

LAKE AND PENINSULA SCHOOL DISTRICT
(A Component Unit of the Lake and Peninsula Borough)

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

Year Ended June 30, 2019

LAKE AND PENINSULA SCHOOL DISTRICT
(A Component Unit of the Lake and Peninsula Borough)

Basic Financial Statements, Required Supplementary Information, Additional
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Year Ended June 30, 2019

LAKE AND PENINSULA SCHOOL DISTRICT

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Independent Auditor's Report

Members of the School Board
Lake and Peninsula School District
King Salmon, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake and Peninsula School District (the District), a component unit of the Lake and Peninsula Borough, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake and Peninsula School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the School Operating Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and Contributions for the Public Employees' Retirement System and the Teachers' Retirement System on pages 47-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The information listed in the table of contents as Additional Supplementary Information, which includes Major Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – School Operating Fund; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Capital Projects Fund; 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 – Nonmajor Special Revenue Funds; Schedule of Changes in Assets and Liabilities: Student Activity Agency Fund; the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and the Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2019 on our consideration of the Lake and Peninsula School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lake and Peninsula School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake and Peninsula School District's internal control over financial reporting and compliance.



Anchorage, Alaska
October 4, 2019

LAKE AND PENINSULA SCHOOL DISTRICT

Statement of Net Position

June 30, 2019

<u>Assets and Deferred Outflows of Resources</u>	<u>Governmental Activities</u>
Current assets:	
Cash and cash equivalents	\$ 621,430
Short-term investments	201,372
Accounts receivable	404,306
Accrued interest	8,602
Inventories	175,607
Prepaid items	371,723
Total current assets	<u>1,783,040</u>
Long-term assets:	
Long-term investments	2,978,657
Accounts receivable	38,626
Assets to be contributed to Lake and Peninsula Borough	24,124
Capital assets	1,579,984
Accumulated depreciation	(1,435,019)
Total long-term assets	<u>3,186,372</u>
Deferred outflows of resources -	
Pension and OPEB deferrals	<u>1,626,633</u>
Total assets and deferred outflows of resources	<u><u>6,596,045</u></u>
<u>Liabilities, Deferred Inflows of Resources and Net Position</u>	
Current liabilities:	
Accounts payable	76,632
Accrued health claims	565,512
Accrued payroll liabilities	836,912
Due to student groups	277,061
Total current liabilities	<u>1,756,117</u>
Long-term liabilities -	
Net pension and OPEB liabilities	<u>9,023,543</u>
Deferred inflows of resources -	
Pension and OPEB deferrals	<u>777,639</u>
Total liabilities and deferred inflows of resources	<u>11,557,299</u>
Net position:	
Net investment in capital assets	144,965
Restricted:	
Assets to be contributed	24,124
Scholarships	210,642
Student transportation	39,536
Career and vocational development	148,208
Unrestricted	(5,528,729)
Total net position	<u>(4,961,254)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 6,596,045</u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2019

	Expenses	Program Revenues		Net (Expense)	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities	
Governmental Activities:					
Instruction	\$ 6,073,475	-	1,020,121	-	(5,053,354)
Special education instruction	1,027,253	-	48,737	-	(978,516)
Special education support services - students	292,380	-	124,353	-	(168,027)
Support services - students	132,472	-	132,649	-	177
Support services - instruction	2,614,594	-	364,896	-	(2,249,698)
School administration	770,002	-	52,050	-	(717,952)
School administration support services	74,394	-	1,438	-	(72,956)
District administration	569,590	-	18,990	-	(550,600)
District administration support services	672,816	-	51,805	-	(621,011)
Operations and maintenance of plant	2,739,578	281,248	24,433	398,229	(2,035,668)
Student activities	425,382	-	7,319	-	(418,063)
Student transportation services	116,231	-	127,772	-	11,541
Food service	747,433	29,338	267,799	-	(450,296)
Total governmental activities	\$ 16,255,600	310,586	2,242,362	398,229	(13,304,423)
General revenues and transfers:					
Unrestricted Borough appropriation					1,486,423
Unrestricted investment and interest earnings					141,762
E-rate					1,054,008
Grants not restricted to specific programs					10,446,352
Other local revenue					570,369
Capital assets transferred to the Borough					(3,344,985)
Total general revenues and transfers					10,353,929
Change in net position					(2,950,494)
Net position, beginning of year					(2,010,760)
Net position, end of year					\$ (4,961,254)

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

LAKE AND PENINSULA SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2019

	School Operating Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 433,046	-	-	433,046
Short-term investments	201,372	-	-	201,372
Long-term investments	2,978,657	-	-	2,978,657
Accounts receivable	171,413	7,768	263,751	442,932
Accrued interest	8,602	-	-	8,602
Due from other funds	287,805	455,188	138,900	881,893
Inventory	148,222	-	27,385	175,607
Prepaid items	371,723	-	-	371,723
Total assets	<u>4,600,840</u>	<u>462,956</u>	<u>430,036</u>	<u>5,493,832</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities:				
Accounts payable	75,490	-	1,142	76,632
Accrued payroll liabilities	836,912	-	-	836,912
Due to other funds	594,088	-	287,805	881,893
Due to student groups	277,061	-	-	277,061
Total liabilities	<u>1,783,551</u>	<u>-</u>	<u>288,947</u>	<u>2,072,498</u>
Deferred inflows of resources -				
Unavailable revenues	38,626	-	-	38,626
Total liabilities and deferred inflows of resources	<u>1,822,177</u>	<u>-</u>	<u>288,947</u>	<u>2,111,124</u>
Fund Balances:				
Non-spendable:				
Inventory	148,222	-	27,385	175,607
Prepays	371,723	-	-	371,723
Long-term receivables	75,981	-	-	75,981
Restricted:				
Scholarships	210,642	-	-	210,642
Student transportation	-	-	39,536	39,536
Career and vocational education	148,208	-	-	148,208
Committed:				
Student transportation	-	-	99,364	99,364
Capital grant match and other purposes	-	462,956	-	462,956
Assigned - encumbrances	37,466	-	-	37,466
Unassigned	1,786,421	-	(25,196)	1,761,225
Total fund balances	<u>2,778,663</u>	<u>462,956</u>	<u>141,089</u>	<u>3,382,708</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,600,840</u>	<u>462,956</u>	<u>430,036</u>	<u>5,493,832</u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

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

June 30, 2019

Amount reported as fund balances on the governmental funds balance sheet		\$	3,382,708
Amounts reported for governmental activities in the statement of net position are different because:			
Pension and OPEB related assets in the current fiscal year are presented as deferred outflows of resources:			
PERS	844,503		
TRS	<u>782,130</u>		1,626,633
Pension and OPEB related liabilities in the current fiscal year are presented as deferred inflows of resources:			
PERS	(391,313)		
TRS	<u>(386,326)</u>		(777,639)
Proportionate share of the collective net pension and OPEB liabilities:			
PERS	(4,578,456)		
TRS	<u>(4,445,087)</u>		(9,023,543)
Long-term accounts receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds			38,626
Capital assets used in governmental activities are not financial resources and are not reported in the funds.			144,965
An internal service fund is used by the District to charge the cost of self-insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.			(377,128)
Assets to be contributed are used in governmental activities and are not financial resources and are not reported in the funds.			<u>24,124</u>
Net position of governmental activities		\$	<u><u>(4,961,254)</u></u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

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

Year Ended June 30, 2019

	School Operating Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources:				
Charges for services	\$ 281,248	-	29,338	310,586
Earnings on investments	141,762	-	-	141,762
E-rate revenues	1,054,008	-	-	1,054,008
Other	595,401	-	5,000	600,401
Intergovernmental:				
Lake and Peninsula Borough	1,486,423	363,229	-	1,849,652
State of Alaska	9,671,353	35,000	238,457	9,944,810
Federal sources	1,379,909	-	1,487,866	2,867,775
Total revenues	<u>14,610,104</u>	<u>398,229</u>	<u>1,760,661</u>	<u>16,768,994</u>
Expenditures:				
Current:				
Instruction	4,939,025	-	771,212	5,710,237
Special education instruction	1,042,607	-	1,556	1,044,163
Special education support services - students	180,118	-	112,832	292,950
Support services - students	28,022	-	116,910	144,932
Support services - instruction	2,341,254	-	292,574	2,633,828
School administration	771,398	-	4,543	775,941
School administration support services	76,334	-	-	76,334
District administration	572,164	-	-	572,164
District administration support services	640,292	-	36,125	676,417
Operation and maintenance of plant	2,748,229	-	-	2,748,229
Student activities	426,401	-	-	426,401
Student transportation services	-	-	110,886	110,886
Food service	-	-	747,433	747,433
Construction and facilities acquisition	-	496,568	-	496,568
Total expenditures	<u>13,765,844</u>	<u>496,568</u>	<u>2,194,071</u>	<u>16,456,483</u>
Excess (deficiency) of revenues over expenditures	<u>844,260</u>	<u>(98,339)</u>	<u>(433,410)</u>	<u>312,511</u>
Other financing sources (uses):				
Transfers in	-	530,000	454,000	984,000
Transfers out	(984,000)	-	-	(984,000)
Total other financing sources (uses)	<u>(984,000)</u>	<u>530,000</u>	<u>454,000</u>	<u>-</u>
Net change in fund balances	(139,740)	431,661	20,590	312,511
Fund balances, beginning of year	<u>2,918,403</u>	<u>31,295</u>	<u>120,499</u>	<u>3,070,197</u>
Fund balances, end of year	<u>\$ 2,778,663</u>	<u>462,956</u>	<u>141,089</u>	<u>3,382,708</u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2019

Net change in fund balance - total governmental funds		\$	312,511
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:			
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Change in the unfunded net pension and OPEB liabilities:			
PERS	(724,217)		
TRS	<u>(892,239)</u>		(1,616,456)
Changes in deferred inflows and outflows of resources are the result of timing differences in the actuarial report and adjustments to reflect employer and non-employer contributions based on the measurement date of the liabilities.			
PERS	812,797		
TRS	<u>879,119</u>		1,691,916
Revenues in the Statement of Activities that represent notes receivable amounts that do not provide current financial resources are unavailable in the fund financial statements but recognized in the Statement of Activities. This amount represents the change in the revenue shown as unavailable in the fund financial statements			
			(30,032)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.			
This is the amount by which capital outlay exceeded depreciation in the current period:			
Capital outlay	506,568		
Depreciation expense	<u>(48,684)</u>		457,884
Construction in progress should exclude costs of capital assets that will be transferred to another government upon completion, while governmental funds are shown as expenditures:			
Completed construction transferred to the Lake and Peninsula Borough			(3,344,985)
An internal service fund is used by management to charge the cost of health insurance to individual funds. The net income (loss) of this activity is reported in the governmental activity.			
			<u>(421,332)</u>
Change in net position of governmental activities		\$	<u><u>(2,950,494)</u></u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2019

	School Operating Fund			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Local sources:				
Charges for services	\$ 282,877	282,877	281,248	(1,629)
Earnings on investments	45,000	100,000	141,762	41,762
E-rate revenue	1,059,490	1,059,490	1,054,008	(5,482)
Other	225,078	349,309	595,401	246,092
Intergovernmental:				
Borough appropriation	1,487,323	1,486,423	1,486,423	-
State of Alaska	9,466,851	9,786,453	9,671,353	(115,100)
Federal sources	981,769	1,379,646	1,379,909	263
Total revenues	<u>13,548,388</u>	<u>14,444,198</u>	<u>14,610,104</u>	<u>165,906</u>
Expenditures:				
Current:				
Instruction	4,827,218	4,914,201	4,939,025	(24,824)
Special education instruction	1,145,142	1,022,203	1,042,607	(20,404)
Special education support services - students	204,970	176,086	180,118	(4,032)
Support services - students	135,562	24,306	28,022	(3,716)
Support services - instruction	2,181,964	2,353,978	2,341,254	12,724
School administration	703,227	776,513	771,398	5,115
School administration support services	68,610	74,387	76,334	(1,947)
District administration	562,414	582,778	572,164	10,614
District administration support services	671,750	638,124	640,292	(2,168)
Operations and maintenance of plant	2,485,865	2,512,396	2,748,229	(235,833)
Student activities	419,242	398,516	426,401	(27,885)
Total expenditures	<u>13,405,964</u>	<u>13,473,488</u>	<u>13,765,844</u>	<u>(292,356)</u>
Excess of revenues over expenditures	<u>142,424</u>	<u>970,710</u>	<u>844,260</u>	<u>(126,450)</u>
Other financing sources (uses) -				
Transfers out	<u>(340,000)</u>	<u>(980,000)</u>	<u>(984,000)</u>	<u>(4,000)</u>
Net change in fund balance	\$ <u>(197,576)</u>	<u>(9,290)</u>	<u>(139,740)</u>	<u>(130,450)</u>
Fund balance, beginning of year			<u>2,918,403</u>	
Fund balance, end of year			\$ <u><u>2,778,663</u></u>	

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

LAKE AND PENINSULA SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

June 30, 2019

Assets

Due from School Operating Fund	\$ <u>277,061</u>
--------------------------------	-------------------

Liabilities

Due to student groups	200,317
Scholarship funds	52,744
Housing deposits	24,000
	\$ <u>277,061</u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

Health Insurance Internal Service Fund

Statement of Net Position

June 30, 2019

<u>Assets</u>	
Cash and cash equivalents	\$ <u>188,384</u>
<u>Liabilities and Net Position</u>	
Liabilities -	
Health claims payable	<u>565,512</u>
Net position - unrestricted	<u>(377,128)</u>
Total liabilities and net position	\$ <u>188,384</u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

Health Insurance Internal Service Fund

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

Operating revenues - local sources - Interfund insurance charges	\$ 2,971,878
Operating expenses - Insurance claims and administration	<u>3,393,210</u>
Change in net position	(421,332)
Net position, beginning of year	<u>44,204</u>
Net position, end of year	<u><u>\$ (377,128)</u></u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

Health Insurance Internal Service Fund

Statement of Cash Flows

Year Ended June 30, 2019

Cash flows provided (used) by operating activities:	
Receipts for interfund services provided	\$ 3,292,256
Payments for insurance claims and administration	<u>(3,232,473)</u>
Net cash flows provided by operating activities	<u>59,783</u>
Cash and cash equivalents, beginning of year	<u>128,601</u>
Cash and cash equivalents, end of year	\$ <u><u>188,384</u></u>
Reconciliation of income from operations to net cash provided (used) by operating activities:	
Operating income	(421,332)
Changes in assets and liabilities that provided (used) cash:	
Decrease in accounts receivable	320,378
Increase in claims payable	<u>160,737</u>
Net cash flows provided by operating activities	\$ <u><u>59,783</u></u>

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements of Lake and Peninsula 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). Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

On July 1, 1976, the Legislature of the State of Alaska established the District. At that time, assets were turned over to the District by the State of Alaska through direct transfer and use permits.

Pursuant to Alaska Statutes, Title 29.43.030, the Borough has the responsibility of establishing, maintaining and operating a system of public schools. The Borough's charter delegates the administrative responsibility for these functions to the elected School Board of the District.

The accompanying financial statements include all the activities of Lake and Peninsula School District. The District is a component unit and integral part of the reporting entity, which is Lake and Peninsula Borough. The School Board has the authority to establish its own budgets, hire all personnel, and manage its financial operations subject to the limitations established by State law and Borough charter. There were no entities, which are a component unit of the District, which have been included or excluded, in the accompanying financial report at June 30, 2019.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School 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 School District does not presently have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are 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.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Separate financial statements are provided for governmental funds, proprietary 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. The only proprietary fund reported by the District is an internal service fund.

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

The government-wide and proprietary fund 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. Charges for services are recognized as revenues when earned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The District reports the following major governmental funds:

The *School Operating Fund* is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds.

The *Capital Projects Fund* accounts for the revenues and expenditures of local, state and federally funded acquisitions of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Additionally, the District reports the following governmental fund types:

The *Special Revenue Funds* account for revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Fund

Internal Service Fund. The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies, of the District or to other governments. The District's internal service fund accounts for the District's self-insured health insurance program.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Fiduciary Fund

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for student groups in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the governmental-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund are District departments for services provided. Operating expenses for the Internal Service Fund include the costs of services and administrative expense. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use for governmental activities, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Amounts reported as program revenues include 1) operating grants and contributions, and 2) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

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

Intergovernmental Revenue

State of Alaska foundation and pupil transportation, and federal aid for the school lunch program are susceptible to accrual and are recorded in the year to which they relate. Federal Impact Aid receipts are recorded as revenues in the year the monies are received. 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.

Revenues from the Lake and Peninsula Borough are recorded as Borough appropriations in the School Operating Fund as prescribed by the Uniform Chart of Accounts for School Districts. Revenues are susceptible to accrual and recorded in the year of the Borough appropriation. In the Capital Projects Fund, revenue from the Lake and Peninsula Borough is recorded as local revenue.

Local Revenue

Interest earned is recorded in the School Operating Fund unless otherwise specified by the funding source. Rental income from District leased property is recorded in the period to which it relates. Both interest and rental income are susceptible to accrual. Proceeds from the sale of lunches and other miscellaneous revenues are recognized in the year received.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Pensions and Other Post Employment Benefits (OPEB)

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

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

D. Assets, Liabilities and Equity

1. Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. There are no statutory limitations on the type of investment allowed. The District does not have a formal investment policy.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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 cost using the first-in, first-out (FIFO) method. Reported inventories are equally offset by a portion of fund balance classified as non-spendable in the fund financial statements, which indicates that 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. The prepaid assets do not reflect current available resources and, thus, an equivalent portion of fund balance is classified as non-spendable in the fund financial statements.

4. Capital Assets

Capital assets, which include vehicles and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

The Borough owns all land, school buildings and improvement that are provided to the School District. The School District collects rent for teacher housing units owned by the Borough and pays these rental fees to the Borough. The buildings are operated and maintained by the School District; however, ownership resides with the Borough. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

General equipment and furniture 3 – 20 years

5. Assets to be Contributed

Assets to be contributed represent construction in progress, that when completed, will be transferred to the Lake and Peninsula Borough.

6. Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

7. *Compensated Absences*

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay over 12 months. No liability is reported for unpaid accumulated sick leave because there is no provision for payment or use of sick leave upon termination. Vacation pay is accrued when incurred and reported as a fund liability because all leave is expected to be liquidated with expendable available financial resources.

8. *Net Position*

Government-wide net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position – consists of assets that are to be contributed to the Lake and Peninsula Borough and 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 grantor (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 components include five classifications as follows:

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

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

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. The highest level of authority is the School District Board, and they commit fund balance through Board restrictions.

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

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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.

Compliance with the provisions of the Fund Balance Classification Policy are reviewed as part of the annual budget adoption process. The Superintendent reports to the Board as close to the end of the year as possible the anticipated year-end fund balance or deficit. The Board takes appropriate action to commit or assign, or otherwise allocate prior year fund balances as a part of the budget planning process.

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the School Operating Fund and Special Revenue Funds. Encumbrances outstanding at year-end are reported in assigned fund balances since they do not constitute expenditures or liabilities. The amount of encumbrances, if significant, are disclosed in the Notes to the Basic Financial Statements.

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, except for the District's investments. The carrying amount of the District's investments are determined based on quoted market prices.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for most governmental funds except the Capital Projects Fund, which adopts project-length budgets. 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 federal grants which lapse on September 30.

School Operating Fund

Annual budgets for operations are adopted by the School Board for all operating revenues, expenditures, and interfund transfers. The adopted School Operating Fund budget is submitted to Lake and Peninsula Borough Assembly for approval of the local appropriations, then to the State of Alaska, Department of Education and Early Development for review to determine compliance with Alaska statutes and Department regulations.

The School Board authorizes formal budget revisions several times each year to adjust the revenues and expenditures to available resources and program needs. The original budget and the final revised and approved budget is presented in these financial statements. Expenditure authority for the School Operating Fund is limited to the total approved budget. There are no specific line item or category limitations.

The annual budget for the Food Service Special Revenue Fund follows the same guidelines as the School Operating Fund as noted in the preceding paragraph.

Special Revenue Funds

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

Capital Projects Fund

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

B. Excess Expenditures Over Appropriations

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

	<u>Amounts in Excess of Appropriations</u>
Instruction	\$ 24,824
Special education instruction	20,404
Special education support services - students	4,032
Support services - students	3,716
School administration support services	1,947
District administration support services	2,168
Operation and maintenance of plant	235,883
Student activities	27,885

Excess expenditures were covered through available fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Cash 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 or Statement of Net Position as "Cash and cash equivalents" or amounts "due to/from other funds."

The District bank accounts are insured by the Federal Depository Insurance Corporation (FDIC) to a maximum of \$250,000 per financial institution. Any amount in excess of FDIC limits is to be collateralized with securities held by the District's agent in the District's name.

All deposits are carried at cost plus accrued interest. Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits will not be returned to the District. At June 30, 2019, the District had \$725,870 of uninsured cash. The District does not have in place an investment policy limiting custodial credit risk.

As of June 30, 2019, the District had the following investments:

<u>Investment Type</u>	Fair Value	<u>Investment Maturity (in years)</u>		
		Less than 1 year	1-5	6-10
Fixed income	\$ <u>3,180,029</u>	<u>201,372</u>	<u>2,978,657</u>	<u>-</u>

Interest Rate Risk – The District has a policy to manage exposure to fair market value losses arising from increasing interest rates by limiting maturities of investments.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2019:

<u>Investments by fair value level</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income	\$ <u>3,180,029</u>	<u>3,180,029</u>	<u>-</u>	<u>-</u>

B. Accounts Receivable

Accounts receivable as of year-end for the District's individual major funds and other governmental funds are as follows:

	<u>Operating Fund</u>	<u>School Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:				
Grant	\$ 85,036	7,768	263,751	356,555
E-rate	446	-	-	446
Other local sources	85,931	-	-	85,931
Total	\$ <u>171,413</u>	<u>7,768</u>	<u>263,751</u>	<u>442,932</u>

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

C. Capital Assets

Lake and Peninsula Borough owns and is responsible for maintaining all land, school buildings and improvements that are provided to the District without charge. Capital assets, as recorded in the School District's financial records, consist of equipment and vehicles.

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Capital assets being depreciated:				
Equipment	\$ 995,590	-	16,671	978,919
Vehicles	601,063	-	-	601,063
Total capital assets being depreciated	<u>1,596,653</u>	<u>-</u>	<u>16,671</u>	<u>1,579,982</u>
Less accumulated depreciation for:				
Equipment	870,883	26,418	16,671	880,630
Vehicles	532,121	22,266	-	554,387
Total accumulated depreciation	<u>1,403,004</u>	<u>48,684</u>	<u>16,671</u>	<u>1,435,017</u>
Total net capital assets	\$ <u>193,649</u>	<u>(48,684)</u>	<u>-</u>	<u>144,965</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

Governmental activities:		
Instruction	\$	1,248
District administration support services		17,775
Operation and maintenance of plant		24,315
Student transportation services		<u>5,346</u>
Total depreciation expense	\$	<u><u>48,684</u></u>

D. Assets to be Contributed

The following are a summary of changes in assets to be contributed for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Construction in progress	\$ 2,862,541	506,568	3,344,985	<u>24,124</u>

Deletions of assets to be contributed consist of capital assets transferred to the Borough for reporting purposes.

E. Interfund Receivables, Payables and Transfers

Interfund receivables and payables are shown as “Due From Other Funds” and “Due To Other Funds” in each of the individual funds. These balances at June 30, 2019 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Operating Fund	Other Governmental Funds	\$ 287,805
Capital Projects Fund	School Operating Fund	455,188
Other Governmental Funds	School Operating Fund	<u>138,900</u>
		<u><u>\$ 881,893</u></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>Transfers Out</u>	<u>Transfer In</u>	<u>Amount</u>
School Operating Fund	Capital Projects Fund	\$ 530,000
School Operating Fund	Other Governmental Funds	<u>454,000</u>
		<u><u>\$ 984,000</u></u>

The School Operating Fund transferred \$530,000 to the Capital Projects Fund and \$460,000 to the Food Service Special Revenue Fund to cover current year expenditures in excess of revenues.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

F. Deferred Inflows of Resources

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report *unearned revenues* in connection with resources that have been received, but not yet earned. At June 30, 2019, the components of *deferred inflows of resources* in the governmental funds were as follows:

	<u>Unavailable</u>
Unavailable accounts receivable	\$ <u>38,626</u>

IV. OTHER INFORMATION

A. Risk Management

The District faces a considerable number of risks of loss, (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damages, (e) workers compensation, and (f) medical/dental/vision costs for employees. The District participates in the Alaska Public Entity Insurance (APEI), which covers property and contents, torts, general and auto liability, school leader errors and omissions, and workers compensation. APEI is a public entity risk pool, which reinsures risk above certain levels, thereby relieving the members of the need for additional assessments. The Associations bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. The Association made no supplemental assessments during the year ended June 30, 2019. Coverage limits and the deductibles on commercial policies have stayed relatively constant for the last several years. There were no outstanding claims or liabilities at the end of the current period.

The District has elected the reimbursable method of payment for Employment Security Compensation (ESC). Under this arrangement, the actual costs of ESC are reimbursed to the State of Alaska.

B. Employee Retirement Systems and Plans

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

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

Other Postemployment Benefit Plans (OPEB)

Occupational Death and Disability Plan (ODD)

The Occupational Death and Disability Plan provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within the System. For the year ended June 30, 2019, the employer contribution rate is 0.26% for PERS and 0.08% for TRS.

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

<u>Membership</u>	<u>PERS</u>	<u>TRS</u>
Active plan members	20,811	4,937
Participating employers	157	57

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Alaska Retiree Healthcare Trust Plan (ARHCT)

Beginning July 1, 2007, the Alaska Retiree Healthcare Trust Plan (ARHCT), a Healthcare Trust Fund of the State, was established. The ARHCT is self-funded and provides major medical coverage to retirees of the System. The System retains the risk of loss of allowable claims for eligible members. The ARHCT began paying member healthcare claims on March 1, 2008. Prior to that, healthcare claims were paid for by the Retiree Health Fund (RHF). For the year ended June 30, 2018 (latest available information) employer contributions were 4.88% for PERS and 4.16% for TRS of annual payroll. Membership in the plan consisted of the following at June 30, 2018 (latest report available):

Membership	PERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	35,139	12,962
Inactive plan members entitled to but not yet receiving benefits	5,606	801
Inactive plan members not entitled to benefits	11,128	1,906
Active plan members	13,611	4,457
Total plan membership	65,484	20,126

Retiree Medical Plan (RMP)

The retiree medical plan provides major medical coverage to retirees of the DC plan. The plan is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare age eligible. For the year ended June 30, 2019 employer contributions were 0.94% for PERS and 0.79% for TRS. Membership in the plan consists of the following at June 30, 2018 (latest available report):

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

Healthcare Reimbursement Arrangement Plan

The Healthcare Reimbursement Arrangement Plan was established to allow medical expenses to be reimbursed from individual savings accounts established for eligible participants. Employer contributions are 3% of the average annual compensation of all employees in the PERS and TRS plans. Membership in the plan consists of the following at June 30, 2018 (latest available report):

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Investments

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

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

Rate of Return

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

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

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

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

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Discount Rate: The discount rate used to measure the total pension and OPEB liabilities is 8.00%. The projection of the cash flows used to determine the discount rate assumes that Employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the net pension and OPEB plans fiduciary net pension and OPEB liabilities were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments were applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

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

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

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

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes. Certain actuarial methods and assumptions for this rate calculation are mandated by the *Governmental Accounting Standards Board* (GASB). Medicare Part D subsidies are not reflected in this rate. The rate uses an 8% discount rate.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
PERS:				
Pension	16.17%	20.28%	5.58%	32.11%
OPEB	5.83%	7.30%	0%	87.90%
Total PERS contribution rates	<u>22.00%</u>	<u>27.58%</u>	<u>5.58%</u>	<u>120.01%</u>
TRS:				
Pension	8.41%	19.36%	16.34%	35.60%
OPEB	4.15%	9.54%	0%	70.97%
Total PERS contribution rates	<u>12.56%</u>	<u>28.90%</u>	<u>16.34%</u>	<u>106.57%</u>

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

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

Investment return / discount rate	8% per year (geometric), compounded annually, net of expenses
Salary scale	Inflation – 3.12% per year Productivity – 0.50% per year
Payroll growth	3.62% per year (inflation + productivity)
Total inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers from Anchorage is assumed to increase 3.12% annually.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience, 60% of male rates and 65% of female rates of post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Mortality (Post-termination)	96% of all rates of the RP-2000 combined mortality table, 2000 base year projected to 2018.
Total turnover	Based upon the 2010-2013 actual withdrawal experience.
Disability	Incidence rates based on 2010-2013 actual experience. Post-disability mortality in accordance with the RP-2000 Disabled Retiree Mortality Table. Disabilities are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Retirement	Retirement rates based upon the 2010-2013 actual experience. Deferred vested members are assumed to retire at their earliest unreduced retirement date for others. For peace officers/firefighters, Tier 1 deferred vested members are assumed to retire at age 55 and Tiers II and III deferred vested members are assumed to retire at age 60.
Marriage and age difference	Wives are assumed to be three years younger than husbands. For others, 75% of male members and 70% of female members are assumed to be married. For peace officers/firefighters, 85% of male members and 60% female members are assumed to be married.
Healthcare cost trend rates	Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drugs: 9.0% grading down to 4.0%

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

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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

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

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

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

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

Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$ 218,099	97,636	315,735

Public Employees Retirement Plans

For the year ended June 30, 2019 the State of Alaska contributed \$102,979 (100% pension cost) on-behalf of the District, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2018 to a total of \$81,539, to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Pension and OPEB Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2019, the District reported liabilities that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities, the related State support, and the total portion of the net pension and OPEB liabilities that was associated with the District were as follows:

Defined Benefit:		<u>Pension</u>
District's proportionate share of the net pension liability	\$	3,799,306
State's proportionate share of the net pension liability		<u>1,101,537</u>
Total	\$	<u>4,900,843</u>
		<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability	\$	785,806
State's proportionate share of the ARHCT OPEB liability		<u>228,239</u>
Total	\$	<u>1,104,045</u>
Defined Contribution:		
District's proportionate share of the ODD OPEB liability	\$	(19,303)
District's proportionate share of the RMP OPEB liability		<u>12,647</u>
Total	\$	<u>(6,656)</u>
Total District's share of net pension and OPEB liabilities	\$	<u>4,578,456</u>

The net pension and OPEB liabilities were measured as of June 30, 2018, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation as of that date. The District's proportion of the net pension and OPEB liabilities were based on the present value of contributions for FY2020 through FY2039, as determined by projections based on the June 30, 2018 valuation.

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

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>Change</u>
	Measurement	Measurement	
Pension	.0643%	.0765%	.0122%
OPEB:			
ARHCT	.0643%	.0766%	.0123%
ODD	.1184%	.0994%	(.0190)%
RMP	.1184%	.0994%	(.0190)%

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Based on the measurement date of June 30, 2018, the District recognized pension and OPEB expense of \$151,858 and \$161,394, respectively, for the year ended June 30, 2019. At June 30, 2018, 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	\$ -	(95,355)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	83,909	-
Changes in proportion and differences between District contributions and proportionate share of contributions	232,491	-
District contributions subsequent to the measurement date	<u>218,099</u>	<u>-</u>
Total	<u>\$ 534,499</u>	<u>(95,355)</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(84,086)
Changes of assumptions	119,215	-
Net difference between projected and actual earnings on OPEB plan investments	-	(166,519)
Changes in proportion and differences between District contributions and proportionate share of contributions	85,202	(34,717)
District contributions subsequent to the measurement date	<u>84,083</u>	<u>-</u>
Total	<u>\$ 288,500</u>	<u>(285,322)</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(5,340)
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(679)
Changes in proportion and differences between District contributions and proportionate share of contributions	1,818	(781)
District contributions subsequent to the measurement date	2,936	-
Total	<u>\$ 4,754</u>	<u>(6,800)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(676)
Changes of assumptions	5,859	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,845)
Changes in proportion and differences between District contributions and proportionate share of contributions	274	(1,315)
District contributions subsequent to the measurement date	10,617	-
Total	<u>\$ 16,750</u>	<u>(3,836)</u>

\$218,099 and \$97,636 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities in the year ended June 30, 2019 (actuarial), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended		Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
June 30,					
2019	\$	243,857	(13,953)	(776)	(103)
2020		45,881	(9,011)	(776)	(103)
2021		(65,014)	(54,289)	(776)	(103)
2022		(3,679)	(3,652)	(556)	527
2023		-	-	(551)	516
Thereafter		-	-	(1,547)	1,563
Total	\$	<u>221,045</u>	<u>(80,905)</u>	<u>(4,982)</u>	<u>(2,297)</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2019, the District recognized \$(77,608) and \$13,395 of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities of the plan calculated using the discount rate of 8%, as well as what the Plans' net pension and OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
Net pension liability	\$ 5,031,240	3,799,306	2,757,239
Net OPEB ARHCT liability	\$ 1,590,863	785,806	111,003
Net OPEB ODD liability	\$ (18,127)	(19,303)	(20,271)
Net OPEB RMP liability	\$ 37,768	12,647	(6,946)

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

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability	\$ 15,254	785,806	1,714,011
Net OPEB ODD liability	N/A	(19,303)	N/A
Net OPEB RMP liability	(10,753)	12,647	43,964

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

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan (PERS Tier IV) for new hires first enrolled on or after July 1, 2006. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. This amount goes directly to the individual's account. State statutes require the employer to contribute 5% of employees' eligible compensation. Additionally, employers are required to contribute to OPEB (DB): 0.94% for the retiree medical plan (DB), 0.26% for occupational and death and disability benefits (DB) and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The effective employer contribution is 22%. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Members become vested in employers' contributions as follows:

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

The School District contributed \$155,937 for the year ended June 30, 2019, which included forfeitures of \$56,473 which has been applied against contributions.

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

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

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

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

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

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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% (5.80% pension costs and 2.85% OPEB) of their annual covered salary.

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

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	46,896	62,082	108,978

Teachers Retirement Plans

For the year ended June 30, 2019 the State of Alaska contributed \$501,931 (100% pension cost) on-behalf of the District, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date to a total of \$434,500, to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

Pension and OPEB Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB: At June 30, 2019, the District reported liabilities that reflected a reduction for State pension and OPEB support provided to the District. The amount recognized by the District as its proportionate share of net pension and OPEB liabilities, the related State support, and the total portion of the net pension and OPEB liabilities that was associated with the District were as follows:

	<u>Pension</u>
Defined Benefit:	
District's proportionate share of the net pension liability	\$ 3,872,368
State's proportionate share of the net pension liability	<u>5,756,788</u>
Total	<u>\$ 9,629,156</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability	\$ 627,429
State's proportionate share of the ARHCT OPEB liability	<u>936,432</u>
Total	<u>\$ 1,563,861</u>

Defined Contribution:

District's proportionate share of the ODD OPEB liability	\$ (28,612)
District's proportionate share of the RMP OPEB liability	<u>(26,098)</u>
Total	<u>\$ (54,710)</u>

Total District's share of net pension and OPEB liabilities	<u>\$ 4,445,087</u>
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The net pension and OPEB liabilities were measured as of June 30, 2018, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation as of that date. The District's proportion of the net pension and OPEB liabilities were based on the present value of contributions for FY2020 through FY2039, as determined by projections based on the June 30, 2018 valuation.

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

	<u>June 30, 2017</u> <u>Measurement</u>	<u>June 30, 2018</u> <u>Measurement</u>	<u>Change</u>
Pension	.1635%	.2023%	.0388%
OPEB:			
ARHCT	.1632%	.2018%	.0386%
ODD	.7638%	.8161%	.0523%
RMP	.7638%	.8161%	.0523%

Based on the measurement date of June 30, 2018, the District recognized pension expense of \$614,577 and OPEB expense of \$505,215, respectively, for the year ended June 30, 2019. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<u>Pensions</u>	
	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Defined Benefit:		
Differences between expected and actual experience	\$ -	(109,191)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	127,992	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
	263,824	-
District contribution subsequent to the measurement date	46,896	-
Total	<u>\$ 438,712</u>	<u>(109,191)</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(77,572)
Changes of assumptions	180,408	-
Net difference between projected and actual earnings on pension plan investments	-	(163,406)
Changes in proportion and differences between District contributions and proportionate share of contributions	80,625	(21,542)
District contribution subsequent to the measurement date	<u>43,771</u>	<u>-</u>
Total	<u>\$ 304,804</u>	<u>(262,520)</u>

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(1,925)
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	-	(811)
Changes in proportion and differences between District contributions and proportionate share of contributions	2,302	(1,475)
District contribution subsequent to the measurement date	<u>1,684</u>	<u>-</u>
Total	<u>\$ 3,986</u>	<u>(4,211)</u>

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(2,877)
Changes of assumptions	16,076	-
Net difference between projected and actual earnings on pension plan investments	-	(5,745)
Changes in proportion and differences between District contributions and proportionate share of contributions	1,925	(1,782)
District contribution subsequent to the measurement date	<u>16,627</u>	<u>-</u>
Total	<u>\$ 34,628</u>	<u>(10,404)</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

\$46,896 and \$62,046 are reported as deferred outflows of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019 (actuarial). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

Year Ended June 30,		Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2019	\$	317,370	75,734	(369)	(460)
2020		75,012	(20,450)	(369)	(460)
2021		(103,337)	(53,318)	(369)	(460)
2022		(6,420)	(3,453)	(116)	1,492
2023		-	-	(103)	1,465
Thereafter		-	-	(583)	6,020
Total	\$	<u>282,625</u>	<u>(1,487)</u>	<u>(1,909)</u>	<u>7,597</u>

For the year ended June 30, 2019, the District recognized \$148,892 and \$13,468 of pension and OPEB amortization of the deferred outflows and inflows of resources, respectively.

Sensitivity of the Net Pension and OPEB Liabilities to Changes in the Discount Rate: The following presents the net pension and OPEB liabilities of the Plan calculated using the discount rate of 8%, as well as what the Plans' net pension and OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

		1% Decrease (7%)	Current Rate (8%)	1% Increase (9%)
Net pension liability	\$	<u>5,539,567</u>	<u>3,872,368</u>	<u>2,469,492</u>
Net OPEB ARHCT	\$	<u>1,489,344</u>	<u>627,429</u>	<u>(84,031)</u>
Net OPEB ODD	\$	<u>(28,759)</u>	<u>(28,612)</u>	<u>(28,530)</u>
Net OPEB RMP	\$	<u>44,574</u>	<u>(26,098)</u>	<u>(79,861)</u>

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

		1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT	\$	<u>(170,910)</u>	<u>627,429</u>	<u>1,601,787</u>
Net OPEB ODD	\$	<u>N/A</u>	<u>(28,612)</u>	<u>N/A</u>
Net OPEB RMP	\$	<u>(89,972)</u>	<u>(26,098)</u>	<u>61,875</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

Plan Description and Funding Requirements. School Districts and Public Employers in the State of Alaska have a defined contribution retirement plan for new hires first enrolled on or after July 1, 2006. The Administrator of the Plan is the Commissioner of Administration or the Commissioner's designee. Plan members make mandatory contributions of 8% of gross eligible compensation. State statutes require the employer to contribute 7% of employees' eligible compensation. Additionally, employers are required to contribute to other post-employment benefits (DB): 0.79% for the retiree medical plan, 0.08% for occupational death and disability, and 3% of employers' average annual employee compensation to the health reimbursement arrangement (HRA DC). The employer effective contribution rate is 12.56%. Plan members are 100% vested with their contributions. Additionally, there is a defined benefit unfunded liability (DBUL) amount levied against the DC plan and allocated to the DB Plan's pension and OPEB contribution.

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

The School District contributed \$282,293 for the year ended June 30, 2019, which included forfeitures of \$45,352 which has been applied against contributions.

C. Change in Estimate

In FY18 the District received notice from the State of Alaska, Department of Administration, Division of Retirement and Benefits, that forfeitures from the defined contribution plan for the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) can be offset against future contributions effective July 1, 2018. The change in estimate decreased current year expenditures related to payroll benefits and liabilities of \$56,473 and \$45,352 respectively.

D. Encumbrances

The District's encumbrances are classified as assigned fund balance in the School Operating Fund. The District had encumbrances of \$37,466 as of June 30, 2019.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

E. Health Insurance Internal Service Fund

The Health Insurance Internal Service Fund was organized in 2014. Health insurance activity was previously recorded in the School Operating Fund since 1997 when the self-insured plan was created. The Lake and Peninsula School District and the Lake and Peninsula Borough have entered into a joint arrangement for self-insuring for health insurance. The program's general objectives are to formulate, develop and administer a program of health insurance and to obtain lower costs for that coverage. The School and Borough also purchase commercial insurance to provide coverage for claims in excess of \$60,000. This amount increased to \$75,000 beginning January 1, 2017, per employee, per year. The various funds of the School and Borough make payments to the Internal Service Fund based on estimates of the amounts needed to pay claims. The School District accrues a liability for claims incurred but not reported at year end.

Changes in the claims payable for 2019 are as follows:

Claims payable, June 30, 2018	\$	404,775
2018 claims and changes in estimates		3,257,204
2018 claims paid		<u>(3,096,467)</u>
Claims payable, June 30, 2019	\$	<u>565,512</u>

F. Contingent Liabilities

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

G. Subsequent Accounting Pronouncements

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

- GASB 83 – *Certain Retirement Obligations*. Effective for fiscal years beginning after June 15, 2018.
- GASB 84 – *Fiduciary Activities*. Effective for fiscal years beginning after December 15, 2018.
- GASB 87 – *Leases*. Effective for fiscal years beginning after December 15, 2019.
- GASB 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Effective for fiscal years beginning after June 15, 2018.
- GASB 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2019.
- GASB 90 – *Majority Equity Interests*. Effective for fiscal years beginning after December 15, 2018.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Statements 83, 88, and 90 are not expected to have any significant impact on the financial statements of the District.

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

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

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

LAKE & PENINSULA CITY SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2019

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0426%	\$ 1,988,311	\$ 1,979,532	\$ 3,967,843	\$ 1,975,177	101%	62.37%
2016	0.1850%	\$ 5,749,290	\$ 1,540,305	\$ 7,289,595	\$ 2,279,236	252%	63.96%
2017	0.0769%	\$ 4,297,251	\$ 543,235	\$ 4,840,486	\$ 2,421,546	177%	59.55%
2018	0.0643%	\$ 3,322,033	\$ 1,236,083	\$ 4,558,116	\$ 2,464,319	135%	63.37%
2019	0.0765%	\$ 3,799,306	\$ 1,101,537	\$ 4,900,843	\$ 1,902,827	200%	65.19%

Notes to Schedule:

1. Information presented for 2019 is based upon Plan measurement date June 30, 2018.
2. Measurement is one year prior to fiscal year end for all years presented.
3. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
4. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

LAKE & PENINSULA SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2019

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.6430%	\$ 542,826	\$ 202,428	\$ 745,254	\$ 2,464,319	22.03%	89.68%
2019	0.0766%	\$ 785,806	\$ 228,239	\$ 1,014,045	\$ 1,902,827	41.30%	88.12%
Occupational Death and Disability (ODD):							
2018	0.1184%	\$ (16,792)	\$ -	\$ (16,792)	\$ 2,464,319	-0.68%	212.97%
2019	0.0994%	\$ (19,303)	\$ -	\$ (19,303)	\$ 1,902,827	-1.01%	270.62%
Retiree Medical Plan (RMP):							
2018	0.1184%	\$ 6,172	\$ -	\$ 6,172	\$ 579,236	1.07%	93.98%
2019	0.0994%	\$ 12,647	\$ -	\$ 12,647	\$ 708,805	1.78%	88.71%

Notes to Schedule:

- Information presented for 2019 is based upon Plan measurement date June 30, 2018.
- Measurement is one year prior to fiscal year end for all years presented.
- This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

LAKE & PENINSULA SCHOOL DISTRICT
 Schedule of the District's Contributions (Pensions)
 Public Employees' Retirement System (PERS)
 June 30, 2019

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 157,251	\$ (157,251)	\$ -	\$ 2,279,236	6.90%
2016	\$ 174,505	\$ (174,505)	\$ -	\$ 2,421,546	7.21%
2017	\$ 183,851	\$ (183,851)	\$ -	\$ 2,464,319	7.46%
2018	\$ 224,410	\$ (224,410)	\$ -	\$ 1,902,827	11.79%
2019	\$ 220,264	\$ (218,099)	\$ 2,165	\$ 2,111,755	10.43%

Notes to schedule

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

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
4. Amortization method: Level dollar, closed.
5. Amortization period: 25 years, as a level of percentage of payroll.
6. Equivalent single amortization period: 17 years.
7. Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 9.66% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.55% to 4.34% based on age and service for All Others.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
13. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
14. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.
15. In fiscal year 2018 the District included pension DBUL into the contractually required contribution. This will be a prospective change.

LAKE & PENINSULA SCHOOL DISTRICT
 Schedule of the District's Contributions (OPEB)
 Public Employees' Retirement System (PERS)

June 30, 2019

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 65,499	\$ (65,499)	\$ -	\$ 1,902,827	3.44%
2019	\$ 84,083	\$ (84,083)	\$ -	\$ 2,111,755	3.98%
Occupational Death and Disability (ODD):					
2018	\$ 1,801	\$ (1,801)	\$ -	\$ 1,902,827	0.09%
2019	\$ 2,936	\$ (2,936)	\$ -	\$ 2,111,755	0.14%
Retiree Medical Plan (RMP):					
2018	\$ 11,586	\$ (11,586)	\$ -	\$ 708,805	1.63%
2019	\$ 10,617	\$ (10,617)	\$ -	\$ 693,409	1.53%

Notes to schedule

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

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry Age Normal - level percentage of payroll.
- Amortization method: Level dollar, closed.
- Amortization period: 25 years, as a level of percentage of payroll.
- Equivalent single amortization period: 17 years.
- Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
- Inflation: 3.12% per annum.
- Salary increases: Ranges from 9.66% to 4.92% based on service for Peace Officer/Firefighter. Ranges from 8.55% to 4.34% based on age and service for All Others.
- Investment rate of return: 8%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.

13. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

LAKE & PENINSULA SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2019

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0531%	\$ 1,591,717	\$ 11,804,622	\$ 13,396,339	\$ 3,535,278	45.02%	55.70%
2016	0.1664%	\$ 3,096,477	\$ 4,946,597	\$ 8,043,074	\$ 3,631,429	85.27%	73.82%
2017	0.2167%	\$ 4,947,165	\$ 5,877,618	\$ 10,824,783	\$ 3,802,144	130.12%	68.40%
2018	0.1635%	\$ 3,313,813	\$ 5,786,624	\$ 9,100,437	\$ 4,000,314	82.84%	72.39%
2019	0.2023%	\$ 3,872,368	\$ 5,756,788	\$ 9,629,156	\$ 4,191,871	92.38%	74.09%

Notes to Schedule:

1. Information presented for 2019 is based upon Plan measurement date June 30, 2018.
2. Measurement is one year prior to fiscal year end for all years presented.
3. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
4. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

LAKE & PENINSULA SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2019

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.1632%	\$ 300,203	\$ 526,582	\$ 826,785	\$ 4,000,314	7.50%	93.75%
2019	0.2018%	627,429	936,432	1,563,861	4,191,871	14.97%	90.23%
Occupational Death and Disability (ODD):							
2018	0.7638%	\$ (24,962)	\$ -	\$ (24,962)	\$ 4,000,314	-0.62%	1342.59%
2019	0.8161%	(28,612)	-	(28,612)	4,191,871	-0.68%	1304.81%
Retiree Medical Plan (RMP):							
2018	0.7638%	\$ (36,206)	\$ -	\$ (36,206)	\$ 1,208,614	-3.00%	118.16%
2019	0.8161%	(26,098)	-	(26,098)	891,314	-2.93%	109.56%

Notes to Schedule:

1. Information presented for 2019 is based upon Plan measurement date June 30, 2018.
2. Measurement is one year prior to fiscal year end for all years presented.
3. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

LAKE & PENINSULA SCHOOL DISTRICT
Schedule of the District's Contributions (Pensions)
Teachers' Retirement System (TRS)
June 30, 2019

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 94,680	\$ (94,680)	\$ -	\$ 3,631,429	2.61%
2016	\$ 77,483	\$ (77,483)	\$ -	\$ 3,802,144	2.04%
2017	\$ 108,448	\$ (108,448)	\$ -	\$ 4,000,314	2.71%
2018	\$ 132,977	\$ (132,977)	\$ -	\$ 4,191,871	3.17%
2019	\$ 87,748	\$ (46,896)	\$ 40,852	\$ 3,303,877	2.66%

Notes to schedule

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

Methods and assumptions used to determine contribution rates:

3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
4. Amortization method: Level dollar, closed.
5. Amortization period: 25 years, as a level of percentage of payroll.
6. Equivalent single amortization period: 17 years.
7. Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
8. Inflation: 3.12% per annum.
9. Salary increases: Ranges from 8.11% to 3.87% based on years of service.
10. Investment rate of return: 8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
11. Retirement age: An age-related assumption is used for participants not yet receiving payments.
12. Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
13. In fiscal year 2017 the District implemented GASB 82, which required a retroactive change in covered payroll.
14. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.
15. In fiscal year 2018 the District included pension DBUL into the contractually required contribution. This will be a prospective change.

LAKE & PENINSULA SCHOOL DISTRICT

Schedule of the District's Contributions (OPEB)

Teachers' Retirement System (TRS)

June 30, 2019

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 65,856	\$ (65,856)	\$ -	\$ 4,191,871	1.57%
2019	\$ 43,771	\$ (43,771)	\$ -	\$ 3,303,877	1.32%
Occupational Death and Disability (ODD):					
2018	\$ -	\$ -	\$ -	\$ 4,191,871	0.00%
2019	\$ 1,648	\$ (1,648)	\$ -	\$ 3,303,877	0.05%
Retiree Medical Plan (RMP):					
2018	\$ 26,693	\$ (26,693)	\$ -	\$ 891,314	2.99%
2019	\$ 16,627	\$ (16,627)	\$ -	\$ 2,436,226	0.68%

Notes to schedule

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

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry Age Normal - level percentage of payroll.
- Amortization method: Level dollar, closed.
- Amortization period: 25 years, as a level of percentage of payroll.
- Equivalent single amortization period: 17 years.
- Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
- Inflation: 3.12% per annum.
- Salary increases: Ranges from 8.11% to 3.87% based on years of service.
- Investment rate of return: 8%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
- Retirement age: An age-related assumption is used for participants not yet receiving payments.
- Mortality: Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. 96% of all rates of the RP - 2000 Table Base Year projected to 2018.
- This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

**ADDITIONAL SUPPLEMENTARY
INFORMATION**

LAKE AND PENINSULA SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Charges for services	\$ 282,877	281,248	(1,629)
Earnings on investments - interest	100,000	141,762	41,762
E-rate revenue	1,059,490	1,054,008	(5,482)
Other	349,309	595,401	246,092
Total local sources	<u>1,791,676</u>	<u>2,072,419</u>	<u>280,743</u>
Intergovernmental:			
Borough - direct appropriation	1,486,423	1,486,423	-
State of Alaska:			
Foundation and Quality Schools	8,931,139	8,942,076	10,937
On-behalf TRS	635,993	501,931	(134,062)
On-behalf PERS	92,286	102,979	10,693
Other state revenues	127,035	124,367	(2,668)
Total state sources	<u>9,786,453</u>	<u>9,671,353</u>	<u>(115,100)</u>
Federal sources			
Impact Aid Assistance - direct	1,361,146	1,361,146	-
Other federal revenues - passed through other intermediary agencies	<u>18,500</u>	<u>18,763</u>	<u>263</u>
Total federal revenues	<u>1,379,646</u>	<u>1,379,909</u>	<u>263</u>
Total revenues	<u>14,444,198</u>	<u>14,610,104</u>	<u>165,906</u>
Expenditures:			
Current:			
Instruction:			
Salaries:			
Certificated	2,340,784	2,328,041	12,743
Non-certificated	254,996	252,578	2,418
Employee benefits	1,512,487	1,481,963	30,524
Housing allowance	234,000	222,426	11,574
Transportation allowance	30,000	38,505	(8,505)
Professional and technical services	35,900	40,595	(4,695)
Staff travel	114,000	73,192	40,808
Student travel	51,000	111,177	(60,177)
Utility services	400	1,198	(798)
Other purchased services	165	165	-
Supplies, materials and media	338,469	386,997	(48,528)
Other	2,000	2,188	(188)
Total instruction	<u>4,914,201</u>	<u>4,939,025</u>	<u>(24,824)</u>
Special education instruction:			
Salaries:			
Certificated	356,000	349,425	6,575
Non-certificated	227,400	228,480	(1,080)
Employee benefits	364,238	370,418	(6,180)
Housing allowance	36,500	50,264	(13,764)
Transportation allowance	700	645	55
Staff travel	30,000	32,467	(2,467)
Utility services	165	5	160
Supplies, materials and media	7,200	10,903	(3,703)
Total special education instruction	<u>1,022,203</u>	<u>1,042,607</u>	<u>(20,404)</u>

(continued)

LAKE AND PENINSULA 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:			
Special education support services - students:			
Certificated	\$ 38,917	39,723	(806)
Employee benefits	21,069	21,090	(21)
Professional and technical services	106,000	109,009	(3,009)
Staff travel	10,000	10,265	(265)
Utility services	100	14	86
Supplies, materials and media	-	17	(17)
Total special education support services - students	<u>176,086</u>	<u>180,118</u>	<u>(4,032)</u>
Support services - students:			
Certificated salaries	2,500	2,500	-
Employee benefits	10,806	16,721	(5,915)
Housing allowance	9,300	5,826	3,474
Transportation allowance	-	1,182	(1,182)
Staff travel	1,700	1,793	(93)
Total support services - students	<u>24,306</u>	<u>28,022</u>	<u>(3,716)</u>
Support services - instruction:			
Support services - instruction:			
Salaries:			
Certificated	289,700	291,901	(2,201)
Non-certificated	116,200	98,245	17,955
Employee benefits	209,421	218,239	(8,818)
Housing allowance	23,900	7,740	16,160
Transportation allowance	400	380	20
Professional and technical services	3,500	3,516	(16)
Staff travel	48,800	49,703	(903)
Utility services	50	76	(26)
Other purchased services	300	300	-
Supplies, materials and media	1,300	1,751	(451)
Other	1,200	1,150	50
Total support services - instruction	<u>694,771</u>	<u>673,001</u>	<u>21,770</u>
Instructional-related technology			
Salaries:			
Certificated	157,600	158,138	(538)
Non-certificated	106,400	97,586	8,814
Employee benefits	92,489	88,457	4,032
Transportation allowance	1,300	1,935	(635)
Professional and technical services	3,200	3,125	75
Staff travel	24,000	23,308	692
Utility services	1,194,218	1,209,813	(15,595)
Supplies, materials and media	80,000	85,891	(5,891)
Total instructional-related technology	<u>1,659,207</u>	<u>1,668,253</u>	<u>(9,046)</u>
Total support services - instruction	<u>2,353,978</u>	<u>2,341,254</u>	<u>12,724</u>

(continued)

LAKE AND PENINSULA 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:			
School administration:			
Certificated salaries	\$ 445,000	440,764	4,236
Employee benefits	224,613	218,148	6,465
Housing allowance	29,200	33,481	(4,281)
Transportation allowance	4,800	4,802	(2)
Staff travel	68,700	69,257	(557)
Utility services	200	202	(2)
Supplies, materials and media	3,300	4,130	(830)
Other	700	614	86
Total school administration	<u>776,513</u>	<u>771,398</u>	<u>5,115</u>
School administration support services:			
Non-certificated salaries	37,400	37,384	16
Employee benefits	28,687	30,139	(1,452)
Utility services	8,000	8,517	(517)
Supplies, materials and media	300	294	6
Total school administration support services	<u>74,387</u>	<u>76,334</u>	<u>(1,947)</u>
District administration:			
Certificated salaries	196,250	186,011	10,239
Employee benefits	283,228	275,443	7,785
Professional and technical services	15,000	15,445	(445)
Staff travel	49,000	53,993	(4,993)
Utility services	3,500	3,345	155
Supplies, materials and media	10,800	11,782	(982)
Tuition and stipends	15,000	15,450	(450)
Other	10,000	10,695	(695)
Total district administration	<u>582,778</u>	<u>572,164</u>	<u>10,614</u>
District administration support services:			
Non-certificated salaries	356,000	352,511	3,489
Employee benefits	219,164	207,813	11,351
Transportation allowance	300	270	30
Professional and technical services	27,000	27,253	(253)
Staff travel	7,300	7,883	(583)
Utility services	1,900	1,962	(62)
Other purchased services	2,000	4,830	(2,830)
Insurance and bond premiums	30,000	27,150	2,850
Supplies, materials and media	35,000	37,306	(2,306)
Other	-	7,727	(7,727)
Indirect cost recovery	(40,540)	(34,413)	(6,127)
Total district administration support services	<u>638,124</u>	<u>640,292</u>	<u>(2,168)</u>

(continued)

LAKE AND PENINSULA 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:			
Operation and maintenance of plant:			
Non-certificated salaries	\$ 726,000	852,571	(126,571)
Employee benefits	317,126	354,826	(37,700)
Transportation allowance	3,000	3,047	(47)
Professional and technical services	89,500	92,547	(3,047)
Staff travel	120,000	135,520	(15,520)
Utility services	870,000	913,137	(43,137)
Other purchased services	30,970	53,671	(22,701)
Insurance and bond premiums	135,800	135,740	60
Supplies, materials and media	220,000	207,170	12,830
Total operation and maintenance of plant	<u>2,512,396</u>	<u>2,748,229</u>	<u>(235,833)</u>
Student activities:			
Salaries:			
Certificated	68,000	69,948	(1,948)
Non-certificated	30,200	30,211	(11)
Employee benefits	39,261	38,727	534
Staff travel	256,500	282,904	(26,404)
Insurance and bond premiums	1,400	1,391	9
Supplies, materials and media	155	155	-
Other	3,000	3,065	(65)
Total student activities	<u>398,516</u>	<u>426,401</u>	<u>(27,885)</u>
Total expenditures	<u>13,473,488</u>	<u>13,765,844</u>	<u>(292,356)</u>
Excess of revenues over expenditures	<u>970,710</u>	<u>844,260</u>	<u>(126,450)</u>
Other financing (uses):			
Transfers out:			
Food Service Special Revenue Fund	(450,000)	(454,000)	(4,000)
Capital Projects Fund	(530,000)	(530,000)	-
Total other financing (uses)	<u>(980,000)</u>	<u>(984,000)</u>	<u>(4,000)</u>
Net change in fund balance	<u>\$ (9,290)</u>	<u>(139,740)</u>	<u>(130,450)</u>
Fund balance, beginning of year		<u>2,918,403</u>	
Fund balance, end of year		<u>\$ 2,778,663</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Capital Projects Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance

Year Ended June 30, 2019

Revenues:

Intergovernmental:

Lake and Peninsula Borough	\$	363,229
State sources - Alaska Energy Authority		35,000
		<u>398,229</u>

Expenditures:

Construction and facilities acquisition:

AHFC duplex		35,837
Energy efficient upgrade		347,737
Port Alsworth expansion		24,077
Window replacement		7,481
Electrical upgrade AEA		36,158
Site upgrades		16,643
Heating upgrades		28,635
Total expenditures		<u>496,568</u>

Excess (deficiency) of revenues over expenditures	(98,339)
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Other financing sources -

Transfers in - School Operating Fund	<u>530,000</u>
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Net change in fund balance	431,661
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Fund balance, beginning of year	<u>31,295</u>
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Fund balance, end of year	<u>\$ 462,956</u>
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LAKE AND PENINSULA SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

June 30, 2019

	Special Revenue Funds							Total Special Revenue Funds
	Student Transportation	Alaska Pre-Elementary	Food Service	Title I-A Basic and Title IV	Title I-C Migrant Education	Title I-C Migrant Education Book	Communities Teaching Culture	
<u>Assets</u>								
Accounts receivable:								
Intergovernmental:								
State sources:	\$ -	72,891	-	-	-	-	-	72,891
Federal sources:								
Passed through the State of Alaska	-	-	-	56,754	88,389	4,600	-	149,743
Passed through other	-	-	-	-	-	-	41,117	41,117
Due from School Operating Fund	138,900	-	-	-	-	-	-	138,900
Inventory	-	-	27,385	-	-	-	-	27,385
Total assets	<u>138,900</u>	<u>72,891</u>	<u>27,385</u>	<u>56,754</u>	<u>88,389</u>	<u>4,600</u>	<u>41,117</u>	<u>430,036</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	-	-	1,142	-	-	-	-	1,142
Due to School Operating Fund	-	72,891	24,054	56,754	88,389	4,600	41,117	287,805
Total liabilities	<u>-</u>	<u>72,891</u>	<u>25,196</u>	<u>56,754</u>	<u>88,389</u>	<u>4,600</u>	<u>41,117</u>	<u>288,947</u>
Fund balances:								
Non-spendable:								
Inventory	-	-	27,385	-	-	-	-	27,385
Restricted:								
Student transportation	39,536	-	-	-	-	-	-	39,536
Committed:								
Student transportation	99,364	-	-	-	-	-	-	99,364
Unassigned	-	-	(25,196)	-	-	-	-	(25,196)
Total fund balances	<u>138,900</u>	<u>-</u>	<u>2,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,089</u>
Total liabilities and fund balances	\$ <u>138,900</u>	\$ <u>72,891</u>	\$ <u>27,385</u>	\$ <u>56,754</u>	\$ <u>88,389</u>	\$ <u>4,600</u>	\$ <u>41,117</u>	\$ <u>430,036</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Other Governmental Funds

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

Year Ended June 30, 2019

	Special Revenue Funds							
	Student Transportation	Youth Risk Behavior Survey	Staff Development	Artist in Schools - Nondalton	BAG	Alaska Pre-Elementary	Food Service	Fresh Fruit & Vegetable
Revenues:								
Local sources:								
Charges for services	\$ -	-	-	-	-	-	29,338	-
Other	-	-	-	-	-	-	-	-
Intergovernmental:								
State of Alaska	127,772	600	5,692	1,948	5,048	97,397	-	-
Federal sources:								
Direct	-	-	-	-	-	-	-	-
Passed through the State of Alaska	-	-	3,143	-	-	-	249,427	18,372
Passed through other intermediary agencies	-	-	-	295	-	-	-	-
Total revenues	<u>127,772</u>	<u>600</u>	<u>8,835</u>	<u>2,243</u>	<u>5,048</u>	<u>97,397</u>	<u>278,765</u>	<u>18,372</u>
Expenditures:								
Current:								
Instruction	-	-	-	2,243	-	56,859	-	-
Special education-instruction	-	-	-	-	-	-	-	-
Special education support services - students	-	-	1,877	-	-	-	-	-
Support services - students	-	600	-	-	-	-	-	-
Support services - instruction	-	-	6,796	-	5,048	35,953	-	-
School administration	-	-	-	-	-	-	-	-
District administration support services	-	-	162	-	-	4,585	-	-
Student transportation services	110,886	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	729,061	18,372
Total expenditures	<u>110,886</u>	<u>600</u>	<u>8,835</u>	<u>2,243</u>	<u>5,048</u>	<u>97,397</u>	<u>729,061</u>	<u>18,372</u>
Excess (deficiency) of revenues over expenditures	16,886	-	-	-	-	-	(450,296)	-
Other financing sources - Transfers in - School Operating Fund	-	-	-	-	-	-	454,000	-
Net change in fund balances	16,886	-	-	-	-	-	3,704	-
Fund balances (deficit), beginning of year	<u>122,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,515)</u>	<u>-</u>
Fund balances, end of year	<u>\$ 138,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,189</u>	<u>-</u>

(continued)

LAKE AND PENINSULA SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds						
	Title I-A Basic and Title IV	Title I-C Migrant Education	Title I-C Migrant Education Book	Title II-A Teacher & Principal Training & Recruiting	Title VI-B IDEA	Preschool Disabled	Carl Perkins- Secondary
Revenues:							
Local sources:							
Charges for services	\$ -	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Intergovernmental:							
State of Alaska	-	-	-	-	-	-	-
Federal sources:							
Direct	-	-	-	-	-	-	-
Passed through the State of Alaska	185,297	158,718	6,440	46,008	109,560	6,877	21,478
Passed through other intermediary agencies	-	-	-	-	-	-	-
Total revenues	185,297	158,718	6,440	46,008	109,560	6,877	21,478
Expenditures:							
Current:							
Instruction	153,531	97,133	6,440	-	-	-	20,467
Special education - instruction	-	-	-	-	-	-	-
Special education support services - students	-	-	-	-	104,402	6,553	-
Support services - students	-	5,781	-	-	-	-	-
Support services - instruction	16,952	48,332	-	43,842	-	-	-
School administration	4,543	-	-	-	-	-	-
District administration support services	10,271	7,472	-	2,166	5,158	324	1,011
Student transportation services	-	-	-	-	-	-	-
Food service	-	-	-	-	-	-	-
Total expenditures	185,297	158,718	6,440	46,008	109,560	6,877	21,478
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-
Other financing sources -							
Transfers in - School Operating Fund	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-
Fund balances (deficit), beginning of year	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	-	-	-	-	-	-

(continued)

LAKE AND PENINSULA SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds						Total Special Revenue Funds
	REAP	Indian Education	Communities Teaching Culture	CHILD #1	CHILD #2	Carrs Safeway Robotics	
Revenues:							
Local sources:							
Charges for services	\$ -	-	-	-	-	-	29,338
Other	-	-	-	-	-	5,000	5,000
Intergovernmental:							
State of Alaska	-	-	-	-	-	-	238,457
Federal sources:							
Direct	6,350	105,714	-	-	-	-	112,064
Passed through the State of Alaska	-	-	-	-	-	-	805,320
Passed through other intermediary agencies	-	-	128,087	49,424	392,676	-	570,482
Total revenues	<u>6,350</u>	<u>105,714</u>	<u>128,087</u>	<u>49,424</u>	<u>392,676</u>	<u>5,000</u>	<u>1,760,661</u>
Expenditures:							
Current:							
Instruction	-	100,738	16,002	14,889	298,310	4,600	771,212
Special education - instruction	-	-	1,556	-	-	-	1,556
Special education support services - students	-	-	-	-	-	-	112,832
Support services - students	-	-	110,529	-	-	-	116,910
Support services - instruction	6,350	-	-	34,535	94,366	400	292,574
School administration	-	-	-	-	-	-	4,543
District administration support services	-	4,976	-	-	-	-	36,125
Student transportation services	-	-	-	-	-	-	110,886
Food service	-	-	-	-	-	-	747,433
Total expenditures	<u>6,350</u>	<u>105,714</u>	<u>128,087</u>	<u>49,424</u>	<u>392,676</u>	<u>5,000</u>	<u>2,194,071</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	(433,410)
Other financing sources -							
Transfers in - School Operating Fund	-	-	-	-	-	-	454,000
Net change in fund balances	-	-	-	-	-	-	20,590
Fund balances (deficit), beginning of year	-	-	-	-	-	-	120,499
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,089</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Student Transportation Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 127,772	127,772	-
Expenditures:			
Current:			
Student transportation services:			
Non-certificated salaries	26,300	22,857	3,443
Employee benefits	17,000	10,223	6,777
Other purchased services	74,000	70,955	3,045
Supplies, materials and media	7,972	3,650	4,322
Tuition - students and stipends	2,500	3,201	(701)
Total expenditures	<u>127,772</u>	<u>110,886</u>	<u>16,886</u>
Excess of revenues over expenditures	\$ <u>-</u>	16,886	<u>16,886</u>
Fund balance, beginning of year		<u>122,014</u>	
Fund balance, end of year		\$ <u><u>138,900</u></u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Youth Risk Behavior Survey Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 600	600	-
Expenditures: Current: Support services - students - Supplies, materials, and media	600	600	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Staff Development Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 7,713	3,143	(4,570)
State of Alaska	<u>5,692</u>	<u>5,692</u>	<u>-</u>
Total revenues	<u>13,405</u>	<u>8,835</u>	<u>(4,570)</u>
Expenditures:			
Current:			
Special education support services - students - Staff travel	<u>1,877</u>	<u>1,877</u>	<u>-</u>
Support services - instruction - Staff travel	<u>11,366</u>	<u>6,796</u>	<u>4,570</u>
District administration support services - Staff travel	<u>162</u>	<u>162</u>	<u>-</u>
Total expenditures	<u>13,405</u>	<u>8,835</u>	<u>4,570</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Artist in Schools - Nondalton Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental:			
State of Alaska	\$ 1,948	1,948	-
Federal sources passed through intermediary agencies	<u>295</u>	<u>295</u>	<u>-</u>
Total revenues	<u>2,243</u>	<u>2,243</u>	<u>-</u>
Expenditures:			
Current:			
Instruction -			
Professional and technical services	<u>2,243</u>	<u>2,243</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>	

LAKE AND PENINSULA SCHOOL DISTRICT

Broadband Assistance Grant (BAG) Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - State of Alaska	\$ 5,048	5,048	-
Expenditures:			
Current:			
Support services - instruction - Utility services	5,048	5,048	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Alaska Pre-Elementary Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 97,397	97,397	-
Expenditures:			
Current:			
Instruction -			
Supplies, materials, and media	56,665	56,859	(194)
Support services - instruction:			
Certificated salaries	1,968	1,968	-
Non-certificated salaries	4,140	4,140	-
Employee benefits	4,815	4,815	-
Professional and technical services	2,724	2,723	1
Staff travel	19,500	19,436	64
Utility services	1,000	963	37
Supplies, material and media	2,000	1,908	92
Total support services - instruction	36,147	35,953	194
District administration support services -			
Indirect costs	4,585	4,585	-
Total expenditures	97,397	97,397	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Food Service Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources - charges for services	\$ 35,000	29,338	(5,662)
Intergovernmental - Federal Department of Agriculture passed through the State of Alaska	<u>238,750</u>	<u>249,427</u>	<u>10,677</u>
Total revenues	<u>273,750</u>	<u>278,765</u>	<u>5,015</u>
Expenditures:			
Current:			
Food service:			
Non-certificated salaries	202,526	201,635	891
Employee benefits	155,500	146,702	8,798
Professional and technical services	16,000	15,436	564
Staff travel	9,500	10,489	(989)
Supplies, materials and media	<u>340,224</u>	<u>354,799</u>	<u>(14,575)</u>
Total expenditures	<u>723,750</u>	<u>729,061</u>	<u>(5,311)</u>
Excess (deficiency) of revenues over expenditures	(450,000)	(450,296)	(296)
Other financing sources - transfers in - School Operating Fund	<u>450,000</u>	<u>454,000</u>	<u>4,000</u>
Net change in fund balance	\$ <u>-</u>	3,704	<u>3,704</u>
Fund balance (deficit), beginning of year		<u>(1,515)</u>	
Fund balance, end of year		<u>\$ 2,189</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Fresh Fruit & Vegetable Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental - Federal Department of Agriculture passed through the State of Alaska	\$ 18,411	18,372	(39)
Expenditures:			
Current:			
Food service - Supplies, materials and media	18,411	18,372	39
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Title I-A Basic and Title IV Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 199,859	185,297	(14,562)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	5,000	5,000	-
Non-certificated salaries	94,300	88,856	5,444
Employee benefits	54,956	51,260	3,696
Staff travel	4,000	3,923	77
Utility services	200	177	23
Supplies, material and media	4,428	4,315	113
Total instruction	<u>162,884</u>	<u>153,531</u>	<u>9,353</u>
Support services - instruction:			
Certificated salaries	2,500	2,725	(225)
Employee benefits	725	786	(61)
Professional and technical services	1,750	1,750	-
Staff travel	15,142	10,392	4,750
Supplies, materials and media	1,300	1,299	1
Total support services - instruction	<u>21,417</u>	<u>16,952</u>	<u>4,465</u>
School administration -			
Staff travel	<u>4,600</u>	<u>4,543</u>	<u>57</u>
District administration support services:			
Staff travel	1,550	1,549	1
Indirect costs	<u>9,408</u>	<u>8,722</u>	<u>686</u>
Total district administration support services	<u>10,958</u>	<u>10,271</u>	<u>687</u>
Total expenditures	<u>199,859</u>	<u>185,297</u>	<u>14,562</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Title I-C Migrant Education Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 158,718	158,718	-
Expenditures:			
Current:			
Instruction:			
Non-certificated salaries	52,690	52,690	-
Employee benefits	4,155	4,156	(1)
Staff travel	4,158	4,158	-
Supplies, material and media	36,129	36,129	-
Total instruction	<u>97,132</u>	<u>97,133</u>	<u>(1)</u>
Support services - students:			
Utility services	432	432	-
Supplies, material and media	5,349	5,349	-
Total support services - students	<u>5,781</u>	<u>5,781</u>	<u>-</u>
Support services - instruction:			
Certificated salaries	33,881	33,881	-
Employee benefits	14,450	14,449	1
Staff travel	2	2	-
Total support services - instruction	<u>48,333</u>	<u>48,332</u>	<u>1</u>
District administration support services - Indirect costs	<u>7,472</u>	<u>7,472</u>	<u>-</u>
Total expenditures	<u>158,718</u>	<u>158,718</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Title I-C Migrant Education Book Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 6,440	6,440	-
Expenditures:			
Current:			
Instruction:			
Utility services	440	171	269
Supplies, material and media	6,000	6,269	(269)
Total expenditures	6,440	6,440	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Title II-A Teacher & Principal Training & Recruiting Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 46,008	46,008	-
Expenditures:			
Current:			
Support services - instruction:			
Staff travel	36,132	36,132	-
Other purchased services	7,710	7,710	-
Total support services - instruction	43,842	43,842	-
District administration support services - Indirect costs	2,166	2,166	-
Total expenditures	46,008	46,008	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Title VI-B IDEA Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 109,560	109,560	-
Expenditures:			
Current:			
Special education support services - students:			
Professional and technical services	94,902	95,391	(489)
Staff travel	9,500	9,011	489
Total special education support services - students	104,402	104,402	-
District administration support services - Indirect costs	5,158	5,158	-
Total expenditures	109,560	109,560	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 6,877	6,877	-
Expenditures:			
Current:			
Special education support services - students:			
Certificated salaries	3,745	3,745	-
Employee benefits	2,808	2,808	-
Total special education support services - students	6,553	6,553	-
District administration support services - Indirect costs	324	324	-
Total expenditures	6,877	6,877	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Carl Perkins - Secondary Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through the State of Alaska	\$ 21,478	21,478	-
Expenditures:			
Current:			
Instruction:			
Certificated salaries	600	600	-
Non-certificated salaries	17,066	17,915	(849)
Employee benefits	2,801	1,952	849
Total instruction	<u>20,467</u>	<u>20,467</u>	<u>-</u>
District administration support services - Indirect costs	<u>1,011</u>	<u>1,011</u>	<u>-</u>
Total expenditures	<u>21,478</u>	<u>21,478</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>	

LAKE AND PENINSULA SCHOOL DISTRICT

Rural Education Achievement Program (REAP) Special Revenue Fund

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

Year Ended June 30, 2019

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues - Intergovernmental - federal education sources - direct	\$ <u>6,350</u>	<u>6,350</u>	<u>-</u>
Expenditures:			
Current:			
Support services - instruction - Staff travel	<u>6,350</u>	<u>6,350</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Indian Education Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources - direct	\$ 105,714	105,714	-
Expenditures:			
Current:			
Instruction:			
Non-certificated salaries	27,492	27,492	-
Employee benefits	30,226	30,226	-
Staff travel	1,200	1,200	-
Student travel	37,975	37,975	-
Supplies, materials and media	3,845	3,845	-
Total instruction	<u>100,738</u>	<u>100,738</u>	-
District administration support services - Indirect costs	<u>4,976</u>	<u>4,976</u>	-
Total expenditures	<u>105,714</u>	<u>105,714</u>	-
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

Communities Teaching Culture Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through intermediate agencies	\$ 128,087	128,087	-
Expenditures:			
Current:			
Instruction:			
Certificated salaries	11,836	11,836	-
Employee benefits	4,146	4,146	-
Utility services	20	20	-
Total instruction	<u>16,002</u>	<u>16,002</u>	<u>-</u>
Special education - instruction:			
Certificated salaries	1,157	1,157	-
Employee benefits	399	399	-
Total special education - instruction	<u>1,556</u>	<u>1,556</u>	<u>-</u>
Support services - students:			
Certificated salaries	65,532	65,532	-
Employee benefits	32,052	32,052	-
Staff travel	10,487	10,487	-
Supplies, material and media	429	429	-
Other	2,029	2,029	-
Total support services - students	<u>110,529</u>	<u>110,529</u>	<u>-</u>
Total expenditures	<u>128,087</u>	<u>128,087</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>	

LAKE AND PENINSULA SCHOOL DISTRICT

CHILD #1 (Cultural Heritage Improving Learning & Development) Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through intermediary agencies	\$ 73,030	49,424	(23,606)
Expenditures:			
Instruction:			
Certificated salaries	6,971	6,971	-
Noncertificated salaries	26,326	2,720	23,606
Employee benefits	5,198	5,198	-
Total instruction	<u>38,495</u>	<u>14,889</u>	<u>23,606</u>
Support services - instruction:			
Certificated salaries	6,179	6,179	-
Employee benefits	3,015	3,015	-
Staff travel	25,341	25,341	-
Total support services - instruction	<u>34,535</u>	<u>34,535</u>	<u>-</u>
Total expenditures	<u>73,030</u>	<u>49,424</u>	<u>23,606</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		<u> </u>	
Fund balance, end of year		\$ <u>-</u>	

LAKE AND PENINSULA SCHOOL DISTRICT

CHILD #2 (Cultural Heritage Improving Learning & Development) Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - Intergovernmental - federal education sources passed through intermediary agencies	\$ 392,676	392,676	-
Expenditures:			
Instruction:			
Certificated salaries	101,685	101,685	-
Noncertificated salaries	82,194	82,194	-
Employee benefits	107,935	107,935	-
Staff travel	1,481	1,481	-
Utility services	865	865	-
Supplies, material and media	4,150	4,150	-
Total instruction	<u>298,310</u>	<u>298,310</u>	<u>-</u>
Support services - instruction:			
Certificated salaries	61,288	61,288	-
Employee benefits	26,369	26,369	-
Staff travel	6,709	6,709	-
Total support services - instruction	<u>94,366</u>	<u>94,366</u>	<u>-</u>
Total expenditures	<u>392,676</u>	<u>392,676</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>	

LAKE AND PENINSULA SCHOOL DISTRICT

Carrs Safeway Robotics Special Revenue Fund

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

Year Ended June 30, 2019

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues - local sources - other	\$ 5,000	5,000	-
Expenditures:			
Instruction -			
Supplies, material and media	4,600	4,600	-
Support services - instruction -			
Supplies, material and media	400	400	-
Total expenditures	5,000	5,000	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year			
Fund balance, end of year		\$ -	

LAKE AND PENINSULA SCHOOL DISTRICT

Student Activity Agency Fund

Schedule of Changes in Assets and Liabilities

June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Assets</u>				
Due from School Operating Fund	\$ <u>256,088</u>	<u>111,262</u>	<u>(90,289)</u>	<u>277,061</u>
 <u>Liabilities</u>				
Due to student groups	169,390	99,657	(68,730)	200,317
Scholarship funds	67,198	5,605	(20,059)	52,744
Housing deposits	<u>19,500</u>	<u>6,000</u>	<u>(1,500)</u>	<u>24,000</u>
	\$ <u>256,088</u>	<u>111,262</u>	<u>(90,289)</u>	<u>277,061</u>

LAKE AND PENINSULA SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year June 30, 2019

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Grant Award</u>	<u>Federal Expenditures</u>
U.S. Department of Education:				
Direct sources:				
Impact Aid 2017	84.041	11-AK-2016-2807	\$ 137,228	137,228
Impact Aid 2018	84.041	11-AK-2018-2807	237,670	237,670
Impact Aid 2019	84.041	11-AK-2018-2807	986,248	986,248
Total Impact Aid Cluster			<u>1,361,146</u>	<u>1,361,146</u>
Indian Education	84.060	S060A180784	105,714	105,714
Rural Education Achievement Program	84.358	S358C180010	6,350	6,350
Passed through the State of Alaska:				
Title I-A, Basic	84.010	IP19.LPSD.01	168,262	153,700
Title I-C, Migrant Education	84.011	IP19.LPSD.01	158,718	158,718
Title I-C, Migrant Education Book Program	84.011	MB19.LPSD.01	6,440	6,440
Staff Development	84.011	SD19.LPSD.01	5,000	1,852
Total Title I, Part C Cluster			<u>170,158</u>	<u>167,010</u>
Title II-A, Teacher & Principal Training & Recruiting	84.367	IP19.LPSD.01	46,008	46,008
Title IV	84.424	IP19.LPSD.01	31,597	31,597
Carl Perkins - Secondary	84.048	EK19.LPSD.01	21,478	21,478
Staff Development	84.048	SD19.LPSD.01	3,840	525
Total 84.048			<u>25,318</u>	<u>22,003</u>
Special Education Cluster:				
Title VI-B, IDEA	84.027	SE 19.LPSD.01	109,560	109,560
Preschool Disabled, IDEA, Part B	84.173	SE 19.LPSD.01	6,877	6,877
Total Special Education Cluster			<u>116,437</u>	<u>116,437</u>
Passed through other intermediary agencies:				
Communities Teaching Culture	84.356	S356A170005	128,087	128,087
Title I-A, Basic	84.010	IP19.BBSD.01	20,378	10,763
Carl Perkins - Secondary	84.048	EK19.BBSD.01	20,000	8,000
Cultural Heritage Improving Learning & Development	84.299	S299A170007	73,030	49,424
Cultural Heritage Improving Learning & Development	84.299	S299A170007-18	392,676	392,676
Total 84.299			<u>465,706</u>	<u>442,100</u>
Total U.S. Department of Education			<u>2,665,161</u>	<u>2,598,915</u>
National Endowment for the Humanities:				
Passed through other intermediary agencies -				
Artist in Schools	45.025	FY19AIS0022	295	295
U.S. Department of Agriculture - Passed through				
the State of Alaska:				
Fresh Fruit & Vegetable Program	10.582	FF19.LPSD.01	2,850	2,811
Fresh Fruit & Vegetable Program	10.582	FF19.LPSD.02	15,561	15,561
Total 10.582			<u>18,411</u>	<u>18,372</u>
National School Lunch	10.555	None	249,427	232,965
USDA Commodities	10.555	None	15,926	15,926
Total Child Nutrition Cluster			<u>265,353</u>	<u>248,891</u>
Food Distribution Admin Fee	10.560	FD19.LPSD.01	536	536
Total U.S. Department of Agriculture			<u>284,300</u>	<u>267,799</u>
U.S. Department of Health and Human Services - Passed through				
the State of Alaska:				
Staff Development	93.243	SD19.LPSD.01	766	766
Total federal financial assistance			<u>\$ 2,950,522</u>	<u>2,867,775</u>

See accompanying notes to schedule.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Lake and Peninsula School District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Lake and Peninsula School District, it is not intended to and does not present the basic financial statements of Lake and Peninsula 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. Lake and Peninsula School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform guidance.

Note 3. Non-monetary Assistance

Non-monetary assistance is reported in the schedule at fair market value of commodities received and disbursed. For the year ended June 30, 2019, the District received \$15,926 in commodities.

Note 4. Passed Through Awards

No amounts were passed through to subrecipients.

LAKE AND PENINSULA SCHOOL DISTRICT

Schedule of State Financial Assistance

For the Fiscal Year June 30, 2019

<u>Grant Title</u>	<u>Grant #</u>	<u>Total Grant Award</u>	<u>State Expenditures</u>
Alaska Department of Education and Early Development:			
* Education Foundation	None	\$ 8,905,493	8,916,430
Quality Schools	None	25,646	25,646
Broadband Assistance Grant (BAG)	None	5,048	5,048
SB142 One-time Grant	None	124,367	124,367
Youth Risk Behavior Survey	YR 19.LPSD.01	600	600
Alaska Pre-Elementary	PT 19.LPSD.01	97,397	97,397
Professional Development-Pre-K	SD19LPSD01	5,692	5,692
Pupil Transportation	None	<u>127,772</u>	<u>127,772</u>
Total Alaska Department of Education and Early Development		<u>9,292,015</u>	<u>9,302,952</u>
Alaska State Council on the Arts:			
Artist in Schools	FY19AIS0022	<u>1,948</u>	<u>1,948</u>
Alaska Department of Administration:			
On-behalf PERS	None	102,979	102,979
* On-behalf TRS	None	<u>501,931</u>	<u>501,931</u>
Total Department of Administration		<u>604,910</u>	<u>604,910</u>
Alaska Energy Authority:			
Chignik Lagoon Energy	7110048	<u>35,000</u>	<u>35,000</u>
Total State Financial Assistance		<u>\$ 9,933,873</u>	<u>9,944,810</u>

See accompanying notes to schedule.

LAKE AND PENINSULA SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Lake and Peninsula School District under programs of the State of Alaska for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Lake and Peninsula School District, it is not intended to and does not present the basic financial statements of Lake and Peninsula 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.

COMPLIANCE REPORTS

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

Independent Auditor's Report

Members of the School Board
Lake and Peninsula School District
King Salmon, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake and Peninsula School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Lake and Peninsula School District's basic financial statements, and have issued our report thereon dated October 4, 2019.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

Purpose of this Report

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

Altman, Rogers & Co.

Anchorage, Alaska
October 4, 2019

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

Independent Auditor's Report

Members of the School Board
Lake and Peninsula School District
King Salmon, Alaska

Report on Compliance for Each Major Federal Program

We have audited Lake and Peninsula School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Lake and Peninsula School District's major federal programs for the year ended June 30, 2019. Lake and Peninsula School District's major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Lake and Peninsula School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lake and Peninsula School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Lake and Peninsula School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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



Anchorage, Alaska
October 4, 2019

LAKE AND PENINSULA SCHOOL DISTRICT
 Federal Schedule of Findings and Questioned Costs
 Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

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

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

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

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal Control over major federal programs (2 CFR 200.516(a)(1)):
 Material weakness(es) identified? Yes X No
 Significant deficiency(ies) identified? Yes X 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 X 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 X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid

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

Auditee qualified as low-risk auditee? X Yes No

LAKE AND PENINSULA SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

The Lake and Peninsula School District did not have any findings related to the financial statements.

Section III – Federal Award Findings and Questioned Costs

The Lake and Peninsula School District did not have any findings that related to federal awards.

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

Independent Auditor's Report

Members of the School Board
Lake and Peninsula School District
King Salmon, Alaska

Report on Compliance for Each Major State Program

We have audited Lake and Peninsula School District's (the District) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Lake and Peninsula School District's major state programs for the year ended June 30, 2019. Lake and Peninsula School District's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Lake and Peninsula School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Lake and Peninsula School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lake and Peninsula School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lake and Peninsula School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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



Anchorage, Alaska
October 4, 2019

LAKE AND PENINSULA SCHOOL DISTRICT

State Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

State Financial Assistance

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

Internal control over major programs:

Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified? Yes X None reported

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

Section II – Financial Statement Findings

The Lake and Peninsula School District did not have any findings related to the financial statements.

Section III – State Award Findings and Questioned Costs

The Lake and Peninsula School District did not have any findings that related to state awards.

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

Independent Auditor's Report

Members of the School Board
Lake and Peninsula School District
King Salmon, Alaska

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake and Peninsula School District as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated October 4, 2019.

Report on Statement of Compliance with AS 14.14.020

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of significant estimates made by management, as well as evaluating overall presentation of the financial statement.

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

- (a) The statements of revenues and expenditures of the Special Revenue Funds do not present fairly the allowable funds expended within the limits of the project budgets.
- (b) Lake and Peninsula School District has not complied with the *Uniform Chart of Accounts* for school districts as required by the State of Alaska, Department of Education and Early Development.

Members of the School Board
Lake and Peninsula School District

- (c) Lake and Peninsula School District has not complied with the bonding requirements of AS 14.14.020.
- (d) Lake and Peninsula School District's financial statements do not reflect the minimum accounting and reporting requirements of the Department of Education and Early Development.

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

Purpose of this Report

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

Altman, Rogers & Co.

Anchorage, Alaska
October 4, 2019

Report on Statement of Compliance with AS 14.17.505

Independent Auditor's Report

Members of the School Board
Lake and Peninsula School District
King Salmon, Alaska

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lake and Peninsula School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 4, 2019.

Report on Statement of Compliance with AS 14.17.505

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit in accordance with these standards includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Members of the School Board
Lake and Peninsula School District

Purpose of this Report

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

Altman, Rogers & Co.

Anchorage, Alaska
October 4, 2019

LAKE AND PENINSULA SCHOOL DISTRICT

Statement of Compliance - AS 14.17.505

Year Ended June 30, 2019

	School Operating Fund		
	Reserved Fund Balance	Unreserved Fund Balance	Total
Encumbrances	\$ 37,466	-	37,466
Inventory	148,222	-	148,222
Prepaid items	371,723	-	371,723
Impact Aid Assistance	986,248	-	986,248
Self insurance	450,000	-	450,000
Designated for subsequent year's expenditures	-	785,004	785,004
	<u>\$ 1,993,659</u>	<u>785,004</u>	<u>2,778,663</u>

Unreserved fund balance as a percentage of current year expenditures and other uses:

$$\frac{\text{Unreserved fund balance}}{\text{Current year expenditures}} = \frac{785,004}{13,765,844} = 5.70\%$$

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