they were allocated.

***Net Position***

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding borrowings used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The District has Net Position restricted for IDEA student allotments in the amount of \$8,245,171 at June 30, 2022.

***Estimates and Assumptions***

The preparation of 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 as the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

The District's cash is accounted for using a central treasury. Negative cash balances have been reclassified to "due to other funds." All of the District's cash is held in the form of demand accounts including checking, savings and short-term certificates of deposit held by commercial banks.

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has no written policy with respect to limiting credit risk, however at June 30, 2022 all of the District's deposits were covered by insurance or collateralization agreements.

***Deposits and Investments***

The District's deposits (including certificate of deposit) during the year and at year-end were covered by federal depository insurance or collateral (U.S. government securities) held by the District's agent. The District also utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of negative equity in the central treasury, is included in "due to other funds."

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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**3. Receivables**

All accounts receivable are considered collectible; therefore, no allowance for uncollectible accounts has been provided.

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

A schedule of interfund balances and transfers for the year ended June 30, 2022, follows:

All amounts due to other funds are the result of short-term operating advances.

*June 30, 2022*

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***Due to Other Fund:***

To the General Fund from:

GILA Classroom Upgrade, Phase 2 Capital Project Fund	\$ 577,649
Title VI-B Special Revenue Fund	426,449
Nonmajor Governmental Funds	353,737

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**Total to the General Fund** **\$ 1,357,835**

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*Year Ended June 30, 2022*

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***Transfers to Other Funds:***

From the General Fund to:

Boarding Home Special Revenue Fund for operating subsidies	\$ 2,650,001
General Capital Projects Fund for capital acquisition subsidies	4,190,086
GILA Classroom Upgrade, Phase 2 Capital Project Fund for capital acquisition subsidies	28,477
Nonmajor Governmental Funds for operating subsidies	297,659

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**Total Transfers from the General Fund** **7,166,223**

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From the GILA Classroom Upgrade, Phase 2 Capital Project Fund to the  
General Fund for operating subsidies 25,437

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**Total Transfers to Other Funds** **\$ 7,191,660**

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**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

**5. Capital Assets**

Capital asset activity for the year ended June 30, 2022 was as follows:

Governmental Activities	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets being depreciated:				
Equipment	\$ 1,473,350	\$ 293,518	\$ (42,826)	\$ 1,724,042
Vehicles	576,823	8,040	(11,398)	573,465
Right to use assets	4,974,364	597,877	-	5,572,241
<b>Total capital assets being depreciated</b>	<b>7,024,537</b>	<b>899,435</b>	<b>(54,224)</b>	<b>7,869,748</b>
Accumulated depreciation	(607,572)	(445,112)	54,224	(998,460)
Accumulated amortization of right to use assets	-	(835,652)	-	(835,652)
<b>Total Accumulated depreciation and amortization</b>	<b>(607,572)</b>	<b>(1,280,764)</b>	<b>54,224</b>	<b>(1,834,112)</b>
<b>Total Capital Assets, Net of Accumulated Depreciation and Amortization</b>	<b>\$ 6,416,965</b>	<b>\$ (381,329)</b>	<b>\$ -</b>	<b>\$ 6,035,636</b>

Depreciation and amortization expense was charged to governmental functions as follows:

*Year Ended June 30, 2022*

Instruction	\$ 62,605
Support services - students	37,800
Support services - instruction	75,585
School administration support services	6,024
District administration	7,799
District administration support services	9,927
Student transportation	10,580
Food service	28,799
Operations and maintenance of plant	1,041,645
<b>Total Depreciation and Amortization Allocated to Governmental Functions</b>	<b>\$ 1,280,764</b>



**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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**6. Pension and Other Postemployment Benefits Plans**

*(a) Defined Benefit (DB) Pension Plan*

*General Information About the Plan*

The District participates in two defined benefit pension plans. The Alaska Teachers' Retirement System (TRS) is a cost-sharing multiple-employer plan which covers teachers and other eligible participants. The Alaska Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer plan which covers eligible State and local government employees, other than teachers. Both Plans were established and are administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

Both Plans are included in comprehensive annual financial reports that includes financial statements and other required supplemental information. Those reports are available via the internet at <https://drb.alaska.gov/docs/reports/>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

Both Plans provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plans, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. The tiers within the Plans establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

Both the PERS and TRS DB Plans were closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS or TRS Defined Contribution (DC) Plans described later in these notes.

*Historical Context and Special Funding Situation*

Historically, the TRS plan has been a cost-sharing plan, while originally, PERS was an agent-multiple-employer plan. In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from a DB agent-multiple-employer plan to a DB cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate for both plans, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against all PERS/TRS eligible wages, including wages paid to participants of the PERS Tier IV/TRS Tier III defined contribution plans described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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Alaska Statutes 14.25.085 and 39.35.280 require the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay each Plans' past service liability contribution rate as adopted by the Alaska Retirement Management Board (ARM Board). As such, both Plans are considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

The District recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

***Employee Contribution Rates***

District PERS employees are required to contribute 6.75% of their annual covered salary (9.60% for employees on a nine-month payment contract). Teachers and other certificated employees are required to contribute 8.65% of their annual covered salary to TRS.

***Employer and Other Contribution Rates***

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

***Employer Effective Rate:*** This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% of eligible wages for PERS and 12.56% of eligible wages for TRS, subject to a wage floor, and other termination events. These rates are calculated on all PERS/TRS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

***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. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This change results in a lower ARM Board Rates than previously adopted.

***State Contribution Rate:*** This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

**Galena City School District**  
(A Component Unit of the City of Galena, Alaska)

**Notes to Basic Financial Statements**

Contribution rates for the year ended June 30, 2022 were determined in the June 30, 2020 actuarial valuations. The District's contribution rates for the 2022 fiscal year were as follows:

<i>PERS</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>30.11%</b>	<b>8.11%</b>

<i>TRS</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	6.06%	28.87%	19.29%
Postemployment healthcare (ARHCT)	6.50%	2.98%	-%
<b>Total Contribution Rates</b>	<b>12.56%</b>	<b>31.85%</b>	<b>19.29%</b>

In 2022, the District was credited with the following contributions to the pension plans:

<i>PERS</i>	Measurement Period July 1, 2020 to June 30, 2021	District Fiscal Year July 1, 2021 to June 30, 2022
Employer contributions (including DBUL)	\$ 562,130	\$ 616,199
Nonemployer contributions (on-behalf)	408,960	412,004
<b>Total Contributions</b>	<b>\$ 971,090</b>	<b>\$ 1,028,203</b>

<i>TRS</i>	Measurement Period July 1, 2020 to June 30, 2021	District Fiscal Year July 1, 2021 to June 30, 2022
Employer contributions (including DBUL)	\$ 242,962	\$ 227,356
Nonemployer contributions (on-behalf)	1,138,397	1,314,654
<b>Total Contributions</b>	<b>\$ 1,381,359</b>	<b>\$ 1,542,010</b>

In addition, employee contributions to the Plans totaled \$94,573 for PERS and \$232,395 for TRS during the District's fiscal year.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the District. The amount recognized by the District for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the District were as follows:

	PERS	TRS
District's proportionate share of NPL	\$ 5,488,040	\$ 3,127,275
State's proportionate share of NPL associated with the District	743,512	2,651,303
<b>Total Net Pension Liability</b>	<b>\$ 6,231,552</b>	<b>\$ 5,778,578</b>

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net pension liability as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2021 measurement date, the District's proportion for PERS was 0.14960 percent, which was an increase of 0.02265 percent from its proportion measured as of June 30, 2020. At the June 30, 2021 measurement date, the District's proportion for TRS was 0.32929 percent, which was an increase of 0.06518 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,550,229 for PERS and \$854,587 for TRS. In addition, the District recognized on-behalf revenue of \$1,066 and \$(339,459) for support provided by the State for PERS and TRS, respectively. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b><i>PERS</i></b>		
Difference between expected and actual experience	\$ -	\$ (24,313)
Net difference between projected and actual earnings on pension plan investments	-	(2,164,194)
Changes in proportion and differences between District contributions and proportionate share of contributions	175,455	-
District contributions subsequent to the measurement date	616,199	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 791,654</b>	<b>\$ (2,188,507)</b>

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

<i>TRS</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (30,065)
Net difference between projected and actual earnings on pension plan investments	-	(3,228,589)
Changes in proportion and differences between District contributions and proportionate share of contributions	461,960	-
District contributions subsequent to the measurement date	227,356	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 689,316</b>	<b>\$ (3,258,654)</b>

The \$616,199 for PERS and \$227,356 for TRS reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year Ending June 30,</i>	<i>PERS</i>	<i>TRS</i>
2023	\$ (351,789)	\$ (316,875)
2024	(495,732)	(736,301)
2025	(536,245)	(800,313)
2026	(629,286)	(943,205)
<b>Total Amortization</b>	<b>\$ (2,013,052)</b>	<b>\$ (2,796,694)</b>

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Range from 6.75% to 2.75% based on service
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement (PERS); and 93% of male and 90% of female rates of the RP-2014 white-collar healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement (TRS). Deaths are assumed to be occupational 40% of the time (PERS) and 15% of the time (TRS).

The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a 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 by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.38%. This discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

<i>PERS</i>	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
District's proportionate share of the net pension liability	0.14690%	\$ 8,128,551	\$ 5,488,040	\$ 3,269,671

<i>TRS</i>	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
District's proportionate share of the net pension liability	0.32929%	\$ 6,322,516	\$ 3,127,275	\$ 436,136

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**(b) Defined Contribution (DC) Pension Plan**

Employees hired after July 1, 2006 participate in PERS Tier IV or TRS Tier III, both DC plans. These Plans are administered by the State of Alaska, Department of Administration in conjunction with the DB plans noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plans are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. These Plans are included in the comprehensive annual financial reports for PERS and TRS, and at the following website <https://drb.alaska.gov/docs/reports/>.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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Contributions to the DC plans consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the District contribute at 22%. Actual remittances to the TRS system require that the District contribute at 12.56%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

***Benefit Terms***

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2022 to cover a portion of the District's employer match contributions. For the year ended June 30, 2022, forfeitures reduced pension expense by \$17,124 for PERS and \$15,512 for TRS.

***Employee Contribution Rate***

Employees are required to contribute 8% of their annual covered salary for both PERS and TRS. This amount goes directly to the individual's account.

***Employer Contribution Rate***

For the year ended June 30, 2022, the District was required to contribute 5% of covered salary into the Plan for PERS and 7% of covered salary for TRS.

The District and employee contributions to PERS for pensions for the year ended June 30, 2022 were \$189,815 and \$303,703, respectively. The District and employee contributions to TRS for pensions for the year ended June 30, 2022 were \$322,392 and \$368,450, respectively. The District contribution amount was recognized as pension expense/expenditures.

***(c) Defined Benefit OPEB Plans***

As part of its participation in PERS and TRS, the District participates in the following cost-sharing multiple-employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plans. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV) and TRS DC Plan (Tier III). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS and TRS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial reports for PERS and TRS, at the following website <https://drb.alaska.gov/docs/reports/>.



**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

***Employer Contribution Rate***

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2022 were as follows:

	PERS	TRS
Alaska Retiree Healthcare Trust	6.46%	6.50%
Retiree Medical Plan	1.07%	0.83%
Occupational Death and Disability Benefits	0.31%	0.08%
<b>Total Contribution Rates</b>	<b>7.84%</b>	<b>7.41%</b>

In 2022, the District was credited with the following contributions to the OPEB plans:

	Measurement Period		District Fiscal Year	
	July 1, 2020 to June 30, 2021		July 1, 2021 to June 30, 2022	
<b>PERS</b>				
Employer contributions - ARHCT	\$	114,014	\$	86,552
Employer contributions - RMP		40,803		39,659
Employer contributions - ODD		10,043		11,490
<b>Total Contributions</b>	<b>\$</b>	<b>164,860</b>	<b>\$</b>	<b>137,701</b>

	Measurement Period		District Fiscal Year	
	July 1, 2020 to June 30, 2021		July 1, 2021 to June 30, 2022	
<b>TRS</b>				
Employer contributions - ARHCT	\$	198,638	\$	173,609
Employer contributions - RMP		43,716		33,110
Employer contributions - ODD		3,760		3,245
<b>Total Contributions</b>	<b>\$</b>	<b>246,114</b>	<b>\$</b>	<b>209,964</b>

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

***OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans***

At June 30, 2022, the District reported an asset for its proportionate share of the net OPEB assets (NOA) that reflected a reduction for State OPEB support provided to the District. The amount recognized by the District for its proportional share, the related State proportion, and the total were as follows:

	PERS	TRS
District's proportionate share of NOA - ARHCT	\$ 3,851,179	\$ 4,747,193
District's proportionate share of NOA - RMP	57,363	183,799
District's proportionate share of NOA - ODD	80,684	55,892
<b>Total District's Proportionate Share of NOA</b>	<b>\$ 3,989,226</b>	<b>\$ 4,986,884</b>
State's proportionate share of the ARHCT NOA associated with the District	507,030	3,701,419
<b>Total Net OPEB Assets</b>	<b>\$ 4,496,256</b>	<b>\$ 8,688,303</b>

The total OPEB liabilities for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB assets as of that date. The District's proportion of the net OPEB assets is based on a projection of the District's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2020 Measurement Date Employer Proportion	June 30, 2021 Measurement Date Employer Proportion	Change
<i>PERS</i>			
District's proportionate share of the net OPEB assets:			
ARHCT	0.12696%	0.15012%	0.02316%
RMP	0.21039%	0.21371%	0.00332%
ODD	0.16951%	0.18307%	0.01356%

	June 30, 2020 Measurement Date Employer Proportion	June 30, 2021 Measurement Date Employer Proportion	Change
<i>TRS</i>			
District's proportionate share of the net OPEB assets:			
ARHCT	0.26286%	0.40830%	0.14544 %
RMP	0.90337%	0.91533%	0.01196 %
ODD	0.92600%	0.91702%	(0.00898)%

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

For the year ended June 30, 2022, the District recognized OPEB expense of \$(1,373,199) for PERS and \$(2,435,945) for TRS. Of these amounts, \$(175,920) for PERS and \$(1,072,327) for TRS was recorded for on-behalf revenue and expense for support provided by the ARHCT plans. OPEB expense and on-behalf revenue for the year ended is listed by plan in the table below:

<b>PERS</b>	OPEB expense	On-behalf revenue
ARHCT	\$ (1,442,325)	\$ (175,920)
RMP	58,254	-
ODD	10,872	-
<b>Total</b>	<b>\$ (1,373,199)</b>	<b>\$ (175,920)</b>

<b>TRS</b>	OPEB expense	On-behalf revenue
ARHCT	\$ (2,469,346)	\$ (1,072,327)
RMP	34,083	-
ODD	(682)	-
<b>Total</b>	<b>\$ (2,435,945)</b>	<b>\$ (1,072,327)</b>

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<b>PERS</b>	ARHCT	RMP	ODD	Total
<b>Deferred Outflows of Resources:</b>				
Difference between expected and actual experience	\$ -	\$ 4,265	\$ -	\$ 4,265
Changes in assumptions	-	17,830	-	17,830
Changes in proportion and differences between District contributions and proportionate share of contributions	-	405	5,657	6,062
District contributions subsequent to the measurement date	86,552	39,659	11,490	137,701
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 86,552</b>	<b>\$ 62,159</b>	<b>\$ 17,147</b>	<b>\$ 165,858</b>

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

<i>PERS</i>	ARHCT	RMP	ODD	Total
Deferred Inflows of Resources:				
Difference between expected and actual experience	\$ (40,444)	\$ (2,727)	\$ (22,037)	\$ (65,208)
Changes in assumptions	(145,537)	(34,091)	(613)	(180,241)
Difference between projected and actual investment earnings	(1,802,146)	(51,319)	(12,938)	(1,866,403)
Changes in proportion and differences between District contributions and proportionate share of contributions	(19,631)	(2,008)	(3,096)	(24,735)
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (2,007,758)</b>	<b>\$ (90,145)</b>	<b>\$ (38,684)</b>	<b>\$ (2,136,587)</b>

Amounts reported as deferred outflows of resources related to OPEB plans resulting from District contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB assets in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>PERS</i>	ARHCT	RMP	ODD	Total
Year Ending June 30,				
2023	\$ (627,798)	\$ (14,416)	\$ (6,323)	\$ (648,537)
2024	(415,028)	(14,440)	(6,315)	(435,783)
2025	(445,654)	(14,958)	(6,451)	(467,063)
2026	(519,278)	(16,593)	(6,883)	(542,754)
2027	-	(2,245)	(3,099)	(5,344)
Thereafter	-	(4,993)	(3,956)	(8,949)
<b>Total Amortization</b>	<b>\$ (2,007,758)</b>	<b>\$ (67,645)</b>	<b>\$ (33,027)</b>	<b>\$ (2,108,430)</b>

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**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>TRS</i>	ARHCT	RMP	ODD	Total
<b>Deferred Outflows of Resources:</b>				
Difference between expected and actual experience	\$ -	\$ 35,271	\$ -	\$ 35,271
Changes in assumptions	-	12,485	-	12,485
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-	314	314
District contributions subsequent to the measurement date	173,609	33,110	3,245	209,964
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 173,609</b>	<b>\$ 80,866</b>	<b>\$ 3,559</b>	<b>\$ 258,034</b>

<i>TRS</i>	ARHCT	RMP	ODD	Total
<b>Deferred Inflows of Resources:</b>				
Difference between expected and actual experience	\$ (33,321)	\$ (5,952)	\$ (6,556)	\$ (45,829)
Changes in assumptions	(137,053)	(67,993)	(31)	(205,077)
Difference between projected and actual investment earnings	(1,856,117)	(72,278)	(7,160)	(1,935,555)
Changes in proportion and differences between District contributions and proportionate share of contributions	(121,075)	(8,018)	(7,812)	(136,905)
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (2,147,566)</b>	<b>\$ (154,241)</b>	<b>\$ (21,559)</b>	<b>\$ (2,323,366)</b>

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**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

Amounts reported as collective deferred outflows of resources related to OPEB plans resulting from District contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB assets in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>TRS</i>	ARHCT	RMP	ODD	Total
<hr/>				
Year Ending June 30,				
2023	\$ (726,034)	\$ (22,265)	\$ (3,763)	\$ (752,062)
2024	(427,599)	(22,297)	(3,748)	(453,644)
2025	(459,148)	(23,139)	(3,836)	(486,123)
2026	(534,785)	(25,641)	(4,093)	(564,519)
2027	-	(5,266)	(2,070)	(7,336)
Thereafter	-	(7,877)	(3,735)	(11,612)
<hr/>				
<b>Total Amortization</b>	<b>\$ (2,147,566)</b>	<b>\$ (106,485)</b>	<b>\$ (21,245)</b>	<b>\$ (2,275,296)</b>

***Actuarial Assumptions***

The total OPEB liability for each plan for the measurement period ended June 30, 2021 was determined by actuarial valuations as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service, from 6.75% to 2.75%
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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Mortality (ARHCT, RMP and ODD Plans)	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 white-collar employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement (PERS); and 93% of the male rates and 90% of the female rates of the RP-2014 white-collar healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement (TRS). The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
(ODD Plan)	Deaths are assumed to be occupational 40% of the time (PERS) and 15% of the time (TRS). Disability mortality in accordance with the RP-2014 Disabled Table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year (CY) 20 and CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare 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 by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

***Discount Rate***

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2021 was 7.38%. This discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

***Sensitivity of the Net OPEB Asset to Changes in the Discount Rate***

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 7.38%, as well as what the District's proportionate share of the respective plan's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<i>PERS</i>	<i>Proportional Share</i>	<i>1% Decrease (6.38%)</i>	<i>Current Discount Rate (7.38%)</i>	<i>1% Increase (8.38%)</i>
District's proportionate share of the net OPEB liability (asset):				
ARHCT	0.15012%	\$ (2,518,614)	\$ (3,851,179)	\$ (4,957,776)
RMP	0.21371%	\$ 37,439	\$ (57,363)	\$ (128,968)
ODD	0.18307%	\$ (77,258)	\$ (80,684)	\$ (83,411)



**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

<i>TRS</i>	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
District's proportionate share of the net OPEB liability (asset):				
ARHCT	0.40830%	\$ (3,420,497)	\$ (4,747,193)	\$ (5,844,850)
RMP	0.91533%	\$ (67,872)	\$ (183,799)	\$ (270,508)
ODD	0.91702%	\$ (56,030)	\$ (55,892)	\$ (55,828)

***Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates***

The following presents the District's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the District's proportionate share of the respective plan's net OPEB asset would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

<i>PERS</i>	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability (asset):				
ARHCT	0.15012%	\$ (5,087,317)	\$ (3,851,179)	\$ (2,359,483)
RMP	0.21371%	\$ (139,217)	\$ (57,363)	\$ 54,168
ODD	0.18307%	\$ n/a	\$ n/a	\$ n/a

<i>TERS</i>	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability (asset):				
ARHCT	0.40830%	\$ (5,968,238)	\$ (4,747,193)	\$ (3,267,618)
RMP	0.91533%	\$ (282,197)	\$ (183,799)	\$ (48,577)
ODD	0.91702%	\$ n/a	\$ n/a	\$ n/a

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

***OPEB Plan Fiduciary Net Position***

Detailed information about each OPEB plan’s fiduciary net position is available in the separately issued PERS and TRS financial reports.

***(d) Defined Contribution OPEB Plans***

PERS and TRS DC Pension Plan participants (PERS Tier IV and TRS Tier III) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

***Contribution Rate***

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2021, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,168 per year for each full-time employee, and \$1.39 per hour for part-time employees.

***Annual Postemployment Healthcare Cost***

In fiscal year 2022, the District contributed \$174,446 in DC OPEB costs to PERS and \$125,614 in DC OPEB costs to TRS. These amounts have been recognized as expense/expenditures.

The aggregate amounts of the liabilities, assets, deferred outflows of resources, deferred inflows of resources and expense for the plans listed above are shown below:

<b>Pension Plan</b>	<b>PERS</b>	<b>TERS</b>	<b>Total</b>
Deferred Outflows of Resources	\$ 791,654	\$ 689,316	\$ 1,480,970
Net Pension Liability	(5,488,040)	(3,127,275)	(8,615,315)
Deferred Inflows of Resources	(2,188,507)	(3,258,654)	(5,447,161)
Net Pension Expense	1,550,229	854,587	2,404,816

<b>OPEB Plan</b>	<b>PERS</b>	<b>TERS</b>	<b>Total</b>
Deferred Outflows of Resources	\$ 165,858	\$ 258,034	\$ 423,892
Net OPEB Assets	3,989,226	4,986,884	8,976,110
Deferred Inflows of Resources	(2,136,587)	(2,323,366)	(4,459,953)
Net OPEB Expense	(1,373,199)	(2,435,945)	(3,809,144)

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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**7. City Appropriation**

The appropriation from the City of Galena for local contribution in support of education consisted of the following for the year ended June 30, 2022:

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Sewer/water removal and other utilities	\$ 494,456
Road maintenance/snow removal	68,800
<b>Total City Appropriation</b>	<b>\$ 563,256</b>

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**8. Leases**

The District implemented GASB Statement No. 87 - Leases - Effective for year-end June 30, 2022. This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases.

*Leases payable*

On April 18, 2012, the District entered into a lease of a building. The lease term ends on May 31, 2028. The right-of-use asset for the lease has a remaining economic life of six years. The lease calls for monthly payments ranging from \$13,920 to \$17,447 to be paid at the beginning of each month. The implicit interest rate known to the District is 7.50%. There are no residual value guarantees or purchase options. As of June 30, 2022, the total outstanding lease payable balance was \$911,202. The total value of the related right-to-use assets as of June 30, 2022 was \$865,946.

On June 4, 2014, the District entered into a lease of two buildings. The lease term ends on June 30, 2024. The buildings have a remaining economic life of three years. The lease calls for monthly payments ranging from \$3,767 to \$6,086 to be paid at the beginning of each month. The implicit interest rate known to the District is 7.50%. There are no residual value guarantees or purchase options. As of June 30, 2022, the total outstanding lease payable balance was \$329,233. The total value of the related right-to-use assets as of June 30, 2022 was \$263,337.

On June 22, 2021 the District entered into a lease of a building. The lease term ends on June 22, 2026 with an option for a lease extension of three years. The building has a remaining economic life of 7 years. The lease calls for monthly payments ranging from \$10,679 to \$11,427 to be paid on the 22<sup>nd</sup> of each month. The implicit interest rate known to the District is 7.50%. There are no residual value guarantees or purchase options. As of June 30, 2022, the total outstanding lease payable balance was \$723,444. The total value of the related right-to-use assets as of June 30, 2022 was \$699,460.

On July 27, 2007, the District entered into a lease of two offices. The lease term ends on October 31, 2024. The offices have a remaining economic life of two years. The lease calls for monthly payments ranging from \$21,490 to \$26,381 to be paid at the beginning of each month. The implicit interest rate known to the District is 7.50%. There are no residual value guarantees or purchase options. As of June 30, 2022, the total outstanding lease payable balance was \$672,691. The total value of the related right-to-use assets as of June 30, 2022 was \$643,207.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

On September 1, 2015, the District entered into a lease of two offices. The lease term ends on August 31, 2025 with an option for a lease extension of five years. The offices have a remaining economic life of eight years. The lease calls for monthly payments ranging from \$8,547 to \$9,838 to be paid at the beginning of each month. The implicit interest rate known to the District is 7.50%. There are no residual value guarantees or purchase options. As of June 30, 2022, the total outstanding lease payable balance was \$673,482. The total value of the related right-to-use assets as of June 30, 2022 was \$650,091.

On February 1, 2022 the District entered into a lease of a building. The lease term ends on April 30, 2025 with an option for a lease extension of five years. The building has a remaining economic life of eight years. The lease calls for monthly payments ranging from \$605 to \$719 to be paid on the first of each month. The implicit interest rate known to the District is 7.50%. There are no residual value guarantees or purchase options. As of June 30, 2022, the total outstanding lease payable balance was \$47,034. The total value of the related right-to-use assets as of June 30, 2022 was \$45,847.

On November 15, 2020, the District entered into a lease of an office. The lease term ends on November 14, 2025 with an option for a lease extension of five years. The office has a remaining economic life of eight years. The lease calls for monthly payments ranging from \$6,842 to \$8,709 to be paid on the 15<sup>th</sup> of each month. The implicit interest rate known to the District is 7.50%. There are no residual value guarantees or purchase options. As of June 30, 2022, the total outstanding lease payable balance was \$634,159. The total value of the related right-to-use assets as of June 30, 2022 was \$607,585.

On May 1, 2020, the District entered into a lease of an office. The lease term ends on April 30, 2025 with an option for a lease extension of five years. The office has a remaining economic life of eight years. The lease calls for monthly payments ranging from \$5,737 to \$6,121 to be paid on the first of each month. The implicit interest rate known to the District is 7.50%. There are no residual value guarantees or purchase options. As of June 30, 2022, the total outstanding lease payable balance was \$445,992. The total value of the related right-to-use assets as of June 30, 2022 was \$428,524.

On May 1, 2020, the District entered into a lease of an office. The lease term ends on April 30, 2025 with an option for a lease extension of five years. The office has a remaining economic life of eight years. The lease calls for monthly payments ranging from \$6,977 to \$8,276 to be paid at the beginning of each month. The implicit interest rate known to the District is 7.50%. There are no residual value guarantees or purchase options. As of June 30, 2022, the total outstanding lease payable balance was \$542,172. The total value of the related right-to-use assets as of June 30, 2022 was \$532,592.

Annual debt service requirements to maturity for the above obligations except accrued leave as follows:

<i>Year Ending June 30,</i>	Principal	Interest	Total
2023	\$ 747,678	\$ 348,711	\$ 1,096,389
2024	883,505	286,838	1,170,343
2025	650,283	226,412	876,695
2026	539,247	184,424	723,671
2027	595,247	142,091	737,338
2028-2031	1,563,449	167,480	1,730,929
<b>Total</b>	<b>\$ 4,979,409</b>	<b>\$ 1,355,956</b>	<b>\$ 6,335,365</b>

**Galena City School District**  
(A Component Unit of the City of Galena, Alaska)

**Notes to Basic Financial Statements**

**9. Long-term Liabilities**

The following schedule demonstrates the changes in the District's long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Lease liability	\$ 5,572,241	\$ -	\$ (592,832)	\$ 4,979,409	\$ 747,678
Accrued Leave	367,365	169,436	(174,120)	362,681	200,000
<b>Long-term Liabilities</b>	<b>\$ 5,939,606</b>	<b>\$ 169,436</b>	<b>\$ (766,952)</b>	<b>\$ 5,342,090</b>	<b>\$ 947,678</b>

In 2022 the District implemented GASB 87 included in the beginning balance of lease liability \$5,572,241. The accrued leave balance is generally liquidated by the General Fund.

**10. Fund Balance**

The District has applied the provisions of GASB Statement number 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balance, reported in aggregate on the governmental funds balance sheet is subject to the following constraints:

	Major Funds					Total Governmental Funds
	General	Boarding Home Special Revenue Fund	General Capital Projects	Nonmajor Governmental Funds		
<b>Nonspendable:</b>						
Prepaid items	\$ 251,154	\$ -	\$ -	\$ -	\$ -	251,154
Inventory	728,759	50,011	-	6,799	-	785,569
<b>Total nonspendable</b>	<b>979,913</b>	<b>50,011</b>	<b>-</b>	<b>6,799</b>	<b>-</b>	<b>1,036,723</b>
<b>Restricted -</b>						
IDEA student allotment	8,245,171	-	-	-	-	8,245,171
<b>Assigned:</b>						
Health insurance	612,332	-	-	-	-	612,332
Boarding home	-	5,182,147	-	-	-	5,182,147
Capital projects	-	-	10,012,061	-	-	10,012,061
Student activities	-	-	-	166,432	-	166,432
Scholarship pool	-	-	-	689,278	-	689,278
<b>Total assigned</b>	<b>612,332</b>	<b>5,182,147</b>	<b>10,012,061</b>	<b>855,710</b>	<b>-</b>	<b>16,662,250</b>
<b>Unassigned (deficit)</b>	<b>14,353,650</b>	<b>-</b>	<b>-</b>	<b>(51,799)</b>	<b>-</b>	<b>14,301,851</b>
<b>Total Fund Balances</b>	<b>\$ 24,191,066</b>	<b>\$ 5,232,158</b>	<b>\$ 10,012,061</b>	<b>\$ 810,710</b>	<b>\$ -</b>	<b>\$ 40,245,995</b>

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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**11. Risk Management**

The District faces a considerable number of risks of loss, including: (a) damage to and loss to property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) worker’s compensation; i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for general liability, errors and omissions and student accident. Worker’s compensation is also purchased as required by statute. Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years.

The District maintains a health and medical benefit program which covers all permanent full-time and part-time employees. The District has retained a major portion of the risk for this plan, and, accordingly, is liable for any employee health claims that are approved for payment. Stop-loss insurance limits the District’s liability for individual and aggregate claims. Stop-loss limits were \$90,000 for individual claims and \$1,000,000 for aggregate claims. Health and medical expenditures totaled \$2,164,110 year ended June 30, 2022 and consisted of paid claims, stop-loss premiums, and administrative fees.

Accruals were made based upon estimates of the health claims at year end including claims incurred but not reported. Such accruals are accounted for in the General Fund under the liability “Accrued payroll and related liabilities.” A schedule of the changes in the claims liability for the years ended June 30, follows:

	Balance at Beginning of Year	Claims Expense	Claims Paid	Balance at End of Year
2022	\$ 579,883	\$ 2,164,110	\$ 2,131,661	\$ 612,332
2021	408,899	2,283,906	2,112,922	579,883

**12. Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and State governments. Any disallowed claims, including amounts already collected, would become a liability of the General Fund.

The District receives a substantial portion of its revenue from state and local grants and the City of Galena. Significant changes in these revenue sources could have a material effect (positive or negative) on the operations of the District.

The District, from time to time, may be a participant in legal proceedings related to the conduct of business. In the normal course of business, it also has various commitments and contingent liabilities, which are not reflected in the accompanying financial statements. In the opinion of management, any current legal proceedings, commitments or contingent liabilities will not materially affect the financial position of the District.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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*COVID-19*

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the coronavirus as a pandemic, based on the rapid increase in exposure globally.

*CARES Act and American Rescue Plan*

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act.” See Schedule of Expenditures of Federal Awards for expenditures and award amount at the end of June 30, 2022 labeled as ARP.

**13. New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were implemented by the District for 2022 reporting:

*GASB Statement No. 87 - Leases* - Effective for year-end June 30, 2022. This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The district implemented *GASB Statement No. 87- Leases*. See footnote 8 over leases.

*GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for year-end June 30, 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This does not impact the District in FY22.

*GASB Statement No. 92 - Omnibus 2020* - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments. This does not impact the District in FY22.

*GASB Statement No. 93 - Replacement of Interbank Offered Rates* - The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end June 30, 2021. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end June 30, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). This does not impact the District in FY22.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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*GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* - Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This does not impact the District in FY22.

*GASB Statement No. 98 - The Annual Comprehensive Financial Report* - Effective for year-end June 30, 2022. Earlier application is encouraged. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This does not impact the District in FY22.

The GASB has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB Statement No. 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

*GASB Statement No. 91 - Conduit Debt Obligations* - Effective for year-end June 30, 2023. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

*GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

*GASB Statement No. 96 - Subscription-Based Information Technology Arrangements* - Effective for year-end June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

*GASB Statement No. 99 - Omnibus 2022* - Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024.



**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Basic Financial Statements**

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*GASB Statement No. 100 - Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62 - Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

*GASB Statement No. 101 - Compensated Absences* - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

## Required Supplementary Information

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**Galena City School District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**

Year Ended June 30, 2022	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources:				
City in-kind services appropriations	\$ 513,056	\$ 563,256	\$ 563,256	\$ -
Earnings on investments	20,000	20,000	15,753	(4,247)
Other local revenues	100,000	219,000	288,783	69,783
E-rate revenue	866,000	866,000	865,939	(61)
Donations	-	497,500	522,500	25,000
State sources	32,598,650	43,742,071	43,591,762	(150,309)
Federal sources	181,568	181,568	163,766	(17,802)
<b>Total Revenues</b>	<b>34,279,274</b>	<b>46,089,395</b>	<b>46,011,759</b>	<b>(77,636)</b>
<b>Expenditures</b>				
Instruction	16,873,935	24,793,210	20,336,773	4,456,437
Special education instruction	930,981	963,525	367,771	595,754
Special education support services - students	187,267	188,298	182,050	6,248
Support services - students	355,728	298,099	280,285	17,814
Support services - instruction	4,374,928	4,634,834	4,464,269	170,565
School administration	1,448,689	1,547,849	1,419,987	127,862
School administration support services	1,730,503	1,789,721	1,647,438	142,283
District administration	890,028	1,034,930	894,572	140,358
District administration support services	1,730,630	1,632,652	1,554,823	77,829
Operations and maintenance of plant	4,318,133	4,676,330	3,689,523	986,807
Student activities	540,674	527,174	419,076	108,098
Student transportation	6,262	3,157	2,787	370
Adult and continuing education instruction	16,454	-	-	-
Community services	225,368	226,152	234,193	(8,041)
Debt service:				
Principal	-	-	570,949	(570,949)
Interest	-	-	305,998	(305,998)
Construction and facilities acquisition	-	-	597,877	(597,877)
<b>Total Expenditures</b>	<b>33,629,580</b>	<b>42,315,931</b>	<b>36,968,371</b>	<b>5,347,560</b>
<b>Excess of Revenues Over Expenditures</b>	<b>649,694</b>	<b>3,773,464</b>	<b>9,043,388</b>	<b>5,269,924</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	25,685	25,437	(248)
Transfers out	(1,795,038)	(7,083,191)	(7,191,660)	(108,469)
Leases (as lessee)	-	-	597,877	597,877
<b>Net Other Financing Uses</b>	<b>(1,795,038)</b>	<b>(7,057,506)</b>	<b>(6,568,346)</b>	<b>489,160</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,145,344)</b>	<b>\$ (3,284,042)</b>	<b>2,475,042</b>	<b>\$ 5,759,084</b>
<b>Fund Balance, beginning of year</b>			<b>21,716,024</b>	
<b>Fund Balance, end of year</b>			<b>\$ 24,191,066</b>	

See accompanying notes to Required Supplementary Information.

## Galena City School District

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - Boarding Home Special Revenue Fund

<i>Year Ended June 30, 2022</i>	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Local sources - food services	\$ 4,000	\$ 3,145	\$ (855)
State sources	2,122,596	2,122,596	-
Earnings on investments	2,800	1,177	(1,623)
<b>Total Revenues</b>	<b>2,129,396</b>	<b>2,126,918</b>	<b>(2,478)</b>
<b>Expenditures</b>			
Support services - students	2,379,838	2,263,462	116,376
Operations and maintenance of plant	897,000	858,955	38,045
Student activities	14,000	-	14,000
Food services	1,174,078	1,165,330	8,748
<b>Total Expenditures</b>	<b>4,464,916</b>	<b>4,287,747</b>	<b>177,169</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(2,335,520)</b>	<b>(2,160,829)</b>	<b>174,691</b>
<b>Other Financing Sources - transfers in</b>	<b>2,650,001</b>	<b>2,650,001</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ 314,481</u></b>	<b>489,172</b>	<b><u>\$ 174,691</u></b>
<b>Fund Balance, beginning of year</b>		<b><u>4,742,986</u></b>	
<b>Fund Balance, end of year</b>		<b><u>\$ 5,232,158</u></b>	

*See accompanying notes to Required Supplementary Information.*

## Galena City School District

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Title VI-B Special Revenue Fund

<i>Year Ended June 30, 2022</i>	Original and Final Budget	Actual	Variance
<b>Revenues</b>			
Federal sources	\$ 1,659,347	\$ 1,463,430	\$ (195,917)
<b>Expenditures</b>			
Special education instruction	1,595,986	1,407,550	188,436
District administration support services	63,361	55,880	7,481
<b>Total Expenditures</b>	1,659,347	1,463,430	195,917
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance, beginning of year</b>		<u>-</u>	
<b>Fund Balance, end of year</b>		<u>\$ -</u>	

*See accompanying notes to Required Supplementary Information.*

**Galena City School District**  
**Public Employees' Retirement System - Pension Plan**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**

<i>Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.14960%	0.12695%	0.12153%	0.15279%	0.12372%	0.15022%	0.19265%	0.07596%
District's Proportionate Share of the Net Pension Liability	\$ 5,488,040	\$ 7,491,518	\$ 6,655,339	\$ 7,592,324	\$ 6,395,511	\$ 8,396,423	\$ 9,343,647	\$ 3,542,756
State of Alaska Proportionate Share of the Net Pension Liability	743,512	3,100,997	2,640,712	2,196,785	2,383,260	1,060,376	2,502,412	3,677,442
<b>Total Net Pension Liability</b>	<b>\$ 6,231,552</b>	<b>\$ 10,592,515</b>	<b>\$ 9,296,051</b>	<b>\$ 9,789,109</b>	<b>\$ 8,778,771</b>	<b>\$ 9,456,799</b>	<b>\$ 11,846,059</b>	<b>\$ 7,220,198</b>
District's Covered Payroll	4,769,609	4,331,465	4,404,921	4,345,820	5,021,467	4,128,613	4,106,896	3,440,357
District's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	115.06%	172.96%	151.09%	172.36%	147.16%	167.21%	226.31%	86.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	63.37%

**Schedule of the District's Contributions**

<i>Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 616,199	\$ 562,130	\$ 448,212	\$ 471,913	\$ 503,567	\$ 437,623	\$ 376,866	\$ 365,549
Contributions Relative to the Contractually Required Contribution	616,199	562,130	448,212	471,913	503,567	437,623	376,866	365,549
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	5,046,270	4,769,609	4,331,465	4,404,921	4,345,820	5,021,467	4,128,613	4,106,896
Contributions as a Percentage of Covered Payroll	12.21%	11.79%	10.35%	10.71%	11.59%	8.72%	9.13%	8.90%

*See accompanying notes to Required Supplementary Information.*

## Galena City School District

## Public Employees' Retirement System - OPEB ARHCT Plan

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

Years Ended June 30,	ARHCT				
	2022	2021	2020	2019	2018
District's Proportion of the Net OPEB Liability (Asset)	0.15012%	0.12696%	0.12153%	0.15279%	0.12374%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (3,851,179)	\$ (574,943)	\$ 180,322	\$ 1,568,089	\$ 1,045,330
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(507,030)	(238,053)	71,794	453,309	389,222
Total Net OPEB Liability (Asset)	\$ (4,358,209)	\$ (812,996)	\$ 252,116	\$ 2,021,398	\$ 1,434,552
District's Covered Payroll	1,554,067	1,527,656	1,554,326	1,703,991	1,791,961
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-247.81%	-37.64%	11.60%	92.02%	58.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	135.54%	106.15%	98.13%	88.12%	89.68%

## Schedule of the District's Contributions

Years Ended June 30,	ARHCT				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 86,552	\$ 114,014	\$ 179,033	\$ 173,658	\$ 143,540
Contributions Relative to the Contractually Required Contribution	86,552	114,014	179,033	173,658	143,540
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	1,339,767	1,554,067	1,527,656	1,554,326	1,703,991
Contributions as a Percentage of Covered Payroll	6.460%	7.336%	11.719%	11.173%	8.424%

See accompanying notes to Required Supplementary Information.

## Galena City School District

## Public Employees' Retirement System - OPEB RMP Plan

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

Years Ended June 30,	RMP				
	2022	2021	2020	2019	2018
District's Proportion of the Net OPEB Liability (Asset)	0.21371%	0.21039%	0.22152%	0.23342%	0.23335%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (57,363)	\$ 14,923	\$ 52,996	\$ 29,703	\$ 12,169
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (57,363)	\$ 14,923	\$ 52,996	\$ 29,703	\$ 12,169
District's Covered Payroll	3,215,542	2,803,809	2,850,595	2,641,829	3,229,505
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-1.78%	0.53%	1.86%	1.12%	0.38%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.10%	95.23%	83.17%	88.71%	93.98%

## Schedule of the District's Contributions

Years Ended June 30,	RMP				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 39,659	\$ 40,803	\$ 37,011	\$ 25,996	\$ 27,211
Contributions Relative to the Contractually Required Contribution	39,659	40,803	37,011	25,996	27,211
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	3,706,503	3,215,542	2,803,809	2,850,595	2,641,829
Contributions as a Percentage of Covered Payroll	1.070%	1.269%	1.320%	0.912%	1.030%

See accompanying notes to Required Supplementary Information.



## Galena City School District

## Public Employees' Retirement System - OPEB ODD Plan

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

Years Ended June 30,	ODD				
	2022	2021	2020	2019	2018
District's Proportion of the Net OPEB Liability (Asset)	0.18307%	0.16951%	0.17611%	0.23342%	0.23335%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (80,684)	\$ (46,207)	\$ (42,697)	\$ (45,335)	\$ (33,110)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (80,684)	\$ (46,207)	\$ (42,697)	\$ (45,335)	\$ (33,110)
District's Covered Payroll	3,215,542	2,803,809	2,850,595	2,641,829	3,229,505
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.51%	-1.65%	-1.50%	-1.72%	-1.03%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	374.22%	283.80%	297.43%	270.62%	212.97%

## Schedule of the District's Contributions

Years Ended June 30,	ODD				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 11,490	\$ 10,043	\$ 7,290	\$ 7,190	\$ 4,227
Contributions Relative to the Contractually Required Contribution	11,490	10,043	7,290	7,190	4,227
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	3,706,503	3,215,542	2,803,809	2,850,595	2,641,829
Contributions as a Percentage of Covered Payroll	0.310%	0.312%	0.260%	0.252%	0.160%

See accompanying notes to Required Supplementary Information.

**Galena City School District**  
**Teachers' Retirement System - Pension Plan**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**

<i>Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.32929%	0.26411%	0.28580%	0.30427%	0.26128%	0.30618%	0.26017%	0.11658%
District's Proportionate Share of the Net Pension Liability	\$ 3,127,275	\$ 5,369,723	\$ 5,340,224	\$ 5,824,761	\$ 5,295,093	\$ 6,991,111	\$ 4,840,268	\$ 3,496,209
State of Alaska Proportionate Share of the Net Pension Liability	2,651,303	9,319,018	7,919,842	8,660,802	9,241,552	8,309,254	7,737,032	16,389,383
Total Net Pension Liability	\$ 5,778,578	\$ 14,688,741	\$ 13,260,066	\$ 14,485,563	\$ 14,536,645	\$ 15,300,365	\$ 12,577,300	\$ 19,885,592
District's Covered Payroll	7,575,186	5,973,101	5,955,631	5,831,924	5,624,278	5,390,507	5,102,089	5,241,203
District's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	41.28%	89.90%	89.67%	99.88%	94.15%	129.69%	94.87%	66.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.43%	72.81%	74.68%	74.09%	72.39%	68.40%	73.82%	55.70%

**Schedule of the District's Contributions**

<i>Years Ended June 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 227,356	\$ 242,962	\$ 233,385	\$ 232,141	\$ 310,877	\$ 281,797	\$ 251,852	\$ 270,450
Contributions Relative to the Contractually Required Contribution	227,356	242,962	233,385	232,141	310,877	281,797	251,852	270,450
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	7,552,384	7,575,186	5,973,101	5,955,631	5,831,924	5,624,278	5,390,507	5,102,089
Contributions as a Percentage of Covered Payroll	3.01%	3.21%	3.91%	3.90%	5.33%	5.01%	4.67%	5.30%

*See accompanying notes to Required Supplementary Information.*

## Galena City School District

## Teachers' Retirement System - OPEB ARHCT Plan

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

Years Ended June 30,	ARHCT				
	2022	2021	2020	2019	2018
District's Proportion of the Net OPEB Liability (Asset)	0.40830%	0.26286%	0.28530%	0.30386%	0.26088%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (4,747,193)	\$ (940,352)	\$ (435,993)	\$ 944,805	\$ 479,853
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(3,701,419)	(1,641,575)	(649,076)	1,409,361	840,528
Total Net OPEB Liability (Asset)	\$ (8,448,612)	\$ (2,581,927)	\$ (1,085,069)	\$ 2,354,166	\$ 1,320,381
District's Covered Payroll	2,874,589	2,546,989	2,771,241	3,379,255	3,437,623
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-165.14%	-36.92%	-15.73%	27.96%	13.96%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	145.41%	113.78%	105.50%	90.23%	93.75%

## Schedule of the District's Contributions

Years Ended June 30,	ARHCT				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 173,609	\$ 198,638	\$ 131,640	\$ 107,015	\$ 182,631
Contributions Relative to the Contractually Required Contribution	173,609	198,638	131,640	107,015	182,631
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	2,946,782	2,874,589	2,546,989	2,771,241	3,379,255
Contributions as a Percentage of Covered Payroll	5.891%	6.910%	5.168%	3.862%	5.404%

See accompanying notes to Required Supplementary Information.

## Galena City School District

## Teachers' Retirement System - OPEB RMP Plan

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

Years Ended June 30,	RMP				
	2022	2021	2020	2019	2018
District's Proportion of the Net OPEB Liability (Asset)	0.91533%	0.90337%	0.71960%	0.67487%	0.64865%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (183,799)	\$ (89,117)	\$ (27,604)	\$ (21,582)	\$ (30,746)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (183,799)</b>	<b>\$ (89,117)</b>	<b>\$ (27,604)</b>	<b>\$ (21,582)</b>	<b>\$ (30,746)</b>
District's Covered Payroll	4,700,596	3,426,113	3,184,390	2,452,669	2,186,654
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-3.91%	-2.60%	-0.87%	-0.88%	-1.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	142.54%	125.59%	110.03%	109.56%	118.16%

## Schedule of the District's Contributions

Years Ended June 30,	RMP				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 33,110	\$ 43,716	\$ 37,344	\$ 22,199	\$ 22,074
Contributions Relative to the Contractually Required Contribution	33,110	43,716	37,344	22,199	22,074
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	4,605,602	4,700,596	3,426,113	3,184,390	2,452,669
Contributions as a Percentage of Covered Payroll	0.719%	0.930%	1.090%	0.697%	0.900%

See accompanying notes to Required Supplementary Information.

## Galena City School District

## Teachers' Retirement System - OPEB ODD Plan

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

Years Ended June 30,	ODD				
	2022	2021	2020	2019	2018
District's Proportion of the Net OPEB Liability (Asset)	0.91702%	0.92600%	0.72047%	0.67487%	0.64865%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (55,892)	\$ (39,864)	\$ (28,970)	\$ (23,661)	\$ (21,198)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (55,892)	\$ (39,864)	\$ (28,970)	\$ (23,661)	\$ (21,198)
District's Covered Payroll	4,700,596	3,426,113	3,184,390	2,452,669	2,186,654
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-1.19%	-1.16%	-0.91%	-0.96%	-0.97%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	1254.36%	931.08%	1409.77%	1304.81%	1342.59%

## Schedule of the District's Contributions

Years Ended June 30,	ODD				
	2022	2021	2020	2019	2018
Contractually Required Contributions	\$ 3,245	\$ 3,760	\$ 2,743	\$ 2,249	\$ -
Contributions Relative to the Contractually Required Contribution	3,245	3,760	2,743	2,249	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	4,605,602	4,700,596	3,426,113	3,184,390	2,452,669
Contributions as a Percentage of Covered Payroll	0.070%	0.080%	0.080%	0.071%	0.000%

See accompanying notes to Required Supplementary Information.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Required Supplementary Information**  
**for the Year Ended June 30, 2022**

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**1. Budgetary Comparison Schedules**

The Budgetary comparison schedules are presented on the modified accrual basis of accounting.

**2. Public Employees' Retirement System and Teachers' Retirement System - Pension Plan**

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

These tables are presented based on the Plan measurement date. For June 30, 2022, the Plan measurement date is June 30, 2021.

*Changes in Assumptions:*

The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

In 2020, the discount rate was lowered from 8% to 7.38%.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

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 the District's Contributions***

These tables are based on the District's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

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.

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Required Supplementary Information, continued**

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**3. Public Employees' Retirement System and Teachers' Retirement System - OPEB Plans**

***Schedule of the District's Proportionate Share of the Net OPEB Asset and Liability***

These tables are presented based on the Plan measurement date. For June 30, 2022, the Plan measurement date is June 30, 2021.

*Changes in Assumptions:*

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year CY 20 to CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2020, the discount rate was lowered from 8% to 7.38%.

In 2020, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

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 the District's Contributions***

These tables are based on the District's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

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.

## **Additional Supplementary Information**

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**Galena City School District**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**

<i>June 30, 2022</i>	Special Revenue Funds					
	Gana-A'Yoo 7-plex	Food Service	Carl Perkins	Migrant Education Book	NCLB Integrated Program	COVID Relief ESSER III
<b>Assets</b>						
Cash and cash equivalents	\$ 2,727	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable -						
Federal	-	1,585	2,526	2,027	29,817	23,457
Inventory	-	6,799	-	-	-	-
Other assets	4,800	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 7,527</b>	<b>\$ 8,384</b>	<b>\$ 2,526</b>	<b>\$ 2,027</b>	<b>\$ 29,817</b>	<b>\$ 23,457</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 7,527	\$ -	\$ -	\$ -	12,288	\$ -
Due to other funds	-	8,384	2,526	2,027	17,529	23,457
<b>Total Liabilities</b>	<b>7,527</b>	<b>8,384</b>	<b>2,526</b>	<b>2,027</b>	<b>29,817</b>	<b>23,457</b>
<b>Fund Balances (Deficits)</b>						
Nonspendable	-	6,799	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(6,799)	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,527</b>	<b>\$ 8,384</b>	<b>\$ 2,526</b>	<b>\$ 2,027</b>	<b>\$ 29,817</b>	<b>\$ 23,457</b>

**Galena City School District**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds, continued**

<i>June 30, 2022</i>	Special Revenue Funds, continued							Totals
	Indian Education	Title VI-B ARP	Project LEAP	Louden Trial Council Pool Repairs	Student Activities	Scholarships and Pool		
<b>Assets</b>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 171,311	\$ 689,278		\$ 863,316
Accounts receivable -								
Federal	56,209	24,533	177,459	-	-	-		317,613
Inventory	-	-	-	-	-	-		6,799
Other assets	-	-	-	-	-	-		4,800
<b>Total Assets</b>	<b>\$ 56,209</b>	<b>\$ 24,533</b>	<b>\$ 177,459</b>	<b>\$ -</b>	<b>\$ 171,311</b>	<b>\$ 689,278</b>		<b>\$ 1,192,528</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ 3,387	\$ -	\$ -	\$ 4,879	\$ -		\$ 28,081
Due to other funds	56,209	21,146	177,459	45,000	-	-		353,737
<b>Total Liabilities</b>	<b>56,209</b>	<b>24,533</b>	<b>177,459</b>	<b>45,000</b>	<b>4,879</b>	<b>-</b>		<b>381,818</b>
<b>Fund Balances (Deficits)</b>								
Nonspendable	-	-	-	-	-	-		6,799
Assigned	-	-	-	-	166,432	689,278		855,710
Unassigned	-	-	-	(45,000)	-	-		(51,799)
<b>Total Fund Balances (Deficits)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45,000)</b>	<b>166,432</b>	<b>689,278</b>		<b>810,710</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 56,209</b>	<b>\$ 24,533</b>	<b>\$ 177,459</b>	<b>\$ -</b>	<b>\$ 171,311</b>	<b>\$ 689,278</b>		<b>\$ 1,192,528</b>

**Galena City School District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)**  
**Nonmajor Governmental Funds**

Year Ended June 30, 2022	Special Revenue Funds											
	Student Transpor- tation	Gana-A'Yoo 7-plex	STEM Building		Food Service	Carl Perkins	Migrant Education Book	School Bag Grant	Title I School Implementation	NCLB Integrated Program		
			Water leak	-						Title I-A Basic	Title I-C Migrant Education	Title II-A Teacher/ Principal
<b>Revenues</b>												
Local sources:												
Food services	\$ -	\$ -	\$ -	\$ 10,277	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investment	-	-	-	-	-	-	-	-	-	-	-	-
Other local revenue	-	3,325	2,678	-	-	-	-	-	-	-	-	-
Rental revenue	-	67,682	-	-	-	-	-	-	-	-	-	-
State sources	63,312	-	-	-	-	-	165,216	-	-	-	-	-
Federal sources - through the State of Alaska	-	-	-	379,906	18,322	2,450	-	25,000	29,394	45,048	11,546	-
Other sources	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>63,312</b>	<b>71,007</b>	<b>2,678</b>	<b>390,183</b>	<b>18,322</b>	<b>2,450</b>	<b>165,216</b>	<b>25,000</b>	<b>29,394</b>	<b>45,048</b>	<b>11,546</b>	<b>-</b>
<b>Expenditures</b>												
Instruction	-	-	-	-	17,662	-	-	-	28,272	-	11,105	-
Special education instruction	-	-	-	-	-	-	-	-	-	-	-	-
Support services - instruction	-	-	-	-	-	2,356	165,216	24,045	-	43,328	-	-
District administration support services	-	-	-	-	660	94	-	955	1,122	1,720	441	-
Operations and maintenance of plant	-	32,573	27,476	-	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-	-	-	-	-
Student transportation - to and from school	83,539	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Food services	-	-	-	455,198	-	-	-	-	-	-	-	-
Debt service:												
Principal	-	21,883	-	-	-	-	-	-	-	-	-	-
Interest	-	23,321	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>83,539</b>	<b>77,777</b>	<b>27,476</b>	<b>455,198</b>	<b>18,322</b>	<b>2,450</b>	<b>165,216</b>	<b>25,000</b>	<b>29,394</b>	<b>45,048</b>	<b>11,546</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(20,227)</b>	<b>(6,770)</b>	<b>(24,798)</b>	<b>(65,015)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources - transfers in</b>	<b>20,227</b>	<b>6,770</b>	<b>24,798</b>	<b>65,015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances (Deficits)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits), beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits), end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Galena City School District**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)**  
**Nonmajor Governmental Funds, continued**

Year Ended June 30, 2022	Special Revenue Funds, continued										Capital Project Fund	Totals
	Preschool Disabled	Title VI-B ARP	COVID Relief ESSER III	Indian Education	Project LEAP	Rural Ed Achievement Program	Louden Trial Council Pool Repairs	Student Activities	Scholarships and Pool	GCSD Ransom-ware		
<b>Revenues</b>												
Local sources:												
Food services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10,277
Earnings on investment	-	-	-	-	-	-	-	-	165	-	-	165
Other local revenue	-	-	-	-	-	-	-	-	-	-	-	6,003
Rental revenue	-	-	-	-	-	-	-	-	-	-	-	67,682
State sources	-	-	-	-	-	-	-	-	-	-	-	228,528
Federal sources -												
through the State of Alaska	3,266	32,091	102,484	89,871	478,546	27,045	-	-	-	-	-	1,244,969
Other sources	-	-	-	-	-	-	-	107,852	-	-	836	108,688
<b>Total Revenues</b>	<b>3,266</b>	<b>32,091</b>	<b>102,484</b>	<b>89,871</b>	<b>478,546</b>	<b>27,045</b>	<b>-</b>	<b>107,852</b>	<b>165</b>	<b>836</b>	<b>1,666,312</b>	
<b>Expenditures</b>												
Instruction	-	-	-	86,316	466,926	-	-	-	-	-	-	610,281
Special education instruction	3,141	30,866	-	-	-	-	-	-	-	-	-	34,007
Support services - instruction	-	-	20,881	-	-	26,012	-	-	-	-	1,313	283,151
District administration support services	125	1,225	3,913	3,555	11,620	1,033	-	-	-	-	-	26,463
Operations and maintenance of plant	-	-	77,690	-	-	-	-	-	-	-	-	137,739
Student activities	-	-	-	-	-	-	-	91,951	-	-	-	91,951
Student transportation - to and from school	-	-	-	-	-	-	-	-	-	-	-	83,539
Community services	-	-	-	-	-	-	45,000	-	22,553	-	-	67,553
Food services	-	-	-	-	-	-	-	-	-	-	-	455,198
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	21,883
Interest	-	-	-	-	-	-	-	-	-	-	-	23,321
<b>Total Expenditures</b>	<b>3,266</b>	<b>32,091</b>	<b>102,484</b>	<b>89,871</b>	<b>478,546</b>	<b>27,045</b>	<b>45,000</b>	<b>91,951</b>	<b>22,553</b>	<b>1,313</b>	<b>1,835,086</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45,000)</b>	<b>15,901</b>	<b>(22,388)</b>	<b>(477)</b>	<b>(168,774)</b>	
<b>Other Financing Sources - transfers in</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>177,849</b>	<b>297,659</b>	
<b>Net Change in Fund Balances (Deficits)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45,000)</b>	<b>18,901</b>	<b>(22,388)</b>	<b>177,372</b>	<b>128,885</b>	
<b>Fund Balances (Deficits), beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,531</b>	<b>711,666</b>	<b>(177,372)</b>	<b>681,825</b>	
<b>Fund Balances (Deficits), end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (45,000)</b>	<b>\$ 166,432</b>	<b>\$ 689,278</b>	<b>\$ -</b>	<b>\$ 810,710</b>	

## Galena City School District

## General Fund

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

<i>Year Ended June 30, 2022</i>	Final Budget	Actual	Variance
<b>Revenues</b>			
Local sources:			
In-kind services performed by city	\$ 563,256	\$ 563,256	\$ -
Earnings on investments	20,000	15,753	(4,247)
Other local revenue	219,000	288,783	69,783
E-rate revenue	866,000	865,939	(61)
Donations	497,500	522,500	25,000
<b>Total local sources</b>	<b>2,165,756</b>	<b>2,256,231</b>	<b>90,475</b>
State sources:			
Foundation program	41,311,472	41,311,472	-
TRS on behalf	1,548,432	1,314,654	(233,778)
PERS on behalf	418,767	412,004	(6,763)
Other programs	463,400	553,632	90,232
<b>Total state sources</b>	<b>43,742,071</b>	<b>43,591,762</b>	<b>(150,309)</b>
<b>Federal sources - direct</b>	<b>181,568</b>	<b>163,766</b>	<b>(17,802)</b>
<b>Total Revenues</b>	<b>46,089,395</b>	<b>46,011,759</b>	<b>(77,636)</b>
<b>Expenditures</b>			
Instruction:			
Certificated salaries	5,334,252	5,257,108	77,144
Noncertificated salaries	123,350	122,678	672
Employee benefits	3,391,843	2,912,689	479,154
Transportation allowance	14,500	11,270	3,230
Staff travel	150	-	150
Student travel	61,000	30,608	30,392
Utility services	2,016,000	1,629,050	386,950
Other purchased services	39,000	38,903	97
Supplies, materials and media	13,718,450	10,246,511	3,471,939
Tuition and stipends	4,500	6,422	(1,922)
Other expenditures	70,165	44,670	25,495
Equipment	20,000	36,864	(16,864)
<b>Total instruction</b>	<b>24,793,210</b>	<b>20,336,773</b>	<b>4,456,437</b>

**Galena City School District**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual, continued**

<i>Year Ended June 30, 2022</i>	Final Budget	Actual	Variance
<b>Expenditures, continued</b>			
Special education instruction:			
Certificated salaries	\$ 152,722	\$ 150,722	\$ 2,000
Noncertificated salaries	31,000	28,802	2,198
Employee benefits	262,303	174,109	88,194
Transportation allowance	1,500	756	744
Professional and technical services	500,000	1,172	498,828
Staff travel	7,000	5,510	1,490
Supplies, materials and media	9,000	6,700	2,300
<b>Total special education instruction</b>	<b>963,525</b>	<b>367,771</b>	<b>595,754</b>
Special education support services - students:			
Certificated salaries	130,109	130,109	-
Employee benefits	56,589	51,451	5,138
Professional and technical services	200	-	200
Staff travel	1,200	490	710
Supplies, materials, and media	200	-	200
<b>Total special education support services - students</b>	<b>188,298</b>	<b>182,050</b>	<b>6,248</b>
Support services - students:			
Certificated salaries	115,664	112,762	2,902
Employee benefits	173,935	164,843	9,092
Supplies, materials and media	8,500	2,680	5,820
<b>Total support services - students</b>	<b>298,099</b>	<b>280,285</b>	<b>17,814</b>
Support services - instruction:			
Certificated salaries	3,800	1,600	2,200
Noncertificated salaries	1,583,818	1,570,963	12,855
Employee benefits	1,032,216	944,274	87,942
Professional and technical services	15,000	-	15,000
Staff travel	119,000	138,108	(19,108)

**Galena City School District**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual, continued**

<i>Year Ended June 30, 2022</i>	Final Budget	Actual	Variance
<b>Expenditures, continued</b>			
Support services - instruction, continued:			
Utility services	\$ 1,231,000	\$ 1,205,956	\$ 25,044
Other purchased services	212,500	272,546	(60,046)
Supplies, materials and media	326,400	278,400	48,000
Other expenditures	51,600	44,066	7,534
Equipment	59,500	8,356	51,144
<b>Total support services - instruction</b>	<b>4,634,834</b>	<b>4,464,269</b>	<b>170,565</b>
School administration:			
Certificated salaries	844,052	843,493	559
Employee benefits	475,597	388,623	86,974
Transportation allowance	2,000	674	1,326
Staff travel	31,000	27,189	3,811
Utility services	10,300	5,963	4,337
Other purchased services	400	-	400
Supplies, materials and media	3,500	2,032	1,468
Other expenditures	181,000	152,013	28,987
<b>Total school administration</b>	<b>1,547,849</b>	<b>1,419,987</b>	<b>127,862</b>
School administration support services:			
Noncertificated salaries	999,691	957,947	41,744
Employee benefits	677,730	602,580	75,150
Staff travel	2,000	728	1,272
Other purchased services	800	374	426
Supplies, materials and media	99,500	85,809	13,691
Equipment	10,000	-	10,000
<b>Total school administration support services</b>	<b>1,789,721</b>	<b>1,647,438</b>	<b>142,283</b>
District administration:			
Certificated salaries	441,314	461,243	(19,929)
Noncertificated salaries	31,500	9,300	22,200
Employee benefits	267,366	237,500	29,866
Transportation allowance	500	410	90
Professional and technical services	175,000	105,127	69,873
Staff travel	31,250	23,754	7,496
Utility services	1,500	1,619	(119)
Other purchased services	13,500	12,489	1,011
Supplies, materials and media	3,500	3,292	208
Equipment	16,500	11,645	4,855
Other expenditures	53,000	28,193	24,807
<b>Total district administration</b>	<b>1,034,930</b>	<b>894,572</b>	<b>140,358</b>

**Galena City School District**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual, continued**

<i>Year Ended June 30, 2022</i>	Final Budget	Actual	Variance
<b>Expenditures, continued</b>			
District administration support services:			
Certificated salaries	\$ 55,813	\$ 39,719	\$ 16,094
Noncertificated salaries	670,255	667,163	3,092
Employee benefits	461,384	405,025	56,359
Professional and technical services	232,000	178,939	53,061
Staff travel	16,000	9,486	6,514
Utility services	15,500	14,706	794
Insurance and bond premiums	70,000	88,189	(18,189)
Supplies, materials and media	21,700	25,352	(3,652)
Other expenditures	18,000	4,754	13,246
Indirect cost recovery	(98,000)	(82,343)	(15,657)
Equipment	170,000	203,833	(33,833)
<b>Total district administration support services</b>	<b>1,632,652</b>	<b>1,554,823</b>	<b>77,829</b>
Operations and maintenance of plant:			
Noncertificated salaries	663,142	633,332	29,810
Employee benefits	367,220	333,932	33,288
Staff travel	10,000	4,104	5,896
Utility services	522,300	526,372	(4,072)
Energy	1,403,168	1,356,628	46,540
Other purchased services	1,261,700	394,801	866,899
Insurance and bond premiums	143,400	143,407	(7)
Supplies, materials and media	285,400	279,109	6,291
Equipment	20,000	17,838	2,162
<b>Total operations and maintenance of plant</b>	<b>4,676,330</b>	<b>3,689,523</b>	<b>986,807</b>
Student activities:			
Certificated salaries	36,600	43,050	(6,450)
Noncertificated salaries	27,950	23,523	4,427
Employee benefits	19,424	18,764	660
Professional and technical services	5,500	2,763	2,737
Staff travel	1,500	400	1,100
Student travel	395,000	319,176	75,824
Other purchased services	1,200	148	1,052
Supplies, materials and media	17,500	5,212	12,288
Other expenditures	7,500	6,040	1,460
Equipment	15,000	-	15,000
<b>Total student activities</b>	<b>527,174</b>	<b>419,076</b>	<b>108,098</b>



**Galena City School District**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual, continued**

<i>Year Ended June 30, 2022</i>	Final Budget	Actual	Variance
<b>Expenditures, continued</b>			
Student transportation - to and from school - employee benefits	\$ 3,157	\$ 2,787	\$ 370
Community services:			
Noncertificated salaries	34,000	34,060	(60)
Employee benefits	3,146	2,417	729
Utility services	163,756	173,841	(10,085)
Energy	15,000	14,872	128
Other purchased services	5,000	4,565	435
Supplies, materials and media	5,250	4,438	812
<b>Total community services</b>	<b>226,152</b>	<b>234,193</b>	<b>(8,041)</b>
Debt service:			
Principal	-	570,949	(570,949)
Interest	-	305,998	(305,998)
<b>Total debt service</b>	<b>-</b>	<b>876,947</b>	<b>(876,947)</b>
Construction and facilities acquisition:			
Other capital outlay expenses	-	597,877	(597,877)
<b>Total Expenditures</b>	<b>42,315,931</b>	<b>36,968,371</b>	<b>5,347,560</b>
<b>Excess of Revenues Over Expenditures</b>	<b>3,773,464</b>	<b>9,043,388</b>	<b>5,269,924</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	25,685	25,437	(248)
Transfers out	(7,083,191)	(7,191,660)	(108,469)
Leases (as lessee)	-	597,877	597,877
<b>Net Other Financing Uses</b>	<b>(7,057,506)</b>	<b>(6,568,346)</b>	<b>489,160</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (3,284,042)</u></b>	<b>2,475,042</b>	<b><u>\$ 5,759,084</u></b>
Fund Balance, beginning of year		<u>21,716,024</u>	
Fund Balance, end of year		<u>\$ 24,191,066</u>	

**Galena City School District**  
**Boarding Home Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

Exhibit F-2

Year Ended June 30, 2022	Budget	Actual	Variance
<b>Revenues</b>			
Local sources - food services	\$ 4,000	\$ 3,145	\$ (855)
State sources	2,122,596	2,122,596	-
Earnings on investments	2,800	1,177	(1,623)
<b>Total Revenues</b>	<b>2,129,396</b>	<b>2,126,918</b>	<b>(2,478)</b>
<b>Expenditures</b>			
Support services - students:			
Certificated salaries	40,381	43,519	(3,138)
Noncertificated salaries	940,849	944,480	(3,631)
Employee benefits	556,108	510,684	45,424
Transportation allowance	23,000	21,170	1,830
Professional and technical services	70,000	86,456	(16,456)
Staff travel	3,000	-	3,000
Student travel	570,000	509,743	60,257
Utility services	22,500	24,594	(2,094)
Other purchased services	21,000	22,641	(1,641)
Supplies, materials and media	72,000	75,250	(3,250)
Tuition and stipends	25,000	11,500	13,500
Equipment	36,000	13,425	22,575
<b>Total support services - students</b>	<b>2,379,838</b>	<b>2,263,462</b>	<b>116,376</b>
Operations and maintenance:			
Utility services	230,000	219,309	10,691
Energy	650,000	639,121	10,879
Other purchased services	5,000	-	5,000
Supplies, materials and media	12,000	525	11,475
<b>Total operations and maintenance</b>	<b>897,000</b>	<b>858,955</b>	<b>38,045</b>
Student activities:			
Student travel	13,000	-	13,000
Supplies, materials and media	1,000	-	1,000
<b>Total student activities</b>	<b>14,000</b>	<b>-</b>	<b>14,000</b>
Food services:			
Noncertificated salaries	327,358	331,229	(3,871)
Employee benefits	187,720	171,235	16,485
Staff travel	1,000	-	1,000
Energy	4,000	3,666	334
Supplies, materials and media	649,000	659,200	(10,200)
Equipment	5,000	-	5,000
<b>Total food services</b>	<b>1,174,078</b>	<b>1,165,330</b>	<b>8,748</b>
<b>Total Expenditures</b>	<b>4,464,916</b>	<b>4,287,747</b>	<b>177,169</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(2,335,520)</b>	<b>(2,160,829)</b>	<b>174,691</b>
<b>Other Financing Sources - transfers in</b>	<b>2,650,001</b>	<b>2,650,001</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ 314,481</b>	<b>489,172</b>	<b>\$ 174,691</b>
<b>Fund Balance, beginning of year</b>		<b>4,742,986</b>	
<b>Fund Balance, end of year</b>		<b>\$ 5,232,158</b>	

**Galena City School District**  
**Title VI-B Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 1,659,347	\$ 1,463,430	\$ (195,917)
<b>Expenditures</b>			
Special education instruction:			
Certificated salaries	467,421	423,393	44,028
Noncertificated salaries	148,031	143,508	4,523
Employee benefits	286,224	242,054	44,170
Professional and technical services	657,135	588,489	68,646
Staff travel	37,000	10,106	26,894
Other expenditures	175	-	175
<b>Total special education instruction</b>	<b>1,595,986</b>	<b>1,407,550</b>	<b>188,436</b>
District administration support services - indirect costs	63,361	55,880	7,481
<b>Total Expenditures</b>	<b>1,659,347</b>	<b>1,463,430</b>	<b>195,917</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund Balance, beginning of year		-	
Fund Balance, end of year		\$ -	

## Galena City School District

Student Transportation Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
State sources	\$ 63,312	\$ 63,312	\$ -
<b>Expenditures</b>			
Student transportation - to and from school:			
Noncertificated salaries	41,429	35,616	5,813
Employee benefits	23,676	19,874	3,802
Other purchased services	250	279	(29)
Supplies, materials and media	27,000	21,819	5,181
Staff travel	4,000	5,951	(1,951)
<b>Total Expenditures</b>	<b>96,355</b>	<b>83,539</b>	<b>12,816</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(33,043)</b>	<b>(20,227)</b>	<b>12,816</b>
<b>Other Financing Sources - transfers in</b>	<b>33,043</b>	<b>20,227</b>	<b>(12,816)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	

**Galena City School District**  
**Gana-A'Yoo 7-plex Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

Year Ended June 30, 2022	Budget	Actual	Variance
<b>Revenues</b>			
Other local revenues	\$ 2,000	\$ 3,325	\$ 1,325
Rental revenue	66,000	67,682	1,682
<b>Total Revenues</b>	<b>68,000</b>	<b>71,007</b>	<b>3,007</b>
<b>Expenditures</b>			
Operations and maintenance of plant:			
Utility services	9,896	7,397	2,499
Energy	28,000	25,098	2,902
Supplies, materials and media	3,500	78	3,422
<b>Total operations and maintenance of plant</b>	<b>41,396</b>	<b>32,573</b>	<b>8,823</b>
Debt service:			
Principal	21,883	21,883	-
Interest	23,321	23,321	-
<b>Total debt service</b>	<b>45,204</b>	<b>45,204</b>	<b>-</b>
<b>Total Expenditures</b>	<b>86,600</b>	<b>77,777</b>	<b>8,823</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(18,600)</b>	<b>(6,770)</b>	<b>11,830</b>
<b>Other Financing Sources - transfers in</b>	<b>18,600</b>	<b>6,770</b>	<b>(11,830)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	

## Galena City School District

**STEM Building Water Leak 2022 Special Revenue Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance**

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*Year Ended June 30, 2022*

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**Revenues**

Local sources - other	\$ 2,678
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**Expenditures**

Operations and maintenance of plant:

Noncertificated salaries	1,549
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Employee benefits	927
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Insurance and bond premiums	25,000
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<b>Total Expenditures</b>	<b>27,476</b>
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Deficiency of Revenues Over Expenditures	(24,798)
--	----------

Other Financing Sources - transfers in	24,798
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Net Change in Fund Balance	-
----------------------------	---

Fund Balance, beginning of year	-
---------------------------------	---

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Fund Balance, end of year	\$ -
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---

**Galena City School District**  
**Food Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Local sources - food services	\$ 8,000	\$ 10,277	\$ 2,277
Federal sources - through the State of Alaska	360,000	379,906	19,906
<b>Total Revenues</b>	<b>368,000</b>	<b>390,183</b>	<b>22,183</b>
<b>Expenditures</b>			
Food services:			
Noncertificated salaries	133,217	115,629	17,588
Employee benefits	71,331	52,900	18,431
Energy	3,000	2,823	177
Supplies, materials and media	298,000	283,846	14,154
<b>Total Expenditures</b>	<b>505,548</b>	<b>455,198</b>	<b>50,350</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(137,548)</b>	<b>(65,015)</b>	<b>72,533</b>
<b>Other Financing Sources - transfers in</b>	<b>137,548</b>	<b>65,015</b>	<b>(72,533)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	

**Galena City School District**  
**Carl Perkins Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 27,000	\$ 18,322	\$ (8,678)
<b>Expenditures</b>			
Instruction:			
Staff travel	1,700	1,402	298
Supplies, materials and media	22,938	14,890	8,048
Tuition and stipends	1,025	1,025	-
Other expenditures	345	345	-
District administration support services - Indirect costs	992	660	332
<b>Total Expenditures</b>	<b>27,000</b>	<b>18,322</b>	<b>8,678</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	



## Galena City School District

### Migrant Education Book Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 2,450	\$ 2,450	\$ -
<b>Expenditures</b>			
Support services - instruction - Supplies, materials and media	2,356	2,356	-
District administration support services - Indirect costs	94	94	-
<b>Total Expenditures</b>	<b>2,450</b>	<b>2,450</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund Balance, beginning of year		-	
Fund Balance, end of year		<b>\$ -</b>	

**Galena City School District**  
**School BAG Grant Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
State sources	\$ 165,216	\$ 165,216	\$ -
<b>Expenditures</b>			
Support services - instruction - utility services	165,216	165,216	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	-	<u>\$ -</u>
<b>Fund Balance, beginning of year</b>		<u>-</u>	
<b>Fund Balance, end of year</b>		<u>\$ -</u>	

## Galena City School District

### Title I School Implementation Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 25,000	\$ 25,000	\$ -
<b>Expenditures</b>			
Support services - instruction - Professional and technical services	24,045	24,045	-
District administration support services - Indirect costs	955	955	-
<b>Total Expenditures</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ -</u></b>	<b>-</b>	<b><u>\$ -</u></b>
<b>Fund Balance, beginning of year</b>		<b><u>-</u></b>	
<b>Fund Balance, end of year</b>		<b><u>\$ -</u></b>	

**Galena City School District**  
**Title I-A Basic Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 45,678	\$ 29,394	\$ (16,284)
<b>Expenditures</b>			
Instruction:			
Certificated salaries	26,677	23,096	3,581
Noncertificated salaries	7,657	-	7,657
Employee benefits	9,100	4,679	4,421
Supplies, materials and media	500	497	3
District administration support services - Indirect costs	1,744	1,122	622
<b>Total Expenditures</b>	<b>45,678</b>	<b>29,394</b>	<b>16,284</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	

## Galena City School District

### Title I-C Migrant Education Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 196,554	\$ 45,048	\$ (151,506)
<b>Expenditures</b>			
Support services - instruction:			
Certificated salaries	41,614	5,531	36,083
Noncertificated salaries	32,107	14,967	17,140
Employee benefits	20,949	10,204	10,745
Student travel	18,996	-	18,996
Supplies, material and media	65,765	12,626	53,139
Tuition and stipends	10,000		10,000
District administration support services - Indirect costs	7,123	1,720	5,403
<b>Total Expenditures</b>	<b>196,554</b>	<b>45,048</b>	<b>151,506</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	

## Galena City School District

### Title II-A Teacher/Principal Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 13,787	\$ 11,546	\$ (2,241)
<b>Expenditures</b>			
Instruction:			
Certificated salaries	4,200	3,400	800
Noncertificated salaries	390	405	(15)
Professional and technical services	8,671	7,300	1,371
District administration support services - Indirect costs	526	441	85
<b>Total Expenditures</b>	<b>13,787</b>	<b>11,546</b>	<b>2,241</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	

**Galena City School District**  
**Preschool Disabled Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 8,365	\$ 3,266	\$ (5,099)
<b>Expenditures</b>			
Special education instruction:			
Certificated salaries	1,336	-	1,336
Employee benefits	434	-	434
Professional and technical services	3,135	-	3,135
Supplies, material and media	3,141	3,141	-
District administration support services - Indirect costs	319	125	194
<b>Total Expenditures</b>	<b>8,365</b>	<b>3,266</b>	<b>5,099</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	

## Galena City School District

Title VI-B ARP FY22 Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 521,025	\$ 32,091	\$ (488,934)
<b>Expenditures</b>			
Special education instruction:			
Certificated salaries	300,000	-	300,000
Employee benefits	75,000	-	75,000
Supplies, material and media	97,276	30,866	66,410
Equipment	30,000	-	30,000
<b>Total special education instruction</b>	<b>502,276</b>	<b>30,866</b>	<b>471,410</b>
District administration support services - indirect costs	18,749	1,225	17,524
<b>Total Expenditures</b>	<b>521,025</b>	<b>32,091</b>	<b>488,934</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	



## Galena City School District

**COVID Relief ESSER III Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 120,238	\$ 102,484	\$ (17,754)
<b>Expenditures</b>			
Support services - instruction:			
Certificated salaries	16,818	14,840	1,978
Employee benefits	7,139	5,547	1,592
Supplies, material and media	14,000	494	13,506
<b>Total support services - instruction</b>	<b>37,957</b>	<b>20,881</b>	<b>17,076</b>
District administration support services - indirect costs	4,591	3,913	678
Operations and maintenance of plant - professional and technical services	77,690	77,690	-
<b>Total Expenditures</b>	<b>120,238</b>	<b>102,484</b>	<b>17,754</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	

**Galena City School District**  
**Indian Education Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 155,012	\$ 89,871	\$ (65,141)
<b>Expenditures</b>			
Instruction:			
Certificated salaries	31,667	8,620	23,047
Noncertificated salaries	14,933	1,206	13,727
Employee benefits	8,499	3,446	5,053
Student travel	83,994	73,044	10,950
Supplies, materials and media	10,000	-	10,000
<b>Total instruction</b>	<b>149,093</b>	<b>86,316</b>	<b>62,777</b>
District administration support services - indirect costs	5,919	3,555	2,364
<b>Total Expenditures</b>	<b>155,012</b>	<b>89,871</b>	<b>65,141</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	

**Galena City School District**  
**Project LEAP Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Federal sources - through the State of Alaska	\$ 656,175	\$ 478,546	\$ (177,629)
<b>Expenditures</b>			
Instruction:			
Certificated salaries	113,939	113,433	506
Employee benefits	25,829	32,169	(6,340)
Professional and technical services	321,817	224,639	97,178
Staff travel	144,096	79,317	64,779
Supplies, materials and media	21,620	17,368	4,252
<b>Total instruction</b>	<b>627,301</b>	<b>466,926</b>	<b>160,375</b>
District administration support services - indirect costs	28,874	11,620	17,254
<b>Total Expenditures</b>	<b>656,175</b>	<b>478,546</b>	<b>177,629</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance, beginning of year</b>		<b>-</b>	
<b>Fund Balance, end of year</b>		<b>\$ -</b>	

## Galena City School District

Rural Ed Achievement Program Special Revenue Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance

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*Year Ended June 30, 2022*

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**Revenues**

Federal sources -	
through the State of Alaska	\$ 27,045

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**Expenditures**

Support services - instruction:	
Certificated salaries	22,500
Employee benefits	3,512

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Total support services - instruction	26,012
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District administration support services - indirect costs	1,033
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<b>Total Expenditures</b>	<b>27,045</b>
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Net Change in Fund Balance	-
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Fund Balance, beginning of year	-
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Fund Balance, end of year	\$ -
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**Galena City School District****Louden Trial Council Pool Repairs Special Revenue Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance**

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*Year Ended June 30, 2022*

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**Expenditures**

Community services -

other purchased services

\$ 45,000

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**Net Change in Fund Balance**

(45,000)

---

**Fund Balance, beginning of year**

-

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**Fund Balance, end of year**\$ (45,000)

---

## Galena City School District

Student Activities Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Other sources	\$ 150,532	\$ 107,852	\$ (42,680)
<b>Expenditures</b>			
Student activities:			
Noncertificated salaries	-	12,254	(12,254)
Employee benefits	-	374	(374)
Other expenditures	-	79,323	(79,323)
<b>Total Expenditures</b>	-	91,951	(91,951)
<b>Excess of Revenues Over Expenditures</b>	150,532	15,901	(134,631)
<b>Other Financing Sources - transfers in</b>	-	3,000	3,000
<b>Net Change in Fund Balance</b>	<u>\$ 150,532</u>	18,901	<u>\$ (131,631)</u>
<b>Fund Balance, beginning of year</b>		<u>147,531</u>	
<b>Fund Balance, end of year</b>		<u>\$ 166,432</u>	

**Galena City School District**  
**Scholarship and Pool Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2022</i>	Budget	Actual	Variance
<b>Revenues</b>			
Local sources - earnings on investments	\$ -	\$ 165	\$ 165
<b>Expenditures</b>			
Community services:			
Other purchased services	469,667	15,803	453,864
Supplies, materials and media	5,059	-	5,059
Tuition and stipends	236,940	6,750	230,190
<b>Total Expenditures</b>	<b>711,666</b>	<b>22,553</b>	<b>689,113</b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (711,666)</u></b>	<b>(22,388)</b>	<b><u>\$ 689,278</u></b>
<b>Fund Balance, beginning of year</b>		<u>711,666</u>	
<b>Fund Balance, end of year</b>		<u>\$ 689,278</u>	

**Galena City School District**  
**General Capital Projects Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance**

*Year Ended June 30, 2022*

**Revenues**

Local sources -	
earnings on investments	\$ 1,139

**Expenditures**

Operations and maintenance of plant:	
Professional and technical services	54,651
Other purchased services	167,754
Supplies, materials and media	1,858,323

<b>Total Expenditures</b>	<b>2,080,728</b>
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<b>Deficiency of Revenues Over Expenditures</b>	<b>(2,079,589)</b>
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<b>Other Financing Sources - transfers in</b>	<b>4,190,086</b>
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<b>Net Change in Fund Balance</b>	<b>2,110,497</b>
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<b>Fund Balance, beginning of year</b>	<b>7,901,564</b>
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<b>Fund Balance, end of year</b>	<b>\$ 10,012,061</b>
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**Galena City School District**  
**GCS D Ransomware Capital Project Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance**

*Year Ended June 30, 2022*

**Revenues**

Other sources	\$	836
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**Expenditures**

Support services - instruction:

Certificated salaries		1,201
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Noncertificated salaries		112
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<b>Total Expenditures</b>		<b>1,313</b>
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Deficiency of Revenues Over Expenditures		(477)
--	--	-------

Other Financing Sources - transfers in		177,849
--	--	---------

Net Change in Fund Balance		177,372
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Fund Balance, beginning of year		(177,372)
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Fund Balance, end of year	\$	-
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## Galena City School District

**GILA Classroom Upgrade Phase 2 Capital Project Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance**

*Year Ended June 30, 2022*

**Revenues**

State sources	\$	124,547
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**Expenditures**

Construction and facilities acquisition:

Professional and technical services		29,710
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Supplies, materials, and media		81,499
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Equipment		9,290
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Total construction and facilities acquisition		120,499
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District administration support services -

indirect costs		32,525
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**Total Expenditures**

153,024

**Deficiency of Revenues Over Expenditures**

(28,477)

**Other Financing Sources - transfers in**

28,477

**Net Change in Fund Balance**

-

**Fund Balance, beginning of year**

-

**Fund Balance, end of year**

\$

-

**Galena City School District**  
**Schedule of Compliance - AS 14.17.505**  
**Year Ended June 30, 2022**

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Total fund balance - School Operating Fund	\$	24,191,066
less exemptions per 4 AAC 09.160(a):		
Inventory		728,759
Impact aid		163,766
Prepaid items		251,154
Self insurance		612,332
Reserves for IDEA student allotments		8,245,171
<b>Fund Balance Subject to 10% Limitation</b>	<b>\$</b>	<b><u>14,189,884</u></b>

Nonexempt fund balance as a percentage of current year expenditures:

<u>Fund balance subject to limitation</u>		<u>\$ 14,189,884</u>	=	<u>38.38%</u>
Current year expenditures		<u>\$ 36,968,371</u>		

**Note 1: Waiver of 10% Fund Limitation**

On March 11, 2020, a Public Health Disaster Emergency was declared under AS 26.23.020. The State of Alaska issued a notice to suspend the requirements of 4 AAC 09.160. Requirement that school districts retain only 10% of their operating funds for the following year will be suspended until June 30, 2025. Galena City School District has elected to present this schedule.

**Galena City School District**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

<i>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</i>	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Grant Award	Provided to Subre- cipients	Total Federal Expendi- tures
<b>U.S. Department of Education</b>					
Direct Program:					
Impact Aid	84.041		\$ 163,766	\$ -	\$ 163,766
Indian Education Grants to Local Educational Agencies	84.060		155,012	-	89,871
Alaska Native Educational Programs:					
Project LEAP	84.356		656,175	-	478,546
Rural Education	84.358		27,249	-	27,045
Passed through the State of Alaska Department of Education and Early Development:					
School Improvement	84.010	SI 21.GCSD.01	25,000	-	25,000
Title I Grants to Local Educational Agencies	84.010A	IP21.GCSD.01	45,678	-	29,394
Total Assistance Listing Number 84.010				-	54,394
Migrant Education State Grant Program:					
Migrant Education Book	84.011	MB21.GCSD.01	2,450		2,450
Title I-C Migrant Education	84.011A	IP21.GCSD.01	196,554	-	45,048
Total Assistance Listing Number 84.011				-	47,498
Special Education Cluster (IDEA):					
Special Education Preschool Grants	84.173A	SE 22.GCSD.01	8,365	-	3,266
Special Education Preschool Grants	84.173X	SE 22.GCSD.01	521,025	-	32,091
Total Assistance Listing Number 84.173				-	35,357
Special Education Grants to States	84.027A	SE 22.GCSD.01	1,659,347	-	1,463,430
Total Special Education Cluster (IDEA)				-	1,498,787

**Galena City School District**

Exhibit J-1, continued

**Schedule of Expenditures of Federal Awards, continued  
Year Ended June 30, 2022**

<i>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</i>	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Grant Award	Provided to Subre- cipients	Total Federal Expendi- tures
<b>U.S. Department of Education, continued</b>					
Passed through the State of Alaska Department of Education and Early Development, continued:					
Career and Technical Education - Basic Grants to States -					
Carl Perkins	84.048A	EK 22.GCSD.01	\$ 27,000	\$ -	\$ 18,322
Supporting Effective Instruction State Grants					
Title II-A Teacher & Principal Training & Recruitment	84.367A	IP21.GCSD.01	13,787	-	11,546
COVID-19 - Education Stabilization Fund	84.425U	ER 22.GCSD.02	120,238	-	102,484
Total passed through the State of Alaska Department of Education and Early Development				-	2,328,493
<b>Total U.S. Department of Education</b>				-	2,492,259
<b>U.S. Department of Agriculture</b>					
Child Nutrition Cluster:					
Passed through the State of Alaska Department of Education and Early Development:					
School Breakfast Program	10.553	1701	114,476	-	114,476
National School Lunch Program	10.555	1701	217,047	-	217,047
National School Lunch Program - USDA Donate Commodities	10.555	1701	36,023	-	36,023
National School Lunch Program - Supply Chain Assistance	10.555	FD 22.GCSD.02	10,162	-	10,162
Total Assistance Listing Number 10.555				-	263,232
Total Child Nutrition Cluster				-	377,708
Passed through the State of Alaska Department of Education and Early Development:					
State Administrative Expenses for Child Nutrition	10.560	FD 21.GCSD.01	1,584	-	1,584
Pandemic EBT Administrative Costs	10.649	017-01	614	-	614
<b>Total U.S. Department of Agriculture</b>				-	379,906
<b>Total Expenditures of Federal Awards</b>				\$ -	\$ 2,872,165

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Galena City School District under programs of the federal government for the year ended June 30, 2022. 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 Galena City School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Galena City School District.

**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.

**3. Indirect Cost Rate**

Galena City School District has elected not to use the 10-percent de minimis indirect rate allowed under the Uniform Guidance.

**Galena City School District**  
**Schedule of State Financial Assistance**  
**Year Ended June 30, 2022**

State Agency / Program Title	Award Number	Total Award Amount	Passed Through to Subre- cipients	State Expenditures
<b>Department of Education and Early Development</b>				
*Public School Funding (Foundation)	FY22	\$ 41,200,002	\$ -	\$ 41,200,002
Galena Interior Learning Academy				
Classroom Upgrade Phase 2	GR-19-003	7,073,013	-	124,547
Technical Vocational Education Grant	AK 21.GCSD.01	541,800	-	541,800
Boarding Home Grants	FY22	2,122,596	-	2,122,596
Student Transportation	FY22	63,312	-	63,312
Quality Schools	FY22	111,470	-	111,470
Broadband Assistance Grant	SBG-22-053-09	165,216	-	165,216
Dividend Raffle PFD RAF SDPR	FY22	11,832	-	11,832
<b>Total State Financial Assistance</b>		<b>\$ 51,289,241</b>	<b>\$ -</b>	<b>\$ 44,340,775</b>

**Note 1. Major Program Notation**

\* denotes a major program

**Note 2. Basis of Presentation**

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Galena City School District under programs of the State of Alaska for the year ended June 30, 2022. 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 Galena City School District, it is not intended to and does not present the financial position or changes in net position of Galena City School District.

**Note 3. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

**Single Audit Section**

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## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of the School Board  
Galena City School District  
Galena, 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 Galena City School District (the “District”), as of and for the year ended June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2022.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska  
December 13, 2022



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## **Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

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

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

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

We have audited Galena City School District (the “District”) 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 the District’s major federal programs for the year ended June 30, 2022. The 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, the District complied, in all material respects, with the 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, 2022.

#### ***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; 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 the 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 the 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 the 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 the 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the 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 the 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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The District is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## Report on Internal Control Over Compliance

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The District is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

*BDO USA, LLP*

Anchorage, Alaska  
December 13, 2022



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## **Independent Auditor’s Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits***

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

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

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

We have audited Galena City School District’s (the “District”) compliance with the types of compliance requirements identified as subject to audit in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the District’s major state programs for the year ended June 30, 2022. The District’s major state programs are identified in the accompanying Schedule of State Financial Assistance.

In our opinion, the District complied, in all material respects, with the 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, 2022.

#### ***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; and the audit requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Our responsibilities under those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the 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 the 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 the 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 GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits 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 the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, 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 the 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 the 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 *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of the 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 Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska  
December 13, 2022



**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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

***Financial Statements***

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

Internal control over financial reporting:

Material weakness(es) identified?     yes   X   no  
(none reported)

Significant deficiency(ies) identified?     yes   X   reported

Noncompliance material to financial statements noted?     yes   X   no

***Federal Awards***

Internal control over major federal programs:

Material weakness(es) identified?     yes   X   no  
(none reported)

Significant deficiency(ies) identified?   X   yes     reported

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 2 CFR 200.516(a)?   X   yes     no

Identification of major programs:

***Assistance Listing***

<i>Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
84.027/84.173	Special Education Cluster (IDEA)	U.S. Department of Education

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

Auditee qualified as low-risk auditee?     yes   X   no

***State Financial Assistance***

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

Internal control over major state programs:

Material weakness(es) identified?     yes   X   no  
(none reported)

Significant deficiency(ies) identified?     yes   X   reported

Dollar threshold used to distinguish between a Type A and Type B programs: \$ 1,330,223

Auditee qualified as low-risk auditee?     yes   X   no

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Schedule of Findings and Questioned Costs, continued**  
**Year Ended June 30, 2022**

**Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards**

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

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

**Finding 2022-001 Procurement, Suspension & Debarment - Significant Deficiency in Internal Control Over Compliance and Noncompliance**

<i>Award Year</i>	<i>Agency and Pass-through Entity</i>	<i>Federal Program Title</i>	<i>Federal Assistance Listing Number</i>	<i>Grant Number</i>
2022	Department of Education - passed through the State of Alaska, Department of Education and Early Development	Special Education Cluster (IDEA) - Preschool Grants	84.173	SE 22.GCSD.01
2022	Department of Education - passed through the State of Alaska, Department of Education and Early Development	Special Education Cluster (IDEA) - Grants to State	84.027	SE 22.GCSD.01

**Criteria or Specific Requirement:** Internal control policies should be established to provide reasonable assurance that an entity with which the District plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded for covered transactions under Uniform Guidance.

**Condition:** The District did not verify whether vendors were debarred, suspended, or otherwise excluded.

**Cause:** Implemented procedures at the District over procurement failed to ensure that District personnel retained documentation whether vendors were debarred, suspended, or otherwise excluded.

**Effect or potential effect:** By not verifying the status of vendors, the District might unknowingly conduct business with a vendor that is debarred, suspended, or otherwise excluded.

**Questioned Costs:** N/A

**Galena City School District**  
**(A Component Unit of the City of Galena, Alaska)**

**Schedule of Findings and Questioned Costs, continued**  
**Year Ended June 30, 2022**

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Context: Auditors were not able to review documentation from the District that showed evidence of the search for five vendors. Auditors did not identify any debarred, suspended, or otherwise excluded vendors with which the District did business with during FY2022.

Identification as a repeat finding: No

Recommendation: We recommend that management retain evidence of review that prospective vendors and suppliers are not on the suspension and debarment list before entering into covered transactions under Uniform Guidance.

Views of responsible officials: Management agrees with this finding. The district will refer to <https://sam.gov/content/exclusions> to check to see if vendors being used by the District are either excluded or disbarred entities. This will be done at the beginning for the fiscal year for those vendors that are known to provide services in forth coming year. Should a new vendor be used during the year, prior to entering into a contract, that vendor will be checked against the abovementioned website.

**Section IV - State Award Findings and Questioned Costs**

There were no findings and questioned costs for State awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.

## Unaudited Information

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## GALENA CITY SCHOOL DISTRICT

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**SUPERINTENDENT**  
Dr. Jason Johnson

### *Summary Schedule of Prior Year Audit Findings For the Year Ended June 30, 2022*

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**Finding 2021-001**

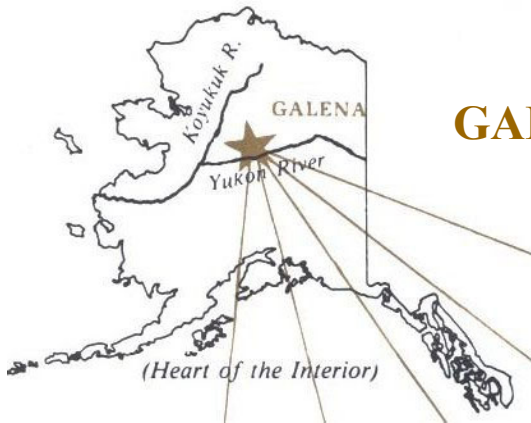
Material Weakness over Financial Reporting - Reconciliation of Books and Records

*Finding*

Internal controls were not established to ensure that all general ledger accounts were properly reconciled and adjusted at year-end for GAAP-based financial reporting.

*Status*

This finding is resolved.



# GALENA CITY SCHOOL DISTRICT

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**SUPERINTENDENT**  
 Dr. Jason Johnson

## **Corrective Action Plan** For the Year Ended June 30, 2022

Name of Contact Person      Isabella Apfelbeck  
 Isabella.apfelbeck@galenanet.com  
 907-656-1205 x 121

<b>Federal Award Findings and Questioned Costs</b>
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**Finding 2022-001**                      **Procurement, Suspension & Debarment - Significant Deficiency in Internal Control Over Compliance and Noncompliance**

*Corrective Action Plan*              The district will refer to <https://sam.gov/content/exclusions> to check to see if the SPED vendor being used by the District are either excluded or disbarred entities. This will be done at the beginning for the fiscal year for those vendors that are known to provide services in forth coming year. Should a new vendor be used during the year, prior to entering into a contract, that vendor will be checked against the abovementioned website.

The procedure and compliance spreadsheet has already been created. This will be used from here on and updated when required.

*Expected Competition Date*              For the current vendors, the compliance check will be completed by the SPED Director or its assistant by November, 18, 2022.