

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Year Ended June 30, 2019

*Altman, Rogers*  
*& Co.* | CERTIFIED  
PUBLIC  
ACCOUNTANTS

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Year Ended June 30, 2019

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, 2019, 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, 2019, 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 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 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 2, 2019, 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 2, 2019

## SOUTHEAST ISLAND SCHOOL DISTRICT

## Statement of Net Position

June 30, 2019

<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	\$ 430,905	43,230	474,135
Accounts receivables	921,651	-	921,651
Inventory	78,823	-	78,823
Internal balances	209,626	(209,626)	-
Total current	<u>1,641,005</u>	<u>(166,396)</u>	<u>1,474,609</u>
Non-current:			
Capital assets	34,137,766	63,784	34,201,550
Accumulated depreciation	(17,847,548)	(12,756)	(17,860,304)
Total non-current	<u>16,290,218</u>	<u>51,028</u>	<u>16,341,246</u>
Deferred outflows of resources-			
Pension/OPEB deferrals	594,119	-	594,119
Total assets and deferred outflows of resources	<u>18,525,342</u>	<u>(115,368)</u>	<u>18,409,974</u>
<u>Liabilities and Deferred Inflows of Resources</u>			
Current liabilities:			
Unearned revenue	533,915	-	533,915
Total current liabilities	<u>533,915</u>	<u>-</u>	<u>533,915</u>
Long-term liabilities:			
Due within one year - accrued leave	11,458	-	11,458
Due in more than one year - net pension/OPEB liability	3,807,232	-	3,807,232
Total long term liabilities	<u>3,818,690</u>	<u>-</u>	<u>3,818,690</u>
Deferred inflows of resources -			
Pension/OPEB deferrals	560,668	-	560,668
Total liabilities and deferred inflows of resources	<u>4,913,273</u>	<u>-</u>	<u>4,913,273</u>
<u>Net Position</u>			
Net investment in capital assets	16,290,218	51,028	16,341,246
Unrestricted (deficit)	(2,678,149)	(166,396)	(2,844,545)
Total net position	<u>\$ 13,612,069</u>	<u>(115,368)</u>	<u>13,496,701</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, 2019

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
<b>Governmental Activities:</b>							
Instruction	\$ 2,603,608	-	521,123	-	(2,082,485)	-	(2,082,485)
Special education instruction	599,982	-	76,780	-	(523,202)	-	(523,202)
Special education support services - students	31,716	-	-	-	(31,716)	-	(31,716)
Support services - students	359,964	-	292,473	-	(67,491)	-	(67,491)
Support services - instruction	1,055,201	-	2,416	-	(1,052,785)	-	(1,052,785)
School administration	400,518	-	31,245	-	(369,273)	-	(369,273)
School administration support services	71,232	-	1,113	-	(70,119)	-	(70,119)
District administration	298,784	-	11,184	-	(287,600)	-	(287,600)
District administration support services	336,217	-	53,589	-	(282,628)	-	(282,628)
Operations and maintenance of plant	1,867,925	101,577	19,376	17,050	(1,729,922)	-	(1,729,922)
Student activities	249,927	-	8,507	-	(241,420)	-	(241,420)
Student transportation	153,446	-	239,403	-	85,957	-	85,957
Food service	263,305	9,550	138,410	-	(115,345)	-	(115,345)
Community services	46,642	-	46,642	-	-	-	-
Construction and facilities acquisition	402,181	-	-	419,720	17,539	-	17,539
Total governmental activities	\$ 8,740,648	111,127	1,442,261	436,770	(6,750,490)	-	(6,750,490)
<b>Business-type Activities</b>							
Thorne Bay Restaurant	6,413	4,250	-	-	-	(2,163)	(2,163)
Total	\$ 8,747,061	115,377	1,442,261	436,770	(6,750,490)	(2,163)	(6,752,653)
<b>General revenues:</b>							
E-Rate					\$ 614,390	-	614,390
Grants not restricted to specific programs					5,746,540	-	5,746,540
Insurance recovery					122,320	-	122,320
Other					41,294	-	41,294
Total general revenues					6,524,544	-	6,524,544
Change in net position					(225,946)	(2,163)	(228,109)
Net position - beginning					13,838,015	(113,205)	13,724,810
Net position - ending					\$ 13,612,069	(115,368)	13,496,701

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

## SOUTHEAST ISLAND SCHOOL DISTRICT

## Balance Sheet - Governmental Funds

June 30, 2019

	School Operating Fund	THRIVE Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 430,905	-	-	-	430,905
Accounts receivable	20,000	226,652	292,364	382,635	921,651
Due from other funds	808,239	-	228,530	555,746	1,592,515
Inventory	65,836	-	-	12,987	78,823
Total assets	<u>\$ 1,324,980</u>	<u>226,652</u>	<u>520,894</u>	<u>951,368</u>	<u>3,023,894</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Unearned revenue	101,470	-	421,780	10,665	533,915
Due to other funds	784,276	226,652	-	371,961	1,382,889
Total liabilities	<u>885,746</u>	<u>226,652</u>	<u>421,780</u>	<u>382,626</u>	<u>1,916,804</u>
Fund Balances:					
Nonspendable	65,836	-	-	12,987	78,823
Assigned	-	-	99,114	555,755	654,869
Unassigned	373,398	-	-	-	373,398
Total fund balances	<u>439,234</u>	<u>-</u>	<u>99,114</u>	<u>568,742</u>	<u>1,107,090</u>
Total liabilities and fund equity	<u>\$ 1,324,980</u>	<u>226,652</u>	<u>520,894</u>	<u>951,368</u>	<u>3,023,894</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, 2019

Fund balances - total governmental funds	\$ 1,107,090
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.	16,290,218
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	594,119
Deferred inflows of resources - Pension and OPEB deferrals	(560,668)
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 liability	(3,807,232)
Accrued leave	<u>(11,458)</u>
Total net position of governmental activities	<u><u>13,612,069</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, 2019

	School Operating Fund	THRIVE Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources:					
Charges for services	\$ -	-	-	111,127	111,127
E-rate	614,390	-	-	-	614,390
Other	41,294	-	17,050	89,113	147,457
Intergovernmental:					
State of Alaska	5,826,954	-	419,720	291,647	6,538,321
Federal sources	264,771	257,371	-	577,579	1,099,721
Total revenues	6,747,409	257,371	436,770	1,069,466	8,511,016
Expenditures:					
Current:					
Instruction	2,182,481	-	-	353,105	2,535,586
Special education instruction	612,799	-	-	52,703	665,502
Special education support services - students	31,716	-	-	-	31,716
Support services - students	12,264	238,796	-	82,233	333,293
Support services - instruction	1,075,701	-	-	-	1,075,701
School administration	424,986	-	-	300	425,286
School administration support services	75,260	-	-	-	75,260
District administration	319,294	-	-	-	319,294
District administration support services	295,789	18,575	-	32,389	346,753
Operation and maintenance of plant	1,214,882	-	74,561	65,483	1,354,926
Student activities	270,384	-	-	4,000	274,384
Student transportation	-	-	-	137,590	137,590
Food service	-	-	-	252,831	252,831
Community services	-	-	-	46,642	46,642
Construction and facilities acquisition	-	-	791,477	-	791,477
Total expenditures	6,515,556	257,371	866,038	1,027,276	8,666,241
Excess of revenues over expenditures	231,853	-	(429,268)	42,190	(155,225)
Other financing sources (Uses):					
Insurance recovery	-	-	122,320	-	122,320
Transfers in	-	-	282,268	108,244	390,512
Transfers out	(390,512)	-	-	-	(390,512)
Total other financing sources (uses):	(390,512)	-	404,588	108,244	122,320
Net change in fund balance	(158,659)	-	(24,680)	150,434	(32,905)
Fund balances, beginning of year	597,893	-	123,794	418,308	1,139,995
Fund balances, end of year	\$ 439,234	-	99,114	568,742	1,107,090

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, 2019

Net change in fund balances - total governmental funds	\$ (32,905)
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	(507,724)
Governmental funds only report the revenue from the sale of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale. The net effect of transactions involving capital assets is to decrease net position. The following is the amount that cost exceeded accumulated depreciation of assets sold.	(2,061)
Governmental entities are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. This is the amount by which capital assets were impaired.	(76,951)
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.	397,213
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>(3,518)</u>
Change in net position of governmental activities	<u>\$ (225,946)</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
E-rate	\$ 676,824	618,797	614,390	(4,407)
Other	25,000	25,000	41,294	16,294
Intergovernmental:				
State of Alaska	5,562,944	5,844,361	5,826,954	(17,407)
Federal sources	310,000	300,000	264,771	(35,229)
Total revenues	<u>6,574,768</u>	<u>6,788,158</u>	<u>6,747,409</u>	<u>(40,749)</u>
Expenditures:				
Current:				
Instruction	2,231,696	2,161,110	2,182,481	(21,371)
Special education instruction	587,614	657,941	612,799	45,142
Special education support services - students	22,500	20,000	31,716	(11,716)
Support services - students	8,592	-	12,264	(12,264)
Support services - instruction	1,137,756	1,108,008	1,075,701	32,307
School administration	419,300	418,800	424,986	(6,186)
School administration support services	91,511	93,383	75,260	18,123
District administration	282,138	300,898	319,294	(18,396)
District administration support services	310,878	338,767	295,789	42,978
Operations and maintenance of plant	1,253,583	1,315,540	1,214,882	100,658
Student activities	195,718	222,696	270,384	(47,688)
Total expenditures	<u>6,541,286</u>	<u>6,637,143</u>	<u>6,515,556</u>	<u>121,587</u>
Excess of revenues over expenditures	<u>33,482</u>	<u>151,015</u>	<u>231,853</u>	<u>80,838</u>
Other financing sources (Uses):				
Transfers in (out):				
Capital projects fund	-	(169,755)	(282,268)	(112,513)
Food service special revenue fund	(33,482)	-	(107,222)	(107,222)
NSLP equipment assistance special revenue fund	-	(5,000)	(1,022)	3,978
Net other financing sources (uses)	<u>(33,482)</u>	<u>(174,755)</u>	<u>(390,512)</u>	<u>(215,757)</u>
Net change in fund balance	\$ <u>-</u>	<u>(23,740)</u>	<u>(158,659)</u>	<u>(134,919)</u>
Fund balance, beginning of year			<u>597,893</u>	
Fund balance, end of year			\$ <u><u>439,234</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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 499,675	257,371	(242,304)
Expenditures - current:			
Current:			
Support services - students	463,435	238,796	224,639
District administration support services	36,240	18,575	17,665
Total expenditures	<u>499,675</u>	<u>257,371</u>	<u>242,304</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

## Thorne Bay Enterprise Fund

## Statement of Net Position

June 30, 2019

<u>Assets</u>	
Current assets:	
Cash and investments	\$ <u>43,230</u>
Property, plant and equipment:	
Plant and improvements	63,784
Accumulated depreciation	<u>(12,756)</u>
Net property, plant and equipment	<u>51,028</u>
Total assets	\$ <u><u>94,258</u></u>
<u>Liabilities and Net Position (Deficit)</u>	
Current liabilities:	
Due to other funds	<u>209,626</u>
Net position (Deficit):	
Net investment in capital assets	51,028
Unrestricted (deficit)	<u>(166,396)</u>
Total net position (Deficit)	<u>(115,368)</u>
Total liabilities and net position	\$ <u><u>94,258</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, 2019

Revenues		
Local sources:		
Charges for services - rental revenue	\$	<u>4,250</u>
Expenditures:		
Operations and maintenance of plant:		
Other purchased services		350
Depreciation		3,189
Supplies, materials, and media		274
Other expenses		<u>200</u>
Total operations and maintenance of plant		<u>4,013</u>
Student activities:		
Other purchased services		<u>2,400</u>
Total expenditures		<u>6,413</u>
Change in net position		(2,163)
Beginning net position (deficit)		<u>(113,205)</u>
Ending net position (deficit), end of year	\$	<u><u>(115,368)</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, 2019

Cash flows from (for) operating activities:	
Receipts from customers and users	\$ 4,250
Payments to suppliers	<u>(3,224)</u>
Net cash flows from (for) operating activities	<u>1,026</u>
Cash flows from financing activities - change in loan from general fund (due to)	<u>(1,175)</u>
Net increase (decrease) in cash and cash equivalents	(149)
Beginning cash and cash equivalents	<u>43,379</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)	\$ (2,163)
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>1,026</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, 2019

Assets

Cash and cash equivalents	\$ <u>141,088</u>
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Liabilities

Due to student groups	\$ <u>141,088</u>
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The notes to the financial statements are an integral part of this statement.

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# SOUTHEAST ISLAND SCHOOL DISTRICT

## Notes to Basic Financial Statements

June 30, 2019

### 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**

For purposes of measuring the net pension/OPEB liability, 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.

## SOUTHEAST ISLAND SCHOOL DISTRICT

### Notes to Basic Financial Statements, Continued

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.

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.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

**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.

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, 2019, the District did not have any encumbrances.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

For the year ended June 30, 2019, expenditures exceeded appropriations in the following funds:

School Operating Fund:	
Instruction	\$ (21,371)
Special education support services - students	(11,716)
Support services - students	(12,264)
School administration	(6,186)
District administration	(18,396)
Student activities	(47,688)
Other Governmental Funds	
Food Service Special Revenue Fund	(17,775)
NSLP Equipment Special Revenue Fund	(1,022)
A-STRIDE Special Revenue Fund	(2,556)
Teacher Housing Special Revenue Fund	(1,831)

None of the governmental funds had a deficit fund balance at June 30, 2019.

**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".

All deposits are carried at cost plus accrued interest. The District has a deposit and investment policy.

The District bank balances are insured by Federal Depository Insurance (FDIC) to a maximum of \$250,000 with the following exceptions:

Custodial Credit Risk – Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits will not be returned to the District. At June 30, 2019, the District's bank balances totaled \$789,800. Deposits in each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2018, the District's uninsured bank balances consisted of \$539,800.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

**B. Receivables**

Receivables as of June 30, 2019 are as follows:

	School Operating Fund	THRIVE Special Revenue Fund	Capital Projects Funds	Other Governmental Funds	Total
Grants	\$ -	226,652	292,364	382,635	901,651
Miscellaneous	20,000	-	-	-	20,000
Total	<u>\$ 20,000</u>	<u>226,652</u>	<u>292,364</u>	<u>382,635</u>	<u>921,651</u>

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

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Assets not being depreciated:				
Land	\$ 862,812	78,986	-	941,798
Construction in progress	882,845	25,310	-	908,155
Total assets not being depreciated	<u>1,745,657</u>	<u>104,296</u>	<u>-</u>	<u>1,849,953</u>
Assets being depreciated:				
Buildings	29,591,501	285,000	-	29,876,501
Machinery and equipment	1,824,480	32,331	(100,370)	1,756,441
Vehicles	687,247	-	(32,376)	654,871
Total assets being depreciated	<u>32,103,228</u>	<u>317,331</u>	<u>(132,746)</u>	<u>32,287,813</u>
Less accumulated depreciation	<u>(16,971,931)</u>	<u>(929,351)</u>	<u>53,734</u>	<u>(17,847,548)</u>
Total assets being depreciated, net	<u>15,131,297</u>	<u>(612,020)</u>	<u>(79,012)</u>	<u>14,440,265</u>
Total Government Capital Assets Net of Accumulated Depreciation	<u>\$ 16,876,954</u>	<u>(507,724)</u>	<u>(79,012)</u>	<u>16,290,218</u>
<b>Business-type activities:</b>				
Assets being depreciated - buildings	\$ 63,784	-	-	63,784
Accumulated depreciation	<u>(9,567)</u>	<u>(3,189)</u>	<u>-</u>	<u>(12,756)</u>
Total Business-type Capital Assets Net of Accumulated Depreciation	<u>\$ 54,217</u>	<u>(3,189)</u>	<u>-</u>	<u>51,028</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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	\$ 257,132
Special education instruction	21,406
Support services students	26,671
School administration	13,693
School administration support services	5,390
District administration	14,563
District administration support services	16,361
Operation and maintenance of plant	545,305
Student activities	4,117
Student transportation	14,239
Food service	10,474
Total depreciation expense per function – governmental	<u>\$ 929,351</u>

In February 2019, there was a fire that broke out at the Barry Craig Steward Kasaan School which destroyed an adjacent boiler building and wood fired boiler. The cost of the asset was \$100,371 and as of the date of the fire had accumulated depreciation of \$23,420 with a book value of \$76,951. The asset was completely destroyed and Southeast Island School District recognized an impairment loss of \$76,951 which was recorded in the operations and maintenance of plant function. The building is covered by insurance. The insurance company will build a new building to the same specifications in FY20.

The District also received insurance proceeds in the amount of \$122,320 for an unrelated matter due to property damage on a fully depreciated asset.

**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, 2019, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Operating Fund	THRIVE Special Revenue Fund	226,652
School Operating Fund	Other Governmental Funds	371,961
School Operating Fund	Thorne Bay Enterprise Fund	209,626
Capital Projects Fund	School Operating Fund	228,530
Other Governmental Funds	School Operating Fund	555,746
		<u>\$ 1,592,515</u>



SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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.

Transfer Out	Transfer In	Amount
School Operating Fund	Other Governmental Funds	\$ 108,244
School Operating Fund	Capital Projects Funds	282,268
Total		<u>\$ 390,512</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, 2019 are as follows

	Balance July 1, 2018	Change	Balance June 30, 2019	Due within One Year
Accrued Leave	\$ 7,940	3,518	11,458	11,458

**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	\$ 65,836	-	12,987	78,823
Assigned:				
Food service	-	-	38,332	38,332
Pupil transportation	-	-	292,331	292,331
Teacher housing	-	-	225,092	225,092
Maintenance of buildings	-	99,114	-	99,114
Total assigned	<u>-</u>	<u>99,114</u>	<u>555,755</u>	<u>654,869</u>
Unassigned	<u>373,398</u>	<u>-</u>	<u>-</u>	<u>373,398</u>
Total Fund Balances	<u>\$ 439,234</u>	<u>99,114</u>	<u>568,742</u>	<u>1,107,090</u>

## SOUTHEAST ISLAND SCHOOL DISTRICT

### Notes to Basic Financial Statements, Continued

#### 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.

##### 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.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

Plan Name	Type of Plan
Defined Benefit Pension Plan (DB)	Cost-sharing, Defined Benefit Pension
Defined Contribution Pension Plan (DC)	Defined Contribution Pension
Defined Benefit Other Postemployment Benefits (OPEB):	
Occupational Death and Disability Plan	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, 2019 the employer contribution rate is 0.26% for PERS and 0.08% for TRS.

Membership in the plan consisted of the following at June 30, 2018 (latest available report):

Membership	PERS	TRS
Active plan members	20,811	4,937
Participating employers	157	57

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

*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, 2018 (latest available information) employer contributions were 4.88% for PERS and 4.16% 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	35,139	12,962
Inactive plan members entitled to but not yet receiving benefits	5,606	801
Inactive plan members not entitled to benefits	11,128	1,906
Active plan members	13,611	4,457
Total plan membership	65,484	20,126

*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, 2019 employer contributions were 0.94% for PERS and 0.79% for TRS. Membership in the plan consists of the following at June 30, 2018 (latest available report):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	11	13
Inactive plan members entitled to but not yet receiving benefits	1,183	610
Inactive plan members not entitled to benefits	11,896	2,387
Active plan members	20,811	4,937
Total plan membership	33,901	7,947

*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, 2018 (latest available report):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	19	9
Inactive plan members entitled to but not yet receiving benefits	1,175	614
Inactive plan members not entitled to benefits	11,896	2,387
Active plan members	20,811	4,937
Total plan membership	33,901	7,947

# SOUTHEAST ISLAND SCHOOL DISTRICT

## Notes to Basic Financial Statements, Continued

### Investments

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

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

### Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual weighted rate of return, net of investment expense, for the year ended June 30, 2018 (latest available report) for the DB Plan for PERS and TRS is 8.26% and 8.30%, for the ARHCT is 8.35% and 8.33%, for the Occupational Death and Disability Plan is 8.06% and 8.24%, and for the Retiree Medical Plan is 7.89% and 7.92%, respectively.

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

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

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

<b><u>Asset Class</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Domestic Equity	8.90%
Global Ex- U.S. Equity	7.85%
Fixed Income	1.25%
Opportunistic	4.76%
Real Assets	6.20%
Absolute Return	4.76%
Private Equity	12.08%
Cash Equivalents	0.66%

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

*Discount Rate:* The discount rate used to measure the total pension and OPEB liabilities is 8.00%. 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 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.

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

*Employer Effective Rate:* This is the actual employer pay-in rate. Under current legislation, 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.

*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 an 8% discount rate.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Employer Contribution rates for PERS and TRS for the year ended June 30, 2018 (latest available actuarial report) are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
<b>PERS:</b>				
Pension	16.17%	20.28%	5.58%	32.11%
OPEB	5.83%	7.30%	0%	87.90%
Total PERS contribution rates	<u>22%</u>	<u>27.58%</u>	<u>5.58%</u>	<u>120.01%</u>
<b>TRS:</b>				
Pension	8.41%	19.36%	16.34%	35.60%
OPEB	4.15%	9.54%	0%	70.97%
Total PERS contribution rates	<u>12.56%</u>	<u>28.90%</u>	<u>16.34%</u>	<u>106.57%</u>

*Termination Costs.* If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS or TRS Administrator. For fiscal year 2019 the past service rate for PERS is 16.53%.

*Actuarial Assumptions:* The total pension and OPEB liabilities in the June 30, 2018 (latest available) actuarial valuation was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. These assumptions were the result of an experience study performed as of June 30, 2013.

Investment return / discount rate	8% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 3.12% per year Productivity – 0.50% per year
Payroll growth	3.62% 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 3.12% annually.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience, 60% of male rates and 65% of female rates of post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Mortality (Post-termination)	96% of all rates of the RP-2000 combined mortality table, 2000 base year projected to 2018.
Total turnover	Based upon the 2010-2013 actual withdrawal experience.
Disability	Incidence rates based on 2010-2013 actual experience. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table. Disabilities are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Retirement	Retirement rates based upon the 2010-2013 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date for others. For peace officers/firefighters, Tier 1 deferred vested members are assumed to retire at age 55 and Tiers II and III deferred vested members are assumed to retire at age 60.
Marriage and age difference	Wives are assumed to be three years younger than 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.
Healthcare cost trend rates	Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drugs: 9.0% grading down to 4.0%

**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>.



SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

The PERS defined benefit 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 155 employers participating in PERS defined benefit plan, including the State of Alaska and 154 political subdivisions and public organizations.

The DB Plan's membership consisted of the following at June 30, 2018 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	35,139
Inactive plan members entitled to but not receiving benefits	5,606
Inactive members not entitled to benefits	11,128
Active plan members	<u>13,611</u>
Total DB plan membership	<u>65,484</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.

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.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

*Employee Contribution Rate.* The District PERS active members are required to contribute 6.75% (4.97% pension costs and 1.78% OPEB) and if elected to be calculated under TRS, non-teacher school district employees are required to contribute 9.60% (7.06% pension and 2.54% OPEB) of their annual covered salary.

Employer contributions for the year ended June 30, 2019, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	100,564	45,214	145,778

**Public Employees Retirement Plans**

For the year ended June 30, 2019 the State of Alaska contributed \$62,087 (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, 2018 to a total of \$32,440, to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

*Pension and OPEB Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB:* At June 30, 2019, the District reported liabilities 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, the related State support, and the total portion of the net pension and OPEB liabilities that was associated with the District were as follows:

Defined Benefit:		Pension
District's proportionate share of the net pension liability	\$	1,511,338
State's proportionate share of the net pension liability		437,051
Total	\$	<u>1,948,389</u>
		OPEB
District's proportionate share of the ARHCT OPEB liability	\$	312,420
State's proportionate share of the ARHCT OPEB liability		91,225
Total	\$	<u>403,645</u>
District's proportionate share of the ODD OPEB liability	\$	<u>(11,619)</u>
District's proportionate share of the RMP OPEB liability	\$	<u>7,612</u>
Total District's share of net pension and OPEB liabilities	\$	<u>1,819,751</u>

The net pension and OPEB liabilities were measured as of June 30, 2018, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities 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 FY2020 through FY2039, as determined by projections based on the June 30, 2018 valuation.

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

	June 30, 2017 Measurement	June 30, 2018 Measurement	Change
Pension	.0388%	.0304%	(.0084)%
OPEB:			
ARHCT	.0389%	.0304%	(.0085)%
ODD	.0535%	.0598%	.0063%
RMP	.0535%	.0598%	.0063%

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2018, the District recognized pension and OPEB expense of (\$107,949) and \$44,882, respectively, for the year ended June 30, 2019. At June 30, 2019, 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	\$ -	(37,932)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	33,379	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(183,960)
District contributions subsequent to the measurement date	100,564	-
Total	\$ <u>133,943</u>	<u>(221,892)</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(33,430)
Changes of assumptions	47,398	-
Net difference between projected and actual earnings on OPEB plan investments	-	(66,205)
Changes in proportion and differences between District contributions and proportionate share of contributions	17,199	(57,714)
District contributions subsequent to the measurement date	35,081	-
Total	\$ <u>99,678</u>	<u>(157,349)</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	\$ -	(3,215)
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(409)
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(1,087)
District contributions subsequent to the measurement date	2,196	-
Total	<u>\$ 2,196</u>	<u>(4,711)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(408)
Changes of assumptions	3,526	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,110)
Changes in proportion and differences between District contributions and proportionate share of contributions	439	(22)
District contributions subsequent to the measurement date	7,937	-
Total	<u>\$ 11,902</u>	<u>(1,540)</u>

\$100,564 and \$45,214 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 in the year ended June 30, 2019 (actuarial), 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		OPEB	OPEB	OPEB
June 30,	Pension	ARHCT	ODD	RMP
2019	\$ (179,439)	(35,604)	(673)	64
2020	18,251	(34,112)	(673)	63
2021	(25,862)	(21,584)	(673)	63
2022	(1,463)	(1,452)	(540)	442
2023	-	-	(537)	436
Thereafter	-	-	(1,615)	1,357
Total	<u>\$ (188,513)</u>	<u>(92,752)</u>	<u>(4,711)</u>	<u>2,425</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2019, the District recognized (\$199,147) and (\$17,062) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

*Sensitivity of the Net Pension and OPEB Liabilities to Changes in the Discount Rate:* The following presents the net pension and OPEB liabilities of the plan calculated using the discount rate of 8%, 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 (7%) or 1-percentage-point higher (9%) than the current rate:

	<b>1% Decrease (7%)</b>	<b>Current Rate (8%)</b>	<b>1% Increase (9%)</b>
Net pension liability	\$ <b>2,001,393</b>	<b>1,511,338</b>	<b>1,096,811</b>
Net OPEB ARHCT liability	\$ <b>632,495</b>	<b>312,420</b>	<b>44,133</b>
Net OPEB ODD liability	\$ <b>(10,910)</b>	<b>(11,619)</b>	<b>(12,201)</b>
Net OPEB RMP liability	\$ <b>22,732</b>	<b>(7,612)</b>	<b>(4,181)</b>

*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:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Net OPEB ARHCT liability	\$ <b>6,065</b>	<b>312,420</b>	<b>681,456</b>
Net OPEB ODD liability	<b>N/A</b>	<b>(11,619)</b>	<b>N/A</b>
Net OPEB RMP liability	<b>(6,472)</b>	<b>(7,612)</b>	<b>26,462</b>

**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): 0.94% 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 \$87,935 for the year ended June 30, 2019, which included forfeitures of \$42,219 which has 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/drb/trs>.

The DB Plan's membership consisted of the following at June 30, 2018 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	12,962
Inactive plan members entitled to but not receiving benefits	801
Inactive plan members not entitled to benefits	1,906
Active plan members	<u>4,457</u>
Total DB plan membership	<u>20,126</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.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

*Employee Contribution Rate.* The District's active TRS members are required to contribute 8.65% (5.80% pension costs and 2.85% OPEB) of their annual covered salary.

Employer contributions for the year ended June 30, 2019, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	45,295	38,222	83,517

**Teachers Retirement Plans**

For the year ended June 30, 2019 the State of Alaska contributed \$283,098 (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 \$194,111, to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

*Pension and OPEB Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB:* At June 30, 2019, the District reported liabilities 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, the related State support, and the total portion of the net pension and OPEB liabilities that was associated with the District were as follows:

	Pension
Defined Benefit:	
District's proportionate share of the net pension liability	\$ 1,729,651
State's proportionate share of the net pension liability	2,572,515
Total	\$ 4,302,166
	OPEB
District's proportionate share of the ARHCT OPEB liability	\$ 280,407
State's proportionate share of the ARHCT OPEB liability	418,170
Total	\$ 698,577
District's proportionate share of the ODD OPEB liability	\$ (11,807)
District's proportionate share of the RMP OPEB liability	\$ (10,770)
Total District's share of net pension and OPEB liabilities	\$ 1,987,481



SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The net pension and OPEB liabilities were measured as of June 30, 2018, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities 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 FY2020 through FY2039, as determined by projections based on the June 30, 2018 valuation.

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

	June 30, 2017 Measurement	June 30, 2018 Measurement	Change
Pension	.0765%	.0904%	.0139%
OPEB:			
ARHCT	.0762%	.0902%	.0140%
ODD	.3608%	.3368%	(.0240)%
RMP	.3608%	.3368%	(.0240)%

Based on the measurement date of June 30, 2018, the District recognized pension expense of \$2,596 and OPEB expense of \$125,744, respectively, for the year ended June 30, 2019. At June 30, 2019, 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	\$ -	(48,772)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	57,170	-
Changes in proportion and differences between District contributions and proportionate share of contributions	85,455	-
District contribution subsequent to the measurement date	45,295	-
Total	\$ <u>187,920</u>	<u>(48,772)</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	\$ -	(34,669)
Changes of assumptions	80,627	-
Net difference between projected and actual earnings on pension plan investments	-	(73,028)
Changes in proportion and differences between District contributions and proportionate share of contributions	31,293	(14,020)
District contribution subsequent to the measurement date	<u>27,611</u>	<u>-</u>
Total	<u>\$ 139,531</u>	<u>(121,717)</u>
	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(794)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(335)
Changes in proportion and differences between District contributions and proportionate share of contributions	790	-
District contribution subsequent to the measurement date	<u>976</u>	<u>-</u>
Total	<u>\$ 1,766</u>	<u>(1,129)</u>
	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(1,187)
Changes of assumptions	6,634	-
Net difference between projected and actual earnings on pension plan investments	-	(2,371)
Changes in proportion and differences between District contributions and proportionate share of contributions	914	-
District contribution subsequent to the measurement date	<u>9,635</u>	<u>-</u>
Total	<u>\$ 17,183</u>	<u>(3,558)</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

\$45,295 and \$38,222 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 liability in the year ended June 30, 2019 (actuarial). 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
2019	\$ 109,372	25,503	(109)	(103)
2020	33,505	(9,929)	(110)	(102)
2021	(46,157)	(23,828)	(110)	(102)
2022	(2,867)	(1,543)	(5)	704
2023	-	-	-	692
Thereafter	-	-	(5)	2,901
Total	\$ 93,853	(9,797)	(339)	3,990

For the year ended June 30, 2019, the District recognized (\$197,131) and (\$8,786) of pension and OPEB amortization of the deferred outflows and inflows of resources, respectively.

*Sensitivity of the Net Pension and OPEB Liabilities to Changes in the Discount Rate:* The following presents the net pension and OPEB liabilities of the Plan calculated using the discount rate of 8%, 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 (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
Net pension liability	\$ 2,474,330	1,729,651	1,103,035
Net OPEB ARHCT	\$ 665,610	280,407	(37,555)
Net OPEB ODD	\$ (11,868)	(11,807)	(11,773)
Net OPEB RMP	\$ 18,394	(10,770)	(32,956)

*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	\$ (76,382)	280,407	715,863
Net OPEB ODD	\$ N/A	(11,807)	N/A
Net OPEB RMP	\$ (37,128)	(10,770)	25,533

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): 0.79% 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 \$123,258 for the year ended June 30, 2019, which included forfeitures of \$52,074 which has been applied against contributions.

**D. Change in Estimate**

In FY18 the District received notice from the State of Alaska, Department of Administration, Division of Retirement and Benefits that forfeitures from the defined contribution plan for the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) can be offset against future contributions effective July 1, 2018. The change in estimate decreased current year expenditures related to payroll benefits and liabilities of \$42,219 and \$52,074 respectively.

**E. Subsequent Accounting Pronouncements**

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

- GASB 84 – *Fiduciary Activities*. Effective for fiscal years beginning after December 15, 2018.
- GASB 87 – *Leases*. Effective for fiscal years beginning after December 15, 2019.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

- GASB 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* Effective for fiscal years beginning after June 15, 2018.
- GASB 89 *Accounting for Interest Cost Incurred before the End of a Construction Period.* Effective for fiscal years beginning after December 15, 2019.
- GASB 90 *Majority Equity Interests.* Effective for fiscal years beginning after December 15, 2018.

Statements 88, and 90 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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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.

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.

**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, 2019

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%

**Notes to Schedule:**

1. Information presented for 2019 is based upon Plan measurement date June 30, 2018.
2. Measurement is one year prior to fiscal year end for all years presented.
3. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
4. 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

Public Employees' Retirement System (PERS)

June 30, 2019

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>							
2018	0.0389%	\$ 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%
<b>Occupational Death and Disability (ODD):</b>							
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%
<b>Retiree Medical Plan (RMP):</b>							
2018	0.0535%	\$ 2,790	\$ -	\$ 2,790	\$ 277,573	1.01%	93.98%
2019	0.0598%	\$ 7,612	\$ -	\$ 7,612	\$ 335,600	2.27%	88.71%

**Notes to Schedule:**

- Information presented for 2019 is based upon Plan measurement date June 30, 2018.
- Measurement is one year prior to fiscal year end for all years presented.
- 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, 2019

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%

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. Equivalent single amortization period: 17 years.
7. 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.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 9.66% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.55% to 4.34% based on age and service for All Others.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
13. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
14. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.
15. In fiscal year 2018 the District included pension DBUL into the contractually required contribution. This will be a prospective change.

## SOUTHEAST ISLAND SCHOOL DISTRICT

## Schedule of the District's Contributions (OPEB)

## Public Employees' Retirement System (PERS)

June 30, 2019

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>					
2018	\$ 27,132	\$ (27,132)	\$ -	\$ 928,250	2.92%
2019	\$ 35,081	\$ (35,081)	\$ -	\$ 1,062,332	3.30%
<b>Occupational Death and Disability (ODD):</b>					
2018	\$ 1,083	\$ (1,083)	\$ -	\$ 928,250	0.12%
2019	\$ 2,196	\$ (2,196)	\$ -	\$ 1,062,332	0.21%
<b>Retiree Medical Plan (RMP):</b>					
2018	\$ 6,974	\$ (6,974)	\$ -	\$ 335,600	2.08%
2019	\$ 7,937	\$ (7,937)	\$ -	\$ 399,705	1.99%

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.
- Equivalent single amortization period: 17 years.
- 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: 3.12% per annum.
- Salary increases: Ranges from 9.66% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.55% to 4.34% based on age and service for All Others.
- Investment rate of return: 8%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
- 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, 2019

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%

**Notes to Schedule:**

1. Information presented for 2019 is based upon Plan measurement date June 30, 2018.
2. Measurement is one year prior to fiscal year end for all years presented.
3. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
4. 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

Teachers' Retirement System (TRS)

June 30, 2019

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>							
2018	0.0762%	\$ 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%
<b>Occupational Death and Disability (ODD):</b>							
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%
<b>Retiree Medical Plan (RMP):</b>							
2018	0.3608%	\$ (17,103)	\$ -	\$ (17,103)	\$ 955,462	-1.79%	118.16%
2019	0.3368%	(10,770)	-	(10,770)	962,245	-1.12%	109.56%

**Notes to Schedule:**

1. Information presented for 2019 is based upon Plan measurement date June 30, 2018.
2. Measurement is one year prior to fiscal year end for all years presented.
3. 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, 2019

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%

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. Equivalent single amortization period: 17 years.
7. 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.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 8.11% to 3.87% based on years of service.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
13. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
14. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.
15. In fiscal year 2018 the District included pension DBUL into the contractually required contribution. This will be a prospective change.

## SOUTHEAST ISLAND SCHOOL DISTRICT

## Schedule of the District's Contributions (OPEB)

## Teachers' Retirement System (TRS)

June 30, 2019

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>Alaska Retiree Healthcare Trust Plan (ARHCT):</b>					
2018	\$ 30,659	\$ (30,659)	\$ -	\$ 1,786,951	1.72%
2019	\$ 27,611	\$ (27,611)	\$ -	\$ 1,646,290	1.68%
<b>Occupational Death and Disability (ODD):</b>					
2018	\$ -	\$ -	\$ -	\$ 1,786,951	0.00%
2019	\$ 975	\$ (975)	\$ -	\$ 1,646,290	0.06%
<b>Retiree Medical Plan (RMP):</b>					
2018	\$ 11,016	\$ (11,016)	\$ -	\$ 962,245	1.14%
2019	\$ 9,635	\$ (9,635)	\$ -	\$ 981,354	0.98%

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.
- Equivalent single amortization period: 17 years.
- 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: 3.12% per annum.
- Salary increases: Ranges from 8.11% to 3.87% based on years of service.
- Investment rate of return: 8%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
- 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, 2019

	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	41,294	16,294
	<u>643,797</u>	<u>655,684</u>	<u>11,887</u>
State sources:			
Foundation program	5,396,597	5,396,597	-
Quality schools	14,561	14,561	-
AK broadband assistance	58,027	-	(58,027)
TRS on-behalf payment	251,949	283,098	31,149
PERS on-behalf payment	46,100	62,087	15,987
Other	77,127	70,611	(6,516)
Total state sources	<u>5,844,361</u>	<u>5,826,954</u>	<u>(17,407)</u>
Federal sources:			
Timber receipts	300,000	264,771	(35,229)
Total revenues	<u>6,788,158</u>	<u>6,747,409</u>	<u>(40,749)</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	1,067,475	1,163,109	(95,634)
Non-certificated salaries	72,133	78,254	(6,121)
Employee benefits	791,192	723,768	67,424
Housing allowance	-	4,950	(4,950)
Transportation allowance	22,000	21,979	21
Professional and technical services	74,655	58,363	16,292
Staff travel	6,500	14,546	(8,046)
Student travel	8,200	1,031	7,169
Utility services	23,545	26,000	(2,455)
Other purchased services	-	4,235	(4,235)
Supplies, materials and media	95,160	79,223	15,937
Tuition and stipends	-	3,242	(3,242)
Other expenses	250	3,781	(3,531)
Total instruction	<u>2,161,110</u>	<u>2,182,481</u>	<u>(21,371)</u>
Special education instruction:			
Certificated salaries	177,456	137,577	39,879
Non-certificated salaries	232,061	270,498	(38,437)
Employee benefits	234,281	184,045	50,236
Professional and technical services	7,500	13,262	(5,762)
Staff travel	2,410	3,707	(1,297)
Supplies, materials and media	4,233	2,995	1,238
Other expenses	-	715	(715)
Total special education instruction	<u>657,941</u>	<u>612,799</u>	<u>45,142</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:			
Professional and technical services	20,000	31,716	(11,716)
Support services - students:			
Certificated salaries	-	8,602	(8,602)
Employee benefits	-	3,662	(3,662)
Total support services - students	-	12,264	(12,264)
Support services - instruction:			
Non-certificated salaries	90,716	82,788	7,928
Employee benefits	57,950	51,768	6,182
Professional and technical services	15,000	-	15,000
Staff travel	3,500	5,908	(2,408)
Utility services	802,842	806,926	(4,084)
Other purchased services	50,550	25,591	24,959
Supplies, materials and media	72,500	86,424	(13,924)
Other expenses	14,950	8,243	6,707
Equipment	-	8,053	(8,053)
Total support services - instruction	1,108,008	1,075,701	32,307
School administration:			
Certificated salaries	258,695	256,980	1,715
Employee benefits	134,105	138,956	(4,851)
Housing allowance	10,800	4,500	6,300
Staff travel	10,500	13,719	(3,219)
Utility services	1,200	635	565
Other purchased services	-	98	(98)
Supplies, materials and media	3,500	10,053	(6,553)
Other expenses	-	45	(45)
Total school administration	418,800	424,986	(6,186)
School administration support services:			
Non-certificated salaries	39,785	38,113	1,672
Employee benefits	49,828	31,976	17,852
Staff travel	2,500	2,792	(292)
Supplies, materials and media	1,270	2,364	(1,094)
Other expenses	-	15	(15)
Total school administration support services	93,383	75,260	18,123
District administration:			
Certificated salaries	74,000	71,200	2,800
Non-certificated salaries	84,792	96,314	(11,522)
Employee benefits	61,246	64,614	(3,368)
Professional and technical services	31,500	24,188	7,312
Staff travel	16,500	28,005	(11,505)
Student travel	300	206	94
Utility services	2,100	1,953	147
Other purchased services	3,700	8,115	(4,415)
Supplies, materials and media	8,160	10,351	(2,191)
Tuition and stipends	5,800	1,000	4,800
Other expenses	12,800	13,348	(548)
Total district administration	300,898	319,294	(18,396)

(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	90,944	89,995	949
Employee benefits	68,099	72,855	(4,756)
Professional and technical services	135,000	110,151	24,849
Staff travel	3,530	3,741	(211)
Utilities services	9,970	4,583	5,387
Other purchased services	3,700	3,023	677
Insurance and bond premiums	57,300	37,226	20,074
Supplies, materials and media	12,435	9,921	2,514
Other expenses	16,900	15,258	1,642
Indirect costs	(63,211)	(50,964)	(12,247)
Equipment	4,100	-	4,100
Total district administration support services	<u>338,767</u>	<u>295,789</u>	<u>42,978</u>
Operations and maintenance of plant:			
Certificated salaries	3,500	4,542	(1,042)
Non-certificated salaries	336,411	350,282	(13,871)
Employee benefits	144,388	145,778	(1,390)
Staff travel	6,000	7,894	(1,894)
Utility services	46,490	37,285	9,205
Energy	395,070	258,187	136,883
Other purchased services	98,730	100,857	(2,127)
Insurance and bond premiums	101,000	127,100	(26,100)
Supplies, materials and media	162,751	155,963	6,788
Other expenses	1,200	2,716	(1,516)
Equipment	20,000	24,278	(4,278)
Total operations and maintenance of plant	<u>1,315,540</u>	<u>1,214,882</u>	<u>100,658</u>
Student activities:			
Certificated salaries	32,396	11,262	21,134
Non-certificated salaries	79,804	102,372	(22,568)
Employee benefits	38,496	28,178	10,318
Staff travel	13,100	38,951	(25,851)
Student travel	44,350	62,388	(18,038)
Utility services	-	86	(86)
Other purchased services	-	13,948	(13,948)
Supplies, materials and media	12,050	8,852	3,198
Other expenses	2,500	4,347	(1,847)
Total student activities	<u>222,696</u>	<u>270,384</u>	<u>(47,688)</u>
Total expenditures	<u>6,637,143</u>	<u>6,515,556</u>	<u>121,587</u>
Excess of revenues over expenditures	<u>151,015</u>	<u>231,853</u>	<u>80,838</u>
Other financing sources (uses):			
Transfers in (out):			
Capital projects fund	(169,755)	(282,268)	(112,513)
Food service special revenue fund	-	(107,222)	(107,222)
NSLP equipment assistance special revenue fund	(5,000)	(1,022)	3,978
Net other financing sources (uses)	<u>(174,755)</u>	<u>(390,512)</u>	<u>(215,757)</u>
Net change in fund balance	\$ <u>(23,740)</u>	(158,659)	<u>(134,919)</u>
Fund balance, beginning of year		<u>597,893</u>	
Fund balance, end of year		\$ <u><u>439,234</u></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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 499,675	257,371	(242,304)
Expenditures - current:			
Support services - students:			
Certificated salaries	28,931	33,480	(4,549)
Non-certificated salaries	98,287	6,807	91,480
Employee benefits	89,053	16,017	73,036
Professional and technical services	79,000	88,493	(9,493)
Staff travel	66,280	44,619	21,661
Student travel	43,330	24,858	18,472
Other purchased services	4,800	4,800	-
Supplies, materials and media	29,754	18,301	11,453
Tuition and stipends	24,000	1,271	22,729
Other expenses	-	150	(150)
Total support services - students	<u>463,435</u>	<u>238,796</u>	<u>224,639</u>
District administration support services:			
Indirect costs	36,240	18,575	17,665
Total expenditures	<u>499,675</u>	<u>257,371</u>	<u>242,304</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

## Capital Projects Fund

Schedule of Revenues, Expenditures and Changes  
in Fund Balance

Year Ended June 30, 2019

Revenues:	
Local sources:	
Other	\$ <u>17,050</u>
Intergovernmental:	
State of Alaska	<u>419,720</u>
Total revenues	<u>436,770</u>
Expenditures:	
Operations and maintenance of plant:	
Non-certificated salaries	7,752
Employee benefits	2,204
Staff travel	1,229
Utility services	597
Other purchased services	32,326
Supplies, materials and media	<u>30,453</u>
Total operations and maintenance of plant	<u>74,561</u>
Construction and facilities acquisition:	
Non-certificated salaries	94,456
Employee benefits	49,116
Professional and technical services	25,170
Staff travel	306
Other purchased services	11,620
Supplies, materials and media	132,152
Equipment	106,900
Other expenses	771
Land	78,986
Buildings and improvements purchased	<u>292,000</u>
Total construction and facilities acquisition	<u>791,477</u>
Total expenditures	<u>866,038</u>
Excess (deficiency) of revenues over expenditures	(429,268)
Other financing sources:	
Insurance recovery	122,320
Transfers in - School Operating Fund	<u>282,268</u>
Total other financing sources	<u>404,588</u>
Net change in fund balance	(24,680)
Fund balance, beginning of year	<u>123,794</u>
Fund balance, end of year	<u>\$ <u>99,114</u></u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

June 30, 2019

	Special Revenue Funds							
	Pupil Transportation	Staff Development	Early Learning	Food Service	Alaska Nutritional Foods	Title I-A Basic	Title I-C Migrant Education	Migrant Book
<u>Assets</u>								
Accounts receivable	\$ -	30	15,135	3,160	-	24,496	48,078	1,023
Due from School Operating Fund	292,331	-	-	35,172	732	-	-	-
Inventory	-	-	-	12,987	-	-	-	-
	<u>292,331</u>	<u>30</u>	<u>15,135</u>	<u>51,319</u>	<u>732</u>	<u>24,496</u>	<u>48,078</u>	<u>1,023</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Unearned revenue	-	-	-	-	732	-	-	-
Due to School Operating Fund	-	30	15,135	-	-	24,496	48,078	1,023
Total liabilities	<u>-</u>	<u>30</u>	<u>15,135</u>	<u>-</u>	<u>732</u>	<u>24,496</u>	<u>48,078</u>	<u>1,023</u>
Fund balances:								
Nonspendable	-	-	-	12,987	-	-	-	-
Assigned	292,331	-	-	38,332	-	-	-	-
Total fund balances	<u>292,331</u>	<u>-</u>	<u>-</u>	<u>51,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>292,331</u>	<u>30</u>	<u>15,135</u>	<u>51,319</u>	<u>732</u>	<u>24,496</u>	<u>48,078</u>	<u>1,023</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	Migrant Competitive	Title VI-B IDEA	Section 619 Preschool Disabled	Carl Perkins	Secondary Partnership CTE	Title I-A School Improvement
<u>Assets</u>								
Accounts receivable	\$ 33	1,594	72,269	11,010	1,186	5,199	6,848	10,000
Due from School Operating Fund	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
	<u>33</u>	<u>1,594</u>	<u>72,269</u>	<u>11,010</u>	<u>1,186</u>	<u>5,199</u>	<u>6,848</u>	<u>10,000</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Unearned revenue	-	-	-	-	-	-	-	-
Due to School Operating Fund	33	1,594	72,269	11,010	1,186	5,199	6,848	10,000
Total liabilities	<u>33</u>	<u>1,594</u>	<u>72,269</u>	<u>11,010</u>	<u>1,186</u>	<u>5,199</u>	<u>6,848</u>	<u>10,000</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>33</u>	<u>1,594</u>	<u>72,269</u>	<u>11,010</u>	<u>1,186</u>	<u>5,199</u>	<u>6,848</u>	<u>10,000</u>

(Continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, continued

		Special Revenue Funds					
<u>Assets</u>	Opioid Response Planning	Sandy Beach Renovation	PROSPER	CARE	A-STRIDE	Resolve YKSD	AK SEA - UAF
Accounts receivable	\$ 569	7,652	28,489	50,793	28,556	21,731	4,566
Due from School Operating Fund	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
	<u>569</u>	<u>7,652</u>	<u>28,489</u>	<u>50,793</u>	<u>28,556</u>	<u>21,731</u>	<u>4,566</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Unearned revenue	-	-	-	-	-	-	-
Due to School Operating Fund	569	7,652	28,489	50,793	28,556	21,731	4,566
Total liabilities	<u>569</u>	<u>7,652</u>	<u>28,489</u>	<u>50,793</u>	<u>28,556</u>	<u>21,731</u>	<u>4,566</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>\$ 569</u>	<u>7,652</u>	<u>28,489</u>	<u>50,793</u>	<u>28,556</u>	<u>21,731</u>	<u>4,566</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	RurAL CAP	NEA Alaska	
<u>Assets</u>								
Accounts receivable	\$ 7,514	-	28,704	4,000	-	-	-	382,635
Due from School Operating Fund	217,578	1,320	-	-	1,613	5,000	2,000	555,746
Inventory	-	-	-	-	-	-	-	12,987
	<u>225,092</u>	<u>1,320</u>	<u>28,704</u>	<u>4,000</u>	<u>1,613</u>	<u>5,000</u>	<u>2,000</u>	<u>951,368</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Unearned revenue	-	1,320	-	-	1,613	5,000	2,000	10,665
Due to School Operating Fund	-	-	28,704	4,000	-	-	-	371,961
Total liabilities	<u>-</u>	<u>1,320</u>	<u>28,704</u>	<u>4,000</u>	<u>1,613</u>	<u>5,000</u>	<u>2,000</u>	<u>382,626</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	12,987
Assigned	225,092	-	-	-	-	-	-	555,755
Total fund balances	<u>225,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>568,742</u>
Total liabilities and fund balances	\$ <u>225,092</u>	<u>1,320</u>	<u>28,704</u>	<u>4,000</u>	<u>1,613</u>	<u>5,000</u>	<u>2,000</u>	<u>951,368</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2019

	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
<b>Revenues:</b>								
Local sources:								
Charges for services	\$ -	-	-	9,550	-	-	-	-
Other	-	-	-	-	-	-	-	-
Intergovernmental:								
State of Alaska	239,403	2,244	50,000	-	-	-	-	-
Federal sources:								
Contract for services	-	-	-	-	-	-	-	-
Passed through the State of Alaska	-	8,743	-	123,885	6,504	8,021	75,519	77,023
Passed through University of Alaska Fairbanks	-	-	-	-	-	-	-	-
Direct	-	-	-	-	-	-	-	-
Total revenues	<u>239,403</u>	<u>10,987</u>	<u>50,000</u>	<u>133,435</u>	<u>6,504</u>	<u>8,021</u>	<u>75,519</u>	<u>77,023</u>
<b>Expenditures:</b>								
Current:								
Instruction	-	8,973	46,374	-	-	-	70,042	71,480
Special education instruction	-	1,714	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-	-
School administration	-	300	-	-	-	-	-	-
District administration support services	-	-	3,626	-	-	-	5,477	5,543
Operations and maintenance of plants	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Student transportation	137,590	-	-	-	-	-	-	-
Food service	-	-	-	237,284	6,504	9,043	-	-
Community services	-	-	-	-	-	-	-	-
Total expenditures	<u>137,590</u>	<u>10,987</u>	<u>50,000</u>	<u>237,284</u>	<u>6,504</u>	<u>9,043</u>	<u>75,519</u>	<u>77,023</u>
Excess (deficiency) of revenues over expenditures	<u>101,813</u>	<u>-</u>	<u>-</u>	<u>(103,849)</u>	<u>-</u>	<u>(1,022)</u>	<u>-</u>	<u>-</u>
Other financing sources:								
Transfers in - School Operating Fund	-	-	-	107,222	-	1,022	-	-
Net change in fund balance	<u>101,813</u>	<u>-</u>	<u>-</u>	<u>3,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>190,518</u>	<u>-</u>	<u>-</u>	<u>47,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 292,331</u>	<u>-</u>	<u>-</u>	<u>51,319</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							
	Migrant Book	Title IV-A Innovative	Title II-A Teacher & Principal Training	Migrant Competitive	Title VI-B IDEA	Section 619 Preschool Disabled	Carl Perkins	Secondary Partnership CTE
<b>Revenues:</b>								
Local sources:								
Charges for services	\$ -	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Intergovernmental:								
State of Alaska	-	-	-	-	-	-	-	-
Federal sources:								
Contract for services	-	-	-	-	-	-	-	-
Passed through the State of Alaska	2,100	10,000	22,702	73,315	50,818	4,159	20,000	12,218
Passed through University of Alaska Fairbanks	-	-	-	-	-	-	-	-
Direct	-	-	-	-	-	-	-	-
Total revenues	<u>2,100</u>	<u>10,000</u>	<u>22,702</u>	<u>73,315</u>	<u>50,818</u>	<u>4,159</u>	<u>20,000</u>	<u>12,218</u>
<b>Expenditures:</b>								
Current:								
Instruction	2,100	9,804	21,055	67,998	-	-	19,048	11,636
Special education instruction	-	-	-	-	47,132	3,857	-	-
Support services - students	-	-	-	-	-	-	-	-
School administration	-	-	-	-	-	-	-	-
District administration support services	-	196	1,647	5,317	3,686	302	952	582
Operations and maintenance of plants	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Total expenditures	<u>2,100</u>	<u>10,000</u>	<u>22,702</u>	<u>73,315</u>	<u>50,818</u>	<u>4,159</u>	<u>20,000</u>	<u>12,218</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-
Other financing sources:								
Transfers in - School Operating Fund	-	-	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-
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							
	Title I-A School Improvement	Opioid Response Planning	Sandy Beach Renovation	CARE	Indian Education	REAP	A-STRIDE	Resolve YKSD
Revenues:								
Local sources:								
Charges for services	\$ -	-	-	-	-	-	-	-
Other	-	-	-	26,671	-	-	28,556	27,006
Intergovernmental:								
State of Alaska	-	-	-	-	-	-	-	-
Federal sources:								
Contract for services	-	-	7,652	-	-	-	-	-
Passed through the State of Alaska	10,000	-	-	-	-	-	-	-
Passed through University of Alaska Fairbanks	-	-	-	-	-	-	-	-
Direct	-	569	-	-	6,173	3,749	-	-
Total revenues	<u>10,000</u>	<u>569</u>	<u>7,652</u>	<u>26,671</u>	<u>6,173</u>	<u>3,749</u>	<u>28,556</u>	<u>27,006</u>
Expenditures:								
Current:								
Instruction	9,275	569	-	-	5,725	3,477	-	-
Special education instruction	-	-	-	-	-	-	-	-
Support services - students	-	-	-	26,671	-	-	28,556	27,006
School administration	-	-	-	-	-	-	-	-
District administration support services	725	-	-	-	448	272	-	-
Operations and maintenance of plants	-	-	7,652	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Total expenditures	<u>10,000</u>	<u>569</u>	<u>7,652</u>	<u>26,671</u>	<u>6,173</u>	<u>3,749</u>	<u>28,556</u>	<u>27,006</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-
Other financing sources:								
Transfers in - School Operating Fund	-	-	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-
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
	AK SEA - UAF	Teacher Housing	USDA Farm to School	Crossett	First Bank	AK Transformation	
Revenues:							
Local sources:							
Charges for services	\$ -	101,577	-	-	-	-	111,127
Other	-	1,502	-	983	395	4,000	89,113
Intergovernmental:							
State of Alaska	-	-	-	-	-	-	291,647
Federal sources:							
Contract for services	-	-	-	-	-	-	7,652
Passed through the State of Alaska	-	-	-	-	-	-	505,007
Passed through University of Alaska Fairbanks	4,566	-	-	-	-	-	4,566
Direct	-	-	49,863	-	-	-	60,354
Total revenues	<u>4,566</u>	<u>103,079</u>	<u>49,863</u>	<u>983</u>	<u>395</u>	<u>4,000</u>	<u>1,069,466</u>
Expenditures:							
Current:							
Instruction	4,566	-	-	983	-	-	353,105
Special education instruction	-	-	-	-	-	-	52,703
Support services - students	-	-	-	-	-	-	82,233
School administration	-	-	-	-	-	-	300
District administration support services	-	-	3,616	-	-	-	32,389
Operations and maintenance of plants	-	57,831	-	-	-	-	65,483
Student activities	-	-	-	-	-	4,000	4,000
Student transportation	-	-	-	-	-	-	137,590
Food service	-	-	-	-	-	-	252,831
Community services	-	-	46,247	-	395	-	46,642
Total expenditures	<u>4,566</u>	<u>57,831</u>	<u>49,863</u>	<u>983</u>	<u>395</u>	<u>4,000</u>	<u>1,027,276</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>45,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,190</u>
Other financing sources:							
Transfers in - School Operating Fund	-	-	-	-	-	-	108,244
Net change in fund balance	<u>-</u>	<u>45,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,434</u>
Fund balances, beginning of year	<u>-</u>	<u>179,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>418,308</u>
Fund balances, end of year	<u>\$ -</u>	<u>225,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>568,742</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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 239,403	239,403	-
Expenditures - current:			
Student transportation:			
Non-certificated salaries	98,139	60,659	37,480
Employee benefits	58,960	26,114	32,846
Professional and technical services	1,200	-	1,200
Staff travel	250	-	250
Student travel	-	813	(813)
Utility services	-	983	(983)
Other purchased services	3,600	12,640	(9,040)
Supplies, materials and media	32,500	35,941	(3,441)
Other expenses	600	440	160
Total expenditures	<u>195,249</u>	<u>137,590</u>	<u>57,659</u>
Excess of revenues over expenditures	\$ <u>44,154</u>	101,813	<u>57,659</u>
Fund balance, beginning of year		<u>190,518</u>	
Fund balance, end of year		<u>\$ <u>292,331</u></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, 2019

	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	\$ 12,837	8,743	(4,094)
State of Alaska	-	2,244	2,244
Total revenues	<u>12,837</u>	<u>10,987</u>	<u>(1,850)</u>
Expenditures - current:			
Instruction:			
Staff travel	12,837	8,548	4,289
Other expenses	-	425	(425)
Total instruction	<u>12,837</u>	<u>8,973</u>	<u>3,864</u>
Special education instruction:			
Staff travel	-	1,714	(1,714)
School administration:			
Staff travel	-	300	(300)
Total expenditures	<u>12,837</u>	<u>10,987</u>	<u>1,850</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-5

Early Learning Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 50,000	50,000	-
Expenditures - current:			
Instruction:			
Certificated salaries	6,362	5,549	813
Non-certificated salaries	14,739	14,739	-
Employee benefits	3,787	3,911	(124)
Staff travel	9,000	9,000	-
Supplies, materials and media	10,500	11,189	(689)
Other expenses	1,986	1,986	-
Total instruction	46,374	46,374	-
District administration support services:			
Indirect costs	3,626	3,626	-
Total expenditures	50,000	50,000	-
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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Charges for services	\$ 8,500	9,550	1,050
Intergovernmental:			
Federal sources - passed through the State of Alaska	118,850	123,885	5,035
Total revenues	<u>127,350</u>	<u>133,435</u>	<u>6,085</u>
Expenditures - current:			
Food services:			
Non-certificated salaries	78,721	83,072	(4,351)
Employee benefits	25,103	15,979	9,124
Staff travel	1,500	641	859
Supplies, materials and media	107,500	137,360	(29,860)
Other expenses	600	232	368
Total expenditures	<u>213,424</u>	<u>237,284</u>	<u>(23,860)</u>
Excess (deficiency) of revenues over expenditures	<u>(86,074)</u>	<u>(103,849)</u>	<u>(17,775)</u>
Other financing sources:			
Transfers in - School Operating Fund	-	107,222	107,222
Net change in fund balance	\$ <u>(86,074)</u>	3,373	<u>89,447</u>
Fund balance, beginning of year		<u>47,946</u>	
Fund balance, end of year		\$ <u><u>51,319</u></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, 2019

	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>6,575</u>	<u>6,504</u>	<u>(71)</u>
Expenditures - current:			
Food services:			
Supplies, materials and media	<u>6,575</u>	<u>6,504</u>	<u>71</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

NSLP Equipment Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 8,021	8,021	-
Expenditures - current:			
Food services:			
Supplies, materials and media	8,021	9,043	(1,022)
Excess (deficiency) of revenues over expenditures	-	(1,022)	(1,022)
Other financing sources:			
Transfer in - School Operating Fund	-	1,022	1,022
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 75,519	75,519	-
Expenditures - current:			
Instruction:			
Certificated salaries	5,714	5,336	378
Non-certificated salaries	29,234	29,234	-
Employee benefits	9,800	10,639	(839)
Staff travel	2,000	1,040	960
Student travel	1,389	1,389	-
Supplies, materials and media	20,605	21,977	(1,372)
Other expenses	1,300	427	873
Total instruction	<u>70,042</u>	<u>70,042</u>	<u>-</u>
District administration support services:			
Indirect costs	<u>5,477</u>	<u>5,477</u>	<u>-</u>
Total expenditures	<u>75,519</u>	<u>75,519</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-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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 77,023	77,023	-
Expenditures - current:			
Instruction:			
Certificated salaries	10,806	10,806	-
Non-certificated salaries	14,075	14,075	-
Employee benefits	6,934	6,934	-
Professional and technical services	1,000	1,000	-
Staff travel	1,682	1,682	-
Student travel	1,280	1,280	-
Utility services	350	350	-
Supplies, materials and media	34,753	34,753	-
Tuition and stipends	600	600	-
Total instruction	<u>71,480</u>	<u>71,480</u>	<u>-</u>
District administration support services:			
Indirect costs	5,543	5,543	-
Total expenditures	<u>77,023</u>	<u>77,023</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

Migrant Book Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 2,100	2,100	-
Expenditures - current:			
Instruction:			
Supplies, materials and media	2,100	2,100	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 10,000	10,000	-
Expenditures - current:			
Instruction:			
Professional and technical services	9,000	9,000	-
Supplies, materials and media	804	804	-
Total instruction	9,804	9,804	-
District administration support services:			
Indirect costs	196	196	-
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

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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 22,702	22,702	-
Expenditures - current:			
Instruction:			
Transportation allowance	6,500	6,500	-
Professional and technical services	1,215	1,215	-
Staff travel	7,492	7,492	-
Other expenses	5,848	5,848	-
Total instruction	21,055	21,055	-
District administration support services:			
Indirect costs	1,647	1,647	-
Total expenditures	22,702	22,702	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	



SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-14

Migrant Competitive Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 73,315	73,315	-
Expenditures - current:			
Instruction:			
Certificated salaries	28,060	28,058	2
Non-certificated salaries	4,230	4,233	(3)
Employee benefits	7,440	7,440	-
Professional and technical services	6,550	6,549	1
Staff travel	4,068	4,071	(3)
Student travel	478	478	-
Supplies, materials and media	17,172	17,169	3
Total instruction	<u>67,998</u>	<u>67,998</u>	<u>-</u>
District administration support services:			
Indirect costs	<u>5,317</u>	<u>5,317</u>	<u>-</u>
Total expenditures	<u>73,315</u>	<u>73,315</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-15

Title VI-B IDEA Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 50,818	50,818	-
Expenditures - current:			
Special education instruction:			
Non-certificated salaries	340	341	(1)
Employee benefits	150	53	97
Professional and technical services	44,178	44,324	(146)
Staff travel	706	706	-
Other purchased services	50	-	50
Supplies, materials and media	1,558	1,558	-
Other expenses	150	150	-
Total special education instruction	<u>47,132</u>	<u>47,132</u>	<u>-</u>
District administration support services:			
Indirect costs	3,686	3,686	-
Total expenditures	<u>50,818</u>	<u>50,818</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-16

Section 619 Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 4,292	4,159	(133)
Expenditures - current:			
Special education instruction:			
Non-certificated salaries	1,700	1,735	(35)
Employee benefits	655	542	113
Professional and technical services	1,100	1,100	-
Staff travel	500	480	20
Supplies, materials and media	26	-	26
Total special education instruction	<u>3,981</u>	<u>3,857</u>	<u>124</u>
District administration support services:			
Indirect costs	311	302	9
Total expenditures	<u>4,292</u>	<u>4,159</u>	<u>133</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-17

Carl Perkins Special Revenue Fund

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

Year Ended June 30, 2019

	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	1,042	1,042	-
Employee benefits	230	230	-
Staff travel	671	-	671
Student travel	2,000	2,000	-
Other purchased services	-	-	-
Supplies, materials and media	14,261	14,892	(631)
Other expenses	844	884	(40)
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>-</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-18

Secondary Partnership CTE Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 16,278	12,218	(4,060)
Expenditures - current:			
Instruction:			
Certificated salaries	4,092	3,679	413
Employee benefits	1,124	781	343
Staff travel	3,511	2,331	1,180
Other purchased services	1,170	-	1,170
Supplies, materials and media	4,985	3,244	1,741
Other expenses	621	1,601	(980)
Total instruction	<u>15,503</u>	<u>11,636</u>	<u>3,867</u>
District administration support services:			
Indirect costs	<u>775</u>	<u>582</u>	<u>193</u>
Total expenditures	<u>16,278</u>	<u>12,218</u>	<u>4,060</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-19

Title I-A School Improvement Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 10,000	10,000	-
Expenditures - current:			
Instruction:			
Certificated salaries	2,172	2,172	-
Non-certificated salaries	217	217	-
Employee benefits	1,079	1,079	-
Professional and technical services	103	103	-
Staff travel	4,414	4,414	-
Other purchased services	1,290	1,290	-
Total instruction	<u>9,275</u>	<u>9,275</u>	<u>-</u>
District administration support services:			
Indirect costs	725	725	-
Total expenditures	<u>10,000</u>	<u>10,000</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-20

Opioid Response Planning Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 200,000	569	(199,431)
Expenditures - current:			
Instruction:			
Staff travel	-	75	(75)
Other purchased services	-	494	(494)
Total instruction	-	569	(569)
Support services - students:			
Certificated Salary	57,764	-	57,764
Employee benefits	50,911	-	50,911
Professional and technical services	40,000	-	40,000
Staff travel	16,000	-	16,000
Utility services	2,600	-	2,600
Other purchased services	3,500	-	3,500
Supplies, materials and media	12,000	-	12,000
Other expenses	2,719	-	2,719
Total support services - students	185,494	-	185,494
District administration support services:			
Indirect costs	14,506	-	14,506
Total expenditures	200,000	569	199,431
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## SOUTHEAST ISLAND SCHOOL DISTRICT

## Sandy Beach Renovation Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal - contract for services	\$ 270,663	7,652	(263,011)
Expenditures - current:			
Operations and maintenance of plant:			
Staff travel	15,680	-	15,680
Other purchased services	96,000	-	96,000
Supplies, materials and media	133,755	7,652	126,103
Other expenses	18,950	-	18,950
Indirect costs	6,278	-	6,278
Total expenditures	<u>270,663</u>	<u>7,652</u>	<u>263,011</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

CARE Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Local sources:			
Other	\$ 124,000	26,671	(97,329)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Expenditures - current:			
Support services - students:			
Certificated salaries	87,669	19,044	68,625
Employee benefits	36,331	7,627	28,704
Total expenditures	<u>124,000</u>	<u>26,671</u>	<u>97,329</u>
	<u>                    </u>	<u>                    </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-23

Indian Education Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 6,173	6,173	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Expenditures - current:			
Instruction:			
Certificated salaries	630	881	(251)
Employee benefits	189	136	53
Professional and technical services	2,000	1,251	749
Staff travel	2,000	636	1,364
Student travel	-	103	(103)
Other purchased services	-	685	(685)
Supplies, materials and media	906	2,033	(1,127)
Total instruction	<u>5,725</u>	<u>5,725</u>	<u>-</u>
District administration support services:			
Indirect costs	448	448	-
Total expenditures	<u>6,173</u>	<u>6,173</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-24

REAP Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 3,749	3,749	-
Expenditures - current:			
Instruction:			
Supplies, materials and media	3,477	3,477	-
District administration support services:			
Indirect costs	272	272	-
Total expenditures	3,749	3,749	-
Excess (deficiency) of revenues over expenditures	\$ -	-	-
Fund balance (deficit), 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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ 26,000	28,556	2,556
Expenditures - current:			
Support services - students:			
Non-certificated salaries	18,000	20,143	(2,143)
Employee benefits	8,000	8,413	(413)
Total expenditures	26,000	28,556	(2,556)
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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ 33,000	27,006	(5,994)
Expenditures - current:			
Support services - students:			
Certificated salaries	24,000	18,999	5,001
Employee benefits	9,000	8,007	993
Total expenditures	33,000	27,006	5,994
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

AK SEA - UAF Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Intergovernmental:			
Federal sources - passed through University of Alaska Fairbanks	\$ <u>4,593</u>	<u>4,566</u>	<u>(27)</u>
Expenditures - current:			
Instruction:			
Professional and technical services	<u>4,593</u>	<u>4,566</u>	<u>27</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-28

Teacher Housing Special Revenue Fund

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

Year Ended June 30, 2019

	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	101,577	(8,423)
Other	-	1,502	1,502
Total revenues	<u>110,000</u>	<u>103,079</u>	<u>(6,921)</u>
 Expenditures			
Operations and maintenance of plant:			
Utility services	-	5,844	(5,844)
Energy	-	10,959	(10,959)
Other purchased services	56,000	17,550	38,450
Supplies, materials and media	-	23,443	(23,443)
Other expenses	-	35	(35)
Total expenditures	<u>56,000</u>	<u>57,831</u>	<u>(1,831)</u>
 Excess of revenues over expenditures	 \$ <u>54,000</u>	 45,248	 <u>(8,752)</u>
 Fund balance, beginning of year		<u>179,844</u>	
 Fund balance, end of year		\$ <u>225,092</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, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - direct	\$ 49,863	49,863	-
Expenditures - current:			
Community services			
Non-certificated salaries	10,000	10,204	(204)
Employee benefits	3,231	3,297	(66)
Professional and technical services	2,500	2,500	-
Staff travel	7,300	7,303	(3)
Other purchased services	1,475	1,475	-
Supplies, materials and media	21,601	21,328	273
Other expenses	140	140	-
Total community services	<u>46,247</u>	<u>46,247</u>	<u>-</u>
District administration support services:			
Indirect costs	3,616	3,616	-
Total expenditures	<u>49,863</u>	<u>49,863</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

Crossett Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ 983	983	-
Expenditures - current:			
Instruction:			
Supplies, materials and media	983	983	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Exhibit J-31

First Bank Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Local sources:			
Other	\$ 395	395	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Expenditures - current:			
Community services:			
Supplies, materials and media	395	395	-
	<u>                    </u>	<u>                    </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-32

AK Transformation Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Other	\$ 4,000	4,000	-
Expenditures - current:			
Student activities:			
Supplies, materials and media	4,000	4,000	-
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, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Assets</u>				
Cash and cash equivalents	\$ <u>127,967</u>	<u>32,797</u>	<u>19,676</u>	<u>141,088</u>
<u>Liabilities</u>				
Due to student groups	\$ <u>127,967</u>	<u>32,797</u>	<u>19,676</u>	<u>141,088</u>

## SOUTHEAST ISLAND SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

<u>Grant Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Domestic 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 19.SISS.01	84.010	\$ 75,519	75,519
Title I-A School Improvement	SI 19.SISS.01	84.010A	10,000	10,000
Total CFDA 84.010			85,519	85,519
Title I-C Migrant Education	IP 19.SISS.01	84.011	77,023	77,023
Staff Development	SD 19.SISS.01	84.011A	1,668	1,668
Migrant Competitive	MC 19.SISS.01	84.011	73,315	73,315
Migrant Education Books	MB 19.SISS.01	84.011	2,100	2,100
Total CFDA 84.011			154,106	154,106
Staff Development	SD 19.SISS.01	84.048	2,159	2,159
Carl Perkins	EK 19.SISS.01	84.048	20,000	20,000
Career and Technical Education	EB 19.SISS.01	84.048	16,278	12,218
Total CFDA 84.048			38,437	34,377
Title II-A Training and Recruitment	IP 19.SISS.01	84.367	22,702	22,702
Title IV-A Student Support and Academic Enrichment	IP 19.SISS.01	84.424A	10,000	10,000
Special Education Cluster:				
Title VI-B Special Education	SE 19.SISS.01	84.027	50,818	50,818
Title VI-B Section 619 Preschool Disabled	SE 19.SISS.01	84.173	4,292	4,159
Total Special Education Cluster			55,110	54,977
Direct programs:				
Indian Education - Project THRIVE	S299A180022	84.299A	499,315	257,371
Indian Education Act	S060A182401	84.060A	6,173	6,173
REAP	S358C180011	84.358C	3,749	3,749
Total U.S. Department of Education			875,111	628,974

(continued)

## SOUTHEAST ISLAND SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards, continued

<u>Grant Title</u>	<u>Grant Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Total Grant Award</u>	<u>Total Federal Expended</u>
U.S. Department of Agriculture:				
Passed through the State of Alaska Department of Education and Early Development:				
Child Nutrition Cluster:				
School Breakfast Program	None	10.553	32,954	32,954
National School Lunch Program	None	10.555	76,465	76,465
Commodities	None	10.555	6,300	6,300
Summer Food Service Program	None	10.559	6,211	6,211
Total Child Nutrition Cluster			<u>121,930</u>	<u>121,930</u>
Fresh Fruit & Vegetable Program	FF 19.AGSD.01	10.582	1,265	1,265
Fresh Fruit & Vegetable Program	FF 19.AGSD.02	10.582	5,310	5,239
Total CFDA 10.582			<u>6,575</u>	<u>6,504</u>
Food Distribution Administrative Fee Reimbursement	FD 19.SISS.01	10.560	1,955	1,955
NSLP Equipment Assistance Grant	NS 19.SISS.01	10.579	8,021	8,021
Passed through the State of Alaska Department of Commerce and Economic Development:				
National Forest Receipts Title I	2019	10.665	264,771	264,771
Direct program:				
Farm to School	CN-F2S-IMP-AK-1	10.575	99,726	49,863
Total U.S. Department of Agriculture			<u>502,978</u>	<u>453,044</u>
U.S. Department of Commerce				
Passed through the University of Alaska Fairbanks Sea Grant	G-9215	11.417	10,000	4,566
U.S. Department of Health and Human Services				
Passed through the State of Alaska Department of Education and Early Development:				
Staff Development	SD 19.SISS.01	93.243	4,916	4,916
Rural Communities Opioid Response Planning	G25RH33003	93.912	200,000	569
Total U.S. Department of Health and Human Services			<u>204,916</u>	<u>5,485</u>
Total Expenditure of Federal Awards			<u>\$ 1,593,005</u>	<u>1,092,069</u>

See accompanying notes to the schedule.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

**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, 2019. 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, 2019 the District had food commodities totaling \$6,300.

**Note 5. Reconciliation to Basic Financial Statements:**

Expended from the Schedule of Expenditures of Federal Awards	\$ 1,092,069
US Forest Service Contract:	
Sandy Beach Renovation	<u>7,652</u>
Total revenue from federal sources in Exhibit D-1	\$ <u>1,099,721</u>

## SOUTHEAST ISLAND SCHOOL DISTRICT

## Schedule of State Financial Assistance

Year Ended June 30, 2019

<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	FY19	\$ 5,396,597	5,396,597
* Pupil Transportation	FY19	239,403	239,403
Early Learning	ME19.SISS.01	50,000	50,000
Staff Development	SD19.SISS.01	2,244	2,244
SB 142	None	70,611	70,611
Quality Scools	FY19	14,561	14,561
Kasaan K-12 School Covered Play Area	GR-19-005	440,433	9,140
Thorne Bay K-12 School Playground Upgrades	GR-19-007	226,137	12,671
Thorne Bay Maintenance Building Roof Replacement	GR-19-014	161,680	3,500
Total Department of Education and Early Development		6,601,666	5,798,727
Alaska Energy Authority:			
Passed through Hydaburg City School District:			
* Hydaburg City School District Wood Boilers	7081131	620,977	394,409
Department of Administration:			
* TRS in-kind payment	None	283,098	283,098
PERS in-kind payment	None	62,087	62,087
Total Department of Administration		345,185	345,185
Total State Expenditures		\$ 7,567,828	6,538,321

See accompanying notes to the schedule.



SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2019

**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, 2019. 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, 2019, 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 2, 2019.

**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) to determine the 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 determination of financial statement amounts. 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 2, 2019

**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, 2019. 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, 2019.

### ***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.



Anchorage, Alaska  
October 2, 2019

SOUTHEAST ISLAND SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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>
10.665	National Forest Receipts Title I
84.299A	Indian Education – Project THRIVE

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

Auditee qualified as low-risk auditee?  Yes  No

HOONAH CITY 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, 2019. 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, 2019.

### **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 2, 2019

SOUTHEAST ISLAND SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

**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.

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**Report on Statement of Compliance with AS 14.14.020 and Other State Requirements**

**Independent Auditor's Report**

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

We have audited 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, 2019, which collectively comprise Southeast Island School District's basic financial statements and have issued our report thereon dated October 2, 2019.

**Report on Statement of Compliance with AS 14.14.020 and Other State Requirements**

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.

In connection with our audit, nothing came to our attention which caused us to believe that:

- (a) The statements of revenues and expenditures of the Special Revenue Funds do not present fairly the allowable funds expended within the limits of the project budgets.

Members of the School Board  
Southeast Island School District

- (b) Southeast Island School District has not complied with the *Uniform Chart of Accounts* for school districts as required by the State of Alaska, Department of Education and Early Development.
- (c) Southeast Island School District has not complied with the bonding requirements of AS 14.14.020.
- (d) Southeast Island School District's basic financial statements do not reflect the minimum accounting and reporting requirements of the Department of Education and Early Development.

However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with the foregoing requirements.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of compliance with AS 14.14.020 and other State requirements and the results of that testing, and not to provide an opinion on compliance with AS 14.14.020 and other State requirements. Accordingly, this communication is not suitable for any other purpose.



Anchorage, Alaska  
October 2, 2019

**Report on Statement of Compliance with AS 14.17.505**

**Independent Auditor's Report**

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

We have audited 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, 2019, which collectively comprise Southeast Island School District's basic financial statements, and have issued our report thereon dated October 2, 2019.

**Report on Statement of Compliance with AS 14.17.505**

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.

In connection with our audit, as presented in the Statement of Compliance with AS 14.17.505, nothing came to our attention that caused us to believe that the Southeast Island School District had failed to comply with the accumulated fund balance restriction in AS 14.17.505 as interpreted by the State of Alaska, Department of Education and Early Development. However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with such requirements.

Members of the School Board  
Southeast Island School District

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of compliance with AS 14.17.505 and the results of that testing, and not to provide an opinion on compliance with AS 14.17.505. Accordingly, this communication is not suitable for any other purpose.

*Altman, Rogers & Co.*

Anchorage, Alaska  
October 2, 2019

SOUTHEAST ISLAND SCHOOL DISTRICT

Statement of Compliance - AS 14.17.505

June 30, 2019

	School Operating Fund		
	Reserved Fund Balance	Unreserved Fund Balance	Total
Reserved:			
Inventory	\$ 65,836	-	65,836
Unreserved	-	373,398	373,398
	<u>\$ 65,836</u>	<u>373,398</u>	<u>439,234</u>

Unreserved fund balance as a percentage of current year expenditures:

$$\frac{\text{Unreserved fund balance}}{\text{Current year expenditures}} = \frac{373,398}{6,515,556} = \underline{\underline{5.73\%}}$$

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