

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Year Ended June 30, 2023

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Year Ended June 30, 2023

SOUTHEAST ISLAND SCHOOL DISTRICT

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Southeast Island School District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures and changes in Fund Balance Original and Final Budget to Actual – School Operating Fund, the Schedule of the District’s Proportionate Share of Net Pension and OPEB Liabilities and Assets, and the District’s Schedule of Contributions for the Public Employees’ Retirement System and Teachers’ Retirement System and notes to the required supplementary information on pages 42-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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; Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances; Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (where applicable), Schedule of Results of Operations of Capital Projects; Schedule of Compliance- AS 14.17.505; Schedule of Expenditures of Federal Awards and notes, 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 and notes, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audit*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Members of the School Board
Southeast Island School District

The “Additional supplementary Information”, as listed above, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the “Additional Supplementary Information” is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Anchorage, Alaska
October 25, 2023

SOUTHEAST ISLAND SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

<u>Assets and Deferred Outflows of Resources</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current:			
Cash and cash equivalents	\$ 1,694,896	43,229	1,738,125
Accounts receivable	991,453	-	991,453
Inventory	110,984	-	110,984
Internal balances	201,556	(201,556)	-
Notes receivable - due within one year	303,943	-	303,943
Total current	<u>3,302,832</u>	<u>(158,327)</u>	<u>3,144,505</u>
Non-current:			
Capital assets	41,945,052	63,784	42,008,836
Accumulated depreciation	(20,300,312)	(25,512)	(20,325,824)
Net OPEB assets	1,298,639	-	1,298,639
Total non-current	<u>22,943,379</u>	<u>38,272</u>	<u>22,981,651</u>
Deferred outflows of resources - Pension/OPEB deferrals	<u>600,889</u>	<u>-</u>	<u>600,889</u>
Total assets and deferred outflows of resources	<u>26,847,100</u>	<u>(120,055)</u>	<u>26,727,045</u>
<u>Liabilities and Deferred Inflows of Resources</u>			
Current liabilities:			
Accounts payable	93,848	-	93,848
Unearned revenue	906,390	-	906,390
Total current liabilities	<u>1,000,238</u>	<u>-</u>	<u>1,000,238</u>
Long-term liabilities:			
Due within one year - accrued leave	25,716	-	25,716
Due in more than one year - net pension liabilities	2,567,116	-	2,567,116
Total long term liabilities	<u>2,592,832</u>	<u>-</u>	<u>2,592,832</u>
Deferred inflows of resources - Pension/OPEB deferrals	<u>218,194</u>	<u>-</u>	<u>218,194</u>
Total liabilities and deferred inflows of resources	<u>3,811,264</u>	<u>-</u>	<u>3,811,264</u>
<u>Net Position</u>			
Net investment in capital assets	21,644,740	38,272	21,683,012
Unrestricted (deficit)	1,391,096	(158,327)	1,232,769
Total net position	<u>\$ 23,035,836</u>	<u>(120,055)</u>	<u>22,915,781</u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Governmental Activities
Governmental Activities:							
Instruction	\$ 2,275,944	-	931,127	-	(1,344,817)	-	(1,344,817)
Special education instruction	280,635	-	(14,063)	-	(294,698)	-	(294,698)
Special education support services - students	42,229	-	61,857	-	19,628	-	19,628
Support services - students	1,031,011	-	1,020,911	-	(10,100)	-	(10,100)
Support services - instruction	1,585,264	-	191,419	-	(1,393,845)	-	(1,393,845)
School administration	107,078	-	32,477	-	(74,601)	-	(74,601)
School administration support services	(6,147)	-	(2,033)	-	4,114	-	4,114
District administration	237,417	-	(12,935)	-	(250,352)	-	(250,352)
District administration support services	247,090	-	74,439	-	(172,651)	-	(172,651)
Operations and maintenance of plant	1,553,411	112,838	(7,909)	7,153,757	5,705,275	-	5,705,275
Student activities	65,929	-	3,755	-	(62,174)	-	(62,174)
Student transportation - to and from school	194,995	-	188,744	-	(6,251)	-	(6,251)
Food services	292,810	1,548	152,791	-	(138,471)	-	(138,471)
Total governmental activities	\$ 7,907,666	114,386	2,620,580	7,153,757	1,981,057	-	1,981,057
Business-type Activities -							
Thorne Bay Restaurant	5,739	5,300	-	-	-	(439)	(439)
Total	\$ 7,913,405	119,686	2,620,580	7,153,757	1,981,057	(439)	1,980,618
General revenues:							
E-Rate					\$ 1,047,926	-	1,047,926
Grants not restricted to specific programs					4,726,154	-	4,726,154
Insurance recovery					280,920	-	280,920
Other					33,726	-	33,726
Total general revenues					6,088,726	-	6,088,726
Change in net position					8,069,783	(439)	8,069,344
Net position - beginning					14,966,053	(119,616)	14,846,437
Net position - ending					\$ 23,035,836	(120,055)	22,915,781

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2023

	School Operating Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 1,694,896	-	-	1,694,896
Accounts receivable	303,943	195,340	796,113	1,295,396
Due from other funds	894,365	1,266,226	1,016,561	3,177,152
Inventory	99,275	-	11,709	110,984
Total assets	<u>\$ 2,992,479</u>	<u>1,461,566</u>	<u>1,824,383</u>	<u>6,278,428</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities:				
Accounts payable	-	-	93,848	93,848
Unearned revenue	-	900,725	5,665	906,390
Due to other funds	2,282,787	-	692,809	2,975,596
Total liabilities	<u>2,282,787</u>	<u>900,725</u>	<u>792,322</u>	<u>3,975,834</u>
Deferred Inflows of Resources:				
Unavailable revenues	303,943	-	-	303,943
Fund Balances:				
Nonspendable	99,275	-	11,709	110,984
Committed	-	560,841	1,020,352	1,581,193
Unassigned	306,474	-	-	306,474
Total fund balances	<u>405,749</u>	<u>560,841</u>	<u>1,032,061</u>	<u>1,998,651</u>
Total liabilities and fund equity	<u>\$ 2,992,479</u>	<u>1,461,566</u>	<u>1,824,383</u>	<u>6,278,428</u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position

June 30, 2023

Fund balances - total governmental funds	\$	1,998,651
Total net position reported for governmental activities in the State of Net Position is different because:		
Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.		21,644,740
Other long-term assets are not available to pay current year expenditures and therefore, are deferred inflows in the funds:		
Promissory notes receivable		303,943
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued leave		(25,716)
Proportionate share of the collective net pension liabilities:		
PERS	(1,219,838)	
TRS	(1,347,278)	(2,567,116)
Proportionate share of the collective net OPEB assets:		
PERS	503,778	
TRS	794,861	1,298,639
Deferred inflows and outflows 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	243,558	
TRS	357,331	600,889
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources:		
PERS	(54,801)	
TRS	(163,393)	(218,194)
Total net position of governmental activities		<u>23,035,836</u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Year Ended June 30, 2023

	School Operating Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources:				
Charges for services	\$ -	-	114,386	114,386
E-rate	1,047,926	-	-	1,047,926
Other	33,726	-	33,913	67,639
Intergovernmental:				
State of Alaska	4,677,034	7,153,757	577,070	12,407,861
Federal sources	294,190	-	2,114,732	2,408,922
Total revenues	<u>6,052,876</u>	<u>7,153,757</u>	<u>2,840,101</u>	<u>16,046,734</u>
Expenditures:				
Current:				
Instruction	2,046,383	-	989,900	3,036,283
Special education instruction	492,302	-	62,684	554,986
Special education support services - students	51,544	-	-	51,544
Support services - students	15,571	-	1,021,435	1,037,006
Support services - instruction	1,395,645	-	191,470	1,587,115
School administration	104,712	-	35,382	140,094
School administration support services	68,914	-	-	68,914
District administration	494,979	-	-	494,979
District administration support services	273,669	-	78,542	352,211
Operation and maintenance of plant	1,153,615	72,173	50,992	1,276,780
Student activities	91,237	-	4,767	96,004
Student transportation - to and from school	-	-	148,730	148,730
Food services	-	-	291,222	291,222
Construction and facilities acquisition	-	7,140,698	-	7,140,698
Total expenditures	<u>6,188,571</u>	<u>7,212,871</u>	<u>2,875,124</u>	<u>16,276,566</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(135,695)</u>	<u>(59,114)</u>	<u>(35,023)</u>	<u>(229,832)</u>
Other financing sources (uses):				
Proceeds from promissory note	9,632	-	-	9,632
Insurance recovery	-	280,920	-	280,920
Transfers in	-	59,114	108,688	167,802
Transfers out	(167,802)	-	-	(167,802)
Total other financing sources (uses)	<u>(158,170)</u>	<u>340,034</u>	<u>108,688</u>	<u>290,552</u>
Net change in fund balance	(293,865)	280,920	73,665	60,720
Fund balances, beginning of year	<u>699,614</u>	<u>279,921</u>	<u>958,396</u>	<u>1,937,931</u>
Fund balances, end of year	<u>\$ 405,749</u>	<u>560,841</u>	<u>1,032,061</u>	<u>1,998,651</u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$	60,720
The change in net position reported for governmental activities in the State of Activities is different because:		
<p style="margin-left: 40px;">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.</p>		
<p style="margin-left: 40px;">Change in unfunded net position and OPEB liability and asset:</p>		
PERS		(342,983)
TRS		(1,232,820)
		(1,575,803)
<p style="margin-left: 40px;">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:</p>		
PERS		1,171,248
TRS		1,857,578
		3,028,826
<p style="margin-left: 40px;">Proceeds received from long-term accounts receivables that were previously recorded as deferred inflows in the governmental funds and recognized as general revenues in prior periods in the Statement of activities.</p>		
		(9,632)
<p style="margin-left: 40px;">Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, the costs of those assets are allocated over their estimated useful lives. This is the amount by which capital outlay exceeded depreciation in the current period:</p>		
Capital outlays		7,211,853
Depreciation expense		(637,174)
		6,574,679
<p style="margin-left: 40px;">Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. The net changes in long-term liability balance is the increase in accrued leave.</p>		
		(9,007)
Change in net position of governmental activities	\$	8,069,783

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Thorne Bay Restaurant Enterprise Fund

Statement of Net Position

June 30, 2023

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ <u>43,229</u>
Property, plant and equipment:	
Plant and improvements	63,784
Accumulated depreciation	<u>(25,512)</u>
Net property, plant and equipment	<u>38,272</u>
Total assets	\$ <u><u>81,501</u></u>
<u>Liabilities and Net Position (Deficit)</u>	
Current liabilities:	
Due to other funds	<u>201,556</u>
Net position:	
Net investment in capital assets	38,272
Unrestricted	<u>(158,327)</u>
Total net position	<u>(120,055)</u>
Total liabilities and net position	\$ <u><u>81,501</u></u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Thorne Bay Restaurant Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2023

Revenues:		
Local sources:		
Charges for services - rental revenue	\$	<u>5,300</u>
Expenditures:		
Operations and maintenance of plant:		
Depreciation		<u>3,189</u>
Student activities:		
Other purchased services		<u>2,550</u>
Total expenditures		<u>5,739</u>
Change in net position		(439)
Beginning net position (deficit)		<u>(119,616)</u>
Ending net position (deficit), end of year	\$	<u><u>(120,055)</u></u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Thorne Bay Restaurant Enterprise Fund

Statement of Cash Flows

Year Ended June 30, 2023

Cash flows from (for) operating activities:	
Receipts from customers and users	\$ 5,300
Payments to suppliers	<u>(2,550)</u>
Net cash flows from (for) operating activities	<u>2,750</u>
Cash flows from financing activities - change in loan from general fund (due to)	<u>(2,750)</u>
Net increase (decrease) in cash and cash equivalents	-
Beginning cash and cash equivalents	<u>43,229</u>
Ending cash and cash equivalents	\$ <u><u>43,229</u></u>
Reconciliation of income (loss) from operations to net cash from (for) operating activities:	
Change in net position (deficit)	\$ (439)
Adjustments to reconcile income (loss) from operations to cash flows from operating activities:	
Depreciation	<u>3,189</u>
Net cash flows from (for) operating activities	\$ <u><u>2,750</u></u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Statement of Fiduciary Net Position

Custodial Fund - Student Activities

June 30, 2023

Assets

Cash and cash equivalents	\$ <u>185,702</u>
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Net Position

Net position - assets held for others	\$ <u>185,702</u>
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The notes to the financial statements are an integral part of this statement.

SOUTHEAST ISLAND SCHOOL DISTRICT

Custodial Fund - Student Activities

Schedule of Changes in Assets and Liabilities

Year Ended June 30, 2023

Additions:		
Contributions	\$	<u>38,588</u>
Deductions:		
Program expenses		<u>8,963</u>
Change in net position		<u>29,625</u>
Net position, beginning of year		<u>156,077</u>
Net position, end of year	\$	<u><u>185,702</u></u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

Intergovernmental Revenue

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

Local Revenue

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

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

Use of Estimates

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

Indirect Costs

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

D. Assets, Liabilities and Equity

1. Cash and Cash Equivalents

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

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.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

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

5. Unearned Revenue

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

6. Compensated Absences

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

7. Pensions/Other Post Employment Benefit (OPEB) Liability (Asset)

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

8. Net Position

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

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

9. Fund Balance

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

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

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

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

10. Fair Value of Financial Instruments

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

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Custodial Credit Risk

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

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

At June 30, 2023, the District's bank balances totaled \$2,711,368. Deposits in each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The District's collateralized agreement covers \$2,535,979. As of June 30, 2022, the District's bank balances were fully insured or collateralized.

B. Receivables

Receivables as of June 30, 2023 are as follows:

	School Operating Fund	Capital Projects Funds	Other Governmental Funds	Total
Grants	\$ -	195,340	796,113	991,453
Notes receivable	303,943	-	-	303,943
Total	\$ 303,943	195,035	796,113	1,295,396

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

C. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Assets not being depreciated:				
Land	\$ 941,798	-	-	941,798
Construction in progress	1,600,592	7,153,757	(205,496)	8,548,853
Total assets not being depreciated	2,542,390	7,153,757	(205,496)	9,490,651
Assets being depreciated:				
Buildings	28,399,712	-	-	28,399,712
Machinery and equipment	2,839,612	205,496	-	3,045,108
Vehicles	951,485	58,096	-	1,009,581
Total assets being depreciated	32,190,809	263,592	-	32,454,401
Less accumulated depreciation	(19,663,138)	(637,174)	-	(20,300,312)
Total assets being depreciated, net	12,527,671	(373,582)	(205,496)	12,154,089
Total Government Capital Assets Net of Accumulated Depreciation	\$ 15,070,061	322,994	(1,009,687)	21,644,740
Business-type activities:				
Assets being depreciated - buildings	\$ 63,784	-	-	63,784
Accumulated depreciation	(22,323)	(3,189)	-	(25,512)
Total Business-type Capital Assets Net of Accumulated Depreciation	\$ 41,461	(3,189)	-	38,272

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

Instruction	\$	18,187
District administration support services		1,127
Operation and maintenance of plant		568,681
Student activities		1,326
Student transportation – to and from school		46,265
Food services		1,588
Total depreciation expense per function – governmental	\$	<u>637,174</u>

D. Interfund Receivables and Payables

Interfund receivables and payables are shown as “Due To Other Funds” and “Due From Other Funds” in each of the individual funds. These balances at June 30, 2023, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Operating Fund	Other Governmental Funds	692,809
School Operating Fund	Thorne Bay Enterprise Fund	201,556
Capital Projects Fund	School Operating Fund	1,266,226
Other Governmental Funds	School Operating Fund	1,016,561
		<u>\$ 3,177,152</u>

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
School Operating Fund	Other Governmental Funds	\$ 108,688
School Operating Fund	Capital Projects Fund	59,114
Total		<u>\$ 167,802</u>

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

E. Long-term Obligations

Accrued leave of governmental activities are also accounted for by the School District. Leave is generally liquidated by the General Fund. Changes in these obligations for the year ended June 30, 2022 are as follows

	Balance July 1, 2022	Net Change	Balance June 30, 2023	Due within One Year
Accrued Leave	\$ 16,709	9,007	25,716	25,716

F. Fund Balances

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

	School Operating Fund	Capital Projects Fund	Nonmajor Funds	Totals
Nonspendable –				
Inventory	\$ 99,275	-	11,709	110,984
Committed:				
Food service	-	-	68,983	68,983
Pupil transportation	-	-	562,715	562,715
THRIVE program	-	-	2,130	2,130
Teacher housing	-	-	383,590	383,590
RurAL Cap program	-	-	2,934	2,934
Maintenance of buildings	-	560,841	-	560,841
Total committed	-	560,841	1,020,352	1,581,193
Unassigned	306,474	-	-	306,514
Total Fund Balances	\$ 405,749	560,841	1,032,061	1,998,651

G. Promissory Notes Receivable

Southeast Island School District sold property during the 2022 fiscal year and issued a promissory note for a total of \$319,000. The entity is expected to receive a minimum payment of \$2,287 per month until the October 2023 when a balloon payment is due for the remaining amount of the note plus interest of 6% per annum. The balance as of June 30, 2023 is \$303,943.

III. OTHER INFORMATION

A. Risk Management

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

B. Contingent Liabilities

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

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

C. Employee Retirement Systems and Plans

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

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

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

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

Other Postemployment Benefit Plans (OPEB)

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2022, employer contributions were 6.46% for PERS and 6.50% for TRS.

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2022, the employer contribution rates were 0.31% for PERS and 0.08% for TRS.

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, 2022, employer contributions were 1.07% for PERS and 0.83% for TRS.

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.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Investments

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

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

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2022 for PERS and TRS for the DB Pension Plans were 6.00% and 5.91%, the ARHCT Plans were 6.03% and 6.04%, the ODD Plans were 6.30% and 6.21%, and the RMP were 6.28% and 6.21%, respectively.

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

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

The long-term expected rate of return on pension and OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized below for the PERS and TRS plans (rates shown below exclude an annual inflation component of 2.88%):

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Domestic Equity	6.51%
Global Equity (non-U.S.)	5.70%
Aggregate Bonds	0.31%
Real Assets	3.71%
Private Equity	9.61%
Cash Equivalents	(0.50)%

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities and assets is 7.25%, which represents a decrease of 0.13% 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 4.09% as of June 30, 2022.

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

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

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

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

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Employer Contribution rates for the plan year ended 2022 (measurement period) are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	22.00%	24.79%	2.79%
OPEB	0.00%	0.00%	0.00%
Total PERS contribution rates	<u>22.00%</u>	<u>24.79%</u>	<u>2.79%</u>
TRS:			
Pension	12.56%	24.62%	12.06%
OPEB	0.00%	0.00%	0.00%
Total TRS contribution rates	<u>12.56%</u>	<u>24.62%</u>	<u>12.06%</u>

Termination Costs: If the District decides to terminate coverage for a department, group, or other classification of members, even if that termination results from the decision to divest of a particular District function, all affected employees in that department, group, or other classification of members become immediately vested in the plan. The District must pay to have a termination study completed. The purpose of the study is to calculate the District's one-time termination costs. The costs represent the amount necessary to fully fund the costs of plan members who become vested through this process and for other changes in actuarial assumptions, such as, earlier than expected retirement, that arise from the act of termination of coverage. The District must pay a lump sum within 60 days of termination or arrange a payment plan that is acceptable to the PERS and TRS Administrator. For the plan year ended June 30, 2022 (measurement period) the past service rate for PERS and TRS is 16.01%.

Actuarial Assumptions: The total pension and OPEB liabilities on June 30, 2022 (latest available) were determined by an actuarial valuation as of June 30, 2021 which was rolled forward to the measurement date June 30, 2022. These actuarial assumptions were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017.

Inflation	2.50% per year.
Salary Increases	Increases range from 2.85% to 7.00% based on service.
Investment return / discount rate	7.25%, net of expenses based on average inflation of 2.50% and a real return of 4.75%.
Mortality	Based upon 2017 - 2021 actual experience study and applicable tables contained in Pub-210, projected with MP-2021 generational improvement.
Healthcare cost trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5%. Ultimate trend rates reached in FY2050.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions related to the ARHCT plan:

1. Per capita claims costs were updated to reflect recent experience.
2. Normal cost for administrative expenses were updated to reflect recent two years of actual administrative expenses paid from plan assets.

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

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

Plan Description. The District participates in the Alaska Public Employees' Retirement System (PERS), a cost sharing multiple employer defined benefit pension plan. PERS provides retirement benefits, disability and death benefits, and post-employment healthcare to plan members and beneficiaries. The Plan was established and is administered by the State of Alaska, Department of Administration. The Public Employee's Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. This report may be obtained from the system at Pouch C, Juneau, Alaska 99811 or online at: <http://doa.alaska.gov/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 plan is closed to new hires enrolled on or after July 1, 2006. New hires after this date participate in the PERS defined contribution plan (DC) described later in these notes.

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

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

Salary Floor. During the 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. PERS active members are required to contribute 6.75%, 7.5% for peace officers and firefighters, and 9.6% for certain school district employees.

Employer contributions for the year ended June 30, 2023, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	122,154	12,963	135,117

Public Employees’ Retirement Plans

For the year ended June 30, 2023 the State of Alaska contributed \$28,875 (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, 2023 to a total of (\$23,856) to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2023, 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:	<u>Pension</u>
District's proportionate share of the net pension liability	\$ 1,219,838
State's proportionate share of the net pension liability	<u>338,655</u>
Total	<u>\$ 1,558,493</u>
	<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability (asset)	\$ (469,231)
State's proportionate share of the ARHCT OPEB liability (asset)	<u>(135,355)</u>
Total	<u>\$ (604,586)</u>
District's proportionate share of the ODD OPEB liability (asset)	<u>\$ (17,877)</u>
District's proportionate share of the RMP OPEB liability (asset)	<u>\$ (16,670)</u>
Total District's share of net pension and OPEB liabilities and assets	<u>\$ 716,060</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2024 through FY2039, as determined by projections based on the June 30, 2021 valuation.

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

	<u>June 30, 2022</u> Measurement	<u>June 30, 2021</u> Measurement	<u>Change</u>
Pension	.02393%	.03696%	(.01303)%
OPEB:			
ARHCT	.02385%	.03720%	(.01335)%
ODD	.04078%	.03828%	.00250%
RMP	.04800%	.04507%	.00293%

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2022, the District recognized pension and OPEB expense of (\$635,352) and (\$81,561), respectively, for the year ended June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	34,876	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	<u>122,154</u>	<u>-</u>
Total	<u>\$ 157,030</u>	<u>-</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(3,321)
Changes of assumptions	-	(21,534)
Net difference between projected and actual earnings on OPEB plan investments	26,622	-
Changes in proportion and differences between District contributions and proportionate share of contributions	36,883	-
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 63,505</u>	<u>(24,855)</u>
	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(5,865)
Changes of assumptions	-	(114)
Net difference between projected and actual earnings on OPEB plan investments	605	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,323	(1,078)
District contributions subsequent to the measurement date	<u>2,778</u>	<u>-</u>
Total	<u>\$ 5,706</u>	<u>(7,057)</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 826	(655)
Changes of assumptions	3,228	(19,988)
Net difference between projected and actual earnings on OPEB plan investments	2,378	-
Changes in proportion and differences between District contributions and proportionate share of contributions	700	(2,246)
District contributions subsequent to the measurement date	10,185	-
Total	<u>\$ 17,317</u>	<u>(22,889)</u>

\$122,154 and \$12,963 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2023 (plan year), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended		OPEB	OPEB	OPEB
June 30,	Pension	ARHCT	ODD	RMP
2023	\$ (4,145)	7,558	(885)	(2,629)
2024	(10,628)	(9,336)	(916)	(2,746)
2025	(25,513)	(21,032)	(1,012)	(3,113)
2026	75,162	61,460	(167)	108
2027	-	-	(461)	(3,365)
Thereafter	-	-	(688)	(4,012)
Total	<u>\$ 34,876</u>	<u>38,650</u>	<u>(4,129)</u>	<u>(15,757)</u>

For the year ended June 30, 2023, the District recognized (\$737,161) and \$120,204 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

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

The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.25%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 1,642,164	1,219,838	863,730
Net OPEB ARHCT liability (asset)	\$ (278,791)	(469,231)	(628,933)
Net OPEB ODD liability (asset)	\$ (16,840)	(17,877)	(18,689)
Net OPEB RMP liability (asset)	\$ 3,066	(16,670)	(31,720)

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Sensitivity of the District's Proportionate Share of the Net OPEB Liability and Assets to Changes in the Healthcare Cost Trend Rates. The following present the District's proportionate share of the net OPEB liability (asset), as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB ARHCT liability (asset) \$	(647,720)	(469,231)	(256,082)
Net OPEB ODD liability (asset) \$	N/A	(17,877)	N/A
Net OPEB RMP liability (asset) \$	(33,787)	(16,670)	6,386

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

Plan Description and Funding Requirements. Districts and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 6.75% 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): 1.07% for the retiree medical plan (DB), 0.31% for occupational and death and disability benefits (DB) and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is capped at 22% with anything in excess of the previously listed rates being contributed to the Defined Benefit Unfunded Liability (DBUL).

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

The District contributed \$99,891 for the year ended June 30, 2023, which included forfeitures of \$18,056 which have been applied as employer contributions.

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

Plan Description. The District participates in the Alaska Teachers' Retirement System (TRS), a cost sharing multiple-employer defined benefit plan. Currently, there are 56 employers participating in TRS, including 52 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>.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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, 2023, were:

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	101,003	12,464	113,467

Teachers' Retirement Plans

For the year ended June 30, 2023 the State of Alaska contributed \$216,195 (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, 2023 to a total of (\$81,279) to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Pension and OPEB Liabilities and Assets, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2023, 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:	<u>Pension</u>
District's proportionate share of the net pension liability	\$ 1,347,278
State's proportionate share of the net pension liability	<u>1,795,656</u>
Total	<u>\$ 3,142,934</u>
	<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability (asset)	\$ (727,183)
State's proportionate share of the ARHCT OPEB liability (asset)	<u>(929,893)</u>
Total	<u>\$ (1,657,076)</u>
District's proportionate share of the ODD OPEB liability (asset)	<u>\$ (16,114)</u>
District's proportionate share of the RMP OPEB liability (asset)	<u>\$ (51,564)</u>
Total District's share of net pension and OPEB liabilities and assets	<u>\$ 552,417</u>

The net pension and OPEB liabilities and assets were determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The District's proportion of the net pension and OPEB liabilities and assets were based on the present value of contributions for FY2024 through FY2039, as determined by projections based on the June 30, 2021 valuation.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
	Measurement	Measurement	
Pension	.08083%	.14481%	(.06398)%
OPEB:			
ARHCT	.08296%	.15065%	(.06769)%
ODD	.26679%	.31200%	(.04521)%
RMP	.26626%	.31140%	(.04514)%

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2022, the District recognized pension and OPEB expense of (\$463,962) and (\$128,108), respectively, for the year ended June 30, 2023, 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	\$ -	(4,384)
Changes of assumptions	11,323	-
Net difference between projected and actual earnings on pension plan investments	59,489	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(101,953)
District contributions subsequent to the measurement date	<u>101,003</u>	<u>-</u>
Total	<u>\$ 171,815</u>	<u>(106,337)</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(2,576)
Changes of assumptions	-	(16,482)
Net difference between projected and actual earnings on OPEB plan investments	37,632	-
Changes in proportion and differences between District contributions and proportionate share of contributions	108,053	-
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 145,685</u>	<u>(19,058)</u>
	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(2,495)
Changes of assumptions	-	(43)
Net difference between projected and actual earnings on OPEB plan investments	383	-
Changes in proportion and differences between District contributions and proportionate share of contributions	4,240	(1,174)
District contributions subsequent to the measurement date	<u>1,050</u>	<u>-</u>
Total	<u>\$ 5,673</u>	<u>(3,712)</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,778	(2,434)
Changes of assumptions	3,050	(30,647)
Net difference between projected and actual earnings on OPEB plan investments	3,981	-
Changes in proportion and differences between District contributions and proportionate share of contributions	6,935	(1,205)
District contributions subsequent to the measurement date	11,414	-
Total	<u>\$ 34,158</u>	<u>(34,286)</u>

\$101,003 and \$12,464 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities and as an increase to the net pension and OPEB assets in the year ended June 30, 2023 (plan year), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended		OPEB	OPEB	OPEB
June 30,	Pension	ARHCT	ODD	RMP
2023	\$ (104,077)	83,729	50	(2,304)
2024	(22,231)	(11,677)	24	(2,551)
2025	(51,627)	(27,046)	(51)	(3,279)
2026	142,410	81,621	538	2,648
2027	-	-	41	(2,371)
Thereafter	-	-	309	(3,685)
Total	<u>\$ (35,525)</u>	<u>126,627</u>	<u>911</u>	<u>(11,542)</u>

For the year ended June 30, 2023, the District recognized (\$712,424) and \$268,935 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities and Assets to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities and assets of the plan calculated using the discount rate of 7.25%, as well as what the Plans' net pension and OPEB liabilities and assets would be if they were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 2,015,135	1,347,278	783,891
Net OPEB ARHCT liability (asset)	\$ (474,470)	(727,183)	(937,952)
Net OPEB ODD liability (asset)	\$ (16,165)	(16,114)	(16,087)
Net OPEB RMP liability (asset)	\$ (18,204)	(51,564)	(76,630)

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Sensitivity of the District's Proportionate Share of the Net OPEB Liability and Assets to Changes in the Healthcare Cost Trend Rates. The following present the District's proportionate share of the net OPEB liability (asset), as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$ (962,008)	(727,183)	(444,916)
Net OPEB ODD liability (asset)	\$ N/A	(16,114)	N/A
Net OPEB RMP liability (asset)	\$ (79,780)	(51,564)	(13,103)

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

Plan Description and Funding Requirements. Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8.65% of their base salaries. State statutes require the employer to contribute 7.00% of employees' eligible compensation. Additionally, employers are required to contribute to other post-employment benefits (DB): 0.83% for the retiree medical plan, 0.08% for occupational death and disability, and 3.00% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The employer effective contribution rate is 12.56%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

The District contributed \$129,733 for the year ended June 30, 2023, which included forfeitures of \$11,907 which have been applied as employer 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 100 *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. Effective for fiscal years beginning after June 15, 2023. Multiple effective dates.
- GASB 101 *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

GASB Statement No. 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

GASB Statement No. 101 unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

**REQUIRED SUPPLEMENTARY
INFORMATION**

SOUTHEAST ISLAND SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
E-rate	\$ 1,411,471	1,411,471	1,047,926	(363,545)
Other	25,000	25,000	33,726	8,726
Intergovernmental:				
State of Alaska	4,869,612	4,648,541	4,677,034	28,493
Federal sources	280,000	280,000	294,190	14,190
Total revenues	<u>6,586,083</u>	<u>6,365,012</u>	<u>6,052,876</u>	<u>(312,136)</u>
Expenditures:				
Current:				
Instruction	1,853,254	1,913,651	2,046,383	(132,732)
Special education instruction	504,823	501,555	492,302	9,253
Special education support services - students	80,879	65,167	51,544	13,623
Support services - students	49,763	24,855	15,571	9,284
Support services - instruction	1,623,456	1,410,007	1,395,645	14,362
School administration	96,591	95,389	104,712	(9,323)
School administration support services	56,429	68,178	68,914	(736)
District administration	413,068	413,068	494,979	(81,911)
District administration support services	260,747	253,403	273,669	(20,266)
Operations and maintenance of plant	1,370,329	1,314,275	1,153,615	160,660
Student activities	128,216	155,524	91,237	64,287
Total expenditures	<u>6,437,555</u>	<u>6,215,072</u>	<u>6,188,571</u>	<u>26,501</u>
Excess of revenues over expenditures	<u>148,528</u>	<u>149,940</u>	<u>(135,695)</u>	<u>(285,635)</u>
Other financing sources (uses):				
Proceeds from promissory note	-	-	9,632	9,632
Transfers out -				
Capital Projects Fund	(52,500)	(22,500)	(59,114)	(36,614)
Other Governmental Funds:	-	-	(108,688)	(108,688)
Net other financing sources (uses)	<u>(52,500)</u>	<u>(22,500)</u>	<u>(158,170)</u>	<u>(135,670)</u>
Net change in fund balance	\$ <u>96,028</u>	<u>127,440</u>	<u>(293,865)</u>	<u>(421,305)</u>
Fund balance, beginning of year			<u>699,614</u>	
Fund balance, end of year			\$ <u>405,749</u>	

See accompanying notes to Required Supplementary Information.

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2023

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	1.5385%	\$ 717,565	\$ 736,222	\$ 1,453,787	\$ 734,602	97.68%	62.37%
2016	0.0554%	\$ 2,686,427	\$ 717,377	\$ 3,403,804	\$ 2,279,236	117.87%	63.96%
2017	0.0330%	\$ 1,846,762	\$ 234,848	\$ 2,081,610	\$ 2,421,546	76.26%	59.55%
2018	0.0388%	\$ 2,006,604	\$ 747,577	\$ 2,754,181	\$ 2,464,319	81.43%	63.37%
2019	0.0304%	\$ 1,511,338	\$ 7,437,051	\$ 8,948,389	\$ 1,902,827	79.43%	65.19%
2020	0.0333%	\$ 1,821,020	\$ 720,723	\$ 2,541,743	\$ 2,111,755	86.23%	63.42%
2021	0.0399%	\$ 2,352,318	\$ 971,866	\$ 3,324,184	\$ 2,128,988	110.49%	61.61%
2022	0.3700%	\$ 1,355,709	\$ 182,935	\$ 1,538,644	\$ 1,810,191	74.89%	76.46%
2023	0.0239%	\$ 1,219,838	\$ 338,655	\$ 1,558,493	\$ 2,177,186	56.03%	67.97%

See accompanying notes to Required Supplementary Information.

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2023

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.0389%	\$ 328,329	\$ 122,609	\$ 450,938	\$ 2,464,319	13.32%	89.68%
2019	0.0304%	\$ 312,420	\$ 91,225	\$ 403,645	\$ 1,902,827	16.42%	88.12%
2020	0.0332%	\$ 49,267	\$ 19,556	\$ 68,823	\$ 2,111,755	2.33%	98.13%
2021	0.0397%	\$ (179,768)	\$ (74,435)	\$ (254,203)	\$ 2,128,988	-8.44%	106.15%
2022	0.0372%	\$ (953,666)	\$ (122,193)	\$ (1,075,859)	\$ 1,810,191	-52.68%	135.54%
2023	0.0239%	\$ (469,231)	\$ (135,355)	\$ (604,586)	\$ 2,177,186	-21.55%	128.51%
Occupational Death and Disability (ODD):							
2018	0.0535%	\$ (7,590)	\$ -	\$ (7,590)	\$ 2,464,319	-0.31%	212.97%
2019	0.0598%	\$ (11,619)	\$ -	\$ (11,619)	\$ 1,902,827	-0.61%	270.62%
2020	0.0538%	\$ (13,037)	\$ -	\$ (13,037)	\$ 2,111,755	-0.62%	297.43%
2021	0.0466%	\$ (12,705)	\$ -	\$ (12,705)	\$ 2,128,988	-0.60%	283.80%
2022	0.0383%	\$ (16,869)	\$ -	\$ (16,869)	\$ 1,810,191	-0.93%	374.22%
2023	0.0408%	\$ (17,877)	\$ -	\$ (17,877)	\$ 2,177,186	-0.82%	348.80%
Retiree Medical Plan (RMP):							
2018	0.0535%	\$ 2,790	\$ -	\$ 2,790	\$ 340,500	0.82%	93.98%
2019	0.0598%	\$ 7,612	\$ -	\$ 7,612	\$ 335,600	2.27%	88.71%
2020	0.0676%	\$ 16,181	\$ -	\$ 16,181	\$ 399,705	4.05%	83.17%
2021	0.0582%	\$ 4,126	\$ -	\$ 4,126	\$ 356,427	1.16%	92.23%
2022	0.0451%	\$ (12,097)	\$ -	\$ (12,097)	\$ 316,164	-3.83%	115.10%
2023	0.0480%	\$ (16,670)	\$ -	\$ (16,670)	\$ 374,855	-4.45%	120.08%

See accompanying notes to Required Supplementary Information.

SOUTHEAST ISLAND SCHOOL DISTRICT
Schedule of District's Contributions (Pensions)
Public Employees' Retirement System (PERS)
June 30, 2023

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 63,677	\$ (63,677)	\$ -	\$ 2,279,236	2.79%
2016	\$ 77,283	\$ (77,283)	\$ -	\$ 2,421,546	3.19%
2017	\$ 89,319	\$ (89,319)	\$ -	\$ 2,464,319	3.62%
2018	\$ 95,194	\$ (95,194)	\$ -	\$ 1,902,827	5.00%
2019	\$ 95,994	\$ (100,564)	\$ (4,570)	\$ 2,111,755	4.55%
2020	\$ 81,626	\$ (72,744)	\$ 8,882	\$ 2,128,988	3.83%
2021	\$ 84,925	\$ (87,464)	\$ (2,539)	\$ 1,810,191	4.69%
2022	\$ 98,442	\$ (98,442)	\$ -	\$ 2,177,186	4.52%
2023	\$ 119,821	\$ (122,154)	\$ (2,333)	\$ 1,068,218	11.22%

See accompanying notes to Required Supplementary Information.

SOUTHEAST ISLAND SCHOOL DISTRICT

Schedule of District's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2023

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 27,132	\$ (27,132)	\$ -	\$ 1,902,827	1.43%
2019	\$ 35,081	\$ (35,081)	\$ -	\$ 2,111,755	1.66%
2020	\$ 32,471	\$ (32,471)	\$ -	\$ 2,128,988	1.53%
2021	\$ 10,103	\$ (10,103)	\$ -	\$ 1,810,191	0.56%
2022	\$ 9,993	\$ (9,993)	\$ -	\$ 2,177,186	0.46%
2023	\$ -	\$ -	\$ -	\$ 1,068,218	0.00%
Occupational Death and Disability (ODD):					
2018	\$ 1,083	\$ (1,083)	\$ -	\$ 1,902,827	0.06%
2019	\$ 2,196	\$ (2,196)	\$ -	\$ 2,111,755	0.10%
2020	\$ 2,044	\$ (2,044)	\$ -	\$ 2,128,988	0.10%
2021	\$ 2,042	\$ (2,042)	\$ -	\$ 1,810,191	0.11%
2022	\$ 2,353	\$ (2,353)	\$ -	\$ 2,177,186	0.11%
2023	\$ 2,778	\$ (2,778)	\$ -	\$ 1,068,218	0.26%
Retiree Medical Plan (RMP):					
2018	\$ 6,974	\$ (6,974)	\$ -	\$ 335,600	2.08%
2019	\$ 7,937	\$ (7,937)	\$ -	\$ 399,705	1.99%
2020	\$ 10,376	\$ (10,376)	\$ -	\$ 356,427	2.91%
2021	\$ 8,364	\$ (8,364)	\$ -	\$ 316,164	2.65%
2022	\$ 8,121	\$ (8,121)	\$ -	\$ 374,855	2.17%
2023	\$ 10,185	\$ (10,185)	\$ -	\$ 454,050	2.24%

See accompanying notes to Required Supplementary Information.

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2023

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0316%	\$ 946,423	\$ 6,950,421	\$ 7,896,844	\$ 2,087,865	45.33%	55.70%
2016	0.0899%	\$ 1,671,672	\$ 2,672,087	\$ 4,343,759	\$ 2,267,494	73.72%	73.82%
2017	0.1092%	\$ 2,492,649	\$ 2,962,960	\$ 5,455,609	\$ 2,104,089	118.47%	68.40%
2018	0.0765%	\$ 1,550,361	\$ 2,703,897	\$ 4,254,258	\$ 1,927,170	80.45%	72.39%
2019	0.0904%	\$ 1,729,651	\$ 2,572,515	\$ 4,302,166	\$ 1,786,951	96.79%	74.09%
2020	0.0937%	\$ 1,751,000	\$ 2,599,243	\$ 4,350,243	\$ 1,646,290	106.36%	74.68%
2021	0.0643%	\$ 1,306,179	\$ 2,266,313	\$ 3,572,492	\$ 2,063,989	63.28%	72.81%
2022	0.1448%	\$ 1,152,686	\$ 980,351	\$ 2,133,037	\$ 1,752,540	65.77%	89.43%
2023	0.0808%	\$ 1,347,278	\$ 1,795,656	\$ 3,142,934	\$ 1,850,502	72.81%	78.33%

See accompanying notes to Required Supplementary Information.

SOUTHEAST ISLAND SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2023

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	0.0762%	\$ 140,186	\$ 245,620	\$ 385,806	\$ 1,927,170	7.27%	93.75%
2019	0.0902%	\$ 280,407	\$ 418,170	\$ 698,577	\$ 1,786,951	15.69%	90.23%
2020	0.0935%	\$ (142,907)	\$ (212,886)	\$ (355,793)	\$ 1,646,290	-8.68%	105.50%
2021	0.0006%	\$ (229,621)	\$ (399,340)	\$ (628,961)	\$ 2,063,989	-11.13%	113.78%
2022	0.1507%	\$ (1,751,542)	\$ (1,372,899)	\$ (3,124,441)	\$ 1,752,540	-99.94%	145.41%
2023	0.0830%	\$ (727,183)	\$ (929,893)	\$ (1,657,076)	\$ 1,850,502	-39.30%	134.84%
Occupational Death and Disability (ODD):							
2018	0.3608%	\$ (11,792)	\$ -	\$ (11,792)	\$ 1,927,170	-0.61%	1342.59%
2019	0.3368%	\$ (11,807)	\$ -	\$ (11,807)	\$ 1,786,951	-0.66%	1304.81%
2020	0.3126%	\$ (12,569)	\$ -	\$ (12,569)	\$ 1,646,290	-0.76%	1409.77%
2021	0.3621%	\$ (15,589)	\$ -	\$ (15,589)	\$ 2,063,989	-0.76%	931.08%
2022	0.3120%	\$ (19,017)	\$ -	\$ (19,017)	\$ 1,752,540	-1.09%	1254.36%
2023	0.2668%	\$ (16,114)	\$ -	\$ (16,114)	\$ 1,850,502	-0.87%	1268.28%
Retiree Medical Plan (RMP):							
2018	0.3608%	\$ (17,103)	\$ -	\$ (17,103)	\$ 1,147,033	-1.49%	118.16%
2019	0.0034%	\$ (10,770)	\$ -	\$ (10,770)	\$ 962,245	-1.12%	109.56%
2020	0.3123%	\$ (11,981)	\$ -	\$ (11,981)	\$ 981,354	-1.22%	110.03%
2021	0.3633%	\$ (35,841)	\$ -	\$ (35,841)	\$ 1,251,409	-2.86%	125.59%
2022	0.3114%	\$ (62,530)	\$ -	\$ (62,530)	\$ 1,103,018	-5.67%	142.54%
2023	0.2663%	\$ (51,564)	\$ -	\$ (51,564)	\$ 1,014,705	-5.08%	140.73%

See accompanying notes to Required Supplementary Information.

SOUTHEAST ISLAND SCHOOL DISTRICT
Schedule of District's Contributions (Pensions)
Teachers' Retirement System (TRS)
June 30, 2023

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 75,736	\$ (75,736)	\$ -	\$ 2,267,494	3.34%
2016	\$ 67,932	\$ (67,932)	\$ -	\$ 2,104,089	3.23%
2017	\$ 54,175	\$ (54,175)	\$ -	\$ 1,927,170	2.81%
2018	\$ 71,915	\$ (71,915)	\$ -	\$ 1,786,951	4.02%
2019	\$ 5,531	\$ (45,295)	\$ (39,764)	\$ 1,646,290	0.34%
2020	\$ 53,564	\$ (53,885)	\$ (321)	\$ 2,063,989	2.60%
2021	\$ 44,198	\$ (44,107)	\$ 91	\$ 1,752,540	2.52%
2022	\$ 57,969	\$ (57,969)	\$ -	\$ 1,850,502	3.13%
2023	\$ 101,003	\$ (101,003)	\$ -	\$ 1,936,306	5.22%

See accompanying notes to Required Supplementary Information.

SOUTHEAST ISLAND SCHOOL DISTRICT

Schedule of District's Contributions (OPEB)

Teachers' Retirement System (TRS)

June 30, 2023

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 30,659	\$ (30,659)	\$ -	\$ 1,786,951	1.72%
2019	\$ 27,611	\$ (27,611)	\$ -	\$ 1,646,290	1.68%
2020	\$ 29,845	\$ (29,845)	\$ -	\$ 2,063,989	1.45%
2021	\$ 23,214	\$ (23,214)	\$ -	\$ 1,752,540	1.32%
2022	\$ 35,078	\$ (35,078)	\$ -	\$ 1,850,502	1.90%
2023	\$ -	\$ -	\$ -	\$ 1,936,306	0.00%
Occupational Death and Disability (ODD):					
2018	\$ -	\$ -	\$ -	\$ 1,786,951	0.00%
2019	\$ 975	\$ (975)	\$ -	\$ 1,646,290	0.06%
2020	\$ 1,275	\$ (1,275)	\$ -	\$ 2,063,989	0.06%
2021	\$ 1,129	\$ (1,129)	\$ -	\$ 1,752,540	0.06%
2022	\$ 1,049	\$ (1,049)	\$ -	\$ 1,850,502	0.06%
2023	\$ 1,050	\$ (1,050)	\$ -	\$ 1,936,306	0.05%
Retiree Medical Plan (RMP):					
2018	\$ 11,016	\$ (11,016)	\$ -	\$ 962,245	1.14%
2019	\$ 9,635	\$ (9,635)	\$ -	\$ 981,354	0.98%
2020	\$ 17,055	\$ (17,055)	\$ -	\$ 1,251,409	1.36%
2021	\$ 13,130	\$ (13,130)	\$ -	\$ 1,103,018	1.19%
2022	\$ 10,880	\$ (10,880)	\$ -	\$ 1,014,705	1.07%
2023	\$ 11,414	\$ (11,414)	\$ -	\$ 1,032,906	1.11%

See accompanying notes to Required Supplementary Information.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Required Supplementary Information

June 30, 2023

1. General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except Capital Project Funds. The Capital Project Funds adopt project-length budgets. Budgets are prepared on the modified accrual accounting basis. All annual appropriations lapse at fiscal yearend. Unexpended balances of grants from the state and federal governments for the Special Revenue Funds lapse at June 30 with the exception of those funds established to account for certain direct federal grants which lapse on September 30.

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

An annual budget for the School Operating Fund is adopted by the School Board for all revenues, expenditures, and interfund transfers. The adopted School Operating Fund budget is submitted to the State of Alaska, Department of Education and Early Development for review to determine compliance with Alaska statutes and Department regulations.

The School Board authorizes formal budget revisions several times each year to adjust the revenues and expenditures to available resources and program needs. The original 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 and/or departmental areas of expenditures are not to be overspent.

Annual budgets of the various other Special Revenue Funds are prepared in connection with the application for the special programs' award and are reviewed and approved by the School Board. The District's Special Revenue Funds are used to account for educational programs and operations and maintenance programs that are restricted or committed. Expenditure authority for Special Revenue Fund programs is limited to the actual combined revenues, available fund balance 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 revenues, available fund balance 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, if any, outstanding at year end are reported in assigned fund balances in the fund financial statements since they do not constitute expenditures or liabilities. The amount of encumbrances, if significant, is disclosed in the Notes to the Basic Financial Statements as commitments.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Required Supplementary Information, Continued

The following functions had expenditures in excess of appropriation in the School Operating Fund:

	Amount in Excess of <u>Appropriations</u>
Instruction	\$ 132,732
School administration	9,323
School administration support services	736
District administration	81,911
District administration – support services	20,266

Excess of expenditures over appropriation in the School Operating Fund were fund through available fund balances.

2. Public Employees' Retirement System

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

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

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

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

a) Changes in Methods Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

b) Changes in Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021

Healthcare claim costs are updated annually. Retired member contributions were updated to reflect the 5% decrease from CY20 to CY21. The amounts included in the normal cost for administrative expenses were changed from \$7,223,000 to \$7,625,000 for pension, and from \$4,934,000 to \$5,531,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plan

a) Changes in Methods Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Required Supplementary Information, Continued

b) Changes in Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021

Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$1,000 to \$16,000 for occupational death and disability, and from \$20,000 to \$24,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

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

Schedule of District Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2021 which was rolled forward to June 30, 2022. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

Schedule of District Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2020 which was rolled forward to June 30, 2021. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.

3. Teachers' Retirement System

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

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

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

Defined Benefit Pension and Postemployment Healthcare Benefit Plan

a) Changes in Methods Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

b) Changes in Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021

Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$3,003,000 to \$3,217,000 for pension, and from \$1,362,000 to \$1,604,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Required Supplementary Information, Continued

Defined Contribution Occupational Death and Disability and Retiree Medical Benefits Plans

a) Changes in Methods Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

b) Changes in Assumptions Since the Prior Valuation – June 30, 2020 to June 30, 2021

Healthcare claim costs are updated annually. The amounts included in the normal cost for administrative expenses were changed from \$0 to \$5,000 for occupational death and disability, and from \$8,000 to \$22,000 for retiree medical (based on the most recent two years of actual administrative expenses paid from plan assets). There were no other changes in actuarial assumptions since the prior valuation.

c) Changes in Benefit Provisions Since the Prior Valuation – June 30, 2020 to June 30, 2021

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

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

Schedule of District Contributions (Pension) and (OPEB)

The table valuation date is June 30, 2021 which was rolled forward to June 30, 2022. 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**

SOUTHEAST ISLAND SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Local sources:			
E-rate	\$ 1,411,471	1,047,926	(363,545)
Other	25,000	33,726	8,726
Total local	<u>1,436,471</u>	<u>1,081,652</u>	<u>(354,819)</u>
Intergovernmental:			
State sources:			
Foundation program	4,272,587	4,261,119	(11,468)
Quality schools	-	11,497	11,497
TRS on-behalf payment	178,887	216,195	37,308
PERS on-behalf payment	21,622	28,875	7,253
Other	175,445	159,348	(16,097)
Total state sources	<u>4,648,541</u>	<u>4,677,034</u>	<u>28,493</u>
Federal source -			
National forest receipts	<u>280,000</u>	<u>294,190</u>	<u>14,190</u>
Total revenues	<u>6,365,012</u>	<u>6,052,876</u>	<u>(312,136)</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	1,136,137	1,180,440	(44,303)
Non-certificated salaries	34,114	59,381	(25,267)
Employee benefits	586,301	638,549	(52,248)
Professional and technical services	700	10,808	(10,108)
Staff travel	300	1,675	(1,375)
Student travel	2,873	4,921	(2,048)
Utility services	19,745	29,281	(9,536)
Energy	-	1,551	(1,551)
Other purchased services	-	879	(879)
Supplies, materials and media	133,231	111,805	21,426
Tuition-students and stipends	-	7,043	(7,043)
Other expenses	250	50	200
Total instruction	<u>1,913,651</u>	<u>2,046,383</u>	<u>(132,732)</u>
Special education instruction:			
Certificated salaries	188,892	191,774	(2,882)
Non-certificated salaries	147,302	153,259	(5,957)
Employee benefits	163,236	145,839	17,397
Professional and technical services	-	220	(220)
Other purchased services	-	14	(14)
Supplies, materials and media	2,125	1,196	929
Total special education instruction	<u>501,555</u>	<u>492,302</u>	<u>9,253</u>

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures, continued:			
Current:			
Special education support services - students:			
Certificated salaries	11,350	16,410	(5,060)
Non-certificated salaries	-	1,681	(1,681)
Employee benefits	14,758	8,757	6,001
Professional and technical services	20,859	15,822	5,037
Staff travel	6,250	3,572	2,678
Utility services	-	159	(159)
Supplies, materials and media	11,950	4,942	7,008
Other expenses	-	201	(201)
Total special education support services - students	<u>65,167</u>	<u>51,544</u>	<u>13,623</u>
Support services - students:			
Certificated salaries	11,350	10,627	723
Employee benefits	13,505	4,944	8,561
Total support services - students	<u>24,855</u>	<u>15,571</u>	<u>9,284</u>
Support services - instruction:			
Non-certificated salaries	68,573	69,388	(815)
Employee benefits	39,914	40,422	(508)
Professional and technical services	12,500	10,745	1,755
Staff travel	1,250	2,278	(1,028)
Utility services	1,190,155	1,174,524	15,631
Other purchased services	10,000	6,828	3,172
Supplies, materials and media	87,120	90,891	(3,771)
Other expenses	495	569	(74)
Total support services - instruction	<u>1,410,007</u>	<u>1,395,645</u>	<u>14,362</u>
School administration:			
Certificated salaries	54,018	58,383	(4,365)
Employee benefits	27,732	32,932	(5,200)
Staff travel	3,000	2,861	139
Utility services	-	477	(477)
Supplies, materials and media	10,025	10,059	(34)
Other expenses	614	-	614
Total school administration	<u>95,389</u>	<u>104,712</u>	<u>(9,323)</u>
School administration support services:			
Non-certificated salaries	42,540	43,429	(889)
Employee benefits	25,013	25,143	(130)
Supplies, materials and media	625	342	283
Total school administration support services	<u>68,178</u>	<u>68,914</u>	<u>(736)</u>
District administration:			
Certificated salaries	135,000	172,408	(37,408)
Non-certificated salaries	100,006	104,446	(4,440)
Employee benefits	117,412	126,618	(9,206)
Professional and technical services	28,000	52,565	(24,565)
Staff travel	5,625	24,712	(19,087)
Student travel	1,250	136	1,114
Utility services	1,400	787	613
Other purchased services	-	1,300	(1,300)
Supplies, materials and media	12,275	3,393	8,882
Tuition and stipends	2,000	-	2,000
Other expenses	10,100	8,614	1,486
Total district administration	<u>413,068</u>	<u>494,979</u>	<u>(81,911)</u>

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures, continued:			
Current:			
District administration support services:			
Non-certificated salaries	101,087	98,178	2,909
Employee benefits	78,216	66,318	11,898
Professional and technical services	120,000	112,576	7,424
Staff travel	7,500	7,013	487
Utility services	8,500	7,979	521
Other purchased services	4,000	1,632	2,368
Insurance and bond premiums	52,947	34,312	18,635
Supplies, materials and media	24,381	20,464	3,917
Other expenses	4,619	3,739	880
Indirect cost recovery	(147,847)	(78,542)	(69,305)
Total district administration support services	<u>253,403</u>	<u>273,669</u>	<u>(20,266)</u>
Operations and maintenance of plant:			
Certificated salaries	-	3,000	(3,000)
Non-certificated salaries	323,502	266,926	56,576
Employee benefits	164,410	127,574	36,836
Professional and technical services	37,000	15,105	21,895
Staff travel	7,500	2,239	5,261
Utility services	33,740	28,192	5,548
Energy	291,253	313,079	(21,826)
Other purchased services	78,696	70,175	8,521
Insurance and bond premiums	206,500	206,917	(417)
Supplies, materials and media	160,474	80,606	79,868
Other expenses	1,200	706	494
Equipment	10,000	39,096	(29,096)
Total operations and maintenance of plant	<u>1,314,275</u>	<u>1,153,615</u>	<u>160,660</u>
Student activities:			
Certificated salaries	57,900	3,615	54,285
Non-certificated salaries	19,640	26,535	(6,895)
Employee benefits	20,245	9,778	10,467
Professional and technical services	-	-	-
Staff travel	6,125	3,295	2,830
Student travel	40,914	18,833	22,081
Other purchased services	-	1,555	(1,555)
Supplies, materials and media	8,200	25,520	(17,320)
Other expenses	2,500	2,106	394
Total student activities	<u>155,524</u>	<u>91,237</u>	<u>64,287</u>
Total expenditures	<u>6,215,072</u>	<u>6,188,571</u>	<u>26,501</u>
Excess of revenues over expenditures	<u>149,940</u>	<u>(135,695)</u>	<u>(285,635)</u>
Other financing sources (uses):			
Proceeds from promissory note	-	9,632	9,632
Transfers out:			
Other Governmental Funds	-	(108,688)	(108,688)
Capital Projects Fund	(22,500)	(59,114)	(36,614)
Net other financing sources (uses)	<u>(22,500)</u>	<u>(158,170)</u>	<u>(135,670)</u>
Net change in fund balance	\$ <u>127,440</u>	(293,865)	<u>(421,305)</u>
Fund balance, beginning of year		<u>699,614</u>	
Fund balance, end of year		\$ <u>405,749</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance

Year Ended June 30, 2023

Revenues:		
Intergovernmental:		
State of Alaska	\$	7,153,757
Total revenues		<u>7,153,757</u>
Expenditure - current:		
Operations and maintenance of plant:		
Non-certificated salaries		6,353
Employee benefits		1,980
Other purchased services		48,063
Supplies, materials and media		15,777
Total operations and maintenance of plant		<u>72,173</u>
Construction and facilities acquisition:		
Non-certificated salaries		59,968
Employee benefits		21,520
Professional and technical services		171,860
Energy		2,674
Other purchased services		6,771,917
Supplies, materials and media		12,071
Insurance and bond premiums		94,455
Other expenses		6,233
Total construction and facilities acquisition		<u>7,140,698</u>
Total expenditures		<u>7,212,871</u>
(Deficiency) of revenues under expenditures		(59,114)
Other financing sources:		
Insurance recovery		280,920
Transfers in - School Operating Fund		59,114
Total other financing sources		<u>340,034</u>
Net change in fund balance		280,920
Fund balance, beginning of year		<u>279,921</u>
Fund balance, end of year	\$	<u><u>560,841</u></u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

June 30, 2023

Assets	Special Revenue Funds							Title I-C Migrant Education
	Pupil Transportation	ELA Core Literacy	Early Learning	Food Service	Fresh Fruit and Vegetables	Alaska Nutritional Foods	Title I-A Basic	
Accounts receivable	\$ -	79,650	80,231	1,605	-	-	33,183	40,636
Due from School Operating Fund	562,766	-	-	69,220	686	732	-	-
Inventory	-	-	-	11,709	-	-	-	-
	<u>562,766</u>	<u>79,650</u>	<u>80,231</u>	<u>82,534</u>	<u>686</u>	<u>732</u>	<u>33,183</u>	<u>40,636</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	51	556	-	1,842	-	-	-	-
Unearned revenue	-	-	-	-	-	732	-	-
Due to School Operating Fund	-	79,094	80,231	-	686	-	33,183	40,636
Total liabilities	<u>51</u>	<u>79,650</u>	<u>80,231</u>	<u>1,842</u>	<u>686</u>	<u>732</u>	<u>33,183</u>	<u>40,636</u>
Fund balances:								
Nonspendable	-	-	-	11,709	-	-	-	-
Committed	562,715	-	-	68,983	-	-	-	-
Total fund balances	<u>562,715</u>	<u>-</u>	<u>-</u>	<u>80,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>562,766</u>	<u>79,650</u>	<u>80,231</u>	<u>82,534</u>	<u>686</u>	<u>732</u>	<u>33,183</u>	<u>40,636</u>

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, continued

<u>Assets</u>	Special Revenue Funds					Comprehensive State Literacy Development
	Migrant Book	Title II-A Teacher and Principal Training	Title VI-B IDEA	Carl Perkins	Title I-A School Improvement	
Accounts receivable	\$ 1,460	12,550	5,100	10,308	22,444	153,360
Due from School Operating Fund	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
	<u>1,460</u>	<u>12,550</u>	<u>5,100</u>	<u>10,308</u>	<u>22,444</u>	<u>153,360</u>
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	-	-	-	498	5,488	61,103
Unearned revenue	-	-	-	-	-	-
Due to School Operating Fund	1,460	12,550	5,100	9,810	16,956	92,257
Total liabilities	<u>1,460</u>	<u>12,550</u>	<u>5,100</u>	<u>10,308</u>	<u>22,444</u>	<u>153,360</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>1,460</u>	<u>12,550</u>	<u>5,100</u>	<u>10,308</u>	<u>22,444</u>	<u>153,360</u>

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, continued

		Special Revenue Funds					
<u>Assets</u>		<u>ESSER III</u>	<u>COVID Discretionary</u>	<u>SOAR</u>	<u>SELECT</u>	<u>A-STRIDE</u>	<u>THRIVE</u>
Accounts receivable	\$	74,460	8,717	12,452	53,206	34,076	62,156
Due from School Operating Fund		-	-	-	-	-	-
Inventory		-	-	-	-	-	-
		<u>74,460</u>	<u>8,717</u>	<u>12,452</u>	<u>53,206</u>	<u>34,076</u>	<u>62,156</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable		-	-	-	-	-	13,562
Unearned revenue		-	-	-	-	-	-
Due to School Operating Fund		74,460	8,717	12,452	53,206	34,076	46,464
Total liabilities		<u>74,460</u>	<u>8,717</u>	<u>12,452</u>	<u>53,206</u>	<u>34,076</u>	<u>60,026</u>
Fund balances:							
Nonspendable		-	-	-	-	-	-
Committed		-	-	-	-	-	2,130
Total fund balances		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,130</u>
Total liabilities and fund balances	\$	<u>74,460</u>	<u>8,717</u>	<u>12,452</u>	<u>53,206</u>	<u>34,076</u>	<u>62,156</u>

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, continued

	Special Revenue Funds							Total Other Governmental Funds
	Resolve YKSD	SUCCEED	Teacher Housing	CIS CEO	SEIYA	RurAL Cap	NEA Alaska	
<u>Assets</u>								
Accounts receivable	\$ 39,029	63,190	8,300	-	-	-	-	796,113
Due from School Operating Fund	-	-	375,290	1,320	1,613	2,934	2,000	1,016,561
Inventory	-	-	-	-	-	-	-	11,709
	<u>39,029</u>	<u>63,190</u>	<u>383,590</u>	<u>1,320</u>	<u>1,613</u>	<u>2,934</u>	<u>2,000</u>	<u>1,824,383</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	-	10,748	-	-	-	-	-	93,848
Unearned revenue	-	-	-	1,320	1,613	-	2,000	5,665
Due to School Operating Fund	<u>39,029</u>	<u>52,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>692,809</u>
Total liabilities	<u>39,029</u>	<u>63,190</u>	<u>-</u>	<u>1,320</u>	<u>1,613</u>	<u>-</u>	<u>2,000</u>	<u>792,322</u>
Fund balances:								
Nonspendable	-	-	-	-	-	-	-	11,709
Committed	-	-	383,590	-	-	2,934	-	1,020,352
Total fund balances	<u>-</u>	<u>-</u>	<u>383,590</u>	<u>-</u>	<u>-</u>	<u>2,934</u>	<u>-</u>	<u>1,032,061</u>
Total liabilities and fund balances	\$ <u>39,029</u>	<u>63,190</u>	<u>383,590</u>	<u>1,320</u>	<u>1,613</u>	<u>2,934</u>	<u>2,000</u>	<u>1,824,383</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2023

	Special Revenue Funds							
	Broadband Assistance Grant	Pupil Transportation	ELA Core Literacy	Early Learning	Food Service	Fresh Fruit and Vegetables	Title I-A Basic	Title I-C Migrant Education
Revenues:								
Local sources:								
Charges for services	\$ -	-	-	-	1,548	-	-	-
Other	-	12,375	-	-	-	-	-	-
Intergovernmental:								
State of Alaska	144,458	176,369	-	256,243	-	-	-	-
Federal sources:								
Pass through	-	-	79,650	-	146,507	6,284	89,676	97,421
Direct	-	-	-	-	-	-	-	-
Total revenues	<u>144,458</u>	<u>188,744</u>	<u>79,650</u>	<u>256,243</u>	<u>148,055</u>	<u>6,284</u>	<u>89,676</u>	<u>97,421</u>
Expenditures:								
Current:								
Instruction	-	-	75,298	244,832	-	-	81,047	92,098
Special education instruction	-	-	-	-	-	-	-	-
Support services - students	-	-	-	-	-	-	-	-
Support services - instruction	144,458	-	-	-	-	-	3,729	-
School administration	-	-	-	-	-	-	-	-
District administration support services	-	-	4,352	11,411	-	-	4,900	5,323
Operations and maintenance of plant	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-
Student transportation - to and from school	-	148,730	-	-	-	-	-	-
Food services	-	-	-	-	284,938	6,284	-	-
Total expenditures	<u>144,458</u>	<u>148,730</u>	<u>79,650</u>	<u>256,243</u>	<u>284,938</u>	<u>6,284</u>	<u>89,676</u>	<u>97,421</u>
Excess (deficiency) of revenues over (under) expenditures	-	40,014	-	-	(136,883)	-	-	-
Other financing sources -								
Transfers in	-	-	-	-	108,688	-	-	-
Net change in fund balance	-	40,014	-	-	(28,195)	-	-	-
Fund balances, beginning of year	-	522,701	-	-	108,887	-	-	-
Fund balances, end of year	\$ -	<u>562,715</u>	-	-	<u>80,692</u>	-	-	-

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds						
	Migrant Book	Title IV-A Innovative	Title II-A Teacher and Principal Training	Title VI-B IDEA	Section 619 Preschool Disabled	Carl Perkins	Title I-A School Improvement
Revenues:							
Local sources:							
Charges for services	\$ -	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Intergovernmental:							
State of Alaska	-	-	-	-	-	-	-
Federal sources:							
Pass through	1,594	69	20,720	61,870	4,438	17,742	49,571
Direct	-	-	-	-	-	-	-
Total revenues	1,594	69	20,720	61,870	4,438	17,742	49,571
Expenditures:							
Current:							
Instruction	1,507	65	19,588	-	-	16,897	46,862
Special education instruction	-	-	-	58,489	4,195	-	-
Support services - students	-	-	-	-	-	-	-
Support services - instruction	-	-	-	-	-	-	-
School administration	-	-	-	-	-	-	-
District administration support services	87	4	1,132	3,381	243	845	2,709
Operations and maintenance of plant	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-
Student transportation - to and from school	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-
Total expenditures	1,594	69	20,720	61,870	4,438	17,742	49,571
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-
Other financing sources - Transfers in	-	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	-	-	-	-	-	-

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds							
	Comprehensive State Literacy Development	ESSER II	ESSER III	COVID Discretionary	SOAR	Indian Education	REAP	SELECT
Revenues:								
Local sources:								
Charges for services	\$ -	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Intergovernmental:								
State of Alaska	-	-	-	-	-	-	-	-
Federal sources:								
Pass through	286,124	11,261	181,745	8,717	29,505	-	-	97,152
Direct	-	-	-	-	-	8,389	4,504	-
Total revenues	<u>286,124</u>	<u>11,261</u>	<u>181,745</u>	<u>8,717</u>	<u>29,505</u>	<u>8,389</u>	<u>4,504</u>	<u>97,152</u>
Expenditures:								
Current:								
Instruction	270,490	10,646	86,765	8,241	-	7,931	4,504	-
Special education instruction	-	-	-	-	-	-	-	-
Support services - students	-	-	2,244	-	29,505	-	-	97,152
Support services - instruction	-	-	43,283	-	-	-	-	-
School administration	-	-	35,382	-	-	-	-	-
District administration support services	15,634	615	9,931	476	-	458	-	-
Operations and maintenance of plant	-	-	-	-	-	-	-	-
Student activities	-	-	4,140	-	-	-	-	-
Student transportation - to and from school	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-
Total expenditures	<u>286,124</u>	<u>11,261</u>	<u>181,745</u>	<u>8,717</u>	<u>29,505</u>	<u>8,389</u>	<u>4,504</u>	<u>97,152</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	-	-	-	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds							Total Other Governmental Funds
	A-STRIDE	THRIVE	REWARDS	SUCCEED	Teacher Housing	Alaska Micro Grants	RurAL CAP	
Revenues:								
Local sources:								
Charges for services	\$ -	-	-	-	112,838	-	-	114,386
Other	-	-	21,538	-	-	-	-	33,913
Intergovernmental:								
State of Alaska	-	-	-	-	-	-	-	577,070
Federal sources:								
Pass through	125,506	-	-	-	-	24,354	-	1,339,906
Direct	-	636,905	-	125,028	-	-	-	774,826
Total revenues	<u>125,506</u>	<u>636,905</u>	<u>21,538</u>	<u>125,028</u>	<u>112,838</u>	<u>24,354</u>	<u>-</u>	<u>2,840,101</u>
Expenditures:								
Current:								
Instruction	-	-	-	-	-	23,129	-	989,900
Special education instruction	-	-	-	-	-	-	-	62,684
Support services - students	125,506	620,923	21,538	124,567	-	-	-	1,021,435
Support services - instruction	-	-	-	-	-	-	-	191,470
School administration	-	-	-	-	-	-	-	35,382
District administration support services	-	15,355	-	461	-	1,225	-	78,542
Operations and maintenance of plant	-	-	-	-	50,992	-	-	50,992
Student activities	-	627	-	-	-	-	-	4,767
Student transportation - to and from school	-	-	-	-	-	-	-	148,730
Food services	-	-	-	-	-	-	-	291,222
Total expenditures	<u>125,506</u>	<u>636,905</u>	<u>21,538</u>	<u>125,028</u>	<u>50,992</u>	<u>24,354</u>	<u>-</u>	<u>2,875,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,846</u>	<u>-</u>	<u>-</u>	<u>(35,023)</u>
Other financing sources - Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,688</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,846</u>	<u>-</u>	<u>-</u>	<u>73,665</u>
Fund balances, beginning of year	<u>-</u>	<u>2,130</u>	<u>-</u>	<u>-</u>	<u>321,744</u>	<u>-</u>	<u>2,934</u>	<u>958,396</u>
Fund balances, end of year	<u>\$ -</u>	<u>2,130</u>	<u>-</u>	<u>-</u>	<u>383,590</u>	<u>-</u>	<u>2,934</u>	<u>1,032,061</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Broadband Assistance Grant Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
State of Alaska	\$ 144,458	144,458	-
Expenditures - current -			
Support services - instruction -			
Utility services	144,458	144,458	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Pupil Transportation Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental -			
State of Alaska	\$ 176,369	176,369	-
Local -			
Other local revenues	12,375	12,375	-
Total revenues	<u>188,744</u>	<u>188,744</u>	<u>-</u>
Expenditures - current:			
Student transportation - to and from school:			
Non-certificated salaries	65,997	64,356	1,641
Employee benefits	68,305	37,900	30,405
Utility services	2,300	2,716	(416)
Other purchased services	3,100	942	2,158
Supplies, materials and media	37,957	20,130	17,827
Tuition and stipends	2,800	-	2,800
Student transportation - in-lieu-of agreements	-	3,396	(3,396)
Other expenses	600	290	310
Equipment	19,000	19,000	-
Total expenditures	<u>200,059</u>	<u>148,730</u>	<u>51,329</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(11,315)</u>	40,014	<u>51,329</u>
Fund balance, beginning of year		<u>522,701</u>	
Fund balance, end of year		<u>\$ 562,715</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

ELA Core Literacy Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 79,650	79,650	-
Expenditures - current:			
Instruction:			
Professional and technical services	2,000	1,575	425
Staff travel	18,345	16,045	2,300
Supplies, materials and media	54,953	57,678	(2,725)
Total instruction	75,298	75,298	-
District administration support services -			
Indirect costs	4,352	4,352	-
Total expenditures	79,650	79,650	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Early Learning Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
State of Alaska	\$ 260,042	256,243	(3,799)
Expenditures - current:			
Instruction:			
Certificated salaries	21,425	21,425	-
Non-certificated salaries	91,106	91,106	-
Employee benefits	34,706	34,706	-
Student travel	2,170	2,170	-
Utility services	700	306	394
Energy	-	296	(296)
Other purchased services	21,500	23,432	(1,932)
Supplies, materials and media	25,818	23,984	1,834
Equipment	51,206	47,407	3,799
Total instruction	<u>248,631</u>	<u>244,832</u>	<u>3,799</u>
District administration support services -			
Indirect costs	11,411	11,411	-
Total expenditures	<u>260,042</u>	<u>256,243</u>	<u>3,799</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Food Service Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - charges for services	\$ -	1,548	1,548
Intergovernmental -			
Federal sources - passed through the State of Alaska	168,253	146,507	(21,746)
Total revenues	<u>168,253</u>	<u>148,055</u>	<u>(20,198)</u>
Expenditures - current:			
Food services:			
Non-certificated salaries	114,020	96,615	17,405
Employee benefits	34,609	27,571	7,038
Staff travel	-	3,022	(3,022)
Other purchased services	-	443	(443)
Supplies, materials and media	165,253	157,287	7,966
Other expenses	600	-	600
Total expenditures	<u>314,482</u>	<u>284,938</u>	<u>29,544</u>
Deficiency of revenues under expenditures	(146,229)	(136,883)	9,346
Other financing sources -			
Transfers in - School Operating Fund	146,229	108,688	(37,541)
Net change in fund balance	\$ <u>-</u>	(28,195)	<u>(28,195)</u>
Fund balance, beginning of year		<u>108,887</u>	
Fund balance, end of year		\$ <u><u>80,692</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Fresh Fruit and Vegetable Special Revenue Fund

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

Year Ended June 30, 2023

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ <u>7,221</u>	<u>6,284</u>	<u>(937)</u>
Expenditures - current -			
Food services -			
Supplies, materials and media	<u>7,221</u>	<u>6,284</u>	<u>937</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Title I-A Basic Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 129,971	89,676	(40,295)
Expenditures - current:			
Instruction:			
Certificated salaries	59,058	50,896	8,162
Non-certificated salaries	23,086	3,172	19,914
Employee benefits	19,213	13,051	6,162
Supplies, materials and media	16,318	13,746	2,572
Other expenses	1,465	182	1,283
Total instruction	<u>119,140</u>	<u>81,047</u>	<u>38,093</u>
Support services - instruction:			
Non-certificated salaries	2,842	2,842	-
Employee benefits	887	887	-
Total support services - instruction	<u>3,729</u>	<u>3,729</u>	<u>-</u>
District administration support services -			
Indirect costs	7,102	4,900	2,202
Total expenditures	<u>129,971</u>	<u>89,676</u>	<u>40,295</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Title I-C Migrant Education Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 98,157	97,421	(736)
Expenditures - current:			
Instruction:			
Certificated salaries	4,000	4,000	-
Non-certificated salaries	44,248	44,268	(20)
Employee benefits	14,590	14,447	143
Professional and technical services	5,000	4,732	268
Student travel	11,500	11,435	65
Utility services	350	-	350
Supplies, materials and media	13,106	13,216	(110)
Total instruction	92,794	92,098	696
District administration support services -			
Indirect costs	5,363	5,323	40
Total expenditures	98,157	97,421	736
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Migrant Book Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 1,700	1,594	(106)
Expenditures - current:			
Instruction -			
Supplies, materials and media	1,607	1,507	100
District administration support services -			
Indirect costs	93	87	6
Total expenditures	1,700	1,594	106
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Title IV-A Innovative Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 13,187	69	(13,118)
Expenditures - current:			
Instruction -			
Supplies, materials and media	12,466	65	12,401
District administration support services -			
Indirect costs	721	4	717
Total expenditures	13,187	69	13,118
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Title II-A Teacher and Principal Training Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 34,967	20,720	(14,247)
Expenditures - current:			
Instruction:			
Certificated salaries	6,400	-	6,400
Non-certificated salaries	2,800	-	2,800
Employee benefits	1,121	-	1,121
Professional and technical services	8,400	7,879	521
Staff travel	4,160	4,160	-
Supplies, materials and media	7,675	5,049	2,626
Other expenses	2,500	2,500	-
Total instruction	33,056	19,588	13,468
District administration support services -			
Indirect costs	1,911	1,132	779
Total expenditures	34,967	20,720	14,247
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Title VI-B IDEA Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 61,870	61,870	-
Expenditures - current:			
Special education instruction -			
Professional and technical services	58,489	58,489	-
District administration support services -			
Indirect costs	3,381	3,381	-
Total expenditures	61,870	61,870	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Section 619 Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 4,438	4,438	-
Expenditures - current:			
Special education instruction -			
Professional and technical services	4,195	4,195	-
District administration support services -			
Indirect costs	243	243	-
Total expenditures	4,438	4,438	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Carl Perkins Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 24,380	17,742	(6,638)
Expenditures - current:			
Instruction:			
Certificated salaries	4,000	4,000	-
Employee benefits	3,407	2,592	815
Staff travel	4,235	4,234	1
Supplies, materials and media	11,577	6,071	5,506
Total instruction	<u>23,219</u>	<u>16,897</u>	<u>6,322</u>
District administration support services -			
Indirect costs	1,161	845	316
Total expenditures	<u>24,380</u>	<u>17,742</u>	<u>6,638</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	-	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Title I-A School Improvement Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources - passed through the State of Alaska	\$ 50,000	49,571	(429)
Expenditures - current:			
Instruction:			
Certificated salaries	20,737	22,080	(1,343)
Non-certificated salaries	1,000	199	801
Employee benefits	10,695	11,052	(357)
Professional and technical services	315	315	-
Staff travel	4,967	3,663	1,304
Supplies, materials and media	9,553	9,553	-
Total instruction	<u>47,267</u>	<u>46,862</u>	<u>405</u>
District administration support services - Indirect costs	2,733	2,709	24
Total expenditures	<u>50,000</u>	<u>49,571</u>	<u>429</u>
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Comprehensive State Literacy Development Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 409,834	286,124	(123,710)
Expenditures - current:			
Instruction:			
Certificated salaries	98,910	93,470	5,440
Non-certificated salaries	11,000	11,000	-
Employee benefits	28,818	30,212	(1,394)
Professional and technical services	160,467	101,256	59,211
Staff travel	16,720	6,483	10,237
Supplies, materials and media	28,950	26,326	2,624
Other expenses	42,575	1,743	40,832
Total instruction	387,440	270,490	116,950
District administration support services -			
Indirect costs	22,394	15,634	6,760
Total expenditures	409,834	286,124	123,710
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

ESSER II Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 11,261	11,261	-
Expenditures - current:			
Instruction:			
Professional and technical services	9,965	9,965	-
Staff travel	214	214	-
Student travel	387	387	-
Other purchased services	80	80	-
Total instruction	<u>10,646</u>	<u>10,646</u>	<u>-</u>
District administration support services -			
Indirect costs	615	615	-
Total expenditures	<u>11,261</u>	<u>11,261</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

ESSER III Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 339,082	181,745	(157,337)
Expenditures - current:			
Instruction:			
Certificated salaries	125,573	22,769	102,804
Employee benefits	18,595	11,230	7,365
Professional and technical services	5,125	195	4,930
Staff travel	25,816	762	25,054
Student travel	560	540	20
Supplies, materials and media	50,551	50,686	(135)
Other expenses	585	583	2
Total instruction	<u>226,805</u>	<u>86,765</u>	<u>140,040</u>
Support services - students:			
Non-certificated salaries	10,700	2,000	8,700
Employee benefits	244	244	-
Total support services - students	<u>10,944</u>	<u>2,244</u>	<u>8,700</u>
Support services - instruction:			
Certificated salaries	4,399	4,399	-
Employee benefits	2,105	2,105	-
Professional and technical services	35,075	35,075	-
Supplies, materials and media	1,704	1,704	-
Total support services - instruction	<u>43,283</u>	<u>43,283</u>	<u>-</u>
School administration:			
Certificated salaries	24,168	24,168	-
Employee benefits	11,214	11,214	-
Total school administration	<u>35,382</u>	<u>35,382</u>	<u>-</u>
District administration support services -			
Indirect costs	18,528	9,931	8,597
Student activities -			
Student travel	4,140	4,140	-
Total expenditures	<u>339,082</u>	<u>181,745</u>	<u>157,337</u>
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

COVID Discretionary Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 27,979	8,717	(19,262)
Expenditures - current:			
Instruction:			
Certificated salaries	8,200	400	7,800
Non-certificated salaries	400	400	-
Employee benefits	200	187	13
Student travel	2,460	2,454	6
Other purchased services	7,500	2,500	5,000
Supplies, materials and media	7,690	2,300	5,390
Total instruction	<u>26,450</u>	<u>8,241</u>	<u>18,209</u>
District administration support services -			
Indirect costs	1,529	476	1,053
Total expenditures	<u>27,979</u>	<u>8,717</u>	<u>19,262</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

SOAR Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental - federal sources -			
Other intermediate agencies	\$ 29,442	29,505	63
Expenditures - current -			
Support services - students:			
Certificated salaries	20,078	20,000	(78)
Employee benefits	9,364	8,210	(1,154)
Student travel	-	840	840
Supplies, materials and media	-	455	455
Total expenditures	29,442	29,505	63
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Indian Education Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - direct	\$ 8,389	8,389	-
Expenditures - current:			
Instruction -			
Supplies, materials and media	7,931	7,931	-
District administration support services -			
Indirect costs	458	458	-
Total expenditures	8,389	8,389	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

REAP Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - direct	\$ 4,504	4,504	-
Expenditures - current -			
Instruction -			
Supplies, materials and media	4,504	4,504	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

SELECT - Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental - Federal sources - passed through			
Other intermediate agencies	\$ 97,152	97,152	-
Expenditures - current -			
Support services - students:			
Certificated salaries	43,395	43,395	-
Employee benefits	18,279	18,279	-
Staff travel	120	120	-
Supplies, materials and media	35,358	35,358	-
Total expenditures	97,152	97,152	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

A-STRIDE Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal - passed through other intermediate agencies	\$ 125,620	125,506	(114)
Expenditures - current -			
Support services - students:			
Certificated salaries	3,800	3,800	-
Non-certificated salaries	400	400	-
Employee benefits	1,720	1,713	7
Student travel	4,600	4,600	-
Supplies, materials and media	115,100	114,993	107
Total expenditures	<u>125,620</u>	<u>125,506</u>	<u>114</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		<u>\$ -</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

THRIVE Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - direct	\$ 717,213	636,905	(80,308)
Expenditures - current:			
Support services - students:			
Certificated salaries	75,688	76,688	(1,000)
Non-certificated salaries	13,749	13,749	-
Employee benefits	40,918	35,298	5,620
Professional and technical services	154,459	147,989	6,470
Staff travel	110,669	110,337	332
Student travel	36,512	49,250	(12,738)
Utility services	11,759	11,759	-
Other purchased services	3,732	3,732	-
Supplies, materials and media	133,714	137,576	(3,862)
Tuition and stipends	34,545	34,545	-
Other expenses	61,696	-	61,696
Total support services - students	<u>677,441</u>	<u>620,923</u>	<u>56,518</u>
District administration support services -			
Indirect costs	<u>39,145</u>	<u>15,355</u>	<u>23,790</u>
Student activities:			
Certificated salaries	415	415	-
Employee benefits	<u>212</u>	<u>212</u>	<u>-</u>
Total student activities	<u>627</u>	<u>627</u>	<u>-</u>
Total expenditures	<u>717,213</u>	<u>636,905</u>	<u>80,308</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>2,130</u>	
Fund balance, end of year		\$ <u><u>2,130</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

REWARDS Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Local sources -			
Other	\$ 21,581	21,538	(43)
Expenditures - current -			
Support services - students:			
Certificated salaries	15,221	15,221	-
Employee benefits	5,550	5,550	-
Staff travel	50	22	28
Other purchased services	460	460	-
Supplies, materials and media	300	285	15
Total expenditures	<u>21,581</u>	<u>21,538</u>	<u>43</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

SUCCEED Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Intergovernmental -			
Federal sources - direct	\$ 499,727	125,028	(374,699)
Expenditures - current:			
Support services - students:			
Certificated salaries	107,158	31,177	75,981
Non-certificated salaries	8,750	-	8,750
Employee benefits	40,569	13,431	27,138
Professional and technical services	147,594	43,043	104,551
Staff travel	70,600	13,028	57,572
Student travel	30,004	1,962	28,042
Supplies, materials and media	36,927	5,725	31,202
Tuition - students and stipends	10,020	16,201	(6,181)
Other expenses	20,800	-	20,800
Total support services - students	472,422	124,567	347,855
District administration support services -			
Indirect costs	27,305	461	26,844
Total expenditures	499,727	125,028	374,699
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

Teacher Housing Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues -			
Local sources -			
charges for services - rental income	\$ 112,838	112,838	-
Expenditures - current -			
Operations and maintenance of plant:			
Non-certificated salaries	1,100	1,063	37
Employee benefits	1,000	926	74
Utility services	3,800	3,744	56
Energy	12,500	12,468	32
Other purchased services	4,620	4,624	(4)
Supplies, materials and media	26,480	26,578	(98)
Other expenses	500	1,589	(1,089)
Total expenditures	<u>50,000</u>	<u>50,992</u>	<u>(992)</u>
Excess of revenues over expenditures	\$ <u>62,838</u>	61,846	<u>(992)</u>
Fund balance, beginning of year		<u>321,744</u>	
Fund balance, end of year		<u>\$ 383,590</u>	

SOUTHEAST ISLAND SCHOOL DISTRICT

Alaska Micro Grants Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues: -			
Intergovernmental -			
Federal sources - passed through the State of Alaska	\$ 24,354	24,354	-
Expenditures - current:			
Instruction:			
Non-certificated salaries	344	1,697	(1,353)
Employee benefits	-	341	(341)
Staff travel	-	616	(616)
Other purchased services	-	225	(225)
Supplies, materials and media	22,785	20,250	2,535
Total instruction	23,129	23,129	-
District administration and support services -			
Indirect costs	1,225	1,225	-
Total expenditures	24,354	24,354	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

SOUTHEAST ISLAND SCHOOL DISTRICT

RurAL CAP Special Revenue Fund

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

Year Ended June 30, 2023

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues	\$ -	-	-
Expenditures	-	-	-
Net change in fund balance	\$ -	-	-
Fund balance, beginning of year		2,934	
Fund balance, end of year		\$ 2,934	

SOUTHEAST ISLAND SCHOOL DISTRICT

Hollis K-12 School Design and Replacement - GR-20-002 / GR-22-001

Schedule of the Results of Operations of Capital Projects

Year Ended June 30, 2023

	Prior Years	Current Year	Inception to Date
Expenditures:			
Non-certificated salaries	7,623	59,968	67,591
Employee benefits	2,379	21,520	23,899
Professional and technical services	463,287	171,861	635,148
Utility services	501	-	501
Energy	-	2,674	2,674
Other purchased services	25,479	6,689,443	6,714,922
Insurance and bond premiums	-	94,455	94,455
Supplies, materials and media	41	12,071	12,112
Other expenses	-	6,233	6,233
Total expenditures	<u>499,310</u>	<u>7,058,225</u>	<u>7,557,535</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Kasaan K-12 School Covered Play Area - GR-19-005

Schedule of the Results of Operations of Capital Projects

Year Ended June 30, 2023

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Expenditures:			
Professional and technical services	33,836	-	33,836
Utility services	190	-	190
Other purchased services	213,179	74,905	288,084
Supplies, materials and media	118,181	-	118,181
Total expenditures	<u>365,386</u>	<u>74,905</u>	<u>440,291</u>

SOUTHEAST ISLAND SCHOOL DISTRICT

Schedule of Compliance - AS 14.17.505

June 30, 2023

Total fund balance - School Operating Fund	\$	405,749
less exemptions per 4 AAC 09.160(a)		
Inventory		<u>99,275</u>
Fund Balance Subject to 10% Limitation	\$	<u>306,474</u>

Nonexempt fund balance as a percentage of current year expenditures:

<u>Fund balance subject to limitation</u>	<u>306,474</u>	=	<u>4.95%</u>
Current year expenditures	6,188,571		

SOUTHEAST ISLAND SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Grant Title</u>	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Total Federal Expended</u>	<u>Passed through to Subrecipients</u>
U.S. Department of Education:				
Passed through the State of Alaska Department of Education and Early Development:				
SOR Symposium Travel	CL 23.SISS.01	84.010A	\$ 2,500	-
Title I-A Basic	IP 23.SISS.01	84.010	32,041	-
Title I-A Basic	IP 23.SISS.01	84.010A	57,635	-
Title I-1 School Improvement	SI 23.SISS.01	84.010A	49,571	-
Total ALN 84.010			141,747	-
Title I-C Migrant Education	IP 23.SISS.01	84.011	47,648	-
Title I-C Migrant Education	IP 23.SISS.01	84.011A	49,773	-
Migrant Education Books	MB 23.SISS.01	84.011	1,594	-
Total ALN 84.011			99,015	-
Title II-A Improving Teacher Quality	IP 23.SISS.01	84.367	7,869	-
Title II-A Improving Teacher Quality	IP 23.SISS.01	84.367A	12,851	-
Total ALN 84.367			20,720	-
Comprehensive State Literacy Development	AL 23.SISS.01	84.371C	286,124	61,103
Title IV-A Student Support and Academic Enrichment	IP 23.SISS.01	84.424	69	-
COVID-19 ESSER II	ER 23.SISS.01	84.425D	11,261	-
COVID-19 ESSER III	ER 23.SISS.01	84.425U	181,745	-
ELA Literacy Grant	CL 23.SISS.01	84.425U	77,150	-
COVID-19 Discretionary	CO 23.SISS.01	84.425 U	8,717	-
Total ALN 84.425			278,873	-
Special Education Cluster:				
Title VI-B Special Education	SE 23.SISS.01	84.027	988	-
Title VI-B Special Education	SE 23.SISS.01	84.027A	60,882	-
Title VI-B Section 619 Preschool Disabled	SE 23.SISS.01	84.173	4,438	-
Total Special Education Cluster			66,308	-
Carl Perkins Vocational Ed Secondary	EK 23.SISS.01	84.048	10,000	-
Carl Perkins Vocational Ed Secondary	EK 23.SISS.01	84.048A	7,742	-
Total ALN 84.048			17,742	-
Passed through:				
The Central Council Tlingit and Haida Indian Tribes of Alaska:				
A-STRIDE	S356A210036	84.356A	125,506	-
Klawock City School District:				
SOAR	S356A220034	84.356A	29,505	-
SELECT	S356A220012	84.356A	97,152	-
Total ALN 84.356			252,163	-
Direct programs:				
Indian Education	S060A212401	84.060A	8,389	-
SUCCEED	S299A220018	84.299A	125,028	-
Project THRIVE	S299A220022	84.299A	636,905	-
Total ALN 84.299			761,933	-
REAP	S358C220011	84.358C	4,504	-
Total U.S. Department of Education			1,937,587	61,103

(continued)

SOUTHEAST ISLAND SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards, continued

<u>Grant Title</u>	<u>Grant Number</u>	<u>Assistance Listing Number</u>	<u>Total Federal Expended</u>	<u>Passed through to Subrecipients</u>
U.S. Department of Agriculture:				
Passed through the State of Alaska Department of Education and Early Development:				
Child Nutrition Cluster:				
Commodities	None	10.555	20,097	-
NSL Breakfast	None	10.553	37,022	-
NSL Lunch	None	10.555	72,992	-
Supply Chain Assistance	None	10.555	15,863	-
Fresh Fruit & Vegetable Program	FF 23.SISS.01	10.582	1,022	-
Fresh Fruit & Vegetable Program	FF 23.SISS.02	10.582	5,262	-
Total Child Nutrition Cluster			<u>152,258</u>	<u>-</u>
State Administrative Expense Funds - Food Distribution Fee	FD 23.SISS.01	10.560	<u>533</u>	<u>-</u>
Passed through the State of Alaska Department of Commerce and Economic Development - National Forest Receipts Title I				
	2023	10.665	<u>294,190</u>	<u>-</u>
Passed through the State of Alaska Department of Natural resources -				
Micro Migrants for Food Security	AM200100XXXXG131	10.179	<u>24,354</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>471,335</u>	<u>-</u>
Total Expenditure of Federal Awards			<u>\$ 2,408,922</u>	<u>61,103</u>

See accompanying notes to the schedule.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Southeast Island School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Southeast Island School District, it is not intended to and does not present the basic financial statements of Southeast Island School District.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Nonmonetary Assistance

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed at June 30, 2023 the District had food commodities totaling \$20,097.

SOUTHEAST ISLAND SCHOOL DISTRICT

Schedule of State Financial Assistance

Year Ended June 30, 2023

<u>Grant Title</u>	<u>Grant Number</u>	<u>Total State Expended</u>
Department of Education and Early Development:		
Direct programs:		
Public School Foundation Program	FY23	\$ 4,261,119
Pupil Transportation	FY23	176,369
* Early Learning	PE 23.SISS.01	256,243
Broadband Assistance Grant	None	144,458
Education Dividend Raffle Funds	None	1,216
Quality Scool	FY23	11,497
HB 281 Onetime Grant	None	158,132
Kasaan K-12 School Covered Play Area	GR-19-005	74,905
* Hollis K-12 School Replacement	GR-20-002 / GR-22-001	7,058,225
Total Department of Education and Early Development		<u>12,142,164</u>
Alaska Energy Authority:		
Direct:		
Biomass Project Upgrades	7910076	<u>20,627</u>
Total State Expenditures		<u>\$ 12,162,791</u>

See accompanying notes to the schedule.

SOUTHEAST ISLAND SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the “Schedule”) includes the state award activity of Southeast Island School District under programs of the State of Alaska for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Southeast Island School District, it is not intended to and does not present the basic financial statements of Southeast Island School District.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Subrecipients

No state funds were passed through to Subrecipients.

Note 4. Major Programs

* denotes a major program for compliance audit purposes.

Note 5. Reconciliation of State Expenditures to the Financial Statements

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

State expenditures per previous page	\$	12,162,791
PERS On-Behalf		28,875
TRS On-Behalf		216,195
Total revenue from State of Alaska per basic financials	\$	<u>12,407,861</u>

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Southeast Island School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Southeast Island School District's basic financial statements, and have issued our report thereon dated October 25, 2023.

Internal Control over Financial Reporting

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

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

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

Members of the School Board
Southeast Island School District

Report on Compliance and Other Matters

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

Purpose of this Report

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



Anchorage, Alaska
October 25, 2023

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southeast Island School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Southeast Island School District's major federal programs for the year ended June 30, 2023. Southeast Island School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southeast Island School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Southeast Island School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Southeast Island School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Southeast Island School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Southeast Island School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Southeast Island School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Southeast Island School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Southeast Island School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Southeast Island School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Members of the School Board
Southeast Island School District

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Altman, Rogers & Co.

Anchorage, Alaska
October 25, 2023

SOUTHEAST ISLAND SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Financial Statements

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

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

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

Noncompliance material to the financial statements noted? Yes No

Federal Awards

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

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

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.299	Indian Education – Special Programs for Indian Children
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes No

SOUTHEAST ISLAND SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

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

Section III – Federal Award Findings and Questioned Costs

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Southeast Island School District's compliance with the types of compliance requirements identified as subject to audit in the State of Alaska Audit Guide and Compliance Supplements that could have a direct and material effect on each of Southeast Island School District's major state programs for the year ended June 30, 2023. Southeast Island School District's major state programs are identified on the Schedule of State Financial Assistance.

In our opinion, Southeast Island School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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

We are required to be independent of Southeast Island School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Southeast Island School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Southeast Island School District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Southeast Island School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State of Alaska Audit Guide requirements will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Southeast Island School District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State of Alaska Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Southeast Island School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Southeast Island School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Island School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Altman, Rogers & Co.

Anchorage, Alaska
October 25, 2023

SOUTHEAST ISLAND SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:
Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

State Awards

Internal control over major programs:
Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? Yes X None reported

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

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

Auditee qualified as low-risk auditee? X Yes No

Section II – Financial Statement Findings

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

Section III – State Award Findings and Questioned Costs

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