

PRIBILOF SCHOOL DISTRICT

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

Year Ended June 30, 2020

PRIBILOF SCHOOL DISTRICT

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

Year Ended June 30, 2020

PRIBILOF SCHOOL DISTRICT

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1-3
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	4
Statement of Activities	B-1	5
Fund Financial Statements:		
Balance Sheet - Governmental Funds	C-1	6
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	C-2	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	D-1	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	D-2	9
Statement of Revenues, Expenditures and Changes in Fund Balance – Original and Final Budget and Actual:		
School Operating Fund	E-1	10
District Housing Special Revenue Fund	E-2	11
Radio Community Services Special Revenue Fund	E-3	12
Student Activity Agency Fund:		
Statement of Fiduciary Assets and Liabilities	F-1	13
Notes to the Basic Financial Statements		14-49
Required Supplementary Information:		
Public Employees' Retirement System:		
Schedule of Districts' Proportionate Share of the Net Pension Liability (Asset)	G-1	50
Schedule of Districts' Proportionate Share of the Net OPEB Liability (Asset)	G-2	51
Schedule of District's Contributions (Pensions)	G-3	52
Schedule of District's Contributions (OPEB)	G-4	53

PRIBILOF SCHOOL DISTRICT

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information, Continued:		
Teachers' Retirement System:		
Schedule of Districts' Proportionate Share of the Net Pension Liability (Asset)	G-5	54
Schedule of Districts' Proportionate Share of the Net OPEB Liability (Asset)	G-6	55
Schedule of District's Contributions (Pensions)	G-7	56
Schedule of District's Contributions (OPEB)	G-8	57
Additional Supplementary Information:		
Major Governmental Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual:		
School Operating Fund	H-1	58-60
District Housing Special Revenue Fund	H-2	61
Radio Community Services Special Revenue Fund	H-3	62
Other Governmental Funds:		
Combining Balance Sheet	I-1	63-64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	I-2	65-66
Nonmajor Governmental Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (where applicable) –		
Special Revenue Funds:		
Staff Development	I-3	67
Alaska Broadband Assistance Grant	I-4	68
St. Paul Public Library Assistance	I-5	69
Alaska Public Broadcasting	I-6	70
Title I-A Basic	I-7	71
Title II-A Teacher Improvement	I-8	72
Carl Perkins Secondary	I-9	73
Title VI-B	I-10	74
Preschool Disabled	I-11	75
Pre-School	I-12	76
Indian Education Act	I-13	77
Playground	I-14	78
APICDA	I-15	79
Pribilof Islands Education	I-16	80
Capital Project Fund –		
Impact Aid	I-17	81

PRIBILOF SCHOOL DISTRICT

Table of Contents, Continued

	<u>Exhibit</u>	<u>Page</u>
Additional Supplementary Information, Continued:		
Schedule of Changes in Assets and Liabilities – Student Activity Agency Fund	J-1	82
Schedule of Compliance- AS 14.17.505	K-1	83
Schedule of Expenditures of Federal Awards	L-1	84
Notes to Schedule of Expenditures of Federal Awards		85
Schedule of State Financial Assistance	M-1	86
Notes to Schedule of State Financial Assistance		87
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 <i>Government Auditing Standards</i>		88-89
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>		90-91
Federal Schedule of Findings and Questioned Costs		92-93
Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>		94-95
State Schedule of Findings and Questioned Costs		96

Independent Auditor's Report

Members of the School Board
Pribilof School District
St. Paul Island, 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 Pribilof School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Pribilof School 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 Pribilof School District, as of June 30, 2020, and the respective changes in financial position, and the respective budgetary comparison for the School Operating Fund, District Housing Special Revenue Fund, and Radio Community Services Special Revenue Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of district's proportionate share of net pension and OPEB liabilities and contributions for the public employees' retirement system and the teachers' retirement system on pages 50-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pribilof School District's basic financial statements. The information listed in the table of contents as "Additional Supplementary Information", which includes Major Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance –Budget and Actual, Other Governmental Funds: Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Nonmajor Governmental Funds: Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (where applicable), Schedule of Compliance- AS.14.17.505 and Schedule of Changes in Assets and Liabilities – Student Activity Agency Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, 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*, are presented for the purposes of additional analysis and are also 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 26, 2020 on our consideration of the Pribilof 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 Pribilof 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 Pribilof School District’s internal control over financial reporting and compliance.



Anchorage, Alaska
October 26, 2020

PRIBILOF SCHOOL DISTRICT

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>
<u>Assets and Deferred Outflows of Resources</u>	
Current assets:	
Cash and cash equivalents	\$ 1,217,883
Investments	946,153
Accounts receivables	953
Mortgage receivable	8,159
Inventory	13,076
Prepaid items	<u>30,522</u>
Total current assets	<u>2,216,746</u>
Non-current assets:	
Mortgage receivable	37,906
Capital assets	5,134,464
Accumulated depreciation	(3,243,687)
Net pension and OPEB assets	<u>51,370</u>
Total non-current assets	<u>1,980,053</u>
Deferred outflows of resources - Pension and OPEB deferrals	<u>198,674</u>
Total assets and deferred outflows of resources	<u>\$ 4,395,473</u>
<u>Liabilities and Deferred Inflows of Resources</u>	
Current liabilities:	
Accounts payable	39,724
Accrued payroll liabilities	18,915
Unearned revenue	4,237
Due to student groups	<u>39,213</u>
Total current liabilities	<u>102,089</u>
Non-current liabilities:	
Net pension and OPEB liability	<u>1,119,587</u>
Deferred inflows of resources - Pension OPEB deferrals	<u>185,620</u>
Total liabilities and deferred inflows of resources	<u>1,407,296</u>
<u>Net Position</u>	
Net investment in capital assets	1,890,777
Restricted	138,461
Unrestricted	<u>958,939</u>
Total net position	<u>2,988,177</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,395,473</u>

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

PRIBILOF SCHOOL DISTRICT

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
Governmental Activities:				
Instruction	\$ 559,718	-	29,813	(529,905)
Special education instruction	97,951	-	(1,547)	(99,498)
Special education support services - students	49,598	-	20,507	(29,091)
Support services - instruction	170,061	-	22,328	(147,733)
School administration	99,463	-	(20,708)	(120,171)
School administration support services	55,270	-	(3,103)	(58,373)
District administration	109,285	-	(13,514)	(122,799)
District administration support services	141,755	-	5,046	(136,709)
Operations and maintenance of plant	494,035	55,158	(5,522)	(444,399)
Student activities	2,754	-	(549)	(3,303)
Community services	306,618	-	310,807	4,189
Total governmental activities	\$ 2,086,508	55,158	343,558	(1,687,792)
General revenues:				
Earnings on investment				\$ 14,067
Grants not restricted to specific programs				1,776,674
E-rate				112,267
Other				35,101
Tuition from other districts - rental				29,222
Total general revenues				<u>1,967,331</u>
Change in net position				279,539
Net position - beginning				<u>2,708,638</u>
Net position - ending				\$ <u><u>2,988,177</u></u>

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

PRIBILOF SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2020

	School Operating Fund	District Housing Special Revenue Fund	Radio Community Services Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 1,217,883	-	-	-	1,217,883
Investments	946,153	-	-	-	946,153
Accounts receivable	-	-	-	953	953
Mortgage receivable	-	46,065	-	-	46,065
Due from other funds	953	302,195	153,142	443,431	899,721
Inventory	7,270	5,806	-	-	13,076
Total assets	\$ 2,172,259	354,066	153,142	444,384	3,123,851
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
Liabilities:					
Accounts payable	31,724	7,478	-	522	39,724
Accrued payroll liabilities	18,915	-	-	-	18,915
Unearned revenue	-	-	-	4,237	4,237
Due to other funds	898,768	-	-	953	899,721
Due to student groups	39,213	-	-	-	39,213
Total liabilities	988,620	7,478	-	5,712	1,001,810
Deferred inflows of resources:					
Unavailable revenues	-	46,065	-	-	46,065
Total liabilities and deferred inflows of resources	988,620	53,543	-	5,712	1,047,875
Fund balances:					
Nonspendable	7,270	5,806	-	-	13,076
Restricted	-	-	-	138,461	138,461
Committed	-	294,717	153,142	300,211	748,070
Unassigned	1,176,369	-	-	-	1,176,369
Total fund balances	1,183,639	300,523	153,142	438,672	2,075,976
Total liabilities, deferred inflows of resources and fund balances	\$ 2,172,259	354,066	153,142	444,384	3,123,851

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

PRIBILOF SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

June 30, 2020

Total Fund Balance- Governmental Funds		\$	2,075,976
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds.			1,890,777
Long-term assets, are not available to pay current year expenditures and, therefore are deferred in the governmental funds:			
Long-term note receivable			46,065
Proportionate share of the collective net pension and OPEB asset:			
PERS	1,987		
TRS	<u>49,383</u>		51,370
Proportionate share of the collective net pension and OPEB liability:			
PERS	(602,791)		
TRS	<u>(516,796)</u>		(1,119,587)
Deferred inflows and outflows of resources are the results of timing differences in the actuarial report.			
Pension and OPEB related assets in the current year are presented as deferred outflows of resources:			
PERS	149,286		
TRS	<u>49,388</u>		198,674
Pension and OPEB related liabilities in the current fiscal year are presented as a change in deferred inflows of resources:			
PERS	(93,153)		
TRS	<u>(92,467)</u>		(185,620)
Defined contribution forfeitures are recognized when used to offset current contributions under the current financial resources method of accounting			
This is the balance of unused forfeitures			<u>30,522</u>
Net position of governmental activities		\$	<u><u>2,988,177</u></u>

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

PRIBILOF SCHOOL DISTRICT

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

Year Ended June 30, 2020

	School Operating Fund	District Housing Special Revenue Fund	Radio Community Services Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources:					
Earnings on investment	\$ 14,067	-	-	-	14,067
E-rate	112,267	-	-	-	112,267
Charges for services	-	62,795	-	-	62,795
Tuition from other districts- rental	29,222	-	-	-	29,222
Other	35,101	-	297,166	59,505	391,772
Intergovernmental:					
State of Alaska	995,755	-	-	19,453	1,015,208
Federal sources	894,175	-	-	76,795	970,970
Total revenues	<u>2,080,587</u>	<u>62,795</u>	<u>297,166</u>	<u>155,753</u>	<u>2,596,301</u>
Expenditures:					
Current:					
Instruction	561,361	-	-	167,669	729,030
Special education instruction	125,757	-	-	25	125,782
Special education support services - students	29,091	-	-	20,507	49,598
Support services - instruction	146,861	-	-	22,328	169,189
School administration	150,034	-	-	-	150,034
School administration support services	110,236	-	-	-	110,236
District administration	142,288	-	-	-	142,288
District administration support services	129,981	-	-	5,046	135,027
Operation and maintenance of plant	433,050	40,907	-	-	473,957
Student activities	4,096	-	-	-	4,096
Community services	-	-	215,723	45,810	261,533
Construction facility acquisition	-	-	-	43,995	43,995
Total expenditures	<u>1,832,755</u>	<u>40,907</u>	<u>215,723</u>	<u>305,380</u>	<u>2,394,765</u>
Excess of revenues over expenditures	247,832	21,888	81,443	(149,627)	201,536
Fund balances, beginning of year	<u>935,807</u>	<u>278,635</u>	<u>71,699</u>	<u>588,299</u>	<u>1,874,440</u>
Fund balances, end of year	<u>\$ 1,183,639</u>	<u>300,523</u>	<u>153,142</u>	<u>438,672</u>	<u>2,075,976</u>

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

PRIBILOF SCHOOL DISTRICT

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

Year Ended June 30, 2020

Net change in fund balance - total government funds	\$	201,536
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Amounts reported for *governmental activities* in the statement of activities are different because:

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

Change in unfunded net pension and OPEB liability and asset		
PERS	259,665	
TRS	217,134	476,799

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 liability:		
PERS	(117,718)	
TRS	(133,610)	(251,328)

Defined contribution forfeitures are recognized when used current contributions under the current financial recourse method of accounting. This is the change in balance of unused forfeitures		(25,309)
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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 as depreciation expense:

This is the amount by which depreciation exceeded capital outlay in the current period and the transfer of capital assets:

Capital Outlay	17,710	
Depreciation expense	(132,232)	(114,522)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds, represents change in:

Long-term note receivable	(7,637)

Change in net position of governmental activities	\$	<u>279,539</u>
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The notes to the financial statements are an integral part of this statement.

PRIBILOF SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Earnings on investment	\$ -	-	14,067	14,067
E-rate	112,800	112,800	112,267	(533)
Tuition from other districts- rental	-	-	29,222	29,222
Other	55,000	55,000	35,101	(19,899)
Intergovernmental:				
State of Alaska	1,191,133	1,191,133	995,755	(195,378)
Federal sources	529,452	529,452	894,175	364,723
Total revenues	<u>1,888,385</u>	<u>1,888,385</u>	<u>2,080,587</u>	<u>192,202</u>
Expenditures:				
Current:				
Instruction	542,110	542,110	561,361	(19,251)
Special education instruction	128,554	128,554	125,757	2,797
Special education support services - students	54,500	54,500	29,091	25,409
Support services - instruction	202,310	202,310	146,861	55,449
School administration	136,131	136,131	150,034	(13,903)
School administration support services	102,310	102,310	110,236	(7,926)
District administration	118,163	118,163	142,288	(24,125)
District administration support services	157,207	157,207	129,981	27,226
Operation and maintenance of plant	433,100	433,100	433,050	50
Student activities	14,000	14,000	4,096	9,904
Total expenditures	<u>1,888,385</u>	<u>1,888,385</u>	<u>1,832,755</u>	<u>55,630</u>
Excess of revenues over expenditures	\$ -	-	247,832	<u>247,832</u>
Fund balance, beginning of year			<u>935,807</u>	
Fund balance, end of year			\$ <u>1,183,639</u>	

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

PRIBILOF SCHOOL DISTRICT

District Housing Special Revenue Fund

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

Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Local revenues:			
Charges for services	\$ 50,000	62,795	12,795
Expenditures:			
Current:			
Operations and maintenance of plant	50,000	40,907	9,093
Excess of revenues over expenditures	\$ -	21,888	21,888
Fund balance, beginning of year		278,635	
Fund balance, end of year		\$ 300,523	

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

PRIBILOF SCHOOL DISTRICT

Radio Community Services Special Revenue Fund

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

Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Local sources- other	\$ <u>297,166</u>	<u>297,166</u>	<u>-</u>
Expenditures:			
Current:			
Community services	<u>297,166</u>	<u>215,723</u>	<u>81,443</u>
Excess of revenues over expenditures	\$ <u><u>-</u></u>	81,443	<u><u>81,443</u></u>
Fund balance, beginning of year		<u>71,699</u>	
Fund balance, end of year		\$ <u><u>153,142</u></u>	

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

PRIBILOF SCHOOL DISTRICT

Student Activity Agency Fund

Statement of Fiduciary Assets and Liabilities

June 30, 2020

Assets

Due from Pribilof School District	\$	<u>39,213</u>
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Liabilities

Due to student groups	\$	<u>39,213</u>
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The notes to the financial statements are an integral part of this statement.

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PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Pribilof School District (hereafter referred to as the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

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

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

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

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the 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 District does not presently have any business-type activities.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the Government-Wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column named "other governmental funds."

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. Spendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

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.

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

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statement. Basis of accounting related to the timing of the measurement made, regardless of the measurement focus applied.

The Government-Wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and liabilities associated with the operation of the District are included on the Statement of Net Position.

Governmental Fund Financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

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

The District reports the following major governmental funds:

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

The *District Housing Special Revenue Fund* which is used to account for the housing of teachers and District staff.

The *Radio Community Services Special Revenue Fund* which is used to account for radio Community Services.

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

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

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

The District reports the following fiduciary fund type:

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

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

Intergovernmental Revenue:

State of Alaska Foundation revenue is susceptible to accrual and is recorded in the year to which it relates. 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. On-behalf payments from the State of Alaska are recognized in the year to which they relate.

Local Revenue:

Interest earnings on investments in the School Operating Fund are recognized when earned. Interest revenue associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. E-rate is recorded in the year to which they relate. Rentals, tuition, and donations are recognized in the year received.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures 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 Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. There are no statutory limitations on the type of investment allowed.

2. Short-term Interfund Receivables and Payables

Activity between funds that are representative of short-term lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) on the Balance Sheet of the Fund Financial Statements and are eliminated in the preparation of the Government-Wide Financial Statements.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Advances between funds, as reported in the fund financial statements, are offset by committed or nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

3. Inventory and Prepaid Items

Teaching and maintenance supplies are recorded as expenditures when purchased rather than as consumed. Accounting for inventory of heating fuel 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. Prepaid items are payments made to vendors for services that are applicable to future accounting periods and recorded as prepaid items. Reported inventories and prepaid items 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.

4. Capital Assets

Capital assets used in governmental fund types of the District are recorded in the Government-Wide Financial Statements at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Capital assets are defined as assets with an initial, individual cost greater than \$5,000 and an estimated life greater than one year. Capital assets in the Government-wide Financial Statements are depreciated on the straight-line method. Interest incurred during construction is not capitalized.

The estimated useful lives are as follows:

Buildings	30 years
Equipment	5 years
Vehicles	10 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are expensed in the Government-Wide Financial Statements and are considered operations and maintenance costs. Additionally, monies expended in Capital Project Funds that are considered to be operations and maintenance costs, are reported as construction and facility acquisition in the fund financial statements, where as in the Government-Wide Financial Statements they are reclassified as operation and maintenance costs.

5. Unearned Revenue

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

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

6. Compensated Absences

All regular employees accrue annual and sick leave, which is available for use while remaining in a permanent position with the District. Annual leave pay is recorded as an expenditure during the period it is earned and sick leave is recorded as an expenditure in the period it is used. Employees' unused annual leave balances are carried forward and can be used during subsequent years if re-employed. In some instances, annual leave balances can be converted to cash upon termination from employment. There is no provision for payment or use of sick leave upon separation from employment.

7. Long-Term Obligations

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

8. Fund Balance

In the fund financial statements fund balance components include five classifications as follows:

Non-spendable fund balances – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained. Non-spendable amounts will be determined before all other classifications and consist of a fund balance equal to the value of inventory balances and prepaid items.

Restricted fund balances – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, or through enabling legislation. Restricted fund balances are comprised of restricted grant funds from external sources in governmental funds.

Committed fund balances – includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision making authority (School Board). Commitments will only be used for specific purposes pursuant to a formal action of the School Board.

Assigned fund balances – includes amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

The School Board delegates to the Superintendent or designee, the authority to assign amounts to be used for specific purposes.

Unassigned fund balances – includes the residual classification for the District's School Operating Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Prioritization of fund balance use – When an expenditures is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the District to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the District that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

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 that 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.

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

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

10. Net Position

Government-wide net position is divided into three components:

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

11. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) 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.

The carrying amount of notes receivable and notes payable approximates fair value for those financial instruments with interest at variable rates, as those rates approximate current market rates for notes with similar maturities and credit quality.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

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

District policy in establishing budgetary data is as follows:

The superintendent submits to the District School Board (School Board), at such time as the School Board directs, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the School Board during the May and June meetings to obtain the comments of residents of the District. The proposed budget is revised and approved by the School Board. The School Board submits the approved budget to the State Commissioner of Education by July 15th for review and determination of compliance with Alaska statutes and Department of Education and Early Development regulations.

The appropriated budget is prepared by fund, function and object. The District's superintendent may make transfers of appropriations within a fund. Transfers of appropriations between funds require the approval of the School Board. The legal level of budgetary control is the function level. The final revised and approved budget is presented in these financial statements. The School Board authorizes formal budget revisions several times each year to adjust the revenues and expenditures to available resources and program needs.

Annual budgets of the various Special Revenue Funds are prepared in connection with the application for the special programs' grant application and are reviewed and approved for the School Board. Expenditure authority for Special Revenue Fund programs is limited to the fund level.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

B. Excess of Expenditures over Appropriations

The following function had expenditures in excess of appropriations in the School Operating Fund for the year ended June 30, 2020:

Instruction	\$	(19,251)
School Administration		(13,903)
School Administration Support Services		(7,926)
District Administration		(24,125)

Excess expenditures in the School Operating Fund were funded by available revenue and fund balance.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is reported on the Balance Sheet of the fund financial statements as "Cash and cash equivalents" or amounts "due to/from other funds". All deposits are carried at fair market value plus accrued interest.

Investments include \$946,153 invested in the Alaska Municipal League Investment Pool (Pool). The Pool was rated a principal stability rating of AAAM by Standard & Poor's (S&P). Stand-alone financial statements can be obtained by writing to the Alaska Permanent Capital Management Co., 900 West Fifth Avenue, Suite 601, Anchorage, Alaska 99501 or visiting www.amlip.org.

Alaska Statute (AS) 37.23 provides for regulatory oversight of the Pool. The Statute provides requirements regarding authorized investments and reporting. The Pool is incorporated in Alaska as a nonprofit corporation and reports to a board of directors. AS 37.23.050 requires retention of an investment manager. The manager is required to produce monthly disclosure statements for the Pool. An investment advisor monitors the performance of the investment manager to ensure compliance with investment policies. The Pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. The fair value of the investments are reviewed monthly by an independent pricing service. The Pool meets the standards for reporting investments at amortized cost with regard to portfolio requirements including maturity, quality, diversification, liquidity and shadow price. There are no restrictions or limitations on withdrawals from the Pool. As of June 30, 2020, the fair value of the investments in the Pool approximates the amortized cost at which they are reported. The fair value of our investments in the Pool is the same as the value of our Pool units.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Custodial Credit Risk

The District's bank accounts are insured by federal depository insurance to a maximum of \$250,000. Any amount in excess of \$250,000 is collateralized with securities held by the District's agent in the District's name. The District manages its custodial credit risk through its deposit and investment policy requiring all deposits to be fully insured or collateralized. The District had an uninsured balance of \$987,985, as of June 30, 2020.

B. Receivables

The District had a \$953 accounts receivable in other governmental funds. Management has determined that all their receivables are collectable; therefore no allowance for doubtful accounts has been established.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the unavailable revenue reported in the governmental funds was as follows:

	<u>Unavailable</u>
Long-term receivables	\$ <u>46,065</u>

C. Capital Assets

Changes in capital asset balances for the year ended June 30, 2020 are as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental activities:				
Capital assets, not being				
Depreciated:				
Land	\$ 235,858	-	-	235,858
Capital assets, being depreciated:				
Buildings	4,201,245	-	-	4,201,245
Vehicles	108,195	17,710	-	125,905
Equipment	571,456	-	-	571,456
Total capital assets being				
depreciated	<u>4,880,896</u>	<u>17,710</u>	<u>-</u>	<u>4,898,606</u>
Less accumulated depreciation for:				
Buildings	2,479,675	117,409	-	2,597,085
Vehicles	92,163	8,805	-	100,968
Equipment	539,617	6,018	-	545,635
Total accumulated depreciation	<u>3,111,455</u>	<u>132,232</u>	<u>-</u>	<u>3,243,687</u>
Total net capital assets				
being depreciated	<u>1,769,441</u>	<u>(114,522)</u>	<u>-</u>	<u>1,654,919</u>
Total net governmental activities				
capital assets	\$ <u>2,005,299</u>	<u>(114,522)</u>	<u>-</u>	<u>1,890,777</u>

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

Governmental activities:	
Instruction	\$ 5,093
District administration support services	6,728
Operations and maintenance of plant	117,881
Community services	<u>2,530</u>
Total depreciation expense	<u>\$ 132,232</u>

The Alaska Department of Education owns and accounts for all School buildings and land. The replacement cost of these buildings and land is estimated to be \$12,910,000 and \$6,673,000 for the St. Paul and St. George Schools, respectively.

F. Interfund Receivables and Payables and Transfers

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Operating Fund	Other Governmental Funds	\$ 953
District Housing Special Revenue Fund	School Operating Fund	302,195
Radio Community Services Special Revenue Fund	School Operating Fund	153,142
Other Governmental Funds	School Operating Fund	<u>443,431</u>
Total		<u>\$ 899,721</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.

G. Mortgage Receivable

During Fiscal Year 2009, the district sold Boarding House #59 and House #33. These homes were financed with notes receivable for which Pribilof School District receives monthly payments.

The mortgage for Boarding House #59 is in the amount of \$60,000, payable over 15 years at a rate of 5.00%. The mortgage receivable schedule at June 30, 2020 for Boarding House #59 is as follows:

<u>Fiscal Year June 30</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest 5%</u>	<u>Balance</u>
				21,358
2021	5,694	4,733	960	16,625
2022	5,694	4,976	718	11,649
2023	5,694	5,230	464	6,419
2024	5,694	5,498	196	921
2025	927	921	6	-
Total	<u>\$ 23,703</u>	<u>21,358</u>	<u>2,344</u>	

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

The mortgage for House #33 is in the amount of \$52,000, payable over 15 years at a rate of 5.50%.

The mortgage receivable schedule at June 30, 2020 for House #33 is as follows:

<u>Fiscal Year June 30</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest 5.5%</u>	<u>Balance</u>
				24,707
2021	5,100	3,837	1,263	20,870
2022	5,100	4,053	1,047	16,817
2023	5,100	4,282	818	12,536
2024	5,100	4,523	577	8,013
2025	5,100	4,779	321	3,233
2026	3,298	3,233	65	-
Total	\$ <u>28,798</u>	<u>24,707</u>	<u>4,091</u>	

Total mortgage receivable	\$	46,065
Less current portion		<u>(8,159)</u>
	\$	<u>37,906</u>

Management has determined that all of the mortgage receivable is collectable; therefore no allowances for doubtful account has been established.

H. Operating Lease

Beginning July 1, 2000 the School District entered into the 40 year ground lease agreement with Tanagusix Corporation for residential lots situated in the City of St. Paul. Per the lease agreement, the School District agrees to pay \$100 per month, per lot. In fiscal year 2020, the School District maintained 8 lots and the ground lease expense for the year ended June 30, 2020 was \$9,600.

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PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

IV. OTHER INFORMATION

A. Fund Balance

Detailed information related to amounts classified as non-spendable, restricted and committed in fund balance and restricted net position at June 30, 2020 are as follows:

	School Operating Fund	District Housing Special Revenue Fund	Radio Community Services Special Revenue Fund	Other Governmental Funds	Total
Non-spendable:					
Inventory	\$ 7,270	5,806	-	-	13,076
Restricted:					
Pre-School	-	-	-	138,461	138,461
Committed for:					
Radio	-	-	153,142	-	153,142
Housing	-	294,717	-	-	294,717
Broadcasting	-	-	-	17,946	17,946
Playground	-	-	-	4,338	4,338
APICDA	-	-	-	33,019	33,019
Capital Projects	-	-	-	244,908	244,908
Total committed	\$ -	294,717	153,142	300,211	748,070

B. Risk Management

The District faces a considerable number of risks of loss, (a) damage to and loss of property and contents, (b) employee tortes, (c) professional liability, i.e., errors and omissions, (d) environmental damages, and (e) workers compensation. The District participates in the Alaska Municipal League (AML), which covers property and contents, torts, general and auto liability, school leader errors and omissions, and workers compensation. AML has a single occurrence and limit of \$3,000,000, with no aggregate limit. No settlements in excess of insurance coverage have been realized over the past three years.

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

C. Contingent Liabilities

Amounts received or receivable from granting 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.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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.

Management believes that the outcome of the matters discussed in the preceding paragraph will not have a material adverse effect on the financial statements of the District. Accordingly, no provision for losses has been recorded.

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

D. Employee Retirement Systems and Plans

The Pribilof School 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 Pribilof School District participate in either the State of Alaska Public Employees' Retirement System (PERS) or the State of Alaska Teachers' Retirement System (TRS). In addition to the pension plan both systems also administer other post-employment benefit (OPEB) plans.

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

Summary of Significant Accounting Policies. The financial statements for PERS and TRS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The Pribilof School 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.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

Other Postemployment Benefit Plans (OPEB)

Occupational Death and Disability Plan (ODD)

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

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

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

Alaska Retiree Healthcare Trust Plan (ARHCT)

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

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

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Retiree Medical Plan (RMP)

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

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

Healthcare Reimbursement Arrangement Plan

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

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

Investments

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

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

Rate of Return

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

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
PERS:			
Pension	15.72%	23.73%	6.62%
OPEB	6.28%	4.89%	0%
Total PERS contribution rates	<u>22.00%</u>	<u>28.62%</u>	<u>6.62%</u>
TRS:			
Pension	8.03%	26.56%	17.91%
OPEB	4.53%	3.91%	0%
Total TRS contribution rates	<u>12.56%</u>	<u>30.47%</u>	<u>17.91%</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 2020 the past service rate for PERS is 17.44%.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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

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

The PERS pays a minimum benefit of \$25 per month for each year of service when the calculated benefit is less.

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%.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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

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

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	62,576	27,310	89,886

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Public Employees Retirement Plans

For the year ended June 30, 2020 the State of Alaska contributed \$28,456 (100% pension cost) on-behalf of the District, which has been recorded in the fund financial statements under the modified-accrual basis of accounting. In the government-wide financial statements the on-behalf contribution has been adjusted as of the measurement date June 30, 2019 to a total of (\$10,197), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

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

Defined Benefit:		<u>Pension</u>
District's proportionate share of the net pension liability	\$	584,496
State's proportionate share of the net pension liability		<u>228,210</u>
Total	\$	<u>812,706</u>
		<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability	\$	15,828
State's proportionate share of the ARHCT OPEB liability		<u>6,374</u>
Total	\$	<u>22,202</u>
District's proportionate share of the ODD OPEB liability (asset)	\$	<u>(1,987)</u>
District's proportionate share of the RMP OPEB liability	\$	<u>2,467</u>
Total District's share of net pension and OPEB liabilities and assets	\$	<u>600,804</u>

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

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

	June 30, 2018 Measurement	June 30, 2019 Measurement	Change
Pension	0.0144%	0.0107%	(0.0037%)
OPEB:			
ARHCT	0.0143%	0.0107%	(0.0036%)
ODD	0.0075%	0.0082%	0.0007%
RMP	0.0075%	0.1031%	0.0956%

Based on the measurement date of June 30, 2019, the District recognized pension and OPEB expense of \$88,813 and (\$146,220), respectively, for the year ended June 30, 2020. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	(8,653)
Changes of assumptions	17,895	-
Net difference between projected and actual earnings on pension plan investments	8,380	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	(52,306)
District contributions subsequent to the measurement date	62,576	-
Total	\$ <u>88,851</u>	<u>(60,959)</u>
	OPEB ARHCT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(10,637)
Changes of assumptions	21,004	-
Net difference between projected and actual earnings on OPEB plan investments	-	(6,931)
Changes in proportion and differences between District contributions and proportionate share of contributions	10,258	(13,309)
District contributions subsequent to the measurement date	24,778	-
Total	\$ <u>56,040</u>	<u>(30,877)</u>

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB ODD	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(620)
Changes of assumptions	-	(38)
Net difference between projected and actual earnings on OPEB plan investments	-	(12)
Changes in proportion and differences between District contributions and proportionate share of contributions	385	(190)
District contributions subsequent to the measurement date	417	-
Total	\$ 802	(860)
	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(183)
Changes of assumptions	1,194	-
Net difference between projected and actual earnings on OPEB plan investments	-	(27)
Changes in proportion and differences between District contributions and proportionate share of contributions	284	(247)
District contributions subsequent to the measurement date	2,115	-
Total	\$ 3,593	(457)

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

\$62,576 and \$27,310 are reported as deferred outflows of resources related to pension and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liabilities or an increase of the net pension and OPEB assets in the year ended June 30, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension and OPEB will be recognized in pension and OPEB expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2020	\$ (33,766)	1,928	(80)	108
2021	(6,187)	(5,387)	(80)	108
2022	2,378	1,668	(62)	174
2023	2,891	2,176	(62)	172
2024	-	-	(68)	147
Thereafter	-	-	(123)	312
Total	\$ (34,684)	385	(475)	1,021

For the year ended June 30, 2020, the District recognized (\$21,589) and (\$4,567) of pension and OPEB amortization of the net deferred outflows and inflows of resources, respectively.

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

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

	1% Decrease (6.38%)	Current Rate (7.38%)	1% Increase (8.38%)
Net pension liability (asset)	\$ 771,432	584,496	427,943
Net OPEB ARHCT liability (asset)	\$ 127,317	15,828	(75,884)
Net OPEB ODD liability (asset)	\$ (1,885)	(1,987)	(2,070)
Net OPEB RMP liability	\$ 6,197	2,467	(341)

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

	1% Decrease	Current Rate	1% Increase
Net OPEB ARHCT liability (asset)	\$ (86,610)	15,828	140,842
Net OPEB RMP liability	(759)	2,467	6,883

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

Plan members are 100% vested with their contributions.

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 \$15,858 for the year ended June 30, 2020, which included forfeitures of \$926 which have been applied against contributions.

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

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

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

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

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

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

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

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

	Pensions (DB)	Other Post-Employment Benefits (DB)	Total
\$	<u>11,744</u>	<u>10,847</u>	<u>22,591</u>

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

Teachers Retirement Plans

For the year ended June 30, 2020 the State of Alaska contributed \$84,800 (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 (\$99,164), to represent the pension/OPEB expense attributable to the State under the full accrual basis of accounting.

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

	<u>Pension</u>
Defined Benefit:	
District's proportionate share of the net pension liability	\$ 516,796
State's proportionate share of the net pension liability	<u>765,381</u>
Total	<u>\$ 1,282,177</u>
	<u>OPEB</u>
District's proportionate share of the ARHCT OPEB liability (asset)	\$ (42,263)
State's proportionate share of the ARHCT OPEB liability (asset)	<u>(62,509)</u>
Total	<u>\$ (104,772)</u>
District's proportionate share of the ODD OPEB liability (asset)	<u>\$ (3,646)</u>
District's proportionate share of the RMP OPEB liability (asset)	<u>\$ (3,474)</u>
Total District's share of net pension and OPEB liabilities and assets	<u>\$ 467,413</u>

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

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

	June 30, 2018 Measurement	June 30, 2019 Measurement	Change
Pension	0.0311%	0.0277%	(0.0034%)
OPEB:			
ARHCT	0.0311%	0.0277%	(0.0034%)
ODD	0.1057%	0.0906%	(0.0151%)
RMP	0.1057%	0.0906%	(0.0151%)

Based on the measurement date of June 30, 2019, the District recognized pension expense of \$96,623 and OPEB expense of \$(254,692), respectively, for the year ended June 30, 2020. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pensions	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Defined Benefit:		
Differences between expected and actual experience	\$ -	(14,014)
Changes of assumptions	-	(3,657)
Net difference between projected and actual earnings on pension plan investments	13,274	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	
District contribution subsequent to the measurement date	11,744	(38,048)
Total	\$ <u>25,018</u>	<u>(55,719)</u>

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	<u>OPEB ARHCT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	(7,734)
Changes of assumptions	4,121	(12,771)
Net difference between projected and actual earnings on pension plan investments	-	(6,540)
Changes in proportion and differences between District contributions and proportionate share of contributions	2,705	(5,223)
District contribution subsequent to the measurement date	6,614	-
Total	<u>\$ 13,440</u>	<u>(32,268)</u>
	<u>OPEB ODD</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	(412)
Changes of assumptions	-	(4)
Net difference between projected and actual earnings on pension plan investments	-	(25)
Changes in proportion and differences between District contributions and proportionate share of contributions	1,372	-
District contribution subsequent to the measurement date	289	-
Total	<u>\$ 1,661</u>	<u>(441)</u>

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

	OPEB RMP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,171	(285)
Changes of assumptions	1,590	(3,664)
Net difference between projected and actual earnings on pension plan investments	-	(90)
Changes in proportion and differences between District contributions and proportionate share of contributions	1,565	-
District contribution subsequent to the measurement date	3,944	-
Total	<u>\$ 9,269</u>	<u>(4,039)</u>

\$11,744 and \$10,847 are reported as deferred outflows of resources related to pensions and OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension and OPEB liability and as an increase to the net pension and OPEB assets in the year ended June 30, 2019 (actuarial), respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension expense as follows:

Year Ended June 30,	Pension	OPEB ARHCT	OPEB ODD	OPEB RMP
2020	\$ (40,957)	(24,073)	99	38
2021	(9,623)	(5,170)	99	38
2022	3,628	1,664	128	254
2023	4,507	2,137	129	251
2024	-	-	120	168
Thereafter	-	-	356	537
Total	<u>\$ (42,445)</u>	<u>(25,422)</u>	<u>931</u>	<u>1,286</u>

For the year ended June 30, 2020, the District recognized (\$1,900) and \$6,813 of pension and OPEB amortization of the deferred outflows and inflows of resources, respectively.

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

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

	1% Decrease (6.38%)	Current Rate (7.38%)	1% Increase (8.38%)
Net pension liability	\$ <u>744,459</u>	<u>516,796</u>	<u>325,645</u>
Net OPEB ARHCT liability (asset)	\$ <u>63,417</u>	<u>(42,263)</u>	<u>(128,768)</u>
Net OPEB ODD liability (asset)	\$ <u>(3,659)</u>	<u>(3,646)</u>	<u>(3,639)</u>
Net OPEB RMP liability (asset)	\$ <u>6,088</u>	<u>(3,474)</u>	<u>(10,586)</u>

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB ARHCT liability (asset) \$	<u>(138,309)</u>	<u>(42,263)</u>	<u>75,555</u>
Net OPEB RMP liability (asset) \$	<u>(11,589)</u>	<u>(3,474)</u>	<u>7,767</u>

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

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

Plan members are 100% vested with their contributions.

Members become vested in employers' contributions as follows:

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

The School District contributed \$35,937 for the year ended June 30, 2020, which included forfeitures of \$25,309 which has been applied against contributions.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

E. Subsequent Accounting Pronouncements

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

- GASB 84 *Fiduciary Activities*. Effective for fiscal years beginning after December 15, 2019.
- GASB 87 *Leases*. Effective for fiscal years beginning after June 15, 2021.
- GASB 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2020.
- GASB 90 *Majority Equity Interests*. Effective for fiscal years beginning after December 15, 2019.
- GASB 91 *Conduit Debt Obligation*. Effective for fiscal years beginning after December 15, 2021.
- GASB 92 *Omnibus 2020*. This Statement has multiple effective dates which vary by topic.
- GASB 93 *Replacement of Interbank Offered Rates*. Effective for fiscal years beginning after June 15, 2021.
- GASB 94 *Public-Private and Public-Public Partnerships and Availability Payments Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. Effective immediately.
- GASB 96 *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Effective for fiscal years beginning after June 15, 2021.

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

GASB Statement No. 84, the objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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.

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

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

PRIBILOF SCHOOL DISTRICT

Notes to Basic Financial Statements, Continued

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

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

PRIBILOF SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2020

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0116%	\$ 542,013	\$ 330,658	\$ 872,671	\$ 1,975,177	27%	62.37%
2016	0.0159%	\$ 769,686	\$ 207,367	\$ 977,053	\$ 560,489	137%	63.96%
2017	0.0154%	\$ 858,739	\$ 104,377	\$ 963,116	\$ 460,428	187%	59.55%
2018	0.0106%	\$ 549,689	\$ 205,536	\$ 755,225	\$ 419,234	131%	63.37%
2019	0.0144%	\$ 713,746	\$ 205,425	\$ 919,171	\$ 424,350	168%	65.19%
2020	0.0107%	\$ 584,496	\$ 228,210	\$ 812,706	\$ 497,156	118%	63.42%

Notes to Schedule:

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

PRIBILOF SCHOOL DISTRICT

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

Public Employees' Retirement System (PERS)

June 30, 2020

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.0107%	\$ 90,242	\$ 33,464	\$ 123,706	\$ 419,234	21.53%	89.68%
2019	0.0143%	\$ 147,228	\$ 42,971	\$ 190,199	\$ 424,350	34.69%	88.12%
2020	0.0107%	\$ 15,828	\$ 6,374	\$ 22,202	\$ 497,156	3.18%	98.13%
Occupational Death and Disability (ODD):							
2018	0.0116%	\$ (1,648)	\$ -	\$ (1,648)	\$ 419,234	-0.39%	212.97%
2019	0.0075%	\$ (1,465)	\$ -	\$ (1,465)	\$ 424,350	-0.35%	270.62%
2020	0.0082%	\$ (1,987)	\$ -	\$ (1,987)	\$ 497,156	-0.40%	297.43%
Retiree Medical Plan (RMP):							
2018	0.1303%	\$ 606	\$ -	\$ 606	\$ 55,427	1.09%	93.98%
2019	0.0075%	\$ 960	\$ -	\$ 960	\$ 36,068	2.66%	88.71%
2020	0.0103%	\$ 2,467	\$ -	\$ 2,467	\$ 55,068	4.48%	83.17%

Notes to Schedule:

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

PRIBILOF SCHOOL DISTRICT
 Schedule of the District's Contributions (Pensions)
 Public Employees' Retirement System (PERS)
 June 30, 2020

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 56,297	\$ (56,297)	\$ -	\$ 560,489	10.04%
2016	\$ 47,352	\$ (47,352)	\$ -	\$ 460,428	10.28%
2017	\$ 44,507	\$ (44,507)	\$ -	\$ 419,234	10.62%
2018	\$ 63,979	\$ (63,979)	\$ -	\$ 424,350	15.08%
2019	\$ 71,383	\$ (71,504)	\$ (121)	\$ 497,156	14.36%
2020	\$ 63,186	\$ (62,576)	\$ 610	\$ 480,655	13.15%

Notes to schedule

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

Methods and assumptions used to determine contribution rates:

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

PRIBILOF SCHOOL DISTRICT

Schedule of the District's Contributions (OPEB)

Public Employees' Retirement System (PERS)

June 30, 2020

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 20,703	\$ (20,703)	\$ -	\$ 424,350	4.88%
2019	\$ 24,210	\$ (24,210)	\$ -	\$ 497,156	4.87%
2020	\$ 24,778	\$ (24,778)	\$ -	\$ 480,655	5.16%
Occupational Death and Disability (ODD):					
2018	\$ 137	\$ (137)	\$ -	\$ 424,350	0.03%
2019	\$ 335	\$ (335)	\$ -	\$ 497,156	0.07%
2020	\$ 417	\$ (417)	\$ -	\$ 480,655	0.09%
Retiree Medical Plan (RMP):					
2018	\$ 879	\$ (879)	\$ -	\$ 36,068	2.44%
2019	\$ 1,210	\$ (1,210)	\$ -	\$ 55,068	2.20%
2020	\$ 2,115	\$ (2,115)	\$ -	\$ 72,082	2.93%

Notes to schedule

- Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
 - Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.
- Methods and assumptions used to determine contribution rates:
- Actuarial cost method: Entry Age Normal - level percentage of payroll.
 - Amortization method: Level dollar, closed.
 - Amortization period: 25 years, as a level of percentage of payroll.
 - Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
 - Inflation: 2.5% per annum.
 - Salary increases: Ranges from 7.75% to 2.75% based on service for Peace Officers/Firefighters. Ranges from 6.75% to 2.75% based on age and service for all others.
 - Investment rate of return: 7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.5% and a real rate of return of 4.88%.
 - Retirement age: Retirement rates based upon the 2013-2017 actual experience.
 - Mortality: Mortality rates based upon the 2013-2017 actual experience.
 - This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

PRIBILOF SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2020

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0078%	\$ 235,240	\$ 2,312,193	\$ 2,547,433	\$ 3,535,278	6.65%	55.70%
2016	0.0276%	\$ 514,076	\$ 826,816	\$ 1,340,892	\$ 752,339	68.33%	73.82%
2017	0.0268%	\$ 611,404	\$ 730,889	\$ 1,342,293	\$ 656,399	93.15%	68.40%
2018	0.0221%	\$ 447,019	\$ 779,422	\$ 1,226,441	\$ 668,026	66.92%	72.39%
2019	0.0311%	\$ 595,025	\$ 888,877	\$ 1,483,902	\$ 526,648	112.98%	74.09%
2020	0.0277%	\$ 516,796	\$ 765,381	\$ 1,282,177	\$ 443,040	116.65%	74.68%

Notes to Schedule:

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

PRIBILOF SCHOOL DISTRICT

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

Teachers' Retirement System (TRS)

June 30, 2020

Year	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
Alaska Retiree Healthcare Trust Plan (ARHCT):							
2018	0.0222%	\$ 40,839	\$ 71,075	\$ 111,914	\$ 668,026	6.11%	93.75%
2019	0.0311%	96,608	145,086	241,694	526,648	18.34%	90.23%
2020	0.0277%	(42,263)	(62,509)	(104,772)	443,040	-9.54%	105.50%
Occupational Death and Disability (ODD):							
2018	0.1291%	\$ (4,220)	\$ -	\$ (4,220)	\$ 668,026	-0.63%	1342.59%
2019	0.1057%	(3,706)	-	(3,706)	526,648	-0.70%	1304.81%
2020	0.0906%	(3,646)	-	(3,646)	443,040	-0.82%	1409.77%
Retiree Medical Plan (RMP):							
2018	0.1291%	\$ (4,220)	\$ -	\$ (4,220)	\$ 338,097	-1.25%	118.16%
2019	0.1057%	(3,706)	-	(3,706)	313,057	-1.18%	109.56%
2020	0.0906%	(3,474)	-	(3,474)	302,245	-1.15%	110.03%

Notes to Schedule:

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

PRIBILOF SCHOOL DISTRICT

Schedule of the District's Contributions (Pensions)

Teachers' Retirement System (TRS)

June 30, 2020

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 25,801	\$ (25,801)	\$ -	\$ 752,339	3.43%
2016	\$ 14,521	\$ (14,521)	\$ -	\$ 656,399	2.21%
2017	\$ 17,772	\$ (17,772)	\$ -	\$ 668,026	2.66%
2018	\$ 18,914	\$ (18,914)	\$ -	\$ 526,648	3.59%
2019	\$ 11,301	\$ (9,192)	\$ 2,109	\$ 443,040	2.55%
2020	\$ 11,725	\$ (11,744)	\$ (19)	\$ 465,987	2.52%

Notes to schedule

1. Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
 2. Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.
- Methods and assumptions used to determine contribution rates:
3. Actuarial cost method: Entry Age Normal - level percentage of payroll.
 4. Amortization method: Level dollar, closed.
 5. Amortization period: 25 years, as a level of percentage of payroll.
 6. Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
 7. Inflation: 2.5% per annum.
 8. Salary increases: Ranges from 6.75% to 2.75% based on service.
 9. Investment rate of return: 7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
 10. Retirement age: Retirement rates based upon the 2013-2017 actual experience.
 11. Mortality: Mortality rates are based upon 2013-2017 actual experience.
 12. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

PRIBILOF SCHOOL DISTRICT

Schedule of the District's Contributions (OPEB)

Teachers' Retirement System (TRS)

June 30, 2020

Year	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
2018	\$ 8,332	\$ (8,332)	\$ -	\$ 526,648	1.58%
2019	\$ 5,415	\$ (5,415)	\$ -	\$ 443,040	1.22%
2020	\$ 6,614	\$ (6,614)	\$ -	\$ 465,987	1.42%
Occupational Death and Disability (ODD):					
2018	\$ -	\$ -	\$ -	\$ 526,648	0.00%
2019	\$ 283	\$ (283)	\$ -	\$ 443,040	0.06%
2020	\$ 289	\$ (289)	\$ -	\$ 465,987	0.06%
Retiree Medical Plan (RMP):					
2018	\$ 3,457	\$ (3,457)	\$ -	\$ 313,057	1.10%
2019	\$ 2,794	\$ (2,794)	\$ -	\$ 302,245	0.92%
2020	\$ 3,944	\$ (3,944)	\$ -	\$ 286,123	1.38%

Notes to schedule

- Valuation date: June 30, 2018, which was rolled forward to June 30, 2019.
 - Actuarially determined contribution rates are calculated as of June 30th, two years prior to the fiscal year in which contributions are reported.
- Methods and assumptions used to determine contribution rates:
- Actuarial cost method: Entry Age Normal - level percentage of payroll.
 - Amortization method: Level dollar, closed.
 - Amortization period: 25 years, as a level of percentage of payroll.
 - Asset valuation method: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY2015, the assets value method recognizes 20% of the gain or loss each year, for a period of 5 years, all assets are valued at fair value.
 - Inflation: 2.5% per annum.
 - Salary increases: Ranges from 6.75% to 2.75% based on service.
 - Investment rate of return: 7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
 - Retirement age: Retirement rates based upon the 2013-2017 actual experience.
 - Mortality: Mortality rates are based upon 2013-2017 actual experience.
12. This schedule is intended to present 10 years of information. Additional years' information will be included as it becomes available.

**ADDITIONAL SUPPLEMENTARY
INFORMATION**

PRIBILOF SCHOOL DISTRICT

School Operating Fund

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

Year Ended June 30, 2020

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Earnings on investment	\$ -	14,067	14,067
E-rate	112,800	112,267	(533)
Tuition from other districts- rental	-	29,222	29,222
Other	55,000	35,101	(19,899)
Total local sources	<u>167,800</u>	<u>190,657</u>	<u>22,857</u>
Intergovernmental:			
State of Alaska:			
Foundation program	1,105,133	851,430	(253,703)
Quality schools	-	3,724	3,724
Supplemental aid	-	27,345	27,345
PERS on-behalf	12,000	28,456	16,456
TRS on-behalf	74,000	84,800	10,800
Total State of Alaska	<u>1,191,133</u>	<u>995,755</u>	<u>(195,378)</u>
Federal sources- impact aid	<u>529,452</u>	<u>894,175</u>	<u>364,723</u>
Total revenues	<u>1,888,385</u>	<u>2,080,587</u>	<u>192,202</u>
Expenditures:			
Current:			
Instruction:			
Certificated salaries	298,943	302,768	(3,825)
Non-certificated salaries	28,000	13,982	14,018
Employee benefits	148,167	163,198	(15,031)
Professional and technical services	5,000	26,060	(21,060)
Staff travel	5,000	9,555	(4,555)
Other purchases services	37,000	3,858	33,142
Supplies, materials and media	20,000	38,863	(18,863)
Equipment	-	3,077	(3,077)
Total instruction	<u>542,110</u>	<u>561,361</u>	<u>(19,251)</u>
Special education instruction:			
Non-certificated salaries	28,904	36,628	(7,724)
Employee benefits	25,650	21,050	4,600
Professional and technical services	73,500	67,846	5,654
Supplies, materials and media	500	233	267
Total special education instruction	<u>128,554</u>	<u>125,757</u>	<u>2,797</u>

(continued)

PRIBILOF SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
Special education support services - students - Professional and technical services	\$ 54,500	29,091	25,409
Support services - instruction:			
Non-certificated salaries	5,310	-	5,310
Employee benefits	36,500	-	36,500
Professional and technical services	-	8,348	(8,348)
Utility services	150,000	137,171	12,829
Other purchased services	2,500	1,342	1,158
Supplies, materials and media	8,000	-	8,000
Total support services - instruction	<u>202,310</u>	<u>146,861</u>	<u>55,449</u>
School administration:			
Certificated salaries	86,006	96,291	(10,285)
Employee benefits	46,125	51,258	(5,133)
Staff travel	2,500	-	2,500
Other purchased services	-	1,082	(1,082)
Supplies, material, and media	1,500	1,403	97
Total school administration	<u>136,131</u>	<u>150,034</u>	<u>(13,903)</u>
School administration support services:			
Non-certificated salaries	69,560	69,468	92
Employee benefits	28,000	30,931	(2,931)
Other purchased services	2,500	5,680	(3,180)
Supplies, materials and media	2,250	4,157	(1,907)
Total school administration support services	<u>102,310</u>	<u>110,236</u>	<u>(7,926)</u>
District administration:			
Certificated salaries	55,120	62,840	(7,720)
Employee benefits	28,843	28,336	507
Professional and technical services	5,000	22,110	(17,110)
Staff travel	17,000	18,924	(1,924)
Other purchased services	2,800	3,207	(407)
Supplies, materials and media	2,600	3,309	(709)
Tuition and stipends	4,800	3,562	1,238
Other	2,000	-	2,000
Total district administration	<u>118,163</u>	<u>142,288</u>	<u>(24,125)</u>

(continued)

PRIBILOF SCHOOL DISTRICT

School Operating Fund

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

	Final Budgeted Amount	Actual Amounts	Variance with Final Budget- Positive (Negative)
Expenditures, continued:			
District administration support services:			
Professional and technical services	\$ 119,000	112,842	6,158
Utility services	-	-	-
Other purchased services	5,700	3,211	2,489
Insurance and bond premiums	33,507	18,437	15,070
Supplies, materials and media	-	537	(537)
Indirect costs	(3,500)	(5,046)	1,546
Other	2,500	-	2,500
Total district administration support services	<u>157,207</u>	<u>129,981</u>	<u>27,226</u>
Operation and maintenance of plant:			
Non-certificated salaries	111,120	118,399	(7,279)
Employee benefits	95,400	90,809	4,591
Professional and technical services	-	2,080	(2,080)
Staff travel	4,000	6,177	(2,177)
Utility services	16,000	2,382	13,618
Energy	132,500	114,458	18,042
Other purchased services	5,000	35,501	(30,501)
Insurance and bond premiums	40,580	41,051	(471)
Supplies, materials and media	28,500	14,338	14,162
Equipment	-	7,855	(7,855)
Total operation and maintenance of plant	<u>433,100</u>	<u>433,050</u>	<u>50</u>
Student activities:			
Certified salaries	10,000	2,555	7,445
Employee benefits	4,000	1,541	2,459
Total student activities	<u>14,000</u>	<u>4,096</u>	<u>9,904</u>
Total expenditures	<u>1,888,385</u>	<u>1,832,755</u>	<u>55,630</u>
Excess of revenues over expenditures	\$ <u>-</u>	247,832	<u>247,832</u>
Fund balance, beginning of year		<u>935,807</u>	
Fund balance, end of year		\$ <u><u>1,183,639</u></u>	

PRIBILOF SCHOOL DISTRICT

District Housing Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Local revenues:			
Charges for services:			
Rental	\$ 50,000	50,525	525
Other	-	12,270	12,270
Total revenues	<u>50,000</u>	<u>62,795</u>	<u>12,795</u>
Expenditures:			
Current:			
Operations and maintenance of plant:			
Non-certificated salaries	5,000	4,111	889
Employee benefits	2,000	1,206	794
Energy	40,000	29,292	10,708
Supplies, material and media	3,000	6,298	(3,298)
Total expenditures	<u>50,000</u>	<u>40,907</u>	<u>9,093</u>
Excess of revenues over expenditures	<u>\$ -</u>	21,888	<u>21,888</u>
Fund balance, beginning of year		<u>278,635</u>	
Fund balance, end of year		<u>\$ 300,523</u>	

PRIBILOF SCHOOL DISTRICT

Radio Community Services Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Local sources - other	\$ 297,166	297,166	-
Expenditures:			
Current:			
Community services:			
Certificated salaries	20,000	12,870	7,130
Non-certificated salaries	155,000	130,498	24,502
Employee benefits	69,500	55,412	14,088
Other purchased services	20,000	12,691	7,309
Supplies, materials, and media	32,666	4,252	28,414
Total expenditures	<u>297,166</u>	<u>215,723</u>	<u>81,443</u>
Excess of revenues over expenditures	\$ <u>-</u>	81,443	<u>81,443</u>
Fund balance, beginning of year		<u>71,699</u>	
Fund balance, end of year		\$ <u><u>153,142</u></u>	

PRIBILOF SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet

June 30, 2020

<u>Assets</u>	Special Revenue Funds				
	<u>Staff Development</u>	<u>St. Paul Public Library Assistance</u>	<u>Alaska Public Broadcasting</u>	<u>Pre-School</u>	<u>Indian Education Act</u>
Accounts receivable	\$ 953	-	-	-	-
Due from School Operating Fund	-	4,220	18,468	138,461	17
Total assets	\$ 953	4,220	18,468	138,461	17
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Unearned revenue	-	4,220	-	-	17
Accounts payable	-	-	522	-	-
Due to School Operating Fund	953	-	-	-	-
Total liabilities	953	4,220	522	-	17
 Fund balances:					
Restricted	-	-	-	138,461	-
Committed	-	-	17,946	-	-
Total fund balances	-	-	17,946	138,461	-
Total liabilities and fund balances	\$ 953	4,220	18,468	138,461	17

(continued)

PRIBILOF SCHOOL DISTRICT

Other Governmental Funds

Combining Balance Sheet, Continued

<u>Assets</u>	<u>Special Revenue Funds</u>			<u>Impact Aid Capital Project Fund</u>	<u>Total Other Governmental Funds</u>
	<u>Playground</u>	<u>APICDA</u>	<u>Total</u>		
Accounts receivable	\$ -	-	953	-	953
Due from School Operating Fund	4,338	33,019	198,523	244,908	443,431
Total assets	<u>\$ 4,338</u>	<u>33,019</u>	<u>199,476</u>	<u>244,908</u>	<u>444,384</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Unearned revenue	-	-	4,237	-	4,237
Accounts payable	-	-	522	-	522
Due to School Operating Fund	-	-	953	-	953
Total liabilities	<u>-</u>	<u>-</u>	<u>5,712</u>	<u>-</u>	<u>5,712</u>
Fund balances:					
Restricted	-	-	138,461	-	138,461
Committed	4,338	33,019	55,303	244,908	300,211
Total fund balances	<u>4,338</u>	<u>33,019</u>	<u>193,764</u>	<u>244,908</u>	<u>438,672</u>
Total liabilities and fund balances	<u>\$ 4,338</u>	<u>33,019</u>	<u>199,476</u>	<u>244,908</u>	<u>444,384</u>

PRIBILOF SCHOOL DISTRICT
 Other Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Year Ended June 30, 2020

	Special Revenue Funds								
	Staff Development	Alaska Broadband Assistance Grant	St. Paul Public Library Assistance	Alaska Public Broadcasting	Title I-A Basic	Title II-A Teacher Improvement	Carl Perkins Secondary	Title VI-B	Preschool Disabled
Revenues:									
Local sources:									
Other	\$ -	-	-	8,748	-	-	-	-	-
Intergovernmental:									
State of Alaska	-	16,673	2,780	-	-	-	-	-	-
Federal sources	2,209	-	-	-	1,712	4,130	20,000	24,580	30
Total revenues	<u>2,209</u>	<u>16,673</u>	<u>2,780</u>	<u>8,748</u>	<u>1,712</u>	<u>4,130</u>	<u>20,000</u>	<u>24,580</u>	<u>30</u>
Expenditures:									
Current:									
Instruction	-	-	-	-	1,428	-	20,000	-	-
Special education instruction	-	-	-	-	-	-	-	-	25
Special education support services - students	-	-	-	-	-	-	-	20,507	-
Support services - instruction	2,209	16,673	-	-	-	3,446	-	-	-
District administration support services	-	-	-	-	284	684	-	4,073	5
Community services	-	-	2,780	38,448	-	-	-	-	-
Construction and facilities acquisition	-	-	-	-	-	-	-	-	-
Total expenditures	<u>2,209</u>	<u>16,673</u>	<u>2,780</u>	<u>38,448</u>	<u>1,712</u>	<u>4,130</u>	<u>20,000</u>	<u>24,580</u>	<u>30</u>
Excess (deficiency) of revenues over expenditures	-	-	-	(29,700)	-	-	-	-	-
Fund balances, beginning of year	-	-	-	47,646	-	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>17,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

PRIBILOF SCHOOL DISTRICT

Other Governmental Funds

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

	Special Revenue Funds					Impact Aid Capital Project Fund	Total Other Governmental Funds	
	Pre-School	Indian Education Act	Playground	APICDA	Pribilof Islands Education			Totals
Revenues:								
Local sources:								
Other	\$ -	-	2,113	48,644	-	59,505	-	59,505
Intergovernmental:								
State of Alaska	-	-	-	-	-	19,453	-	19,453
Federal sources	-	24,134	-	-	-	76,795	-	76,795
Total revenues	-	24,134	2,113	48,644	-	155,753	-	155,753
Expenditures:								
Current:								
Instruction	79,054	24,134	-	43,053	-	167,669	-	167,669
Special education instruction	-	-	-	-	-	25	-	25
Special education support services - students	-	-	-	-	-	20,507	-	20,507
Support services - instruction	-	-	-	-	-	22,328	-	22,328
District administration support services	-	-	-	-	-	5,046	-	5,046
Community services	-	-	-	-	4,582	45,810	-	45,810
Construction and facilities acquisition	-	-	-	-	-	-	43,995	43,995
Total expenditures	79,054	24,134	-	43,053	4,582	261,385	43,995	305,380
Excess (deficiency) of revenues over expenditures	(79,054)	-	2,113	5,591	(4,582)	(105,632)	(43,995)	(149,627)
Fund balances, beginning of year	217,515	-	2,225	27,428	4,582	299,396	288,903	588,299
Fund balances, end of year	\$ 138,461	-	4,338	33,019	-	193,764	244,908	438,672

PRIBILOF SCHOOL DISTRICT

Staff Development Special Revenue Fund

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

Year Ended June 30, 2020

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Intergovernmental:			
Federal education sources through the State of Alaska	\$ <u>7,500</u>	<u>2,209</u>	<u>(5,291)</u>
Expenditures:			
Current -			
Support services - instruction - Staff travel	<u>7,500</u>	<u>2,209</u>	<u>5,291</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>	

PRIBILOF SCHOOL DISTRICT

Alaska Broadband Assistance Grant Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental - State of Alaska	\$ 16,673	16,673	-
Expenditures:			
Current -			
Support services - instruction -			
Utility services	16,673	16,673	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

PRIBILOF SCHOOL DISTRICT

St. Paul Public Library Assistance Special Revenue Fund

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

Year Ended June 30, 2020

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Intergovernmental - State of Alaska	\$ <u>7,000</u>	<u>2,780</u>	<u>(4,220)</u>
Expenditures:			
Current:			
Community services:			
Non-certificated salaries	2,000	1,901	99
Employee benefits	500	489	11
Supplies, material, and media	4,000	-	4,000
Other purchased services	<u>500</u>	<u>390</u>	<u>110</u>
Total expenditures	<u>7,000</u>	<u>2,780</u>	<u>4,220</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>	

PRIBILOF SCHOOL DISTRICT

Alaska Public Broadcasting Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Local sources - other	\$ 10,000	8,748	(1,252)
Intergovernmental - State of Alaska	30,000	-	(30,000)
Total revenues	<u>40,000</u>	<u>8,748</u>	<u>(31,252)</u>
Expenditures:			
Current:			
Community services:			
Professional and technical services	2,500	2,264	236
Staff travel	2,000	1,984	16
Utility services	3,000	2,534	466
Energy	7,000	4,701	2,299
Other purchased services	3,000	4,764	(1,764)
Supplies, materials and media	22,500	12,346	10,154
Equipment	-	9,855	(9,855)
Total expenditures	<u>40,000</u>	<u>38,448</u>	<u>1,552</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>(29,700)</u>	<u>(29,700)</u>
Fund balance, beginning of year		<u>47,646</u>	
Fund balance, end of year		<u>\$ 17,946</u>	

PRIBILOF SCHOOL DISTRICT

Title I-A Basic Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental:			
Federal education sources through the State of Alaska	\$ 1,712	1,712	-
Expenditures:			
Current:			
Instruction:			
Certificated salaries	1,235	1,235	-
Employee benefits	178	178	-
Supplies, materials and media	15	15	-
Total instruction	<u>1,428</u>	<u>1,428</u>	<u>-</u>
District administration support services - Indirect costs	<u>284</u>	<u>284</u>	<u>-</u>
Total expenditures	<u>1,712</u>	<u>1,712</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>	

PRIBILOF SCHOOL DISTRICT

Title II-A Teacher Improvement Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental:			
Federal education sources through the State of Alaska	\$ 4,130	4,130	-
Expenditures:			
Current:			
Support services - instruction - Other purchased services	3,446	3,446	-
District administration support services - Indirect costs	684	684	-
Total expenditures	4,130	4,130	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

PRIBILOF SCHOOL DISTRICT

Carl Perkins Secondary Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental:			
Federal education sources through the State of Alaska	\$ 20,000	20,000	-
Expenditures:			
Current:			
Instruction:			
Non-certificated salaries	13,000	13,000	-
Employee benefits	3,270	3,270	-
Staff travel	3,730	3,730	-
Total expenditures	20,000	20,000	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

PRIBILOF SCHOOL DISTRICT

Title VI-B Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental:			
Federal education sources through the State of Alaska	\$ 24,580	24,580	-
Expenditures:			
Current:			
Special education support services - students - Professional and technical services	20,507	20,507	-
District administration support services - Indirect costs	4,073	4,073	-
Total expenditures	<u>24,580</u>	<u>24,580</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>	

PRIBILOF SCHOOL DISTRICT

Preschool Disabled Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental-			
Federal education sources passed through the State of Alaska	\$ 30	30	-
Expenditures:			
Current:			
Special education instruction:			
Supplies, materials and media	25	25	-
District administration support services - Indirect costs	5	5	-
Total expenditures	30	30	-
Excess of revenues over expenditures	\$ -	-	-
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

PRIBILOF SCHOOL DISTRICT

Pre-School Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Local sources - other	\$ 85,000	-	(85,000)
Expenditures:			
Current:			
Instruction:			
Non-certificated salaries	48,000	45,877	2,123
Employee benefits	32,000	32,354	(354)
Supplies, materials and media	5,000	823	4,177
Total expenditures	<u>85,000</u>	<u>79,054</u>	<u>5,946</u>
Excess (deficiency) of revenues over expenditures	\$ <u>-</u>	(79,054)	<u>(79,054)</u>
Fund balance, beginning of year		<u>217,515</u>	
Fund balance, end of year		\$ <u><u>138,461</u></u>	

PRIBILOF SCHOOL DISTRICT

Indian Education Act Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental:			
Direct federal education sources	\$ 24,151	24,134	(17)
Expenditures:			
Current:			
Instruction:			
Certificated salaries	18,500	18,500	-
Employee benefits	5,651	5,634	17
Total expenditures	<u>24,151</u>	<u>24,134</u>	<u>17</u>
Excess of revenues over expenditures	\$ <u>-</u>	-	<u>-</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ <u>-</u>	

PRIBILOF SCHOOL DISTRICT

Playground Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2020

	<u>Actual Amounts</u>
Revenues:	
Local sources - other	\$ <u>2,113</u>
Expenditures:	
Current -	
Community services -	
Equipment	<u>-</u>
Excess of revenues over expenditures	2,113
Fund balance, beginning of year	<u>2,225</u>
Fund balance, end of year	\$ <u><u>4,338</u></u>

PRIBILOF SCHOOL DISTRICT

APICDA Special Revenue Fund

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

Year Ended June 30, 2020

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Local sources - other	\$ 50,000	48,644	(1,356)
Expenditures:			
Current:			
Instruction:			
Non-certificated salaries	20,000	15,708	4,292
Employee benefits	3,500	3,183	317
Other purchased services	15,000	13,491	1,509
Supplies, materials, and media	11,500	3,813	7,687
Other expenses	-	6,858	(6,858)
Total expenditures	50,000	43,053	6,947
Excess of revenues over expenditures	\$ -	5,591	5,591
Fund balance, beginning of year		27,428	
Fund balance, end of year		\$ 33,019	

PRIBILOF SCHOOL DISTRICT

Pribilof Islands Education Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2020

	<u>Actual Amounts</u>
Revenues:	
Local sources - other	\$ <u> -</u>
Expenditures:	
Current:	
Community services:	
Other purchased services	2,000
Supplies, material, and media	<u>2,582</u>
Total expenditures	<u>4,582</u>
Excess (deficiency) of revenues over expenditures	(4,582)
Fund balance, beginning of year	<u>4,582</u>
Fund balance, end of year	\$ <u><u> -</u></u>

PRIBILOF SCHOOL DISTRICT

Impact Aid Capital Project Fund

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Year Ended June 30, 2020

	<u>Actual Amounts</u>
Revenues:	
Local sources - other	\$ <u> -</u>
Expenditures:	
Construction and facilities acquisition	
Professional and technical services	<u> 43,995</u>
Excess (deficiency) of revenues over expenditures	(43,995)
Fund balance, beginning of year	<u> 288,903</u>
Fund balance, end of year	\$ <u><u> 244,908</u></u>

PRIBILOF SCHOOL DISTRICT

Student Activity Agency Fund

Schedule of Changes in Assets and Liabilities

Year Ended June 30, 2020

<u>Assets</u>	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
Due from Pribilof School District	\$ <u>31,801</u>	<u>44,640</u>	<u>37,228</u>	<u>39,213</u>
 <u>Liabilities</u>				
Due to student groups	\$ <u>31,801</u>	<u>44,640</u>	<u>37,228</u>	<u>39,213</u>

PRIBILOF SCHOOL DISTRICT

Schedule of Compliance- AS 14.17.505

Year Ended June 30, 2020

Total fund balance- School Operating fund	\$ 1,183,639
less exemptions per 4 AAC 09.160(a):	
Inventory	7,270
Federal impact aid received	<u>894,175</u>
Fund Balance Subject to 10% Limitation	<u>\$ 282,194</u>

Nonexempt fund balance as a percentage of current year expenditures:

<u>Fund balance subject to limitation</u>	<u>282,194</u>	=	<u>15.40%</u>
Current year expenditures	1,832,755		

PRIBILOF SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2020

Federal Grant Title	Pass Through/ Grant Number	Catalog of Federal Domestic Assistance Number	Total Grant Award	Federal Share of Expenditures
U.S. Department of Education:				
Passed through the State of Alaska, Department of Education and Early Development:				
Special Education Cluster (IDEA):				
Section 619	SE 20.PFSD.01	84.173	\$ 30	30
Title VI -B	SE 20.PFSD.01	84.027	24,580	24,580
Total Special Education Cluster (IDEA)			<u>24,610</u>	<u>24,610</u>
Title I-A Basic	IP 20.PFSD.01	84.010	1,712	1,712
Title II-A Teacher Improvement	IP 20.PFSD.01	84.367	4,130	4,130
Staff Development	SD.20.PFSD.01	84.048	7,500	2,209
Carl Perkins Secondary	EK 20.PFSD.01	84.048	20,000	20,000
Total CFDA 84.048			<u>27,500</u>	<u>22,209</u>
Total U.S. Department of Education passed through the State of Alaska			<u>57,952</u>	<u>52,661</u>
Direct sources:				
Impact Aid:				
Impact Aid	11-AK-2020-2809	84.041	825,079	825,079
Impact Aid	11-AK-2019-2809	84.041	69,096	69,096
Total Impact Aid			<u>894,175</u>	<u>894,175</u>
Indian Education Act	S060A190979	84.060	24,151	24,134
Total direct sources			<u>918,326</u>	<u>918,309</u>
Total U.S. Department of Education			<u>976,278</u>	<u>970,970</u>
Total federal expenditures			<u>\$ 976,278</u>	<u>970,970</u>

See accompanying notes to the schedule

PRIBILOF SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Pribilof School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pribilof School District, it is not intended to and does not present the basic financial statements of Pribilof 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. Pribilof School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform guidance.

Note 3. Passed Through Awards

No amounts were passed through to subrecipients.

PRIBILOF SCHOOL DISTRICT
 Schedule of State Financial Assistance
 Year Ended June 30, 2020

Name of Award	Grant Number	Total Grant Award	State Expenditures
Department of Education and Early Development:			
Public Library Assistance	PLA-20-774-01	\$ 7,000	2,780
* Foundation Program	None	851,430	851,430
Quality Schools Program	None	3,724	3,724
HB 287	None	26,907	26,907
Education Raffle proceeds	None	438	438
Alaska Broadband Assistance Grant (BAG)	None	16,673	16,673
Total Department of Education and Early Development		906,172	901,952
Department of Administration:			
PERS On-Behalf Payments	None	28,456	28,456
* TRS On-Behalf Payments	None	84,800	84,800
Total Department of Administration		113,255	113,256
Total State financial assistance		\$ 1,019,427	1,015,208

See accompanying notes to schedule

PRIBILOF SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance

Year Ended June 30, 2020

Note 1. Basic of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of Pribilof School District under programs of the State of Alaska for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the State of Alaska Audit Guide and Compliance Supplement for State Single Audits. Because the Schedule presents only a selected portion of the operations of Pribilof School District, it is not intended to and does not present the basic financial statements of Pribilof 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 SECTION

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
Pribilof School District
St. Paul Island, 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 Pribilof School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pribilof School District's basic financial statements, and have issued our report thereon dated October 26, 2020.

Internal Control Over Financial Reporting

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

Members of the School Board
Pribilof School District

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

Purpose of this Report

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



Anchorage, Alaska
October 26, 2020

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

Independent Auditor's Report

Members of the School Board
Pribilof School District
St. Paul Island, Alaska

Report on Compliance for Each Major Federal Program

We have audited Pribilof School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pribilof School District's major federal programs for the year ended June 30, 2020. Pribilof 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 Pribilof 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 Pribilof 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 Pribilof School District's compliance.

Members of the School Board
Pribilof School District

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Pribilof 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 Pribilof 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 Pribilof 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 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 26, 2020

PRIBILOF SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

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 financial statements noted?

___ Yes X No

Federal Awards

Internal Control over major 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 the provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))?

___ Yes X No

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

Unmodified

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

___ Yes X No

Identification of major programs:

CFDA Number(s)
84.041

Name of Federal Program or Cluster
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

PRIBILOF SCHOOL DISTRICT

Federal Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

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

Section III – Federal Award Findings and Questioned Costs

The Pribilof School District did not have any findings related to federal awards.

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

Independent Auditor's Report

Members of the School Board
Pribilof School District
St. Paul Island, Alaska

Report on Compliance for Each Major State Program

We have audited the Pribilof School District's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the Pribilof School District's major state programs for the year ended June 30, 2020. The Pribilof 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 the state statutes, regulations, contracts, 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 Pribilof 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 the Pribilof 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 the Pribilof School District's compliance.

Opinion on Each Major State Program

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

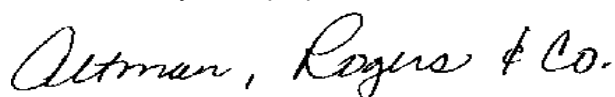
Report on Internal Control over Compliance

Management of the Pribilof 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 Pribilof School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pribilof 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Anchorage, Alaska
October 26, 2020

PRIBILOF 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 Awards

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

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

Dollar threshold used to distinguish a state major program: \$ 75,000

Section II – Financial Statement Findings

The Pribilof School District did not have any financial statement findings.

Section III – State Award Findings and Questioned Costs

The Pribilof School District did not have any findings related to state awards.