

ANNETTE ISLANDS SCHOOL DISTRICT

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

Year Ended June 30, 2021

ANNETTE ISLANDS SCHOOL DISTRICT

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

Year Ended June 30, 2021

ANNETTE ISLANDS SCHOOL DISTRICT

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Independent Auditor's Report

Members of the School Board
Annette Islands School District
Metlakatla, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Annette Islands School District (District) as of and for the year ended June 30, 2021, 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, each major fund, and the aggregate remaining fund information of Annette Islands School District, as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the School Operating Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Notes IV. C. to the financial statements, in 2021 the District adopted new accounting guidance, GASB Statement No. 84, Fiduciary Activities and GASB State No. 97 Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Statement No. 84 established criteria for identifying fiduciary activities and the reporting requirements of said fiduciary activities. Statement No. 97 clarifies the criteria for revaluation a Section 457 Plan as a pension plan and adds or amends criteria for assessing fiduciary component units of the District in relation to previously issued accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of district's proportionate share of net pension and OPEB liabilities (assets) and contributions for the public employees' retirement system and the teachers' retirement system on pages 43-52 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 require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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 the District's basic financial statements. The information listed in the table of contents as Additional Supplementary Information, which includes Major Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (where applicable); Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances; Nonmajor Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (where applicable) – Special Revenue Funds and Capital Project Funds; Schedule of Compliance- AS 14.17.505; Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Additional Supplementary Information, as listed previously, 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, as listed previously, 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 27, 2021, on our consideration of Annette Islands School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Annette Islands School District's internal control over financial reporting and compliance.

Altman, Rogers & Co.

Anchorage, Alaska
October 27, 2021

BASIC FINANCIAL STATEMENTS

ANNETTE ISLANDS SCHOOL DISTRICT

Statement of Net Position

June 30, 2021

	Governmental Activities
<u>Assets and Deferred Outflows of Resources</u>	
Current assets:	
Cash and investments	\$ 18,962,014
Accounts receivable	713,335
Prepaid items	38,310
Inventory	42,604
Total current assets	<u>19,756,263</u>
Non-current assets:	
Capital assets, net of depreciation	9,845,775
Net OPEB assets	589,213
Total non-current assets	<u>10,434,988</u>
Deferred outflows of resources - Pension and OPEB deferrals	<u>777,082</u>
Total assets and deferred outflows of resources	<u><u>30,968,333</u></u>
<u>Liabilities and Deferred Inflows of Resources</u>	
Current liabilities:	
Accounts payable	169,292
Payroll liabilities	672,863
Compensated absences due within one year	11,455
Due to student groups	149,649
Unearned revenue	13,341
Total current liabilities	<u>1,016,600</u>
Non-current liabilities - Net pension and OPEB liabilities	<u>4,284,919</u>
Deferred inflows of resources - Pension and OPEB deferrals	<u>642,444</u>
Total liabilities and deferred inflows of resources	<u>5,943,963</u>
<u>Net Position</u>	
Net investment in capital assets	9,845,775
Unrestricted	15,178,595
Total net position	<u>25,024,370</u>
Total liabilities, deferred inflows of resources and net position	\$ <u><u>30,968,333</u></u>

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

ANNETTE ISLANDS SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Instruction	\$ 3,315,149	-	937,726	-	(2,377,423)
Special education instruction	1,062,836	-	212,468	-	(850,368)
Special education support services - students	311,397	-	88,737	-	(222,660)
Support services - students	597,419	-	62,767	-	(534,652)
Support services - instruction	614,403	-	143,920	-	(470,483)
School administration	401,171	-	3,819	-	(397,352)
School administration support services	170,818	-	20,880	-	(149,938)
District administration	343,457	-	2,001	-	(341,456)
District administration support services	699,771	-	126,091	-	(573,680)
Operations and maintenance of plant	2,413,643	72,635	81,101	-	(2,259,907)
Student activities	197,318	-	-	-	(197,318)
Student transportation - to and from school	107,771	-	64,747	-	(43,024)
Community services	6,091	-	4,474	-	(1,617)
Food services	685,510	-	411,097	-	(274,413)
Total governmental activities	\$ 10,926,754	72,635	2,159,828	-	(8,694,291)
General revenues:					
E-rate					98,064
Earnings on investments					24,095
Other					79,549
State grants not restricted to specific programs					4,502,058
Federal grants not restricted to specific programs					5,795,786
Total general revenues					10,499,552
Change in net position					1,805,261
Net position, beginning of year					23,219,109
Net position, end of year					\$ 25,024,370

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

ANNETTE ISLANDS SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

		Capital Project Funds			
	School Operating Fund	Administration and Facilities Buildings	District-wide Major Maintenance	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and investments	\$ 15,425,919	-	1,733,971	1,802,124	18,962,014
Accounts receivable	2,091	-	-	711,244	713,335
Prepaid items	38,310	-	-	-	38,310
Inventories	21,805	-	-	20,799	42,604
Due from other funds	1,284,933	4,135,813	3,501,957	1,789,528	10,712,231
Total assets	<u>\$ 16,773,058</u>	<u>4,135,813</u>	<u>5,235,928</u>	<u>4,323,695</u>	<u>30,468,494</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payables	105,329	-	37,241	26,722	169,292
Payroll liabilities	672,863	-	-	-	672,863
Due to other funds	9,427,298	-	-	1,284,933	10,712,231
Due to student groups	149,649	-	-	-	149,649
Unearned revenues	-	-	-	13,341	13,341
Total liabilities	<u>10,355,139</u>	<u>-</u>	<u>37,241</u>	<u>1,324,996</u>	<u>11,717,376</u>
Fund Balances:					
Nonspendable:					
Prepaid items	38,310	-	-	-	38,310
Inventories	21,805	-	-	20,799	42,604
Committed:					
Student transportation	-	-	-	18,048	18,048
Food service	-	-	-	24,652	24,652
Early childhood education	-	-	-	1,188,217	1,188,217
New visions	-	-	-	7,252	7,252
Artists in the school	-	-	-	4,059	4,059
Imagination library	-	-	-	3,214	3,214
Leask family scholarship	-	-	-	716	716
Assigned:					
Capital improvements	-	4,135,813	5,198,687	1,731,742	11,066,242
Unassigned	6,357,804	-	-	-	6,357,804
Total fund balances	<u>6,417,919</u>	<u>4,135,813</u>	<u>5,198,687</u>	<u>2,998,699</u>	<u>18,751,118</u>
Total liabilities and fund balances	<u>\$ 16,773,058</u>	<u>4,135,813</u>	<u>5,235,928</u>	<u>4,323,695</u>	<u>30,468,494</u>

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

ANNETTE ISLANDS SCHOOL DISTRICT

Reconciliation of Net Position Between the Government-wide
Financial Statements and the Fund Financial Statements

June 30, 2021

Amounts reported as fund balances on the governmental funds balance sheet.		\$	18,751,118
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds.			9,845,775
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Compensated absences			(11,455)
Proportionate share of the collective net pension and OPEB liabilities:			
PERS	(2,629,401)		
TRS	<u>(1,655,518)</u>		(4,284,919)
Proportionate share of the collective net pension and OPEB assets:			
PERS	225,159		
TRS	<u>364,054</u>		589,213
Deferred inflow and outflow of resources are the results of timing differences in the actuarial report:			
Pension and OPEB related assets in the current fiscal year are presented as deferred outflows of resources.			
PERS	445,180		
TRS	<u>331,902</u>		777,082
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources.			
PERS	(210,642)		
TRS	<u>(431,802)</u>		<u>(642,444)</u>
Net position of governmental activities		\$	<u><u>25,024,370</u></u>

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

ANNETTE ISLANDS SCHOOL DISTRICT

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

Year Ended June 30, 2021

	School Operating Fund	Capital Project Funds Administration and Facilities Buildings	District-wide Major Maintenance	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources:					
Earnings on investments	\$ 21,495	-	325	2,275	24,095
E-rate	98,064	-	-	-	98,064
Charges for services - rentals	-	-	-	72,635	72,635
Other	79,549	-	-	4,570	84,119
Intergovernmental:					
State of Alaska	5,176,881	-	-	73,443	5,250,324
Federal sources	5,795,786	-	-	2,045,356	7,841,142
Total revenues	<u>11,171,775</u>	<u>-</u>	<u>325</u>	<u>2,198,279</u>	<u>13,370,379</u>
Expenditures:					
Current:					
Instruction	3,026,548	-	-	1,055,881	4,082,429
Special education instruction	946,995	-	-	216,012	1,163,007
Special education support services - students	230,177	-	-	86,951	317,128
Support services - students	556,544	-	-	134,314	690,858
Support services - instruction	564,191	-	-	69,921	634,112
School administration	507,746	-	-	25,530	533,276
School administration support services	175,771	-	-	-	175,771
District administration	400,734	-	-	-	400,734
District administration support services	585,561	-	-	118,580	704,141
Operations and maintenance of plant	1,535,749	-	123,432	235,205	1,894,386
Student activities	232,450	-	40,839	-	273,289
Student transportation - to and from school	2,271	-	-	78,365	80,636
Community services	-	-	-	6,091	6,091
Food services	13,512	-	-	674,668	688,180
Construction and facilities acquisition	-	364,187	33,120	711,117	1,108,424
Total expenditures	<u>8,778,249</u>	<u>364,187</u>	<u>197,391</u>	<u>3,412,635</u>	<u>12,752,462</u>
Excess (deficiency) of revenues over expenditures	2,393,526	(364,187)	(197,066)	(1,214,356)	617,917
Other financing sources (uses):					
Transfers in	-	1,000,000	-	2,438,841	3,438,841
Transfers out	(2,838,841)	-	(600,000)	-	(3,438,841)
Net other financing sources (uses)	<u>(2,838,841)</u>	<u>1,000,000</u>	<u>(600,000)</u>	<u>2,438,841</u>	<u>-</u>
Net change in fund balances	(445,315)	635,813	(797,066)	1,224,485	617,917
Fund balances, beginning of year	<u>6,863,234</u>	<u>3,500,000</u>	<u>5,995,753</u>	<u>1,774,214</u>	<u>18,133,201</u>
Fund balances, end of year	<u>\$ 6,417,919</u>	<u>4,135,813</u>	<u>5,198,687</u>	<u>2,998,699</u>	<u>18,751,118</u>

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

ANNETTE ISLANDS 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, 2021

Net change in fund balances - total government funds	\$	617,917
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Amounts reported for *governmental activities* in the statement of activities are different because:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in the unfunded net pension and OPEB liabilities and assets:

PERS	97,677	
TRS	<u>871,709</u>	969,386

Changes in deferred inflow and outflow of resources are the results of timing differences in the actuarial report and adjustments to reflect employer and non-employer contributions based on the measurement date of the liabilities:

PERS	(83,548)	
TRS	<u>(197,344)</u>	(280,892)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.

This is the amount by which capital outlay exceeded depreciation in the current period:

Capital outlay	857,983	
Depreciation expense	<u>(379,161)</u>	478,822

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 or disposal. This is the net effect of transactions involving capital assets:

Cost of assets disposed	(243,076)	
Accumulated depreciation of assets disposed	<u>241,831</u>	(1,245)

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported in the funds. The liability is recorded in the Government-wide financial statements.

Change in compensated absences		<u>21,273</u>
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Change in net position of governmental activities	\$	<u><u>1,805,261</u></u>
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The notes to the financial statements are an integral part of this statement.

ANNETTE ISLANDS SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2021

	School Operating Fund			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources:				
Earnings on investments	\$ 150,000	33,000	21,495	(11,505)
E-rate	100,000	98,064	98,064	-
Other	15,000	80,000	79,549	(451)
Intergovernmental:				
State of Alaska	4,335,964	5,212,694	5,176,881	(35,813)
Federal sources	5,300,000	5,300,000	5,795,786	495,786
Total revenues	9,900,964	10,723,758	11,171,775	448,017
Expenditures:				
Current:				
Instruction	3,306,124	3,305,688	3,026,548	279,140
Special education instruction	1,215,734	997,706	946,995	50,711
Special education support services - students	144,465	231,029	230,177	852
Support services - students	366,693	573,680	556,544	17,136
Support services - instruction	494,297	625,180	564,191	60,989
School administration	560,047	554,259	507,746	46,513
School administration support services	196,975	199,266	175,771	23,495
District administration	506,821	455,117	400,734	54,383
District administration support services	787,008	766,916	585,561	181,355
Operations and maintenance of plant	1,469,004	2,125,284	1,535,749	589,535
Student activities	479,214	354,254	232,450	121,804
Student transportation - to and from school	5,140	5,140	2,271	2,869
Food services	26,080	26,080	13,512	12,568
Total expenditures	9,557,602	10,219,599	8,778,249	1,441,350
Excess of revenues over expenditures	343,362	504,159	2,393,526	1,889,367
Other financing sources (uses):				
Transfers out	(343,362)	(504,159)	(2,838,841)	(2,334,682)
Net change in fund balance	\$ -	-	(445,315)	(445,315)
Fund balance, beginning of year			6,863,234	
Fund balance, end of year			\$ 6,417,919	

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

ANNETTE ISLANDS SCHOOL DISTRICT

Statement of Fiduciary Net Position
Fiduciary Fund

June 30, 2021

	Student Activities Custodial Fund
<u>Assets</u>	
Due from School Operating Fund	\$ <u>149,649</u>
<u>Net Position</u>	
Fiduciary net position - held for student groups	\$ <u>149,649</u>

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

ANNETTE ISLANDS SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2021

	Student Activities Custodial Fund
Additions:	
Contributions	\$ 21,545
Deductions:	
Program expenses	<u>28,348</u>
Change in net position	(6,803)
Net position, beginning of the year, as previously stated	<u>-</u>
Change in accounting principle	156,452
Net position, beginning of the year, as restated	<u>156,452</u>
Net position end of the year	<u><u>\$ 149,649</u></u>

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

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Legislature of the State of Alaska established the Annette Islands School District on July 1, 1976. At that time, assets to be used by the District were turned over by direct transfer or by use permits from the State of Alaska. The District is operated under the exclusive oversight management and control of the locally-elected five-member School Board. The School Board is the level of government, which has governance responsibilities over all activities, related to public elementary and secondary education within the jurisdiction of the Annette Islands School District. The District receives funding from state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since the School Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

The School Board does not exercise oversight responsibility over any other entity. No other entity engages in activities, which benefit the School District, nor do any special financial relationships exist between the District and any other entity. Therefore, the School District does not have any component units, as defined in GASB Statement No. 14, as amended by GASB Statements No. 39 and 61, which require inclusion in the combined financial statements.

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

The School District is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statements purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements present only the funds of those organizational entities for which its elected governing board is financially accountable.

The more significant of the District's accounting policies are described below.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not presently have any business-type activities.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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. Nonmajor funds are aggregated and presented in a single column.

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. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Position.

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 with 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on general long-term debt which is recognized when the obligations are expected to be liquidated with expendable available financial resources.

Summarized below are the major sources of revenue, which are susceptible to accrual and the applicable recognition policies:

Intergovernmental Revenues:

State of Alaska Foundation and Student Transportation revenue is recorded in the year to which it relates.

Federal Impact Aid receipts and federal aid for school lunch are recorded as revenues in the year monies are received.

State of Alaska and federal government cost reimbursable grants and contracts revenues are recorded to the extent of allowable expenditures in the period incurred.

On-behalf payments are recognized in the year to which it relates.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

Local Revenue:

Interest earnings on investments in the School Operating Fund are recognized when earned. E-rate and other revenues are recognized in the year it relates.

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.

The District uses funds to maintain its financial records during the fiscal year. A fund is a separate accounting entity. The operations of each fund is accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures. There are three categories of funds: governmental, proprietary and fiduciary. Of these three, the District maintains governmental funds and fiduciary funds.

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental funds:

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

The *Administration and Facilities Buildings Capital Project Fund* is used to account for the various phases of planning, design, construction and acquisition of capital projects/assets related to general administration and facilities.

The *District-wide Major Maintenance Capital Project Fund* is used to account for the various maintenance projects of capital assets throughout the District.

The other governmental funds of the District are considered nonmajor and are as follows:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds are used to account for the acquisition or construction of major capital facilities.

The District reports the following fiduciary fund:

The *Student Activity Custodial 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 held for others in a fiduciary capacity.

Use of Estimates

The preparation of the basic 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 and expenditures and expenses during the reporting period. Actual results could differ from those estimates.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

Indirect Costs

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

D. Assets, Liabilities and Net Position / Fund Balance

1. Cash and Investments

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 investments allowed.

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.

Advances between funds, as reported in the fund financial statements, are offset by committed or nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Management has determined that all of their receivables are collectable; therefore, no allowance for doubtful accounts has been established.

3. Inventory

Inventories consisting of fuel and food are stated at cost, which approximates market, using the first-in, first-out (FIFO) method. Governmental fund type inventories are recorded as expenditures when they are purchased (purchase method), rather than when they are consumed. Reported inventories are equally offset by a portion of fund balance classified as nonspendable in the Fund Financial Statements, which indicates that they do not constitute "available spendable resources" even though they are a component of fund balance.

4. Prepaid Items

Payments made to vendors for goods or services, which benefit periods beyond the end of the current fiscal year, are recorded as prepaid items. The prepaid assets do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as nonspendable in the Fund Financial Statements.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

5. Capital Assets

Capital assets, which include buildings and improvements, improvements other than buildings, and vehicles and equipment, 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 acquisition value at the date of donation. Assets greater than \$5,000 with a useful life greater than one year in the government-wide financial statements are capitalized and depreciated on straight-line method.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are considered operations and maintenance and are not capitalized in the government-wide financial statements.

Capital assets owned by the District are depreciated under the straight-line method with estimated useful lives as follows:

	<u>Life in Years (Range)</u>
Vehicles and equipment	3 – 10
Improvements other than buildings	20 – 25
Buildings and improvements	30 – 50

6. Compensated Absences

Permanent 12-month employees earn and accrue annual leave. Unused annual leave is accrued as earned by employees and is recorded as a current liability in the period earned. Annual leave is accrued as a current liability because it is required to be liquidated within the year. All regular employees accrue sick leave, which is available for use while remaining in a permanent position. Sick leave does not vest and is recorded as an expenditure in the period in which it is used. No compensated absence liability is recognized in the fund financial statements.

7. Unearned Revenues

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

8. Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension and OPEB assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and 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.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

9. Net Position

Government-wide 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.

10. Fund Balance

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

Nonspendable fund balance – amounts that cannot be spent because they are in a nonspendable form (such as inventory) or legally or contractually required to be maintained intact (such as the corpus of an endowment fund).

Restricted fund balance – amounts constrained by external parties, or legislation (such as grantors or higher levels of government).

Committed fund balance – amounts constrained to specific purposes by the District's Board, using the District's highest level of decision-making authority (resolution or ordinance); to be reported as committed, amounts cannot be used for any other purpose unless the School Board takes the same highest-level action to remove or change the constraint.

Assigned fund balance – amounts that are intended for a particular purpose. Intent can be expressed by the School Board or by the Superintendent or designee.

Unassigned – amounts available for any purpose; these amounts are reported only in the School Operating Fund, unless non-spendable resources creates a negative unassigned fund balance in the Special Revenue Funds.

The five categories of fund balance place varying strengths of spending constraints on available resources in a descending order as listed. Nonspendable fund balance is the most restrictive classification and unassigned fund balance is the least restrictive.

When an expenditure has been duly authorized and funding to pay for the expenditure is available within multiple fund balance classifications, the District's policy is to utilize funding available in the most restrictive classification first.

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

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

11. 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) certain cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the balance sheet and Statement of Net Position for the above financial instruments closely approximates their fair value due to the short-term nature of these assets and liabilities.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The School Board authorizes formal budget revisions several 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 budgets of the various Special Revenue Funds are prepared in connection with the application for the special programs' funding and are reviewed and approved by the School Board. Expenditure authority for Special Revenue Fund programs is limited to the actual combined revenues and transfers from other funds.

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. Encumbrances outstanding at year end are reported as unassigned fund balances since they do not constitute expenditures or liabilities. The amount of encumbrances, if significant, are disclosed as commitments.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

B. Excess of Expenditures over Appropriations

The following funds had expenditures in excess of appropriations:

Food Service Special Revenue Fund	619
Empowering Our Future Generations Special Revenue Fund	11,503
New Visions Special Revenue Fund	496

Excess of expenditures over appropriations were funded through available fund balance or transfers from the general fund.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The District utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "Cash and investments," or is included in "Due to other funds." The district has the following deposits and investments:

		Pooled cash and investments
Bank deposits and money markets	\$	17,228,043
AMLIP investments		1,733,971
Total cash and investments	\$	18,962,014

Deposits

The District bank balances are insured by federal depository insurance (FDIC) to a maximum of \$250,000; any amount in excess of FDIC limits is collateralized with securities held by the District's agent in the District's name. As of June 30, 2021, the District had \$3,729,153 of coverage by a collateral agreement. Between this and the \$250,000 coverage by the FDIC, 100% of cash is insured and/or collateralized at year end.

Investments

At year end the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturity (in years)	
		Less than 1 year	1-5
Alaska Municipal League Investment Pool	\$ 1,733,971	1,733,971	-

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2021:

Investments by fair value level	Total	Level 1	Level 2	Level 3
Alaska Municipal League Investment Pool	\$ 1,733,971	-	1,733,971	-

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

Custodial credit risk is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2021, all of the investment balances are insured or collateralized in the name of the School District.

The pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is not SEC registered and are rated AAAM by Standard and Poor's for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The share value of investments in the AMLIP is approximately equal to fair value. To obtain a copy of AMLIP's financial statements contact Key Trust of Alaska at 101 West Benson Blvd., Room 302, Anchorage, AK 99503.

B. Receivables

Management has determined that all of their receivables are collectible, therefore, no allowance for doubtful accounts has been established. Receivables as of year-end for the District's individual major funds and other governmental funds are as follows:

Receivables	School Operating Fund	Other Governmental Funds	Total
Miscellaneous	\$ 2,091	-	2,091
Grants receivable	-	711,244	711,244
Total receivable:	\$ 2,091	711,244	713,335

C. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	-	711,117	-	711,117
Capital assets, being depreciated:				
Equipment	1,388,783	45,109	(231,798)	1,202,094
Vehicles	572,630	73,375	(11,278)	634,727
Buildings	9,350,794	28,382	-	9,379,176
Improvements other than buildings	126,561	-	-	126,561
Total assets being depreciated	11,438,768	146,866	(243,076)	11,342,558
Less accumulated depreciation	(2,070,570)	(379,161)	(241,831)	(2,207,900)
Net governmental capital assets	\$ 9,368,198	478,822	(1,245)	9,845,775

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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

Instruction	\$ 96,677
School administration	4,612
District administration	1,742
District administration support services	5,572
Operation and maintenance of plant	229,243
Student activities	4,548
Student transportation – to and from school	28,967
Food services	<u>7,800</u>
	\$ <u>379,161</u>

D. Interfund Receivables and Payables and Transfers

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, 2021 were as follows:

Receivable Fund	Payable Fund	Amount
School Operating Fund	Other Governmental Funds	\$ 1,284,933
Administration and Facilities		
Buildings Capital Project Fund	School Operating Fund	4,135,813
District-wide Major Maintenance		
Capital Project Fund	School Operating Fund	3,501,957
Other Governmental Funds	School Operating Fund	<u>1,789,528</u>
Total		\$ <u>10,712,231</u>

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

Transfers Out	Transfer In	Amount
School Operating Fund	Administration and Facilities	
	Building Capital Project Fund	\$ 1,000,000
School Operating Fund	Other Governmental Funds	1,838,841
District-wide Major Maintenance		
Capital Project Fund	Other Governmental Funds	<u>600,000</u>
Total		\$ <u>3,438,841</u>

Transfers are used to move unrestricted School Operating Fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. The District-wide Major Maintenance Capital Project Fund transferred \$600,000 to the Housing Fourplex Capital Project Fund to help offset the future construction costs.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

E. Long-term Liabilities

The following schedule shows the changes in the District's long-term liabilities for the year ended June 30, 2021, which are typically liquidated by the School Operating Fund:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due within one year
Accrued Leave	\$ 32,728	68,232	(89,505)	11,455	11,455

IV. OTHER INFORMATION

A. Risk Management

The District faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers compensation, and (f) medical/dental/vision costs for employees.

Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for damage to and loss of property and contents, general liability, errors and omissions and student accidents. Coverage limits and the deductibles on commercial policies have stayed relatively constant for the last several years. No settlement in excess of insurance coverage has been realized over the past three years.

B. Contingent Liabilities

Granting Agencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, 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.

Affordable Care Act (ACA) Liability

The Affordable Care Act added the employer shared responsibility provisions under section 4980H of the Internal Revenue Code that effective in 2015 and thereon. Under these provisions, certain employers (called applicable large employers or ALEs) must either offer health coverage that is "affordable" and that provides "minimum value" to their full-time employees (and offer coverage to the full-time employees' dependents), or potentially make an employer shared responsibility payment to the IRS, if at least one of their full-time employees receives a premium tax credit for purchasing individual coverage on a Health Insurance Marketplace, also called the Exchange.

The District qualifies as an ALE and was deemed responsible and liable for an ACA penalty the years covering 2017 through 2020, for failing to offer the health insurance coverage in compliance with the ACA. As of this time, the District does not plan on making any changes in the provided health insurance plan currently in place.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

C. Change in Accounting Principle

In 2021, the District adopted new accounting guidance. GASB Statement No. 84 Fiduciary Activities and GASB Statement No. 97, Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Statement No. 84 establishes criteria for identifying fiduciary activities and the reporting requirements of said fiduciary activities. Statement No. 97 clarifies the criteria for revaluing a Section 457 plan as a pension plan and adds or amends criteria for assessing fiduciary component units of the District in relation to previously issued accounting principles.

As a results of adopting these standards, what was previously recorded as a dues to student groups has been reclassified to beginning fiduciary net position. The previously reported due to student groups liability of the Student Activity Custodial Fund of \$156,452 at June 30, 2020, has been restated to beginning fiduciary net position to align with the new guidance.

D. Employee Retirement Systems and Plans

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

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

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

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

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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

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

Other Postemployment Benefit Plans (OPEB)

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2021 the employer contribution rate 0.31% for PERS and 0.08% for TRS.

Membership in the plan consisted of the following at June 30, 2020 (latest available report):

Membership	PERS	TRS
Active plan members	23,378	5,569
Participating employers	152	57

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2020 (latest available information) employer contributions were 4.88% for PERS and 4.53% for TRS of annual payroll. Membership in the plan consisted of the following at June 30, 2020 (latest report available):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	36,140	13,053
Inactive plan members entitled to but not yet receiving benefits	7,208	774
Inactive plan members not entitled to benefits	10,575	1,745
Active plan members	11,162	3,812
Total plan membership	<u>65,085</u>	<u>19,384</u>

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2021 employer contributions were 1.27% for PERS and .093% for TRS. Membership in the plan consists of the following at June 30, 2020 (latest available report):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	46	17
Inactive plan members entitled to but not yet receiving benefits	1,717	782
Inactive plan members not entitled to benefits	14,643	2,757
Active plan members	23,378	5,569
Total plan membership	39,784	9,125

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, 2020 (latest available report):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	63	19
Inactive plan members entitled to but not yet receiving benefits	1,717	782
Inactive plan members not entitled to benefits	14,643	2,757
Active plan members	23,378	5,569
Total plan membership	39,801	9,127

Investments

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

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

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2020 (latest available report) for the DB Pension Plan for PERS and TRS is 4.03% and 4.01%, for the ARHCT plan is 4.16% and 4.16%, for the ODD Plan is 4.28% and 4.22%, and for the RMP is 4.33% and 4.26%, respectively.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	6.24%
Global Equity (non-U.S.)	6.67%
Aggregate bonds	(0.16%)
Opportunistic	3.01%
Real Assets	3.82%
Private Equity	10.00%
Cash Equivalents	(1.09%)

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.38%, which represents a decrease of 0.00% since the prior measurement period. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities and assets were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities and assets. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefits not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.66% as of June 30, 2020.

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

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

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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

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

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

Employer Contribution rates for PERS and TRS for the year ended June 30, 2021 are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	14.57%	26.58%	8.85%
OPEB	7.43%	4.27%	0%
Total PERS contribution rates	22.00%	30.85%	8.85%
TRS:			
Pension	5.65%	27.07%	17.91%
OPEB	6.91%	3.40%	0%
Total TRS contribution rates	12.56%	30.47%	17.91%

Termination Costs: If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS or TRS Administrator. For fiscal year 2021 the past service rate for PERS is 18.23%.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2020 (latest available) were determined by an actuarial valuation as of June 30, 2019 which was rolled forward to the measurement date June 30, 2020. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017:

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

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

TRS Disability	Incidence rates based on 2013-2017 actual experience. Disabilities are assumed to be occupational 15% of the time. Post-disability mortality in accordance with the RP-2014 disabled table with MP-2017 generational improvement.
Retirement	Retirement rates based upon the 2013-2017 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date.
PERS Marriage and age difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.
TRS Marriage and age difference	Males are assumed to be three years older than their wives. Females are assumed to be two years younger than their husbands. 85% of male members and 75% of female members are assumed to be married at termination from active service.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drugs: 8.0% grading down to 4.5% EGWP: 8.0% grading down to 4.5%.

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

1. Per capita claims costs were updated to reflect recent experience.
2. Normal cost for administrative expenses were updated to reflect recent experience.
3. Healthcare cost trends were updated to reflect the repeal of the Cadillac Tax.

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

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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/drb/pers>.

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

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

Currently there are 151 employers participating in PERS defined benefit plan, including the State of Alaska and 150 political subdivisions and public organizations.

The DB Plan's membership consisted of the following at June 30, 2020 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	36,140
Inactive plan members entitled to but not receiving benefits	7,208
Inactive members not entitled to benefits	10,575
Active plan members	<u>11,162</u>
Total DB plan membership	<u>65,085</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.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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

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

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

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

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

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

Employer contributions for the year ended June 30, 2021, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>195,110</u>	<u>34,059</u>	<u>229,169</u>

Public Employees Retirement Plans

For the year ended June 30, 2021 the State of Alaska contributed \$163,439 (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, 2020 to a total of \$86,847, to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2021, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that were associated with the District were as follows:

Defined Benefit:		Pension
District's proportionate share of the net pension liability	\$	2,621,559
State's proportionate share of the net pension liability		1,086,412
Total	\$	3,707,971
		OPEB
District's proportionate share of the ARHCT OPEB liability	\$	(201,011)
State's proportionate share of the ARHCT OPEB liability		(83,213)
Total	\$	(284,224)
District's proportionate share of the ODD OPEB liability (asset)	\$	(24,148)
District's proportionate share of the RMP OPEB liability	\$	7,842
Net District's share of net pension and OPEB liabilities and assets	\$	2,404,242

The net pension and OPEB liabilities and assets were measured as of June 30, 2020, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities and assets were determined by an actuarial valuation as of that date. The District's proportion of the net pension and OPEB liabilities were based on the present value of contributions for FY2022 through FY2039, as determined by projections based on the June 30, 2020 valuation.

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

	June 30, 2019 Measurement	June 30, 2020 Measurement	Change
Pension	0.0444%	0.0444%	0.0000%
OPEB:			
ARHCT	0.0445%	0.0444%	(0.0001)%
ODD	0.0807%	0.0886%	0.0079%
RMP	0.1015%	0.1106%	0.0091%

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

Based on the measurement date of June 30, 2020, the District recognized pension and OPEB expense of \$444,817 and (\$142,929), respectively, for the year ended June 30, 2021. At June 30, 2021, 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	\$ 8,316	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	106,698	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(19,850)
District contributions subsequent to the measurement date	195,110	-
Total	<u>\$ 310,124</u>	<u>(19,850)</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(16,126)
Changes of assumptions	-	(140,116)
Net difference between projected and actual earnings on OPEB plan investments	80,650	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(481)
District contributions subsequent to the measurement date	5,191	-
Total	<u>\$ 85,841</u>	<u>(156,723)</u>
	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(8,102)
Changes of assumptions	-	(354)
Net difference between projected and actual earnings on OPEB plan investments	828	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,822	(3,151)
District contributions subsequent to the measurement date	5,662	-
Total	<u>\$ 9,312</u>	<u>(11,607)</u>

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41	(1,685)
Changes of assumptions	11,013	(20,273)
Net difference between projected and actual earnings on OPEB plan investments	3,511	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,132	(504)
District contributions subsequent to the measurement date	23,206	-
Total	\$ 39,903	(22,462)

\$195,110 and \$34,059 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities or an increase of the net pension and OPEB assets in the year ended June 30, 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,		Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2021	\$	(9,648)	(157,371)	(1,322)	(610)
2022		37,522	28,707	(1,126)	90
2023		39,661	30,824	(1,122)	78
2024		27,629	21,767	(1,188)	(190)
2025		-	-	(1,397)	(1,036)
Thereafter		-	-	(1,802)	(4,097)
Total	\$	95,164	(76,073)	(7,957)	(5,765)

For the year ended June 30, 2021, the District recognized (\$34,364) and \$19,314 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

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

	1% Decrease (6.38%)	Current Rate (7.38%)	1% Increase (8.38%)
Net pension liability (asset)	\$ 3,408,581	2,621,559	1,961,467
Net OPEB ARHCT liability (asset)	\$ 209,750	(201,011)	(541,242)
Net OPEB ODD liability (asset)	\$ (22,691)	(24,148)	(25,312)
Net OPEB RMP liability (asset)	\$ 48,581	7,842	(22,996)

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset) \$	(581,134)	(201,011)	259,297
Net OPEB ODD liability (asset)	N/A	(24,148)	N/A
Net OPEB RMP liability (asset)	(27,516)	7,842	55,936

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

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 1.27% for the retiree medical plan (DB), 0.31% 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.

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 \$191,308 for the year ended June 30, 2021, which included forfeitures of \$9,447 which have been applied against contributions.

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

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

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

The DB Plan's membership consisted of the following at June 30, 2020 (latest available report):

Inactive plan members or beneficiaries currently receiving benefits	13,053
Inactive plan members entitled to but not receiving benefits	774
Inactive plan members not entitled to benefits	1,745
Active plan members	<u>3,812</u>
Total DB plan membership	<u>19,384</u>

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

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

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

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

Employer contributions for the year ended June 30, 2021, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>58,668</u>	<u>55,277</u>	<u>113,945</u>

Teachers Retirement Plans

For the year ended June 30, 2021 the State of Alaska contributed \$511,384 (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 (\$50,388), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2021, the District reported liabilities and assets that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities (assets), the related State support, and the total portion of the net pension and OPEB liabilities (assets) that was associated with the District were as follows:

Defined Benefit:		Pension
District's proportionate share of the net pension liability	\$	1,655,518
State's proportionate share of the net pension liability		2,874,911
Total	\$	<u>4,530,429</u>
		OPEB
District's proportionate share of the ARHCT OPEB liability (asset)	\$	(289,997)
State's proportionate share of the ARHCT OPEB liability (asset)		(506,307)
Total	\$	<u>(796,304)</u>
District's proportionate share of the ODD OPEB liability (asset)	\$	<u>(22,447)</u>
District's proportionate share of the RMP OPEB liability (asset)	\$	<u>(51,610)</u>
Net District's share of net pension and OPEB liabilities and assets	\$	<u>1,291,464</u>

The net pension and OPEB liabilities and assets were measured as of June 30, 2020, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities and assets were determined by an actuarial valuation as of that date. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2022 through FY2039, as determined by projections based on the June 30, 2020 valuation.

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

	June 30, 2019 Measurement	June 30, 2020 Measurement	Change
Pension	0.1285%	0.0814%	(0.0471)%
OPEB:			
ARHCT	0.1282%	0.0812%	(0.0470)%
ODD	0.5304%	0.5214%	(0.0090)%
RMP	0.5299%	0.5232%	(0.0067)%

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

Based on the measurement date of June 30, 2020, the District recognized pension expense of (\$210,149) and OPEB expense of (\$398,635), respectively, for the year ended June 30, 2021. At June 30, 2021, 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	\$ 1,886	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	114,079	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(278,824)
District contribution subsequent to the measurement date	58,668	-
Total	\$ <u>174,633</u>	<u>(278,824)</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(7,777)
Changes of assumptions	-	(91,231)
Net difference between projected and actual earnings on pension plan investments	56,053	-
Changes in proportion and differences between District contributions and proportionate share of contributions	19,903	-
District contribution subsequent to the measurement date	28,749	-
Total	\$ <u>104,705</u>	<u>(99,008)</u>
	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(2,503)
Changes of assumptions	-	(20)
Net difference between projected and actual earnings on pension plan investments	556	-
Changes in proportion and differences between District contributions and proportionate share of contributions	281	(1,363)
District contribution subsequent to the measurement date	2,098	-
Total	\$ <u>2,935</u>	<u>(3,886)</u>

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,970	(3,906)
Changes of assumptions	8,066	(44,745)
Net difference between projected and actual earnings on pension plan investments	5,949	-
Changes in proportion and differences between District contributions and proportionate share of contributions	214	(1,433)
District contribution subsequent to the measurement date	24,430	-
Total	\$ 49,629	(50,084)

\$58,668 and \$55,277 are reported as deferred outflows of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liability and as an increase to the net pension and OPEB assets in the year ended June 30, 2020 (actuarial), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2021	\$ (275,654)	(79,243)	(484)	(3,204)
2022	40,298	19,894	(323)	(1,953)
2023	42,882	21,281	(314)	(1,971)
2024	29,615	15,016	(365)	(2,452)
2025	-	-	(511)	(3,882)
Thereafter	-	-	(1,052)	(11,423)
Total	\$ (162,859)	(23,052)	(3,049)	(24,885)

For the year ended June 30, 2021, the District recognized (\$612,569) and \$68,729 of pension and OPEB amortization of the deferred outflows and inflows of resources, respectively.

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

	1% Decrease (6.38%)	Current Rate (7.38%)	1% Increase (8.38%)
Net pension liability	\$ 2,323,209	1,655,518	1,093,991
Net OPEB ARHCT liability (asset)	\$ (15,987)	(289,997)	(515,995)
Net OPEB ODD liability (asset)	\$ (22,483)	(22,447)	(22,436)
Net OPEB RMP liability (asset)	\$ 2,783	(51,610)	(92,286)

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

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

		1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$	(541,145)	(289,997)	15,484
Net OPEB ODD liability (asset)	\$	N/A	(22,447)	N/A
Net OPEB RMP liability (asset)	\$	(97,905)	(51,610)	12,090

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): 0.93% 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%. 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 \$267,866 for the year ended June 30, 2021, which included forfeitures of \$18,148 which has been applied against contributions.

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 87 *Leases*. Effective for fiscal years beginning after June 15, 2021.
- GASB 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2020.
- GASB 92 *Omnibus 2020*. This Statement has multiple effective dates which vary by topic.
- GASB 93 *Replacement of Interbank Offered Rates*. Effective for fiscal years beginning after June 15, 2021.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to the Basic Financial Statements, Continued

- GASB 94 *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. Effective immediately.
- GASB 96 *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.

Statements 93, 94, and 96 are not expected to have any significant impact on the financial statements of the District.

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.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

ANNETTE ISLANDS SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2021

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	0.0165%	\$ 767,430	\$ 851,323	\$ 1,618,753	\$ 1,041,757	74%	62.37%
2016	0.1566%	\$ 2,742,472	\$ 734,190	\$ 3,476,662	\$ 1,195,190	229%	63.96%
2017	0.0388%	\$ 2,165,824	\$ 275,176	\$ 2,441,000	\$ 1,124,357	193%	59.55%
2018	0.0388%	\$ 2,003,736	\$ 746,621	\$ 2,750,357	\$ 1,208,713	166%	63.37%
2019	0.0410%	\$ 2,037,476	\$ 589,024	\$ 2,626,500	\$ 1,311,014	155%	65.19%
2020	0.0444%	\$ 2,431,131	\$ 965,234	\$ 3,396,365	\$ 1,303,955	186%	63.42%
2021	0.0444%	\$ 2,621,559	\$ 1,086,412	\$ 3,707,971	\$ 1,496,529	175%	61.61%

See accompanying notes to Required Supplementary Information.

ANNETTE ISLANDS SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2021

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.0388%	\$ 327,780	\$ 122,335	\$ 450,115	\$ 1,208,713	27.12%	89.68%
2019	0.0411%	\$ 421,257	\$ 122,221	\$ 543,478	\$ 1,311,014	32.13%	88.12%
2020	0.0445%	\$ 66,068	\$ 26,146	\$ 92,214	\$ 1,303,955	5.07%	98.13%
2021	0.0444%	\$ (201,011)	\$ (83,213)	\$ (284,224)	\$ 1,496,529	-13.43%	106.15%
Occupational Death and Disability (ODD):							
2018	0.1010%	\$ (14,334)	\$ -	\$ (14,334)	\$ 1,208,713	-1.19%	212.97%
2019	0.1086%	\$ (21,090)	\$ -	\$ (21,090)	\$ 1,311,014	-1.61%	270.62%
2020	0.0807%	\$ (19,558)	\$ -	\$ (19,558)	\$ 1,303,955	-1.50%	297.43%
2021	0.0886%	\$ (24,148)	\$ -	\$ (24,148)	\$ 1,496,529	-1.61%	283.80%
Retiree Medical Plan (RMP):							
2018	0.1010%	\$ 5,268	\$ -	\$ 5,268	\$ 599,182	0.88%	93.98%
2019	0.1086%	\$ 13,818	\$ -	\$ 13,818	\$ 617,723	2.24%	88.71%
2020	0.1015%	\$ 24,278	\$ -	\$ 24,278	\$ 557,018	4.36%	83.17%
2021	0.1106%	\$ 7,842	\$ -	\$ 7,842	\$ 704,338	1.11%	92.23%

See accompanying notes to Required Supplementary Information.

ANNETTE ISLANDS SCHOOL DISTRICT

Schedule of the District's Contributions (Pensions)

Public Employees' Retirement System (PERS)

June 30, 2021

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	\$ 68,894	\$ (68,894)	\$ -	\$ 1,195,190	5.76%
2016	\$ 78,418	\$ (78,418)	\$ -	\$ 1,124,357	6.97%
2017	\$ 105,129	\$ (105,129)	\$ -	\$ 1,208,713	8.70%
2018	\$ 112,535	\$ (112,535)	\$ -	\$ 1,311,014	8.58%
2019	\$ 109,932	\$ (111,444)	\$ (1,512)	\$ 1,303,955	8.43%
2020	\$ 116,725	\$ (104,056)	\$ 12,669	\$ 1,496,529	7.80%
2021	\$ 191,778	\$ (195,110)	\$ (3,332)	\$ 1,911,259	10.03%

See accompanying notes to Required Supplementary Information.

ANNETTE ISLANDS SCHOOL DISTRICT

Schedule of the District's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2021

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 32,146	\$ (32,146)	\$ -	\$ 1,311,014	2.45%
2019	\$ 37,679	\$ (37,679)	\$ -	\$ 1,303,955	2.89%
2020	\$ 46,620	\$ (46,620)	\$ -	\$ 1,496,529	3.12%
2021	\$ 5,191	\$ (5,191)	\$ -	\$ 1,911,259	0.27%
Occupational Death and Disability (ODD):					
2018	\$ 1,965	\$ (1,965)	\$ -	\$ 1,311,014	0.15%
2019	\$ 3,294	\$ (3,294)	\$ -	\$ 1,303,955	0.25%
2020	\$ 3,885	\$ (3,885)	\$ -	\$ 1,496,529	0.26%
2021	\$ 5,662	\$ (5,662)	\$ -	\$ 1,911,259	0.30%
Retiree Medical Plan (RMP):					
2018	\$ 12,659	\$ (12,659)	\$ -	\$ 617,723	2.05%
2019	\$ 11,909	\$ (11,909)	\$ -	\$ 557,018	2.14%
2020	\$ 19,721	\$ (19,721)	\$ -	\$ 704,338	2.80%
2021	\$ 23,206	\$ (23,206)	\$ -	\$ 869,582	2.67%

See accompanying notes to Required Supplementary Information.

ANNETTE ISLANDS SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2021

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	0.0334%	\$ 1,002,498	\$ 7,029,215	\$ 8,031,713	\$ 2,120,326	47.28%	55.70%
2016	0.1124%	\$ 2,091,439	\$ 3,339,646	\$ 5,431,085	\$ 4,540,371	46.06%	73.82%
2017	0.1559%	\$ 3,559,111	\$ 4,226,445	\$ 7,785,556	\$ 4,709,751	75.57%	68.40%
2018	0.1041%	\$ 2,110,082	\$ 3,685,066	\$ 5,795,148	\$ 4,600,632	45.87%	72.39%
2019	0.1094%	\$ 2,093,567	\$ 3,112,116	\$ 5,205,683	\$ 3,615,917	57.90%	74.09%
2020	0.1285%	\$ 2,400,811	\$ 3,564,147	\$ 5,964,958	\$ 2,636,744	91.05%	74.68%
2021	0.0814%	\$ 1,655,518	\$ 2,874,911	\$ 4,530,429	\$ 2,581,970	64.12%	72.81%

See accompanying notes to Required Supplementary Information.

ANNETTE ISLANDS SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2021

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.1038%	\$ 190,842	\$ 334,955	\$ 525,797	\$ 4,600,632	4.15%	93.75%
2019	0.1094%	\$ 340,046	\$ 505,710	\$ 845,756	\$ 3,615,917	9.40%	90.23%
2020	0.1282%	\$ (195,981)	\$ (291,907)	\$ (487,888)	\$ 2,636,744	-7.43%	105.50%
2021	0.0812%	\$ (289,997)	\$ (506,307)	\$ (796,304)	\$ 2,581,970	-11.23%	113.78%
Occupational Death and Disability (ODD):							
2018	0.5003%	\$ (16,351)	\$ -	\$ (16,351)	\$ 4,600,632	-0.36%	1342.59%
2019	0.5102%	\$ (17,886)	\$ -	\$ (17,886)	\$ 3,615,917	-0.49%	1304.81%
2020	0.5304%	\$ (21,328)	\$ -	\$ (21,328)	\$ 2,636,744	-0.81%	1409.77%
2021	0.5214%	\$ (22,447)	\$ -	\$ (22,447)	\$ 2,581,970	-0.87%	931.08%
Retiree Medical Plan (RMP):							
2018	0.5003%	\$ (23,716)	\$ -	\$ (23,716)	\$ 1,491,139	-1.59%	118.16%
2019	0.5102%	\$ (16,315)	\$ -	\$ (16,315)	\$ 1,154,833	-1.41%	109.56%
2020	0.5299%	\$ (20,329)	\$ -	\$ (20,329)	\$ 1,645,207	-1.24%	110.03%
2021	0.5232%	\$ (51,610)	\$ -	\$ (51,610)	\$ 1,734,349	-2.98%	125.59%

See accompanying notes to Required Supplementary Information.

ANNETTE ISLANDS SCHOOL DISTRICT
Schedule of the District's Contributions (Pensions)
Teachers' Retirement System (TRS)
June 30, 2021

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	\$ 80,505	\$ (80,505)	\$ -	\$ 4,540,371	1.77%
2016	\$ 70,301	\$ (70,301)	\$ -	\$ 4,709,751	1.49%
2017	\$ 67,477	\$ (67,477)	\$ -	\$ 4,600,632	1.47%
2018	\$ 64,186	\$ (64,186)	\$ -	\$ 3,615,917	1.78%
2019	\$ 70,126	\$ (71,948)	\$ (1,822)	\$ 2,636,744	2.66%
2020	\$ 53,213	\$ (51,391)	\$ 1,822	\$ 2,581,970	2.06%
2021	\$ 59,143	\$ (58,668)	\$ 475	\$ 3,039,896	1.95%

See accompanying notes to Required Supplementary Information.

ANNETTE ISLANDS SCHOOL DISTRICT

Schedule of the District's Contributions (OPEB)

Teachers' Retirement System (TRS)

June 30, 2021

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 31,787	\$ (31,787)	\$ -	\$ 3,615,917	0.88%
2019	\$ 34,584	\$ (34,584)	\$ -	\$ 2,636,744	1.31%
2020	\$ 30,017	\$ (30,017)	\$ -	\$ 2,581,970	1.16%
2021	\$ 28,749	\$ (28,749)	\$ -	\$ 3,039,896	0.95%
Occupational Death and Disability (ODD):					
2018	\$ -	\$ -	\$ -	\$ 3,615,917	0.00%
2019	\$ 1,656	\$ (1,656)	\$ -	\$ 2,636,744	0.06%
2020	\$ 1,713	\$ (1,713)	\$ -	\$ 2,581,970	0.07%
2021	\$ 2,098	\$ (2,098)	\$ -	\$ 3,039,896	0.07%
Retiree Medical Plan (RMP):					
2018	\$ 16,687	\$ (16,687)	\$ -	\$ 1,154,833	1.44%
2019	\$ 16,348	\$ (16,348)	\$ -	\$ 1,645,207	0.99%
2020	\$ 23,340	\$ (23,340)	\$ -	\$ 1,734,349	1.35%
2021	\$ 24,430	\$ (24,430)	\$ -	\$ 2,132,691	1.15%

See accompanying notes to Required Supplementary Information.

ANNETTE ISLAND SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2021

1. Public Employees' Retirement System

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

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

Changes in Methods Since the Prior Valuation – June 30, 2019 to June 30, 2020:

There were no changes in actuarial methods since the prior valuation.

Changes in Assumptions Since the Prior Valuation – June 30, 2019 to June 30, 2020:

Healthcare claim costs are updated annually. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax. The amounts included in the Normal Cost for administrative expenses were updated based on the most recent two years of actual administrative expenses paid from plan assets.

Changes in Benefit Provisions Since the Prior Valuation – June 30, 2019 to June 30, 2020:

There were no changes in benefit provisions since the prior valuation.

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

Schedule of District Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2019 which was rolled forward to June 30, 2020. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

2. Teachers' Retirement System

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

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

Changes in Methods Since the Prior Valuation – June 30, 2019 to June 30, 2020:

There were no changes in actuarial methods since the prior valuation.

ANNETTE ISLAND SCHOOL DISTRICT

Notes to Required Supplementary Information, Continued

Changes in Assumptions Since the Prior Valuation – June 30, 2019 to June 30, 2020:

Healthcare claim costs are updated annually. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax. The amounts included in the Normal Cost for administrative expenses were updated based on the most recent two years of actual administrative expenses paid from plan assets.

Changes in Benefit Provisions Since the Prior Valuation – June 30, 2019 to June 30, 2020:

There were no changes in benefit provisions since the prior valuation.

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

Schedule of District Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2019 which was rolled forward to June 30, 2020. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

ADDITIONAL SUPPLEMENTARY INFORMATION

ANNETTE ISLANDS SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Earnings on investments	\$ 33,000	21,495	(11,505)
E-rate	98,064	98,064	-
Other	80,000	79,549	(451)
Intergovernmental:			
State of Alaska:			
Foundation program	4,500,173	4,483,891	(16,282)
Quality schools	16,698	16,280	(418)
On-behalf TRS	532,658	511,384	(21,274)
On-behalf PERS	161,278	163,439	2,161
Other state revenues	1,887	1,887	-
Federal sources:			
Impact aid	5,300,000	5,795,786	495,786
Total revenues	<u>10,723,758</u>	<u>11,171,775</u>	<u>448,017</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	1,616,500	1,622,754	(6,254)
Non-certificated salaries	148,500	114,622	33,878
Employee benefits	1,168,988	953,170	215,818
Transportation allowance	20,000	13,012	6,988
Professional and technical services	45,000	34,563	10,437
Student travel	1,000	678	322
Utility services	15,000	9,339	5,661
Other purchased services	4,200	4,200	-
Supplies, materials and media	259,000	271,317	(12,317)
Tuition and stipends	5,000	-	5,000
Equipment	22,500	2,893	19,607
Total instruction	<u>3,305,688</u>	<u>3,026,548</u>	<u>279,140</u>
Special education instruction:			
Certificated salaries	149,643	151,015	(1,372)
Non-certificated salaries	468,000	463,804	4,196
Employee benefits	330,563	279,462	51,101
Professional and technical services	500	1,650	(1,150)
Supplies, materials and media	49,000	48,171	829
Equipment	-	2,893	(2,893)
Total special education instruction	<u>997,706</u>	<u>946,995</u>	<u>50,711</u>
Special education support services - students:			
Certificated salaries	9,500	9,500	-
Non-certificated salaries	30,000	45,281	(15,281)
Employee benefits	13,629	22,145	(8,516)
Professional and technical services	175,000	149,192	25,808
Supplies, materials and media	2,500	4,059	(1,559)
Other	400	-	400
Total special education support - students	<u>231,029</u>	<u>230,177</u>	<u>852</u>

(continued)

ANNETTE ISLANDS 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:			
Support services - students:			
Certificated salaries	\$ 209,735	211,875	(2,140)
Non-certificated salaries	124,500	102,904	21,596
Employee benefits	191,695	209,622	(17,927)
Professional and technical services	16,500	16,239	261
Supplies, materials and media	31,000	15,904	15,096
Other	250	-	250
Total support services - students	573,680	556,544	17,136
Support services - instruction:			
Certificated salaries	44,500	44,955	(455)
Non-certificated salaries	44,500	45,351	(851)
Employee benefits	35,880	27,739	8,141
Professional and technical services	20,600	8,850	11,750
Utility services	298,000	286,079	11,921
Other purchased services	70,000	47,238	22,762
Supplies, materials and media	111,700	103,979	7,721
Total support services - instruction	625,180	564,191	60,989
School administration:			
Certificated salaries	330,500	325,874	4,626
Employee benefits	198,245	158,593	39,652
Professional and technical services	100	1,134	(1,034)
Supplies, materials and media	23,000	20,685	2,315
Other	2,414	1,460	954
Total school administration	554,259	507,746	46,513
School administration support services:			
Non-certificated salaries	120,000	111,344	8,656
Employee benefits	79,266	64,427	14,839
Total school administration support services	199,266	175,771	23,495
District administration:			
Certificated salaries	142,800	143,800	(1,000)
Non-certificated salaries	54,700	56,123	(1,423)
Employee benefits	153,217	122,843	30,374
Professional and technical services	50,000	26,561	23,439
Staff travel	-	824	(824)
Supplies, materials and media	36,000	30,949	5,051
Tuition - students and stipends	4,800	5,500	(700)
Other	13,600	14,134	(534)
Total district administration	455,117	400,734	54,383

(continued)

ANNETTE ISLANDS 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	\$ 222,700	222,240	460
Employee benefits	192,516	169,578	22,938
Professional and technical services	145,000	99,629	45,371
Utility services	-	529	(529)
Other purchased services	58,000	48,235	9,765
Insurance and bond premiums	84,000	94,991	(10,991)
Supplies, materials and media	93,000	60,706	32,294
Other expenses	6,700	7,084	(384)
Indirect cost recovery	(35,000)	(117,431)	82,431
Total district administration support services	766,916	585,561	181,355
Operations and maintenance of plant:			
Non-certificated salaries	441,100	414,608	26,492
Employee benefits	235,384	210,257	25,127
Professional and technical services	130,300	101,952	28,348
Staff travel	1,500	389	1,111
Utility services	9,000	8,399	601
Energy	743,000	374,547	368,453
Other purchased services	118,000	46,934	71,066
Insurance and bond premiums	63,000	62,941	59
Supplies, materials and media	304,000	303,826	174
Equipment	80,000	11,896	68,104
Total operations and maintenance of plant	2,125,284	1,535,749	589,535
Student activities:			
Certificated salaries	103,780	100,561	3,219
Non-certificated salaries	43,180	42,244	936
Employee benefits	43,294	29,108	14,186
Professional and technical services	1,000	605	395
Staff travel	3,500	1,780	1,720
Student travel	103,000	38,588	64,412
Supplies, materials and media	34,000	19,564	14,436
Equipment	22,500	-	22,500
Total student activities	354,254	232,450	121,804

(continued)

ANNETTE ISLANDS 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:			
Student transportation - to and from school:			
Non-certificated salaries	-	1,130	(1,130)
Employee benefits	5,140	1,141	3,999
Total student transportation - to and from school	5,140	2,271	2,869
Food services:			
Non-certificated salaries	-	7,700	(7,700)
Employee benefits	26,080	5,812	20,268
Total food services	26,080	13,512	12,568
Total expenditures	10,219,599	8,778,249	1,441,350
Excess of revenues over expenditures	504,159	2,393,526	1,889,367
Other financing sources (uses):			
Transfers (out):			
Food Service Special Revenue Fund	(350,000)	(273,592)	76,408
Alaska Council Arts Special Revenue Fund	(15,933)	(15,000)	933
Artists in the School Special Revenue Fund	(6,373)	(6,000)	373
School Housing Special Revenue Fund	(45,226)	(42,578)	2,648
Housing Fourplex Special Revenue Fund	(86,627)	(81,554)	5,073
Paving CTE HS MS Construction Capital Projects Fund	-	(1,420,117)	(1,420,117)
Administration and Facilities Capital Projects Fund	-	(1,000,000)	(1,000,000)
Total other financing sources (uses)	(504,159)	(2,838,841)	(2,334,682)
Net change in fund balance	\$ -	(445,315)	(445,315)
Fund balance, beginning of year		6,863,234	
Fund balance, end of year		\$ 6,417,919	

ANNETTE ISLANDS SCHOOL DISTRICT

Administration and Facilities Buildings Capital Projects Fund

Schedule of Revenues, Expenditures, and
Changes in Fund Balance

Year Ended June 30, 2021

Revenues	\$ <u>-</u>
Expenditures:	
Current:	
Construction and facilities acquisition -	
Professional and technical services	<u>364,187</u>
Excess of revenues over expenditures	(364,187)
Other financing sources:	
Transfers in -	
School Operating Fund	<u>1,000,000</u>
Net change in fund balance	635,813
Fund balance, beginning of year	<u>3,500,000</u>
Fund balance, end of year	\$ <u><u>4,135,813</u></u>

ANNETTE ISLANDS SCHOOL DISTRICT

District-wide Major Maintenance Capital Projects Fund

Schedule of Revenues, Expenditures, and
Changes in Fund Balance

Year Ended June 30, 2021

Revenues:

Local sources -

Earnings on investments \$ 325

Expenditures:

Current:

Operations and maintenance of plant:

Professional and technical services 69,795

Supplies, materials and media 2,514

Equipment 51,123Total operations and maintenance of plant 123,432

Student activities -

Equipment 40,839

Construction and facilities acquisition -

Professional and technical services 33,120Total expenditures 197,391

Excess (deficiency) of revenues over expenditures (197,066)

Other financing sources:

Transfer (out) -

Housing Fourplex Capital Project Fund (600,000)

Net change in fund balance (797,066)

Fund balance, beginning of year 5,995,753Fund balance, end of year \$ 5,198,687

ANNETTE ISLANDS SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

June 30, 2021

	Special Revenue Funds					
	Student Transportation	State Centennial Library	Food Service	Title II-A Teacher Training and Recruiting	Title I-A Basic	Title VI-B IDEA Part B
<u>Assets</u>						
Cash and investments	\$ -	-	-	-	-	-
Accounts receivable	-	-	18,621	27,103	47,322	32,057
Inventories	-	-	20,799	-	-	-
Due from other funds	18,333	2,374	6,045	-	-	-
Total assets	<u>18,333</u>	<u>2,374</u>	<u>45,465</u>	<u>27,103</u>	<u>47,322</u>	<u>32,057</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	285	465	14	-	-	-
Due to other funds	-	-	-	27,103	47,322	32,057
Unearned revenues	-	1,909	-	-	-	-
Total liabilities	<u>285</u>	<u>2,374</u>	<u>14</u>	<u>27,103</u>	<u>47,322</u>	<u>32,057</u>
Fund balances:						
Nonspendable -						
Inventories	-	-	20,799	-	-	-
Committed:						
Student transportation	18,048	-	-	-	-	-
Food service	-	-	24,652	-	-	-
Early childhood education	-	-	-	-	-	-
New visions	-	-	-	-	-	-
Artists in the school	-	-	-	-	-	-
Imagination library	-	-	-	-	-	-
Leask family scholarship	-	-	-	-	-	-
Assigned:						
Capital improvements	-	-	-	-	-	-
Total fund balances	<u>18,048</u>	<u>-</u>	<u>45,451</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>18,333</u>	<u>2,374</u>	<u>45,465</u>	<u>27,103</u>	<u>47,322</u>	<u>32,057</u>

(continued)

ANNETTE ISLANDS SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

Special Revenue Funds						
<u>Assets</u>	<u>Carl Perkins CTE</u>	<u>CARES Act SOA - DEED ESSER</u>	<u>CARES Act SOA - DEED ESSER II</u>	<u>Empowering Our Future Generations</u>	<u>Fire Grant</u>	<u>Thru the Cultural Lens</u>
Cash and investments	\$ -	-	-	-	-	-
Accounts receivable	7,831	4,794	299,529	126,978	66,869	-
Inventories	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	120
Total assets	<u>7,831</u>	<u>4,794</u>	<u>299,529</u>	<u>126,978</u>	<u>66,869</u>	<u>120</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	-	-	-	20,450	-	-
Due to other funds	7,831	4,794	299,529	106,528	66,869	-
Unearned revenues	-	-	-	-	-	120
Total liabilities	<u>7,831</u>	<u>4,794</u>	<u>299,529</u>	<u>126,978</u>	<u>66,869</u>	<u>120</u>
Fund balances:						
Nonspendable -						
Inventories	-	-	-	-	-	-
Committed:						
Student transportation	-	-	-	-	-	-
Food service	-	-	-	-	-	-
Early childhood education	-	-	-	-	-	-
New visions	-	-	-	-	-	-
Artists in the school	-	-	-	-	-	-
Imagination library	-	-	-	-	-	-
Leask family scholarship	-	-	-	-	-	-
Assigned:						
Capital improvements	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>7,831</u>	<u>4,794</u>	<u>299,529</u>	<u>126,978</u>	<u>66,869</u>	<u>120</u>

(continued)

ANNETTE ISLANDS SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

<u>Assets</u>	<u>Special Revenue Funds</u>					
	Title V-B REAP	Indian Education	Forest Receipts Education	New Visions	Artists in the School	Imagination Library
Cash and investments	\$ -	-	1,802,124	-	-	-
Accounts receivable	6,418	73,722	-	-	-	-
Inventories	-	-	-	-	-	-
Due from other funds	-	-	-	15,196	8,119	3,214
Total assets	<u>6,418</u>	<u>73,722</u>	<u>1,802,124</u>	<u>15,196</u>	<u>8,119</u>	<u>3,214</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	-	-	1,147	692	-	3,669
Due to other funds	6,418	73,722	612,760	-	-	-
Unearned revenues	-	-	-	7,252	4,060	-
Total liabilities	<u>6,418</u>	<u>73,722</u>	<u>613,907</u>	<u>7,944</u>	<u>4,060</u>	<u>-</u>
Fund balances:						
Nonspendable -						
Inventories	-	-	-	-	-	-
Committed:						
Student transportation	-	-	-	-	-	-
Food service	-	-	-	-	-	-
Early childhood education	-	-	1,188,217	-	-	-
New visions	-	-	-	7,252	-	-
Artists in the school	-	-	-	-	4,059	-
Imagination library	-	-	-	-	-	3,214
Leask family scholarship	-	-	-	-	-	-
Assigned:						
Capital improvements	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>1,188,217</u>	<u>7,252</u>	<u>4,059</u>	<u>3,214</u>
Total liabilities and fund balances	<u>\$ 6,418</u>	<u>73,722</u>	<u>1,802,124</u>	<u>15,196</u>	<u>8,119</u>	<u>3,214</u>

(continued)

ANNETTE ISLANDS SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

<u>Assets</u>	<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>				<u>Total Other Governmental Funds</u>
	<u>Leask Family Scholarship</u>	<u>Total Special Revenue Funds</u>	<u>Impact Aid</u>	<u>Housing Fourplex</u>	<u>Paving CTE HS MS Construction</u>	<u>Total Capital Project Funds</u>	
Cash and investments	\$ -	1,802,124	-	-	-	-	1,802,124
Accounts receivable	-	711,244	-	-	-	-	711,244
Inventories	-	20,799	-	-	-	-	20,799
Due from other funds	716	57,786	422,742	600,000	709,000	1,731,742	1,789,528
Total assets	716	2,591,953	422,742	600,000	709,000	1,731,742	4,323,695
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	-	26,722	-	-	-	-	26,722
Due to other funds	-	1,284,933	-	-	-	-	1,284,933
Unearned revenues	-	13,341	-	-	-	-	13,341
Total liabilities	-	1,324,996	-	-	-	-	1,324,996
Fund balances:							
Nonspendable -							
Inventories	-	20,799	-	-	-	-	20,799
Committed:							
Student transportation	-	18,048	-	-	-	-	18,048
Food service	-	24,652	-	-	-	-	24,652
Early childhood education	-	1,188,217	-	-	-	-	1,188,217
New visions	-	7,252	-	-	-	-	7,252
Artists in the school	-	4,059	-	-	-	-	4,059
Imagination library	-	3,214	-	-	-	-	3,214
Leask family scholarship	716	716	-	-	-	-	716
Assigned:							
Capital improvements	-	-	422,742	600,000	709,000	1,731,742	1,731,742
Total fund balances	716	1,266,957	422,742	600,000	709,000	1,731,742	2,998,699
Total liabilities and fund balances	\$ 716	2,591,953	422,742	600,000	709,000	1,731,742	4,323,695

ANNETTE ISLANDS SCHOOL DISTRICT

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

Year Ended June 30, 2021

	Special Revenue Funds						
	Student Transportation	State Centennial Library	Food Service	Title II-A Teacher Training and Recruiting	Title I-A Basic	Title VI-B IDEA Part B	Title VI-B Section 619
Revenues:							
Local sources:							
Earnings on investments	\$ -	-	-	-	-	-	-
Charges for services - rentals	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Intergovernmental:							
State of Alaska	62,993	6,091	-	-	-	-	-
Federal sources:							
Direct	-	-	-	-	-	-	-
Passed through the State of Alaska	-	-	401,076	48,917	194,298	105,947	3,567
Passed through other organizations	-	-	-	-	-	-	-
Total revenues	<u>62,993</u>	<u>6,091</u>	<u>401,076</u>	<u>48,917</u>	<u>194,298</u>	<u>105,947</u>	<u>3,567</u>
Expenditures:							
Current:							
Instruction	-	-	-	37,266	170,966	-	-
Special education instruction	-	-	-	3,139	-	61,865	-
Special education support services - students	-	-	-	-	-	33,104	3,197
Support services - students	-	-	-	-	-	-	-
Support services - instruction	-	-	-	-	3,199	-	-
School administration	-	-	-	2,293	-	-	-
District administration support services	-	-	-	6,219	20,133	10,978	370
Operations and maintenance of plant	-	-	-	-	-	-	-
Student transportation - to and from school	78,365	-	-	-	-	-	-
Community services	-	6,091	-	-	-	-	-
Food services	-	-	674,668	-	-	-	-
Construction and facilities acquisition	-	-	-	-	-	-	-
Total expenditures	<u>78,365</u>	<u>6,091</u>	<u>674,668</u>	<u>48,917</u>	<u>194,298</u>	<u>105,947</u>	<u>3,567</u>
Excess (deficiency) of revenues over expenditures	(15,372)	-	(273,592)	-	-	-	-
Other financing sources - Transfers in	<u>-</u>	<u>-</u>	<u>273,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(15,372)	-	-	-	-	-	-
Fund balances (deficit), beginning of year	<u>33,420</u>	<u>-</u>	<u>45,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	\$ <u>18,048</u>	<u>-</u>	<u>45,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

ANNETTE ISLANDS SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds						
	Carl Perkins CTE	CARES Act SOA - DEED ESSER	CARES Act SOA - DEED ESSER II	Empowering Our Future Generations	Fire Grant	Thru the Cultural Lens	Title V-B REAP
Revenues:							
Local sources:							
Earnings on investments	\$ -	-	-	-	-	-	-
Charges for services - rentals	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Intergovernmental:							
State of Alaska	-	-	-	-	-	-	-
Federal sources:							
Direct	-	-	-	142,585	-	-	6,418
Passed through the State of Alaska	18,486	141,380	368,471	-	73,524	-	-
Passed through other organizations	-	-	-	-	-	19,880	-
Total revenues	<u>18,486</u>	<u>141,380</u>	<u>368,471</u>	<u>142,585</u>	<u>73,524</u>	<u>19,880</u>	<u>6,418</u>
Expenditures:							
Current:							
Instruction	18,486	32,323	143,227	115,561	-	19,880	-
Special education instruction	-	8,400	30,067	-	-	-	-
Special education support services - students	-	-	50,650	-	-	-	-
Support services - students	-	28,531	32,259	-	73,524	-	-
Support services - instruction	-	57,476	-	-	-	-	5,753
School administration	-	-	9,392	13,845	-	-	-
District administration support services	-	14,650	38,181	13,179	-	-	665
Operations and maintenance of plant	-	-	64,695	-	-	-	-
Student transportation - to and from school	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-
Construction and facilities acquisition	-	-	-	-	-	-	-
Total expenditures	<u>18,486</u>	<u>141,380</u>	<u>368,471</u>	<u>142,585</u>	<u>73,524</u>	<u>19,880</u>	<u>6,418</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-
Other financing sources - Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-	-
Fund balances (deficit), beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

ANNETTE ISLANDS SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds						
	Indian Education	Forest Receipts Education	New Visions	Artists in the School	Native Pathways to College	School Housing	Imagination Library
Revenues:							
Local sources:							
Earnings on investments	\$ -	2,231	-	-	-	-	-
Charges for services - rentals	-	-	-	-	-	72,635	-
Other	-	-	-	970	3,000	-	600
Intergovernmental:							
State of Alaska	-	-	3,874	485	-	-	-
Federal sources:							
Direct	123,749	-	-	-	-	-	-
Passed through the State of Alaska	-	392,699	3,874	485	-	-	-
Passed through other organizations	-	-	-	-	-	-	-
Total revenues	<u>123,749</u>	<u>394,930</u>	<u>7,748</u>	<u>1,940</u>	<u>3,000</u>	<u>72,635</u>	<u>600</u>
Expenditures:							
Current:							
Instruction	111,552	384,121	13,890	3,479	3,000	-	1,130
Special education instruction	-	112,541	-	-	-	-	-
Special education support services - students	-	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-
Support services - instruction	-	3,493	-	-	-	-	-
School administration	-	-	-	-	-	-	-
District administration support services	12,197	-	1,606	402	-	-	-
Operations and maintenance of plant	-	-	-	-	-	88,956	-
Student transportation - to and from school	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-
Construction and facilities acquisition	-	-	-	-	-	-	-
Total expenditures	<u>123,749</u>	<u>500,155</u>	<u>15,496</u>	<u>3,881</u>	<u>3,000</u>	<u>88,956</u>	<u>1,130</u>
Excess (deficiency) of revenues over expenditures	-	(105,225)	(7,748)	(1,941)	-	(16,321)	(530)
Other financing sources - Transfers in	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>6,000</u>	<u>-</u>	<u>42,578</u>	<u>-</u>
Net change in fund balances	-	(105,225)	7,252	4,059	-	26,257	(530)
Fund balances (deficit), beginning of year	<u>-</u>	<u>1,293,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,257)</u>	<u>3,744</u>
Fund balances, end of year	<u>\$ -</u>	<u>1,188,217</u>	<u>7,252</u>	<u>4,059</u>	<u>-</u>	<u>-</u>	<u>3,214</u>

(continued)

ANNETTE ISLANDS SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds		Capital Project Funds				
	Leask Family Scholarship	Total Special Revenue Funds	Impact Aid	Housing Fourplex	Paving CTE HS MS Construction	Total Capital Projects Funds	Total Other Governmental Funds
Revenues:							
Local sources:							
Earnings on investments	\$ -	2,231	44	-	-	44	2,275
Charges for services - rentals	-	72,635	-	-	-	-	72,635
Other	-	4,570	-	-	-	-	4,570
Intergovernmental:							
State of Alaska	-	73,443	-	-	-	-	73,443
Federal sources:							
Direct	-	272,752	-	-	-	-	272,752
Passed through the State of Alaska	-	1,752,724	-	-	-	-	1,752,724
Passed through other organizations	-	19,880	-	-	-	-	19,880
Total revenues	-	2,198,235	44	-	-	44	2,198,279
Expenditures:							
Current:							
Instruction	1,000	1,055,881	-	-	-	-	1,055,881
Special education instruction	-	216,012	-	-	-	-	216,012
Special education support services - students	-	86,951	-	-	-	-	86,951
Support services - students	-	134,314	-	-	-	-	134,314
Support services - instruction	-	69,921	-	-	-	-	69,921
School administration	-	25,530	-	-	-	-	25,530
District administration support services	-	118,580	-	-	-	-	118,580
Operations and maintenance of plant	-	153,651	-	81,554	-	81,554	235,205
Student transportation - to and from school	-	78,365	-	-	-	-	78,365
Community services	-	6,091	-	-	-	-	6,091
Food services	-	674,668	-	-	-	-	674,668
Construction and facilities acquisition	-	-	-	-	711,117	711,117	711,117
Total expenditures	1,000	2,619,964	-	81,554	711,117	792,671	3,412,635
Excess (deficiency) of revenues over expenditures	(1,000)	(421,729)	44	(81,554)	(711,117)	(792,627)	(1,214,356)
Other financing sources - Transfers in	-	337,170	-	681,554	1,420,117	2,101,671	2,438,841
Net change in fund balances	(1,000)	(84,559)	44	600,000	709,000	1,309,044	1,224,485
Fund balances (deficit), beginning of year	1,716	1,351,516	422,698	-	-	422,698	1,774,214
Fund balances , end of year	\$ 716	1,266,957	422,742	600,000	709,000	1,731,742	2,998,699

ANNETTE ISLANDS SCHOOL DISTRICT

Student Transportation Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
State of Alaska	\$ 62,993	62,993	-
Expenditures:			
Current:			
Student transportation - to and from school:			
Non-certificated salaries	39,800	39,753	47
Employee benefits	21,800	21,661	139
Staff travel	250	247	3
Insurance and bond premiums	8,000	7,984	16
Supplies, materials and media	8,700	8,720	(20)
Total expenditures	78,550	78,365	185
Excess (deficiency) of revenues over expenditures	\$ (15,557)	(15,372)	185
Fund balance, beginning of year		33,420	
Fund balance, end of year		\$ 18,048	

ANNETTE ISLANDS SCHOOL DISTRICT

State Centennial Library Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
State of Alaska	\$ 7,000	6,091	909
Expenditures:			
Current:			
Community services:			
Professional and technical services	100	100	-
Utility services	500	500	-
Other purchased services	1,000	500	500
Supplies, materials and media	5,400	4,991	409
Total expenditures	7,000	6,091	909
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Food Service Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes
in Fund Balance

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through			
the State of Alaska	\$ 400,457	401,076	619
Expenditures:			
Current:			
Food services:			
Non-certificated salaries	233,192	233,192	-
Employee benefits	103,616	103,616	-
Supplies, materials, and media	337,241	337,860	(619)
Total expenditures	674,049	674,668	(619)
Excess (deficiency) of revenues over expenditures	(273,592)	(273,592)	-
Other financing sources:			
Transfer in - School Operating Fund	273,592	273,592	-
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		45,451	
Fund balance, end of year		\$ 45,451	

ANNETTE ISLANDS SCHOOL DISTRICT

Title II-A Teacher Training and Recruiting Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 48,928	48,917	(11)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	14,464	14,464	-
Non-certificated salaries	1,632	1,632	-
Employee benefits	2,987	2,987	-
Transportation allowance	15,000	15,000	-
Professional and technical services	1,100	1,100	-
Other purchased services	3,208	1,958	1,250
Supplies, materials and media	135	125	10
Total instruction	38,526	37,266	1,260
Special education instruction:			
Certificated salaries	1,666	1,666	-
Non-certificated salaries	916	916	-
Employee benefits	557	557	-
Total special education instruction	3,139	3,139	-
School administration:			
Certificated salaries	894	894	-
Employee benefits	149	149	-
Other purchased services	-	1,250	(1,250)
Total school administration	1,043	2,293	(1,250)
District administration support services:			
Other	1,150	1,150	-
Indirect costs	5,070	5,069	1
Total district administration support services	6,220	6,219	1
Total expenditures	48,928	48,917	11
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Title I-A Basic Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 194,298	194,298	-
Expenditures:			
Current:			
Instruction:			
Certificated salaries	127,541	132,078	(4,537)
Employee benefits	34,928	30,442	4,486
Supplies, materials and media	7,903	8,446	(543)
Total instruction	170,372	170,966	(594)
Support services - instruction -			
Supplies, materials and media	3,793	3,199	594
District administration support services -			
Indirect costs	20,133	20,133	-
Total expenditures	194,298	194,298	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Title VI-B IDEA Part B Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 105,947	105,947	-
Expenditures:			
Current:			
Special education instruction:			
Certificated salaries	28,961	28,961	-
Non-certificated salaries	10,576	10,626	(50)
Employee benefits	22,266	22,278	(12)
Total special education instruction	61,803	61,865	(62)
Special education support services - students -			
Professional and technical services	33,166	33,104	62
District administration support services -			
Indirect costs	10,978	10,978	-
Total expenditures	105,947	105,947	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Title VI-B Section 619 Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 3,567	3,567	-
Expenditures:			
Current:			
Special education support services - students - Professional and technical services	3,197	3,197	-
District administration support services - Indirect costs	370	370	-
Total expenditures	3,567	3,567	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Carl Perkins CTE Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 20,000	18,486	(1,514)
Expenditures:			
Current:			
Instruction:			
Professional and technical services	3,400	3,204	196
Staff travel	500	-	500
Other purchased services	1,895	841	1,054
Supplies, materials and media	13,405	13,641	(236)
Other	800	800	-
Total expenditures	20,000	18,486	1,514
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

CARES Act - SOA DEED - ESSER Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 141,380	141,380	-
Expenditures:			
Current:			
Instruction:			
Certificated salaries	17,200	17,200	-
Employee benefits	2,784	2,784	-
Supplies, materials and media	12,339	12,339	-
Total instruction	32,323	32,323	-
Special education instruction -			
Supplies, materials and media	8,400	8,400	-
Support services - students -			
Supplies, materials and media	28,531	28,531	-
Support services - instruction -			
Utility services	57,476	57,476	-
District administration support services -			
Indirect costs	14,650	14,650	-
Total expenditures	141,380	141,380	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT
CARES Act - SOA DEED - ESSER II Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 403,232	368,471	(34,761)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	71,316	70,073	1,243
Non-certificated salaries	37,775	34,691	3,084
Employee benefits	19,145	18,917	228
Supplies, materials and media	23,500	19,546	3,954
Total instruction	151,736	143,227	8,509
Special education instruction:			
Certificated salaries	9,620	9,620	-
Non-certificated salaries	14,751	14,591	160
Employee benefits	6,087	5,856	231
Total special education instruction	30,458	30,067	391
Special education support services - students -			
Professional and technical services	49,500	50,650	(1,150)
Support services - students:			
Non-certificated salaries	26,229	25,300	929
Employee benefits	7,200	6,959	241
Total support services - students	33,429	32,259	1,170
School administration:			
Certificated salaries	8,111	8,111	-
Employee benefits	2,264	1,281	983
Total school administration	10,375	9,392	983
District administration support services -			
Indirect costs	41,783	38,181	3,602
Operations and maintenance of plant:			
Professional and technical services	-	2,529	(2,529)
Supplies, materials and media	85,951	62,166	23,785
Total operations and maintenance of plant	85,951	64,695	21,256
Total expenditures	403,232	368,471	34,761
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Empowering Our Future Generations Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - Federal sources - direct	\$ 131,082	142,585	11,503
Expenditures:			
Current:			
Instruction:			
Certificated salaries	-	11,230	(11,230)
Non-certificated salaries	-	15,179	(15,179)
Employee benefits	-	3,124	(3,124)
Professional and technical services	23,600	20,510	3,090
Supplies, materials and media	23,597	56,677	(33,080)
Equipment	27,000	8,841	18,159
Total instruction	74,197	115,561	(41,364)
School administration:			
Certificated salaries	38,800	12,000	26,800
Employee benefits	7,300	1,845	5,455
Total school administration	46,100	13,845	32,255
District administration support services -			
Indirect costs	10,785	13,179	(2,394)
Total expenditures	131,082	142,585	(11,503)
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Fire Grant Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through the State of Alaska	\$ 75,000	73,524	(1,476)
Expenditures:			
Current:			
Support services - students:			
Certificated salaries	10,500	10,500	-
Non-certificated salaries	18,500	18,218	282
Employee benefits	17,800	17,526	274
Professional and technical services	8,600	8,542	58
Staff travel	1,600	749	851
Supplies, materials and media	18,000	17,989	11
Total expenditures	75,000	73,524	1,476
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Thru the Cultural Lens Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
Federal sources passed through			
Sealaska Heritage Institute	\$ 20,000	19,880	(120)
Expenditures:			
Current:			
Instruction -			
Professional and technical services	20,000	19,880	120
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Title V-B REAP Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - Federal sources - direct	\$ 6,418	6,418	-
Expenditures:			
Current:			
Support services - instruction - Supplies, materials and media	5,753	5,753	-
District administration support services - Indirect costs	665	665	-
Total expenditures	6,418	6,418	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Indian Education Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - Federal sources - direct	\$ 123,749	123,749	-
Expenditures:			
Current:			
Instruction:			
Certificated salaries	18,296	18,108	188
Non-certificated salaries	50,666	50,686	(20)
Employee benefits	30,780	30,659	121
Supplies, materials and media	12,100	12,099	1
Total instruction	111,842	111,552	290
District administration support services -			
Indirect costs	11,907	12,197	(290)
Total expenditures	123,749	123,749	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Forest Receipts Education Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources -			
Earnings on investments	\$ 2,500	2,231	(269)
Intergovernmental -			
Federal sources passed through the State of Alaska	452,834	392,699	(60,135)
Total revenues	<u>455,334</u>	<u>394,930</u>	<u>(60,404)</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	191,300	191,276	24
Non-certificated salaries	62,400	62,380	20
Employee benefits	120,200	120,224	(24)
Supplies, materials and media	10,200	10,241	(41)
Total instruction	<u>384,100</u>	<u>384,121</u>	<u>(21)</u>
Special education instruction:			
Non-certificated salaries	77,200	77,190	10
Employee benefits	22,100	22,108	(8)
Supplies, materials and media	13,300	13,243	57
Total special education instruction	<u>112,600</u>	<u>112,541</u>	<u>59</u>
Support services - instruction -			
Supplies, materials and media	<u>3,500</u>	<u>3,493</u>	<u>7</u>
Total expenditures	<u>500,200</u>	<u>500,155</u>	<u>45</u>
Excess of revenues over expenditures	\$ <u>(44,866)</u>	(105,225)	<u>(60,359)</u>
Fund balance, beginning of year		<u>1,293,442</u>	
Fund balance, end of year		\$ <u><u>1,188,217</u></u>	

ANNETTE ISLANDS SCHOOL DISTRICT

New Visions Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
State of Alaska	\$ 7,500	3,874	3,626
Federal sources passed through the State of Alaska	7,500	3,874	3,626
Total revenues	<u>15,000</u>	<u>7,748</u>	<u>7,252</u>
Expenditures:			
Current:			
Instruction:			
Professional and technical services	10,000	9,650	350
Supplies, materials and media	5,000	4,240	760
Total instruction	<u>15,000</u>	<u>13,890</u>	<u>1,110</u>
District administration support services - Indirect costs	<u>-</u>	<u>1,606</u>	<u>(1,606)</u>
Total expenditures	<u>15,000</u>	<u>15,496</u>	<u>(496)</u>
Excess (deficiency) of revenues over expenditures	-	(7,748)	(7,748)
Other financing sources:			
Transfer in - School operating fund	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Net change in fund balance	\$ <u>-</u>	7,252	<u>7,252</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>7,252</u>	

ANNETTE ISLANDS SCHOOL DISTRICT

Artists in the School Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - other	\$ 3,000	970	(2,030)
Intergovernmental:			
State of Alaska	1,500	485	(1,015)
Federal sources passed through the State of Alaska	1,500	485	(1,015)
Total revenues	<u>6,000</u>	<u>1,940</u>	<u>(4,060)</u>
Expenditures:			
Current:			
Instruction -			
Professional and technical services	<u>12,000</u>	<u>3,479</u>	<u>8,521</u>
District administration support services - Indirect costs	<u>-</u>	<u>402</u>	<u>(402)</u>
Total expenditures	<u>12,000</u>	<u>3,881</u>	<u>8,119</u>
Excess of revenues over expenditures	(6,000)	(1,941)	4,059
Other financing sources:			
Transfer in - School operating fund	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	4,059	<u>4,059</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>4,059</u>	

ANNETTE ISLANDS SCHOOL DISTRICT

Native Pathways to College Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - other	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Expenditures:			
Current:			
Instruction -			
Tuition - students and stipends	<u>3,000</u>	<u>3,000</u>	<u>-</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>	

ANNETTE ISLANDS SCHOOL DISTRICT

School Housing Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local:			
Charges for services - rentals	\$ 72,635	72,635	-
Expenditures:			
Current:			
Operations and plant maintenance:			
Professional and technical services	28,382	28,382	-
Utility services	8,352	8,352	-
Energy	7,320	7,320	-
Insurance and bond premiums	5,004	5,004	-
Supplies, materials, and media	39,898	39,898	-
Total expenditures	88,956	88,956	-
Excess (deficiency) of revenues over expenditures	(16,321)	(16,321)	-
Other financing sources:			
Transfer in - School operating fund	-	42,578	42,578
Net change in fund balance	\$ (16,321)	26,257	42,578
Fund balance (deficit), beginning of year		(26,257)	
Fund balance, end of year		\$ -	

ANNETTE ISLANDS SCHOOL DISTRICT

Imagination Library Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - other	\$ 600	600	-
Expenditures:			
Current:			
Instruction -			
Supplies, materials and media	1,130	1,130	-
Excess (deficiency) of revenues over expenditures	\$ (530)	(530)	-
Fund balance, beginning of year		3,744	
Fund balance, end of year		\$ 3,214	

ANNETTE ISLANDS SCHOOL DISTRICT

Leask Family Scholarship Special Revenue Fund

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

Year Ended June 30, 2021

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues	\$ -	-	-
Expenditures:			
Current:			
Support services - students -			
Tuition - students and stipends	1,000	1,000	-
Excess (deficiency) of revenues over expenditures	\$ (1,000)	(1,000)	-
Fund balance, beginning of year		1,716	
Fund balance, end of year		\$ 716	

ANNETTE ISLANDS SCHOOL DISTRICT

Impact Aid Capital Project Fund

Schedule of Revenues, Expenditures, and Changes
in Fund Balance

Year Ended June 30, 2021

Revenues:		
Local sources -		
Earnings on investments	\$	44
Expenditures		<u>-</u>
Excess of revenues over expenditures		44
Fund balance, beginning of year		<u>422,698</u>
Fund balance, end of year	\$	<u><u>422,742</u></u>

ANNETTE ISLANDS SCHOOL DISTRICT

Housing Fourplex Capital Project Fund

Schedule of Revenues, Expenditures, and Changes
in Fund Balance

Year Ended June 30, 2021

Revenues:	\$ -
Expenditures:	
Current:	
Operations and maintenance of plant -	
Professional and technical services	81,554
Excess (deficiency) of revenues over expenditures	(81,554)
Other financing sources:	
Transfers in:	
School Operating Fund	81,554
District-wide Major Maintenance	
Capital Project Fund	600,000
Total transfers in	681,554
Net change in fund balance	600,000
Fund balance, beginning of year	-
Fund balance, end of year	\$ 600,000

ANNETTE ISLANDS SCHOOL DISTRICT

Paving CTE HS MS Construction Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes
in Fund Balance

Year Ended June 30, 2021

Revenues	\$ <u>-</u>
Expenditures	
Construction and facilities acquisition -	
Professional and technical services	<u>711,117</u>
Excess (deficiency) of revenues over expenditures	(711,117)
Other financing sources:	
Transfer in - School Operating Fund	<u>1,420,117</u>
Net change in fund balance	709,000
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	\$ <u><u>709,000</u></u>

ANNETTE ISLANDS SCHOOL DISTRICT

Schedule of Compliance - AS 14.17.505

June 30, 2021

Total fund balance - School Operating Fund	\$	6,417,919
less exemptions per 4 AAC 09.160(a)		
Inventory		21,805
Prepaid items		38,310
Federal impact aid received		<u>5,795,786</u>
Fund Balance Subject to 10% Limitation	\$	<u><u>562,018</u></u>

Nonexempt fund balance as a percentage of current year expenditures:

<u>Fund balance subject to limitation</u>	<u>562,018</u>	=	<u>6.40%</u>
Current year expenditures	<u>8,778,249</u>		

ANNETTE ISLANDS SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

<u>Grant Title</u>	<u>Grant Number / Pass-through Entity Identifying Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Total Grant Award</u>	<u>Federal Share of Expenditures</u>
U.S. Department of Education:				
Direct programs:				
Impact Aid				
Impact Aid	11-AK-2021-2820	84.041	\$ 5,230,442	5,230,442
Impact Aid	11-AK-2020-2820	84.041	565,344	565,344
Total CFDA 84.041			<u>5,795,786</u>	<u>5,795,786</u>
Indian Education FY20	S060A190092	84.060A	13,498	13,498
Indian Education FY21	S060A200092	84.060A	110,251	110,251
Total CFDA 84.060			<u>123,749</u>	<u>123,749</u>
Empowering our Future Generations	S299A160068-19	84.299A	210,710	142,585
Rural Education Achievement Program (REAP)	S358C200023	84.358	6,418	6,418
Total Direct Programs			<u>6,136,663</u>	<u>6,068,538</u>
Passed through the State of Alaska, Department of Education and Early Development:				
Special Education Cluster (IDEA):				
Title VI-B Part B	SE 21.AISD.01	84.027	105,947	105,947
Title VI-B Section 619	SE 21.AISD.01	84.173	3,567	3,567
Total Special Education Cluster (IDEA)			<u>109,514</u>	<u>109,514</u>
Title I-A Basic	IP 21.AISD.01	84.010	194,298	194,298
Title II-A Teacher Training and Recruiting	IP 21.AISD.01	84.367	48,917	48,917
Carl Perkins CTE	EK 21.AISD.01	84.048	20,000	18,486
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSERF)	21.AISD.01	84.425D	141,380	141,380
COVID-19 Elementary and Secondary School Emergency Relief II Fund (ESSERF)	CA 21.AISD.01	84.425D	584,702	368,471
Total CFDA 84.425			<u>726,082</u>	<u>509,851</u>
Total Passed Through the State of Alaska, Department of Education and Early Development			<u>1,098,811</u>	<u>881,066</u>
Passed through Sealaska Heritage Institute:				
Thru the Cultural Lens	316-20-2218	84.356A	20,000	19,880
Total U.S. Department of Education			<u>7,255,474</u>	<u>6,969,484</u>
U.S. Department of Health and Human Services:				
Passed through Association of Alaska School Boards:				
Fatherhood: Family-focused, Interconnected, Resilient, and Essential (FIRE) Grant	90ZJ0054	93.086	132,800	73,524
National Endowment for the Humanities:				
Passed through the State of Alaska, Department of Education and Early Development:				
New Visions FY20	FY20-NV008	45.025	2,500	2,500
New Visions FY21	FY21-NV008	45.025	5,000	1,374
Artists in Schools FY21	FY21AISM0007	45.025	1,500	485
Total National Endowment for the Humanities			<u>9,000</u>	<u>4,359</u>

(continued)

ANNETTE ISLANDS SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards, continued

<u>Grant Title</u>	<u>Grant Number / Pass-through Entity Identifying Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Total Grant Award</u>	<u>Federal Share of Expenditures</u>
U.S. Department of Agriculture:				
Passed through the State of Alaska,				
Department of Education and Early Development:				
Child Nutrition Cluster:				
COVID-19 National School Breakfast Program	None	10.553	7,025	7,025
National School Lunch Program	None	10.555	1,161	1,161
COVID-19 National School Lunch Program	None	10.555	19,857	19,857
Commodities	None	10.555	10,722	10,722
Summer Food Service Program	None	10.559	309,292	309,292
COVID-19 Summer Food Service Program	None	10.559	38,115	38,115
Total Child Nutrition Cluster			<u>386,172</u>	<u>386,172</u>
Fresh Fruit and Vegetable Program	FF 21.AISD.01	10.582	4,757	3,654
Fresh Fruit and Vegetable Program	FF 21.AISD.02	10.582	10,631	10,631
Total CFDA 10.582			<u>15,388</u>	<u>14,285</u>
Food Distribution Administrative Fee Reimbursement	FD 21.AISD.01	10.560	619	619
Total Passed Through the State of Alaska,				
Department of Education and Early Development			<u>402,179</u>	<u>401,076</u>
Passed through the State of Alaska,				
Department of Commerce, Community,				
and Economic Development:				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	None	10.665	392,699	392,699
Total U.S. Department of Agriculture			<u>794,878</u>	<u>793,775</u>
Total expenditures of federal awards			<u>\$ 8,192,152</u>	<u>7,841,142</u>

See accompanying notes to the schedule.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Annette Islands School District under programs of the federal government for the year ended June 30, 2021. 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 Annette Islands School District, it is not intended to and does not present the basic financial statements of Annette Islands 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. Annette Islands School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Non-monetary Assistance

Non-monetary assistance is reported in the schedule at fair market value of commodities received and disbursed. For the year ended June 30, 2021, the District received \$10,722 in commodities.

Note 4. Passed Through Awards

No amounts were passed through to subrecipients.

ANNETTE ISLANDS SCHOOL DISTRICT

Schedule of State Financial Assistance

Year Ended June 30, 2021

<u>Name of Award</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>State Expenditures</u>
Department of Education and Early Development:			
* Foundation	None	\$ 4,483,891	4,483,891
Quality Schools	None	16,280	16,280
Student Transportation	None	62,993	62,993
Public Library Assistance	PLA21-Metla	7,000	6,091
New Visions FY20	FY20-NV008	2,500	2,500
New Visions FY21	FY21-NV008	5,000	1,374
Artists in Schools FY21	FY21AISM0007	1,500	485
Dividend Raffle Funds	None	1,887	1,887
Total Department of Education and Early Development		<u>4,581,051</u>	<u>4,575,501</u>
Department of Administration:			
* TRS On-Behalf Payments	None	511,384	511,384
PERS On-Behalf Payments	None	163,439	163,439
Total Department of Administration		<u>674,823</u>	<u>674,823</u>
Total State financial assistance		\$ <u>5,255,874</u>	<u>5,250,324</u>

See accompanying notes to schedule.

ANNETTE ISLANDS SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Annette Islands School District under programs of the State of Alaska for the year ended June 30, 2021. 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 Annette Islands School District, it is not intended to and does not present the basic financial statements of Annette Islands 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 Annette Islands School District 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.

COMPLIANCE REPORTS

**Report On Internal Control Over Financial Reporting And On Compliance And Other Matters
Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing
Standards***

Independent Auditor's Report

Members of the School Board
Annette Islands School District
Metlakatla, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Annette Islands School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Annette Islands School District's basic financial statements, and have issued our report thereon dated October 27, 2021.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Anchorage, Alaska
October 27, 2021

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

Independent Auditor's Report

Members of the School Board
Annette Islands School District
Metlakatla, Alaska

Report on Compliance for Each Major Federal Program

We have audited Annette Islands 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 Annette Islands School District's major federal programs for the year ended June 30, 2021. Annette Islands 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 Annette Islands 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 Annette Islands 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 Annette Islands School District's compliance.

Members of the School Board
Annette Islands School District

Opinion on Each Major Federal Program

In our opinion, Annette Islands 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, 2021.

Report on Internal Control over Compliance

Management of Annette Islands 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 Annette Islands 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 Annette Islands School District's internal control over compliance.

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

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

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

Altman, Rogers & Co.

Anchorage, Alaska
October 27, 2021

ANNETTE ISLANDS SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report?

____ Yes X No

Internal control over financial reporting:

Significant deficiency(ies) identified?

____ Yes X None Reported

Material weakness(es) identified?

____ Yes X No

Noncompliance material to financial statements noted?

____ Yes X No

Federal Awards

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

Significant deficiency(ies) identified?

____ Yes X None Reported

Material weakness(es) identified?

____ Yes X No

Any material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))?

____ Yes X No

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR 200.516 (a) (3) or (4)?

____ Yes X No

Identification of major programs:

CFDA Number(s)/Cluster

84.041

84.425

Name of Federal Program or Cluster

Impact Aid

COVID-19 Elementary and Secondary School
Emergency Relief Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

____ Yes X No

ANNETTE ISLANDS SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

Section II - Financial Statement Findings

The Annette Islands School District did not have any findings related to the financial statements.

Section III - Federal Award Findings and Questioned Costs

The Annette Islands School District did not have any findings related to the 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
Annette Islands School District
Metlakatla, Alaska

Report on Compliance for Each Major State Program

We have audited Annette Islands 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 Annette Islands School District's major state programs for the year ended June 30, 2021. Annette Islands 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 Annette Islands 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 audit requirements of 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 Annette Islands 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 Annette Islands School District's compliance.

Opinion on Each Major State Program

In our opinion, Annette Islands 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, 2021.

Report on Internal Control over Compliance

Management of Annette Islands 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 Annette Islands 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 Annette Islands 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 *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 27, 2021

ANNETTE ISLANDS SCHOOL DISTRICT
State Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified?

____ Yes X None Reported

Material weakness(es) identified?

____ Yes X No

Noncompliance material to financial statements noted?

____ Yes X No

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified

____ Yes X No

Significant deficiency(ies) identified

____ Yes X None Reported

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

Unmodified

Dollar threshold used to distinguish a State major program:

\$ 200,000

Section II – Financial Statement Findings

The Annette Islands School District did not have any findings related to the financial statements.

Section III – State Award Findings and Questioned Costs

The Annette Islands School District did not have any findings related to the state awards.