

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Year Ended June 30, 2020

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Year Ended June 30, 2020

SOUTHEAST ISLAND SCHOOL DISTRICT

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Independent Auditor's Report

Members of the School Board
Southeast Island School District
Thorne Bay, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Southeast Island School District (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Southeast Island School District as of June 30, 2020, the respective changes in financial position thereof, and the respective budgetary comparisons for the School Operating Fund and THRIVE Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of the District's proportionate share of the net pension/OPEB liabilities and assets and schedules of the District's contributions on pages 48-55 be presented to supplement the basic financial statements. Such 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. 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, Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southeast Island School District's basic financial statements. The information listed in the table of contents as "Additional Supplementary Information", which includes the Schedule of Revenues, expenditures and changes in fund balance – budget to actual for major funds, and the combining and individual non-major fund financial statements; Statement of Fiduciary Assets and Liabilities; Schedule of Changes in Assets and Liabilities – Student Agency Fund; Schedule of Compliance- AS 14.17.505 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis 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 is not a required part of the basic financial statements. The Schedule of State Financial Assistance and Notes to Schedule of State Financial Assistance are presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the basic financial statements.

The "Additional Supplementary Information," as listed above, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 "Additional Supplementary Information" is 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 October 22, 2020, on our consideration of Southeast Island School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Southeast Island School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeast Island School District's internal control over financial reporting and compliance.

Altman, Rogers & Co.

Anchorage, Alaska
October 22, 2020

SOUTHEAST ISLAND SCHOOL DISTRICT

Statement of Net Position

June 30, 2020

<u>Assets and Deferred Outflows of Resources</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current:			
Cash and cash equivalents	\$ 1,549,768	43,230	1,592,998
Accounts receivables	891,226	-	891,226
Inventory	83,797	-	83,797
Internal balances	209,606	(209,606)	-
Total current	<u>2,734,397</u>	<u>(166,376)</u>	<u>2,568,021</u>
Non-current:			
Capital assets	34,831,392	63,784	34,895,176
Accumulated depreciation	(18,726,662)	(15,945)	(18,742,607)
Net pension/OPEB asset	180,494	-	180,494
Total non-current	<u>16,285,224</u>	<u>47,839</u>	<u>16,333,063</u>
Deferred outflows of resources-			
Pension/OPEB deferrals	<u>511,161</u>	<u>-</u>	<u>511,161</u>
Total assets and deferred outflows of resources	<u>19,530,782</u>	<u>(118,537)</u>	<u>19,412,245</u>
<u>Liabilities and Deferred Inflows of Resources</u>			
Current liabilities:			
Accounts payable	3,282	-	3,282
Unearned revenue	1,068,797	-	1,068,797
Total current liabilities	<u>1,072,079</u>	<u>-</u>	<u>1,072,079</u>
Long-term liabilities:			
Due within one year - accrued leave	7,354	-	7,354
Due in more than one year - net pension/OPEB liability	3,637,468	-	3,637,468
Total long term liabilities	<u>3,644,822</u>	<u>-</u>	<u>3,644,822</u>
Deferred inflows of resources -			
Pension/OPEB deferrals	<u>291,125</u>	<u>-</u>	<u>291,125</u>
Total liabilities and deferred inflows of resources	<u>5,008,026</u>	<u>-</u>	<u>5,008,026</u>
<u>Net Position</u>			
Net investment in capital assets	16,104,730	47,839	16,152,569
Unrestricted (deficit)	(1,581,974)	(166,376)	(1,748,350)
Total net position	<u>\$ 14,522,756</u>	<u>(118,537)</u>	<u>14,404,219</u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Governmental Activities
Governmental Activities:							
Instruction	\$ 2,053,716	-	9,198	-	(2,044,518)	-	(2,044,518)
Special education instruction	443,919	-	20,667	-	(423,252)	-	(423,252)
Special education support services - students	80,112	-	-	-	(80,112)	-	(80,112)
Support services - students	538,423	-	524,314	-	(14,109)	-	(14,109)
Support services - instruction	950,082	-	(1,394)	-	(951,476)	-	(951,476)
School administration	220,878	-	(40,590)	-	(261,468)	-	(261,468)
School administration support services	61,906	-	(1,854)	-	(63,760)	-	(63,760)
District administration	266,709	-	(25,393)	-	(292,102)	-	(292,102)
District administration support services	347,174	-	62,054	-	(285,120)	-	(285,120)
Operations and maintenance of plant	1,716,253	94,113	75,921	-	(1,546,219)	-	(1,546,219)
Student activities	121,022	-	5,632	-	(115,390)	-	(115,390)
Student transportation	91,248	-	210,451	400,000	519,203	-	519,203
Food services	287,964	4,022	164,010	-	(119,932)	-	(119,932)
Community services	31,647	-	31,647	-	-	-	-
Construction and facilities acquisition	139,117	-	-	390,619	251,502	-	251,502
Total governmental activities	\$ 7,350,170	98,135	1,034,663	790,619	(5,426,753)	-	(5,426,753)
Business-type Activities -							
Thorne Bay Restaurant	8,919	5,750	-	-	-	(3,169)	(3,169)
Total	\$ 7,359,089	103,885	1,034,663	790,619	(5,426,753)	(3,169)	(5,429,922)
General revenues:							
E-Rate					\$ 614,390	-	614,390
Grants not restricted to specific programs					5,496,863	-	5,496,863
Insurance recovery					195,524	-	195,524
Proceeds from sale of capital assets					6,830	-	6,830
Other					23,833	-	23,833
Total general revenues					6,337,440	-	6,337,440
Change in net position					910,687	(3,169)	907,518
Net position - beginning					13,612,069	(115,368)	13,496,701
Net position - ending					\$ 14,522,756	(118,537)	14,404,219

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2020

	School Operating Fund	THRIVE Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 1,549,768	-	-	-	1,549,768
Accounts receivable	20,000	-	591,009	280,217	891,226
Due from other funds	449,618	430,990	168,924	831,558	1,881,090
Inventory	69,821	-	-	13,976	83,797
Total assets	<u>\$ 2,089,207</u>	<u>430,990</u>	<u>759,933</u>	<u>1,125,751</u>	<u>4,405,881</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	811	-	-	2,471	3,282
Unearned revenue	101,470	430,990	375,849	160,488	1,068,797
Due to other funds	1,431,472	-	-	240,012	1,671,484
Total liabilities	<u>1,533,753</u>	<u>430,990</u>	<u>375,849</u>	<u>402,971</u>	<u>2,743,563</u>
Fund Balances:					
Nonspendable	69,821	-	-	13,976	83,797
Assigned	-	-	384,084	708,804	1,092,888
Unassigned	485,633	-	-	-	485,633
Total fund balances	<u>555,454</u>	<u>-</u>	<u>384,084</u>	<u>722,780</u>	<u>1,662,318</u>
Total liabilities and fund equity	<u>\$ 2,089,207</u>	<u>430,990</u>	<u>759,933</u>	<u>1,125,751</u>	<u>4,405,881</u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

June 30, 2020

Fund balances - total governmental funds	\$ 1,662,318
Total net position reported for governmental activities in the State 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.	16,104,730
Certain pension and OPEB related activities are deferred and amortized over time. These Activities are reported as follows	
Deferred outflows of resources - Pension and OPEB deferrals	511,161
Deferred inflows of resources - Pension and OPEB deferrals	(291,125)
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of	
Net pension and OPEB asset	180,494
Net pension and OPEB liability	(3,637,468)
Accrued leave	<u>(7,354)</u>
Total net position of governmental activities	<u><u>14,522,756</u></u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Year Ended June 30, 2020

	School Operating Fund	THRIVE Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources:					
Charges for services	\$ -	-	-	98,135	98,135
E-rate	614,390	-	-	-	614,390
Other	22,215	-	-	113,712	135,927
Intergovernmental:					
State of Alaska	5,626,754	-	790,619	263,550	6,680,923
Federal sources	283,586	336,287	-	687,884	1,307,757
Total revenues	<u>6,546,945</u>	<u>336,287</u>	<u>790,619</u>	<u>1,163,281</u>	<u>8,837,132</u>
Expenditures:					
Current:					
Instruction	2,330,608	-	-	247,772	2,578,380
Special education instruction	543,603	-	-	51,706	595,309
Special education support services - students	80,112	-	-	-	80,112
Support services - students	8,284	312,335	-	203,520	524,139
Support services - instruction	980,156	-	-	816	980,972
School administration	321,922	-	-	-	321,922
School administration support services	84,354	-	-	-	84,354
District administration	343,881	-	-	-	343,881
District administration support services	317,931	23,952	-	31,959	373,842
Operation and maintenance of plant	1,033,540	-	15,538	176,362	1,225,440
Student activities	129,434	-	-	29,000	158,434
Student transportation	-	-	441,674	75,491	517,165
Food services	-	-	-	277,592	277,592
Community services	-	-	-	31,647	31,647
Construction and facilities acquisition	-	-	391,069	-	391,069
Total expenditures	<u>6,173,825</u>	<u>336,287</u>	<u>848,281</u>	<u>1,125,865</u>	<u>8,484,258</u>
Excess of revenues over expenditures	<u>373,120</u>	<u>-</u>	<u>(57,662)</u>	<u>37,416</u>	<u>352,874</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	6,830	-	-	-	6,830
Insurance recovery	-	-	195,524	-	195,524
Transfers in	-	-	147,108	158,296	305,404
Transfers out	(263,730)	-	-	(41,674)	(305,404)
Total other financing sources (uses):	<u>(256,900)</u>	<u>-</u>	<u>342,632</u>	<u>116,622</u>	<u>202,354</u>
Net change in fund balance	116,220	-	284,970	154,038	555,228
Fund balances, beginning of year	<u>439,234</u>	<u>-</u>	<u>99,114</u>	<u>568,742</u>	<u>1,107,090</u>
Fund balances, end of year	<u>\$ 555,454</u>	<u>-</u>	<u>384,084</u>	<u>722,780</u>	<u>1,662,318</u>

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

SOUTHEAST ISLAND 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, 2020

Net change in fund balances - total governmental funds	\$ 555,228
The change in net position reported for governmental activities in the State 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. This is the amount by which depreciation exceeded capital outlays.	(185,488)
Changes related to certain deferred pension and OPEB activities can increase or decrease net position. This is the change in net position related to changes in deferred outflows, deferred inflows, and net pension/OPEB liabilities or assets.	536,843
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. The net changes in long-term liability balance is the decrease in accrued leave.	<u>4,104</u>
Change in net position of governmental activities	<u>\$ 910,687</u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
E-rate	\$ 618,797	618,797	614,390	(4,407)
Other	25,000	25,000	22,215	(2,785)
Intergovernmental:				
State of Alaska	5,641,051	5,641,051	5,626,754	(14,297)
Federal sources	300,000	300,000	283,586	(16,414)
Total revenues	<u>6,584,848</u>	<u>6,584,848</u>	<u>6,546,945</u>	<u>(37,903)</u>
Expenditures:				
Current:				
Instruction	2,215,232	2,221,415	2,330,608	(109,193)
Special education instruction	717,674	739,325	543,603	195,722
Special education support services - students	44,279	35,879	80,112	(44,233)
Support services - students	10,343	3,264	8,284	(5,020)
Support services - instruction	1,024,077	981,566	980,156	1,410
School administration	376,659	304,644	321,922	(17,278)
School administration support services	73,675	72,378	84,354	(11,976)
District administration	344,187	344,187	343,881	306
District administration support services	308,896	294,697	317,931	(23,234)
Operations and maintenance of plant	1,339,761	1,255,496	1,033,540	221,956
Student activities	142,734	142,734	129,434	13,300
Total expenditures	<u>6,597,517</u>	<u>6,395,585</u>	<u>6,173,825</u>	<u>221,760</u>
Excess of revenues over expenditures	<u>(12,669)</u>	<u>189,263</u>	<u>373,120</u>	<u>183,857</u>
Other financing sources (Uses):				
Proceeds from sale of capital assets	-	-	6,830	6,830
Transfers in (out):				
Capital projects fund	-	(5,000)	(105,434)	(100,434)
Food service special revenue fund	(29,221)	-	(158,296)	(158,296)
Pupil transportation special revenue fund	(18,339)	-	-	-
Net other financing sources (uses)	<u>(47,560)</u>	<u>(5,000)</u>	<u>(256,900)</u>	<u>(251,900)</u>
Net change in fund balance	\$ <u>(60,229)</u>	<u>184,263</u>	116,220	<u>(68,043)</u>
Fund balance, beginning of year			<u>439,234</u>	
Fund balance, end of year			\$ <u><u>555,454</u></u>	

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

SOUTHEAST ISLAND SCHOOL DISTRICT

THRIVE Special Revenue Fund

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

Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 545,332	336,287	(209,045)
Expenditures - current:			
Current:			
Support services - students	511,242	312,335	198,907
District administration support services	34,090	23,952	10,138
Total expenditures	<u>545,332</u>	<u>336,287</u>	<u>209,045</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Thorne Bay Enterprise Fund

Statement of Net Position

June 30, 2020

<u>Assets</u>	
Current assets:	
Cash and investments	\$ <u>43,230</u>
Property, plant and equipment:	
Plant and improvements	63,784
Accumulated depreciation	<u>(15,945)</u>
Net property, plant and equipment	<u>47,839</u>
Total assets	\$ <u><u>91,069</u></u>
<u>Liabilities and Net Position (Deficit)</u>	
Current liabilities:	
Due to other funds	<u>209,606</u>
Net position (Deficit):	
Net investment in capital assets	47,839
Unrestricted (deficit)	<u>(166,376)</u>
Total net position (Deficit)	<u>(118,537)</u>
Total liabilities and net position	\$ <u><u>91,069</u></u>

See accompanying notes to basic financial statements.

SOUTHEAST ISLAND SCHOOL DISTRICT

Thorne Bay Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2020

Revenues:		
Local sources:		
Charges for services - rental revenue	\$	<u>5,750</u>
Expenditures:		
Operations and maintenance of plant:		
Other purchased services		200
Depreciation		3,189
Supplies, materials, and media		<u>2,980</u>
Total operations and maintenance of plant		<u>6,369</u>
Student activities:		
Other purchased services		<u>2,550</u>
Total expenditures		<u>8,919</u>
Change in net position		(3,169)
Beginning net position (deficit)		<u>(115,368)</u>
Ending net position (deficit), end of year	\$	<u><u>(118,537)</u></u>

See accompanying notes to basic financial statements.

SOUTHEAST ISLAND SCHOOL DISTRICT

Thorne Bay Restraunt Enterprise Fund

Statement of Cash Flows

Year Ended June 30, 2020

Cash flows from (for) operating activities:	
Receipts from customers and users	\$ 5,750
Payments to suppliers	<u>(5,730)</u>
Net cash flows from (for) operating activities	<u>20</u>
Cash flows from financing activities - change in loan from general fund (due to)	<u>(20)</u>
Net increase (decrease) in cash and cash equivalents	-
Beginning cash and cash equivalents	<u>43,230</u>
Ending cash and cash equivalents	\$ <u><u>43,230</u></u>
Reconciliation of income (loss) from operations to net cash from (for) operating activities:	
Change in net position (deficit)	\$ (3,169)
Adjustments to reconcile income (loss) from operations to cash flows from operating activities:	
Depreciation	<u>3,189</u>
Net cash flows from (for) operating activities	\$ <u><u>20</u></u>

See accompanying notes to basic financial statements.

SOUTHEAST ISLAND SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

Student Activity Agency Fund

June 30, 2020

Assets

Cash and cash equivalents	\$ <u>150,670</u>
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Liabilities

Due to student groups	\$ <u>150,670</u>
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The notes to the financial statements are an integral part of this statement.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

On July 1, 1976 the Legislature of the State of Alaska established Southeast Island School District (hereafter referred to as the District). At that time assets were turned over to the District by the State of Alaska through direct transfer and use permits. The District has 8 attendance centers. The District is operated under the exclusive oversight management and control of a locally elected five-member School Board. The School Board, pursuant to Alaska Statute Title 29.43.030, has the responsibility of establishing, maintaining, and operating a system of public schools for any community within its boundaries that is not provided for by any other public school district. Therefore, the District constitutes an independent local government reporting entity and has no oversight over any other component unit.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

Governmental Fund Financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. There are three categories of funds: governmental, proprietary and fiduciary. The district maintains all three of these types of funds.

The District reports the following major governmental funds:

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

The *THRIVE Special Revenue Fund* accounts for all revenue received and expenditures for the Teacher Harmonious Resiliency For Virtually Every Situation grant from the US Department of Education.

The *Capital Projects Special Revenue Fund* accounts for all revenue received and expenditures made for the structural repairs for the Thorne Bay K-12 school, the wood fire boiler, school vehicles, teacher housing, and other major repairs and renovations. Revenue is derived primarily from the state.

Additionally, the District reports a Fiduciary Fund and a Proprietary Fund is used to account for Thorne Bay Restaurant on a for-profit basis.

The *Thorne Bay Enterprise Fund* accounts for a student run café in the Thorne Bay School. The café is currently not in operation by the District and is leased out a third party.

The *Student Activity Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. This fund is used to account for assets that the District holds for students in an agency capacity.

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Summarized below are the major sources of revenue and the applicable recognition policies.

Intergovernmental Revenue

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

Local Revenue

Proceeds from the sale of lunches and other miscellaneous revenues are recognized in the year received.

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

Use of Estimates

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

Indirect Costs

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

D. Assets, Liabilities and Equity

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. There are no statutory limitations on the type of investment allowed. In addition, the District maintains accounts for specific purposes such as the Student Activity accounts.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the Fund Financial Statements and are eliminated in the preparation of the Government-Wide Financial Statements.

3. Inventories and Prepaid Items

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

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

4. Capital Assets

Capital assets are recorded in the Government-Wide Financial Statements at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are capitalized over \$5,000. Maintenance and operational costs are borne by the District. Capital assets in the Government-Wide Financial Statements are depreciated on the straight-line method over useful life of the asset, generally 5 to 30 years for equipment and vehicles and 15 to 30 years for buildings.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized in the Government-Wide Financial Statements and are considered operations and maintenance costs.

5. Unearned Revenue

Unearned revenue in Special Revenue Funds represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Unused vacation leave is accrued utilizing current salary cost as earned by the employee and recorded as a liability in the government-wide financial statement of net position. No accrued leave liability is recorded in the fund financial statements.

7. Pensions/OPEB Liability (Asset)

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

8. Net Position

In the Government-Wide Financial Statements, net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position – consists of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

9. Fund Balance

In the fund financial statements, fund balance includes five classifications as follows:

Nonspendable fund balance – amounts that are legally or contractually required to be maintained intact (such as the corpus of an endowment fund) or amounts that are not in a spendable form (such as inventory, prepaid items, supplies, and long-term receivables). Such constraint is binding until the legal or contractual requirement is repealed or the amounts become spendable.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. Such constraint is binding unless modified or rescinded by external body, laws, or regulation.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Committed fund balance – amounts that can be used only for the specific purposes determined by a formal action of the School Board. Commitments may be changed or lifted by the Board taking the same formal action that imposed the constraint originally.

Assigned fund balance – amounts intended to be used by the District for specific purposes: intent can be expressed by the School Board or Superintendent or designee. Such constraint is binding unless modified or eliminated by the Board or Superintendent. In governmental funds other than the School Operating Fund, assigned fund balance represents the amount that is not restricted or committed.

Unassigned fund balance – amounts not contained in the other classifications and available for any purpose. Positive unassigned amounts will be reported only in the School Operating Fund. If another governmental fund, other than the School Operating Fund, has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

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

The District Special Revenue Funds are used to account for educational, food service, operations and maintenance programs that are restricted or committed.

10. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the balance sheet and Statement of Net Position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental fund types except capital project funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year end. Unexpended balances of grants from the state and federal governments for the Special Revenue Funds lapse at June 30 with the exception of certain federal programs which lapse at various month ends of July, August, and September.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

District policy in establishing budgetary data reflected in the financial statements are as follows:

Annual budgets for operation 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.

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

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

Annual budgets of the various Special Revenue Funds are prepared in connection with the application for special programs grant application and are reviewed and approved by the School Board. Expenditure authority for Special Revenue Fund programs is limited to the actual combined revenues and transfers from other funds.

Project budgets are adopted for the various construction funds based on the lives of the construction projects. Expenditure authority is limited to the actual combined revenue and transfers from other funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the School Operating Fund and Special Revenue Funds. The amount of encumbrances, if significant, is disclosed in the notes to the Basic Financial Statements as commitments. As of June 30, 2020, the District did not have any encumbrances.

B. Excess of Expenditure over Appropriations / Deficit in Fund Balance

For the year ended June 30, 2020, expenditures exceeded appropriations in the following funds:

School Operating Fund:	
Instruction	\$ (109,193)
Special education support services - students	(44,233)
Support services - students	(5,020)
School administration	(17,278)
School administration support services	(11,976)
District administration support services	(23,234)
Other Governmental Funds:	
Food Service Special Revenue Fund	(44,414)

None of the governmental funds had a deficit fund balance at June 30, 2020.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District maintains a cash pool that is available for use by all funds. Each fund’s portion of this pool is reported on the balance sheet of the fund financial statements as “Cash and cash equivalents” or amounts “Due from/to other funds”.

Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of a bank failure, the District’s deposits will not be returned to the District.

Any amount in excess of the Federal Depository Insurance (FDIC) with a maximum of \$250,000 is collateralized with securities held by the District’s agent in the District’s name. All deposits are carried at fair market value plus accrued interest. The School District has a deposit and investment policy.

At June 30, 2020, the District’s bank balances totaled \$1,687,805. Deposits in each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The District’s collateralized agreement covers \$1,091,064. As of June 30, 2020, the District’s uninsured bank balances consisted of \$346,741.

B. Receivables

Receivables as of June 30, 2020 are as follows:

		School Operating Fund	Capital Projects Funds	Other Governmental Funds	Total
	\$	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Grants	\$	-	591,009	280,217	871,226
Miscellaneous		20,000	-	-	20,000
Total	\$	<u>20,000</u>	<u>591,009</u>	<u>280,217</u>	<u>891,226</u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

C. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Assets not being depreciated:				
Land	\$ 941,798	-	-	941,798
Construction in progress	908,155	693,626	(882,845)	718,936
Total assets not being depreciated	<u>1,849,953</u>	<u>693,626</u>	<u>(882,845)</u>	<u>1,660,734</u>
Assets being depreciated:				
Buildings	29,876,501	-	-	29,876,501
Machinery and equipment	1,756,441	882,845	-	2,639,286
Vehicles	654,871	-	-	654,871
Total assets being depreciated	<u>32,287,813</u>	<u>882,845</u>	<u>-</u>	<u>33,170,658</u>
Less accumulated depreciation	<u>(17,847,548)</u>	<u>(879,114)</u>	<u>-</u>	<u>(18,726,662)</u>
Total assets being depreciated, net	<u>14,440,265</u>	<u>3,731</u>	<u>-</u>	<u>14,443,996</u>
Total Government Capital Assets Net of Accumulated Depreciation	<u>\$ 16,290,218</u>	<u>697,357</u>	<u>(882,845)</u>	<u>16,104,730</u>
Business-type activities:				
Assets being depreciated - buildings	\$ 63,784	-	-	63,784
Accumulated depreciation	<u>(12,756)</u>	<u>(3,189)</u>	<u>-</u>	<u>(15,945)</u>
Total Business-type Capital Assets Net of Accumulated Depreciation	<u>\$ 51,028</u>	<u>(3,189)</u>	<u>-</u>	<u>47,839</u>

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

	<u>Years</u>
Machinery and equipment	5-30
Vehicles	5-30
Building	15-30

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

Instruction	\$ 161,155
Special education instruction	17,140
Support services students	5,825
School administration	9,428
School administration support services	3,258
District administration	14,563
District administration support services	16,495
Operation and maintenance of plant	622,522
Student activities	4,117
Student transportation	14,239
Food services	10,372
Total depreciation expense per function – governmental	<u>\$ 879,114</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

D. Interfund Receivables and Payables

Interfund receivables and payables are shown as “Due To Other Funds” and “Due From Other Funds” in each of the individual funds. These balances at June 30, 2020, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
THRIVE Special Revenue Fund	School Operating Fund	430,990
School Operating Fund	Other Governmental Funds	240,012
School Operating Fund	Thorne Bay Enterprise Fund	209,606
Capital Projects Fund	School Operating Fund	168,924
Other Governmental Funds	School Operating Fund	831,558
		<u>\$ 1,881,090</u>

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
School Operating Fund	Other Governmental Funds	\$ 158,296
School Operating Fund	Capital Projects Fund	105,434
Other Governmental Funds	Capital Projects Fund	41,674
Total		<u>\$ 305,404</u>

Transfers are used to (a) use unrestricted revenues collected in the School Operating Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or (b) use unrestricted revenues collected in the School Operating Fund to meet local match requirements on State and Federal grants.

E. Long-term Obligations

Accrued leave of governmental activities are also accounted for by the School District. Leave is generally liquidated by the General Fund. Changes in these obligations for the year ended June 30, 2020 are as follows

	<u>Balance</u>		<u>Balance</u>	<u>Due within</u>
	<u>July 1, 2019</u>	<u>Change</u>	<u>June 30, 2020</u>	<u>One Year</u>
Accrued Leave	\$ 11,458	(4,104)	7,354	7,354

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

F. Fund Balances

Fund balances, reported for the major funds and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	School Operating Fund	Capital Projects Fund	Nonmajor Funds	Totals
Nonspendable –				
Inventory	\$ 69,821	-	13,976	83,797
Assigned:				
Food service	-	-	86,079	86,079
Pupil transportation	-	-	385,617	385,617
Teacher housing	-	-	237,108	237,108
Maintenance of buildings	-	384,084	-	384,084
Total assigned	-	384,084	708,804	1,092,888
Unassigned	485,633	-	-	485,633
Total Fund Balances	\$ 555,454	384,084	722,780	1,662,318

IV. OTHER INFORMATION

A. Risk Management

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

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

B. Contingent Liabilities

Amounts received or receivable from grant or agencies are subject to audit and adjustment by the grantor agencies, principally the federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the School Operating Fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The District's current share of unfunded OPEB liabilities related to TRS between measurement dates created an OPEB benefit as a result of the decrease to the estimated liability. Due to the change, The District's proportionate share of pension plan expenses is negative for the year. Per GASB 75, the negative proportionate share has been allocated to operating grants and contributions for support services-instruction, school administration, school administration support services, and district administration to report negative program revenues.

C. Employee Retirement Systems and Plans

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

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

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

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

Other Postemployment Benefit Plans (OPEB)

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2020 the employer contribution rate is 0.72% for PERS peace officers/firefighters, 0.26% for all others in PERS and 0.08% for TRS.

Membership in the plan consisted of the following at June 30, 2019 (latest available report):

Membership	PERS	TRS
Active plan members	22,311	5,218
Participating employers	154	57

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2019 (latest available information) employer contributions were 4.88% for PERS and 4.15% for TRS of annual payroll. Membership in the plan consisted of the following at June 30, 2018 (latest report available):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	36,059	13,239
Inactive plan members entitled to but not yet receiving benefits	7,361	799
Inactive plan members not entitled to benefits	10,808	1,811
Active plan members	12,316	4,087
Total plan membership	<u>66,544</u>	<u>19,936</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2020 employer contributions were 1.32% for PERS and 1.09% for TRS. Membership in the plan consists of the following at June 30, 2019 (latest available report):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	34	14
Inactive plan members entitled to but not yet receiving benefits	1,412	706
Inactive plan members not entitled to benefits	13,248	2,642
Active plan members	22,311	5,218
Total plan membership	37,005	8,580

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% of the average annual compensation of all employees in the PERS and TRS plans. Membership in the plan consists of the following at June 30, 2019 (latest available report):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	40	13
Inactive plan members entitled to but not yet receiving benefits	1,412	706
Inactive plan members not entitled to benefits	13,248	2,642
Active plan members	22,311	5,218
Total plan membership	37,011	8,579

Investments

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

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

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2019 (latest available report) for the DB Pension Plan for PERS and TRS is 5.88% and 5.85%, for the ARHCT plan is 6.03% and 6.02%, for the ODD Plan is 6.22% and 6.15%, and for the RMP is 6.21% and 6.16%, respectively.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	8.16%
Global Equity (non-U.S.)	7.51%
Intermediate Treasuries	1.58%
Opportunistic	3.96%
Real Assets	4.76%
Private Equity	11.39%
Cash Equivalents	0.83%

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.38%, which represents a decrease of 0.62% since the prior measurement period. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.79% as of June 30, 2019.

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

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board (GASB)*. Medicare Part D subsidies are not reflected in this rate. The rate uses a 7.38% discount rate.

Employer Contribution rates for PERS and TRS for the year ended June 30, 2020 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	15.72%	23.73%	6.62%
OPEB	6.28%	4.89%	0%
Total PERS contribution rates	22.00%	28.62%	6.62%
TRS:			
Pension	8.03%	26.56%	17.91%
OPEB	4.53%	3.91%	0%
Total TRS contribution rates	12.56%	30.47%	17.91%

Termination Costs: If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS or TRS Administrator. For fiscal year 2020 the past service rate for PERS is 17.44%.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2019 (latest available) were determined by an actuarial valuation as of June 30, 2018 which was rolled forward to the measurement date June 30, 2019. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017:

Investment return / discount rate	7.38% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 2.5% per year Productivity – 0.25% per year
Payroll growth	2.75% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 2.5% annually.
PERS Mortality (Pre-termination)	Based upon 2013-2017 actual mortality experience, 100% (male and female) of RP-2014 healthy annuitant table with MP-2017 generational improvement.
TRS Mortality (Pre-termination)	Based upon 2013-2017 actual mortality experience, RP-2014 white-collar employee table with MP-2017 generational improvement.
PERS Mortality (Post-termination)	Mortality rates based upon the 2013-2017 actual experience. 91% of male and 96% of female rates of RP-2014 health annuitant table with MP-2017 generational improvement.
TRS Mortality (Post-termination)	Mortality rates based upon the 2013-2017 actual experience. 93% of male and 90% of female rates of RP-2014 white-collar healthy annuitant table with MP-2017 generational improvement.
Total turnover	Based upon the 2013-2017 actual withdrawal experience.
PERS Disability	Incidence rates based on 2013-2017 actual experience. Post-disability mortality in accordance with the RP-2014 disability table with MP-2017 generational improvement. Disabilities are assumed to be occupational 75% of the time for peace officers/firefighters, 40% of the time for others.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

TRS Disability	Incidence rates based on 2013-2017 actual experience. Disabilities are assumed to be occupational 15% of the time. Post-disability mortality in accordance with the RP-2014 disabled table with MP-2017 generational improvement.
Retirement	Retirement rates based upon the 2013-2017 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date.
PERS Marriage and age difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.
TRS Marriage and age difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands. 85% of male members and 75% of female members are assumed to be married at termination from active service.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drugs: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%.

As a result of the latest experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes related to the ARHCT plan have been made since the prior valuation:

1. Based on recent experience, the healthcare cost trend assumptions were updated.
2. Per capita claims costs were updated to reflect recent experience.
3. Healthcare cost trends were updated to reflect a Cadillac Tax load.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

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

Currently there are 154 employers participating in PERS defined benefit plan, including the State of Alaska and 153 political subdivisions and public organizations.

The DB Plan's membership consisted of the following at June 30, 2019 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	36,059
Inactive plan members entitled to but not receiving benefits	7,361
Inactive members not entitled to benefits	10,808
Active plan members	<u>12,316</u>
Total DB plan membership	<u>66,544</u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

Post Retirement Pension Adjustments. Post retirement pension adjustments (PRPAs) are granted annually to eligible benefit recipients when the consumer price index (CPI) increases during the preceding calendar year. PRPAs are calculated by multiplying the recipient's base benefit, including past PRPAs, times:

- (a) 75% of the CPI increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least 65 or on PERS disability; or
- (b) 50% of the CPI increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least 60, or has been receiving benefits for at least five years.

Ad hoc PRPAs, up to a maximum of 4%, may be granted to eligible recipients who first entered the PERS before July 1, 1986, if the CPI increases and the financial condition of the fund will permit an increase. In a year where an ad hoc PRPA is granted, eligible recipients will receive the higher of the two calculations.

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

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

Employee Contribution Rate. The District PERS active members are required to contribute 6.75% and if elected to be calculated under TRS, non-teacher school district employees are required to contribute 9.60% of their annual covered salary.

Employer contributions for the year ended June 30, 2020, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	72,744	44,891	117,635

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Public Employees Retirement Plans

For the year ended June 30, 2020 the State of Alaska contributed \$64,694 (100% pension cost) on-behalf of the District, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2019 to a total of (\$28,481), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2020, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the District were as follows:

Defined Benefit:	Pension
District's proportionate share of the net pension liability	\$ 1,821,020
State's proportionate share of the net pension liability	<u>720,723</u>
Total	<u>\$ 2,541,743</u>
	OPEB
District's proportionate share of the ARHCT OPEB liability	\$ 49,267
State's proportionate share of the ARHCT OPEB liability	<u>19,556</u>
Total	<u>\$ 68,823</u>
District's proportionate share of the ODD OPEB liability (asset)	<u>\$ (13,037)</u>
District's proportionate share of the RMP OPEB liability	<u>\$ 16,181</u>
Total District's share of net pension and OPEB liabilities and assets	<u>\$ 1,873,431</u>

The net pension and OPEB liabilities and assets were measured as of June 30, 2019, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities and assets were determined by an actuarial valuation as of that date. The District's proportion of the net pension and OPEB liabilities were based on the present value of contributions for FY2021 through FY2039, as determined by projections based on the June 30, 2019 valuation.

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

	June 30, 2018 Measurement	June 30, 2019 Measurement	Change
Pension	.0388%	.0333%	(.0055)%
OPEB:			
ARHCT	.0389%	.0332%	(.0057)%
ODD	.0535%	.0538%	.0003%
RMP	.0535%	.0676%	.0141%

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2019, the District recognized pension and OPEB expense of \$230, 265 and (\$435,773), respectively, for the year ended June 30, 2020. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	(26,958)
Changes of assumptions	55,752	-
Net difference between projected and actual earnings on pension plan investments	26,110	-
Changes in proportion and differences between District contributions and proportionate share of contributions	34,471	-
District contributions subsequent to the measurement date	72,744	-
Total	<u>\$ 189,077</u>	<u>(26,958)</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(33,106)
Changes of assumptions	65,377	
Net difference between projected and actual earnings on OPEB plan investments	-	(21,574)
Changes in proportion and differences between District contributions and proportionate share of contributions	16,310	(19,238)
District contributions subsequent to the measurement date	32,471	-
Total	<u>\$ 114,158</u>	<u>(73,918)</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(4,066)
Changes of assumptions	-	(249)
Net difference between projected and actual earnings on OPEB plan investments	-	(86)
Changes in proportion and differences between District contributions and proportionate share of contributions	710	(950)
District contributions subsequent to the measurement date	2,044	-
Total	<u>\$ 2,754</u>	<u>(5,351)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(1,198)
Changes of assumptions	7,832	-
Net difference between projected and actual earnings on OPEB plan investments	-	(179)
Changes in proportion and differences between District contributions and proportionate share of contributions	1,027	(19)
District contributions subsequent to the measurement date	10,376	-
Total	<u>\$ 19,235</u>	<u>(1,396)</u>

\$72,744 and \$44,891 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities or an increase of the net pension and OPEB assets in the year ended June 30, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended		Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
June 30,					
2020	\$	92,235	12,574	(728)	810
2021		(19,277)	(16,769)	(728)	810
2022		7,408	5,190	(609)	1,239
2023		9,009	6,774	(606)	1,231
2024		-	-	(646)	1,067
Thereafter		-	-	(1,324)	2,306
Total	\$	<u>89,375</u>	<u>7,769</u>	<u>(4,641)</u>	<u>7,463</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2020, the District recognized (\$115,018) and (\$3,052) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities (assets) of the plan calculated using the discount rate of 7.38%, as well as what the Plans' net pension and OPEB liabilities (assets) would be if they were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

	1% Decrease (6.38%)	Current Rate (7.38%)	1% Increase (8.38%)
Net pension liability	\$ 2,403,427	1,821,020	1,333,273
Net OPEB ARHCT liability (asset)	\$ 396,292	49,267	(236,199)
Net OPEB ODD liability (asset)	\$ (12,357)	(13,037)	(13,579)
Net OPEB RMP liability (asset)	\$ 40,642	16,181	(2,234)

Sensitivity of the District's proportionate share of the Net OPEB liability to changes in the healthcare cost trend rates. The following present the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$ (269,586)	49,267	438,388
Net OPEB ODD liability (asset)	N/A	(13,037)	N/A
Net OPEB RMP liability (asset)	(4,977)	16,181	45,145

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

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.32% for the retiree medical plan (DB), 0.26% for occupational and death and disability benefits (DB) and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Members become vested in employers' contributions as follows:

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

The School District contributed \$78,414 for the year ended June 30, 2020, which included forfeitures of \$9,073 which have been applied against contributions.

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

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

The DB Plan's membership consisted of the following at June 30, 2019 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	13,239
Inactive plan members entitled to but not receiving benefits	799
Inactive plan members not entitled to benefits	1,811
Active plan members	<u>4,087</u>
Total DB plan membership	<u>19,936</u>

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

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

Post Retirement Pension Adjustments. Effective in fiscal year 1991, automatic post retirement pension adjustment (PRPA) was granted to all current and future retirees.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

Employer contributions for the year ended June 30, 2020, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	48,661	44,668	93,329

Teachers Retirement Plans

For the year ended June 30, 2020 the State of Alaska contributed \$347,165 (100% pension cost) on-behalf of the District, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date to a total of (\$338,289), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2020, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that was associated with the District were as follows:

	<u>Pension</u>
Defined Benefit:	
District's proportionate share of the net pension liability	\$ 1,751,000
State's proportionate share of the net pension liability	<u>2,599,243</u>
Total	<u>\$ 4,350,243</u>
	<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability (asset)	\$ (142,907)
State's proportionate share of the ARHCT OPEB liability (asset)	<u>(212,886)</u>
Total	<u>\$ (355,793)</u>
District's proportionate share of the ODD OPEB liability (asset)	<u>\$ (12,569)</u>
District's proportionate share of the RMP OPEB liability (asset)	<u>\$ (11,981)</u>
Total District's share of net pension and OPEB liabilities and assets	<u>\$ 1,583,543</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The net pension and OPEB liabilities and assets were measured as of June 30, 2019, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities and assets were determined by an actuarial valuation as of that date. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2021 through FY2039, as determined by projections based on the June 30, 2019 valuation.

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

	June 30, 2018 Measurement	June 30, 2019 Measurement	Change
Pension	.0904%	.0937%	.0033%
OPEB:			
ARHCT	.0902%	.0935%	.0033%
ODD	.3368%	.3126%	(.0242)%
RMP	.3368%	.3123%	(.0245)%

Based on the measurement date of June 30, 2019, the District recognized pension expense of \$391,849 and OPEB expense of (\$861,629), respectively, for the year ended June 30, 2020. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pensions	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	(47,482)
Changes of assumptions	-	(12,392)
Net difference between projected and actual earnings on pension plan investments	44,975	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(16,727)
District contribution subsequent to the measurement date	48,661	-
Total	<u>\$ 93,636</u>	<u>(76,601)</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(26,152)
Changes of assumptions	13,935	(43,183)
Net difference between projected and actual earnings on pension plan investments	-	(22,115)
Changes in proportion and differences between District contributions and proportionate share of contributions	17,636	-
District contribution subsequent to the measurement date	<u>27,269</u>	<u>-</u>
Total	<u>\$ 58,840</u>	<u>(91,450)</u>

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(1,419)
Changes of assumptions	-	(14)
Net difference between projected and actual earnings on pension plan investments	-	(89)
Changes in proportion and differences between District contributions and proportionate share of contributions	1,386	-
District contribution subsequent to the measurement date	<u>1,190</u>	<u>-</u>
Total	<u>\$ 2,576</u>	<u>(1,522)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,485	(981)
Changes of assumptions	5,484	(12,635)
Net difference between projected and actual earnings on pension plan investments	-	(313)
Changes in proportion and differences between District contributions and proportionate share of contributions	1,707	-
District contribution subsequent to the measurement date	<u>16,209</u>	<u>-</u>
Total	<u>\$ 30,885</u>	<u>(13,929)</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

\$48,661 and \$44,668 are reported as deferred outflows of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liability and as an increase to the net pension and OPEB assets in the year ended June 30, 2019 (actuarial), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2020	\$ (26,584)	(55,248)	(78)	(332)
2021	(32,604)	(17,483)	(77)	(332)
2022	12,294	5,626	20	415
2023	15,268	7,226	25	404
2024	-	-	(5)	117
Thereafter	-	-	(21)	475
Total	\$ (31,626)	(59,879)	(136)	747

For the year ended June 30, 2020, the District recognized \$57,557 and \$26,241 of pension and OPEB amortization of the deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate:

The following presents the net pension and OPEB liabilities (assets) of the Plan calculated using the discount rate of 7.38%, as well as what the Plans' net pension and OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

		1% Decrease (6.38%)	Current Rate (7.38%)	1% Increase (8.38%)
Net pension liability	\$	2,522,364	1,751,000	1,103,346
Net OPEB ARHCT liability (asset)	\$	214,438	(142,907)	(435,415)
Net OPEB ODD liability (asset)	\$	(12,613)	(12,569)	(12,544)
Net OPEB RMP liability (asset)	\$	20,995	(11,981)	(36,506)

Sensitivity of the District's proportionate share of the net OPEB liability and asset to changes in the healthcare cost trend rates. The following present the District's proportionate share of the net OPEB liability and asset, as well as what the District's proportionate share of the net OPEB liability and asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$	(467,679)	(142,907)	255,483
Net OPEB ODD liability (asset)	\$	N/A	(12,569)	N/A
Net OPEB RMP liability (asset)	\$	(39,963)	(11,981)	26,783

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. State statutes require the employer to contribute 7% of employees' eligible compensation. Additionally, employers are required to contribute to other post-employment benefits (DB): 1.09% for the retiree medical plan, 0.08% for occupational death and disability, and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The employer effective contribution rate is 12.56%. Plan members are 100% vested with their contributions. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

The School District contributed \$146,525 for the year ended June 30, 2020.

D. Subsequent Accounting Pronouncements

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

- GASB 84 *Fiduciary Activities*. Effective for fiscal years beginning after December 15, 2019.
- GASB 87 *Leases*. Effective for fiscal years beginning after June 15, 2021.
- GASB 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2020.
- GASB 90 *Majority Equity Interests*. Effective for fiscal years beginning after December 15, 2019.
- GASB 91 *Conduit Debt Obligation*. Effective for fiscal years beginning after December 15, 2021.
- GASB 92 *Omnibus 2020*. This Statement has multiple effective dates which vary by topic.
- GASB 93 *Replacement of Interbank Offered Rates*. Effective for fiscal years beginning after June 15, 2021.
- GASB 94 *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*. Effective for fiscal years beginning after June 15, 2022.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

- GASB 95 *Postponement of the Effective Dates of Certain Authoritative Guidance* Effective immediately.
- GASB 96 *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Effective for fiscal years beginning after June 15, 2021.

Statements 90, 91, 94, and 97 are not expected to have any significant impact on the financial statements of the District.

GASB Statement No. 84, the objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets

GASB Statement No. 87, the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

GASB Statement No. 89 requires interest costs incurred before the end of a construction period to be recognized as an expenditure or expense in the period in which the cost is incurred for financial statements prepared under the current financial resources measurement focus or the economic resource measurement focus.

GASB Statement No. 92, the objectives of this Statement are to enhance comparability and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, addresses the fact that some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

GASB Statement No. 95 provides temporary relief to governments in light of the COVID-19 pandemic. The effective dates of the following pronouncement are postponed by one year: GASB Statements No. 83, No.84, No.88, No. 89, No. 90, No. 91, No.92, and No. 93. The effective date for GASB 87 has been postponed by 18 months.

GASB Statement No. 96 will improve financial reporting by establishing a definition for Subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

**REQUIRED SUPPLEMENTARY
INFORMATION**

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2020

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	1.5385%	\$ 717,565	\$ 736,222	\$ 1,453,787	\$ 734,602	98%	62.37%
2016	0.0554%	\$ 2,686,427	\$ 717,377	\$ 3,403,804	\$ 988,932	272%	63.96%
2017	0.0330%	\$ 1,846,762	\$ 234,848	\$ 2,081,610	\$ 1,101,563	168%	59.55%
2018	0.0388%	\$ 2,006,604	\$ 747,577	\$ 2,754,181	\$ 1,154,761	174%	63.37%
2019	0.0304%	\$ 1,511,338	\$ 437,051	\$ 1,948,389	\$ 928,250	163%	65.19%
2020	0.0333%	\$ 1,821,020	\$ 720,723	\$ 2,541,743	\$ 1,062,332	171%	63.42%

Notes to Schedule:

1. The plan measurement date is one year prior to fiscal year end for all years presented.
2. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2020

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.0389%	\$ 328,329	\$ 122,609	\$ 450,938	\$ 1,154,761	28.43%	89.68%
2019	0.0304%	\$ 312,420	\$ 91,225	\$ 403,645	\$ 928,250	33.66%	88.12%
2020	0.0332%	\$ 49,267	\$ 19,556	\$ 68,823	\$ 1,062,332	4.64%	98.13%
Occupational Death and Disability (ODD):							
2018	0.0535%	\$ (7,590)	\$ -	\$ (7,590)	\$ 1,154,761	-0.66%	212.97%
2019	0.0598%	\$ (11,619)	\$ -	\$ (11,619)	\$ 928,250	-1.25%	270.62%
2020	0.0538%	\$ (13,037)	\$ -	\$ (13,037)	\$ 1,062,332	-1.23%	297.43%
Retiree Medical Plan (RMP):							
2018	0.0535%	\$ 2,790	\$ -	\$ 2,790	\$ 616,628	0.45%	93.98%
2019	0.0598%	\$ 7,612	\$ -	\$ 7,612	\$ 335,600	2.27%	88.71%
2020	0.0676%	\$ 16,181	\$ -	\$ 16,181	\$ 399,705	4.05%	83.17%

Notes to Schedule:

1. The plan measurement date is one year prior to fiscal year end for all years presented.
2. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

SOUTHEAST ISLAND SCHOOL DISTRICT
 Schedule of the District's Contributions (Pensions)
 Public Employees' Retirement System (PERS)

June 30, 2020

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 63,677	\$ (63,677)	\$ -	\$ 988,932	6.44%
2016	\$ 77,283	\$ (77,283)	\$ -	\$ 1,101,563	7.02%
2017	\$ 89,319	\$ (89,319)	\$ -	\$ 1,154,761	7.73%
2018	\$ 95,194	\$ (95,194)	\$ -	\$ 928,250	10.26%
2019	\$ 95,994	\$ (100,564)	\$ (4,570)	\$ 1,062,332	9.04%
2020	\$ 81,626	\$ (72,744)	\$ 8,882	\$ 891,132	9.16%

Notes to schedule

1. Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
4. Amortization method: Level dollar, closed.
5. Amortization period: 25 years, as a level of percentage of payroll.
6. Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
7. Inflation: 2.5% per annum.
8. Salary increases: Ranges from 7.75% to 2.75% based on service for Peace Officers/Firefighters. Ranges from 6.75% to 2.75% based on age and service for all others.
9. Investment rate of return: 7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.88%.
10. Retirement age: Retirement rates based upon the 2013-2017 actual experience.
11. Mortality: Mortality rates based upon the 2013-2017 actual experience.
12. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

SOUTHEAST ISLAND SCHOOL DISTRICT

Schedule of the District's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2020

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 27,132	\$ (27,132)	\$ -	\$ 928,250	2.92%
2019	\$ 35,081	\$ (84,084)	\$ -	\$ 1,062,332	3.30%
2020	\$ 32,471	\$ (32,471)	\$ -	\$ 891,132	3.64%
Occupational Death and Disability (ODD):					
2018	\$ 1,083	\$ (1,083)	\$ -	\$ 928,250	0.12%
2019	\$ 2,196	\$ (2,937)	\$ -	\$ 1,062,332	0.21%
2020	\$ 2,044	\$ (2,044)	\$ -	\$ 891,132	0.23%
Retiree Medical Plan (RMP):					
2018	\$ 6,974	\$ (6,974)	\$ -	\$ 335,600	2.08%
2019	\$ 7,937	\$ (7,937)	\$ -	\$ 399,705	1.99%
2020	\$ 10,376	\$ (10,376)	\$ -	\$ 356,427	2.91%

Notes to schedule

- Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
- Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry Age Normal - level percentage of payroll.
- Amortization method: Level dollar, closed.
- Amortization period: 25 years, as a level of percentage of payroll.
- Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
- Inflation: 2.5% per annum.
- Salary increases: Ranges from 7.75% to 2.75% based on service for Peace Officers/Firefighters. Ranges from 6.75% to 2.75% based on age and service for all others.
- Investment rate of return: 7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.88%.
- Retirement age: Retirement rates based upon the 2013-2017 actual experience.
- Mortality: Mortality rates based upon the 2013-2017 actual experience.
- This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2020

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0316%	\$ 946,423	\$ 6,950,421	\$ 7,896,844	\$ 2,087,865	45.33%	55.70%
2016	0.0899%	\$ 1,671,672	\$ 2,672,087	\$ 4,343,759	\$ 2,267,494	73.72%	73.82%
2017	0.1092%	\$ 2,492,649	\$ 2,962,960	\$ 5,455,609	\$ 2,104,089	118.47%	68.40%
2018	0.0765%	\$ 1,550,361	\$ 2,703,897	\$ 4,254,258	\$ 1,927,170	80.45%	72.39%
2019	0.0904%	\$ 1,729,651	\$ 2,572,515	\$ 4,302,166	\$ 1,786,951	96.79%	74.09%
2020	0.0937%	\$ 1,751,000	\$ 2,599,243	\$ 4,350,243	\$ 1,646,290	106.36%	74.68%

Notes to Schedule:

1. The plan measurement date is one year prior to fiscal year end for all years presented.
2. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2020

<u>Year</u>	<u>District's Proportion of the Net OPEB Liability (Asset)</u>	<u>District's Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>State of Alaska Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Total Net OPEB Liability (Asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.0762%	\$ 140,186	\$ 245,620	\$ 385,806	\$ 1,927,170	7.27%	93.75%
2019	0.0902%	280,407	418,170	698,577	1,786,951	15.69%	90.23%
2020	0.0935%	(142,907)	(212,886)	(355,793)	1,646,290	-8.68%	105.50%
Occupational Death and Disability (ODD):							
2018	0.3608%	\$ (11,792)	\$ -	\$ (11,792)	\$ 1,927,170	-0.61%	1342.59%
2019	0.3368%	(11,807)	-	(11,807)	1,786,951	-0.66%	1304.81%
2020	0.3126%	(12,569)	-	(12,569)	1,646,290	-0.76%	1409.77%
Retiree Medical Plan (RMP):							
2018	0.3608%	\$ (17,103)	\$ -	\$ (17,103)	\$ 1,147,033	-1.49%	118.16%
2019	0.3368%	(10,770)	-	(10,770)	962,245	-1.12%	109.56%
2020	0.3123%	(11,981)	-	(11,981)	981,354	-1.22%	110.03%

Notes to Schedule:

1. The plan measurement date is one year prior to fiscal year end for all years presented.
2. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

SOUTHEAST ISLAND SCHOOL DISTRICT
Schedule of the District's Contributions (Pensions)
Teachers' Retirement System (TRS)
June 30, 2020

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 75,736	\$ (75,736)	\$ -	\$ 2,267,494	3.34%
2016	\$ 67,932	\$ (67,932)	\$ -	\$ 2,104,089	3.23%
2017	\$ 54,175	\$ (54,175)	\$ -	\$ 1,927,170	2.81%
2018	\$ 71,915	\$ (71,915)	\$ -	\$ 1,786,951	4.02%
2019	\$ 55,531	\$ (45,295)	\$ 10,236	\$ 1,646,290	3.37%
2020	\$ 53,564	\$ (53,885)	\$ (321)	\$ 2,063,989	2.60%

Notes to schedule

1. Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
4. Amortization method: Level dollar, closed.
5. Amortization period: 25 years, as a level of percentage of payroll.
6. Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
7. Inflation: 2.5% per annum.
8. Salary increases: Ranges from 6.75% to 2.75% based on service.
9. 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%.
10. Retirement age: Retirement rates based upon the 2013-2017 actual experience.
11. Mortality: Mortality rates are based upon 2013-2017 actual experience.
12. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

SOUTHEAST ISLAND SCHOOL DISTRICT
Schedule of the District's Contributions (OPEB)
Teachers' Retirement System (TRS)
June 30, 2020

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 30,659	\$ (30,659)	\$ -	\$ 1,786,951	1.72%
2019	\$ 27,611	\$ (27,611)	\$ -	\$ 1,646,290	1.68%
2020	\$ 29,845	\$ (29,845)	\$ -	\$ 2,063,989	1.45%
Occupational Death and Disability (ODD):					
2018	\$ -	\$ -	\$ -	\$ 1,786,951	0.00%
2019	\$ 975	\$ (975)	\$ -	\$ 1,646,290	0.06%
2020	\$ 1,275	\$ (1,275)	\$ -	\$ 2,063,989	0.06%
Retiree Medical Plan (RMP):					
2018	\$ 11,016	\$ (11,016)	\$ -	\$ 962,245	1.14%
2019	\$ 9,635	\$ (9,635)	\$ -	\$ 981,354	0.98%
2020	\$ 17,055	\$ (17,055)	\$ -	\$ 1,251,409	1.36%

Notes to schedule

- Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
- Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry Age Normal - level percentage of payroll.
- Amortization method: Level dollar, closed.
- Amortization period: 25 years, as a level of percentage of payroll.
- Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
- Inflation: 2.5% per annum.
- Salary increases: Ranges from 6.75% to 2.75% based on service.
- 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%.
- Retirement age: Retirement rates based upon the 2013-2017 actual experience.
- Mortality: Mortality rates are based upon 2013-2017 actual experience.
- This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

**ADDITIONAL SUPPLEMENTARY
INFORMATION**

SOUTHEAST ISLAND SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Local sources:			
E-rate	\$ 618,797	614,390	(4,407)
Other	25,000	22,215	(2,785)
Total local	<u>643,797</u>	<u>636,605</u>	<u>(7,192)</u>
State sources:			
Foundation program	5,098,495	5,098,495	-
Quality schools	13,756	13,756	-
TRS on-behalf payment	320,636	347,165	26,529
PERS on-behalf payment	67,879	64,694	(3,185)
Other	140,285	102,644	(37,641)
Total state sources	<u>5,641,051</u>	<u>5,626,754</u>	<u>(14,297)</u>
Federal sources:			
Timber receipts	300,000	283,586	(16,414)
Total revenues	<u>6,584,848</u>	<u>6,546,945</u>	<u>(37,903)</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	1,206,703	1,301,533	(94,830)
Non-certificated salaries	41,005	50,050	(9,045)
Employee benefits	826,954	877,694	(50,740)
Housing allowance	-	5,654	(5,654)
Professional and technical services	-	6,848	(6,848)
Staff travel	3,500	4,889	(1,389)
Student travel	8,262	1,762	6,500
Utility services	23,545	24,057	(512)
Other purchased services	-	2,234	(2,234)
Supplies, materials and media	87,196	52,380	34,816
Tuition and stipends	-	475	(475)
Other expenses	24,250	3,032	21,218
Total instruction	<u>2,221,415</u>	<u>2,330,608</u>	<u>(109,193)</u>
Special education instruction:			
Certificated salaries	164,810	122,842	41,968
Non-certificated salaries	325,385	251,429	73,956
Employee benefits	247,130	159,932	87,198
Professional and technical services	-	6,659	(6,659)
Staff travel	-	353	(353)
Utility services	-	44	(44)
Supplies, materials and media	2,000	2,344	(344)
Total special education instruction	<u>739,325</u>	<u>543,603</u>	<u>195,722</u>

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures, continued:			
Current:			
Special education support services - students:			
Certificated salaries	12,500	13,572	(1,072)
Non-certificated salaries	1,604	3,799	(2,195)
Employee benefits	8,766	7,785	981
Professional and technical services	1,059	35,684	(34,625)
Staff travel	-	2,508	(2,508)
Supplies, materials and media	11,950	16,764	(4,814)
Total special education support services - students	<u>35,879</u>	<u>80,112</u>	<u>(44,233)</u>
Support services - students:			
Certificated salaries	2,002	5,710	(3,708)
Employee benefits	1,262	2,574	(1,312)
Total support services - students	<u>3,264</u>	<u>8,284</u>	<u>(5,020)</u>
Support services - instruction:			
Certificated salaries	-	11,556	(11,556)
Non-certificated salaries	65,712	73,625	(7,913)
Employee benefits	52,713	53,831	(1,118)
Professional and technical services	10,000	10,000	-
Staff travel	-	500	(500)
Utility services	784,641	786,960	(2,319)
Other purchased services	20,500	7,443	13,057
Supplies, materials and media	33,050	18,986	14,064
Other expenses	14,950	17,255	(2,305)
Total support services - instruction	<u>981,566</u>	<u>980,156</u>	<u>1,410</u>
School administration:			
Certificated salaries	196,758	212,547	(15,789)
Non-certificated salaries	-	567	(567)
Employee benefits	95,546	105,775	(10,229)
Housing allowance	8,640	29	8,611
Staff travel	-	1,385	(1,385)
Utility services	1,200	21	1,179
Supplies, materials and media	2,500	1,598	902
Total school administration	<u>304,644</u>	<u>321,922</u>	<u>(17,278)</u>
School administration support services:			
Non-certificated salaries	35,560	61,811	(26,251)
Employee benefits	35,818	21,911	13,907
Supplies, materials and media	1,000	632	368
Total school administration support services	<u>72,378</u>	<u>84,354</u>	<u>(11,976)</u>
District administration:			
Certificated salaries	112,500	122,244	(9,744)
Non-certificated salaries	66,234	68,552	(2,318)
Employee benefits	118,068	119,334	(1,266)
Housing allowance	1,250	1,250	-
Professional and technical services	17,500	11,902	5,598
Staff travel	-	3,149	(3,149)
Utility services	2,100	344	1,756
Other purchased services	3,700	245	3,455
Supplies, materials and media	6,660	1,635	5,025
Tuition and stipends	1,000	1,000	-
Other expenses	15,175	14,226	949
Total district administration	<u>344,187</u>	<u>343,881</u>	<u>306</u>

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures, continued:			
Current:			
District administration support services:			
Non-certificated salaries	100,661	93,963	6,698
Employee benefits	77,952	71,943	6,009
Professional and technical services	125,000	103,058	21,942
Staff travel	-	59	(59)
Utilities services	6,500	7,113	(613)
Other purchased services	2,500	4,479	(1,979)
Insurance and bond premiums	71,880	71,877	3
Supplies, materials and media	6,500	6,630	(130)
Other expenses	16,000	14,720	1,280
Indirect cost recovery	(112,296)	(55,911)	(56,385)
Total district administration support services	<u>294,697</u>	<u>317,931</u>	<u>(23,234)</u>
Operations and maintenance of plant:			
Non-certificated salaries	351,422	312,551	38,871
Employee benefits	147,635	151,179	(3,544)
Professional and technical services	6,979	6,979	-
Staff travel	6,200	2,481	3,719
Utility services	39,940	32,601	7,339
Energy	321,120	235,839	85,281
Other purchased services	100,346	84,382	15,964
Insurance and bond premiums	123,784	123,783	1
Supplies, materials and media	136,870	83,518	53,352
Other expenses	1,200	227	973
Equipment	20,000	-	20,000
Total operations and maintenance of plant	<u>1,255,496</u>	<u>1,033,540</u>	<u>221,956</u>
Student activities:			
Certificated salaries	47,100	11,904	35,196
Non-certificated salaries	17,100	36,903	(19,803)
Employee benefits	22,984	12,856	10,128
Staff travel	14,500	16,126	(1,626)
Student travel	30,500	39,664	(9,164)
Other purchased services	-	3,629	(3,629)
Supplies, materials and media	8,050	3,573	4,477
Other expenses	2,500	4,779	(2,279)
Total student activities	<u>142,734</u>	<u>129,434</u>	<u>13,300</u>
Total expenditures	<u>6,395,585</u>	<u>6,173,825</u>	<u>221,760</u>
Excess of revenues over expenditures	<u>189,263</u>	<u>373,120</u>	<u>183,857</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	-	6,830	6,830
Transfers in (out):			
Capital projects fund	(5,000)	(105,434)	(100,434)
Food service special revenue fund	-	(158,296)	(158,296)
Total transfers in (out)	<u>(5,000)</u>	<u>(263,730)</u>	<u>(258,730)</u>
Net other financing sources (uses)	<u>(5,000)</u>	<u>(256,900)</u>	<u>(251,900)</u>
Net change in fund balance	<u>\$ 184,263</u>	<u>116,220</u>	<u>(68,043)</u>
Fund balance, beginning of year		<u>439,234</u>	
Fund balance, end of year		<u>\$ 555,454</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

THRIVE Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 545,332	336,287	(209,045)
Expenditures - current:			
Support services - students:			
Certificated salaries	146,485	80,456	66,029
Non-certificated salaries	-	5,658	(5,658)
Employee benefits	76,172	28,758	47,414
Professional and technical services	66,400	125,014	(58,614)
Staff travel	154,070	22,052	132,018
Student travel	-	4,125	(4,125)
Utility services	18,210	18,206	4
Other purchased services	-	30	(30)
Supplies, materials and media	25,915	19,574	6,341
Tuition and stipends	23,990	8,462	15,528
Total support services - students	<u>511,242</u>	<u>312,335</u>	<u>198,907</u>
District administration support services:			
Indirect costs	34,090	23,952	10,138
Total expenditures	<u>545,332</u>	<u>336,287</u>	<u>209,045</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance

Year Ended June 30, 2020

Revenues:	
Intergovernmental:	
State of Alaska	\$ <u>790,619</u>
Expenditures:	
Operations and maintenance of plant:	
Utility services	100
Other purchased services	102
Supplies, materials and media	15,088
Other expenses	248
Total operations and maintenance of plant	<u>15,538</u>
Student transportation:	
Equipment	<u>441,674</u>
Construction and facilities acquisition:	
Non-certificated salaries	45,375
Employee benefits	26,384
Professional and technical services	39,420
Utility services	1,428
Other purchased services	26,560
Supplies, materials and media	225,543
Equipment	25,684
Other expenses	675
Total construction and facilities acquisition	<u>391,069</u>
Total expenditures	<u>848,281</u>
Excess (deficiency) of revenues over expenditures	(57,662)
Other financing sources:	
Insurance recovery	195,524
Transfers in - School Operating Fund	105,434
Transfers in - pupil transportation special revenue fund	41,674
Total other financing sources	<u>342,632</u>
Net change in fund balance	284,970
Fund balance, beginning of year	<u>99,114</u>
Fund balance, end of year	<u>\$ <u>384,084</u></u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

June 30, 2020

Special Revenue Funds

<u>Assets</u>	Pupil Transportation	Early Learning	Food Service	Alaska Nutritional Foods	Title I-A Basic	Title I-C Migrant Education	Migrant Book
Accounts receivable	-	-	28,113	-	13,154	15,477	1,828
Due from School Operating Fund	385,617	63,405	57,966	732	-	-	-
Inventory	-	-	13,976	-	-	-	-
	<u>385,617</u>	<u>63,405</u>	<u>100,055</u>	<u>732</u>	<u>13,154</u>	<u>15,477</u>	<u>1,828</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	-	133	-	-	-	2,338	-
Unearned revenue	-	63,272	-	732	-	-	-
Due to School Operating Fund	-	-	-	-	13,154	13,139	1,828
Total liabilities	<u>-</u>	<u>63,405</u>	<u>-</u>	<u>732</u>	<u>13,154</u>	<u>15,477</u>	<u>1,828</u>
Fund balances:							
Nonspendable	-	-	13,976	-	-	-	-
Assigned	385,617	-	86,079	-	-	-	-
Total fund balances	<u>385,617</u>	<u>-</u>	<u>100,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 385,617</u>	<u>63,405</u>	<u>100,055</u>	<u>732</u>	<u>13,154</u>	<u>15,477</u>	<u>1,828</u>

(Continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, continued

	Special Revenue Funds						
	Title IV-A Innovative	Title II-A Teacher & Principal Training	Title VI-B IDEA	Carl Perkins	Title I-A School Improvement	Comprehensive State Literacy Development	CARES Act
<u>Assets</u>							
Accounts receivable	\$ 2,584	1,797	4,851	15,209	8,549	43,418	10,260
Due from School Operating Fund	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
	<u>2,584</u>	<u>1,797</u>	<u>4,851</u>	<u>15,209</u>	<u>8,549</u>	<u>43,418</u>	<u>10,260</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Due to School Operating Fund	2,584	1,797	4,851	15,209	8,549	43,418	10,260
Total liabilities	<u>2,584</u>	<u>1,797</u>	<u>4,851</u>	<u>15,209</u>	<u>8,549</u>	<u>43,418</u>	<u>10,260</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>2,584</u>	<u>1,797</u>	<u>4,851</u>	<u>15,209</u>	<u>8,549</u>	<u>43,418</u>	<u>10,260</u>

(Continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, continued

		Special Revenue Funds					
<u>Assets</u>	Opioid Response Planning	U.S. Forest Service	Indian Education	Select - Klawock	A-STRIDE	Resolve YKSD	
Accounts receivable	\$ -	84,801	-	4,844	17,967	13,611	
Due from School Operating Fund	65,725	-	9,870	-	-	-	
Inventory	-	-	-	-	-	-	
	<u>65,725</u>	<u>84,801</u>	<u>9,870</u>	<u>4,844</u>	<u>17,967</u>	<u>13,611</u>	
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	-	-	-	-	-	-	
Unearned revenue	65,725	-	9,870	-	-	-	
Due to School Operating Fund	-	84,801	-	4,844	17,967	13,611	
Total liabilities	<u>65,725</u>	<u>84,801</u>	<u>9,870</u>	<u>4,844</u>	<u>17,967</u>	<u>13,611</u>	
Fund balances:							
Nonspendable	-	-	-	-	-	-	
Assigned	-	-	-	-	-	-	
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total liabilities and fund balances	<u>\$ 65,725</u>	<u>84,801</u>	<u>9,870</u>	<u>4,844</u>	<u>17,967</u>	<u>13,611</u>	

(Continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, continued

	Special Revenue Funds						Total Other Governmental Funds
	Teacher Housing	CIS CEO	USDA Farm to School	AK Transformation	SEIYA	NEA Alaska	
<u>Assets</u>							
Accounts receivable	\$ 9,754	-	-	4,000	-	-	280,217
Due from School Operating Fund	227,354	1,320	15,956	-	1,613	2,000	831,558
Inventory	-	-	-	-	-	-	13,976
	<u>237,108</u>	<u>1,320</u>	<u>15,956</u>	<u>4,000</u>	<u>1,613</u>	<u>2,000</u>	<u>1,125,751</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	-	-	-	-	-	-	2,471
Unearned revenue	-	1,320	15,956	-	1,613	2,000	160,488
Due to School Operating Fund	-	-	-	4,000	-	-	240,012
Total liabilities	<u>-</u>	<u>1,320</u>	<u>15,956</u>	<u>4,000</u>	<u>1,613</u>	<u>2,000</u>	<u>402,971</u>
Fund balances:							
Nonspendable	-	-	-	-	-	-	13,976
Assigned	237,108	-	-	-	-	-	708,804
Total fund balances	<u>237,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>722,780</u>
Total liabilities and fund balances	\$ <u>237,108</u>	<u>1,320</u>	<u>15,956</u>	<u>4,000</u>	<u>1,613</u>	<u>2,000</u>	<u>1,125,751</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2020

	Special Revenue Funds							
	Pupil Transportation	Staff Development	Early Learning	Food Service	Fresh Fruit and Vegetables	NSLP Equipment	Title I-A Basic	Title I-C Migrant Education
Revenues:								
Local sources:								
Charges for services	\$ -	-	-	4,022	-	-	-	-
Other	-	-	-	-	-	-	-	-
Intergovernmental:								
State of Alaska	210,451	-	53,099	-	-	-	-	-
Federal sources:								
Contract for services	-	-	-	-	-	-	-	-
Passed through the State of Alaska	-	17,513	-	152,745	4,265	7,000	32,975	32,432
Direct	-	-	-	-	-	-	-	-
Total revenues	<u>210,451</u>	<u>17,513</u>	<u>53,099</u>	<u>156,767</u>	<u>4,265</u>	<u>7,000</u>	<u>32,975</u>	<u>32,432</u>
Expenditures:								
Current:								
Instruction	-	8,551	49,560	-	-	-	30,777	30,280
Special education instruction	-	-	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-	-
Support services - instruction	-	-	-	-	-	-	-	-
District administration support services	-	-	3,539	-	-	-	2,198	2,152
Operations and maintenance of plants	-	8,962	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Student transportation	75,491	-	-	-	-	-	-	-
Food services	-	-	-	266,327	4,265	7,000	-	-
Community services	-	-	-	-	-	-	-	-
Total expenditures	<u>75,491</u>	<u>17,513</u>	<u>53,099</u>	<u>266,327</u>	<u>4,265</u>	<u>7,000</u>	<u>32,975</u>	<u>32,432</u>
Excess (deficiency) of revenues over expenditures	<u>134,960</u>	<u>-</u>	<u>-</u>	<u>(109,560)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	158,296	-	-	-	-
Transfers out	(41,674)	-	-	-	-	-	-	-
Total other financing sources (uses):	<u>(41,674)</u>	<u>-</u>	<u>-</u>	<u>158,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>93,286</u>	<u>-</u>	<u>-</u>	<u>48,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>292,331</u>	<u>-</u>	<u>-</u>	<u>51,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 385,617</u>	<u>-</u>	<u>-</u>	<u>100,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds							Comprehensive State Literacy Development
	Migrant Book	Title IV-A Innovative	Title II-A Teacher & Principal Training	Title VI-B IDEA	Section 619 Preschool Disabled	Carl Perkins	Title I-A School Improvement	
Revenues:								
Local sources:								
Charges for services	\$ -	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Intergovernmental:								
State of Alaska	-	-	-	-	-	-	-	-
Federal sources:								
Contract for services	-	-	-	-	-	-	-	-
Passed through the State of Alaska	1,828	2,584	13,528	50,835	4,563	20,000	37,237	43,418
Direct	-	-	-	-	-	-	-	-
Total revenues	<u>1,828</u>	<u>2,584</u>	<u>13,528</u>	<u>50,835</u>	<u>4,563</u>	<u>20,000</u>	<u>37,237</u>	<u>43,418</u>
Expenditures:								
Current:								
Instruction	1,828	2,412	12,626	-	-	19,048	34,705	40,525
Special education instruction	-	-	-	47,447	4,259	-	-	-
Support services - students	-	-	-	-	-	-	-	-
Support services - instruction	-	-	-	-	-	-	-	-
District administration support services	-	172	902	3,388	304	952	2,532	2,893
Operations and maintenance of plants	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Total expenditures	<u>1,828</u>	<u>2,584</u>	<u>13,528</u>	<u>50,835</u>	<u>4,563</u>	<u>20,000</u>	<u>37,237</u>	<u>43,418</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses):	-	-	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	-	-	-	-	-	-	-

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds							
	CARES Act	Opioid Response Planning	U.S. Forest Service	Indian Education	REAP	Select - Klawock	A-STRIDE	Resolve YKSD
Revenues:								
Local sources:								
Charges for services	\$ -	-	-	-	-	-	-	-
Other	-	-	-	-	-	7,738	44,726	27,047
Intergovernmental:								
State of Alaska	-	-	-	-	-	-	-	-
Federal sources:								
Contract for services	-	-	84,801	-	-	-	-	-
Passed through the State of Alaska	10,260	-	-	-	-	-	-	-
Direct	-	133,706	-	479	3,808	-	-	-
Total revenues	<u>10,260</u>	<u>133,706</u>	<u>84,801</u>	<u>479</u>	<u>3,808</u>	<u>7,738</u>	<u>44,726</u>	<u>27,047</u>
Expenditures:								
Current:								
Instruction	8,459	-	-	447	3,554	-	-	-
Special education instruction	-	-	-	-	-	-	-	-
Support services - students	-	124,009	-	-	-	7,738	44,726	27,047
Support services - instruction	816	-	-	-	-	-	-	-
District administration support services	684	9,697	-	32	254	-	-	-
Operations and maintenance of plants	301	-	84,801	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Total expenditures	<u>10,260</u>	<u>133,706</u>	<u>84,801</u>	<u>479</u>	<u>3,808</u>	<u>7,738</u>	<u>44,726</u>	<u>27,047</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds					Total Other Governmental Funds
	SEARHC Hollis & Thorne Bay	Teacher Housing	USDA Farm to School	Crossett	RurAL CAP	
Revenues:						
Local sources:						
Charges for services	\$ -	94,113	-	-	-	98,135
Other	4,000	201	-	20,000	10,000	113,712
Intergovernmental:						
State of Alaska	-	-	-	-	-	263,550
Federal sources:						
Contract for services	-	-	-	-	-	84,801
Passed through the State of Alaska	-	-	-	-	-	431,183
Direct	-	-	33,907	-	-	171,900
Total revenues	<u>4,000</u>	<u>94,314</u>	<u>33,907</u>	<u>20,000</u>	<u>10,000</u>	<u>1,163,281</u>
Expenditures:						
Current:						
Instruction	-	-	-	-	5,000	247,772
Special education instruction	-	-	-	-	-	51,706
Support services - students	-	-	-	-	-	203,520
Support services - instruction	-	-	-	-	-	816
District administration support services	-	-	2,260	-	-	31,959
Operations and maintenance of plants	-	82,298	-	-	-	176,362
Student activities	4,000	-	-	20,000	5,000	29,000
Student transportation	-	-	-	-	-	75,491
Food services	-	-	-	-	-	277,592
Community services	-	-	31,647	-	-	31,647
Total expenditures	<u>4,000</u>	<u>82,298</u>	<u>33,907</u>	<u>20,000</u>	<u>10,000</u>	<u>1,125,865</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>12,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,416</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	158,296
Transfers out	-	-	-	-	-	(41,674)
Total other financing sources (uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,622</u>
Net change in fund balance	<u>-</u>	<u>12,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,038</u>
Fund balances, beginning of year	<u>-</u>	<u>225,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>568,742</u>
Fund balances, end of year	<u>\$ -</u>	<u>237,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>722,780</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Pupil Transportation Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 210,451	210,451	-
Expenditures - current:			
Student transportation:			
Non-certificated salaries	76,963	36,150	40,813
Employee benefits	56,256	15,349	40,907
Professional and technical services	1,200	101	1,099
Staff travel	250	-	250
Utility services	1,073	1,073	-
Other purchased services	3,600	1,366	2,234
Supplies, materials and media	27,283	19,307	7,976
Other expenses	2,152	2,145	7
Total expenditures	<u>168,777</u>	<u>75,491</u>	<u>93,286</u>
Excess (deficiency) of revenues over expenditures	\$ 41,674	134,960	93,286
Other financing sources (uses):			
Transfers out - School Operating Fund	<u>41,674</u>	<u>41,674</u>	-
Net change in fund balance	\$ <u>-</u>	93,286	<u>93,286</u>
Fund balance, beginning of year		<u>292,331</u>	
Fund balance, end of year		<u>\$ 385,617</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Staff Development Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 17,513	17,513	-
Expenditures - current:			
Instruction:			
Staff travel	8,551	8,551	-
Operations and maintenance of plant:			
Staff travel	8,962	8,962	-
Total expenditures	17,513	17,513	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-5

Early Learning Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 116,371	53,099	(63,272)
Expenditures - current:			
Instruction:			
Certificated salaries	4,000	4,010	(10)
Non-certificated salaries	51,480	23,649	27,831
Employee benefits	14,020	5,331	8,689
Professional and technical services	13,280	-	13,280
Staff travel	8,876	45	8,831
Other purchased services	300	352	(52)
Supplies, materials and media	16,660	16,173	487
Total instruction	108,616	49,560	59,056
District administration support services:			
Indirect costs	7,755	3,539	4,216
Total expenditures	116,371	53,099	63,272
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Food Service Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Charges for services	\$ 8,500	4,022	(4,478)
Intergovernmental:			
Federal sources - passed through the State of Alaska	118,850	152,745	33,895
Total revenues	<u>127,350</u>	<u>156,767</u>	<u>29,417</u>
Expenditures - current:			
Food services:			
Non-certificated salaries	82,303	79,345	2,958
Employee benefits	35,010	23,117	11,893
Staff travel	1,500	1,201	299
Other purchased services	-	2,358	(2,358)
Supplies, materials and media	102,500	160,023	(57,523)
Other expenses	600	283	317
Total expenditures	<u>221,913</u>	<u>266,327</u>	<u>(44,414)</u>
Excess (deficiency) of revenues over expenditures	<u>(94,563)</u>	<u>(109,560)</u>	<u>(14,997)</u>
Other financing sources:			
Transfers in - School Operating Fund	-	158,296	158,296
Net change in fund balance	<u>\$ (94,563)</u>	48,736	<u>143,299</u>
Fund balance, beginning of year		<u>51,319</u>	
Fund balance, end of year		<u>\$ 100,055</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Fresh Fruit and Vegetable Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ <u>6,109</u>	<u>4,265</u>	<u>(1,844)</u>
Expenditures - current:			
Food services:			
Supplies, materials and media	<u>6,109</u>	<u>4,265</u>	<u>1,844</u>
Excess of revenues over expenditures	\$ <u> -</u>	<u> -</u>	<u> -</u>
Fund balance, beginning of year		<u> -</u>	
Fund balance, end of year		\$ <u> -</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

NSLP Equipment Special Revenue Fund

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

Year Ended June 30, 2020

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ <u>7,000</u>	<u>7,000</u>	<u>-</u>
Expenditures - current:			
Food services:			
Supplies, materials and media	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Net change in fund balance	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-9

Title I-A Basic Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 57,974	32,975	(24,999)
Expenditures - current:			
Instruction:			
Certificated salaries	2,800	1,048	1,752
Non-certificated salaries	28,000	8,972	19,028
Employee benefits	6,843	3,925	2,918
Staff travel	1,491	444	1,047
Supplies, materials and media	14,599	16,016	(1,417)
Other expenses	378	372	6
Total instruction	54,111	30,777	23,334
District administration support services:			
Indirect costs	3,863	2,198	1,665
Total expenditures	57,974	32,975	24,999
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-10

Title I-C Migrant Education Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 79,795	32,432	(47,363)
Expenditures - current:			
Instruction:			
Certificated salaries	7,000	2,484	4,516
Non-certificated salaries	26,000	12,305	13,695
Employee benefits	10,551	3,673	6,878
Professional and technical services	3,800	-	3,800
Staff travel	4,500	2,057	2,443
Student travel	4,400	-	4,400
Utility services	350	-	350
Other purchased services	1,760	1,070	690
Supplies, materials and media	13,782	8,557	5,225
Tuition and stipends	2,500	134	2,366
Total instruction	<u>74,643</u>	<u>30,280</u>	<u>44,363</u>
District administration support services:			
Indirect costs	5,152	2,152	3,000
Total expenditures	<u>79,795</u>	<u>32,432</u>	<u>47,363</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Migrant Book Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ <u>2,205</u>	<u>1,828</u>	<u>(377)</u>
Expenditures - current:			
Instruction:			
Supplies, materials and media	<u>2,205</u>	<u>1,828</u>	<u>377</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-12

Title IV-A Innovative Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 10,000	2,584	(7,416)
Expenditures - current:			
Instruction:			
Non-certificated salaries	5,000	1,838	3,162
Employee benefits	3,335	574	2,761
Professional and technical services	1,000	-	1,000
Total instruction	9,335	2,412	6,923
District administration support services:			
Indirect costs	665	172	493
Total expenditures	10,000	2,584	7,416
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-13

Title II-A Teacher and Principal Training Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 14,793	13,528	(1,265)
Expenditures - current:			
Instruction:			
Transportation allowance	6,808	7,263	(455)
Staff travel	2,000	1,472	528
Other expenses	5,000	3,891	1,109
Total instruction	<u>13,808</u>	<u>12,626</u>	<u>1,182</u>
District administration support services:			
Indirect costs	985	902	83
Total expenditures	<u>14,793</u>	<u>13,528</u>	<u>1,265</u>
Excess of revenues over expenditures	\$ <u> -</u>	-	<u> -</u>
Fund balance, beginning of year		<u> -</u>	
Fund balance, end of year		\$ <u> -</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-14

Title VI-B IDEA Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 51,325	50,835	(490)
Expenditures - current:			
Special education instruction:			
Non-certificated salaries	340	-	340
Employee benefits	150	-	150
Professional and technical services	40,381	40,289	92
Staff travel	4,500	4,792	(292)
Other purchased services	200	-	200
Supplies, materials and media	2,216	2,216	-
Other expenses	150	150	-
Total special education instruction	<u>47,937</u>	<u>47,447</u>	<u>490</u>
District administration support services:			
Indirect costs	3,388	3,388	-
Total expenditures	<u>51,325</u>	<u>50,835</u>	<u>490</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-15

Section 619 Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 4,563	4,563	-
Expenditures - current:			
Special education instruction:			
Professional and technical services	4,259	4,259	-
District administration support services:			
Indirect costs	304	304	-
Total expenditures	4,563	4,563	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-16

Carl Perkins Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 20,000	20,000	-
Expenditures - current:			
Instruction:			
Certificated salaries	369	369	-
Employee benefits	56	56	-
Staff travel	1,725	1,725	-
Student travel	73	73	-
Other purchased services	452	452	-
Supplies, materials and media	15,924	15,924	-
Other expenses	449	449	-
Total instruction	<u>19,048</u>	<u>19,048</u>	<u>-</u>
District administration support services:			
Indirect costs	952	952	-
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-17

Title I-A School Improvement Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 50,000	37,237	(12,763)
Expenditures - current:			
Instruction:			
Certificated salaries	16,641	11,582	5,059
Non-certificated salaries	3,585	365	3,220
Employee benefits	4,802	2,492	2,310
Professional and technical services	500	-	500
Staff travel	9,695	9,576	119
Supplies, materials and media	8,130	7,705	425
Other expenses	2,985	2,985	-
Total instruction	<u>46,338</u>	<u>34,705</u>	<u>11,633</u>
District administration support services:			
Indirect costs	3,662	2,532	1,130
Total expenditures	<u>50,000</u>	<u>37,237</u>	<u>12,763</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-18

Comprehensive State Literacy Development Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 336,418	43,418	(293,000)
Expenditures - current:			
Instruction:			
Certificated salaries	126,000	30,907	95,093
Non-certificated salaries	18,000	-	18,000
Employee benefits	17,130	4,731	12,399
Professional and technical services	20,000	-	20,000
Staff travel	72,658	1,107	71,551
Other expenses	60,210	3,780	56,430
Total instruction	<u>313,998</u>	<u>40,525</u>	<u>273,473</u>
District administration support services:			
Indirect costs	22,420	2,893	19,527
Total expenditures	<u>336,418</u>	<u>43,418</u>	<u>293,000</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

CARES Act Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 10,260	10,260	-
Expenditures - current:			
Instruction:			
Supplies, materials and media	8,459	8,459	-
Total instruction	8,459	8,459	-
Support services - instruction:			
Utility services	816	816	-
District administration support services:			
Indirect costs	684	684	-
Operations and maintenance of plant:			
Supplies, materials and media	301	301	-
Total expenditures	10,260	10,260	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-20

Opioid Response Planning Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 199,431	133,706	(65,725)
Expenditures - current:			
Support services - students:			
Certificated salaries	-	5,895	(5,895)
Non-certificated salaries	57,764	46,247	11,517
Employee benefits	50,911	40,480	10,431
Professional and technical services	40,000	22,086	17,914
Staff travel	15,925	2,532	13,393
Utility services	2,600	698	1,902
Other purchased services	3,500	3,536	(36)
Supplies, materials and media	11,506	2,535	8,971
Other expenses	2,719	-	2,719
Total support services - students	<u>184,925</u>	<u>124,009</u>	<u>60,916</u>
District administration support services:			
Indirect costs	14,506	9,697	4,809
Total expenditures	<u>199,431</u>	<u>133,706</u>	<u>65,725</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

U.S. Forest Service Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal - contract for services	\$ 84,801	84,801	-
Expenditures - current:			
Operations and maintenance of plant:			
Non-certificated salaries	-	15,508	(15,508)
Employee benefits	-	3,968	(3,968)
Staff travel	15,680	149	15,531
Utility services	-	504	(504)
Other purchased services	96,000	39,021	56,979
Supplies, materials and media	138,903	25,651	113,252
Other expenses	55,475	-	55,475
Total expenditures	<u>312,335</u>	<u>84,801</u>	<u>227,534</u>
Excess of revenues over expenditures	\$ <u>(227,534)</u>	-	<u>227,534</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-22

Indian Education Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 10,350	479	(9,871)
Expenditures - current:			
Instruction:			
Certificated salaries	506	142	364
Employee benefits	127	68	59
Professional and technical services	2,700	-	2,700
Staff travel	2,000	-	2,000
Supplies, materials and media	4,327	237	4,090
Total instruction	<u>9,660</u>	<u>447</u>	<u>9,213</u>
District administration support services:			
Indirect costs	690	32	658
Total expenditures	<u>10,350</u>	<u>479</u>	<u>9,871</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-23

REAP Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 3,808	3,808	-
Expenditures - current:			
Instruction:			
Other purchased services	3,308	3,308	
Supplies, materials and media	246	246	-
Total instruction	3,554	3,554	
District administration support services:			
Indirect costs	254	254	-
Total expenditures	3,808	3,808	-
Excess (deficiency) of revenues over expenditures	\$ -	-	-
Fund balance (deficit), beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-24

Select - Klawock Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ 8,762	7,738	(1,024)
Expenditures - current:			
Support services - students:			
Certificated salaries	6,053	5,330	723
Employee benefits	2,709	2,408	301
Total expenditures	8,762	7,738	1,024
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-25

A-STRIDE Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ 44,810	44,726	(84)
Expenditures - current:			
Support services - students:			
Certificated salaries	29,571	29,571	-
Non-certificated salaries	1,400	1,400	-
Employee benefits	13,390	13,390	-
Staff travel	449	365	84
Total expenditures	44,810	44,726	84
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Resolve YKSD Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ 32,427	27,047	(5,380)
Expenditures - current:			
Support services - students:			
Certificated salaries	22,388	18,679	3,709
Employee benefits	10,039	8,368	1,671
Total expenditures	32,427	27,047	5,380
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

SEARHC - Hollis & Thorne Bay Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ 4,000	4,000	-
Expenditures - current:			
Student activities:			
Other purchased services	4,000	4,000	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance , end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-28

Teacher Housing Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Local sources:			
Charges for services - rental income	\$ 110,000	94,113	(15,887)
Other	-	201	201
Total revenues	<u>110,000</u>	<u>94,314</u>	<u>(15,686)</u>
Expenditures			
Operations and maintenance of plant:			
Utility services	7,700	7,725	(25)
Energy	14,000	14,585	(585)
Other purchased services	17,500	17,610	(110)
Supplies, materials and media	93,000	42,378	50,622
Total expenditures	<u>132,200</u>	<u>82,298</u>	<u>49,902</u>
Excess of revenues over expenditures	\$ <u>(22,200)</u>	12,016	<u>34,216</u>
Fund balance, beginning of year		<u>225,092</u>	
Fund balance, end of year		\$ <u>237,108</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

USDA Farm to School Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 49,863	33,907	(15,956)
Expenditures - current:			
Community services			
Non-certificated salaries	10,000	11,737	(1,737)
Employee benefits	3,231	2,199	1,032
Professional and technical services	2,500	-	2,500
Staff travel	7,300	731	6,569
Other purchased services	-	2,150	(2,150)
Supplies, materials and media	23,216	13,185	10,031
Other expenses	-	1,645	(1,645)
Total community services	<u>46,247</u>	<u>31,647</u>	<u>14,600</u>
District administration support services:			
Indirect costs	3,616	2,260	1,356
Total expenditures	<u>49,863</u>	<u>33,907</u>	<u>15,956</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Crossett Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ 20,000	20,000	-
Expenditures - current:			
Student activities:			
Professional and technical services	726	726	
Staff travel	4,480	4,480	
Other purchased services	14,668	14,668	
Supplies, materials and media	126	126	-
Total student activities	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-31

RurAL CAP Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ 10,000	10,000	-
Expenditures - current:			
Instruction:			
Other purchased services	5,000	5,000	-
Student activities:			
Other purchased services	5,000	5,000	
Total expenditures	10,000	10,000	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Student Activity Agency Fund

Schedule of Changes in Assets and Liabilities

Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Assets</u>				
Cash and cash equivalents	\$ <u>141,088</u>	<u>20,508</u>	<u>10,926</u>	<u>150,670</u>
<u>Liabilities</u>				
Due to student groups	\$ <u>141,088</u>	<u>20,508</u>	<u>10,926</u>	<u>150,670</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Schedule of Compliance - AS 14.17.505

June 30, 2020

Total fund balance - School Operating Fund	\$	555,454
less exemptions per 4 AAC 09.160(a)		
Inventory		<u>69,821</u>
Fund Balance Subject to 10% Limitation	\$	<u>485,633</u>

Nonexempt fund balance as a percentage of current year expenditures:

<u>Fund balance subject to limitation</u>	<u>485,633</u>	=	<u>7.87%</u>
Current year expenditures	6,173,825		

SOUTHEAST ISLAND SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

<u>Grant Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Assistance Number</u>	<u>Total Grant Award</u>	<u>Total Federal Expended</u>
U.S. Department of Education:				
Passed through the State of Alaska Department of Education and Early Development:				
Title I-A Basic	IP 20.SISS.01	84.010	\$ 57,974	32,975
Title I-A School Improvement	SI 20.SISS.01	84.010	50,000	37,237
Staff Development	SD 20.SISS.01	84.010	5,000	4,346
Total CFDA 84.010			112,974	74,558
Title I-C Migrant Education	IP 20.SISS.01	84.011	79,795	32,432
Staff Development	SD 20.SISS.01	84.011	1,600	1,390
Migrant Education Books	MB 20.SISS.01	84.011	2,205	1,828
Total CFDA 84.011			83,600	35,650
Staff Development	SD 20.SISS.01	84.048	5,250	4,563
Carl Perkins	EK 20.SISS.01	84.048	20,000	20,000
Total CFDA 84.048			25,250	24,563
Title II-A Training and Recruitment	IP 20.SISS.01	84.367	14,793	13,528
Comprehensive State Literacy Development	AL 20.SISD.01	84.371	336,418	43,418
Title IV-A Student Support and Academic Enrichment	IP 20.SISS.01	84.424A	10,000	2,584
COVID-19 Elementary and Secondary School Emergency Relief Fund	20.SISS.01	84.425D	48,394	10,260
Special Education Cluster:				
Title VI-B Special Education	SE 20.SISS.01	84.027	50,835	50,835
Title VI-B Section 619 Preschool Disabled	SE 20.SISS.01	84.173	4,564	4,563
Total Special Education Cluster			55,399	55,398
Direct programs:				
Indian Education - Project THRIVE	S299A180022	84.299A	545,332	336,287
Indian Education Act	S060A182401	84.060A	10,350	479
REAP	S358C180011	84.358C	3,808	3,808
Total U.S. Department of Education			1,246,318	600,533

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards, continued

<u>Grant Title</u>	<u>Grant Number</u>	Catalog of Federal Domestic Assistance <u>Number</u>	Total Grant <u>Award</u>	Total Federal <u>Expended</u>
U.S. Department of Agriculture:				
Passed through the State of Alaska Department of Education and Early Development:				
Child Nutrition Cluster:				
School Breakfast Program	None	10.553	22,256	22,256
COVID-19 National School Lunch Program	None	10.555	5,461	5,461
National School Lunch Program	None	10.555	46,929	46,929
Commodities	None	10.555	5,912	5,213
COVID-19 Summer Food Service Program	None	10.559	71,220	71,220
Summer Food Service Program	None	10.559	1,666	1,666
Total Child Nutrition Cluster			<u>153,444</u>	<u>152,745</u>
Fresh Fruit & Vegetable Program	FF 20.AGSD.01	10.582	1,265	586
Fresh Fruit & Vegetable Program	FF 20.AGSD.02	10.582	4,844	3,679
Total CFDA 10.582			<u>6,109</u>	<u>4,265</u>
NSLP Equipment Assistance Grant	NS 20.SISS.01	10.579	<u>7,000</u>	<u>7,000</u>
Passed through the State of Alaska Department of Commerce and Economic Development:				
National Forest Receipts Title I	2020	10.665	<u>283,586</u>	<u>283,586</u>
Direct program:				
Farm to School	CN-F2S-IMP-AK-1	10.575	<u>99,726</u>	<u>33,907</u>
Total U.S. Department of Agriculture			<u>549,865</u>	<u>481,503</u>
U.S. Department of Health and Human Services				
Passed through the State of Alaska Department of Education and Early Development:				
Staff Development	SD 20.SISS.01	93.243	<u>8,300</u>	<u>7,214</u>
Rural Communities Opioid Response Planning	G25RH33003	93.912	<u>200,000</u>	<u>133,706</u>
Total U.S. Department of Health and Human Services			<u>208,300</u>	<u>140,920</u>
Total Expenditure of Federal Awards			<u>\$ 2,004,483</u>	<u>1,222,956</u>

See accompanying notes to the schedule.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Southeast Island School District under programs of the federal government for the year ended June 30, 2020. 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 Southeast Island School District, it is not intended to and does not present the basic financial statements of Southeast Island School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Southeast Island School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Passed Through Awards

No amounts were passed through to subrecipients.

Note 4. Nonmonetary Assistance

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed at June 30, 2020 the District had food commodities totaling \$5,213.

Note 5. Reconciliation to Basic Financial Statements:

Expended from the Schedule of Expenditures of Federal Awards	\$ 1,222,956
US Forest Service Contract:	
U.S Forest Service	<u>84,801</u>
Total revenue from federal sources in Exhibit D-1	\$ <u>1,307,757</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Schedule of State Financial Assistance

Year Ended June 30, 2020

<u>Grant Title</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>Total State Expended</u>
Department of Education and Early Development:			
Direct programs:			
* Public School Foundation Program	FY20	\$ 5,098,495	5,098,495
* Pupil Transportation	FY20	210,451	210,451
Early Learning	PE20.SISS.01	116,371	53,099
HB287 Onetime Grant	None	101,026	101,026
Education Dividend Raffle Funds	None	1,618	1,618
Quality Scool	FY20	13,756	13,756
Kasaan K-12 School Covered Play Area	GR-19-005	449,421	150,885
Thorne Bay K-12 School Playground Upgrades	GR-19-007	226,137	71,748
Thorne Bay Maintenance Building Roof Replacement	GR-19-014	161,680	12,856
Hollis K-12 School Replacement Design	GR-20-002	672,793	16,462
Total Department of Education and Early Development		7,051,748	5,730,396
Alaska Energy Authority:			
Direct:			
* School Bus Replacement	7910066	400,000	400,000
Passed through Hydaburg City School District:			
Hydaburg City School District Wood Boilers	7081131	957,342	138,668
Total Alaska Energy Authority		1,357,342	538,668
Department of Administration:			
* TRS in-kind payment	None	347,165	347,165
PERS in-kind payment	None	64,694	64,694
Total Department of Administration		411,859	411,859
Total State Expenditures		\$ 8,820,949	6,680,923

See accompanying notes to the schedule.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2020

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Southeast Island School District under programs of the State of Alaska for the year ended June 30, 2020. 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 Southeast Island School District, it is not intended to and does not present the basic financial statements of Southeast Island School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

Note 3. Subrecipients

No state funds were passed through to Subrecipients.

Note 4. Major Programs

* denotes a major program for compliance audit purposes.

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

Independent Auditor's Report

Members of the School Board
Southeast Island School District
Thorne Bay, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Southeast Island School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Southeast Island School District's basic financial statements, and have issued our report thereon dated October 22, 2020.

Internal Control over Financial Reporting

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

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

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

Members of the School Board
Southeast Island School District

Compliance and Other Matters

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

Purpose of this Report

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



Anchorage, Alaska
October 22, 2020

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

Independent Auditor's Report

Members of the School Board
Southeast Island School District
Thorne Bay, Alaska

Report on Compliance for Each Major Federal Program

We have audited Southeast Island School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeast Island School District's major federal programs for the year ended June 30, 2020. Southeast Island School District's major federal programs are identified in the summary of auditor's results section of the accompanying Federal Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Southeast Island School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Southeast Island School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Southeast Island School District's compliance.

Members of the School Board
Southeast Island School District

Opinion on Each Major Federal Program

In our opinion, the Southeast Island School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Southeast Island School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Southeast Island School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Southeast Island School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Altman, Rogers & Co.

Anchorage, Alaska
October 22, 2020

SOUTHEAST ISLAND SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Financial Statements

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

Is a going concern emphasis-of-matter paragraph included in the audit report? Yes No

Internal control over financial reporting:
Material weakness identified? Yes No
Significant deficiency identified? Yes None reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs (2 CFR 200.516(a)(1)):
Material weakness identified? Yes No
Significant deficiency identified? Yes None reported

Any material noncompliance with provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516(a)(2))? Yes No

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR 200.516(a)(3) or (4)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.299A	Indian Education – Project THRIVE
10.655	National Forest Receipts

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

Auditee qualified as low-risk auditee? Yes No

SOUTHEAST ISLAND SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

Southeast Island School District did not have any findings related to the financial statements.

Section III – Federal Award Findings and Questioned Costs

Southeast Island School District did not have any findings related to federal awards.

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

Independent Auditor's Report

Members of the School Board
Southeast Island School District
Thorne Bay, Alaska

Report on Compliance for Each Major State Program

We have audited Southeast Island School District's compliance with the types of compliance requirements described 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 Southeast Island School District's major state programs for the year ended June 30, 2020. Southeast Island School District's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Southeast Island School District's major state programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Southeast Island School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However our audit does not provide a legal determination of Southeast Island School District's compliance.

Opinion on Each Major State Program

In our opinion, Southeast Island School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Southeast Island School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southeast Island School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southeast Island School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Anchorage, Alaska
October 22, 2020

SOUTHEAST ISLAND SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	None reported

Noncompliance material to financial statements noted? Yes X No

State Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	None reported

Type of auditors’ report issued on compliance for major program: Unmodified

Dollar threshold used to distinguish a state major program: \$ 200,000

Section II – Financial Statement Findings

Southeast Island School District did not have any findings related to the financial statements.

Section III – State Award Findings and Questioned Costs

Southeast Island School District did not have any findings related to the state awards.